

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-K

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

For the fiscal year ended December 31, 2023

OR

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

Commission file number: 001-38399

AdaptHealth Corp.

(Exact name of registrant as specified in its charter)

Delaware

82-3677704

(State of Other Jurisdiction of incorporation or Organization)

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

220 West Germantown Pike Suite 250, Plymouth Meeting, PA

19462

(Address of principal executive offices)

(Zip code)

Registrant's telephone number, including area code: ~~(610)~~ 424-4515

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 \$0.0001 per share	AHCO	The Nasdaq Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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

Indicate by check mark whether the Registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.0405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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

Large accelerated filer ☒ Accelerated filer ☐ Non-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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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 June 30, 2023, the last business day of the Registrant's most recently completed second fiscal quarter, the aggregate market value of the shares of Common Stock, par value \$0.0001 per share, held by non-affiliates of the Registrant, computed based on the closing sale price of \$12.17 per share on June 30, 2023, as reported by The Nasdaq Stock Market LLC, was approximately \$1.26 billion. Shares of Common Stock held by each executive officer and director and by each shareholder affiliated with a director or an executive officer have been excluded from this calculation because such persons may be deemed to be affiliates. As of February 23, 2024, there were 132,907,103 shares of the Registrant's Common Stock outstanding.

Documents Incorporated by Reference

The information called for by Part III is incorporated by reference to the Definitive Proxy Statement for the 2024 Annual Meeting of Stockholders of the Registrant which will be filed with the U.S. Securities and Exchange Commission not later than April 29, 2024.

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CAUTIONARY STATEMENT

In this Annual Report on Form 10-K, including “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” in [Item 7](#), and the documents incorporated by reference herein, we make forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements relate to expectations for future financial performance, business strategies or expectations for our business. These statements may be preceded by, followed by or include the words “may,” “might,” “will,” “will likely result,” “should,” “estimate,” “plan,” “project,” “forecast,” “intend,” “expect,” “anticipate,” “believe,” “seek,” “continue,” “target” or similar expressions.

These forward-looking statements are based on information available to us as of the date they were made, and involve a number of risks and uncertainties which may cause them to turn out to be wrong. Accordingly, forward-looking statements should not be relied upon as representing our views as of any subsequent date, and we do not undertake any obligation to update forward-looking statements to reflect events or circumstances after the date they were made, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws. As a result of a number of known and unknown risks and uncertainties, our actual results or performance may be materially different from those expressed or implied by these forward- looking statements. Some factors that could cause actual results to differ include:

- competition and the ability of our business to grow and manage profitable growth;
- fluctuations in the U.S. and/or global stock markets;
- the possibility that we may be adversely affected by other economic, business, and/or competitive factors;
- changes in applicable laws or regulations; and
- other risks and uncertainties set forth in this Form 10-K, as well as the documents incorporated by reference herein.

SUMMARY RISK FACTORS

AdaptHealth's business is subject to numerous risks and uncertainties, including those described in Item 1A, "Risk Factors". These risks include, but are not limited to the following:

- reliance on relatively few suppliers for the majority of our patient service equipment and supplies;
- supply chain disruptions and economy-wide labor shortages in the U.S.;
- the impact of inflation;
- cyber-attacks on us or our vendors, security breaches, or the improper disclosure or use of protected health information could cause a loss of confidential data, give rise to remediation and other expenses, expose us to liability under the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), consumer protection, common law or other legal theories, subject us to litigation and federal and state governmental inquiries, damage our reputation, and otherwise be disruptive to our business;
- our ability to successfully design, modify and implement technology-based and other process changes and our dependence on information systems, including software licensed from third parties;
- continuing efforts by private third-party payors to control their costs and payor contracts being subject to renegotiation or termination;
- changes in governmental or private payor supply replenishment schedules and our ability to manage the complex and lengthy reimbursement process;
- reliance for a significant portion of our revenue on the provision of sleep therapy equipment and supplies to patients;
- consolidation among health insurers and other industry participants;
- failure to maintain controls and processes over billing and collections;
- ability to effectively implement controls and procedures required by the Sarbanes-Oxley Act;
- ability to maintain or develop relationships with patient referral sources;
- competition from numerous other sleep therapy equipment, home respiratory, mobility equipment, and diabetes medical devices and supplies providers;
- risks related to government regulation, including federal and state changes to reimbursement and other Medicaid and Medicare policies, and our ability to comply with applicable laws, including healthcare fraud and abuse and false claims laws and regulations;
- changes in medical equipment technology and development of new treatments;
- the risk of rupture or other accidents due to the transport of compressed and liquid oxygen;
- the timing and amount of share repurchases;
- outsourcing of a portion of our internal business functions to third-party providers;
- ability to attract and retain key members of senior management and other key personnel;
- ability to execute our strategic growth plan, which involves the acquisition of other companies, including our ability to integrate the operations of acquired companies into our business and realize the expected benefits of such acquisitions;

- the impact of political and economic conditions;
- changes in the authorizations or documentation necessary for products we provide and the findings as a result of audits of reimbursement claims by various governmental and private payor entities;
- significant reimbursement reductions and/or exclusion from markets or product lines;
- our ability to maintain required licenses and accreditation;
- the impact of global climate change and legal, regulatory or market responses to such change;
- the impact of writing down all or a portion of goodwill and/or identifiable intangible assets if required;
- our ability to generate sufficient cash flow or obtain additional capital to fund our operating subsidiaries and finance our growth; and
- significant increased expenses and administrative burdens as a result of being a public company.

PART I

Item 1. Business

AdaptHealth Corp. and subsidiaries ("AdaptHealth" or "the Company") is a national leader in providing patient-centered, healthcare-at-home solutions including home medical equipment ("HME"), medical supplies, and related services. The Company focuses primarily on providing (i) sleep therapy equipment, supplies and related services (including CPAP and bi PAP services) to individuals suffering from obstructive sleep apnea ("OSA"), (ii) medical devices and supplies to patients for the treatment of diabetes (including continuous glucose monitors ("CGM") and insulin pumps), (iii) home medical equipment 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 services beneficiaries of Medicare, Medicaid and commercial insurance payors. As of December 31, 2023, AdaptHealth serviced approximately 4.1 million patients annually in all 50 states through our network of approximately 680 locations in 47 states. The Company's principal executive offices are located at 220 West Germantown Pike, Suite 250, Plymouth Meeting, Pennsylvania 19462.

Company Operations

Product Offering. AdaptHealth delivers patient-centered, healthcare-at-home solutions including home medical equipment, medical supplies, and related services directly to a patient's home upon discharge from a hospital and/or receipt of a physician/medical referral. The breadth of AdaptHealth's products is particularly valuable to acute care hospitals, sleep laboratories and long-term care facilities that discharge patients with complex conditions and multiple product needs.

AdaptHealth is often paid a fixed monthly amount for certain HME products as designated by the Centers for Medicare & Medicaid Services ("CMS") or commercial insurance payors, such as CPAP equipment, wheelchairs, hospital beds, oxygen concentrators, insulin pumps and other similar products. These sales accounted for approximately 33% of AdaptHealth's net revenue for the year ended December 31, 2023.

For resupply sale and one-time sale products, which include those deemed to be consumables, AdaptHealth receives a single payment upon sale of the product. These products, which include CPAP masks and related supplies, diabetes management supplies, CGMs, wound care supplies, wheelchair cushions accessories, orthopedic bracing, breast pumps and supplies, walkers, commodes and canes, nutritional supplies and incontinence supplies, accounted for approximately 67% of AdaptHealth's net revenue for the year ended December 31, 2023.

Supply Chain. AdaptHealth plays an important role in delivering HME products to patients in their homes. Manufacturers of home medical equipment and diabetes medical devices sell and ship their products to AdaptHealth directly. AdaptHealth also contracts with national healthcare distribution companies to ship certain HME products directly to patients' homes. These distributors invoice AdaptHealth for the cost of shipped products at the time of sale. AdaptHealth receives referrals from a variety of sources, such as acute care hospitals, sleep laboratories, pulmonologist and endocrinologist offices, skilled nursing facilities, hospice operators, and primary care providers, among others. AdaptHealth's products are either shipped to patients' homes by AdaptHealth-operated or contracted delivery trucks or shipped using proprietary or third-party distribution services. AdaptHealth invoices payors and patients directly for the products that are delivered and for the services that are provided.

Operating Structure

Management. AdaptHealth is led by a proven management team with experience in the HME industry across a variety of healthcare organizations. AdaptHealth has a centralized approach for key business processes, including revenue cycle management, strategic purchases, payor contracting, mergers and acquisitions ("M&A") activity, finance, compliance, legal, human resources, IT and sales management. In addition, AdaptHealth has centralized many of the functions relating to its CPAP and other resupply businesses. However, AdaptHealth believes that the personalized nature of customer requirements and referral relationships, characteristic of the home healthcare business, mandate that it emphasize a localized operating structure as well. AdaptHealth focuses on regional management to respond promptly and effectively to local market demands and opportunities. AdaptHealth's regional managers are responsible and accountable for maintaining and developing relationships with referral sources, customer service for non-CPAP supply product lines and logistics for non-drop-shipped products.

IT. AdaptHealth has established an integrated, technology-enabled, centralized platform, distinguishing itself from many of its competitors who traditionally use less automated processes that are typically complex, can be prone to mistakes and are less efficient. AdaptHealth's technology enables automated, compliant, and integrated workflow into patients' delivery of care. AdaptHealth believes that this advanced technology platform provides it with a competitive advantage through its unique components that cater to patients and physicians. AdaptHealth believes that its technology platform has several characteristics that appeal to physicians, including its ease of use, the improved compliance it enables through its integrated systems and the automated, integrated workflow it provides for patients' delivery of care. Additionally, AdaptHealth's e-prescribing capabilities enhance transparency and reduce transcription and other errors. AdaptHealth believes that patients are also better served due to the efficiency from time of order to delivery and the seamless integration across points of care enabled by AdaptHealth's platform. The integrated system also provides AdaptHealth management with critical information in a timely manner, allowing them to track performance levels company wide. AdaptHealth utilizes a proprietary mobile delivery technology called OTL. This technology has many features, including delivery notification, patient satisfaction applications and referral source notifications. This application, combined with AdaptHealth's data warehouse and evolving data lake, has allowed AdaptHealth to build out a 360-degree view of its patients and activities, and to ultimately act as a fundamental component of the operating system of AdaptHealth.

AdaptHealth has formed close relationships with its third-party software providers, including Brighttree LLC, Snapworx, LLC and Parachute Health LLC, to optimize its HME workflow. An example of this optimization is AdaptHealth's automated point-of-delivery technology, which tracks AdaptHealth's drivers and produces paperless, secure delivery tickets which are uploaded directly to the patient's file and available immediately on an enterprise-wide basis.

See [Item 1C](#), "Cybersecurity", of this Annual Report on Form 10-K, for discussion of AdaptHealth's risk management and strategy and governance relating to cybersecurity.

Revenue Cycle Management. AdaptHealth's revenue cycle management and billing processes have both manual and computerized elements that are designed to maintain the integrity of revenue and accounts receivable. Third-party payors that can accommodate electronic claims submission, such as Medicare, certain state Medicaid payors and many commercial insurance payors, are billed electronically on a daily basis. For other payors, who are unable to accept electronic submissions, AdaptHealth generates paper claims and invoices.

Outsourced Providers

AdaptHealth contracts with business process outsourcing providers to provide certain billing, accounts payable and administrative functions. These providers are primarily based in India and the Philippines and provide AdaptHealth with the ability to scale its workforce in a cost-effective manner. As of December 31, 2023, approximately 4,500 full-time equivalent personnel were provided to AdaptHealth under such arrangements.

Sales and Marketing

Sales activities are generally carried out by AdaptHealth's full-time sales representatives with assistance from on-site liaisons in certain markets who interact directly with hospital discharge coordinators and patients. AdaptHealth's sales team works in close alignment with AdaptHealth's trained clinical team as part of their respiratory sales activities. AdaptHealth primarily acquires new patients through referrals. Sources of referrals include acute care hospitals, sleep laboratories, pulmonologist and endocrinologist offices, skilled nursing facilities, hospice operators, and primary care providers, among others. AdaptHealth's sales representatives maintain continual contact with medical professionals across these facilities. AdaptHealth believes that its relationships with its referral sources are strong and that these entities will continue to be a source of non-acquired growth through new patients. While AdaptHealth views its referral sources as fundamental to its business, no single referral source accounted for a material amount of its annual net revenue as of December 31, 2023.

Acquisitions

Continuing to grow through accretive acquisitions remains an element of AdaptHealth's growth strategy, and AdaptHealth continuously reviews its pipeline of potential acquisition candidates. AdaptHealth leverages its scalable front-end and back-office technology platform to facilitate acquisition integration to help realize short-term cost saving synergies and longer-term revenue growth synergies.

Suppliers

AdaptHealth purchases home healthcare equipment, medical devices and supplies from a variety of suppliers. AdaptHealth purchases these items primarily from two to three suppliers for each of its product categories, including its sleep therapy equipment and supplies, its mobility and home services products (such as hospital beds, wheelchairs, walkers and commodes) and its diabetes services products/CGM products. See [Item 1A, Risk Factors](#) - "Reliance on relatively few suppliers for the majority of AdaptHealth's patient service equipment and supplies could adversely affect its ability to operate."

Facilities

AdaptHealth does not own any properties and leases its operating locations. As of December 31, 2023, AdaptHealth serviced approximately 4.1 million patients annually across all 50 states through its network of approximately 680 locations in 47 states. During the year ended December 31, 2023, AdaptHealth performed an average of approximately 38,000 equipment and supply deliveries a day. Full-service locations are typically up to approximately 5,000 square feet and are usually a combination of office and warehouse space. Many of these facilities are accredited to provide patients with medical products, equipment and related services, and their adjacent warehouse space is used for storage of adequate supplies of equipment and accessories for such patient services. AdaptHealth believes that these facilities are adequate to meet its current needs.

Human Capital Resources

As of December 31, 2023, AdaptHealth had approximately 10,700 employees. AdaptHealth's human capital resources objectives and compensation program include attracting and retaining highly motivated, well-qualified employees and executives. AdaptHealth uses a mix of competitive salaries and other benefits to attract and retain employees and executives. AdaptHealth believes that relations between its management and employees are good, and it is committed to inclusion and policies and procedures to maintain a safe work environment. AdaptHealth is committed to its DIRECT Value Statements: Diversity and Inclusion, Integrity, Respect, Excellence, Compassion and Teamwork.

Diversity and Inclusion

AdaptHealth's value of Diversity and Inclusion recognizes that our differences make us stronger, and encourages the sharing of different ideas. This value helps AdaptHealth to unlock the strengths of its employees to transform healthcare and improve lives. AdaptHealth has a Diversity and Inclusion Council that leads learning activities around the concepts of leading inclusively, inclusion in the workforce and unconscious bias. AdaptHealth places a high value on inclusion-building initiatives that create opportunities around cultural awareness and social learnings; this is largely accomplished through engaging employees in its Employee Resource Groups that are a subset of the Diversity and Inclusion Council. These activities are supported by employees with diverse backgrounds and experiences who share a common interest in professional development and improving corporate culture.

Talent Development and Retention

Building and strengthening AdaptHealth's talent pipeline is imperative to its success. AdaptHealth's management team has implemented various talent development initiatives. For example, AdaptHealth has developed a Leadership Development curriculum for its managers and provides regular feedback conversations about performance goals with its employees. This encourages a high-performance culture and creates an environment dedicated to caring for patients, while achieving company goals.

Competition

The HME market is fragmented and highly competitive. AdaptHealth competes with other large national providers, including Owens & Minor Inc., Lincare Holdings Inc., Rotech Healthcare, Inc. and Cardinal Health, Inc.; regional providers, including DASCO Home Medical Equipment, Binson's Medical Equipment, Inc., Norco, Inc., Protech Home Medical Corp. and Quipt Home Medical; and product-specific providers, including Breg, Inc., Inogen, Inc., Acelity L.P., CCS Medical, and Advanced Diabetes Supply, as well as over 6,000 generally smaller local providers. In addition, AdaptHealth competes with non-HME providers, including CVS and Amazon.

Consolidation of the HME market is a continuing trend, as required technology investments and reduced reimbursements put financial pressure on smaller providers. Larger HME providers with integrated technology and

automated processes are generally better positioned to gain market share and more attractive vendor pricing. The Medicare Durable Medical Equipment, Prosthetics, Orthotics, & Supplies ("DMEPOS") Competitive Bidding Program also emphasizes the importance of relationships with both the payors and referral sources. Because payors typically select a limited number of exclusive suppliers, and physicians typically refer based on timely delivery and consistency, relationships with both are critical to success in the market.

AdaptHealth believes that the most important competitive factors in the regional and local markets are:

- Quality of patient care, including clinical expertise;
- Service quality and an efficient, responsive referral process;
- Differentiated technology platform that provides a superior physician and patient experience;
- Reputation with referral sources, including local physicians and hospital-based professionals;
- Comprehensive offering across the home medical equipment space;
- Broad network of payor contracts and regional insurers; and
- Overall ease of doing business.

AdaptHealth believes that it competes favorably with competitors on the basis of these and other factors.

Legal Proceedings

See [Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations - Commitments and Contingencies."](#)

Government Regulation

The federal government and all states in which AdaptHealth currently operates regulate various aspects of AdaptHealth's business. In particular, AdaptHealth's operations are subject to federal laws that regulate the reimbursement of its products and services under various government programs and that are designed to prevent fraud and abuse. AdaptHealth's operations are also subject to state laws governing, among other things, pharmacies, nursing services, medical equipment suppliers and certain types of home health activities. State regulators may also determine that telephone marketing of AdaptHealth products and services to patients fall within state regulation of telemarketing. Certain of AdaptHealth's employees are subject to state laws and regulations governing the licensure and professional practice of respiratory therapy, pharmacy and nursing.

AdaptHealth maintains a Compliance Program that is designed to meet the guidelines set forth by the U.S. Department of Health and Human Services ("HHS"), and provides ongoing compliance training designed to keep AdaptHealth's officers, directors and employees well-educated and up-to-date regarding developments on relevant topics and to emphasize AdaptHealth's policy of strict compliance. Federal and state laws require that AdaptHealth obtain facility and other regulatory licenses and accreditation and that AdaptHealth enroll as a supplier with federal and state health programs.

As a healthcare provider, AdaptHealth is subject to extensive regulation to prevent fraud and abuse and laws regulating reimbursement under various government programs. The marketing, billing, documenting and other practices of healthcare companies are all subject to government scrutiny. To ensure compliance with Medicare, Medicaid and other regulations, regional health insurance carriers and state agencies often conduct audits and request customer records and other documents to support AdaptHealth's claims submitted for payment of services rendered to customers. Similarly, government agencies and their contractors periodically open investigations and obtain information from healthcare providers pursuant to the legal process. Violations of federal and state regulations can result in severe criminal, civil and administrative penalties and sanctions, including disqualification from Medicare and other reimbursement programs, which could have a material adverse effect on AdaptHealth's financial condition and results of operations.

Numerous federal and state laws and regulations, including HIPAA and the HITECH Act, govern the collection, dissemination, security, use and confidentiality of patient-identifiable health information or personal information. As part of AdaptHealth's provision of, and billing for, healthcare equipment and services, AdaptHealth is required to collect and maintain patient-identifiable health information. In addition, various federal and state legislative and regulatory bodies, or self-regulatory organizations, may expand current laws or regulations, enact new laws or regulations or issue revised rules or guidance regarding privacy, data protection and consumer protection. For instance, the California Consumer Privacy Act ("CCPA") became effective on January 1, 2020. The CCPA gives California residents expanded rights to access and delete their personal information, opt out of certain personal information sharing and receive detailed information about how their personal information is used by requiring covered companies to provide new disclosures to California consumers (as that term is broadly defined) and provide such consumers new ways to opt-out of certain sales of personal information. The CCPA provides for civil penalties for violations, as well as a private right of action for data breaches that is expected to increase data breach litigation. Although there are limited exemptions for protected health information and the CCPA's implementation standards and enforcement practices are likely to remain uncertain for the foreseeable future, the CCPA may increase AdaptHealth's compliance costs and potential liability. Many similar privacy laws have been proposed at the federal level and in other states. New health information standards, whether implemented pursuant to HIPAA, the HITECH Act, congressional action or otherwise, could have a significant effect on the manner in which AdaptHealth handles healthcare-related data and communicate with payers, and the cost of complying with these standards could be significant. If AdaptHealth does not comply with existing or new laws and regulations related to patient health information, it could be subject to criminal or civil sanctions.

Additionally, the Federal Trade Commission ("FTC") and many state attorneys general are interpreting existing federal and state consumer protection laws to impose evolving standards for the online collection, use, dissemination and security of health-related and other personal information. Courts may also adopt the standards for fair information practices promulgated by the FTC, which concern consumer notice, choice, security and access. Consumer protection laws require AdaptHealth to publish statements that describe how it handles personal information and choices individuals may have about the way AdaptHealth handles their personal information. If such information that AdaptHealth publishes is considered untrue, it may be subject to government claims of unfair or deceptive trade practices, which could lead to significant liabilities and consequences. Furthermore, according to the FTC, violating consumers' privacy rights or failing to take appropriate steps to keep consumers' personal information secure may constitute unfair acts or practices in or affecting commerce in violation of Section 5 of the FTC Act. Communications with AdaptHealth's patients are also subject to laws and regulations governing communications, including the Telephone Consumer Protection Act of 1991 ("TCPA"), the Controlling the Assault of Non-Solicited Pornography And Marketing ("CAN-SPAM") Act, additional fax regulations under the Junk Fax Act and the Telemarketing Sales Rule and Medicare regulations.

Healthcare is an area of rapid regulatory change. Changes in the laws and regulations and new interpretations of existing laws and regulations may affect permissible activities, the relative costs associated with doing business, and reimbursement amounts paid by federal, state and other third-party payers. AdaptHealth cannot predict the future of federal, state and local regulation or legislation, including Medicare and Medicaid statutes and regulations, or possible changes in national healthcare policies. Future legislative and regulatory changes could have a material adverse effect on AdaptHealth's financial condition and results of operations.

The long-term effects of climate change are difficult to predict and may be widespread. The impacts may include physical risks (such as rising sea levels or frequency and severity of extreme weather conditions), social and human effects (such as population dislocations or harm to health and well-being), compliance costs and transition risks (such as regulatory or technology changes) and other adverse effects. The effects could impair, for example, the availability and cost of certain products, commodities and energy (including utilities), which in turn may impact AdaptHealth's ability to procure goods or services required for the operation of its business at the quantities and levels it requires. AdaptHealth may bear losses incurred as a result of, for example, physical damage to or destruction of its facilities (such as patient service offices and warehouses), loss or spoilage of inventory, and business interruption due to weather events that may be attributable to climate change. Governments in the U.S. and abroad are considering new or expanded laws to address climate change. Such laws may include limitations on greenhouse gas ("GHG") emissions, mandates that companies implement processes to monitor and disclose climate-related matters, additional taxes or offset charges on specified energy sources, and other requirements. In October 2023, the state of California enacted the Climate Corporate Data Accountability Act ("SB-253"), which mandates the disclosure of GHG emissions, including Scope 1, Scope 2 and Scope 3 emissions; and the Climate-Related Financial Risk Act ("SB-261"), which mandates the disclosure of climate-related financial risks, and measures adopted to reduce and adapt to such risks. Both California laws require initial disclosures in 2026. Compliance with climate-related laws may be further complicated by disparate regulatory approaches in various

jurisdictions. New or expanded climate-related laws could impose substantial costs on AdaptHealth. At the present time, we cannot predict their potential effect on AdaptHealth's capital expenditures or results of operations.

Compliance with such laws and regulations is costly and may materially affect AdaptHealth's business and results of operations. Among other effects, healthcare regulations substantially increase the time, difficulty and costs incurred in obtaining and maintaining approval to market newly developed and existing products. AdaptHealth believes it is in material compliance with all statutes and regulations applicable to its operations.

Implemented Regulation

As a provider of home oxygen, respiratory and other chronic therapy equipment to the home healthcare market, AdaptHealth participates in Medicare Part B, the Supplementary Medical Insurance Program, which was established by the Social Security Act of 1965. Providers of home oxygen and other respiratory therapy services and equipment have historically been heavily dependent on Medicare reimbursement due to the high proportion of elderly persons suffering from respiratory disease utilizing Medicare benefits. Durable medical equipment, including oxygen equipment, is traditionally reimbursed by Medicare based on fixed fee schedules.

Impact of the MMA. In December 2003, the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 ("MMA") was signed into law. The MMA established a Recovery Audit Contractors ("RAC") program, which implemented a new method for recovery of Medicare overpayments by utilizing private companies operating on a contingent fee basis to identify and recoup Medicare overpayments, and implemented quality standards and accreditation requirements for Durable Medical Equipment ("DME") suppliers. The RACs are empowered to audit claims submitted by healthcare providers and overpayments identified by the RACs can be recouped from future payments, including in cases where the reimbursement rules are unclear or subject to differing interpretations. This activity, as well as the activity of intermediaries and others involved in government reimbursement, may include changes in long-standing interpretations of reimbursement rules, which could adversely impact AdaptHealth's future financial condition and results of operations. In October 2008, CMS established Zone Program Integrity Contractors ("ZPICs") and Unified Program Integrity Contractors ("UPICs"), who are responsible for ensuring the integrity of all Medicare-related claims. These legislative and regulatory provisions, as currently in effect, have and will continue to adversely impact AdaptHealth's financial condition and results of operations.

Impact of Competitive Bidding. The MMA legislation directly impacted reimbursement for the primary respiratory and other DME products that AdaptHealth provides. Among other things, the MMA established a competitive acquisition program for DME. The MMA instructed CMS to establish and implement programs under which competitive acquisition areas would be established throughout the United States for purposes of awarding contracts for the furnishing of competitively priced items of DME, including oxygen equipment. For each competitive acquisition area, CMS is required to conduct a competition under which providers submit bids to supply certain covered items of DME. Successful bidders are expected to meet certain program quality standards, volume commitments and surety bond requirements in order to be awarded a contract, and only successful bidders can supply the covered items to Medicare beneficiaries in the respective acquisition area (there are, however, regulations in place that allow non-contracted suppliers to continue to provide equipment and services to their existing customers at the new prices determined through the bidding process). Competitive bidding contracts are expected to be re-bid at least every three years. CMS is required to award contracts to multiple entities submitting bids in each area for an item or service but has the authority to limit the number of contractors in a competitive acquisition area to the number it determines to be necessary to meet projected demand.

In March 2019, CMS announced that it would consolidate all rounds and areas of the DMEPOS Competitive Bidding Program ("CBP") into a single round of competition effective January 1, 2021 named "Round 2021." Round 2021 contracts became effective on January 1, 2021 and extend through December 31, 2023. CMS included 16 product categories in Round 2021. On April 10, 2020, CMS announced that due to the COVID-19 pandemic, it removed the non-invasive ventilators product category from the Round 2021 DMEPOS Competitive Bidding Program.

On October 27, 2020, CMS announced that it would not award competitive bid contracts in 13 of the 15 remaining product categories due to a failure to achieve expected savings, and that contract awards would only be made for off-the-shelf ("OTS") knee and back braces. All other product categories were removed from Round 2021. For the years ended December 31, 2023, 2022 and 2021, net revenue generated with respect to providing OTS knee and back braces (excluding amounts generated in non-rural and rural non-bid areas) were not material. AdaptHealth has obtained contracts for OTS knee and back braces, and does not expect the single payment amounts imposed by CMS under such contracts to have a material impact on AdaptHealth.

On May 25, 2023, CMS announced a temporary gap period for the CBP starting January 1, 2024, following the expiration of all Round 2021 contracts for OTS knee and back braces on December 31, 2023. The gap period commenced as anticipated and CMS has yet to announce when the temporary gap period for the CBP would end, but indicated that it would start bidding for the next CBP round after it completes the formal notice and comment rulemaking process and implements necessary changes to the CBP to establish sustainable process, save money for Medicare patients and taxpayers, help limit fraud, waste, and abuse, and ensure patient access to quality items and services. During the temporary gap period, any Medicare-enrolled DMEPOS supplier may furnish DMEPOS items and services to patients, with payment in former CBAs based on 100% of the single payment amount for that CBA (increased by the projected percentage change in Consumer Price Index for All Urban Consumers), and payment in non-CBAs based on fully adjusted rates per the applicable methodology under 42 C.F.R. § 414.210(g).

The competitive bidding process has historically put pressure on the amount AdaptHealth is reimbursed in the markets in which it exists, as well as in areas that are not subject to the DMEPOS Competitive Bidding Program. The rates required to win future competitive bids could continue to depress reimbursement rates. AdaptHealth will continue to monitor developments regarding the DMEPOS Competitive Bidding Program. While AdaptHealth cannot predict the outcome of the DMEPOS Competitive Bidding Program on its business in the future nor the Medicare payment rates that will be in effect in future years for the items subjected to competitive bidding, the program may materially adversely affect its financial condition and results of operations.

CMS's decision to cancel the 2021 competitive bidding program was a significant development for AdaptHealth. On December 28, 2021, CMS permanently finalized the higher blended rates in rural and noncontiguous non-competitive bidding areas. Congress further extended a blended higher Medicare reimbursement rate in non-competitive bidding/non-rural areas through December 31, 2023. After December 31, 2023, the reimbursement rate has reverted to 100% of the Medicare fee schedule, adjusted to inflation.

Durable Medical Equipment Medicare Administrative Contractor. In order to ensure that Medicare beneficiaries only receive medically necessary and appropriate items and services, the Medicare program has adopted a number of documentation requirements. For example, certain provisions under CMS guidance manuals, local coverage determinations, and the DME Medicare Administrative Contractors ("MAC") Supplier Manuals provide that clinical information from the "patient's medical record" is required to justify the initial and ongoing medical necessity for the provision of DME. Some DME MACs, CMS staff and other government contractors have recently taken the position, among other things, that the "patient's medical record" refers not to documentation maintained by the DME supplier but instead to documentation maintained by the patient's physician, healthcare facility or other clinician, and that clinical information created by the DME supplier's personnel and confirmed by the patient's physician is not sufficient to establish medical necessity. If treating physicians do not adequately document, among other things, their diagnoses and plans of care, the risks that AdaptHealth will be subject to audits and payment denials may increase. Moreover, auditors' interpretations of these policies are inconsistent and subject to individual interpretation, leading to significant increases in individual supplier and industry-wide perceived error rates. High error rates could lead to further audit activity and regulatory burdens and could result in AdaptHealth making significant refunds and other payments to Medicare and other government programs. Accordingly, AdaptHealth's future revenues and cash flows from government healthcare programs may be delayed and/or reduced. Private payors also may conduct audits and may take legal action to recover alleged overpayments. AdaptHealth could be adversely affected in some of the markets in which it operates if the auditing payor alleges substantial overpayments were made to AdaptHealth due to coding errors or lack of documentation to support medical necessity determinations. AdaptHealth cannot currently predict the adverse impact these measures might have on its financial condition and results of operations, but such impact could be material.

Federal and state budgetary and other cost-containment pressures will continue to impact the home respiratory care industry. AdaptHealth cannot predict whether new federal and state budgetary proposals will be adopted or the effect, if any, such proposals would have on its financial condition and results of operations.

Availability of Information

We file or furnish annual, quarterly and current reports, proxy statements and other documents with the Securities and Exchange Commission (the "SEC") under the Exchange Act. The SEC maintains an internet website at www.sec.gov that contains reports, proxy and information statements and other information regarding issuers, including us, that file electronically with the SEC.

We also make available free of charge through our website, <https://adapthealth.com/investorrelations>, electronic copies of certain documents that we file with the SEC, including our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. Information on our website or any other website is not incorporated by reference into, and does not constitute a part of, this Annual Report.

Item 1A. Risk Factors

We operate in a rapidly changing environment that involves a number of risks. The following discussion highlights some of these risks and others are discussed elsewhere in this report. These and other risks could materially adversely affect our business, revenue, financial condition and results of operations. Additional risk factors not presently known to us or that we currently deem immaterial may also impair our business or results of operations.

Risks Related to Our Business and Industry

Reliance on relatively few suppliers for the majority of AdaptHealth's patient service equipment and supplies could adversely affect its ability to operate.

AdaptHealth currently relies on a relatively small number of suppliers to provide it with the majority of its patient service equipment and supplies. Significant price increases, or disruptions in the ability to obtain such equipment and supplies from existing suppliers, may force AdaptHealth to use alternative suppliers. Additionally, any new excise taxes imposed on manufacturers of certain medical equipment could be passed on to customers, such as AdaptHealth. Such manufacturers may be forced to make other changes to their products or manufacturing processes that are unacceptable to AdaptHealth, resulting in a need to change suppliers. Any change in suppliers AdaptHealth uses could cause delays in the delivery of such products and possible losses in revenue, which could adversely affect AdaptHealth's results of operations. In addition, alternative suppliers may not be available, or may not provide their products and services at similar or favorable prices. If AdaptHealth cannot obtain the patient service equipment and supplies it currently uses, or alternatives at similar or favorable prices, AdaptHealth's ability to provide such products may be severely impacted, which could have an adverse effect on its business, financial condition, results of operations, cash flow, capital resources and liquidity.

For example, in June 2021, AdaptHealth received notice from Philips that certain ventilator, BiPAP, and CPAP devices would be included in a Philips voluntary recall due to potential health risks to patients. As a result, it was not possible to purchase these products from Philips, which led to shortages in the supply chain, and other suppliers were unable to meet the strong patient demand for these products, which materially affected AdaptHealth's ability to service patient demand for these devices during the year ended December 31, 2021. Subsequent to December 31, 2021, there was improved ability to purchase these products from alternative suppliers. This recall caused AdaptHealth to incur significant costs, some or all of which may not be recoverable from the product manufacturer.

AdaptHealth cannot predict fully the potential legal, regulatory, and financial risks that may arise out of the recall. Additionally, AdaptHealth has been named in and may be subject to future litigation related to the recall, including but not limited to individual and putative class action claims related to personal injury for devices affected by the recall as well as claims regarding repair and replacement of devices affected by the recall. AdaptHealth cannot predict what additional actions will be required of AdaptHealth by the FDA or other state or federal agencies related to the recall.

In addition, in November 2023, the FDA issued a Safety Communication warning patients and healthcare providers to carefully monitor Philips DreamStation 2 CPAP machines for signs of overheating due to an increase in reports about thermal issues such as fire, smoke, burns and other signs of overheating while people are using the device. AdaptHealth cannot predict fully the potential legal, regulatory, and financial risks that may arise out of the warning related to the DreamStation 2 CPAP machines and cannot predict whether the FDA or Philips will take further action regarding the DreamStation 2 CPAP machines.

Supply chain disruptions and economy-wide labor shortages in the U.S. have negatively impacted, and may continue to negatively impact, AdaptHealth's businesses.

Many companies, including AdaptHealth, recently have experienced increased supply chain and labor challenges. Materials, equipment and labor shortages, shipping, logistics and other delays and other supply chain and related disruptions have made it more difficult and costly for AdaptHealth to obtain products or services from third parties. If these types of disruptions continue to occur, it would have a material adverse effect on AdaptHealth's business, financial

condition, results of operations and cash flows. Continued labor shortages have driven a significant increase in competition throughout the industry to attract and retain talent and have also led to increased labor costs.

Union activity is another factor that may contribute to increased labor costs. AdaptHealth currently has a minimal number of union employees, so an increase in labor union activity could have a significant impact on AdaptHealth's labor costs. AdaptHealth's failure to recruit and retain qualified employees, or to control its labor costs, could have a material adverse effect on its business, financial position, results of operations, and cash flows.

While AdaptHealth seeks to mitigate any cost increases, labor impacts and supply chain delays and shortages, these efforts may not be successful and AdaptHealth may experience adverse impacts due to such factors. AdaptHealth cannot predict the extent of these current trends or other future increases in operating costs. To the extent such costs continue to increase, AdaptHealth may be prevented, in whole or in part, from passing such cost increases through to its existing and prospective customers, or AdaptHealth's customers may seek other competitive sources due to supply chain delays, which could have a material adverse impact on AdaptHealth's business, financial position, results of operations and cash flows.

AdaptHealth has been negatively impacted by inflation and rising interest rates.

Increases in inflation have had, and may continue to have, an adverse effect on AdaptHealth. Current and future inflationary effects may be driven by, among other things, general inflationary cost increases, supply chain disruptions and governmental stimulus or fiscal policies. The cost to manufacture and distribute the equipment and products that AdaptHealth provides to patients is influenced by the cost of materials, labor, and transportation, including fuel costs. AdaptHealth continues to experience inflationary pressure and higher costs as a result of the increasing cost of materials, labor and transportation. The increase in the cost of equipment and products is due in part to a shortage in the availability of certain products, the higher cost of shipping, and general inflationary cost increases. Additionally, it is not certain that AdaptHealth will be able to pass increased costs onto customers to offset inflationary pressures. Continuing increases in inflation could impact the overall demand for AdaptHealth's products and services, its costs for labor, equipment and products, and the margins it is able to realize on its products, all of which could have an adverse impact on AdaptHealth's business, financial position, results of operations and cash flows. In addition, future volatility of general price inflation and the impact of inflation on costs and availability of materials, costs for shipping and warehousing, workforce wage pressure, and other operational overhead could adversely affect AdaptHealth's financial results. Although there have been recent increases in inflation, AdaptHealth cannot predict whether these trends will continue. AdaptHealth's primary mitigation efforts relating to these inflationary pressures include utilizing AdaptHealth's purchasing power in negotiations with vendors and the increased use of technology to drive operating efficiencies and control costs, such as AdaptHealth's digital platform for prescriptions, orders and delivery.

Current inflationary increases have resulted in higher interest rates, which in turn have resulted in higher interest expense related to AdaptHealth's variable rate indebtedness. Future increases in inflation may result in higher interest rates which could increase interest expense related to AdaptHealth's variable rate indebtedness and any borrowings it may undertake to refinance existing fixed rate indebtedness. Higher interest rates also impact the discount rate used in the valuation of intangible assets, including goodwill, and the impact on the discount rate could result in additional impairment charges for such assets. In addition, there can be no assurance that we will be able to refinance our term loan upon maturity, or that any such refinancing would be on terms as favorable as the terms of the existing term loan. If we are unable to refinance the term loan at maturity or are only able to do so at higher interest rates, our interest expense would increase and the amount of our cash flow and our financial condition could be adversely affected.

AdaptHealth's business depends on its information systems, including software licensed from or hosted by third parties, and any failure or significant disruption or effective cyber-attack on any of these systems, security breaches or improper disclosure of or loss of data could materially affect our business, results of operations and financial condition.

AdaptHealth's business depends on the proper functioning and availability of its computer systems and networks. AdaptHealth relies on an external service provider to provide continual maintenance, upgrading and enhancement of AdaptHealth's primary information systems used for its operational needs. AdaptHealth licenses third-party software that supports intake, personnel scheduling and other human resources functions, office clinical and centralized billing and receivables management in an integrated database, enabling AdaptHealth to standardize the care delivered across its network of locations and monitor its performance and consumer outcomes. AdaptHealth also uses a third-party software provider for its order processing and inventory management platform. To the extent that its third-party providers fail to

support, maintain and upgrade such software or systems, or if AdaptHealth loses its licenses with third-party providers, the efficiency of AdaptHealth's operations could be disrupted or reduced.

The risk of a security breach or disruption, particularly through cyber-attacks or cyber intrusion, including by computer hackers, foreign governments and cyber terrorists, has generally increased as the number, intensity and sophistication of attempted attacks and intrusions from around the world have increased. In addition, the prevalent use of mobile devices that access confidential information increases the risk of data security breaches, which could lead to the loss of confidential information or other intellectual property. AdaptHealth or its third-party vendors may experience cybersecurity and other breach incidents, including such incidents that remain undetected for an extended period. A cybersecurity attack or other incident that bypasses AdaptHealth's or its third-party vendors' information systems security could cause a security breach that may lead to a material disruption to AdaptHealth's information systems infrastructure or business and/or involve a significant loss of business or patient health or other protected data or information. If a cybersecurity attack or another unauthorized attempt to access AdaptHealth's or its third-party vendors' systems or facilities were to be successful, it could result in the theft, destruction, loss, misappropriation or release of confidential information or intellectual property, and could cause operational or business delays that may materially impact AdaptHealth's ability to provide various healthcare services.

Even when a security breach is detected, the full extent of the breach may not be determined immediately. If AdaptHealth experiences a reduction in the performance, reliability, or availability of its information systems, its operations and ability to process transactions and produce timely and accurate reports could be materially adversely affected. If AdaptHealth experiences difficulties with the transition and integration of information systems or is unable to implement, maintain, or expand its systems properly, AdaptHealth could suffer from, among other things, operational disruptions, delays, cessation of service, regulatory problems, increases in administrative expenses and other harm to its business and competitive position. For example, in February 2024, AdaptHealth learned that one of its third-party software providers who interfaces with UnitedHealth Group's Change Healthcare ("Change Healthcare") information technology systems in connection with AdaptHealth's claims processing activity had a cybersecurity threat actor gain access to some of the Change Healthcare information technology systems. UnitedHealth Group isolated the impacted systems upon learning of this threat and Change Healthcare has suspended its claims processing activity with AdaptHealth's third-party software provider. The full impact of this incident has yet to be determined but depending on the duration of the impact and the availability of alternative claims processing engines, it could have an adverse effect on AdaptHealth's business and results of operations.

There can be no assurance that AdaptHealth's and its third-party software providers' safety and security measures and disaster recovery plans will prevent damage, interruption, breach of their information systems and operations or data loss. Because the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently and may be difficult to detect, AdaptHealth its third-party software providers' may be unable to anticipate these techniques or implement adequate preventive measures. In addition, hardware, software or applications AdaptHealth develops or procures from third parties may contain defects in design or manufacture or other problems that could unexpectedly compromise the security of its information systems. Unauthorized parties may attempt to gain access to AdaptHealth's systems or facilities, or those of third parties with whom AdaptHealth does business, including its confidential managed file transfer software providers, through fraud or other forms of deceiving its employees or contractors. Costs and potential problems and interruptions associated with any such unauthorized access or the implementation of new or upgraded systems and technology or with maintenance or adequate support of existing systems and technology, including systems and technology intended to protect against unauthorized access, also could disrupt or reduce the efficiency of AdaptHealth's operations.

Any successful cybersecurity attack or other unauthorized access to AdaptHealth's, AdaptHealth's third-party vendors', or any of its or their acquisition targets' systems, facilities or patient health information also could result in negative publicity, which could damage AdaptHealth's reputation or brand with its patients, referral sources, payors or other third parties and could subject AdaptHealth to substantial penalties under HIPAA and other federal and state data protection laws, in addition to costs and potential damages associated with private litigation related to those affected. Failure to maintain the security and functionality of AdaptHealth's information systems and related software or to contract with third parties which do, or a failure to defend a cybersecurity attack or other attempt to gain unauthorized access to AdaptHealth's, AdaptHealth's third-party vendors', or any of its or their acquisition targets' systems, facilities or patient health information, could expose AdaptHealth to a number of adverse consequences, the vast majority of which are not insurable, including, but not limited to, disruptions in AdaptHealth's operations, regulatory and other civil and criminal penalties, fines, investigations and enforcement actions (including, but not limited to, those arising from the SEC, FTC, the Office of Inspector General or state attorneys general), private litigation with those affected by the data breach, loss of

customers, disputes with payors and increased operating expense, all or any of which could adversely impact AdaptHealth's financial condition and results of operations.

AdaptHealth's financial performance is affected by continuing efforts by private third-party payors to control their costs, and if AdaptHealth agrees to lower its reimbursement rates due to pricing pressures from such private third-party payors, AdaptHealth's financial condition and results of operations would likely deteriorate.

AdaptHealth derived approximately 60% and 61% of its net revenue for the years ended December 31, 2023 and 2022, respectively, from third-party private payors. Such payors continually seek to control the cost of providing healthcare services through direct contracts with healthcare providers, increased oversight and greater enrollment of patients in managed care programs and preferred provider organizations. These private payors are increasingly demanding discounted fee structures, including setting reimbursement rates based on Medicare fee schedules or requiring healthcare providers or suppliers to assume a greater degree of financial risk related to patient care. Reimbursement rates under private payor programs may not remain at current levels and may not be sufficient to cover the costs of caring for patients enrolled in such programs, and AdaptHealth may experience a deterioration in pricing flexibility, changes in payor mix and growth in operating expenses in excess of increases in payments by private third-party payors. AdaptHealth may be compelled to lower its prices due to increased pricing pressures, which could adversely impact AdaptHealth's financial condition and results of operations.

AdaptHealth's payor contracts are subject to renegotiation or termination, which could result in a decrease in AdaptHealth's revenue or profits.

The majority of AdaptHealth's payor contracts are subject to unilateral termination by either party on between 30 and 90 days' prior written notice. Such contracts are routinely amended (sometimes by unilateral action by payors regarding payment policy), renegotiated, subjected to a bidding process with AdaptHealth's competitors, or terminated altogether. Sometimes in the renegotiation process, certain lines of business may not be renewed or a payor may enlarge its provider network or otherwise change the way it conducts its business in a way that adversely impacts AdaptHealth's revenue. In other cases, a payor may reduce its provider network in exchange for lower payment rates. AdaptHealth's revenue from a payor may also be adversely affected if the payor alters its utilization management expectations and/or administrative procedures for payments and audits, changes its order of preference among the providers to which it refers business or imposes a third-party administrator, network manager or other intermediary. Payors may also decide to refer business to their owned provider subsidiaries, such as specialty pharmaceuticals and/or HME networks owned by such payors or by third-party management companies. Any of these activities could materially reduce AdaptHealth's revenue from these payors.

Changes made by payors to the way they cover products supplied by AdaptHealth could have an adverse impact on AdaptHealth's revenue and operations.

Payors that provide coverage for products supplied by AdaptHealth can make changes to their plans and benefit designs that can have an adverse impact on AdaptHealth's revenue and operations. For example, some payors have shifted coverage for continuous glucose monitors ("CGM") from the medical benefit to the pharmacy benefit for their insureds. The impact of changing the benefit can include changes to the types of providers that can provide CGM, increased competition from pharmacies, changes to covered amounts, and changes to patient deductibles. Additionally, including CGM under the pharmacy benefit could allow pharmacy benefit managers to attempt to restrict how beneficiaries obtain CGM, including attempts to shift to specifically contracted providers with reduced reimbursement to the supplier or pharmacy. Net revenue from AdaptHealth's diabetes business declined for the year ended December 31, 2023, primarily due to a shift in diabetes patients by certain large commercial insurance and other payors from DME suppliers to dual-benefit and pharmacy-only suppliers and lower net revenue from insulin pumps and supplies as a result of a shift toward more pumps being sold to patients through the pharmacy channel.

Changes in governmental or private payor supply replenishment schedules could adversely affect AdaptHealth.

AdaptHealth generated approximately 28% and 27% of its net revenue for the years ended December 31, 2023 and 2022, respectively, through the sale of masks, tubing and other ancillary products related to patients utilizing CPAP devices. Medicare, Medicaid and private payors limit the number of times per year that patients may purchase such supplies. To the extent that any governmental or private payor revises their resupply guidelines to reduce the number of times such supplies can be purchased, such reductions could adversely impact AdaptHealth's revenue, financial condition and results of operations.

If AdaptHealth fails to manage the complex and lengthy reimbursement process, its revenue, financial condition and results of operations could suffer.

Because AdaptHealth depends upon reimbursement from Medicare, Medicaid and third-party payors for a significant majority of its revenues, AdaptHealth's revenue, financial condition and results of operations may be affected by the reimbursement process, which in the healthcare industry is complex and can involve lengthy delays between the time that services are rendered and the time that the reimbursement amounts are settled. Depending on the payor, AdaptHealth may be required to obtain certain payor-specific documentation from physicians and other healthcare providers before submitting claims for reimbursement. Certain payors have filing deadlines and will not pay claims submitted after such deadlines. AdaptHealth cannot ensure that it will be able to effectively manage the reimbursement process and collect payments for its equipment and services promptly.

AdaptHealth generates a significant portion of its revenue from the provision of sleep therapy equipment and supplies to patients, and AdaptHealth's success is therefore highly dependent on its ability to furnish these items.

Approximately 39% and 36% of AdaptHealth's net revenue for the years ended December 31, 2023 and 2022, respectively, was generated from the provision of sleep therapy equipment and supplies to patients. AdaptHealth's ability to execute its growth strategy therefore depends upon the adoption by patients, physicians and sleep centers, among others, of AdaptHealth's sleep therapy equipment and supplies to treat their patients suffering from OSA. There can be no assurance that AdaptHealth's sleep therapy equipment and supplies will continue to maintain broad acceptance among physicians and patients. Any failure by AdaptHealth to satisfy physician or patient demand for its equipment and supplies or to maintain meaningful market acceptance will harm its business and future prospects.

AdaptHealth may be adversely affected by consolidation among health insurers and other industry participants.

In recent years, there has been a continuing trend of health insurers merging or increasing efforts to consolidate with other non-governmental payors. Insurers are also increasingly pursuing alignment initiatives with healthcare providers. Consolidation within the health insurance industry may result in insurers having increased negotiating leverage and competitive advantages, such as greater access to performance and pricing data. AdaptHealth's ability to negotiate prices and favorable terms with health insurers in certain markets could be affected negatively as a result of this consolidation. In addition, the shift toward value-based payment models could be accelerated if larger insurers, including those engaging in consolidation activities, find these models to be financially beneficial. There can be no assurance that AdaptHealth will be able to negotiate favorable terms with payors and otherwise respond effectively to the impact of increased consolidation in the payor industry or vertical integration efforts.

AdaptHealth may be adversely affected if it is unable to maintain current levels of collectability and by the deterioration of the financial condition of AdaptHealth's payors or disputes with third parties could have a significant negative impact on its financial condition and results of operations.

The collection of accounts receivable requires constant focus and involvement by management and ongoing enhancements to information systems and billing center operating procedures. There can be no assurance that AdaptHealth will be able to improve upon or maintain its current levels of collectability and days sales outstanding in future periods. Further, some of AdaptHealth's payors and/or patients may experience financial difficulties, or may otherwise not pay accounts receivable when due, resulting in increased write-offs. If AdaptHealth is unable to properly bill and collect its accounts receivable, its financial condition and results of operations will be adversely affected. In addition, from time to time AdaptHealth is involved in disputes with various parties, including its payors and their intermediaries regarding their performance of various contractual or regulatory obligations. These disputes sometimes lead to legal and other proceedings and cause AdaptHealth to incur costs or experience delays in collections, increases in its accounts receivable or loss of revenue. In addition, in the event such disputes are not resolved in AdaptHealth's favor or cause AdaptHealth to terminate its relationships with such parties, there may be an adverse impact on its financial condition and results of operations.

If AdaptHealth is unable to maintain or develop relationships with patient referral sources, its growth and profitability could be adversely affected.

AdaptHealth's growth and profitability depend in large part on referrals from acute care hospitals, sleep laboratories, pulmonologist and endocrinologist offices, skilled nursing facilities, hospice operators and other patient referral sources in the communities served by AdaptHealth, its ability to establish and maintain close working relationships with such patient referral sources and to increase awareness and acceptance of the benefits of inpatient rehabilitation, home health, and hospice care by its referral sources and their patients. By law, referral sources cannot be contractually obligated

to refer patients to any specific provider. In addition, AdaptHealth's relationships with referral sources are subject to federal and state healthcare laws such as the federal Anti-Kickback Statute and the Stark Law to the extent these services provide a financial benefit to or relieve a financial burden for a potential referral source, or are subsequently found not to be for fair market value. However, there can be no assurance that other market participants will not attempt to steer patients to competing post-acute providers or otherwise limit AdaptHealth's access to potential referrals. The establishment of joint ventures or networks between referral sources, such as acute care hospitals, and other post-acute providers may hinder patient referrals to AdaptHealth. AdaptHealth's loss of, or failure to maintain, existing relationships or its failure to develop new relationships with referral sources could adversely affect its ability to grow its business and operate profitably.

AdaptHealth experiences competition from numerous other sleep therapy equipment , home respiratory, mobility equipment and diabetes medical devices and supplies providers, and this competition could adversely affect its revenues and its business.

The sleep therapy equipment, home respiratory, mobility equipment and diabetes medical devices and supplies markets are highly competitive and include a large number of providers, some of which are national providers, but most of which are either regional or local providers, including hospital systems, physician specialists and sleep labs. The primary competitive factors are quality considerations such as responsiveness, access to payor contracts, the technical ability of the professional staff and the ability to provide comprehensive services. These markets are very fragmented. Some of AdaptHealth's competitors may now or in the future have greater financial resources or more effective sales and marketing activities. AdaptHealth's largest national home respiratory/home medical equipment provider competitors include Owens & Minor Inc., Lincare Holdings Inc., Rotech Healthcare, Inc. and Cardinal Health, Inc. The rest of the homecare market in the United States consists of regional providers and product-specific providers, as well as numerous local organizations. Hospitals and health systems are routinely looking to provide coverage and better control of post-acute healthcare services, including homecare services of the types AdaptHealth provides. These trends may continue as new payment models evolve, including bundled payment models, shared savings programs, value-based purchasing and other payment systems.

New entrants to the sleep therapy equipment, home respiratory/home medical equipment and diabetes medical devices and supplies markets could have a material adverse effect on AdaptHealth's business, results of operations and financial condition. A number of manufacturers of home respiratory equipment currently provide equipment directly to patients on a limited basis. Such manufacturers have the ability to provide their equipment at prices below those charged by AdaptHealth, and there can be no assurance that such direct-to-patient sales efforts will not increase in the future or that such manufacturers will not seek reimbursement contracts directly with AdaptHealth's third-party payors, who could seek to provide equipment directly to patients from the manufacturer. In addition, pharmacy benefit managers, including CVS Health Corporation and the OptumRx business of UnitedHealth Group Incorporated, could enter the HME market and compete with AdaptHealth. Large technology companies, such as Amazon.com, Inc. and Alphabet Inc., have disrupted other supply businesses and have entered the healthcare market. In the event such companies enter the HME market, AdaptHealth may experience a loss of referrals or revenue.

Changes in medical equipment technology and development of new treatments may cause AdaptHealth's current equipment or services to become obsolete.

AdaptHealth evaluates changes in home medical equipment technology and treatments on an ongoing basis for purposes of determining the feasibility of replacing or supplementing items currently included in the patient service equipment inventory and services that AdaptHealth offers patients. AdaptHealth's selection of medical equipment and services is formulated on the basis of a variety of factors, including overall quality, functional reliability, availability of supply, payor reimbursement policies, product features, labor costs associated with the technology, acquisition, repair and ownership costs and overall patient and referral source demand, as well as patient therapeutic and lifestyle benefits. Manufacturers continue to invest in research and development to introduce new products to the marketplace. It is possible that major changes in available technology, payor benefit or coverage policies related to those changes or the preferences of patients and referral sources may cause AdaptHealth's current product offerings to become less competitive or obsolete, and it will be necessary to adapt to those changes. Unanticipated changes could cause AdaptHealth to incur increased capital expenditures and accelerated equipment write-offs, and could force AdaptHealth to alter its sales, operations and marketing strategies.

In addition, the development and commercialization of new drugs to address obesity and type 2 diabetes may limit the prospects for AdaptHealth's current equipment or services. A number of new glucagon-like peptide (GLP-1) receptor agonist drugs, including Mounjaro, Wegovy, and Ozempic, have entered the market. The long-term effect of these drugs on AdaptHealth's business is uncertain. However, these drugs may have a significant impact on obesity rates over time, which

may result in reduced demand for our current equipment or services and we may not be able to adapt to those changes to stay competitive.

AdaptHealth's operations involve the transport of compressed and liquid oxygen, which carries an inherent risk of rupture or other accidents with the potential to cause substantial loss, and have involved the operation of medical gas facilities that are subject to federal and state regulations, which requires significant compliance oversight and expenses.

AdaptHealth's operations are subject to the many hazards inherent in the transportation of medical gas products and compressed and liquid oxygen, including ruptures, leaks and fires. These risks could result in substantial losses due to personal injury or loss of life, severe damage to and destruction of property and equipment and pollution or other environmental damage and may result in curtailment or suspension of AdaptHealth's related operations. If a significant accident or event occurs, it could adversely affect AdaptHealth's business, financial position and results of operations. Additionally, corrective action plans, fines or other sanctions may be levied by government regulators who oversee transportation of hazardous materials such as compressed or liquid oxygen.

AdaptHealth provides a significant number of patients with oxygen-based therapy, and from time to time, AdaptHealth has operated medical gas facilities in several states subject to federal and state regulatory requirements. AdaptHealth's medical gas facilities and operations are subject to extensive regulation by the Food and Drug Administration ("FDA") and other federal and state authorities. The FDA regulates medical gases, including medical oxygen, pursuant to its authority under the federal Food, Drug and Cosmetic Act. Among other requirements, the FDA's current Good Manufacturing Practice ("cGMP") regulations impose certain quality control, documentation and record keeping requirements on the receipt, processing and distribution of medical gas. Further, in each such state, its medical gas facilities would be subject to regulation under state health and safety laws, which vary from state to state. The FDA and state authorities conduct periodic, unannounced inspections at medical gas facilities to assess compliance with the cGMP and other regulations, and AdaptHealth expends significant time, money and resources in an effort to achieve substantial compliance with the cGMP regulations and other federal and state law requirements at each of its medical gas facilities. AdaptHealth also complies with the FDA's requirement for medical gas providers to register their sites with the agency. There can be no assurance, however, that these efforts will be successful and that AdaptHealth's medical gas facilities will maintain compliance with federal and state law regulations. Failure by AdaptHealth to maintain regulatory compliance at its medical gas facilities could result in enforcement action, including warning letters, fines, product recalls or seizures, temporary or permanent injunctions, or suspensions in operations at one or more locations, and civil or criminal penalties which would materially harm its business, financial condition, results of operations, cash flow, capital resources and liquidity.

AdaptHealth currently outsources, and from time to time in the future may outsource, a portion of its internal business functions to third-party providers, which has significant risks, and AdaptHealth's failure to manage these risks successfully could materially adversely affect its business, results of operations, and financial condition.

AdaptHealth currently outsources, and from time to time in the future may outsource, portions of its internal business functions, including billing and administrative functions relating to revenue cycle management and accounts payable, to third-party providers in India and the Philippines, and utilizes third-party managed file transfer software providers to transfer its sensitive and protected customer data. These third-party providers may not comply on a timely basis with all of AdaptHealth's requirements, or may not provide AdaptHealth with an acceptable level of service or may not protect properly AdaptHealth's and its customers' confidential or protected data. This could result in significant disruptions in AdaptHealth's operations and significantly increase costs to undertake AdaptHealth's operations, either of which could damage AdaptHealth's relationships with its customers. In addition, AdaptHealth's outsourced functions may be negatively impacted by any number of factors, including: political unrest; public health crises; social unrest; cyber-attacks; terrorism; war; vandalism; currency fluctuations; changes to the laws of India, the Philippines, the United States or any other jurisdictions in which AdaptHealth does business or outsources operations; or increases in the cost of labor and supplies in India and the Philippines or any other jurisdiction in which AdaptHealth outsources any portion of its internal or other business functions. AdaptHealth's outsourced operations may also be affected by trade restrictions, such as tariffs or other trade controls. As a result of its outsourcing activities, it may also be more difficult for AdaptHealth to recruit and retain qualified employees for its business needs at any time. AdaptHealth's failure to successfully outsource certain of its business functions could materially adversely affect its business, results of operations, and financial condition.

AdaptHealth's ability to successfully operate its business is largely dependent upon the efforts of key personnel of AdaptHealth, including senior management, the loss of any of whom could negatively impact AdaptHealth's operations and financial results.

AdaptHealth is highly dependent on the performance and continued efforts of its senior management team. AdaptHealth's future success is dependent on its ability to continue to attract and retain qualified executive officers and senior management. Any inability to manage AdaptHealth's operations effectively could adversely impact its financial condition and results of operations.

AdaptHealth's ability to successfully operate its business is also dependent upon the efforts of certain other key personnel of AdaptHealth. It is possible that AdaptHealth will lose some key personnel, the loss of which could negatively impact its operations and profitability.

As previously disclosed, Richard Barasch, Chairman of the Board of AdaptHealth and Interim Chief Executive Officer, has been serving as its Interim Chief Executive Officer since the resignation of Stephen Griggs, effective June 30, 2023. Mr. Barasch is expected to continue to serve as Interim Chief Executive Officer until a successor chief executive officer is appointed. AdaptHealth remains highly focused on identifying a replacement chief executive officer; however, there can be no assurances as to the timing of any such appointment.

AdaptHealth's strategic growth plan, which has historically involved the acquisition of other companies, may not succeed.

AdaptHealth's strategic plan calls for significant growth in its business over the next several years through an increase in its density in select markets where it is established as well as the expansion of its geographic footprint into new markets. This growth would place (and has placed) significant demands on AdaptHealth's management team, systems, internal controls and financial and professional resources. As a result, AdaptHealth could be required to incur (and has incurred) expenses for hiring additional qualified personnel, retaining professionals to assist in developing the appropriate control systems and expanding AdaptHealth's information technology infrastructure. If AdaptHealth is unable to effectively manage growth, its financial results could be adversely impacted.

AdaptHealth's strategic plan has historically involved acquisitions of home medical equipment providers and such acquisitions remain an element of AdaptHealth's strategy. AdaptHealth may face increased competition for attractive acquisition candidates, which may limit the number of acquisition opportunities available to AdaptHealth or lead to the payment of higher prices for its acquisitions. Without successful acquisitions, AdaptHealth's future growth rate could decline. In addition, AdaptHealth cannot guarantee that any future acquisitions, if consummated, will result in further growth.

AdaptHealth's strategic plan contemplates successful integration of acquired home medical equipment providers with AdaptHealth's existing business, including reduction in operating expenses with respect to the acquired companies. Integrating an acquisition could be expensive and time-consuming and could disrupt AdaptHealth's ongoing business, negatively affect cash flow and distract management and other key personnel from day-to-day operations. AdaptHealth may not be able to combine successfully the operations of recently acquired companies with its operations, and, even if such integration is accomplished, AdaptHealth may never realize the potential benefits of such acquisition.

The integration of acquisitions requires significant attention from management, may impose substantial demands on AdaptHealth's operations or other projects and may impose challenges on us including, but not limited to, inconsistencies in business standards, procedures, policies and business cultures. There can be no assurance that any future acquisitions, if consummated, will result in further growth.

Specific integration risks relating to the acquisition of other companies by AdaptHealth may include:

- difficulties related to combining previously separate businesses into a single unit, including patient transitions, product and service offerings, distribution and operational capabilities and business cultures;
- availability of financing to the extent needed to fund acquisitions;
- customer loss and other general business disruption;

- managing the integration process while completing other independent acquisitions or dispositions;
- diversion of management's attention from day-to-day operations;
- assumption of liabilities of an acquired business, including unforeseen or contingent liabilities or liabilities in excess of the amounts estimated;
- failure to realize anticipated benefits and synergies, such as cost savings and revenue enhancements;
- potentially substantial costs and expenses associated with acquisitions and dispositions;
- failure to retain and motivate key employees;
- coordinating research and development activities to enhance the introduction of new products and services;
- difficulties in establishing and applying AdaptHealth's internal control over financial reporting and disclosure controls and procedures to an acquired business;
- obtaining necessary regulatory licenses and payor-specific approvals, which may impact the timing of when AdaptHealth is to bill and collect for services rendered;
- AdaptHealth's ability to transition patients in a timely manner may impact AdaptHealth's ability to collect amounts for services rendered;
- AdaptHealth's estimates for revenue accruals during the integration of acquisitions may require adjustments in future periods as the transition of patient information is finalized; and
- delays in obtaining new government and commercial insurance payor identification numbers for acquired branches, resulting in a slowdown and/or loss of associated revenue.

Political and economic conditions, including significant global or regional developments such as economic and political events, international conflicts (including the ongoing war in Ukraine and the Hamas-Israel conflict), natural disasters and public health crises that are out of AdaptHealth's control, could adversely affect its revenue, financial condition and results of operations.

AdaptHealth's business can be affected by a number of factors that are beyond its control, such as general geopolitical, economic and business conditions, including slower economic growth, disruptions in financial markets, economic downturns in the form of either contained or widespread recessionary conditions, inflation, elevated unemployment levels, sluggish or uneven economic recovery, government actions impacting trade agreements including the imposition of trade restrictions such as tariffs and retaliatory counter measures, government deficit reduction, tax legislation increasing the federal corporate income tax rates, natural and other disasters, public health crises affecting the operations of AdaptHealth or its customers or suppliers, staffing shortages, production slowdowns or stoppages, raw material shortages and disruptions in delivery systems. We continue to monitor the worsening macroeconomic conditions, such as the war in Ukraine, the Hamas-Israel conflict and global geopolitical tension. Turmoil in the financial markets, including in the capital and credit markets, and any uncertainty over its breadth, depth and duration may put pressure on the global economy and could have a negative effect on AdaptHealth's business. The shortage of liquidity and credit combined with substantial losses in worldwide equity markets could cause an economic recession in the United States or worldwide. If global financial markets experience extreme disruption, governments may take unprecedented actions intended to address extreme market conditions that may include severely restricted credit and declines in real estate values. If conditions in the global economy, U.S. economy or other key vertical or geographic markets are weak or uncertain, AdaptHealth could experience material adverse impacts on its revenue, financial condition and results of operations.

AdaptHealth's current insurance program is expensive to maintain and may expose it to unexpected costs and negatively affect its business, financial condition and results of operations, particularly if it incurs losses not covered by its insurance or if claims or losses differ from its estimates.

There is an inherent risk of liability in the provision of healthcare services. As participants in the healthcare industry, AdaptHealth may periodically be subject to lawsuits, some of which may involve large claims and significant costs to defend, such as mass tort or other class actions. Although AdaptHealth's insurance coverage reflects deductibles,

self-insured retentions, limits of liability and similar provisions that it believes are reasonable based on its operations, the coverage under its insurance programs may not be adequate to protect it in all circumstances. AdaptHealth's insurance policies contain exclusions and conditions that could have a materially adverse impact on AdaptHealth's ability to receive indemnification thereunder, as well as customary sub-limits for particular types of losses. Additionally, insurance companies that currently insure companies in AdaptHealth's industry may cease to do so, may change the coverage provided or may substantially increase premiums in the future. The incurrence of losses and liabilities that exceed AdaptHealth's available coverage, therefore, could have a material adverse effect on its business, financial condition and results of operations.

AdaptHealth also maintains Directors and Officers (D&O) Liability insurance coverage to protect all of its directors and executive officers. As premiums for insurance covering directors' and officers' liability are rising, AdaptHealth may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. There can be no assurance that this D&O coverage will be sufficient to cover the costs of the events that may lead to its invocation, in which case, there could be an adverse impact on AdaptHealth's financial condition, should such an unforeseen event occur. As a result, it may be more difficult for us to attract and retain qualified people to serve on AdaptHealth's board of directors, its board committees, or as executive officers.

AdaptHealth currently self-insures a significant portion of expected losses under its workers' compensation, automobile liability and employee health insurance programs and, to offset negative insurance market trends, AdaptHealth may elect to increase its self-insurance coverage, accept higher deductibles or reduce the amount of coverage. Unanticipated changes in any applicable actuarial assumptions and management estimates underlying its liabilities for these losses could result in materially different expenses than expected under these programs, which could have a material adverse effect on AdaptHealth's financial condition and results of operations. In addition, if AdaptHealth experiences a greater number of these losses than it anticipates, it could have a material adverse effect on its business, financial condition and results of operations.

Risks Related to Regulation

AdaptHealth's revenue could be impacted by federal and state changes to reimbursement and other Medicaid and Medicare policies.

AdaptHealth derived approximately 27% and 26% of its net revenue for the years ended December 31, 2023 and 2022, respectively, from Medicare and various state-based Medicaid programs. These programs are subject to statutory and regulatory changes affecting overall spending, base rates or basis of payment, retroactive rate adjustments, annual caps that limit the amount that can be paid (including deductible and coinsurance amounts) for rehabilitation therapy services rendered to Medicare beneficiaries, administrative or executive orders and government funding restrictions, all of which may materially adversely affect the rates and frequency at which these programs reimburse AdaptHealth. Healthcare providers, suppliers, and payors are facing increasing pressure to reduce healthcare costs, and recent budget proposals and legislation at both the federal and state levels have called for cuts in Medicare and Medicaid reimbursement rates. Enactment and implementation of measures to reduce or delay reimbursement or overall Medicare or Medicaid spending could result in substantial reductions in AdaptHealth's revenue and profitability. Payors may disallow AdaptHealth's requests for reimbursement based on determinations that certain costs are not reimbursable or reasonable because either adequate or additional documentation was not provided or because certain services were not covered or considered medically necessary. Revenue from third-party payors can be retroactively adjusted after a new examination during the claims settlement process or as a result of post-payment audits. AdaptHealth may also be subject to pre-payment review of certain service lines or products and equipment as a result of negative audit findings or other third-party payor determinations, which can result in significant delays in claims processing and could materially impact its revenue.

As a result of the Public Health Emergency Declaration, National Emergency Declaration, and pursuant to the provisions of the CARES Act, among other things, CMS issued regulatory guidance indicating enforcement discretion and flexibility regarding the provisions of items and services by DMEPOS suppliers like AdaptHealth. These provisions were announced through blanket waivers under Section 1135 of the Social Security Act, two Interim Final Rules with Requests for Comment on April 6, 2020 and May 8, 2020, respectively, and through numerous forms of subregulatory guidance. These provisions included modifications of various requirements under CMS regulations and Medicare and Medicaid program rules that aim to expand the capacity of healthcare providers and suppliers to deliver healthcare services while minimizing the risk of viral exposure. CMS's changes included the exercise of enforcement discretion with respect to the clinical conditions and face-to-face encounter requirements required under certain national and local coverage determinations applicable to certain items and supplies AdaptHealth offers.

The public health emergency ended on May 11, 2023, which triggered the expiration of many of the waivers, enforcement discretion and flexibilities. AdaptHealth may be required to alter its operations and processes to ensure compliance once these flexibilities and waivers terminate (including flexibilities and waivers terminated by CMS prior to the end of the public health emergency).

The Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") also provided for a temporary suspension of reduced rates for items and services provided by AdaptHealth. Previously, CMS applied a blended payment rate for DME furnished in rural or noncontiguous non-competitive bidding areas. Pursuant to provisions of the CARES Act, through the end of the public health emergency, that blended rate was based on 50% of the adjusted fee schedule amount (adjusted based on competitively bid prices) and 50% of the unadjusted DMEPOS fee schedule amount. On December 28, 2021, CMS extended the temporary 50/50 blended rate for rural and noncontiguous non-competitive bidding areas after the public health emergency. This 50/50 blended rate was continued in the 2023 DMEPOS Fee Schedule.

The CARES Act introduced a new blended rate for DME furnished in non-rural or contiguous non-competitive bidding areas that is based on 75% of the adjusted fee schedule amount and 25% of the unadjusted fee schedule amount. The Consolidated Appropriations Act, 2023 further extended the 75/25 blended Medicare reimbursement rate in non-competitive bidding/non-rural areas through December 31, 2023. After December 31, 2023, the reimbursement rate has reverted to 100% of the Medicare fee schedule, adjusted to inflation.

While AdaptHealth cannot predict what Medicare payment rates or coverage determinations will be in effect in future years, changes to payment rates or benefit coverages may materially impact its financial condition and results of operations.

The CARES Act temporarily suspended the 2% payment adjustment applied to all Medicare fee-for-service claims under The Budget Control Act of 2011. The 2% BDCA sequestration was reinstated as of July 1, 2022. The payment adjustment has, and may continue to, adversely affect AdaptHealth. Additionally, sequestration may have a continued revenue impact on AdaptHealth's individual contracts with Medicare Advantage Organizations depending on individual contracts.

The Statutory Pay-As-You-Go Act of 2010 (PAYGO) required that automatic payment cuts of 4% be put into place if a statutory action is projected to create a net increase in the deficit over either five or 10 years. The enactment of the American Rescue Plan Act in 2021 would have triggered PAYGO sequestration in 2021. In the Protecting Medicare & American Farmers from Sequester Cuts Act, Congress delayed the PAYGO sequestration until January 1, 2023. The Consolidated Appropriations Act, 2023 (Public Law No: 117-328) further prevented implementation of the PAYGO Medicare 4% sequester through the end of 2024. If not renewed, the PAYGO payment adjustment may adversely affect AdaptHealth.

AdaptHealth is subject to United States federal and state healthcare fraud and abuse and false claims laws and regulations, the prosecutions under which have increased in recent years and AdaptHealth may become subject to such litigation, and if AdaptHealth is unable to comply or has not fully complied with such laws, it could face substantial penalties.

AdaptHealth's operations are subject to various state and federal fraud and abuse laws, including, without limitation, the federal Anti-Kickback Statute, the federal Stark Law and the federal False Claims Act. These laws may impact, among other things, AdaptHealth's sales, marketing and education programs.

The federal Anti-Kickback Statute prohibits persons from knowingly and willfully soliciting, offering, receiving or providing remuneration, directly or indirectly, in exchange for or to induce either the referral of an individual, or the furnishing or arranging for a good or service, for which payment may be made under a federal healthcare program such as the Medicare and Medicaid programs. Several courts have interpreted the statute's intent requirement to mean that if any one purpose of an arrangement involving remuneration is to induce referrals of federal healthcare covered business, the statute has been violated. In addition, a person or entity does not need to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation. The Anti-Kickback Statute is broad and, despite a series of narrow safe harbors, prohibits many arrangements and practices that are lawful in businesses outside of the healthcare industry. Penalties for violations of the federal Anti-Kickback Statute include criminal penalties and civil sanctions such as fines, imprisonment and possible exclusion from Medicare, Medicaid and other federal healthcare programs. Many states have also adopted laws similar to the federal Anti-Kickback Statute, some of which apply to the referral of patients for healthcare items or services reimbursed by any source, not only the Medicare and Medicaid programs.

The federal Ethics in Patient Referrals Act of 1989, commonly known as the “Stark Law,” prohibits, subject to certain exceptions, physician referrals of Medicare and, as applicable under state law, Medicaid patients to an entity providing certain “designated health services” if the physician or an immediate family member has any financial relationship with the entity. The Stark Law also prohibits the entity receiving the referral from billing any good or service furnished pursuant to an unlawful referral. Various states have corollary laws to the Stark Law, including laws that require physicians to disclose any financial interest they may have with a healthcare provider to their patients when referring patients to that provider. Both the scope and exceptions for such laws vary from state to state. The federal False Claims Act prohibits persons from knowingly filing, or causing to be filed, a false claim to, or the knowing use of false statements to obtain payment from the federal government. The False Claims Act defines “knowingly” to include actual knowledge, acting in deliberate ignorance of the truth or falsity of information, or acting in deliberate disregard of the truth or falsity of information. False Claims Act liability includes liability for reverse false claims for avoiding or decreasing an obligation to pay or transmit money to the government. This includes False Claims Act liability for failing to report and return overpayments within 60 days of the date on which the overpayment is “identified.” Penalties under the False Claims Act can include exclusion from the Medicare program. In addition, the government may assert that a claim including items or services resulting from a violation of the federal Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the False Claims Act. Suits filed under the False Claims Act, known as qui tam actions, can be brought by any individual on behalf of the government and such individuals, commonly known as “whistleblowers,” may share in any amounts paid by the entity to the government in fines or settlement. The frequency of filing qui tam actions has increased significantly in recent years, causing greater numbers of medical device, pharmaceutical and healthcare companies to have to defend a False Claims Act action. When an entity is determined to have violated the federal False Claims Act, it may be required to pay up to three times the actual damages sustained by the government, plus civil penalties for each separate false claim. Various states have also enacted laws modeled after the federal False Claims Act.

On May 2, 2022, the U.S. Attorney’s Office for the Southern District of New York issued a civil investigative demand to a subsidiary of AdaptHealth, pursuant to the False Claims Act, 31 U.S.C. § 3733 (“FCA”) surrounding whether the subsidiary submitted false claims in violation of the FCA related to its billing of, and reimbursements from, federal health care programs for ventilators provided to patients from January 1, 2015 to the present. AdaptHealth is fully cooperating with the investigation. Given the investigation is in the early stages, it is not possible to determine whether it will have a material adverse effect on AdaptHealth.

HIPAA, and its implementing regulations, also created additional federal criminal statutes that prohibit knowingly and willfully executing, or attempting to execute, a scheme to defraud any healthcare benefit program or obtain, by means of false or fraudulent pretenses, representations, or promises, any of the money or property owned by, or under the custody or control of, any healthcare benefit program, regardless of the payor (e.g., public or private) and knowingly and willfully falsifying, concealing or covering up by any trick or device a material fact or making any materially false statements in connection with the delivery of, or payment for, healthcare benefits, items or services relating to healthcare matters. Similar to the federal Anti-Kickback Statute, a person or entity does not need to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation.

From time to time, AdaptHealth has been and is involved in various governmental audits, investigations and reviews related to its operations. Reviews and investigations can lead to government actions, resulting in the assessment of damages, civil or criminal fines or penalties, or other sanctions, including restrictions or changes in the way AdaptHealth conducts business, loss of licensure or exclusion from participation in Medicare, Medicaid or other government programs. Additionally, as a result of these investigations, healthcare providers and entities may face litigation or have to agree to settlements that can include monetary penalties and onerous compliance and reporting requirements as part of a consent decree or corporate integrity agreement. If AdaptHealth fails to comply with applicable laws, regulations and rules, its financial condition and results of operations could be adversely affected. Furthermore, becoming subject to these governmental investigations, audits and reviews may result in substantial costs and divert management’s attention from the business as AdaptHealth cooperates with the government authorities, regardless of whether the particular investigation, audit or review leads to the identification of underlying issues.

AdaptHealth is unable to predict whether it could be subject to actions under any of these laws, or the impact of such actions. If AdaptHealth is found to be in violation of any of the laws described above or other applicable state and federal fraud and abuse laws, AdaptHealth may be subject to penalties, including civil and criminal penalties, damages, fines, exclusion from Medicare, Medicaid and other government healthcare reimbursement programs and the curtailment or restructuring of its operations.

Failure by AdaptHealth to successfully design, modify and implement technology-based and other process changes to maximize productivity and ensure compliance could ultimately have a significant negative impact on AdaptHealth's financial condition, reputation and results of operations.

AdaptHealth has identified a number of areas throughout its operations, including revenue cycle management, fulfillment logistics, and accounts payable, where it has centralized and/or modified processes or systems in order to attain a higher level of productivity or ensure compliance. Failure to achieve the cost savings or enhanced quality control expected from the successful design and implementation of such initiatives may adversely impact AdaptHealth's financial condition and results of operations. Additionally, Medicare and Medicaid often change their documentation requirements with respect to claims submissions. The standards and rules for healthcare transactions, code sets and unique identifiers also continue to evolve, such as ICD 10 and HIPAA 5010 and other data security requirements. Moreover, government programs and/or commercial insurance payors may have difficulties administering new standards and rules for healthcare transactions and this may adversely affect timelines of payment or payment error rates. The DMEPOS Competitive Bidding Program also imposes new reporting requirements on contracted providers. Failure by AdaptHealth to successfully design and implement system or process modifications could have a significant impact on its operations and financial condition. From time to time, AdaptHealth's outsourced contractors for certain information systems functions, such as Brightree LLC and Parachute Health LLC, may make operational, leadership or other changes that could impact AdaptHealth's plans and cost-savings goals. The implementation of many of the new standards and rules will require AdaptHealth to make substantial investments. Further, the implementation of these system or process changes could have a disruptive effect on related transaction processing and operations. If AdaptHealth's implementation efforts related to systems development are unsuccessful, AdaptHealth may need to write off amounts that it has capitalized related to systems development projects. Additionally, if systems development implementations do not occur, AdaptHealth may need to incur additional costs to support its existing systems.

If CMS requires prior authorization or implements changes in documentation necessary for AdaptHealth's products, AdaptHealth's revenue, financial condition and results of operations could be negatively impacted.

CMS has established and maintains a Master List of Items Frequently Subject to Unnecessary Utilization of certain DMEPOS items identified as being subject to unnecessary utilization. This list identifies items that CMS has determined could potentially be subject to prior authorization as a condition of Medicare payment. Since 2012, CMS has also maintained a list of categories of DMEPOS items that require face-to-face encounters with practitioners and written orders before the DMEPOS supplier may furnish the items to beneficiaries. In a final rule issued in 2019, CMS combined and harmonized the two lists to create a single unified list (the "Master List"). CMS also reduced the financial threshold for inclusion on the Master List. With certain exceptions for reductions in Payment Threshold (defined as an average purchase fee of \$1,000 or greater, adjusted annually for inflation, or an average monthly rental fee of \$100 or greater, adjusted annually for inflation), items remain on the Master List for ten years from the date the item was added to the Master List. The presence of an item on the Master List does not automatically mean that prior authorization is required. Under the 2019 final rule, CMS selects items from the Master List for inclusion on the "Required Prior Authorization List." The expanded Master List would increase the number of DMEPOS items potentially eligible to be selected for prior authorization, face-to-face encounter and written order prior to delivery requirements as a condition of payment. CMS has added certain items that are part of AdaptHealth's product lines to the Master List and CMS may include the Company's products on the Required Prior Authorization List. In August 2022, CMS suspended the prior authorization requirement for specified orthosis items on the Required Prior Authorization List under certain circumstances when reported with certain modifiers, effective April 13, 2022. On January 17, 2023, CMS published the annual F2F/WOPD Required List update in a federal register announcement, which added 10 orthosis codes that go into effect on April 17, 2023. To ensure practitioner involvement, these items will require an in person face-to-face encounter or telehealth encounter and also require a written order prior to delivery (WOPD). If CMS adds additional products to the Master List, expands the list of items subject to prior authorization, or expands face-to-face encounter requirements or provisions requiring a written order prior to delivery, these changes may adversely impact AdaptHealth's revenue, financial condition and results from operations.

Reimbursement claims are subject to audits by various governmental and private payor entities from time to time and such audits may negatively affect AdaptHealth's revenue, financial condition and results of operations.

AdaptHealth receives a substantial portion of its revenues from the Medicare program. Medicare reimbursement claims made by healthcare providers, including HME providers, are subject to audit from time to time by governmental payors and their agents, such as MACs that, among other things, process and pay Medicare claims, auditors contracted by CMS, and insurance carriers, as well as the Office of Inspector General of the Department of Health and Human Services (the "OIG-HHS"), CMS and state Medicaid programs. These include specific requirements imposed by the Durable

Medical Equipment Medicare Administrative Contractor ("DME MAC") Supplier Manuals, Medicare DMEPOS enrollment requirements and Medicare DMEPOS Supplier Standards. To ensure compliance with Medicare, Medicaid and other regulations, government agencies or their contractors, including MACs, Recovery Audit Contractors ("RACs"), Unified Program Integrity Contractors ("UPICs") and Zone Program Integrity Contractors ("ZPICs"), often conduct audits and request customer records and other documents to support AdaptHealth's claims submitted for payment of services rendered and compliance with government program claim submission requirements. Some contractors are paid a percentage of the overpayments recovered. Negative audit findings or allegations of fraud or abuse may subject AdaptHealth or its individual subsidiaries to liability, such as overpayment liability, refunds or recoupments of previously paid claims, payment suspension, or the revocation of billing or payment privileges in governmental healthcare programs. If CMS or a state Medicaid agency determines that certain actions of the Company or an affiliated subsidiary present an undue risk of fraud, waste, or abuse, they may suspend the billing or payment privileges of the entity, deny the entity's enrollment or revalidation for Medicare or Medicaid participation, and potentially deny the re-enrollments of other commonly owned entities. Such actions, if imposed on the Company or its subsidiaries, could materially adversely impact the Company's revenue, financial condition and results of operations.

In many instances, there are only limited publicly available guidelines and methodologies for determining errors with certain audits. As a result, there can be a significant lack of clarity regarding required documentation and audit methodology. The clarity and completeness of each patient medical file, some of which is the work product of physicians not employed by AdaptHealth, is essential to successfully challenging any payment denials. For example, certain provisions under CMS guidance manuals, local coverage determinations, and the DME MAC Supplier Manuals provide that clinical information from the "patient's medical record" is required to justify the initial and ongoing medical necessity for the provision of DME. Some DME MACs, CMS staff and other government contractors have taken the position, that the "patient's medical record" refers not to documentation maintained by the DME supplier but instead to documentation maintained by the patient's physician, healthcare facility or other clinician, and that clinical information created by the DME supplier's personnel and confirmed by the patient's physician is not sufficient to establish medical necessity. If treating physicians do not adequately document, among other things, their diagnoses and plans of care, the risks that the Company will be subject to audits and payment denials are likely to increase. Moreover, auditors' interpretations of these policies are inconsistent and subject to individual interpretation, leading to significant increases in individual supplier and industry-wide perceived error rates. High error rates could lead to further audit activity and regulatory burdens, and could result in AdaptHealth making significant refunds and other payments to Medicare and other government programs. Accordingly, AdaptHealth's future revenues and cash flows from government healthcare programs may be reduced. Private payors also may conduct audits and may take legal action to recover alleged overpayments. AdaptHealth could be adversely affected in some of the markets in which it operates if the auditing payor alleges substantial overpayments were made to AdaptHealth due to coding errors or lack of documentation to support medical necessity determinations. AdaptHealth cannot currently predict the adverse impact these measures might have on its financial condition and results of operations, but such impact could be material.

Moreover, provisions of the Patient Protection and Affordable Care Act ("ACA") implemented by CMS require that overpayments be reported and returned within 60 days of the date on which the overpayment is "identified." Any overpayment retained after this deadline may be considered an "obligation" for purposes of the False Claims Act, liability for which can result in the imposition of substantial fines and penalties. CMS currently requires a six-year "lookback period," for reporting and returning overpayments.

AdaptHealth cannot currently predict the adverse impact, if any, that these audits, determinations, methodologies and interpretations might have on its financial condition and results of operations.

Significant reimbursement reductions and/or exclusion from markets or product lines could adversely affect AdaptHealth.

In March 2019, CMS announced that it would consolidate all rounds and areas of the DMEPOS Competitive Bidding Program into a single round of competition effective January 1, 2021 named "Round 2021", to consolidate prior CBAs. Round 2021 contracts became effective on January 1, 2021 and extend through December 31, 2023. CMS included 16 product categories in the Round 2021. On April 10, 2020, CMS announced that due to the COVID-19 pandemic, it removed the non-invasive ventilators product category from the Round 2021 DMEPOS Competitive Bidding Program.

On October 27, 2020, CMS announced that it would not award competitive bid contracts in 13 of the 15 remaining product categories due to a failure to achieve expected savings, and that Round 2021 contract awards would only be made for off-the-shelf (OTS) knee and back braces. For the years ended December 31, 2023 and 2022, net revenue generated

with respect to providing OTS knee and back braces (excluding amounts generated in non-rural and rural non-bid areas) were not material. AdaptHealth has obtained contracts for OTS knee and back braces, and does not expect the single payment amounts imposed by CMS under such contracts to have a material impact on the Company.

On May 25, 2023, CMS announced a temporary gap period for the CBP starting January 1, 2024, following the expiration of all Round 2021 contracts for OTS knee and back braces on December 31, 2023. The gap period commenced as anticipated and CMS has yet to announce when the temporary gap period for the CBP would end, but indicated that it would start bidding for the next CBP round after it completes the formal notice and comment rulemaking process and implements necessary changes to the CBP to establish sustainable process, save money for Medicare patients and taxpayers, help limit fraud, waste, and abuse, and ensure patient access to quality items and services. During the temporary gap period, any Medicare-enrolled DMEPOS supplier may furnish DMEPOS items and services to patients, with payment in former CBAs based on 100% of the single payment amount for that CBA (increased by the projected percentage change in Consumer Price Index for All Urban Consumers), and payment in non-CBAs based on fully adjusted rates per the applicable methodology under 42 C.F.R. § 414.210(g).

The competitive bidding process (which is expected to be re-bid every three years) has historically put pressure on the amount AdaptHealth is reimbursed in the markets in which it exists, as well as in areas that are not subject to the DMEPOS Competitive Bidding Program. The rates required to win future competitive bids could continue to depress reimbursement rates. AdaptHealth will continue to monitor developments regarding the DMEPOS Competitive Bidding Program. While AdaptHealth cannot predict the outcome of the DMEPOS Competitive Bidding Program on its business in the future nor the Medicare payment rates that will be in effect in future years for the items subjected to competitive bidding, the program may materially adversely affect its financial condition and results of operations.

Failure by AdaptHealth to maintain required licenses and accreditation could impact its operations.

AdaptHealth is required to maintain a significant number of state and/or federal licenses for its operations and facilities. Certain employees are required to maintain licenses in the states in which they practice. AdaptHealth manages the facility licensing function centrally. In addition, individual clinical employees are responsible for obtaining, maintaining and renewing their professional licenses, and AdaptHealth has processes in place designed to notify branch or pharmacy managers of renewal dates for the clinical employees under their supervision. State and federal licensing requirements are complex and often open to subjective interpretation by various regulatory agencies. Accurate licensure is also a critical threshold issue for the Medicare enrollment and the Medicare competitive bidding program. From time to time, AdaptHealth may also become subject to new or different licensing requirements due to legislative or regulatory requirements developments or changes in its business, and such developments may cause AdaptHealth to make further changes in its business, the results of which may be material. Although AdaptHealth believes it has appropriate systems in place to monitor licensure, violations of licensing requirements may occur and failure by AdaptHealth to acquire or maintain appropriate licensure for its operations, facilities and clinicians could result in interruptions in its operations, refunds to state and/or federal payors, sanctions or fines or the inability to serve Medicare beneficiaries in competitive bidding markets which could adversely impact AdaptHealth's financial condition and results of operations.

Accreditation is required by most of AdaptHealth's managed care payors and is a mandatory requirement for all Medicare DMEPOS providers. If AdaptHealth or any of its branches lose accreditation, or if any of its new branches are unable to become accredited, such failure to maintain accreditation or become accredited could adversely impact AdaptHealth's financial condition and results of operations.

Actual or perceived failures to comply with applicable data protection, privacy and security, and consumer protection laws, regulations, standards and other requirements could adversely affect AdaptHealth's business, results of operations and financial condition.

Numerous federal and state laws and regulations addressing patient privacy and consumer privacy, including HIPAA and the HITECH Act, govern the collection, dissemination, security, use and confidentiality of patient-identifiable health information or personal information. Such laws and regulations relating to privacy, data protection, marketing and advertising, and consumer protection are evolving and subject to potentially differing interpretations. These requirements may be interpreted and applied in a manner that varies from one jurisdiction to another and/or may conflict with other laws or regulations. As a result, AdaptHealth's practices may not have complied or may not comply in the future with all such laws, regulations, requirements and obligations. Any failure, or perceived failure, by AdaptHealth or any of its third-party partners or service providers to comply with privacy policies or federal or state privacy or consumer protection-related laws, regulations, industry self-regulatory principles, industry standards or codes of conduct, regulatory guidance, orders to

which they may be subject, or other legal obligations relating to privacy or consumer protection, could adversely affect AdaptHealth's reputation, brand and business, and may result in claims, proceedings or actions against AdaptHealth by governmental entities, consumers, users, suppliers or others. These proceedings may result in financial liabilities or may require AdaptHealth to change its operations, including ceasing the use or sharing of certain data sets.

HIPAA and the HITECH Act, and their implementing regulations, require AdaptHealth to comply with standards for the use and disclosure of health information within AdaptHealth and with third parties. HIPAA and the HITECH Act also include standards for common healthcare electronic transactions and code sets, such as claims information, plan eligibility, payment information, and privacy and security of individually identifiable health information.

HIPAA requires healthcare providers, including AdaptHealth, in addition to health plans and clearinghouses, to develop and maintain policies and procedures with respect to protected health information that is used or disclosed. The HITECH Act included notification requirement for breaches of patient-identifiable health information, restricts certain disclosures and sales of patient-identifiable health information and provides a tiered system for civil monetary penalties for HIPAA violations. HIPAA also provides for criminal penalties.

In addition, various federal and state legislative and regulatory bodies, or self-regulatory organizations, may expand current laws or regulations, enact new laws or regulations or issue revised rules or guidance regarding privacy, data protection and consumer protection. For instance, the CCPA became effective on January 1, 2020. The CCPA gives California residents expanded rights to access and delete their personal information, opt out of certain personal information sharing and receive detailed information about how their personal information is used by requiring covered companies to provide new disclosures to California consumers (as that term is broadly defined) and provide such consumers new ways to opt-out of certain sales of personal information. The CCPA provides for civil penalties for violations, as well as a private right of action for data breaches that is expected to increase data breach litigation. Although there are limited exemptions for protected health information and the CCPA's implementation standards and enforcement practices are likely to remain uncertain for the foreseeable future, the CCPA may increase AdaptHealth's compliance costs and potential liability. Many similar privacy laws have been proposed at the federal level and in other states.

Additionally, the FTC and many state attorneys general are interpreting existing federal and state consumer protection laws to impose evolving standards for the online collection, use, dissemination and security of health-related and other personal information. Courts may also adopt the standards for fair information practices promulgated by the FTC, which concern consumer notice, choice, security and access. Consumer protection laws require AdaptHealth to publish statements that describe how it handles personal information and choices individuals may have about the way AdaptHealth handles their personal information. If such information that AdaptHealth publishes is considered untrue, it may be subject to government claims of unfair or deceptive trade practices, which could lead to significant liabilities and consequences. Furthermore, according to the FTC, violating consumers' privacy rights or failing to take appropriate steps to keep consumers' personal information secure may constitute unfair acts or practices in or affecting commerce in violation of Section 5 of the FTC Act.

Under the Federal CAN-SPAM Act, the TCPA and the Telemarketing Sales Rule and Medicare regulations, AdaptHealth is limited in the ways in which it can market and service its products and services by use of email, text or telephone marketing. The actual or perceived improper sending of text messages may subject us to potential risks, including liabilities or claims relating to consumer protection laws. Numerous class-action suits under federal and state laws have been filed in recent years against companies who conduct SMS texting programs, with many resulting in multi-million-dollar settlements to the plaintiffs. Any future such litigation against us could be costly and time-consuming to defend. For example, the TCPA, a federal statute that protects consumers from unwanted telephone calls, faxes and text messages, restricts telemarketing and the use of automated SMS text messages without proper consent. On April 1, 2021, in *Facebook, Inc. v. Duguid*, 141 S. Ct. 1163 (2021), the U.S. Supreme Court adopted a narrow definition of the type of automated dialers that are subject to the TCPA, thereby removing some automated text messages from the scope of the TCPA consent requirements. As a result, there may be an increase in litigation under state laws and new legislation at the federal and state level in an effort to ensure that consent is required for calls and text messages that are now outside the scope of the TCPA. For example, in May 2021, the Florida legislature passed a bill that expands restrictions for telephonic sales calls, including text messages, made using automated selection and dialing systems and creates a private right of action for violations of the law. Additionally, state regulators may determine that telephone calls to patients of AdaptHealth are subject to state telemarketing regulations. If AdaptHealth does not comply with existing or new laws and regulations related to telephone contacts or patient health information, it could be subject to criminal or civil sanctions. New health information standards, whether implemented pursuant to HIPAA, the HITECH Act, congressional action or otherwise, could have a significant effect on the manner in which AdaptHealth handles healthcare-related data and communicates with

payors, and the cost of complying with these standards could be significant. The scope and interpretation of the laws that are or may be applicable to the delivery of consumer phone calls, emails and text messages are continuously evolving and developing. If AdaptHealth does not comply with these laws or regulations or if it becomes liable under these laws or regulations, it could face direct liability, could be required to change some portions of its business model, could face negative publicity and its business, financial condition and results of operations could be adversely affected. Even an unsuccessful challenge of AdaptHealth's phone, email or SMS text practices by its consumers, regulatory authorities or other third parties could result in negative publicity and could require a costly response from and defense by AdaptHealth.

AdaptHealth may be adversely affected by global climate change or by legal, regulatory or market responses to such change.

The long-term effects of climate change are difficult to predict and may be widespread. The impacts may include physical risks (such as rising sea levels or frequency and severity of extreme weather conditions), social and human effects (such as population dislocations or harm to health and well-being), compliance costs and transition risks (such as regulatory or technology changes) and other adverse effects. The effects could impair, for example, the availability and cost of certain products, commodities and energy (including utilities), which in turn may impact AdaptHealth's ability to procure goods or services required for the operation of its business at the quantities and levels it requires. AdaptHealth may bear losses incurred as a result of, for example, physical damage to or destruction of its facilities (such as patient service offices and warehouses), loss or spoilage of inventory, and business interruption due to weather events that may be attributable to climate change.

Governments in the U.S. and abroad are considering new or expanded laws to address climate change. Such laws may include limitations on GHG emissions, mandates that companies implement processes to monitor and disclose climate-related matters, additional taxes or offset charges on specified energy sources, and other requirements. In October 2023, the state of California enacted the Climate Corporate Data Accountability Act ("SB-253"), which mandates the disclosure of GHG emissions, including Scope 1, Scope 2 and Scope 3 emissions; and the Climate-Related Financial Risk Act ("SB-261"), which mandates the disclosure of climate-related financial risks, and measures adopted to reduce and adapt to such risks. Both California laws require initial disclosures in 2026. Compliance with climate-related laws may be further complicated by disparate regulatory approaches in various jurisdictions. New or expanded climate-related laws could impose substantial costs on AdaptHealth. At the present time, AdaptHealth cannot predict their potential effect on its capital expenditures or results of operations. These events and impacts could materially adversely affect AdaptHealth's business and results of operations.

Risks Related to Our Financial Condition

If AdaptHealth were required to write down all or part of its goodwill, its net earnings and net worth could be materially adversely affected.

AdaptHealth had \$2.7 billion of goodwill recorded on its Consolidated Balance Sheets at December 31, 2023. Goodwill represents the excess of cost over the fair market value of net assets acquired in business combinations. If AdaptHealth's market capitalization drops significantly below the amount of net equity recorded on its balance sheet, it might indicate a decline in its fair value and would require AdaptHealth to further evaluate whether its goodwill has been impaired. If, as part of AdaptHealth's annual review of goodwill, or if any triggering events are identified on an interim basis indicating a possible impairment of goodwill, AdaptHealth is required to write down all or a significant part of its goodwill, its net earnings and net worth would be materially adversely affected, which could affect AdaptHealth's flexibility to obtain additional financing. In addition, if AdaptHealth's assumptions used in preparing its valuations for purposes of impairment testing differ materially from actual future results, AdaptHealth may record impairment charges in the future and its financial results may be materially adversely affected. Fair value determinations require considerable judgment and are sensitive to changes in underlying assumptions and factors, such as estimates of a reporting unit's fair value, including the revenue growth rates, discount rate, and control premium used to estimate the reporting unit's fair value, and judgment about impairment triggering events.

During the year ended December 31, 2023, AdaptHealth experienced declines in its market capitalization as a result of a sustained decrease in AdaptHealth's stock price and also revised its financial projections. AdaptHealth considered these items to represent triggering events and performed a goodwill impairment test at each quarterly reporting date during 2023. Based on the results of the tests performed as of September 30, 2023 and December 31, 2023, it was concluded that the estimated fair value of AdaptHealth's reporting unit was less than its carrying values at such dates, as such, AdaptHealth recognized an aggregate non-cash goodwill impairment charge of \$830.8 million during the year ended December 31, 2023. If in future periods AdaptHealth were to experience a further decline in its market capitalization or expected results for a sustained period of time, AdaptHealth may be required to perform an additional goodwill impairment

test at an interim or annual period and could be required to recognize an additional non-cash goodwill impairment charge at that time, which could be material.

AdaptHealth may not be able to generate sufficient cash flow to cover required payments or comply with financial and operating covenants under its long-term debt and long-term operating leases.

Failure to generate sufficient cash flow to cover required payments or comply with financial and operating covenants under AdaptHealth's long-term debt and long-term operating leases could result in defaults under such agreements and cross-defaults under other debt or operating lease arrangements, which could harm its operating subsidiaries. AdaptHealth may not generate sufficient cash flow from operations to cover required interest, principal and lease payments. In addition, AdaptHealth's current indebtedness contain restrictive covenants and require AdaptHealth to maintain or satisfy specified coverage tests. These restrictions and financial and operating covenants include, among other things, requirements with respect to total leverage ratios and an interest charge coverage ratio. These restrictions may interfere with AdaptHealth's ability to obtain additional advances under its existing credit facility or to obtain new financing or to engage in other business activities, which may inhibit AdaptHealth's ability to grow its business and increase revenue. In addition, failure by AdaptHealth to comply with these restrictive covenants could result in an event of default which, if not cured or waived, could result in the acceleration of its debt.

AdaptHealth may need additional capital to fund its operating subsidiaries and finance its growth, and AdaptHealth may not be able to obtain it on acceptable terms, or at all, which may limit its ability to grow.

AdaptHealth's ability to maintain and enhance its operating subsidiaries and equipment to meet regulatory standards, operate efficiently and remain competitive in its markets requires AdaptHealth to commit substantial resources to continued investment in its affiliated facilities and equipment. Additionally, the continued expansion of its business through the acquisition of existing facilities, expansion of existing facilities and construction of new facilities may require additional capital, particularly if AdaptHealth were to accelerate its acquisition and expansion plans. Financing may not be available or may be available only on terms that are not favorable. In addition, some of AdaptHealth's outstanding indebtedness restricts, among other things, its ability to incur additional debt. If AdaptHealth is unable to raise additional funds or obtain additional funds on acceptable terms, it may have to delay or abandon some or all of its growth strategies. Further, if additional funds are raised through the issuance of additional equity securities, the percentage ownership of AdaptHealth's stockholders would be diluted. Any newly issued equity securities may have rights, preferences or privileges senior to those of the Common Stock.

We will continue to incur significant increased expenses and administrative burdens as a result of being a public company, which could have a material adverse effect on AdaptHealth's business, financial condition and results of operations.

As a public company, AdaptHealth is subject to the reporting requirements and other obligations of the Exchange Act, the Sarbanes-Oxley Act, including the requirements of Section 404, as well as rules and regulations subsequently implemented by the SEC, the Dodd-Frank Wall Street Reform and Consumer Protection Act and the rules and regulations promulgated and to be promulgated thereunder, the Public Company Accounting Oversight Board and the securities exchanges. The SEC and other regulators continue to adopt new rules and regulations and make additional changes to existing regulations that require AdaptHealth's compliance. Regulatory reform may lead to substantial new disclosure obligations, which may lead to additional compliance costs and impact, in ways AdaptHealth cannot currently anticipate, the manner in which AdaptHealth operates its business. Compliance with such requirements may cause AdaptHealth to continue to incur additional accounting, legal and other expenses and may make certain activities more time-consuming. AdaptHealth also incurs costs associated with corporate governance requirements, including requirements under securities laws, as well as rules and regulations implemented by the SEC and Nasdaq, particularly as a large accelerated filer. Such rules and regulations increase AdaptHealth's legal and financial compliance costs and AdaptHealth continues to devote significant time to comply with these requirements. AdaptHealth is currently evaluating and monitoring developments with respect to these rules and regulations, and cannot predict or estimate the amount of additional costs it may incur or the timing of such costs.

AdaptHealth has and will continue to incur additional costs to remediate material weaknesses in its internal control over financial reporting, as described in [Item 9A](#), "Controls and Procedures". It may also be more expensive to obtain director and officer liability insurance. Risks associated with AdaptHealth's status as a public company may make it more difficult to attract and retain qualified persons to serve on the board of directors or as executive officers. Furthermore, certain of the key personnel of AdaptHealth may be unfamiliar with the requirements of operating a company regulated by

the SEC, which could cause AdaptHealth to have to expend time and resources helping them become familiar with such requirements. These increased costs will require AdaptHealth to divert a significant amount of money that could otherwise be used to expand the business and achieve strategic objectives. Advocacy efforts by stockholders and third parties may also prompt additional changes in governance and reporting requirements, which could further increase costs.

AdaptHealth's only significant asset is its ownership of AdaptHealth Holdings, and such ownership may not be sufficient to generate the funds necessary to meet its financial obligations or to pay any dividends on its Common Stock.

AdaptHealth has no direct operations and no significant assets other than the ownership of AdaptHealth Holdings. We depend on AdaptHealth Holdings and its subsidiaries for distributions, loans and other payments to generate the funds necessary to meet our financial obligations or to pay any dividends with respect to our Common Stock. Legal and contractual restrictions in agreements governing the indebtedness of subsidiaries of AdaptHealth Holdings may limit our ability to ultimately obtain cash from AdaptHealth Holdings. The earnings from, or other available assets of, AdaptHealth Holdings and its subsidiaries may not be sufficient to enable us to satisfy our financial obligations or pay any dividends on our Common Stock. To the extent that we require funds and AdaptHealth Holdings or its subsidiaries are restricted from making distributions under applicable law or regulation or under the terms of their financing arrangements, or are otherwise unable to provide such funds, it could materially adversely affect our liquidity and financial condition, including our ability to pay our income taxes when due.

Risks Related to Our Securities

We may not be able to effectively maintain controls and procedures required by Section 404 of the Sarbanes-Oxley Act that are applicable to us or remediate existing material weaknesses.

As a public company, AdaptHealth is required to comply with the SEC's rules implementing Sections 302 and 404 of the Sarbanes-Oxley Act, which require management to certify financial and other information in AdaptHealth's quarterly and annual reports and provide an annual management report on the effectiveness of internal control over financial reporting. To comply with the requirements of being a public company, we may continue to undertake various actions, such as implementing additional internal controls and procedures and hiring additional accounting or internal audit staff. These rules and regulations also increase our legal and financial compliance costs and make some activities more time-consuming and costly. Further, as we are no longer an emerging growth company, our independent registered public accounting firm is required to formally attest to the effectiveness of our internal control over financial reporting pursuant to Section 404.

As described in Item 9A, "Controls and Procedures," we concluded that our internal control over financial reporting was ineffective as of December 31, 2023 and our independent registered public accounting firm has expressed an adverse report on the operating effectiveness of our internal control over financial reporting as of December 31, 2023. We concluded that our internal control over financial reporting was ineffective as of December 31, 2023 because material weaknesses existed in our internal control over financial reporting which were identified in connection with the preparation of the Company's consolidated financial statements for the fiscal year ended December 31, 2023.

As described in Item 9A, "Controls and Procedures," we concluded that our internal control over financial reporting was ineffective as of December 31, 2022 as described in our December 31, 2022 Annual Report on Form 10-K because material weaknesses existed in our internal control over financial reporting which were identified in connection with the preparation of the Company's consolidated financial statements for the fiscal year ended December 31, 2022. We have taken a number of measures to remediate the material weaknesses identified as of December 31, 2022, and such material weaknesses have been remediated as of December 31, 2023 as described in Item 9A, "Controls and Procedures".

With respect to the material weaknesses identified as of December 31, 2023, we plan to continue to implement measures to remediate such material weaknesses as described in Item 9A, "Controls and Procedures"; however, if we are unable to remediate our material weaknesses in a timely manner or we identify additional material weaknesses, we may be unable to provide required financial information in a timely and reliable manner and we may incorrectly report financial information.

In the future, our independent registered public accounting firm may issue a report that is adverse in the event that it continues to not be satisfied with the level at which our controls are documented, designed or operating effectively. If we are not able to implement additional internal controls and procedures in accordance with the requirements of Section 404 in a timely manner or with adequate compliance, we may not be able to conclude that our internal control over financial

reporting is effective, which may subject us to adverse regulatory consequences and could harm investor confidence and the market price of our Common Stock. The existence of material weaknesses or significant deficiencies in internal control over financial reporting could adversely affect our reputation or investor perceptions of us. In addition, we have and will continue to incur additional costs to remediate the material weaknesses in our internal control over financial reporting that are described in Item 9A. "Controls and Procedures".

Fluctuations in the price of AdaptHealth's securities could contribute to the loss of all or part of your investment.

The trading price of our Common Stock could be volatile and subject to wide fluctuations in response to various factors, some of which are beyond our control. Any of the factors listed below could have a material adverse effect on your investment in our Common Stock and our Common Stock may trade at prices significantly below the price you paid for it. In such circumstances, the trading price of our Common Stock may not recover and may experience a further decline.

Factors affecting the trading price of our Common Stock may include:

- actual or anticipated fluctuations in our quarterly financial results or the quarterly financial results of companies perceived to be similar to us;
- changes in the market's expectations about our operating results;
- our operating results failing to meet the expectation of securities analysts, investors or our guidance in a particular period;
- changes in financial estimates and recommendations by securities analysts concerning AdaptHealth or the home medical equipment industry in general;
- operating and stock price performance of other companies that investors deem comparable to us;
- our ability to market new and enhanced products on a timely basis;
- changes in laws and regulations affecting our business;
- our ability to meet compliance requirements;
- commencement of, or involvement in, litigation involving us;
- inability to quickly remediate material weaknesses or the continued identification of material weaknesses in internal control over financial reporting;
- changes in our capital structure, such as future issuances of securities or the incurrence of additional debt;
- the volume of shares of our Common Stock available for public sale;
- any major change in our board of directors or management;
- sales of substantial amounts of common stock by our directors, executive officers or significant stockholders or the perception that such sales could occur; and
- general economic and political conditions such as recessions, interest rates, fuel prices, international currency fluctuations and acts of war or terrorism, including the war in Ukraine and the Hamas-Israel conflict.

Broad market and industry factors may materially harm the market price of our securities irrespective of our operating performance. The stock market in general, and Nasdaq in particular, have experienced price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of the particular companies affected. The trading prices and valuations of these stocks, and of our Common Stock, may not be predictable. A loss of investor confidence in the market for retail stocks or the stocks of other companies which investors perceive to be similar to us could depress our stock price regardless of our business, prospects, financial condition or results of operations. A decline

in the market price of our Common Stock also could adversely affect our ability to issue additional securities and our ability to obtain additional financing in the future.

The timing and amount of AdaptHealth's share repurchases are subject to a number of uncertainties that could negatively impact the value of AdaptHealth's shares and its liquidity.

AdaptHealth's board of directors authorized a share repurchase program for up to \$200.0 million of AdaptHealth's Common Stock, which expired on December 31, 2023. As of December 31, 2023, \$43.3 million was repurchased under the share repurchase program.

In the future, AdaptHealth's board of directors could authorize a share repurchase program. There can be no assurance as to the timing or amount of future share repurchases. If authorized by the board, shares may be repurchased from time to time on the open market, through privately negotiated transactions or otherwise, as permitted under Exchange Act Rule 10b-18. The timing and actual number of shares to be repurchased will depend upon market conditions and other factors. Purchases may be started or stopped at any time without prior notice depending on market conditions and other factors.

The Inflation Reduction Act of 2022, enacted on August 16, 2022, imposes a 1% excise tax on net repurchases of shares by AdaptHealth beginning January 1, 2023. The imposition of the excise tax on repurchases of AdaptHealth's shares have and could continue to increase the cost to AdaptHealth of making repurchases and may cause management to reduce the number of shares repurchased in the future if a similar program is authorized. Additional considerations that could cause management to limit, suspend or delay future stock repurchases include:

- unfavorable market conditions;
- trading price of AdaptHealth's common stock;
- nature and magnitude of other investment opportunities available to AdaptHealth from time to time;
- use of available cash to pay down indebtedness; and
- other allocations of available cash.

Certain of AdaptHealth's principal stockholders have significant influence over us.

As of December 31, 2023, OEP AHCO Investment Holdings, LLC and Deerfield Management Company, L.P. beneficially owned approximately 10.42% and 10.26% of AdaptHealth's Common Stock, respectively. Additionally, Deerfield Management Company, L.P. beneficially owns 124,060.02 shares of Series B-1 Preferred Stock, which is convertible into 12,406,002 shares of Common Stock, and 1,640,981 warrants, which may be exercised for equal number of shares of Common Stock, each of which are subject to certain restrictions. As long as OEP AHCO Investment Holdings, LLC and/or Deerfield Management Company, L.P. own or control a significant percentage of our outstanding voting power, they will have the ability to significantly influence all corporate actions requiring stockholder approval, including the election and removal of directors and the size of our board of directors, any amendment to our Charter or Amended and Restated Bylaws (our "Bylaws"), or the approval of any merger or other significant corporate transaction, including a sale of substantially all of our assets.

The interests of OEP AHCO Investment Holdings, LLC and/or Deerfield Management Company, L.P. may not align with the interests of our other stockholders. Each of OEP AHCO Investment Holdings, LLC and Deerfield Management Company, L.P. are in the business of making investments in companies and may acquire and hold interests in businesses that compete directly or indirectly with us. Each of OEP AHCO Investment Holdings, LLC and Deerfield Management Company, L.P. may also pursue acquisition opportunities that may be complementary to our business, and, as a result, those acquisition opportunities may not be available to us. Our Charter provides that our stockholders and our directors, including any who were designated by any of our stockholders, other than any such persons who are employees of us or any of our subsidiaries, do not have any obligation to offer to us any corporate opportunity of which he or she may become aware prior to offering such opportunities to other entities with which they may be affiliated, subject to certain limited exceptions.

Because AdaptHealth has no current plans to pay cash dividends on its Common Stock for the foreseeable future, you may not receive any return on investment unless you sell your Common Stock for a price greater than that which you paid for it.

We may retain future earnings, if any, for future operations, expansion and debt repayment and have no current plans to pay any cash dividends for the foreseeable future. Any decision to declare and pay dividends in the future will be made at the discretion of our board of directors and will depend on, among other things, our results of operations, financial condition, cash requirements, contractual restrictions and other factors that our board of directors may deem relevant. In addition, our ability to pay dividends may be limited by covenants of any existing and future outstanding indebtedness we or our subsidiaries incur. As a result, you may not receive any return on an investment in our Common Stock unless you sell our Common Stock for a price greater than that which you paid for it.

We are required to make payments under the Tax Receivable Agreement for certain tax benefits we may claim, and the amounts of such payments could be significant.

AdaptHealth, f/k/a DFB Healthcare Acquisitions Corp. ("DFB"), was originally formed in November 2017 as a publicly traded special purpose acquisition company for the purpose of effecting a merger, capital stock exchange, asset acquisition, stock purchase, reorganization, or similar business combination involving one or more businesses. On July 8, 2019, AdaptHealth Holdings LLC ("AdaptHealth Holdings") entered into an Agreement and Plan of Merger (the "Merger Agreement"), as amended on October 15, 2019, with DFB, pursuant to which AdaptHealth Holdings combined with DFB (the "Business Combination"). The Business Combination closed on November 8, 2019. In connection with the Business Combination, the name of the combined company was changed to AdaptHealth Corp.

The Tax Receivable Agreement, which we entered into at the closing of the Business Combination with certain pre-Business Combination owners of AdaptHealth Units (collectively, the "TRA Holders"), generally provides for the payment by us of 85% of the net cash savings, if any, in U.S. federal, state and local income tax that we actually realize (or are deemed to realize in certain circumstances) in periods after the closing as a result of: (i) certain tax attributes of Access Point Medical, Inc. existing prior to the Business Combination; (ii) certain increases in tax basis resulting from exchanges of AdaptHealth Units; (iii) imputed interest deemed to be paid by us as a result of payments we make under the Tax Receivable Agreement; and (iv) certain increases in tax basis resulting from payments we make under the Tax Receivable Agreement. We will retain the benefit of the remaining 15% of these cash savings. The amount of the cash payments that we may be required to make under the Tax Receivable Agreement could be significant and is dependent upon significant future events and assumptions, including the timing of the exchanges of AdaptHealth Units, the price of our Common Stock at the time of each exchange, the extent to which such exchanges are taxable transactions and the amount of the exchanging TRA Holder's tax basis in its AdaptHealth Units at the time of the relevant exchange. The amount of such cash payments is also based on assumptions as to the amount and timing of taxable income we generate in the future, the U.S. federal income tax rate then applicable and the portion of our payments under the Tax Receivable Agreement that constitute interest or give rise to depreciable or amortizable tax basis. Moreover, payments under the Tax Receivable Agreement will be based on the tax reporting positions that we determine, which tax reporting positions are subject to challenge by taxing authorities. We are dependent on distributions from AdaptHealth Holdings to make payments under the Tax Receivable Agreement, and we cannot guarantee that such distributions will be made in sufficient amounts or at the times needed to enable us to make our required payments under the Tax Receivable Agreement, or at all. Any payments made by us to the TRA Holders under the Tax Receivable Agreement will generally reduce the amount of overall cash flow that might have otherwise been available to us. To the extent that we are unable to make timely payments under the Tax Receivable Agreement for any reason, the unpaid amounts will be deferred and will accrue interest until paid by us. Nonpayment for a specified period may constitute a breach of a material obligation under the Tax Receivable Agreement, and therefore, may accelerate payments due under the Tax Receivable Agreement. The payments under the Tax Receivable Agreement are also not conditioned upon the TRA Holders maintaining a continued ownership interest in AdaptHealth Holdings or us.

In certain cases, payments under the Tax Receivable Agreement may be accelerated and/or significantly exceed the actual benefits, if any, we realize in respect of the tax attributes subject to the Tax Receivable Agreement.

The Tax Receivable Agreement provides that if we breach any of our material obligations under the Tax Receivable Agreement, if we undergo a change of control or if, at any time, we elect an early termination of the Tax Receivable Agreement, then the Tax Receivable Agreement will terminate and our obligations, or our successor's obligations, to make payments under the Tax Receivable Agreement would accelerate and become immediately due and payable. The amount due and payable in those circumstances is determined based on certain assumptions, including an

assumption that we would have sufficient taxable income to fully utilize all potential future tax benefits that are subject to the Tax Receivable Agreement. We may need to incur debt to finance payments under the Tax Receivable Agreement to the extent our cash resources are insufficient to meet our obligations under the Tax Receivable Agreement as a result of timing discrepancies or otherwise.

As a result of the foregoing, (i) we could be required to make cash payments to the TRA Holders that are greater than the specified percentage of the actual benefits we ultimately realize in respect of the tax benefits that are subject to the Tax Receivable Agreement, and (ii) we would be required to make a cash payment equal to the present value of the anticipated future tax benefits that are the subject of the Tax Receivable Agreement, which payment may be made significantly in advance of the actual realization, if any, of such future tax benefits. In these situations, our obligations under the Tax Receivable Agreement could have a substantial negative impact on our liquidity and could have the effect of delaying, deferring or preventing certain mergers, asset sales, other forms of business combination, or other changes of control due to the additional transaction costs a potential acquirer may attribute to satisfying such obligations. There can be no assurance that we will be able to finance our obligations under the Tax Receivable Agreement.

We will not be reimbursed for any payments made to TRA Holders under the Tax Receivable Agreement in the event that any tax benefits are disallowed.

We will not be reimbursed for any cash payments previously made to the TRA Holders pursuant to the Tax Receivable Agreement if any tax benefits initially claimed by us are subsequently challenged by a taxing authority and are ultimately disallowed. Instead, any excess cash payments made by us to a TRA Holder will be netted against any future cash payments that we might otherwise be required to make under the terms of the Tax Receivable Agreement. However, a challenge to any tax benefits initially claimed by us may not arise for a number of years following the initial time of such payment or, even if challenged early, such excess cash payment may be greater than the amount of future cash payments that we might otherwise be required to make under the terms of the Tax Receivable Agreement and, as a result, there might not be future cash payments from which to net against. The applicable U.S. federal income tax rules are complex and factual in nature, and there can be no assurance that the Internal Revenue Service or a court will not disagree with our tax reporting positions. As a result, it is possible that we could make cash payments under the Tax Receivable Agreement that are substantially greater than our actual cash tax savings.

The interests of the TRA Holders in our business may conflict with the interests of our stockholders.

The interests of the TRA Holders may conflict with the interests of holders of our Common Stock. For example, the TRA Holders may have different tax positions from us which could influence their decisions regarding whether and when to dispose of assets, whether and when to incur new or refinance existing indebtedness, especially in light of the existence of the Tax Receivable Agreement, and whether and when we should terminate the Tax Receivable Agreement and accelerate our obligations thereunder. In addition, the structuring of future transactions may take into consideration tax or other considerations of TRA Holders even in situations where no similar considerations are relevant to us.

AdaptHealth's warrants may have an adverse effect on the market price of its Common Stock.

Simultaneously with the closing of our IPO, we issued in a private placement an aggregate of 4,333,333 private placement warrants, each exercisable to purchase one share of Common Stock at \$11.50 per share. As of December 31, 2023, there were 3,871,557 private placement warrants outstanding, which have an expiration date of November 20, 2024. To the extent such warrants are exercised, additional shares of our Common Stock will be issued, which will result in dilution to our stockholders and increase the number of shares of Common Stock eligible for resale in the public market. Sales of substantial numbers of such shares in the public market or the fact that such warrants may be exercised could adversely affect the market price of our Common Stock.

AdaptHealth's Charter requires that the Court of Chancery of the State of Delaware and, to the extent enforceable, the federal district courts of the United States of America be the exclusive forums for substantially all disputes between AdaptHealth and its stockholders, which may have the effect of discouraging lawsuits against AdaptHealth's directors and officers.

AdaptHealth's Charter requires, to the fullest extent permitted by law, other than any claim to enforce a duty or liability created by the Exchange Act or other claim for which federal courts have exclusive jurisdiction, that derivative actions brought in AdaptHealth's name, actions against directors, officers and employees for breach of fiduciary duty and other similar actions may be brought only in the Court of Chancery in the State of Delaware and, if brought outside of the

State of Delaware, the stockholder bringing such suit will be deemed to have consented to service of process on such stockholder's counsel. AdaptHealth's Charter further provides that the federal district courts of the United States of America are the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act. These provisions may have the effect of discouraging lawsuits against AdaptHealth's directors and officers. If a court were to find either exclusive forum provision in AdaptHealth's Charter to be inapplicable or unenforceable in an action, AdaptHealth may incur additional costs associated with resolving the dispute in other jurisdictions, which could seriously harm its business. Although the Delaware Supreme Court held in March 2020 that exclusive forum provisions of federal district courts of the United States of America for resolving any complaint asserting a cause of action arising under the Securities Act are facially valid, courts in other jurisdictions may find such provisions to be unenforceable.

Item 1B. Unresolved Staff Comments

None.

Item 1C. Cybersecurity

Cybersecurity Risk Management and Strategy

AdaptHealth has physical, technical, and administrative security measures in place for Information Technology ("IT") systems, including a disaster recovery plan, designed to identify, protect, detect and respond to, and manage reasonably foreseeable cybersecurity risks and threats. AdaptHealth leverages applicable guidelines from standards such as the National Institute of Standards and Technology ("NIST") Special Publication 800, and its disaster recovery plan is managed by AdaptHealth's Chief Technology Officer (the "CTO"), Chief Information Officer (the "CIO") and Chief Information Security Officer (the "CISO"), in collaboration across lines of business and corporate functions. AdaptHealth has internal programs to identify and remediate vulnerabilities in its infrastructure and applications, and it deploys market leading defense tools to protect and secure its network and data. These vulnerabilities and threats are also proactively monitored by AdaptHealth's third party cybersecurity service providers.

AdaptHealth's security measures aim to prevent cyber threats and vulnerabilities. This includes a vendor management and risk assessment program to ensure the third party environments in which AdaptHealth's data is stored or processed are built to standards sufficient to satisfy HIPAA security requirements. This includes a risk-based due diligence process in selecting third-party service providers, which covers the third-party vendor's general IT controls and IT facilities used to service AdaptHealth's business. AdaptHealth believes that these processes are essential to support its compliance, internal controls and efficiency initiatives.

During the period covered by this report, AdaptHealth has not identified any previous cybersecurity incidents that have materially affected or are reasonably likely to materially affect AdaptHealth, including its business strategy, results of operations or financial condition. For further discussion on AdaptHealth's risks from cybersecurity threats, see [Item 1A, Risk Factors](#) - "*AdaptHealth's business depends on its information systems, including software licensed from third parties, and any failure or significant disruptions of these systems, security breaches or loss of data could materially affect our business, results of operations and financial condition.*"

Cybersecurity Governance

AdaptHealth's Board of Directors is responsible for oversight of AdaptHealth's cyber risk management program, including risk identification, mitigation strategy and efforts, and resources. AdaptHealth's cybersecurity program is led by AdaptHealth's CTO, CIO and CISO, who provide periodic updates to the Audit Committee of AdaptHealth's Board of Directors about the program, including information about cyber risk management governance and the status of ongoing efforts to strengthen cybersecurity effectiveness. The CTO, CIO and CISO are senior-level executives with over fifty years of combined experience in the areas of cybersecurity and information technology. Prior to their current roles, the CTO, CIO and CISO previously served in similar positions at other reputable companies, including Fortune 500 companies.

AdaptHealth's Audit Committee is responsible for reviewing AdaptHealth's cybersecurity risks and incidents, and for overseeing management's controls over information security. The Audit Committee considers and reviews, at least annually, with the Company's CTO, CIO and CISO, the adequacy and effectiveness of the Company's monitoring of, and system of internal controls over, cybersecurity matters, including data and privacy protection policies and programs and the cybersecurity materiality matrix utilized to determine timely disclosures. The Audit Committee also discusses any

significant cybersecurity incidents or risk exposures that have come to management's attention during the conduct of their assessments and the steps management has taken to mitigate such exposures.

Item 2. Properties

We lease all of our offices and facilities. Our corporate headquarters currently consists of approximately 15,500 square feet in an office building located at 220 West Germantown Pike, Suite 250, Plymouth Meeting, Pennsylvania 19462. In addition to our corporate headquarters, we lease facilities for our operating locations, billing centers, and other warehouse and office space. All facilities are leased pursuant to operating leases. We believe that our facilities are suitable and adequate for our planned needs.

Item 3. Legal Proceedings

See [Item 7. "Management's Discussion and Analysis of Financial Results and Operations - Commitments and Contingencies."](#)

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market Price of and Dividends on Registrant's Common Equity and Related Stockholder Matters; Issuer Purchases of Equity Securities

Market Information

Our Common Stock is currently listed on Nasdaq under the symbol "AHCO." As of February 23, 2024, there were 41 holders of record of shares of our Common Stock. Such number does not include beneficial owners holding our securities through nominee names.

Dividend Policy

We have not paid any cash dividends on our Common Stock to date. The payment of cash dividends in the future will be dependent upon our revenues and earnings, if any, capital requirements and general financial condition. The payment of any cash dividends will be within the discretion of our board of directors at such time. In addition, our board of directors is not currently contemplating and does not anticipate declaring any stock dividends in the foreseeable future. Further, our ability to declare dividends may be limited by restrictive covenants contained in any of our existing or future indebtedness.

Securities Authorized for Issuance Under Equity Compensation Plans

See [Part III, Item 12](#) of this Form 10-K for additional information required.

Recent Sales of Unregistered Securities

We had no sales of unregistered equity securities during the period covered by this report that were not previously reported in a Quarterly Report on Form 10-Q or a Current Report on Form 8-K.

Issuer Purchases of Equity Securities

The following table shows information with respect to purchases of our Common Stock made during the three months ended December 31, 2023 by us or any of our "affiliated purchasers" as defined in Rule 10b-18(a)(3) under the Exchange Act:

Period	Total number of shares purchased (1)	Average price paid per share (1)	Total number of shares purchased as part of publicly announced plans or programs (1)	Approximate dollar amount remaining that may be used to purchase shares under the plans or programs (in thousands) (1)
October 1 - 31, 2023	2,227,312	\$ 7.88	2,227,312	\$ 159,252
November 1 - 30, 2023	324,935	\$ 7.51	324,935	\$ 156,811
December 1 - 31, 2023	—	\$ —	—	\$ 156,811
Total	<u>2,552,247</u>		<u>2,552,247</u>	

- (1) The Company's board of directors authorized a share repurchase program for up to \$200.0 million of the Company's Common Stock, which expired on December 31, 2023.

Item 6. [Reserved]

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with AdaptHealth Corp.'s ("AdaptHealth" or the "Company") consolidated financial statements and the accompanying notes included in this report. All amounts presented are in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"), except as noted. In addition to historical information, this discussion contains forward-looking statements that involve risks, uncertainties and assumptions that could cause actual results to differ materially from management's expectations. Factors that could cause such differences include, but are not limited to, those discussed in Item [1A, "Risk Factors"](#), of this Annual Report on Form 10-K. Certain amounts that appear in this section may not sum due to rounding.

AdaptHealth Corp. Overview

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 focuses primarily on providing (i) sleep therapy equipment, supplies and related services (including CPAP and bi PAP services) to individuals suffering from obstructive sleep apnea ("OSA"), (ii) medical devices and supplies to patients for the treatment of diabetes (including continuous glucose monitors and insulin pumps), (iii) home medical equipment 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 services beneficiaries of Medicare, Medicaid and commercial insurance payors. As of December 31, 2023, AdaptHealth serviced approximately 4.1 million patients annually in all 50 states through its network of approximately 680 locations in 47 states. The Company's principal executive offices are located at 220 West Germantown Pike, Suite 250, Plymouth Meeting, Pennsylvania 19462.

Impact of Inflation

Current and future inflationary effects may be driven by, among other things, general inflationary cost increases, supply chain disruptions and governmental stimulus or fiscal policies. The cost to manufacture and distribute the equipment and products that AdaptHealth provides to patients is influenced by the cost of materials, labor, and transportation, including fuel costs. AdaptHealth continues to experience inflationary pressure and higher costs as a result of the increasing cost of materials, labor and transportation. The increase in the cost of equipment and products is due in part to higher cost of shipping and general inflationary cost increases. Additionally, it is not certain that AdaptHealth will be able to pass increased costs onto customers to offset inflationary pressures. Continuing increases in inflation could impact the overall demand for AdaptHealth's products and services, its costs for labor, equipment and products, and the margins it is able to realize on its products, all of which could have an adverse impact on AdaptHealth's business, financial position, results of operations and cash flows. In addition, future volatility of general price inflation and the impact of inflation on costs and availability of materials, costs for shipping and warehousing and other operational overhead could adversely affect AdaptHealth's financial results. Although there have been increases in inflation, AdaptHealth cannot predict whether these trends will continue. AdaptHealth's mitigation efforts relating to these inflationary pressures include utilizing AdaptHealth's purchasing power in negotiations with vendors and the increased use of technology to drive operating efficiencies and control costs, such as AdaptHealth's digital platform for prescriptions, orders and delivery. In April 2023, AdaptHealth formalized a cost management program to drive operating efficiencies and implement more simplified and scalable business processes. The steps in the program were substantially complete as of December 31, 2023. The program included a rationalization of AdaptHealth's real estate footprint, renegotiation of certain supply contracts, workforce reductions, and expanded use of more efficient operating models for certain back-office functions. These changes reflect AdaptHealth's continued strategic focus on process standardization and efficiency across the enterprise through technology and related investments. This program delivered Adjusted EBITDA improvement in 2023 of approximately \$25 million, and is expected to result in approximately \$40 million of annualized Adjusted EBITDA improvement in future years. The cost to achieve this program during the year ended December 31, 2023 was approximately \$14.3 million. In addition, AdaptHealth continues to evaluate opportunities to rationalize its operating footprint and related cost structure to better align with business needs.

Key Components of Operating Results

Net Revenue. Net revenue is recognized for services and related products that AdaptHealth provides to patients for home healthcare equipment, medical supplies to the home and related services. AdaptHealth's primary product lines are (i) sleep therapy equipment, supplies and related services (including CPAP and bi PAP services) to individuals suffering from OSA, (ii) medical devices and supplies to patients for the treatment of diabetes (including continuous glucose monitors and insulin pumps), (iii) home medical equipment 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. Revenues are recognized either at a point in time for the sale of supplies and disposables, over the service period for equipment rental (including, but not limited to, CPAP machines, hospital beds, wheelchairs and other equipment), net of implicit price concessions for amounts estimated to be received from patients or under reimbursement arrangements with Medicare, Medicaid and other third-party payors, including private insurers, or in the month in which eligible members are entitled to receive healthcare services in connection with at-risk capitation arrangements. Certain trends or uncertainties that may have a material impact on revenue growth and operating results include the Company's ability to obtain new patient starts and to generate referrals from patient referral sources and the ability to meet the increased demand considering inflationary pressures.

Cost of Net Revenue. Cost of net revenue primarily includes the cost of non-capitalized medical equipment and supplies, distribution expenses, labor costs, facilities and vehicle rental costs, revenue cycle management costs and depreciation for capitalized patient equipment. Distribution expenses represent the cost incurred to coordinate and deliver products and services to the patients. Included in distribution expenses are leasing, maintenance, licensing and fuel costs for the vehicle fleet; salaries, benefits and other costs related to drivers and dispatch personnel; and amounts paid to couriers.

General and Administrative Expenses. General and administrative expenses consist of corporate support costs including information technology, human resources, finance, contracting, legal, compliance, equity-based compensation, transaction expenses and other administrative costs.

Depreciation and Amortization, Excluding Patient Equipment Depreciation. Depreciation expense includes depreciation charges for capital assets other than patient equipment (which is included as part of the cost of net revenue). Amortization expense includes amortization of identifiable intangible assets.

Factors Affecting AdaptHealth's Operating Results

AdaptHealth's operating results and financial performance are influenced by certain unique events during the periods discussed herein, including the following:

Goodwill Impairment

AdaptHealth has a significant amount of goodwill on its balance sheet that resulted from the business acquisitions AdaptHealth has made. Goodwill is not amortized, rather, it is assessed for impairment annually and upon the occurrence of a triggering event or change in circumstances indicating a possible impairment. Such triggering events potentially warranting an annual or interim goodwill impairment assessment include, among other factors, declines in historical or projected revenue, operating income or cash flows, and sustained decreases in AdaptHealth's stock price or market capitalization. Such changes in circumstance can include, among others, changes in the legal environment, reimbursement environment, operating performance, and/or future prospects. AdaptHealth performs its annual impairment assessment of goodwill during the fourth quarter of each year. The impairment assessment can be performed on either a quantitative or qualitative basis. AdaptHealth first assesses qualitative factors to determine whether it is necessary to perform a quantitative goodwill impairment analysis. If determined necessary, AdaptHealth applies the quantitative impairment test to identify and measure the amount of impairment, if any. Fair value determinations require considerable judgment and are sensitive to changes in underlying assumptions and factors, such as estimates of a reporting unit's fair value, including the revenue growth rates, discount rate, and control premium used to estimate the reporting unit's fair value, and judgment about impairment triggering events. As a result, there can be no assurance that the estimates and assumptions made for purposes of the annual or interim goodwill impairment test will prove to be accurate predictions of the future.

During the year ended December 31, 2023, AdaptHealth experienced declines in its market capitalization as a result of sustained decreases in AdaptHealth's stock price and also revised its financial projections. AdaptHealth considered these items to represent triggering events and performed a goodwill impairment test at each quarterly reporting date during 2023. Based on the results of the tests performed as of September 30, 2023 and December 31, 2023, it was concluded that the estimated fair value of AdaptHealth's reporting unit was less than its carrying values at such dates; as such, AdaptHealth recognized an aggregate non-cash goodwill impairment charge of \$830.8 million during the year ended December 31, 2023, which included an impairment charge of \$318.9 million recognized during the fourth quarter. If in future periods AdaptHealth were to experience a further decline in its market capitalization or expected results for a sustained period of time, AdaptHealth may be required to perform an additional goodwill impairment test at an interim or

annual period and could be required to recognize an additional non-cash goodwill impairment charge at that time, which could be material.

Acquisitions

AdaptHealth accounts for its acquisitions in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 805, *Business Combinations*, and the operations of the acquired entities are included in the historical results of AdaptHealth for the periods following the closing of the acquisition. See [Note 3, Acquisitions](#), included in our consolidated financial statements for the year ended December 31, 2023 included in this Annual Report on Form 10-K for additional information regarding AdaptHealth's acquisitions.

Debt

In January 2021, AdaptHealth refinanced its debt borrowings and entered into a new credit agreement, which was subsequently amended in April 2021 and March 2023 (the "2021 Credit Agreement"). The 2021 Credit Agreement consists of an \$800 million term loan (the "2021 Term Loan") and \$450 million in commitments for revolving credit loans with a \$55 million letter of credit sublimit (the "2021 Revolver"), both with maturities in January 2026.

In August 2021, AdaptHealth issued \$600.0 million aggregate principal amount of 5.125% senior unsecured notes (the "5.125% Senior Notes"). The 5.125% Senior Notes will mature on March 1, 2030. Interest on the 5.125% Senior Notes is payable on March 1st and September 1st of each year, and began on March 1, 2022. In January 2021, AdaptHealth issued \$500.0 million aggregate principal amount of 4.625% senior unsecured notes (the "4.625% Senior Notes"). The 4.625% Senior Notes will mature on August 1, 2029. Interest on the 4.625% Senior Notes is payable on February 1st and August 1st of each year, and began on August 1, 2021. In July 2020, AdaptHealth issued \$350.0 million aggregate principal amount of 6.125% senior unsecured notes (the "6.125% Senior Notes"). The 6.125% Senior Notes will mature on August 1, 2028. Interest on the 6.125% Senior Notes is payable on February 1st and August 1st of each year, and began on February 1, 2021. See section below, titled [Liquidity and Capital Resources](#), for additional discussion related to AdaptHealth's senior unsecured notes.

In March 2019, AdaptHealth entered into a Note and Unit Purchase Agreement with an investor. Pursuant to the agreement, AdaptHealth issued a promissory note with a principal amount of \$100 million (the "Promissory Note"). In November 2019, the Promissory Note was replaced with a new amended and restated promissory note with a principal amount of \$100 million, and the investor converted certain of its members' interests to a \$43.5 million promissory note. The new \$100 million promissory note, together with the \$43.5 million promissory note, are collectively referred to herein as the "New Promissory Note". In June 2021, AdaptHealth repaid \$71.8 million of the outstanding principal balance under the New Promissory Note. In August 2021, AdaptHealth repaid the remaining outstanding principal balance of \$71.7 million under the New Promissory Note. The outstanding principal balance under the New Promissory Note bore interest at 12%.

Seasonality

AdaptHealth's business experiences some seasonality. Its patients are generally responsible for a greater percentage of the cost of their treatment or therapy during the early months of the year due to co-insurance, co-payments and deductibles, and therefore may defer treatment and services of certain therapies until meeting their annual deductibles. In addition, changes to employer insurance coverage often go into effect at the beginning of each calendar year which may impact eligibility requirements and delay or defer treatment. Also, net revenue generated by the Company's diabetes product line is typically higher in the fourth quarter compared to the earlier part of the year due to the timing of when patients meet their annual deductibles and their associated reordering patterns. These factors may lead to lower net revenue and cash flow in the early part of the year versus the latter half of the year. Additionally, the increased incidence of respiratory infections during the winter season may result in initiation of additional respiratory services such as oxygen therapy for certain patient populations. AdaptHealth's quarterly operating results may fluctuate significantly in the future depending on these and other factors.

Key Business Metrics

AdaptHealth focuses on Net revenue, EBITDA, Adjusted EBITDA and Free Cash Flow as it reviews its performance. Refer to EBITDA, Adjusted EBITDA and Free Cash Flow included in the Non-GAAP measures section below.

Total net revenue is comprised of net sales revenue and net revenue from fixed monthly equipment reimbursements. Net sales revenue consists of revenue recognized at a point in time for the sale of supplies and disposables and revenue recognized in connection with at-risk capitation arrangements. Net revenue from fixed monthly equipment reimbursements consists of revenue recognized over the service period for equipment (including, but not limited to, CPAP machines, oxygen concentrators, ventilators, hospital beds, wheelchairs and other equipment).

	Three Months Ended									
Net Revenue	March 31, 2023		June 30, 2023		September 30, 2023		December 31, 2023			
(in thousands, except revenue percentage, "%")	\$	%	\$	%	\$	%	\$	%	Total \$	%
	(Unaudited)									
Net sales revenue - Point in time										
Sleep	\$ 213,457	28.7 %	\$ 215,849	27.2 %	\$ 227,005	28.2 %	\$ 240,808	28.1 %	\$ 897,119	28.0 %
Diabetes	142,544	19.1 %	165,021	20.8 %	157,328	19.6 %	182,538	21.3 %	647,431	20.2 %
Supplies to the home	46,555	6.3 %	48,323	6.1 %	48,349	6.0 %	49,248	5.7 %	192,475	6.0 %
Respiratory	7,929	1.1 %	8,191	1.0 %	8,164	1.0 %	8,086	0.9 %	32,370	1.0 %
HME	28,563	3.8 %	27,237	3.4 %	27,095	3.4 %	27,302	3.2 %	110,197	3.4 %
Other	53,207	7.1 %	57,012	7.3 %	64,184	8.0 %	77,307	9.0 %	251,710	8.0 %
Total Net sales revenue	\$ 492,255	66.1 %	\$ 521,633	65.8 %	\$ 532,125	66.2 %	\$ 585,289	68.2 %	\$ 2,131,302	66.6 %
Net revenue from fixed monthly equipment reimbursements										
Sleep	\$ 80,922	10.9 %	\$ 86,783	10.9 %	\$ 88,387	11.0 %	\$ 87,957	10.2 %	\$ 344,049	10.8 %
Diabetes	3,831	0.5 %	3,886	0.5 %	2,609	0.3 %	2,282	0.3 %	12,608	0.4 %
Respiratory	134,723	18.1 %	145,889	18.4 %	142,919	17.8 %	142,919	16.7 %	566,450	17.7 %
HME	22,341	3.0 %	23,974	3.0 %	25,087	3.1 %	24,926	2.9 %	96,328	3.0 %
Other	10,554	1.4 %	11,121	1.4 %	12,904	1.6 %	14,861	1.7 %	49,440	1.5 %
Total Net revenue from fixed monthly equipment reimbursements	\$ 252,371	33.9 %	\$ 271,653	34.2 %	\$ 271,906	33.8 %	\$ 272,945	31.8 %	\$ 1,068,875	33.4 %
Total net revenue										
Sleep	\$ 294,379	39.6 %	\$ 302,632	38.1 %	\$ 315,392	39.2 %	\$ 328,765	38.3 %	\$ 1,241,168	38.8 %
Diabetes	146,375	19.6 %	168,907	21.3 %	159,937	19.9 %	184,820	21.6 %	660,039	20.6 %
Supplies to the home	46,555	6.3 %	48,323	6.1 %	48,349	6.0 %	49,248	5.7 %	192,475	6.0 %
Respiratory	142,652	19.2 %	154,080	19.4 %	151,083	18.8 %	151,005	17.6 %	598,820	18.7 %
HME	50,904	6.8 %	51,211	6.4 %	52,182	6.5 %	52,228	6.1 %	206,525	6.4 %
Other	63,761	8.5 %	68,133	8.7 %	77,088	9.6 %	92,168	10.7 %	301,150	9.5 %
Total Net revenue	\$ 744,626	100.0 %	\$ 793,286	100.0 %	\$ 804,031	100.0 %	\$ 858,234	100.0 %	\$ 3,200,177	100.0 %

	Three Months Ended									
Net Revenue	March 31, 2022		June 30, 2022		September 30, 2022		December 31, 2022			
(in thousands, except revenue percentage, "%")	\$	%	\$	%	\$	%	\$	%	Total \$	%
	(Unaudited)									
Net sales revenue - Point in time										
Sleep	\$ 192,335	27.2 %	\$ 194,693	26.8 %	\$ 198,206	26.2 %	\$ 208,787	26.8 %	\$ 794,021	26.7 %
Diabetes	151,359	21.4 %	162,259	22.3 %	169,075	22.3 %	188,295	24.1 %	670,988	22.6 %
Supplies to the home	39,865	5.6 %	43,881	6.0 %	47,793	6.3 %	47,787	6.1 %	179,326	6.0 %
Respiratory	8,145	1.2 %	7,891	1.1 %	9,734	1.3 %	8,572	1.1 %	34,342	1.2 %
HME	30,052	4.3 %	30,313	4.2 %	29,463	3.9 %	28,714	3.7 %	118,542	4.0 %
Other	54,199	7.7 %	53,617	7.3 %	58,252	7.7 %	52,393	6.7 %	218,461	7.4 %
Total Net sales revenue	\$ 475,955	67.4 %	\$ 492,654	67.7 %	\$ 512,523	67.7 %	\$ 534,548	68.5 %	\$ 2,015,680	67.9 %
Net revenue from fixed monthly equipment reimbursements										
Sleep	\$ 57,938	8.2 %	\$ 65,661	9.0 %	\$ 72,423	9.6 %	\$ 76,683	9.8 %	\$ 272,705	9.2 %
Diabetes	3,946	0.6 %	4,034	0.6 %	4,211	0.6 %	3,912	0.5 %	16,103	0.5 %
Respiratory	132,580	18.8 %	128,865	17.7 %	130,618	17.3 %	128,634	16.5 %	520,697	17.5 %
HME	25,725	3.6 %	25,547	3.5 %	25,482	3.4 %	25,502	3.3 %	102,256	3.4 %
Other	10,059	1.4 %	10,853	1.5 %	11,238	1.4 %	11,004	1.4 %	43,154	1.5 %
Total Net revenue from fixed monthly equipment reimbursements	\$ 230,248	32.6 %	\$ 234,960	32.3 %	\$ 243,972	32.3 %	\$ 245,735	31.5 %	\$ 954,915	32.1 %
Total Net revenue										
Sleep	\$ 250,273	35.4 %	\$ 260,354	35.8 %	\$ 270,629	35.8 %	\$ 285,470	36.6 %	\$ 1,066,726	35.9 %
Diabetes	155,305	22.0 %	166,293	22.9 %	173,286	22.9 %	192,207	24.6 %	687,091	23.1 %
Supplies to the home	39,865	5.6 %	43,881	6.0 %	47,793	6.3 %	47,787	6.1 %	179,326	6.0 %
Respiratory	140,725	20.0 %	136,756	18.8 %	140,352	18.6 %	137,206	17.6 %	555,039	18.7 %
HME	55,777	7.9 %	55,860	7.7 %	54,945	7.3 %	54,216	7.0 %	220,798	7.4 %
Other	64,258	9.1 %	64,470	8.8 %	69,490	9.1 %	63,397	8.1 %	261,615	8.9 %
Total Net revenue	\$ 706,203	100.0 %	\$ 727,614	100.0 %	\$ 756,495	100.0 %	\$ 780,283	100.0 %	\$ 2,970,595	100.0 %

Net Revenue	Three Months Ended									
	March 31, 2021		June 30, 2021		September 30, 2021		December 31, 2021			
(in thousands, except revenue percentage, "%")	\$	%	\$	%	\$	%	\$	%	Total \$	%
(Unaudited)										
Net sales revenue - Point in time										
Sleep	\$ 128,682	26.7 %	\$ 163,331	26.5 %	\$ 173,359	26.5 %	\$ 188,758	26.9 %	\$ 654,130	26.6 %
Diabetes	95,017	19.7 %	123,314	20.0 %	134,228	20.5 %	175,523	25.0 %	528,082	21.5 %
Supplies to the home	41,363	8.6 %	42,675	6.9 %	42,441	6.5 %	41,351	5.9 %	167,830	6.8 %
Respiratory	5,621	1.2 %	13,154	2.1 %	6,228	1.0 %	6,013	0.9 %	31,016	1.3 %
HME	23,401	4.9 %	29,268	4.7 %	29,919	4.6 %	31,217	4.4 %	113,805	4.6 %
Other	23,181	4.8 %	28,855	4.7 %	45,996	7.1 %	46,511	6.6 %	144,543	6.0 %
Total Net sales revenue	\$ 317,265	65.8 %	\$ 400,597	64.9 %	\$ 432,171	66.2 %	\$ 489,373	69.7 %	\$ 1,639,406	66.8 %
Net revenue from fixed monthly equipment reimbursements										
Sleep	\$ 48,109	10.0 %	\$ 66,335	10.8 %	\$ 62,755	9.6 %	\$ 60,053	8.6 %	\$ 237,252	9.7 %
Diabetes	2,853	0.6 %	3,216	0.5 %	3,722	0.6 %	3,332	0.5 %	13,123	0.5 %
Respiratory	83,454	17.3 %	111,528	18.1 %	117,918	18.0 %	114,370	16.3 %	427,270	17.4 %
HME	20,380	4.2 %	24,431	4.0 %	26,043	4.0 %	25,082	3.6 %	95,936	3.9 %
Other	10,058	2.1 %	10,910	1.7 %	10,684	1.6 %	9,896	1.3 %	41,548	1.7 %
Total Net revenue from fixed monthly equipment reimbursements	\$ 164,854	34.2 %	\$ 216,420	35.1 %	\$ 221,122	33.8 %	\$ 212,733	30.3 %	\$ 815,129	33.2 %
Total Net revenue										
Sleep	\$ 176,791	36.7 %	\$ 229,666	37.3 %	\$ 236,114	36.1 %	\$ 248,811	35.5 %	\$ 891,382	36.3 %
Diabetes	97,870	20.3 %	126,530	20.5 %	137,950	21.1 %	178,855	25.5 %	541,205	22.0 %
Supplies to the home	41,363	8.6 %	42,675	6.9 %	42,441	6.5 %	41,351	5.9 %	167,830	6.8 %
Respiratory	89,075	18.5 %	124,682	20.2 %	124,146	19.0 %	120,383	17.2 %	458,286	18.7 %
HME	43,781	9.1 %	53,699	8.7 %	55,962	8.6 %	56,299	8.0 %	209,741	8.5 %
Other	33,239	6.9 %	39,765	6.4 %	56,680	8.7 %	56,407	7.9 %	186,091	7.7 %
Total Net revenue	\$ 482,119	100.0 %	\$ 617,017	100.0 %	\$ 653,293	100.0 %	\$ 702,106	100.0 %	\$ 2,454,535	100.0 %

Results of Operations

Comparison of Year Ended December 31, 2023 and Year Ended December 31, 2022.

The following table summarizes AdaptHealth's consolidated results of operations for the years ended December 31, 2023 and 2022:

(in thousands, except percentages)	Year Ended December 31,					
	2023		2022		Increase/(Decrease)	
	Dollars	Revenue Percentage	Dollars	Revenue Percentage	Dollars	Percentage
(Unaudited)						
Net revenue	\$ 3,200,177	100.0 %	\$ 2,970,595	100.0 %	\$ 229,582	7.7 %
Costs and expenses:						
Cost of net revenue	2,720,613	85.0 %	2,553,169	85.9 %	167,444	6.6 %
General and administrative expenses	190,091	5.9 %	162,125	5.5 %	27,966	17.2 %
Depreciation and amortization, excluding patient equipment depreciation	57,087	1.8 %	64,890	2.2 %	(7,803)	(12.0) %
Goodwill impairment	830,787	26.0 %	—	— %	830,787	— %
Total costs and expenses	3,798,578	118.7 %	2,780,184	93.6 %	1,018,394	36.6 %
Operating (loss) income	(598,401)	(18.7) %	190,411	6.4 %	(788,812)	(414.3) %
Interest expense, net	130,299	4.1 %	109,414	3.7 %	20,885	19.1 %
Change in fair value of warrant liability	(34,482)	(1.1) %	(17,158)	(0.6) %	(17,324)	101.0 %
Other loss, net	29,566	0.9 %	253	— %	29,313	11586.2 %
(Loss) income before income taxes	(723,784)	(22.6) %	97,902	3.3 %	(821,686)	(839.3) %
Income tax (benefit) expense	(49,004)	(1.5) %	24,769	0.8 %	(73,773)	(297.8) %
Net (loss) income	(674,780)	(21.1) %	73,133	2.5 %	(747,913)	(1022.7) %
Income attributable to noncontrolling interests	4,115	0.1 %	3,817	0.1 %	298	7.8 %
Net (loss) income attributable to AdaptHealth Corp.	\$ (678,895)	(21.2) %	\$ 69,316	2.4 %	\$ (748,211)	(1079.4) %

Net Revenue. The comparability of AdaptHealth's net revenue between periods was impacted by certain factors as described below. The table below presents the items that impacted the change in AdaptHealth's net revenue between periods.

(in thousands, except percentages)	Variance 2023 vs. 2022	
	\$	%
	(Unaudited)	
Revenue change driver:		
Increase from non-acquired growth	\$ 217,268	7.3 %
Increase from acquisitions	12,314	0.4 %
Total change in net revenue	\$ 229,582	7.7 %

Net revenue for the years ended December 31, 2023 and 2022 was \$3,200.2 million and \$2,970.6 million, respectively, an increase of \$229.6 million or 7.7%. The increase in net revenue was primarily driven by non-acquired growth of \$217.3 million, as well as acquisitions, which increased net revenue by \$12.3 million.

Net revenue from AdaptHealth's sleep business increased by \$174.4 million, or 16.4%, for the year ended December 31, 2023 compared to the prior year period, primarily due to increased patient census driven by strong patient demand for sleep products, including CPAP resupply products. Net revenue from AdaptHealth's respiratory business increased by \$43.8 million, or 7.9%, for the year ended December 31, 2023 compared to the prior year period, primarily due to increased patient census driven by strong patient demand for respiratory products. Net revenue from AdaptHealth's diabetes business decreased by \$27.1 million, or 3.9%, for the year ended December 31, 2023 compared to the prior year period, primarily due to a shift in diabetes patients by certain large commercial insurance and other payors from DME suppliers to dual-benefit and pharmacy-only suppliers and lower net revenue from insulin pumps and supplies as a result of a shift toward more pumps being sold to patients through the pharmacy channel, as well as the effect from manufacturers bringing additional distribution business in-house, partially offset by an increase in CGM patient census.

For the year ended December 31, 2023, net sales revenue (recognized at a point in time) comprised 67% of total net revenue, compared to 68% of total net revenue for the year ended December 31, 2022. For the year ended December 31, 2023, net revenue from fixed monthly equipment reimbursements comprised 33% of total net revenue, compared to 32% of total net revenue for the year ended December 31, 2022.

Cost of Net Revenue.

The following table summarizes cost of net revenue for the years ended December 31, 2023 and 2022:

	Year Ended December 31,								
	2023			2022					
	Revenue			Revenue			Increase/(Decrease)		
(in thousands, except percentages)	Dollars	Percentage		Dollars	Percentage		Dollars	Percentage	
	(Unaudited)								
Costs of net revenue:									
Cost of products and supplies	\$ 1,305,219	40.8 %		\$ 1,199,481	40.4 %		\$ 105,738	8.8 %	
Salaries, labor and benefits	785,876	24.5 %		777,306	26.1 %		8,570	1.1 %	
Patient equipment depreciation	325,696	10.2 %		286,288	9.6 %		39,408	13.8 %	
Rent and occupancy	67,783	2.1 %		64,375	2.2 %		3,408	5.3 %	
Other operating expenses	236,039	7.4 %		225,719	7.6 %		10,320	4.6 %	
Total cost of net revenue	\$ 2,720,613	85.0 %		\$ 2,553,169	85.9 %		\$ 167,444	6.6 %	

Cost of net revenue for the years ended December 31, 2023 and 2022 was \$2,720.6 million and \$2,553.2 million, respectively, an increase of \$167.4 million or 6.6%. Costs of products and supplies increased by \$105.7 million primarily as a result of increased net sales revenue and general inflationary cost increases. Salaries, labor and benefits increased by \$8.6 million, primarily due to increased benefit costs, annual merit increases, and workforce wage pressure driven by inflation, partially offset by cost savings actions driven by headcount reductions. Patient equipment depreciation was 10.2% of net revenue in 2023 compared to 9.6% in 2022, primarily as a result of higher medical equipment prices and rental counts.

General and Administrative Expenses. General and administrative expenses for the years ended December 31, 2023 and 2022 were \$190.1 million and \$162.1 million, respectively, an increase of \$28.0 million or 17.2%. This increase is primarily due to higher professional fees and higher equity-based compensation expense, partially offset by lower transaction costs. General and administrative expenses as a percentage of net revenue was 5.9% in 2023, compared to 5.5% in 2022. General and administrative expenses in 2023 included \$19.6 million of equity-based compensation expense, \$1.0 million of transaction costs, and other non-recurring expenses of \$28.9 million, primarily consisting of \$12.8 million of expenses associated with litigation, \$6.5 million of expenses associated with cost savings initiatives, and \$5.6 million of expenses associated with systems implementation activities. General and administrative expenses in 2022 included \$15.8 million of equity-based compensation expense, \$6.0 million of transaction costs, and other non-recurring expenses of \$19.7 million, primarily consisting of \$11.7 million of consulting expenses associated with systems implementation activities and post-implementation support services and \$7.4 million of expenses associated with litigation.

Depreciation and amortization, excluding patient equipment depreciation. Depreciation and amortization, excluding patient equipment depreciation, for the years ended December 31, 2023 and 2022 was \$57.1 million and \$64.9 million, respectively, a decrease of \$7.8 million, primarily related to lower intangible amortization expense.

Goodwill Impairment. The Company performed a goodwill impairment test at each quarterly reporting date during 2023, and based on the results of the tests performed at September 30, 2023 and December 31, 2023, it was concluded that the estimated fair value of AdaptHealth's reporting unit was less than its carrying values at such dates, as such, AdaptHealth recognized an aggregate non-cash goodwill impairment charge of \$830.8 million. See Note 5, *Goodwill and Identifiable Intangible Assets*, for additional details.

Interest Expense, net. Interest expense, net for the years ended December 31, 2023 and 2022 was \$130.3 million and \$109.4 million, respectively. Interest expense related to AdaptHealth's credit agreement increased by \$27.6 million in 2023 compared to 2022 as a result of higher interest rates, offset by lower average outstanding borrowings in 2023 compared to 2022. Interest expense on AdaptHealth's finance leases increased by \$1.1 million in 2023 compared to 2022. These increases were offset by a reduction in interest expense of \$8.3 million related to AdaptHealth's interest rate swap agreements.

Change in Fair Value of Warrant Liability. AdaptHealth has outstanding warrants to purchase shares of Common Stock, as discussed in Note 11, *Stockholders' Equity – Warrants*, to the accompanying December 31, 2023 consolidated financial statements. These warrants are liability-classified, and the change in fair value of the warrant liability represents a non-cash gain in 2023 and 2022 for the change in the estimated fair value of such liability during the respective periods.

Other loss, net. Other loss, net for the year ended December 31, 2023 consisted of an expense of \$25.1 million relating to an agreement to settle a previously disclosed securities class action lawsuit, net of expected contributions from the Company's insurers, \$4.8 million of lease termination costs associated with a cost management program, \$0.9 million of impairments of operating lease right-of-use assets, \$1.2 million of expenses associated with other legal settlements, and a \$0.3 million charge for the increase in the fair value of a contingent consideration liability related to an acquisition, offset by income of \$2.5 million related to changes in AdaptHealth's estimated TRA liability, and \$0.3 million of equity income related to an equity method investment. Other loss, net for the year ended December 31, 2022 consisted of \$3.2 million of expenses associated with legal settlements, \$2.2 million of increases in the fair value of contingent consideration liabilities related to acquisitions, and \$0.2 million of other charges, offset by income of \$2.9 million related to changes in AdaptHealth's estimated TRA liability and \$2.4 million in gains from asset sales.

Income Tax (Benefit) Expense. Income tax benefit for the year ended December 31, 2023 was \$49.0 million compared to income tax expense of \$24.8 million for the year ended December 31, 2022. Income tax expense on ordinary income for the year ended December 31, 2023 decreased as compared to the year ended December 31, 2022 due to lower pre-tax income net of warrant liability fair value adjustments. Additionally, the Company recognized a \$64.8 million income tax benefit, and corresponding increase to net deferred tax assets, related to non-cash goodwill impairment charges of \$830.8 million recognized during the year ended December 31, 2023. See Note 5, *Goodwill and Identifiable Intangible Assets*, for additional details.

Comparison of Year Ended December 31, 2022 and Year Ended December 31, 2021.

For a comparison of AdaptHealth's results of operations for the years ended December 31, 2022 and December 31, 2021, see "Part II, Item 7, *Management's Discussion and Analysis of Financial Condition and Operations*" of AdaptHealth's Annual Report on Form 10-K for the year ended December 31, 2022, filed with the SEC on February 28, 2023.

EBITDA and Adjusted EBITDA

AdaptHealth uses EBITDA and Adjusted EBITDA, 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. In addition, AdaptHealth's ability to incur additional indebtedness and make investments under its existing credit agreement is governed, in part, by its ability to satisfy tests based on a variation of Adjusted EBITDA.

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, including patient equipment depreciation.

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 warrant liability, goodwill impairment,

change in fair value of the contingent consideration common shares liability, litigation settlement expense, and certain other non-recurring items of expense or income.

AdaptHealth believes Adjusted EBITDA is useful to investors in evaluating AdaptHealth's financial performance. AdaptHealth 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 AdaptHealth's liquidity.

The following unaudited table presents the reconciliation of net (loss) income attributable to AdaptHealth Corp., to EBITDA and Adjusted EBITDA for the years ended December 31, 2023, 2022 and 2021:

(in thousands)	Year Ended December 31,		
	2023	2022	2021
	(Unaudited)		
Net (loss) income attributable to AdaptHealth Corp.	\$ (678,895)	\$ 69,316	\$ 156,175
Income attributable to noncontrolling interest	4,115	3,817	1,978
Interest expense, net	130,299	109,414	95,195
Income tax (benefit) expense	(49,004)	24,769	32,806
Depreciation and amortization, including patient equipment depreciation	382,783	351,178	258,053
EBITDA	(210,702)	558,494	544,207
Loss on extinguishment of debt (a)	—	—	20,189
Equity-based compensation expense (b)	22,468	22,397	25,323
Transaction costs (c)	960	6,003	49,081
Change in fair value of warrant liability (d)	(34,482)	(17,158)	(53,181)
Goodwill impairment (e)	830,787	—	—
Change in fair value of contingent consideration common shares liability (f)	—	—	(29,389)
Litigation settlement expense (g)	25,140	—	—
Other non-recurring expenses, net (h)	36,624	24,034	9,688
Adjusted EBITDA	\$ 670,795	\$ 593,770	\$ 565,918
Net (loss) income attributable to AdaptHealth Corp. as a percentage of net revenue	(21.2)%	2.3%	6.4%
Adjusted EBITDA as a percentage of net revenue	21.0%	20.0%	23.1%

(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 non-cash equity-based compensation expense for awards granted to employees and non-employee directors.

(c) Represents transaction costs and expenses related to integration efforts related to acquisitions.

(d) Represents non-cash gains for the changes in the estimated fair value of the warrant liability. See Note 11, *Stockholders' Equity – Warrants*, included in the accompanying notes to the consolidated financial statements for the year ended December 31, 2023 for additional discussion of such non-cash gains.

(e) Represents non-cash goodwill impairment charges as a result of the fair value of the Company's reporting unit being less than its carrying value. See Note 5, *Goodwill and Identifiable Intangible Assets*, included in the

accompanying notes to the consolidated financial statements for the year ended December 31, 2023 for additional discussion of such impairment charges.

- (f) Represents a non-cash gain for the change in the estimated fair value of the contingent consideration common shares liability. See Note 11, *Stockholders' Equity – Contingent Consideration Common Shares*, included in the accompanying notes to the consolidated financial statements for the year ended December 31, 2023 for additional discussion of such non-cash gain.
- (g) Represents an expense relating to an agreement to settle a previously disclosed securities class action lawsuit, net of expected contributions from the Company's insurers. See [Note 16](#), *Commitments and Contingencies*, included in the accompanying notes to the consolidated financial statements for the year ended December 31, 2023 for additional discussion of such agreement.
- (h) The 2023 period consists of \$13.9 million of expenses associated with litigation, \$7.1 million of severance charges (of which \$2.9 million relates to the separation of the Company's former CEO), \$5.6 million of consulting expenses associated with systems implementation activities, \$5.2 million of consulting expenses associated with cost savings initiatives, \$4.8 million of lease termination costs associated with a cost management program, \$0.9 million of net impairments of operating lease right-of-use assets as a result of vacating the leased facilities, and \$1.6 million of other non-recurring expenses, offset by income of \$2.5 million related to changes in AdaptHealth's estimated TRA liability. 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 contingent consideration liabilities related to acquisitions.

Free Cash Flow

AdaptHealth uses free cash flow, which is a financial measure that is not in accordance with U.S. GAAP, 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 AdaptHealth's competitors and to measure the ability of companies to service their debt. AdaptHealth's presentation of free cash flow should not be construed as a measure of liquidity or discretionary cash available to AdaptHealth to fund its cash needs, including investing in the growth of its business and meeting its obligations.

Free cash flow should not be considered as a measure of financial performance under U.S. GAAP. Accordingly, this key business metric has limitations as an analytical tool. It should not be considered as an alternative to any 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.

AdaptHealth defines free cash flow as net cash provided by operating activities less cash paid for purchases of equipment and other fixed assets. For further discussion on free cash flow, including a reconciliation from cash flows provided by operating activities, see *Liquidity and Capital Resources - Free Cash Flow* below.

Liquidity and Capital Resources

AdaptHealth's principal sources of liquidity are its operating cash flows, borrowings under its credit agreements and other debt arrangements, and proceeds from equity issuances. AdaptHealth has used these funds to meet its capital requirements, which primarily consist of capital expenditures including patient equipment, product and supply costs, salaries, labor, benefits and other employee-related costs, third-party customer service, billing and collections and logistics costs, acquisitions and debt service, and to fund share repurchases. AdaptHealth's future capital expenditure requirements will depend on many factors, including its patient volume and revenue growth rates.

AdaptHealth's capital expenditures are made in advance of patients beginning service. Certain operating costs are incurred at the beginning of the equipment service period and during initial patient set up.

AdaptHealth believes that its expected operating cash flows, together with its existing cash and amounts available under its existing credit agreement, will continue to be sufficient to fund its operations and growth strategies for at least the next twelve months.

AdaptHealth may seek additional equity or debt financing in connection with the growth of its business, primarily for acquisitions. In addition, economic conditions may cause disruption in the capital markets, which could make financing more difficult and/or expensive. In the event that additional financing is required from outside sources, AdaptHealth may not be able to raise it on acceptable terms or at all. If additional capital is unavailable when desired, AdaptHealth's business, results of operations, and financial condition could be materially adversely affected.

As of December 31, 2023, AdaptHealth had approximately \$77.1 million of cash.

At December 31, 2023, AdaptHealth had \$720.0 million outstanding under its existing credit facility. In January 2021, AdaptHealth refinanced its debt borrowings and entered into a new credit agreement, which was subsequently amended in April 2021 and March 2023 (the "2021 Credit Agreement"). The 2021 Credit Agreement consists of a \$800 million term loan (the "2021 Term Loan") and \$450 million in commitments for revolving credit loans with a \$55 million letter of credit sublimit (the "2021 Revolver"), both with maturities in January 2026. The borrowing under the 2021 Term Loan requires quarterly principal repayments of \$5.0 million beginning June 30, 2021 through March 31, 2023, increasing to \$10.0 million beginning June 30, 2023 through December 31, 2025, and the unpaid principal balance is due at maturity in January 2026. Borrowings under the 2021 Revolver may be used for working capital and other general corporate purposes, including for capital expenditures and acquisitions permitted under the 2021 Credit Agreement. As of December 31, 2023, there were no outstanding borrowings under the 2021 Revolver. At December 31, 2023, based on the financial debt covenants under the 2021 Credit Agreement, the maximum amount the Company could borrow under the 2021 Revolver and remain in compliance with the financial debt covenants under the agreement was \$226.2 million.

Amounts borrowed under the 2021 Credit Agreement bear interest quarterly at variable rates based upon, except in the case of Base Rate Loans (as defined), the sum of (a) the forward looking term rate based on a secured overnight financing rate ("Term SOFR") (subject to a zero percent floor) equal to Term SOFR plus a Term SOFR Adjustment (as defined) of 0.10%, plus (b) an Applicable Margin (as defined) ranging from 1.50% to 3.25% per annum based on the Consolidated Senior Secured Leverage Ratio (as defined). On March 31, 2023, the Company amended the 2021 Credit Agreement to change the base interest rate under the agreement from LIBOR to be based on Term SOFR. The 2021 Revolver carries a commitment fee during the term of the 2021 Credit Agreement ranging from 0.25% to 0.50% per annum of the actual daily undrawn portion of the 2021 Revolver based on the Consolidated Senior Secured Leverage Ratio.

Under the 2021 Credit Agreement, AdaptHealth is subject to a number of restrictive covenants that, among other things, impose operating and financial restrictions on AdaptHealth. Financial covenants include a Consolidated Total Leverage Ratio and a Consolidated Interest Coverage Ratio, both as defined in the 2021 Credit Agreement. The 2021 Credit Agreement also contains certain customary events of default, including, among other things, failure to make payments when due thereunder, failure to observe or perform certain covenants, cross-defaults, bankruptcy and insolvency-related events, and non-compliance with healthcare laws. AdaptHealth was in compliance with the applicable covenants in the aforementioned credit facility as of December 31, 2023.

Any borrowing under the 2021 Credit Agreement may be repaid, in whole or in part, at any time and from time to time without premium or penalty, other than customary breakage costs, and any amounts repaid under the 2021 Revolver may be reborrowed. Mandatory prepayments are required under the 2021 Revolver when borrowings and letter of credit usage exceed the total commitments for revolving credit loans. Mandatory prepayments are also required in connection with the disposition of assets to the extent not reinvested, unpermitted debt transactions, and calculation of excess cash flow, as defined, if certain leverage tests are not met. As a result of the calculation of excess cash flow as of December 31, 2023, AdaptHealth is required to make a mandatory prepayment of \$13.4 million. This amount is included in the current portion of long-term debt as of December 31, 2023 in the accompanying consolidated balance sheets, and AdaptHealth expects to make this payment by the end of March 2024.

At December 31, 2023, AdaptHealth had \$1,450.0 million aggregate principal amount of unsecured senior notes outstanding. In August 2021, AdaptHealth LLC issued \$600.0 million aggregate principal amount of 5.125% senior unsecured notes (the "5.125% Senior Notes"). The 5.125% Senior Notes will mature on March 1, 2030. Interest on the

5.125% Senior Notes is payable on March 1st and September 1st of each year. The 5.125% Senior Notes will be redeemable at AdaptHealth's option, in whole or in part, at any time on or after March 1, 2025, and the redemption price for the 5.125% Senior Notes if redeemed during the 12 months beginning (i) March 1, 2025 is 102.563%, (ii) March 1, 2026 is 101.281%, (iii) March 1, 2027 and thereafter is 100.000%, in each case together with accrued and unpaid interest. AdaptHealth may also redeem some or all of the 5.125% Senior Notes before March 1, 2025 at a redemption price of 100% of the principal amount of the 5.125% Senior Notes, plus a "make-whole" premium, together with accrued and unpaid interest. In addition, AdaptHealth may redeem up to 40% of the original aggregate principal amount of the 5.125% Senior Notes before March 1, 2025 with the proceeds from certain equity offerings at a redemption price equal to 105.125% of the principal amount of the 5.125% Senior Notes, together with accrued and unpaid interest. Furthermore, AdaptHealth may be required to make an offer to purchase the 5.125% Senior Notes upon the sale of certain assets or upon specific kinds of changes of control.

In January 2021, AdaptHealth LLC issued \$500.0 million aggregate principal amount of 4.625% senior unsecured notes (the "4.625% Senior Notes"). The 4.625% Senior Notes will mature on August 1, 2029. Interest on the 4.625% Senior Notes is payable on February 1st and August 1st of each year. The 4.625% Senior Notes will be redeemable at AdaptHealth's option, in whole or in part, at any time on or after February 1, 2024, and the redemption price for the 4.625% Senior Notes if redeemed during the 12 months beginning (i) February 1, 2024 is 102.313%, (ii) February 1, 2025 is 101.156%, and (iii) February 1, 2026 and thereafter is 100.000%, in each case together with accrued and unpaid interest. AdaptHealth may also redeem some or all of the 4.625% Senior Notes before February 1, 2024 at a redemption price of 100% of the principal amount of the 4.625% Senior Notes, plus a "make-whole" premium, together with accrued and unpaid interest. In addition, AdaptHealth may redeem up to 40% of the original aggregate principal amount of the 4.625% Senior Notes before February 1, 2024 with the proceeds from certain equity offerings at a redemption price equal to 104.625% of the principal amount of the 4.625% Senior Notes, together with accrued and unpaid interest. Furthermore, AdaptHealth may be required to make an offer to purchase the 4.625% Senior Notes upon the sale of certain assets or upon specific kinds of changes of control.

In July 2020, AdaptHealth LLC issued \$350.0 million aggregate principal amount of 6.125% senior unsecured notes (the "6.125% Senior Notes"). The 6.125% Senior Notes will mature on August 1, 2028. Interest on the 6.125% Senior Notes is payable on February 1st and August 1st of each year. The 6.125% Senior Notes will be redeemable at AdaptHealth's option, in whole or in part, at any time on or after August 1, 2023, and the redemption price for the 6.125% Senior Notes if redeemed during the 12 months beginning (i) August 1, 2023 is 103.063%, (ii) August 1, 2024 is 102.042%, (iii) August 1, 2025 is 101.021% and (iv) August 1, 2026 and thereafter is 100.000%, in each case together with accrued and unpaid interest. AdaptHealth may also redeem some or all of the 6.125% Senior Notes before August 1, 2023 at a redemption price of 100% of the principal amount of the 6.125% Senior Notes, plus a "make-whole" premium, together with accrued and unpaid interest. In addition, AdaptHealth may redeem up to 40% of the original aggregate principal amount of the 6.125% Senior Notes before August 1, 2023 with the proceeds from certain equity offerings at a redemption price equal to 106.125% of the principal amount of the 6.125% Senior Notes, together with accrued and unpaid interest. Furthermore, AdaptHealth may be required to make an offer to purchase the 6.125% Senior Notes upon the sale of certain assets or upon specific kinds of changes of control.

As of December 31, 2023 and 2022, AdaptHealth had working capital of \$112.0 million and \$129.1 million, respectively. A significant portion of AdaptHealth's current assets consists of accounts receivable from third-party payors that are responsible for payment for the products and services that AdaptHealth provides.

Cash Flow. The following table presents selected data from AdaptHealth's consolidated statements of cash flows for years ended December 31, 2023, 2022 and 2021:

(in thousands)	Year Ended December 31,		
	2023	2022	2021
	(Unaudited)		
Net cash provided by operating activities	\$ 480,666	\$ 373,867	\$ 275,679
Net cash used in investing activities	(357,278)	(411,171)	(1,824,753)
Net cash (used in) provided by financing activities	(92,528)	(66,051)	1,598,739
Net increase (decrease) in cash	30,860	(103,355)	49,665
Cash at beginning of period	46,272	149,627	99,962
Cash at end of period	\$ 77,132	\$ 46,272	\$ 149,627

Net cash provided by operating activities for the years ended December 31, 2023 and 2022 was \$480.7 million and \$373.9 million, respectively, an increase of \$106.8 million. The increase was the result of a \$747.9 million reduction in net income (loss), a net increase of \$769.3 million in non-cash charges, primarily from goodwill impairment charges, depreciation and amortization, the change in the estimated fair value of the warrant liability, deferred income taxes, and the reduction in the carrying amount of operating and finance lease right-of-use assets, payments of contingent consideration related to acquisitions of \$2.5 million in the 2022 period, and a net \$82.9 million increase resulting from the change in operating assets and liabilities, primarily from the change in accounts receivable, inventory and accounts payable and accrued expenses.

Net cash provided by operating activities for the years ended December 31, 2022 and 2021 was \$373.9 million and \$275.7 million, respectively, an increase of \$98.2 million. The increase was the result of (1) a \$85.0 million reduction in net income, (2) a net increase of \$139.4 million in non-cash charges, primarily from depreciation and amortization, the change in the estimated fair value of the warrant liability and contingent consideration common shares liability, equity-based compensation expense, and loss on extinguishment of debt, (3) an increase of \$1.5 million in payments for contingent consideration related to acquisitions, and (4) a net \$45.3 million resulting from the change in operating assets and liabilities, primarily from the change in accounts receivable, inventory and accounts payable and accrued expenses.

Net cash used in investing activities for the years ended December 31, 2023, 2022 and 2021 was \$357.3 million, \$411.2 million and \$1,824.8 million, respectively. The use of funds in 2023 consisted of \$337.5 million for equipment and other fixed asset purchases, \$19.7 million for business acquisitions, and \$0.1 million for other investments. The use of funds in 2022 consisted of \$19.0 million for business acquisitions, \$391.4 million for equipment and other fixed asset purchases and \$0.7 million for other investments. The use of funds in 2021 consisted of \$1,620.3 million for business acquisitions, primarily for the AeroCare acquisition, \$203.3 million for equipment and other fixed asset purchases and \$1.1 million for other investments.

Net cash used in financing activities for 2023 was \$92.5 million and consisted of repayments of \$101.8 million on long-term debt and finance lease liabilities, payments of \$29.3 million for Common Stock purchases under a share repurchase program, payments of \$3.2 million in connection with the Company's liability relating to the TRA, payments of \$5.8 million for tax withholdings associated with equity-based compensation and stock option exercises, a payment of \$2.5 million for a distribution to the noncontrolling interest, and payments of \$2.5 million for deferred purchase price in connection with acquisitions, offset by borrowings of long-term debt of \$50.0 million, proceeds of \$2.0 million in connection with the employee stock purchase plan and proceeds of \$0.6 million relating to stock option exercises.

Net cash used in financing activities for 2022 was \$66.1 million and consisted of repayments of \$36.2 million on long-term debt and finance lease obligations, payments of \$14.5 million for contingent consideration and deferred purchase price related to acquisitions, payments of \$14.0 million for Common Stock repurchases under a share repurchase program, a payment of \$2.0 million for a distribution to noncontrolling interests, and payments of \$3.5 million for tax withholdings associated with equity-based compensation activity and stock option exercises, offset by proceeds of \$1.6 million in connection with the employee stock purchase plan and proceeds of \$2.5 million relating to stock option exercises.

Net cash provided by financing activities for 2021 was \$1,598.7 million and consisted of proceeds of \$1,165.0 million from borrowings on long-term debt and lines of credit, proceeds of \$1,100.0 million from the issuance of senior unsecured notes, proceeds of \$278.9 million from the issuance of shares of Common Stock in connection with a public underwritten offering, proceeds of \$12.3 million from the exercise of stock options, and proceeds of \$1.0 million in connection with the employee stock purchase plan, offset by total repayments of \$869.4 million on long-term debt and finance lease obligations, payments of \$13.8 million for equity issuance costs, payments of \$29.2 million for debt issuance costs, payments of \$25.2 million for contingent consideration and deferred purchase price related to acquisitions, payments of \$16.1 million for debt prepayment penalties, payments of \$1.1 million for distributions to noncontrolling interests, and payments of \$3.6 million relating to tax withholdings associated with equity-based compensation activity and stock option exercises.

Free Cash Flow

The following table reconciles net cash provided by operating activities to free cash flow, which is a non-GAAP measure, for the years ended December 31, 2023, 2022 and 2021:

(in thousands)	Year Ended December 31,		
	2023	2022	2021
	(Unaudited)		
Net cash provided by operating activities	\$ 480,666	\$ 373,867	\$ 275,679
Purchases of equipment and other fixed assets	(337,463)	(391,423)	(203,308)
Free cash flow	\$ 143,203	\$ (17,556)	\$ 72,371

Free cash flow was positive \$143.2 million for the year ended December 31, 2023, compared to negative \$17.6 million for the year ended December 31, 2022. The increase in free cash flow was primarily due to higher net cash provided by operating activities due to a net decrease in the use of cash from operating assets and liabilities, primarily from accounts receivable, inventory and accounts payable and accrued expenses, and a decrease in, and timing of, purchases of patient medical equipment for operating requirements, offset by an increase in cash paid for interest. Free cash flow was negative \$17.6 million for the year ended December 31, 2022, compared to positive \$72.4 million for the year ended December 31, 2021. The reduction in free cash flow was primarily due to an increase in, and timing of, purchases of patient medical equipment for operating requirements, partially offset by higher net cash provided by operating activities due to an increase in the source of cash for improved results from operations.

Critical Accounting Policies and Estimates

The discussion and analysis of the Company's financial condition and results of operations is based upon the Company's consolidated financial statements, which have been prepared in accordance with U.S. GAAP. The preparation of the Company's consolidated financial statements requires its management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expenses and related disclosures of contingent assets and liabilities. The Company's management bases its estimates, assumptions and judgments on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Different assumptions and judgments would change the estimates used in the preparation of the Company's consolidated financial statements which, in turn, could change the results from those reported. In addition, actual results may differ from these estimates and such differences could be material to the Company's financial position and results of operations.

Critical estimates are those that the Company's management considers the most important to the portrayal of the Company's financial condition and results of operations because they require management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. The Company's critical estimates in relation to its consolidated financial statements include those related to revenue recognition and valuation of goodwill.

Revenue Recognition

Revenues are recognized either at a point in time for the sale of supplies and disposables, over the service period for equipment rental (including, but not limited to, CPAP machines, hospital beds, wheelchairs and other equipment), net of implicit price concessions for amounts estimated to be received from patients or under reimbursement arrangements with Medicare, Medicaid and other third-party payors, including private insurers, or in the month in which eligible members are entitled to receive healthcare services in connection with at-risk capitation arrangements. The Company determines the transaction price based on contractually agreed-upon amounts or rates, referred to as explicit price concessions, adjusted for estimates of variable consideration, such as implicit price concessions, based on historical reimbursement experience. The Company utilizes the expected value method to determine the amount of variable consideration, including implicit and explicit price concessions, that should be included to arrive at the transaction price, using contractual agreements and historical reimbursement experience within each payor type. The Company applies constraint to the transaction price, such that net revenue is recorded only to the extent that it is probable that a significant reversal in the amount of the cumulative revenue recognized will not occur in the future. If actual amounts of consideration ultimately received differ from the Company's estimates, the Company adjusts these estimates, which would affect net revenue in the period such adjustments become known.

The estimated implicit price concession requires significant judgment as it involves the complexity of third-party billing arrangements, contractual terms and the uncertainty of reimbursement amounts. The estimated implicit price concession is developed using assumptions based on the best information available to the Company at the time, but which

are inherently uncertain and unpredictable and as a result, actual results may differ significantly from the Company's estimates.

Valuation of Goodwill

The Company has a significant amount of goodwill on its balance sheet that resulted from the business acquisitions the Company has made. Goodwill is not amortized, rather, it is assessed for impairment annually and also upon the occurrence of a triggering event or change in circumstances indicating a possible impairment. Such triggering events potentially warranting an annual or interim goodwill impairment assessment include, among other factors, declines in historical or projected revenue, operating income or cash flows, and sustained decreases in the Company's stock price or market capitalization. Such changes in circumstance can include, among others, changes in the legal environment, reimbursement environment, operating performance, and/or future prospects. The Company performs its annual impairment assessment of goodwill during the fourth quarter of each year. The impairment assessment can be performed on either a quantitative or qualitative basis. The Company first assesses qualitative factors to determine whether it is necessary to perform a quantitative goodwill impairment analysis. If determined necessary, the Company applies the quantitative impairment test to identify and measure the amount of impairment, if any. When performing a quantitative assessment to estimate the fair value of the Company's goodwill, the Company applies (1) a discounted cash flow method which includes assumptions on the projected future cash flows, earnings, discount rates, working capital adjustments, long-term growth rates, and others, and (2) a market approach to estimate value through the analysis of recent sales of comparable assets or business entities. Fair value determinations require considerable judgment and are sensitive to changes in underlying assumptions and factors, such as estimates of a reporting unit's fair value, including the revenue growth rates, discount rate, and control premium used to estimate the reporting unit's fair value, and judgment about impairment triggering events. As a result, there can be no assurance that the estimates and assumptions made for purposes of the Company's goodwill impairment test will prove to be accurate predictions of the future. The use of different estimates or assumptions in determining the fair value of the Company's goodwill may result in a different value recorded, which could result in a material non-cash impairment charge.

Recent Accounting Pronouncements

Recently issued accounting pronouncements that may be relevant to the Company's operations but have not yet been adopted are outlined in Note 2, Summary of Significant Accounting Policies - (ee) *Recently Issued Accounting Pronouncements*, to its consolidated financial statements included in this report.

Commitments and Contingencies

In the normal course of business, the Company is subject to loss contingencies, such as legal proceedings and claims arising out of its business that cover a wide range of matters. In accordance with FASB ASC Topic 450, *Accounting for Contingencies*, the Company records accruals for such loss contingencies when it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. If there is no probable estimate within a range of reasonably possible outcomes, the Company's policy is to record at the low end of the range of such reasonably possible outcomes. Significant judgment is required to determine both probability and the estimated amount. The Company reviews its accruals at least quarterly and adjusts accordingly to reflect the impact of negotiations, settlements, rulings, advice of legal counsel, and updated information. At this time, the Company has no material accruals related to lawsuits, claims, investigations and proceedings, except as disclosed below. While there can be no assurance, based on the Company's evaluation of information currently available, the Company's management believes any liability that may ultimately result from resolution of such loss contingencies will not have a material adverse effect on the Company's financial conditions or results of operations. However, the Company's assessment may be affected by limited information. Accordingly, the Company's assessment may change in the future based upon availability of new information and further developments in the proceedings of such matters. The results of legal proceedings are inherently uncertain, and material adverse outcomes are possible. Professional legal fees are expensed as they are incurred.

On July 25, 2017, AdaptHealth Holdings was served with a subpoena by the U.S. Attorney's Office for the United States District Court for the Eastern District of Pennsylvania ("EDPA") pursuant to 18 U.S.C. §3486 to produce certain audit records and internal communications regarding ventilator billing. The investigation focused on billing practices regarding one payor that contracted for bundled payments for certain ventilators. AdaptHealth Holdings cooperated with the investigation and on April 21, 2023, the Company entered into a settlement agreement with the EDPA resolving all allegations and claims related to the investigation without a determination of liability on the part of the Company. In connection with the settlement, the Company made a payment of \$5.3 million, which was fully accrued as of December 31, 2022, and was not required to enter into any post-settlement agreements related to the settlement.

In March 2019, prior to its acquisition by the Company, AeroCare Holdings, Inc. ("AeroCare") was served with a civil investigative demand ("CID") issued by the United States Attorney for the Western District of Kentucky ("WDKY"). The CID sought to investigate allegations that AeroCare improperly billed, or caused others to improperly bill, for oxygen tank contents that were not delivered to beneficiaries. The WDKY requested documents related to such oxygen tank content billing as well as other categories of information. AeroCare cooperated fully with the investigation and on June 23, 2022, the complaint filed in connection with this investigation was dismissed by the United States District Court in the Western District of Kentucky with the consent of the WDKY.

On July 29, 2021, Robert Charles Faille Jr., a purported shareholder of the Company, filed a purported class action complaint against the Company and certain of its current and former officers in the United States District Court for the Eastern District of Pennsylvania for alleged violations of the federal securities laws arising from allegedly false and misleading statements and/or failures to disclose material information regarding changes made to the methodology used to calculate the Company's organic growth trajectory. On October 14, 2021, the court appointed Delaware County Employees Retirement System and the Bucks County Employees Retirement System as Lead Plaintiffs. On November 22, 2021, Lead Plaintiffs filed a consolidated complaint against the Company and certain of its current and former officers and directors on behalf of shareholders that purchased or otherwise acquired the Company's stock and options between November 8, 2019 and July 16, 2021 (as to the complaint, the "Consolidated Complaint"; as to the action, the "Consolidated Class Action"). The Consolidated Complaint generally alleges that the defendants violated federal securities laws by making allegedly false and misleading statements and/or failing to disclose material information regarding changes made to the methodology used to calculate the Company's organic growth trajectory and the Company's former Co-CEO's alleged tax fraud arising from certain past private activity. The Consolidated Complaint seeks unspecified damages. On January 20, 2022, the defendants filed a motion to dismiss the Consolidated Complaint, which the court denied on June 9, 2022. On June 7, 2023, the court entered an order staying the Consolidated Class Action pending the outcome of a private mediation between the parties.

On February 26, 2024, defendants entered into a stipulation and agreement of settlement with the Lead Plaintiffs. The Company's portion of the proposed settlement is expected to be funded as follows (i) \$32.2 million of cash from the Company's insurance carriers; (ii) \$17.8 million of cash from the Company; and (iii) 1 million shares of the Company's Common Stock (the "Settlement Shares"). In addition, as part of the proposed settlement, the Company has agreed to the implementation of certain corporate governance reforms. At December 31, 2023, the Company recorded a liability of \$57.3 million, consisting of the aggregate cash payments of \$50.0 million and the fair value of the Settlement Shares, which was determined to be \$7.3 million; such liability is included in accounts payable and accrued expenses in the accompanying consolidated balance sheets. In addition, at December 31, 2023, the Company recorded a receivable of \$32.2 million, representing the amount to be received from the Company's insurance carriers, which is included in prepaid expenses and other current assets in the accompanying consolidated balance sheets. For the year ended December 31, 2023, the Company recorded a pre-tax expense of \$25.1 million associated with the proposed settlement, which is included in other loss, net in the accompanying consolidated statements of operations. The Company anticipates that the Settlement Shares will be issued from available Treasury Stock. Upon issuance of the Settlement Shares, \$7.3 million will be reclassified from liabilities to stockholders' equity.

The proposed settlement is subject to preliminary and final Court approval and other customary closing conditions. Upon the effectiveness of the proposed settlement, the Company and its directors and officers as well as the other defendants named in the Consolidated Complaint will be released from the claims that were asserted or could have been asserted in the Consolidated Class Action, with certain limitations, by class members participating in the settlement. The Company has always maintained, and continues to believe, that it did not engage in any wrongdoing or otherwise commit any violation of federal or state securities laws or other laws. The settlement includes no admission of liability or wrongdoing and is subject to court approval. There can be no assurance that the settlement will be finalized and approved and, even if approved, whether the conditions to closing will be satisfied, and the actual outcome of this matter may differ materially from the terms of the settlement described herein.

The Company has also reached an agreement in principle with its directors and officers liability insurers to resolve a proceeding that the Company filed in Delaware Superior Court concerning coverage in connection with the Consolidated Class Action and the Derivative Action discussed immediately below. The proposed settlement will exhaust \$35.0 million in D&O coverage limits available to the Company for the policy period from November 8, 2020 to November 8, 2021. There can be no assurance that the settlement will be finalized or the conditions to closing will be satisfied, and the actual outcome of this matter may differ materially from the terms of the settlement described herein.

On December 6, 2021, a putative shareholder of the Company, Carol Hessler, filed a shareholder derivative complaint against certain current and former directors and officers of the Company in the United States District Court for the Eastern District of Pennsylvania (as to the complaint, the "Derivative Complaint"; as to the action, the "Derivative Action"). The Derivative Complaint generally alleges that the defendants breached their fiduciary duties owed to the Company by, among other things, allegedly causing or allowing misrepresentations and/or omissions regarding changes made to the methodology used to calculate the Company's organic growth and the Company's former Co-CEO's alleged criminal activity and engaging in insider trading. The Derivative Complaint also alleges claims for waste of corporate assets and unjust enrichment. Finally, the Derivative Complaint alleges that certain of the individual defendants violated Section 14(a) of the Securities Exchange Act by allegedly negligently issuing, causing to be issued, and participating in the issuance of materially misleading statements to stockholders in the Company's Proxy Statements on Schedule DEF 14A in connection with a Special Meeting of Stockholders, held on March 3, 2021, and the 2021 Annual Meeting of Stockholders, held on July 27, 2021. The Derivative Complaint seeks, among other things, an award of money damages.

On March 4, 2022, the parties to the Derivative Action stipulated to stay the Derivative Action pending final resolution of the Consolidated Class Action. On March 7, 2022, the court so-ordered the parties' stipulation.

The defendants have reached an agreement in principle with the derivative plaintiff to settle the Derivative Action. The settlement, which would include no admission of liability or wrongdoing by the defendants, is subject to negotiation and execution of definitive settlement documentation and court approval. The proposed settlement consideration would consist of certain corporate governance reforms and reasonable attorneys' fees, at an amount to later be determined, to be approved by the court.

Upon the effectiveness of the proposed settlement, the Company and its directors and officers as well as the other defendants named in the Derivative Complaint would be released from the claims that were asserted or could have been asserted in the Derivative Complaint. The proposed settlement is subject to court approval and other customary closing conditions. There can be no assurance that the settlement will be finalized and approved and, even if approved, whether the conditions to settlement will be satisfied, and the actual outcome of this matter may differ materially from the terms of the settlement described herein.

On May 2, 2022, the U.S. Attorney's Office for the Southern District of New York issued a civil investigative demand to a subsidiary of the Company, pursuant to the False Claims Act, 31 U.S.C. § 3733 ("FCA") surrounding whether the subsidiary submitted false claims in violation of the FCA related to its billing of, and reimbursements from, federal health care programs for ventilators provided to patients from January 1, 2015 to the present. The Company is fully cooperating with the investigation. Given the stage of the investigation, it is not possible to determine whether it will have a material adverse effect on the Company.

On October 24, 2023, Allegheny County Employees' Retirement System, a purported shareholder of the Company, filed a purported class action complaint against the Company and certain of its current and former officers, and certain underwriters in the United States District Court for the Eastern District of Pennsylvania (the "Allegheny County Complaint"). The Allegheny County Complaint purports to be asserted on behalf of a class of persons who purchased the Company's stock between August 4, 2020 and February 27, 2023. The Allegheny County Complaint alleges, among other things, that the defendants violated federal securities laws by making allegedly false and misleading statements and/or failing to disclose material information regarding the Company's organic growth in its diabetes business. The Allegheny County Complaint seeks unspecified damages. On January 23, 2024, the court entered an order appointing Allegheny County Employees' Retirement System, International Union of Operating Engineers, Local No. 793, Members Pension Benefit Trust of Ontario, and City of Tallahassee Pension Plan as Lead Plaintiffs. On February 6, 2024, the parties filed a joint stipulation outlining proposed deadlines for Lead Plaintiffs to identify an operative complaint or file an amended or consolidated complaint and for defendants to respond to the operative complaint.

The Company intends to vigorously defend against the allegations contained in the Allegheny County Complaint, but there can be no assurance that the defense will be successful.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Our exposure to market risk relates to fluctuations in interest rates from borrowings under the 2021 Credit Agreement. As of December 31, 2023, there was \$720.0 million outstanding under the 2021 Term Loan, no outstanding borrowings under the 2021 Revolver, \$21.6 million outstanding under letters of credit, and based on the financial debt covenants under the 2021 Credit Agreement, the maximum amount the Company could borrow under the 2021 Revolver

and remain in compliance with the financial debt covenants under the agreement was \$226.2 million. Amounts borrowed under the 2021 Credit Agreement bear interest quarterly at variable rates based upon, except in the case of Base Rate Loans (as defined), the sum of (a) the forward looking rate based on Term SOFR (subject to a zero percent floor) equal to Term SOFR plus a Term SOFR Adjustment (as defined) of 0.10%, plus (b) an Applicable Margin (as defined) ranging from 1.50% to 3.25% per annum based on the Consolidated Senior Secured Leverage Ratio (as defined). Due to the interest rate being variable, fluctuations in interest rates may impact our earnings. Based on our current level of debt, we estimate that a 100 basis point change in interest rates would have a \$5.5 million annual impact on our net income (loss) before taxes.

Item 8. Financial Statements and Supplementary Data

ADAPTHEALTH CORP. AND SUBSIDIARIES

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Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
AdaptHealth Corp:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of AdaptHealth Corp. and subsidiaries (the Company) as of December 31, 2023 and 2022, the related consolidated statements of operations, comprehensive (loss) income, changes in stockholders' equity (deficit), and cash flows for each of the years in the three-year period ended December 31, 2023, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2023, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated February 27, 2024 expressed an adverse opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Implicit Price Concession

As discussed in Note 2 to the consolidated financial statements, the Company generates revenues for services and related products that the Company provides to patients and receives payments from Medicare, Medicaid, third-party, and patient payors. The Company's net revenue was \$3,200.2 million for the year ended December 31, 2023. Revenues are recorded using payor-specific transaction prices based on amounts in effect or contractually agreed by Medicare, Medicaid, third-party, and patient payors, and are adjusted for estimated implicit price concessions, to reflect the net revenues which the Company expects to receive. The Company utilizes historical reimbursement experience to determine the estimated implicit price concessions.

We identified the evaluation of the implicit price concession estimate as a critical audit matter. Complex and subjective auditor judgment was required to evaluate the relevance and reliability of the historical reimbursement experience.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design of certain internal controls over the Company's implicit price concession estimate. To evaluate the relevance and reliability of historical reimbursement experience in the Company's implicit price concession estimate, we:

- compared the implicit price concession estimate recorded in the prior year to actual results to evaluate the Company's ability to estimate
- assessed current year trends in reimbursement rates, to identify any circumstances or conditions that were relevant to the determination of the current year implicit price concession estimate
- tested the relevance and reliability of the underlying data that served as a basis for the implicit price concession estimate which included the historical reimbursement experience by selecting certain historical payments and agreeing to underlying support
- evaluated the Company's historical reimbursement experience on net revenues recorded during the current year.

Impairment of Goodwill

As discussed in Notes 2 and 5 to the consolidated financial statements, the goodwill balance as of December 31, 2023, was \$2,725.0 million. The Company performs goodwill impairment testing on an annual basis during the fourth quarter of each year, and upon the occurrence of a triggering event or change in circumstances indicating a possible impairment. During the year ended December 31, 2023, the Company experienced declines in its market capitalization as a result of sustained decreases in the Company's stock price and also revised its financial projections. The Company considered these items to represent triggering events and performed a goodwill impairment test at each quarterly reporting date during 2023. Based on the results of the goodwill impairment tests, it was concluded that the estimated fair value of the Company's reporting unit was less than its carrying value, and as such, the Company recognized an aggregate non-cash goodwill impairment charge of \$830.8 million during the year ended December 31, 2023.

We identified the evaluation of the goodwill impairment analysis for the Company's reporting unit as a critical audit matter. Specifically, the evaluation of certain assumptions, including projected revenue growth rates, discount rate, and the control premium, required a high degree of auditor judgment to evaluate as they were based on subjective determinations of future market and economic conditions. Minor changes to these assumptions could have had a significant effect on the Company's assessment of the fair value of the reporting unit.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls related to the goodwill impairment process. This included controls related to management's determination of the projected revenue growth rates, discount rate, and control premium. We evaluated the reasonableness of the Company's projected revenue growth rates by comparing them to historical actual results. We involved valuation professionals with specialized skills and knowledge, who assisted in evaluating:

- the projected revenue growth rates by comparing them to guideline public companies
- the discount rate used by management by comparing it to an independently developed discount rate using publicly available market data for comparable companies
- the control premium used by management by comparing it to an independently developed control premium using publicly available market data for comparable transactions.

/s/ KPMG LLP

We have served as the Company's auditor since 2015.

Philadelphia, Pennsylvania
February 27, 2024

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
AdaptHealth Corp.:

Opinion on Internal Control Over Financial Reporting

We have audited AdaptHealth Corp. and subsidiaries' (the Company) internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, because of the effect of the material weaknesses, described below, on the achievement of the objectives of the control criteria, the Company has not maintained effective internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2023 and 2022, the related consolidated statements of operations, comprehensive (loss) income, changes in stockholders' equity (deficit), and cash flows for each of the years in the three-year period ended December 31, 2023, and the related notes (collectively, the consolidated financial statements), and our report dated February 27, 2024 expressed an unqualified opinion on those consolidated financial statements.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. The material weaknesses related to (i) controls over the completeness and accuracy of the Company's transactional revenue data; (ii) a three-way match control over the procurement of medical equipment inventory through a third-party distribution channel, and (iii) process-level controls over the determination of excess or obsolete medical equipment and other inventory have been identified and included in management's assessment. The material weaknesses were considered in determining the nature, timing, and extent of audit tests applied in our audit of the 2023 consolidated financial statements, and this report does not affect our report on those consolidated financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of

unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ KPMG LLP

Philadelphia, Pennsylvania

February 27, 2024

ADAPTHEALTH CORP. AND SUBSIDIARIES
Consolidated Balance Sheets
(in thousands, except share and per share data)

	December 31, 2023	December 31, 2022
Assets		
Current assets:		
Cash	\$ 77,132	\$ 46,272
Accounts receivable	388,910	359,146
Inventory	113,642	127,754
Prepaid and other current assets	69,338	52,136
Total current assets	649,022	585,308
Equipment and other fixed assets, net	495,101	487,079
Operating lease right-of-use assets	110,465	129,506
Finance lease right-of-use assets	31,962	5,423
Goodwill	2,724,958	3,545,297
Identifiable intangible assets, net	130,160	162,773
Other assets	21,128	22,415
Deferred tax assets	345,854	281,786
Total Assets	\$ 4,508,650	\$ 5,219,587
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued expenses	\$ 391,994	\$ 337,498
Current portion of long-term debt	53,368	35,000
Current portion of operating lease obligations	29,270	30,001
Current portion of finance lease obligations	9,122	2,211
Contract liabilities	38,570	31,641
Warrant liability	4,021	—
Other liabilities	10,654	19,863
Total current liabilities	536,999	456,214
Long-term debt, less current portion	2,094,614	2,153,267
Operating lease obligations, less current portion	85,529	104,394
Finance lease obligations, less current portion	22,746	3,950
Other long-term liabilities	302,093	305,501
Warrant liability	—	38,503
Total Liabilities	3,041,981	3,061,829
Commitments and contingencies (Note 16)		
Stockholders' Equity:		
Common Stock, par value of \$0.0001 per share, 300,000,000 shares authorized and 132,634,850 and 134,435,119 shares issued and outstanding as of December 31, 2023 and 2022, respectively	13	13
Preferred Stock, par value of \$0.0001 per share, 5,000,000 shares authorized; 124,060 shares issued and outstanding as of December 31, 2023 and 2022	1	1
Treasury stock, at cost (3,935,035 and 750,835 shares as of December 31, 2023 and 2022, respectively)	(43,267)	(13,992)
Additional paid-in capital	2,149,951	2,130,148
(Accumulated deficit) Retained earnings	(652,600)	26,295
Accumulated other comprehensive income	4,356	8,693
Total stockholders' equity attributable to AdaptHealth Corp.	1,458,454	2,151,158
Noncontrolling interest in subsidiary	8,215	6,600
Total Stockholders' Equity	1,466,669	2,157,758
Total Liabilities and Stockholders' Equity	\$ 4,508,650	\$ 5,219,587

See accompanying notes to consolidated financial statements.

ADAPTHEALTH CORP. AND SUBSIDIARIES
Consolidated Statements of Operations
(in thousands, except per share data)

	Year Ended December 31,		
	2023	2022	2021
Net revenue	\$ 3,200,177	\$ 2,970,595	\$ 2,454,535
Grant income	—	—	10,595
Costs and expenses:			
Cost of net revenue	2,720,613	2,553,169	2,008,925
General and administrative expenses	190,091	162,125	167,505
Depreciation and amortization, excluding patient equipment depreciation	57,087	64,890	63,095
Goodwill impairment (note 5)	830,787	—	—
Total costs and expenses	3,798,578	2,780,184	2,239,525
Operating (loss) income	(598,401)	190,411	225,605
Interest expense, net	130,299	109,414	95,195
Change in fair value of warrant liability (note 11)	(34,482)	(17,158)	(53,181)
Change in fair value of contingent consideration common shares liability (note 11)	—	—	(29,389)
Loss on extinguishment of debt	—	—	20,189
Other loss, net	29,566	253	1,832
(Loss) income before income taxes	(723,784)	97,902	190,959
Income tax (benefit) expense	(49,004)	24,769	32,806
Net (loss) income	(674,780)	73,133	158,153
Income attributable to noncontrolling interest	4,115	3,817	1,978
Net (loss) income attributable to AdaptHealth Corp.	\$ (678,895)	\$ 69,316	\$ 156,175
Weighted average common shares outstanding - basic	134,156	134,175	126,306
Weighted average common shares outstanding - diluted	134,418	138,988	133,034
Basic net (loss) income per share (note 12)	\$ (5.06)	\$ 0.47	\$ 1.12
Diluted net (loss) income per share (note 12)	\$ (5.31)	\$ 0.33	\$ 0.67

See accompanying notes to consolidated financial statements.

ADAPTHEALTH CORP. AND SUBSIDIARIES
Consolidated Statements of Comprehensive (Loss) Income
(in thousands)

	Year Ended December 31,		
	2023	2022	2021
Net (loss) income	\$ (674,780)	\$ 73,133	\$ 158,153
Other comprehensive (loss) income			
(Gain) loss on interest rate swap agreements, inclusive of reclassification adjustment, net of tax	(4,337)	11,047	5,776
Comprehensive (loss) income	(679,117)	84,180	163,929
Income attributable to noncontrolling interest	4,115	3,817	1,978
Comprehensive (loss) income attributable to AdaptHealth Corp.	<u>\$ (683,232)</u>	<u>\$ 80,363</u>	<u>\$ 161,951</u>

See accompanying notes to consolidated financial statements.

ADAPTHEALTH CORP. AND SUBSIDIARIES

Consolidated Statements of Changes in Stockholders' Equity (Deficit)
(in thousands)

	Common Stock		Class B Common Stock		Preferred Stock		Treasury Stock		Additional paid-in capital	(Accumulated deficit) Retained earnings	Accumulated other comprehensive income (loss)	Noncontrolling interests in subsidiaries	Total
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount					
Balance, December 31, 2020	76,458	\$ 8	13,219	\$ 1	164	\$ 1	—	\$ —	\$ 558,486	\$ (199,196)	\$ (4,411)	\$ (74,044)	\$ 280,845
Issuance of Class A Common Stock for acquisitions	15,725	2	—	—	—	—			602,659	—	—	—	602,661
Issuance of Series C-1 Preferred Stock for acquisitions	—	—	—	—	130	—	—	—	523,856	—	—	—	523,856
Issuance of stock options for acquisitions	—	—	—	—	—	—	—	—	134,683	—	—	—	134,683
Exchange of Class B Common Stock for Class A Common Stock	13,219	1	(13,219)	(1)	—	—	—	—	(74,200)	—	(3,719)	77,919	—
Exercise of warrants	118	—	—	—	—	—	—	—	—	—	—	—	—
Reclassification of warrant liability to equity for exercised warrants	—	—	—	—	—	—	—	—	2,960	—	—	—	2,960
Exercise of options	1,139	—	—	—	—	—	—	—	12,320	—	—	—	12,320
Cashless exercise of stock options	133	—	—	—	—	—			—	—	—	—	—
Equity-based compensation	571	—	—	—	—	—	—	—	25,323	—	—	—	25,323
Issuance of Class A Common Stock, net of offering costs of \$13,832	8,450	1	—	—	—	—	—	—	265,017	—	—	—	265,018
Conversion of Series B-1 Preferred Stock to Class A Common Stock	3,950	—	—	—	(40)	—	—	—	—	—	—	—	—
Conversion of Series C-1 Preferred Stock to Class A Common Stock	13,047	1	—	—	(130)	—	—	—	(1)	—	—	—	—
Issuance of Common Stock in connection with Contingent Consideration Common Shares	1,000	—	—	—	—	—	—	—	41,088	—	—	—	41,088
Distribution to non-controlling interest Common Stock	—	—	—	—	—	—			—	—	—	(1,070)	(1,070)

issued in connection with employee stock purchase plan	34	—	—	—	—	—	—	—	—	1,016	—	—	—	1,016
Net income	—	—	—	—	—	—	—	—	—	—	156,175	—	1,978	158,153
Equity activity resulting from the Tax Receivable Agreement	—	—	—	—	—	—	—	—	—	17,617	—	—	—	17,617
Change in fair value of interest rate swaps, inclusive of reclassification adjustment	—	—	—	—	—	—	—	—	—	—	—	5,776	—	5,776
Payments for tax withholdings from restricted stock vestings and stock option exercises	—	—	—	—	—	—	—	—	—	(3,557)	—	—	—	(3,557)
Balance, December 31, 2021	133,844	\$ 13	—	\$ —	124	\$ 1	—	\$ —	—	\$2,107,267	\$ (43,021)	\$ (2,354)	\$ 4,783	\$2,066,689
Equity-based compensation	555	—	—	—	—	—	—	—	—	22,397	—	—	—	22,397
Exercise of stock options	621	—	—	—	—	—	—	—	—	2,510	—	—	—	2,510
Payments for tax withholdings from restricted stock vestings and stock option exercises	—	—	—	—	—	—	—	—	—	(4,142)	—	—	—	(4,142)
Shares purchased under share repurchase program	(751)	—	—	—	—	—	751	(13,992)	—	—	—	—	—	(13,992)
Reclassification of warrant liability to equity for exercised warrants	88	—	—	—	—	—	—	—	—	2,103	—	—	—	2,103
Common Stock issued in connection with employee stock purchase plan	78	—	—	—	—	—	—	—	—	1,616	—	—	—	1,616
Distribution to non-controlling interest	—	—	—	—	—	—	—	—	—	—	—	—	(2,000)	(2,000)
Net income	—	—	—	—	—	—	—	—	—	—	69,316	—	3,817	73,133
Deferred tax impact relating to contingent consideration common shares	—	—	—	—	—	—	—	—	—	(1,603)	—	—	—	(1,603)
Change in fair value of interest rate swaps, inclusive of reclassification adjustment, net of tax	—	—	—	—	—	—	—	—	—	—	—	11,047	—	11,047

ADAPTHEALTH CORP. AND SUBSIDIARIES

Consolidated Statements of Changes in Stockholders' Equity (Deficit) (Continued)
(in thousands)

	Common Stock		Class B Common Stock		Preferred Stock		Treasury Stock		Additional paid-in capital	(Accumulated deficit) Retained earnings	Accumulated other comprehensive income (loss)	Noncontrolling interests in subsidiaries	Total
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount					
Balance, December 31, 2022	134,435	\$ 13	—	\$ —	124	\$ 1	751	\$(13,992)	\$2,130,148	\$ 26,295	\$ 8,693	\$ 6,600	\$2,157,758
Equity-based compensation	808	—	—	—	—	—	—	—	22,468	—	—	—	22,468
Exercise of stock options	440	—	—	—	—	—	—	—	587	—	—	—	587
Payments for tax withholdings from restricted stock vestings and stock option exercises	—	—	—	—	—	—	—	—	(5,283)	—	—	—	(5,283)
Shares purchased under share repurchase program	(3,184)	—	—	—	—	—	3,184	(29,275)	—	—	—	—	(29,275)
Common Stock issued in connection with employee stock purchase plan	136	—	—	—	—	—	—	—	2,031	—	—	—	2,031
Distribution to non-controlling interest	—	—	—	—	—	—	—	—	—	—	—	(2,500)	(2,500)
Net (loss) income	—	—	—	—	—	—	—	—	—	(678,895)	—	4,115	(674,780)
Change in fair value of interest rate swaps, inclusive of reclassification adjustment, net of tax	—	—	—	—	—	—	—	—	—	—	(4,337)	—	(4,337)
Balance, December 31, 2023	132,635	\$ 13	—	\$ —	124	\$ 1	3,935	\$(43,267)	\$2,149,951	\$ (652,600)	\$ 4,356	\$ 8,215	\$1,466,669

See accompanying notes to consolidated financial statements.

ADAPTHEALTH CORP. AND SUBSIDIARIES

Consolidated Statements of Cash Flows
(in thousands)

	Year Ended December 31,		
	2023	2022	2021
Cash flows from operating activities:			
Net (loss) income	\$ (674,780)	\$ 73,133	\$ 158,153
Adjustments to reconcile net (loss) income to net cash provided by operating activities:			
Depreciation and amortization, including patient equipment depreciation	382,783	351,178	258,053
Goodwill impairment	830,787	—	—
Equity-based compensation	22,468	22,397	25,323
Change in fair value of warrant liability	(34,482)	(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	31,873	32,264	28,624
Reduction in the carrying amount of finance lease right-of-use assets	5,938	—	—
Deferred income tax (benefit) expense	(62,595)	18,036	22,380
Change in fair value of interest rate swaps, net of reclassification adjustment	(1,801)	(2,936)	(2,927)
Amortization of deferred financing costs	5,234	5,234	5,378
Write-off of deferred financing costs	—	—	4,054
Loss on extinguishment of debt from prepayment penalty	—	—	16,135
Other	350	(285)	(3,615)
Changes in operating assets and liabilities, net of effects from acquisitions:			
Accounts receivable	(28,862)	(209)	(29,694)
Inventory	15,531	(6,300)	(14,920)
Prepaid and other assets	(20,305)	(13,143)	2,731
Operating lease obligations	(32,428)	(31,213)	(28,043)
Operating liabilities	40,955	(57,131)	(83,383)
Net cash provided by operating activities	480,666	373,867	275,679
Cash flows from investing activities:			
Purchases of equipment and other fixed assets	(337,463)	(391,423)	(203,308)
Payments for business acquisitions, net of cash acquired	(19,687)	(19,017)	(1,620,320)
Payments for cost method investments	(128)	(731)	(1,125)
Net cash used in investing activities	(357,278)	(411,171)	(1,824,753)
Cash flows from financing activities:			
Proceeds from borrowings on long-term debt and lines of credit	50,000	—	1,165,000
Repayments on long-term debt and lines of credit	(95,000)	(20,000)	(827,271)
Repayments of finance lease obligations	(6,769)	(16,176)	(42,164)
Payments for shares purchased under share repurchase program	(29,275)	(13,992)	—
Payments for tax withholdings from restricted stock vestings and stock option exercises	(5,843)	(3,516)	(3,557)
Payments of contingent consideration and deferred purchase price from acquisitions	(2,535)	(14,493)	(25,233)
Payments relating to the Tax Receivable Agreement	(3,224)	—	—
Distributions to noncontrolling interests	(2,500)	(2,000)	(1,070)
Proceeds from the exercise of stock options	587	2,510	12,320
Proceeds received in connection with employee stock purchase plan	2,031	1,616	1,016
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	(92,528)	(66,051)	1,598,739
Net increase (decrease) in cash	30,860	(103,355)	49,665
Cash at beginning of period	46,272	149,627	99,962
Cash at end of period	\$ 77,132	\$ 46,272	\$ 149,627
Supplemental disclosures:			
Cash paid for interest	\$ 126,228	\$ 108,885	\$ 73,630
Cash paid for income taxes	14,756	14,949	14,792

ADAPTHEALTH CORP. AND SUBSIDIARIES
Consolidated Statements of Cash Flows (continued)
(in thousands)

	Year Ended December 31,		
	2023	2022	2021
Noncash investing and financing activities:			
Equipment acquired under finance lease obligations	\$ —	\$ 1,335	\$ 22,959
Unpaid equipment and other fixed asset purchases at end of period	35,867	24,221	13,936
Assets subject to operating lease obligations	22,000	22,543	12,777
Operating lease obligations	(22,000)	(22,543)	(12,777)
Write-off of assets subject to operating lease obligations	(14,675)	(8,532)	—
Write-off of operating lease obligations	14,675	8,532	—
Assets subject to finance lease obligations	32,101	—	—
Finance lease obligations	(32,101)	—	—
Equity consideration issued in connection with acquisitions	—	—	1,261,200
Contingent purchase price in connection with acquisitions	—	—	7,800
Deferred purchase price in connection with acquisitions	137	457	4,478

See accompanying notes to consolidated financial statements.

ADAPTHEALTH CORP. AND SUBSIDIARIES**Notes to Consolidated Financial Statements****December 31, 2023, 2022 and 2021****(1) Nature of Business**

AdaptHealth Corp. and subsidiaries ("AdaptHealth" or "the Company") is a national leader in providing patient-centered, healthcare-at-home solutions including home medical equipment ("HME"), medical supplies, and related services. AdaptHealth focuses primarily on providing (i) sleep therapy equipment, supplies and related services (including CPAP and bi PAP services) to individuals suffering from obstructive sleep apnea ("OSA"), (ii) medical devices and supplies to patients for the treatment of diabetes (including continuous glucose monitors ("CGM") and insulin pumps), (iii) home medical equipment 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. AdaptHealth services beneficiaries of Medicare, Medicaid and commercial insurance payors.

Richard Barasch, Chairman of the Board of AdaptHealth and Interim Chief Executive Officer, has been serving as the Company's Interim Chief Executive Officer since the resignation of Stephen Griggs, effective June 30, 2023. Mr. Barasch is expected to continue to serve as Interim Chief Executive Officer until a successor chief executive officer is appointed.

(2) Summary of Significant Accounting Policies**(a) Basis of Presentation**

The consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). In the opinion of management, the consolidated financial statements include all necessary adjustments for a fair presentation of the financial position and results of operations for the periods presented.

(b) Basis of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

(c) Concentration of Credit Risk

Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of cash and trade accounts receivable. The Company maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

(d) Accounting Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and reported amounts of revenues and expenses during the reporting period. Management bases these estimates and assumptions upon historical experience, existing and known circumstances, authoritative accounting pronouncements and other factors that management believes to be reasonable. Significant areas requiring the use of management estimates relate to revenue recognition and the valuation of accounts receivable (implicit price concession), income taxes and the tax receivable agreement, equity-based compensation, warrant liability, long-lived assets, including goodwill and identifiable intangible assets, and contingencies. Actual results could differ from those estimates.

ADAPTHEALTH CORP. AND SUBSIDIARIES**Notes to Consolidated Financial Statements****December 31, 2023, 2022 and 2021****(e) Revenue Recognition**

The Company generates revenues for services and related products that the Company provides to patients for home medical equipment, related supplies, and other items. The Company's revenues are recognized in the period in which services and related products are provided to customers and are recorded either at a point in time for the sale of supplies and disposables, over the fixed monthly service period for equipment, or in the month in which eligible members are entitled to receive healthcare services in connection with at-risk capitation arrangements.

Revenues are recognized when control of the promised good or service is transferred to customers, in an amount that reflects the consideration to which the Company expects to receive from patients or under reimbursement arrangements with Medicare, Medicaid and third-party payors, in exchange for those goods and services.

The Company determines the transaction price based on contractually agreed-upon amounts or rates, referred to as explicit price concessions, adjusted for estimates of variable consideration, such as implicit price concessions, based on historical reimbursement experience. The Company utilizes the expected value method to determine the amount of variable consideration, including implicit and explicit price concessions, that should be included to arrive at the transaction price, using contractual agreements and historical reimbursement experience. The Company applies constraint to the transaction price, such that net revenue is recorded only to the extent that it is probable that a significant reversal in the amount of the cumulative revenue recognized will not occur in the future. If actual amounts of consideration ultimately received differ from the Company's estimates, the Company adjusts these estimates, which would affect net revenue in the period such adjustments become known.

Sales revenue is recognized upon transfer of control of products or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services. Revenues for the sale of sleep therapy equipment supplies (including CPAP resupply products), home medical equipment and related supplies (including wheelchairs, hospital beds and infusion pumps), diabetic medical devices and supplies (including CGM and insulin pumps), and other HME products and supplies are recognized when control of the promised good or service is transferred to customers, which is generally upon shipment for direct to consumer medical devices and supplies and upon delivery to the home for home medical equipment.

The Company provides certain equipment to patients which is reimbursed periodically in fixed monthly payments for as long as the patient is using the equipment and medical necessity continues (in certain cases, the fixed monthly payments are capped at a certain amount). The equipment provided to the patient is based upon medical necessity as documented by prescriptions and other documentation received from the patient's physician. The patient generally does not negotiate or select the manufacturer or model of the equipment prescribed by their physician and delivered by the Company. Once initial delivery of this equipment is made to the patient for initial setup, a monthly billing process is established based on the initial setup service date. The Company recognizes the fixed monthly revenue ratably over the service period as earned, less estimated adjustments, and defers revenue for the portion of the monthly bill that is unearned. No separate revenue is earned from the initial setup process. Included in fixed monthly revenue are unbilled amounts for which the revenue recognition criteria had been met as of period-end but were not yet billed to the payor. The estimate of net unbilled fixed monthly revenue recognized is based on historical trends and estimates of future collectability.

The Company receives a per member per month ("PMPM") fee under certain at-risk capitation arrangements, which refers to a model in which the Company receives a PMPM fee from the third-party payor, and is responsible for managing a range of healthcare services and associated costs of its members. In at-risk capitation arrangements, the Company is responsible for the cost of contracted healthcare services required by those members in accordance with the terms of each agreement. Capitated revenue contracts with payors are generally multi-year arrangements and have a single monthly stand ready performance obligation to provide all aspects of necessary medical care to members for the contracted period in accordance with the scope of the agreements. The Company recognizes revenue in the month in which eligible members are entitled to receive healthcare services during the contract term. The Company's revenue recognized under its capitation arrangements is included in the "other" product category in net sales revenue in the table below.

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The Company's billing system contains payor-specific price tables that reflect the fee schedule amounts in effect or contractually agreed upon by various government and commercial insurance payors for each item of equipment or supply provided to a customer. Revenues are recorded based on the applicable fee schedule. The Company has established a contractual allowance, referred to as an explicit price concession, to account for adjustments that result from differences between the payment amount received and the expected realizable amount. If the payment amount received differs from the net realizable amount, an adjustment is recorded to revenues in the period that these payment differences are determined. The Company reports revenues in its consolidated financial statements net of such adjustments.

The Company recognizes revenue in the consolidated statements of operations and contract assets on the consolidated balance sheets only when services have been provided. Since the Company has performed its obligation under the contract, it has unconditional rights to the consideration recorded as contract assets and therefore classifies those billed and unbilled contract assets as accounts receivable.

Fixed monthly payments that the Company receives from customers in advance of providing services represent contract liabilities. Such payments primarily relate to patients who are billed monthly in advance and are recognized over the period as earned.

The Company disaggregates net revenue from contracts with customers by payor type and by core product lines. The Company believes that disaggregation of net revenue into these categories depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. The payment terms and conditions within the Company's revenue-generating contracts vary by payor type and payor source.

The composition of net revenue by payor type for the years ended December 31, 2023, 2022 and 2021 are as follows (in thousands):

	Year Ended December 31,		
	2023	2022	2021
Insurance	\$ 1,933,440	\$ 1,808,633	\$ 1,499,154
Government	852,789	781,975	685,513
Patient pay	413,948	379,987	269,868
Net revenue	<u>\$ 3,200,177</u>	<u>\$ 2,970,595</u>	<u>\$ 2,454,535</u>

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The composition of net revenue by core product lines for the years ended December 31, 2023, 2022 and 2021 are as follows (in thousands):

	Year Ended December 31,		
	2023	2022	2021
Net sales revenue:			
Sleep	\$ 897,119	\$ 794,021	\$ 654,130
Diabetes	647,431	670,988	528,082
Supplies to the home	192,475	179,326	167,830
Respiratory	32,370	34,342	31,016
HME	110,197	118,542	113,805
Other	251,710	218,461	144,543
Total net sales revenue	<u>\$ 2,131,302</u>	<u>\$ 2,015,680</u>	<u>\$ 1,639,406</u>
Net revenue from fixed monthly equipment reimbursements:			
Sleep	\$ 344,049	\$ 272,705	\$ 237,252
Diabetes	12,608	16,103	13,123
Respiratory	566,450	520,697	427,270
HME	96,328	102,256	95,936
Other	49,440	43,154	41,548
Total net revenue from fixed monthly equipment reimbursements	<u>\$ 1,068,875</u>	<u>\$ 954,915</u>	<u>\$ 815,129</u>
Total net revenue:			
Sleep	\$ 1,241,168	\$ 1,066,726	\$ 891,382
Diabetes	660,039	687,091	541,205
Supplies to the home	192,475	179,326	167,830
Respiratory	598,820	555,039	458,286
HME	206,525	220,798	209,741
Other	301,150	261,615	186,091
Total net revenue	<u>\$ 3,200,177</u>	<u>\$ 2,970,595</u>	<u>\$ 2,454,535</u>

(f) Accounts Receivable

Due to the continuing changes in the healthcare industry and third-party reimbursement environment, certain estimates are required to record accounts receivable at their net realizable values. Inherent in these estimates is the risk that they will have to be revised or updated as additional information becomes available. The complexity of third-party billing arrangements and laws and regulations governing Medicare and Medicaid may result in adjustments to amounts originally recorded.

The Company performs a periodic analysis to review the valuation of accounts receivable and collectability of outstanding balances. Management's evaluation takes into consideration such factors as historical cash collections experience, business and economic conditions, trends in healthcare coverage, other collection indicators and information about specific receivables. The Company's evaluation also considers the age and composition of the outstanding amounts in determining their estimated net realizable value.

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Receivables are considered past due when not collected by established due dates. Specific patient balances are written off after collection efforts have been followed and the account has been determined to be uncollectible. Revisions in receivable estimates are considered implicit price concession adjustments and are recognized as an adjustment to net revenue in the period of revision. The Company does not have any material bad debt expense.

Included in accounts receivable are earned but unbilled accounts receivables. Billing delays, ranging from several days to several weeks, can occur due to the Company's policy of compiling required payor specific documentation prior to billing for its services rendered. As of December 31, 2023 and 2022, the Company's unbilled accounts receivable was \$68.4 million and \$38.6 million, respectively.

(g) COVID-19 Pandemic

Federal, state, and local authorities have taken several actions designed to assist healthcare providers in providing care to COVID-19 and other patients and to mitigate the adverse economic impact of the COVID-19 pandemic. Legislative actions taken by the federal government include the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"), which was signed into law on March 27, 2020. Through the CARES Act, the federal government authorized payments that were distributed to healthcare providers through the Public Health and Social Services Emergency Fund (Provider Relief Fund or PRF). Additionally, the CARES Act revised the Medicare accelerated and advance payment program in an attempt to disburse payments to healthcare providers more quickly to mitigate the financial impact on healthcare providers. The Company's participation in these programs and related accounting policies are summarized below.

Grant Income. In April 2020, the Company received distributions of the CARES Act PRF of \$ 17.2 million, and subsequent to April 2020, the Company completed several acquisitions in which the acquired companies received a total of \$22.2 million of PRF payments prior to the applicable dates of acquisition. In connection with the accounting for these acquisitions, the Company recorded assumed liabilities of \$7.7 million relating to the PRF payments received by the acquired companies. The PRF payments were targeted to offset lost revenue and expenditures incurred in connection with the COVID-19 pandemic. The PRF payments are subject to certain restrictions and are subject to recoupment if not used for designated purposes. As a condition to receiving distributions, providers were required to agree to certain terms and conditions, including, among other things, that the funds would be used for lost revenues and unreimbursed COVID-19 related expenses as defined by the U.S. Department of Health and Human Services (HHS). All recipients of PRF payments were required to comply with the reporting requirements described in the terms and conditions and as determined by HHS. The Company recognizes grant payments as income when there is reasonable assurance that it has complied with the conditions associated with the grant. During the year ended December 31, 2021, the Company recognized grant income of \$10.6 million related to the PRF payments determined to comply with conditions associated with the grant.

(h) Fair Value Accounting

Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 820, *Fair Value Measurements and Disclosures* (ASC 820), creates a single definition of fair value, establishes a framework for measuring fair value in U.S. GAAP and expands disclosures about fair value measurements. ASC 820 emphasizes that fair value is a market-based measurement, not an entity specific measurement, and states that a fair value measurement is to estimate the price at which an orderly transaction to sell an asset or to transfer the liability would take place between market participants at the measurement date under current market conditions. Assets and liabilities adjusted to fair value in the balance sheet are categorized based upon the level of judgment associated with the inputs used to measure their fair value.

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Level inputs, as defined by ASC 820, are as follows:

Level input	Input Definition
Level 1	Inputs are unadjusted, quoted prices for identical assets or liabilities in active markets at the measurement date.
Level 2	Inputs, other than quoted prices included in Level 1 that are observable for the asset or liability through corroboration with market data at the measurement date.
Level 3	Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date.

See Note 6, *Fair Value of Assets and Liabilities*, for additional information.

(i) Fair Value of Financial Instruments

The Company's financial instruments consist of cash, accounts receivable, prepaid and other current assets, accounts payable and accrued expenses. The carrying values of the Company's financial instruments approximate their fair value based on their short-term nature.

The table below shows the carrying amounts and estimated fair values, net of unamortized deferred financing costs, of the Company's long-term debt arrangements (in thousands):

	December 31, 2023		December 31, 2022	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Secured term loan	\$ 717,679	\$ 717,679	\$ 761,547	\$ 761,547
Senior unsecured notes	1,430,303	1,140,821	1,426,720	1,227,574
	<u>\$ 2,147,982</u>	<u>\$ 1,858,500</u>	<u>\$ 2,188,267</u>	<u>\$ 1,989,121</u>

The borrowings under the Company's secured term loan bears interest at the variable rates described in Note 10, *Debt*, which management believes approximates fair value. The fair value of the Company's senior unsecured notes is based upon current market prices.

(j) Cash and Cash Equivalents

The Company considers all short-term highly liquid investments with a maturity of three months or less to be cash equivalents. Cash represents cash on hand and deposits held at banks. The Company maintains cash in demand deposit accounts with federally insured banks. At times, the balances in these accounts may be in excess of federally insured limits. The Company had no cash equivalents at December 31, 2023 and 2022.

(k) Inventory

Inventory consists of equipment and medical supplies to be sold to customers and is stated at the lower of cost or net realizable value. Cost is determined by the first-in-first-out method. These finished goods are charged to cost of net revenue in the period in which products and related services are provided to patients.

(l) Equipment and Other Fixed Assets

Equipment and other fixed assets are stated at cost less accumulated depreciation, or, when acquired as part of a business combination, fair value at the date of acquisition. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. The useful lives for patient medical equipment correlate with the medical

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reimbursement periods. Computer equipment, vehicles and other fixed assets are depreciated over the estimated useful lives of the assets. Major expenditures for property acquisitions and those expenditures that substantially increase useful lives are capitalized. Expenditures for maintenance, repairs and minor replacements are expensed as incurred.

The useful lives of property and equipment for purposes of computing depreciation are:

Patient medical equipment	13 months - 5 years
Computers and Software	5 - 10 years
Vehicles	5 years
Other	2 - 10 years

(m) Long-Lived Assets

The Company's long-lived assets, such as equipment and other fixed assets, operating lease right-of-use assets, finance lease right-of-use assets and definite-lived identifiable intangible assets, are assessed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated undiscounted future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset.

Definite-lived identifiable intangible assets consist of tradenames, payor contracts, contractual rental agreements and developed technology. These assets are amortized using the straight-line method over their estimated useful lives, which reflects the pattern in which the economic benefits of the assets are expected to be consumed. In addition to consideration of impairment upon the events or changes in circumstances described above, management regularly evaluates the remaining useful lives of its long-lived assets. The following table summarizes the useful lives of the Company's identifiable intangible assets:

Tradenames	5 - 10 years
Payor contracts	10 years
Developed technology	5 years

The Company did not recognize any impairment charges on long-lived assets for the years ended December 31, 2023, 2022 and 2021.

(n) Valuation of Goodwill

The Company has a significant amount of goodwill on its balance sheet that resulted from the business acquisitions the Company has made. Goodwill is not amortized, rather, it is assessed for impairment annually and also upon the occurrence of a triggering event or change in circumstances indicating a possible impairment. Such triggering events potentially warranting an annual or interim goodwill impairment assessment include, among other factors, declines in historical or projected revenue, operating income or cash flows, and sustained decreases in the Company's stock price or market capitalization. Such changes in circumstance can include, among others, changes in the legal environment, reimbursement environment, operating performance, and/or future prospects. The Company performs its annual impairment assessment of goodwill during the fourth quarter of each year. The impairment assessment can be performed on either a quantitative or qualitative basis. The Company first assesses qualitative factors to determine whether it is necessary to perform a quantitative goodwill impairment analysis. If determined necessary, the Company applies the quantitative impairment test to identify and measure the amount of impairment, if any. Fair value determinations require considerable judgment and are sensitive to changes in underlying assumptions and factors, such as estimates of a reporting unit's fair value, including the revenue growth rates, discount rate, and control premium used to estimate the reporting unit's fair value, and judgment about impairment triggering events. As a result, there can be no assurance that the estimates and

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assumptions made for purposes of the annual or interim goodwill impairment test will prove to be accurate predictions of the future.

During the year ended December 31, 2023, the Company experienced declines in its market capitalization as a result of sustained decreases in the Company's stock price and also revised its financial projections. The Company considered these items to represent triggering events and performed a goodwill impairment test at each quarterly reporting date during 2023. Based on the results of the tests performed as of September 30, 2023 and December 31, 2023, it was concluded that the estimated fair value of the Company's reporting unit was less than its carrying values at such dates, and as such, the Company recognized an aggregate non-cash goodwill impairment charge of \$830.8 million during the year ended December 31, 2023, which included an impairment charge of \$318.9 million recognized during the fourth quarter. If in future periods the Company were to experience a further decline in its market capitalization or expected results for a sustained period of time, the Company may be required to perform an additional goodwill impairment test at an interim or annual period and could be required to recognize an additional non-cash goodwill impairment charge at that time, which could be material. See Note 5, *Goodwill and Identifiable Intangible Assets*, for additional details.

(o) Business Combinations

The Company applies the acquisition method of accounting for business acquisitions. The results of operations of the businesses acquired by the Company are included as of the respective acquisition date. The acquisition-date fair value of the consideration transferred, including the fair value of any contingent consideration, is allocated to the underlying assets acquired and liabilities assumed based upon their estimated fair values at the date of acquisition. To the extent the acquisition-date fair value of the consideration transferred exceeds the fair value of the identifiable tangible and intangible assets acquired and liabilities assumed, such excess is allocated to goodwill. Patient relationships, medical records and patient lists are not reported as separate intangible assets due to the regulatory requirements and lack of contractual agreements but are part of goodwill. Customer related relationships are not reported as separate intangible assets but are part of goodwill as authorizing physicians are under no obligation to refer the Company's services to their patients, who are free to change physicians and service providers at any time. The Company may adjust the preliminary purchase price allocation, as necessary, as it obtains more information regarding asset valuations and liabilities assumed that existed but were not available at the acquisition date, which is generally up to one year after the acquisition closing date. Acquisition related expenses are recognized separately from the business combination and are expensed as incurred.

(p) Deferred Financing Costs

Costs incurred in connection with the Company's borrowings, referred to as financing costs, are capitalized and included on the accompanying consolidated balance sheets in Other assets for costs associated with revolving credit facilities, and as a reduction of the carrying value of debt for costs associated with secured term loans. The capitalized financing costs are amortized to interest expense using the effective interest method over the term of the related financing agreement. See Note 8, *Deferred Financing Costs*, for additional information.

(q) Accounting for Leases

The Company accounts for its leases in accordance with FASB Accounting Standards Codification Topic 842, Leases (ASC 842). ASC 842 requires the Company to recognize a lease liability, which represents the discounted obligation to make future minimum lease payments, and a corresponding right-of-use ("ROU") asset on its consolidated balance sheet for most leases, and disclose key information about leasing arrangements. ASC 842 applies to a number of arrangements to which the Company is a party.

Whenever the Company enters into a new arrangement, it must determine, at the inception date, whether the arrangement is or contains a lease. This determination generally depends on whether the arrangement conveys to the Company the right to control the use of an explicitly or implicitly identified asset for a period of time in exchange for consideration. Control of an underlying asset is conveyed to the Company if the Company obtains the rights to direct the use of and obtain substantially all the economic benefits from the use of the underlying asset.

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If a lease exists, the Company must then determine the separate lease and non-lease components of the arrangement. Each right to use an underlying asset conveyed by a lease arrangement should generally be considered a separate lease component if it both: (i) can benefit the Company without depending on other resources not readily available to the Company and (ii) does not significantly affect and is not significantly affected by other rights of use conveyed by the lease. Aspects of a lease arrangement that transfer other goods or services to the Company but do not meet the definition of lease components are considered non-lease components. The consideration owed by the Company pursuant to a lease arrangement is generally allocated to each lease and non-lease component for accounting purposes. However, the Company has elected, for all of its leases, to not separate lease and non-lease components. Each lease component is accounted for separately from other lease components, but together with the associated non-lease components.

For each lease, the Company must then determine the lease term, the present value of lease payments and the classification of the lease as either an operating or finance lease.

The lease term is the period of the lease not cancellable by the Company, together with periods covered by: (i) renewal options the Company is reasonably certain to exercise, (ii) termination options the Company is reasonably certain not to exercise, and (iii) renewal or termination options that are controlled by the lessor.

The present value of lease payments is calculated based on:

- Lease payments – lease payments include fixed and certain variable payments, less lease incentives, together with amounts probable of being owed by the Company under residual value guarantees and, if reasonably certain of being paid, the cost of certain renewal options and early termination penalties set forth in the lease arrangement. Lease payments exclude consideration that is not related to the transfer of goods and services of the Company.
- Discount rate – the discount rate must be determined based on information available to the Company upon the commencement of the lease. Lessees are required to use the rate implicit in the lease whenever such rate is readily available; however, as the implicit rate in the Company's leases is generally not readily determinable, the Company generally uses the hypothetical incremental borrowing rate it would have to pay to borrow an amount equal to the lease payments, on a collateralized basis, over a timeframe similar to the lease term.

In making the determination of whether a lease is an operating lease or a finance lease, the Company considers the lease term in relation to the economic life of the leased asset, the present value of lease payments in relation to the fair value of the leased asset and certain other factors, including the lessee's and lessor's rights, obligations, and economic incentives over the term of the lease.

Generally, upon the commencement of a lease, the Company will record a lease liability and a ROU asset. However, the Company has elected, for all underlying leases with initial terms of twelve months or less (known as short-term leases), to not recognize a lease liability or ROU asset. Lease liabilities are initially recorded at lease commencement as the present value of future lease payments. ROU assets are initially recorded at lease commencement as the initial amount of the lease liability, together with the following, if applicable: (i) initial direct costs incurred by the lessee and (ii) lease payments made to the lessor net of lease incentives received, prior to lease commencement.

Over the lease term, the Company generally increases its lease liabilities using the effective interest method and decreases its lease liabilities for lease payments made. For finance leases, amortization and interest expense are recognized separately in the consolidated statements of operations, with amortization expense generally recorded on a straight-line basis over the lease term and interest expense recorded using the effective interest method. For operating leases, a single lease cost is generally recognized in the consolidated statements of operations on a straight-line basis over the lease term unless an impairment has been recorded with respect to a leased asset. Lease costs for short-term leases not recognized in the consolidated balance sheets are recognized in the consolidated statements of operations on a straight-line basis over the lease term. Variable lease costs not initially included in the lease liability and ROU asset impairment charges are expensed as incurred. ROU assets are assessed for impairment, similar to other long-lived assets.

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See Note 13, *Leases*, for additional information.

(r) Commitments and Contingencies

In the normal course of business, the Company is subject to loss contingencies, such as legal proceedings and claims arising out of its business that cover a wide range of matters. In accordance with FASB ASC Topic 450, *Accounting for Contingencies*, the Company records accruals for such loss contingencies when it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. If there is no probable estimate within a range of reasonably possible outcomes, the Company's policy is to record at the low end of the range of such reasonably possible outcomes. Significant judgment is required to determine both probability and the estimated amount. The Company reviews its accruals at least quarterly and adjusts accordingly to reflect the impact of negotiations, settlements, rulings, advice of legal counsel, and updated information. At this time, the Company has no material accruals related to lawsuits, claims, investigations and proceedings, except as disclosed in Note 16, *Commitments and Contingencies*. While there can be no assurance, based on the Company's evaluation of information currently available, the Company's management believes any liability that may ultimately result from resolution of such loss contingencies will not have a material adverse effect on the Company's financial conditions or results of operations. However, the Company's assessment may be affected by limited information. Accordingly, the Company's assessment may change in the future based upon availability of new information and further developments in the proceedings of such matters. The results of legal proceedings are inherently uncertain, and material adverse outcomes are possible. Professional legal fees are expensed as they are incurred. See Note 16, *Commitments and Contingencies*, for additional information.

(s) Advertising Costs

Advertising costs are charged to expense as incurred. The Company's advertising costs for the years ended December 31, 2023, 2022 and 2021 were \$22.8 million, \$19.2 million and \$18.5 million, respectively, and are included in Cost of net revenue in the accompanying consolidated statements of operations.

(t) Equity-based Compensation

The Company accounts for its equity-based compensation in accordance with FASB ASC Topic 718, *Compensation Stock Compensation*, which establishes accounting for share-based awards exchanged for employee services and requires companies to expense the estimated fair value of these awards over the requisite employee service period. Equity-based compensation expense related to these grants is included within general and administrative expenses and cost of net revenue in the accompanying consolidated statements of operations. The Company measures and recognizes equity-based compensation expense for such awards based on their estimated fair values on the date of grant. For share-based awards with service only or service and performance conditions, the value of the portion of the award that is ultimately expected to vest is recognized as expense over the requisite service period in the Company's consolidated financial statements. For share-based awards with only a service condition, equity-based compensation expense is recognized on a straight-line basis over the requisite service period. For awards with performance conditions, equity-based compensation expense is recognized straight-line on a tranche-by-tranche basis over the employees' requisite service period subject to management's estimation of the probability of vesting of such awards. If management determines that the performance conditions are no longer probable of achievement, the Company will reverse the previously recognized equity-based compensation expense in the period of determination. For awards with market conditions, the grant-date fair value is estimated using a monte-carlo simulation analysis, which is recognized straight-line on a tranche-by-tranche basis over the employees' requisite service period regardless of whether or the extent to which the awards ultimately vest. The Company does not estimate forfeitures in connection with its accounting for equity-based compensation, and instead accounts for forfeitures as they occur. See Note 11, *Stockholders' Equity*, for additional information regarding the Company's equity-based compensation expense.

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Notes to Consolidated Financial Statements
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(u) Cost of Net Revenue

Cost of net revenue includes the cost of non-capitalized medical equipment and supplies sold to patients, depreciation for capitalized patient equipment, salaries, labor and benefits costs for service personnel at the Company's operating facilities, offshore labor expenses, occupancy costs (such as rent, utilities, and property taxes), and other expenses incurred to operate the businesses (such as distribution expenses, billing fees, software expenses and general business supplies). Cost of net revenue for the years ended December 31, 2023, 2022 and 2021 consisted of the following (in thousands):

	Year Ended December 31,		
	2023	2022	2021
Cost of products and supplies	\$ 1,305,219	\$ 1,199,481	\$ 955,813
Salaries, labor and benefits	785,876	777,306	602,969
Patient equipment depreciation	325,696	286,288	194,958
Other operating expenses	236,039	225,719	206,599
Rent and occupancy	67,783	64,375	48,586
Total	<u>\$ 2,720,613</u>	<u>\$ 2,553,169</u>	<u>\$ 2,008,925</u>

(v) General and Administrative Expenses

General and administrative expenses ("G&A") primarily include expenses related to corporate salaries and benefits, legal, consulting, equity-based compensation, transaction costs and other business support functions. Included in G&A during the years ended December 31, 2023, 2022 and 2021 are salaries, labor and benefits expenses (including equity-based compensation and severance) of \$68.3 million, \$60.6 million and \$60.1 million, respectively.

(w) Business Segment

Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the Chief Operating Decision Maker ("CODM") for the purposes of allocating resources and evaluating financial performance. The Company's CODM is its Interim Chief Executive Officer, who reviews financial information on a consolidated level for purposes of allocating resources and evaluating financial performance, and as such, the Company's operations constitute one operating segment and one reportable segment.

(x) Concentration of Credit Risk

Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of cash and trade accounts receivable. The Company maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash. As of December 31, 2023 and 2022, approximately 10% of the Company's net accounts receivable are from patients under co-pay or private plan arrangements.

(y) Concentration of Customers

The Company provides patient-centered, healthcare-at-home solutions including home medical equipment, medical supplies, and related services, to its customers. This results in a customer concentration relating to government healthcare reimbursement programs. During the years ended December 31, 2023, 2022 and 2021, the Company derived approximately 27%, 26% and 28% of its net revenue from government healthcare programs, including Medicare and Medicaid, respectively. Concentration of credit risk with respect to other payors is limited due to the large number of such payors and varied geographical locations.

ADAPTHEALTH CORP. AND SUBSIDIARIES**Notes to Consolidated Financial Statements****December 31, 2023, 2022 and 2021****(z) Self-Insurance Risk**

The Company is subject to workers' compensation, auto liability and employee medical claims, which are primarily self-insured; however, the Company maintains certain stop-loss and other insurance coverage which it believes to be appropriate. Provisions for estimated settlements relating to the workers' compensation and medical plans are provided in the period of the related claim on a case-by-case basis plus an amount for incurred but not reported claims. Differences between the amounts accrued and subsequent settlements are recorded in operations in the period of settlement.

(aa) Derivative Instruments

The Company recognizes all derivative instruments as either assets or liabilities in the accompanying consolidated balance sheets at fair value. Derivative instruments consist of interest rate swap agreements. The interest rate swap agreements are used to manage interest rate risk associated with the Company's variable rate debt. The Company utilizes the interest rate swap agreements to modify the Company's exposure to interest rate risk by converting a portion of its variable rate borrowings to a fixed rate. See Note 7, *Derivative Instruments and Hedging Activities*, for additional information.

(bb) Income Taxes

The Company uses the asset and liability method of accounting for income taxes, under which deferred tax assets and liabilities are recognized for the future tax consequences of (i) temporary differences between the financial statement carrying amounts and the tax basis of existing assets and liabilities and (ii) operating loss and tax credit carryforwards. Deferred income tax assets and liabilities are based on enacted tax rates applicable to the future period when those temporary differences are expected to be recovered or settled. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period the rate change is enacted. A valuation allowance is provided for deferred tax assets when it is more likely than not the deferred tax assets will not be realized. The Company's deferred tax calculations and valuation allowance requires management to make certain estimates about future operations. Changes in state or federal tax laws, as well as changes in the Company's financial condition or the carrying value of existing assets and liabilities, could affect those estimates. The effect of a change in tax rates is recognized as income or expense in the period that the rate is enacted.

FASB ASC 740, *Income Taxes*, prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. The Company recognizes accrued interest and penalties related to unrecognized tax benefits as income tax expense. There was no material amount of expense for interest and penalties related to unrecognized tax benefits for the years ended December 31, 2023, 2022 and 2021.

(cc) Earnings (Loss) Per Share

Earnings (loss) per share is based upon the weighted average number of common shares outstanding during the respective periods. The Company follows the provisions of the authoritative guidance for determining whether instruments granted in equity-based compensation transactions or other instruments are participating securities for purposes of calculating earnings (loss) per share. See Note 12, *Earnings (Loss) Per Share*, for additional information.

(dd) Recently Adopted Accounting Pronouncements

In March 2020, the FASB issued Accounting Standards Update ("ASU") No. 2020-04, *Reference Rate Reform ("Topic 848")*, which provides optional guidance to ease the potential burden in accounting for (or recognizing the effects of) reference rate reform on financial reporting. Specifically, the guidance permits an entity, when certain criteria are met, to consider amendments to contracts made to comply with reference rate reform to meet the definition of a modification under U.S. GAAP. It further allows hedge accounting to be maintained and a one-time transfer or sale of qualifying held-to-maturity securities. The expedients and exceptions provided by the amendments are permitted to be adopted any time

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through December 31, 2024, with early adoption permitted, and do not apply to contract modifications made and hedging relationships entered into or evaluated after December 31, 2022, except for certain optional expedients elected for certain hedging relationships existing as of December 31, 2022. The Company adopted this standard during the year ended December 31, 2023, which did not have a material impact on its consolidated financial statements and related disclosures.

(ee) Recently Issued Accounting Pronouncements Not Yet Adopted

In December 2023, the FASB issued ASU No. 2023-09, *Income Taxes ("Topic 740")*. This ASU improves the transparency of income tax disclosures by requiring public business entities to disclose specific categories in the annual rate reconciliation as well as disclose income tax expense (or benefit) and the amount of income taxes paid disaggregated by jurisdiction. ASU 2023-09 is effective on a prospective basis for fiscal years beginning after December 15, 2024, with early adoption permitted. The Company is currently evaluating the impact that this standard will have on its consolidated financial disclosures.

In November 2023, the FASB issued ASU No. 2023-07, *Segment Reporting ("Topic 280")*, which requires disclosure of incremental segment information, including significant segment expenses that are regularly provided to the chief operating decision maker and to disclose how reported measures of segment profit or loss are used in assessing segment performance and allocating resources. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. The Company is currently evaluating the impact that this standard will have on its consolidated financial statements and related disclosures.

In August 2023, the FASB issued ASU No. 2023-05, *Business Combinations-Joint Venture Formations ("Topic 805-60")*, which requires that all entities that qualifies as either a joint venture or a corporate joint venture are required to apply a new basis of accounting. Specifically, the ASU provides that a joint venture or a corporate joint venture must initially measure its assets and liabilities at fair value on the formation date. ASU 2023-05 is effective for all joint ventures that are formed on or after January 1, 2025, with early adoption permitted. The Company is currently evaluating the impact that this standard will have on its consolidated financial statements and related disclosures.

(3) Acquisitions

During the years ended December 31, 2023, 2022 and 2021, the Company completed numerous acquisitions to strengthen its current market share in existing markets or to expand into new markets. Each of the Company's acquisitions was accounted for using the acquisition method pursuant to the requirements of FASB ASC Topic 805, *Business Combinations*, and are included in the Company's consolidated financial statements since the respective acquisition date. The goodwill generated from these acquisitions is attributable to expected growth and cost synergies and the expected contribution of each acquisition to the Company's overall strategy. The goodwill recorded during the year ended December 31, 2023 is expected to be deductible for tax purposes. The estimated fair values of the net assets of acquired businesses during the year ended December 31, 2023 as described below are subject to change resulting from such items as final analysis of valuations and working capital adjustments post-acquisition. As a result, the acquisition accounting for certain acquired businesses could change in subsequent periods resulting in adjustments to goodwill once finalized.

Year ended December 31, 2023

During the year ended December 31, 2023, the Company acquired 100% of the equity interests of two providers of home medical equipment ("HME") and acquired certain assets from four providers of home medical equipment. The

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following table summarizes the consideration paid at closing for all acquisitions during the year ended December 31, 2023 (in thousands):

Cash	\$	19,943
Deferred payments		137
Total	\$	20,080

The Company allocated the consideration paid to the net assets acquired based on their estimated acquisition date fair values. Based upon management's evaluation, which is preliminary and subject to completion of working capital and other adjustments, the consideration paid for all acquisitions during the year ended December 31, 2023 was allocated as follows during the period (in thousands):

Cash	\$	256
Accounts receivable		1,264
Inventory		1,483
Prepaid and other current assets		10
Equipment and other fixed assets		9,011
Operating lease right-of-use assets		5,506
Finance lease right-of-use assets		200
Goodwill		9,616
Accounts payable and accrued expenses		(713)
Operating lease liabilities		(5,506)
Finance lease liabilities		(200)
Other current liabilities		(847)
Net assets acquired	\$	20,080

Year ended December 31, 2022

During the year ended December 31, 2022, the Company acquired 100% of the equity interests of three providers of HME and acquired certain assets from five providers of home medical equipment. The following table summarizes the consideration paid at closing for all acquisitions during the year ended December 31, 2022 (in thousands):

Cash	\$	17,170
Deferred payments		457
Total	\$	17,627

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The Company allocated the consideration paid to the net assets acquired based on their estimated acquisition date fair values. Based upon management's evaluation, the consideration paid for all acquisitions during 2022 was allocated as follows (in thousands):

Cash	\$	162
Accounts receivable		2,336
Inventory		771
Prepaid and other current assets		16
Equipment and other fixed assets		4,585
Goodwill		12,341
Identifiable intangible assets		500
Deferred tax assets		180
Accounts payable and accrued expenses		(3,130)
Contract liabilities		(134)
Net assets acquired	\$	17,627

During the year ended December 31, 2022, the Company paid net cash of \$ 2.0 million relating to working capital adjustments associated with businesses that were acquired during 2021, which was recorded as an increase to goodwill.

Year ended December 31, 2021

On February 1, 2021, the Company acquired 100% of the equity interests of AeroCare Holdings, Inc. (AeroCare). AeroCare is a leading national technology-enabled respiratory and home medical equipment distribution platform in the United States and offers a comprehensive suite of direct-to-patient equipment and services including CPAP and BiPAP machines, oxygen concentrators, home ventilators, and other home medical equipment products. The total consideration paid consisted of (i) cash payments of \$1.2 billion, (ii) the issuance of 13,992,615 shares of the Company's Class A Common Stock, (iii) the issuance of 130,474.73 shares of the Company's Series C Convertible Preferred Stock, and (iv) the issuance of 3,959,892 fully vested options to purchase shares of the Company's Class A Common Stock in the future, which had a weighted-average exercise price of \$6.24 per share and a weighted-average remaining exercise period of approximately 7 years from the date of closing. See Note 11, *Stockholders' Equity*, for additional discussion of the Series C Convertible Preferred Stock issued in connection with the acquisition of AeroCare.

On April 30, 2021, the Company acquired 100% of the equity interests of Spiro Health Services, LLC (Spiro). Spiro is a provider of home medical equipment and supplies. The total consideration paid consisted of a cash payment of \$65.8 million, the issuance of 244,641 shares of the Company's Class A Common Stock, and a potential contingent consideration payment of up to \$1.0 million, which was determined to be the fair value at the acquisition date and such amount was recorded as a contingent consideration liability in connection with the Company's acquisition accounting.

On June 1, 2021, the Company acquired 100% of the equity interests of Healthy Living Medical Supply, LLC (Healthy Living). Healthy Living is a provider of continuous glucose monitors and insulin pumps. The total consideration paid consisted of a cash payment of \$47.0 million and the issuance of 196,779 shares of the Company's Class A Common Stock.

On July 1, 2021, the Company acquired 100% of the equity interests of Agilis Med Holdings, LLC (Agilis). Agilis is an e-commerce retailer of sleep apnea and respiratory equipment in the United States. The total consideration paid consisted of a cash payment of \$30.8 million, the issuance of 538,079 shares of the Company's Class A Common Stock, and a potential contingent consideration payment of up to \$ 1.0 million, which was determined to be the fair value at the acquisition date and such amount was recorded as a contingent consideration liability in connection with the Company's acquisition accounting. In October 2020, the Company acquired a minority interest in Agilis, which was being accounted for under the equity method of accounting prior to the July 2021 transaction. The carrying value of such investment was

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\$8.1 million at the July 2021 transaction date. The fair value of the equity method investment was \$ 10.0 million at the July 2021 transaction date. In connection with the accounting for the July 2021 transaction, the Company recorded goodwill of \$10.0 million and eliminated the carrying value of the equity method investment of \$8.1 million and recorded a gain on equity method of investment of \$ 1.9 million, which is included in Other loss (income), net in the accompanying consolidated statements of operations during the year ended December 31, 2021.

On July 1, 2021, the Company acquired 100% of the equity interests of WeCare Medical, LLC (WeCare). WeCare is a distributor of durable medical equipment and supplies in the United States. The total consideration paid consisted of a cash payment of \$34.8 million and the issuance of 231,866 shares of the Company's Class A Common Stock.

On December 30, 2021, the Company acquired 100% of the equity interests of Community Surgical Supply of Toms River, LLC (Community Surgical Supply). Community Surgical Supply is a supply company that provides oxygen, respiratory therapy services, infusion therapy services, and home medical equipment to its customers throughout the northeastern United States. The total consideration paid consisted of a cash payment of \$129.4 million and a potential contingent consideration payment of up to \$6.5 million. The Company determined that the potential contingent payment had an acquisition date fair value of \$5.8 million, which was recorded as a contingent consideration liability in connection with the Company's acquisition accounting.

In addition, during 2021, the Company acquired 100% of the equity interests of certain providers of home medical equipment and distributors of diabetes management products and supplies, and acquired certain assets of the durable medical equipment businesses of certain providers of home medical equipment. The total consideration paid for these acquisitions consisted of cash payments of \$196.7 million, the issuance of 306,569 shares of the Company's Class A Common Stock, and deferred payment liabilities of \$4.5 million.

The following table summarizes the consideration paid for all acquisitions during the year ended December 31, 2021 (in thousands):

	AeroCare	Spiro	Healthy Living	Agilis	We Care	Community	Other	Total
Cash	\$ 1,153,409	\$ 65,759	\$ 47,048	\$ 30,828	\$ 34,834	\$ 129,423	\$ 196,669	\$ 1,657,970
Equity	1,220,342	7,109	5,057	14,668	6,321	—	7,703	1,261,200
Contingent consideration	—	1,000	—	1,000	—	5,800	—	7,800
Deferred payments	—	—	—	—	—	—	4,478	4,478
Total	\$ 2,373,751	\$ 73,868	\$ 52,105	\$ 46,496	\$ 41,155	\$ 135,223	\$ 208,850	\$ 2,931,448

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The Company allocated the consideration paid at closing to the net assets acquired based on their acquisition date fair values. Based upon management's evaluation, the consideration paid for all acquisitions during 2021 was allocated as follows during the year ended December 31, 2021 (in thousands):

	AeroCare	Spiro	Healthy Living	Agilis	We Care	Community	Other	Total
Cash	\$ 27,686	\$ 2,132	\$ 579	\$ 1,131	\$ 458	\$ 2	\$ 5,005	\$ 36,993
Accounts receivable	71,916	\$ 5,756	5,838	—	2,007	15,798	25,587	126,902
Inventory	26,998	1,733	2,949	2,330	465	5,214	10,663	50,352
Prepaid and other current assets	3,522	152	1,088	—	—	571	2,403	7,736
Equipment and other fixed assets	190,755	6,897	1,188	348	5,254	44,952	24,963	274,357
Operating lease right-of-use assets	52,927	2,581	1,366	490	970	4,412	15,897	78,643
Goodwill	2,083,423	64,380	44,095	55,375	35,971	88,393	164,929	2,536,566
Identifiable intangible assets	122,800	1,000	1,500	500	400	2,300	4,400	132,900
Other assets	1,178	16	—	—	—	2,505	—	3,699
Deferred tax liabilities	(46,234)	—	—	—	(1,228)	—	(308)	(47,770)
Accounts payable and accrued expenses	(82,722)	(5,517)	(3,363)	(3,188)	(1,389)	(13,725)	(21,679)	(131,583)
Contract liabilities	(14,495)	(486)	(102)	—	(783)	(3,156)	(608)	(19,630)
Other current liabilities	(10,021)	—	(1,667)	—	—	(180)	(1,833)	(13,701)
Other long-term liabilities	(1,055)	—	—	—	—	(2,683)	—	(3,738)
Operating lease obligations	(52,927)	(2,581)	(1,366)	(490)	(970)	(4,412)	(15,897)	(78,643)
Finance lease obligations	—	(2,195)	—	—	—	(4,768)	(4,672)	(11,635)
Net assets acquired	<u>\$ 2,373,751</u>	<u>\$ 73,868</u>	<u>\$ 52,105</u>	<u>\$ 56,496</u>	<u>\$ 41,155</u>	<u>\$ 135,223</u>	<u>\$ 208,850</u>	<u>\$ 2,941,448</u>

During the year ended December 31, 2021, the Company received net cash of \$ 0.7 million relating to working capital adjustments associated with businesses that were acquired during 2020, which was recorded as a decrease to goodwill.

Results of Businesses Acquired

The following table presents the amount of Net revenue and Operating income in the period of acquisition since the respective acquisition dates for the acquisitions described above that is included in the Company's consolidated statements of operations for the years ended December 31, 2023, 2022 and 2021:

(in thousands)	Year Ended December 31,		
	2023	2022	2021
Net revenue	\$ 7,246	\$ 16,455	\$ 1,005,097
Operating income	\$ 745	\$ 767	\$ 136,404

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(4) Equipment and Other Fixed Assets

Equipment and other fixed assets as of December 31, 2023 and 2022 are as follows (in thousands):

	December 31, 2023	December 31, 2022
Patient medical equipment	\$ 791,349	\$ 747,985
Computers and software	85,509	70,897
Delivery vehicles	35,021	35,326
Other	20,203	16,059
Gross carrying value	932,082	870,267
Less accumulated depreciation	(436,981)	(383,188)
Equipment and other fixed assets, net	<u>\$ 495,101</u>	<u>\$ 487,079</u>

For the years ended December 31, 2023, 2022 and 2021, the Company recorded depreciation expense of \$ 350.2 million, \$311.2 million and \$211.5 million, respectively.

(5) Goodwill and Identifiable Intangible Assets

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized. The change in the carrying amount of goodwill for the years ended December 31, 2023 and 2022 was as follows (in thousands):

	Gross carrying amount
Balance at December 31, 2021	\$ 3,512,567
Goodwill from acquisitions	12,341
Net cash payments relating to prior acquisitions	2,009
Net increase relating to measurement period adjustments	18,380
Balance at December 31, 2022	<u>\$ 3,545,297</u>
Goodwill from acquisitions	9,616
Net increase relating to measurement period adjustments	832
Goodwill impairment	(830,787)
Balance at December 31, 2023	<u>\$ 2,724,958</u>

Management is required to perform an assessment of the recoverability of goodwill on an annual basis and upon the identification of a triggering event. Triggering events potentially warranting an interim goodwill impairment assessment include, among other factors, declines in historical or projected revenue, operating results or cash flows, and sustained decreases in the Company's stock price or market capitalization. While management cannot predict if or when future goodwill impairments may occur, a non-cash goodwill impairment charge could have a material adverse effect on the Company's operating results, net assets and the Company's cost of, or access to, capital.

During the year ended December 31, 2023, the Company experienced declines in its market capitalization as a result of sustained decreases in the Company's stock price and also revised its financial projections. The Company considered these items to represent triggering events and performed a goodwill impairment test at each quarterly reporting date during 2023. Based on the results of the tests performed as of September 30, 2023 and December 31, 2023, it was concluded that the estimated fair value of the Company's reporting unit was less than its carrying values at such dates, and

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as such, the Company recognized an aggregate non-cash goodwill impairment charge of \$ 830.8 million during the year ended December 31, 2023, which included an impairment charge of \$318.9 million recognized during the fourth quarter. If in future periods the Company were to experience a further decline in its market capitalization or expected results for a sustained period of time, the Company may be required to perform an additional goodwill impairment test at an interim or annual period and could be required to recognize an additional non-cash goodwill impairment charge at that time, which could be material.

As discussed in Note 3, *Acquisitions*, during 2022, the Company paid net cash of \$ 2.0 million relating to working capital adjustments associated with businesses that were acquired during 2021 which were recorded as an increase to goodwill during the period. The net increase of \$18.4 million during 2022 in the table above relates to measurement period adjustments attributed to businesses that were acquired by the Company during 2021, primarily related to the acquisition of Community. Based on available information obtained by the Company during 2022, the Company recorded certain adjustments to the acquisition accounting for Community, resulting in a decrease to accounts receivable of \$0.9 million, a decrease to equipment and other fixed assets of \$10.0 million, an increase to other current liabilities of \$ 7.3 million, and a decrease to accounts payable and accrued expenses of \$2.2 million, with a corresponding increase to goodwill of \$ 16.0 million.

Identifiable intangible assets that are separable and have determinable useful lives are valued separately and amortized over the period which reflects the pattern in which the economic benefits of the assets are expected to be consumed. Identifiable intangible assets consisted of the following at December 31, 2023 and 2022 (in thousands):

	December 31, 2023	
		Weighted-Average Remaining Life (Years)
Tradenames, net of accumulated amortization of \$ 38,314	\$ 74,486	6.6
Payor contracts, net of accumulated amortization of \$ 28,216	53,784	6.6
Developed technology, net of accumulated amortization of \$ 4,410	1,890	1.5
Identifiable intangible assets, net	<u>\$ 130,160</u>	
	December 31, 2022	
		Weighted-Average Remaining Life (Years)
Tradenames, net of accumulated amortization of \$ 25,498	\$ 87,302	7.5
Payor contracts, net of accumulated amortization of \$ 20,016	61,984	7.6
Contractual rental agreements, net of accumulated amortization of \$ 43,863	10,337	0.8
Developed technology, net of accumulated amortization of \$ 3,150	3,150	2.5
Identifiable intangible assets, net	<u>\$ 162,773</u>	

Amortization expense related to identifiable intangible assets, which is included in depreciation and amortization, excluding patient equipment depreciation, in the accompanying statements of operations, was \$32.6 million, \$40.0 million and \$46.5 million for the years ended December 31, 2023, 2022 and 2021 respectively.

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Future amortization expense related to identifiable intangible assets is estimated to be as follows (in thousands):

Twelve months ending December 31,

2024	\$	22,276
2025		21,328
2026		19,263
2027		17,960
2028		17,936
Thereafter		31,397
Total	\$	130,160

The Company did not recognize any impairment charges related to identifiable intangible assets during the years ended December 31, 2023, 2022 and 2021.

(6) Fair Value of Assets and Liabilities

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e. the exit price) in an orderly transaction between market participants at the measurement date. In determining fair value, the Company uses various valuation approaches, including quoted market prices and discounted cash flows. A hierarchy for inputs is used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from independent sources. Unobservable inputs are inputs that reflect a company's judgment concerning the assumptions that market participants would use in pricing the asset or liability developed based on the best information available under the circumstances. The fair value hierarchy is broken down into three levels based on the reliability of inputs.

To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the Company's degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases an asset or liability is classified in its entirety based on the lowest level of input that is significant to the measurement of fair value.

Fair value is a market-based measure considered from the perspective of a market participant who holds the asset or owes the liability rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, the Company's own assumptions are set to reflect those that market participants would use in pricing the asset or liability at the measurement date. The Company uses prices and inputs that are current as of the measurement date, including periods of market dislocation. In periods of market dislocation, the observability of prices and inputs may be reduced for many instruments. This condition in the future may cause the Company's financial instruments to be reclassified from Level 1 to Level 2 or from Level 2 to Level 3. During the years ended December 31, 2023, 2022 and 2021, the Company did not have any reclassifications in levels.

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The following table presents the valuation of the Company's financial assets and liabilities as of December 31, 2023 and 2022 measured at fair value on a recurring basis. The fair value estimates presented herein are based on information available to management as of December 31, 2023 and 2022. These estimates are not necessarily indicative of the amounts the Company could ultimately realize.

(in thousands)	Level 1	Level 2	Level 3
December 31, 2023			
Assets			
Interest rate swap agreements-short term	\$ —	\$ 4,482	\$ —
Interest rate swap agreements-long term	—	986	—
Total assets measured at fair value	<u>\$ —</u>	<u>\$ 5,468</u>	<u>\$ —</u>
Liabilities			
Acquisition-related contingent consideration-short term	\$ —	\$ —	\$ 6,850
Warrant liability	—	—	4,021
Total liabilities measured at fair value	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 10,871</u>
December 31, 2022			
Assets			
Interest rate swap agreements-short term	\$ —	\$ 5,748	\$ —
Interest rate swap agreements-long term	—	3,728	—
Total assets measured at fair value	<u>\$ —</u>	<u>\$ 9,476</u>	<u>\$ —</u>
Liabilities			
Acquisition-related contingent consideration-short term	\$ —	\$ —	\$ 7,500
Warrant liability	—	—	38,503
Total liabilities measured at fair value	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 46,003</u>

Interest Rate Swaps

The Company uses interest rate swap agreements to manage interest rate risk by converting a portion of its variable rate borrowings to a fixed rate and recognizes these derivative instruments as either assets or liabilities in the accompanying consolidated balance sheets at fair value. The valuation of these derivative instruments is determined using widely accepted valuation techniques, including discounted cash flow analysis on the expected cash flows of each derivative. This analysis reflects the contractual terms of the derivatives, including the period to maturity, and uses observable market-based inputs, including interest rate curves and implied volatilities. The fair value of the Company's interest rate swaps are determined using the market standard methodology of netting the discounted future fixed cash payments and the discounted expected variable cash payments receipts. The variable cash receipts are based on an expectation of future interest rates (forward curves) derived from observable market interest rate curves. To comply with the provisions of FASB ASC Topic 820, *Fair Value Measurement*, the Company incorporates credit valuation adjustments to appropriately reflect both its own nonperformance risk and the respective counterparty's nonperformance risk in the fair value measurements. In adjusting the fair value of its derivative contracts for the effect of nonperformance risk, the Company has considered the impact of netting and any applicable credit enhancements, such as collateral postings, thresholds, mutual puts and guarantees.

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Although the Company has determined that the majority of the inputs used to value its derivatives fall within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with the Company's derivatives utilize Level 3 inputs, such as estimates of current credit spreads to evaluate the likelihood of default by the Company and the respective counterparties. The Company has determined that the significance of the impact of the credit valuation adjustments made to its derivative contracts, which determination was based on the fair value of each individual contract, was not significant to the overall valuation. As a result, all of the Company's derivatives held as of December 31, 2023 and 2022 were classified as Level 2 of the fair value hierarchy. See Note 7, *Derivative Instruments and Hedging Activities*, for additional information regarding the Company's derivative instruments.

Acquisition-Related Contingent Consideration

The Company estimates the fair value of acquisition-related contingent consideration liabilities by applying the income approach using a probability-weighted discounted cash flow model. This fair value measurement is based on significant inputs not observed in the market and thus represents a Level 3 measurement. Level 3 instruments are valued based on unobservable inputs that are supported by little or no market activity and reflect the Company's own assumptions in measuring fair value. Each period, the Company evaluates the fair value of acquisition-related contingent consideration obligations and records any changes in the fair value of such liabilities in other income/loss in the Company's consolidated statements of operations. At December 31, 2023 and 2022, contingent consideration liabilities of \$6.9 million and \$7.5 million were included in other current liabilities, respectively, in the accompanying consolidated balance sheets. A reconciliation of the Company's contingent consideration liabilities related to acquisitions for the years ended December 31, 2023 and 2022 is as follows (in thousands):

Year Ended December 31 2023	Beginning Balance	Additions	Payments	Change in Fair Value	Other activity	Ending Balance
Contingent consideration - Level 3 liabilities	\$ 7,500	\$ —	\$ (1,000)	\$ 350	\$ —	\$ 6,850

Year Ended December 31 2022	Beginning Balance	Additions	Payments	Change in Fair Value	Other activity	Ending Balance
Contingent consideration - Level 3 liabilities	\$ 20,300	\$ —	\$ (15,015)	\$ 2,215	\$ —	\$ 7,500

Warrant Liability

The warrant liability represents the estimated fair value of the Company's outstanding private warrants. The fair value of the private warrants was estimated using the Black-Scholes option pricing model. See Note 11, *Stockholders' Equity*, for additional discussion of the warrant liability and the material assumptions leveraged for the pricing model.

Non-Financial Assets Measured at Fair Value on a Non-Recurring Basis

During the years ended December 31, 2023, 2022 and 2021, other than the non-cash goodwill impairment charge discussed in Note 5, *Goodwill and Identifiable Intangible Assets*, there were no fair value measurements on a non-recurring basis for the Company's non-financial assets.

(7) Derivative Instruments and Hedging Activities

FASB ASC Topic 815, *Derivatives and Hedging* (ASC 815), provides the disclosure requirements for derivatives and hedging activities with the intent to provide users of financial statements with an enhanced understanding of: (a) how and why an entity uses derivative instruments, (b) how the entity accounts for derivative instruments and related hedged items, and (c) how derivative instruments and related hedged items affect an entity's financial position, financial performance, and cash flows. Further, qualitative disclosures are required that explain the Company's objectives and

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strategies for using derivatives, as well as quantitative disclosures about the fair value of and gains and losses on derivative instruments, and disclosures about credit-risk-related contingent features in derivative instruments.

As discussed in Note 6, *Fair Value of Assets and Liabilities*, and as required by ASC 815, the Company records all derivatives on its consolidated balance sheet at fair value. 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. Derivatives designated and qualifying as a hedge of the exposure to variability in expected future cash flows, or other types of forecasted transactions, are considered cash flow hedges. Hedge accounting generally provides for the matching of the timing of gain or loss recognition on the hedging instrument with the recognition of the earnings effect of the hedged forecasted transactions in a cash flow hedge.

The Company is exposed to certain risk arising from economic conditions. The Company principally manages its exposures to interest rate risk through the use of derivative financial instruments. Specifically, the Company enters into derivative financial instruments to manage differences in the amount, timing and duration of the Company's known or expected cash payments principally related to the Company's variable rate borrowings.

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 swaps as part of its interest rate risk management strategy. Interest rate swaps designated as cash flow hedges involve the receipt of variable amounts from a counterparty in exchange for the Company making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount.

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 and subsequently reclassified into interest expense in the same period during which the hedged transaction affects earnings. Amounts reported in accumulated other comprehensive income related to derivatives will be reclassified to interest expense as interest payments are made on the Company's variable-rate debt. In the twelve months subsequent to December 31, 2023, the Company estimates that an additional \$4.9 million will be reclassified as a reduction to interest expense.

As of December 31, 2023, the Company had outstanding interest rate derivatives with third parties in which the Company pays a fixed interest rate and receives a rate equal to the one-month Secured Overnight Financing Rate ("Term SOFR"). As of December 31, 2022, the Company had outstanding interest rate derivatives with third parties in which the Company paid a fixed interest rate and received a rate equal to the one-month LIBOR. During the year ended December 31, 2023, the Company amended its interest rate swap agreements to change the benchmark rate under the agreements from LIBOR to Term SOFR. As discussed in Note 1(dd), *Nature of Business - Recently Adopted Accounting Pronouncements*, during the year ended December 31, 2023, the Company adopted ASU No. 2020-04, *Reference Rate Reform ("Topic 848")*. As a result of the adoption of this standard, the amendments to the Company's interest rate swap agreements did not have an impact on the accounting for such derivative instruments.

The notional amount associated with interest rate swap agreements that were outstanding as of December 31, 2023 was \$ 250 million and have maturity dates in March 2024 and January 2026. In April 2022, the Company entered into forward-dated interest rate swap agreements with third parties. The purpose of these forward-dated interest rate swap agreements is to ensure that the Company operates within its derivatives policy by maintaining a total notional amount of \$250 million under the Company's outstanding interest rate swap agreements through the maturity date of the Company's current credit agreement. A portion of the forward-dated interest rate swap agreements became effective in February 2023 and a portion will become effective in March 2024. The forward-dated interest rate swap agreements will mature in January 2026. The Company has designated its swaps as effective cash flow hedges of interest rate risk. Accordingly, changes in the fair value of the interest rate swaps are recorded as a component of accumulated other comprehensive income within stockholders' equity and subsequently reclassified into interest expense in the same period during which the hedged transaction affects earnings.

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The table below presents the fair value of the Company's derivatives related to its interest rate swap agreements, which are designated as hedging instruments, as well as their classification in the consolidated balance sheets at December 31, 2023 and 2022 (in thousands):

Balance Sheet Location	December 31,		December 31,	
	2023		2022	
	Asset			
Prepaid and other current assets	\$	4,482	\$	5,748
Other assets		986		3,728
Total	\$	5,468	\$	9,476

During the year ended December 31, 2023, as a result of the effect of cash flow hedge accounting, the Company recognized a loss, net of tax, of \$2.5 million in other comprehensive income (loss). In addition, during the year ended December 31, 2023, \$ 1.8 million was reclassified from other comprehensive income (loss) and recognized as a reduction to interest expense, net, in the accompanying consolidated statements of operations. During the year ended December 31, 2022, as a result of the effect of cash flow hedge accounting, the Company recognized a gain, net of tax, of \$14.0 million in other comprehensive income (loss). In addition, during the year ended December 31, 2022, \$2.9 million was reclassified from other comprehensive income (loss) and recognized as a reduction to interest expense, net, in the accompanying consolidated statements of operations. During the year ended December 31, 2021, as a result of the effect of cash flow hedge accounting, the Company recognized a gain of \$8.7 million in other comprehensive income (loss). In addition, during the year ended December 31, 2021, \$2.9 million was reclassified from other comprehensive income (loss) and recognized as a reduction to interest expense, net, in the accompanying consolidated statements of operations.

(8) Deferred Financing Costs

The change in the carrying amount of deferred financing costs for the years ended December 31, 2023 and 2022 was as follows (in thousands):

	Year Ended December 31,	
	2023	2022
Balance at beginning of period	\$ 28,229	\$ 33,463
Amortization	(5,234)	(5,234)
Balance at end of period	\$ 22,995	\$ 28,229

Amortization expense relating to deferred financing costs was \$5.2 million, \$5.2 million and \$5.4 million during the years ended December 31, 2023, 2022 and 2021, respectively, and is included in interest expense, net in the accompanying consolidated statements of operations.

The December 31, 2023 balance of deferred financing costs of \$23.0 million is estimated to be amortized to interest expense, net as follows (in thousands):

Twelve months ending December 31,

2024	\$ 5,234
2025	5,147
2026	3,659
2027	3,577
2028	3,139
Thereafter	2,239
	<u>\$ 22,995</u>

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(9) Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses as of December 31, 2023 and 2022 consisted of the following (in thousands):

	December 31, 2023	December 31, 2022
Accounts payable	\$ 211,504	\$ 222,505
Litigation settlement	57,340	—
Employee-related accruals	47,462	41,872
Accrued interest	29,327	28,877
Other	46,361	44,244
Total	<u>\$ 391,994</u>	<u>\$ 337,498</u>

(10) Debt

The following is a summary of long-term debt as of December 31, 2023 and 2022 (in thousands):

	December 31, 2023	December 31, 2022
Secured term loan	\$ 720,000	\$ 765,000
Senior unsecured notes	1,450,000	1,450,000
Unamortized deferred financing fees	(22,018)	(26,733)
	2,147,982	2,188,267
Current portion	(53,368)	(35,000)
Long-term portion	<u>\$ 2,094,614</u>	<u>\$ 2,153,267</u>

Interest expense related to long-term debt agreements, including amortization of deferred financing costs and payments made or received under the Company's interest rate swap agreements, for the years ended December 31, 2023, 2022 and 2021 was \$131.0 million, \$112.4 million and \$97.9 million, respectively.

In January 2021, the Company entered into a credit agreement, as amended, (the "2021 Credit Agreement"). The 2021 Credit Agreement included borrowings of \$800 million under a secured term loan (the "2021 Term Loan"), and \$ 450 million in commitments for revolving credit loans (the "2021 Revolver"). The 2021 Revolver has a \$55 million letter of credit sublimit. The 2021 Term Loan and the 2021 Revolver both have maturities in January 2026. Borrowings under the 2021 Term Loan were used in part to partially finance the cash portion of the purchase price for the acquisition of AeroCare, to repay amounts outstanding under the Company's then existing credit agreement of \$301.9 million plus accrued interest, to repay amounts outstanding under revolving credit loans under the 2021 Credit Agreement which were borrowed prior to the April 2021 amendment, and to pay related fees and expenses. On March 31, 2023, the Company amended the 2021 Credit Agreement to change the base interest rate under the agreement from LIBOR to be based on Term SOFR. In connection with the amendment, amounts borrowed under the 2021 Credit Agreement bear interest quarterly at variable rates based upon, except in the case of Base Rate Loans (as defined), the sum of (a) the forward looking rate based on Term SOFR (subject to a zero percent floor) equal to Term SOFR plus a Term SOFR Adjustment (as defined) of 0.10%, plus (b) an Applicable Margin (as defined) ranging from 1.50% to 3.25% per annum based on the Consolidated Senior Secured Leverage Ratio (as defined). Prior to the March 31, 2023 amendment to the Company's credit agreement, the base interest rate for amounts borrowed under the 2021 Credit Agreement was based on Adjusted LIBOR. The 2021 Revolver carries a commitment fee during the term of the 2021 Credit Agreement ranging from 0.25% to 0.50% per annum of the average daily undrawn portion of the 2021 Revolver based on the Consolidated Senior Secured Leverage Ratio.

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In connection with the 2021 Credit Agreement, the Company paid financing costs of \$ 7.6 million. Further, in connection with executing the 2021 Credit Agreement, the Company recognized a loss on debt extinguishment of \$2.1 million consisting of the write off of unamortized deferred financing costs related to the Company's then existing credit agreement and other lender fees, which is included in Loss on extinguishment of debt in the accompanying consolidated statements of operations for the year ended December 31, 2021.

On August 16, 2021, the Company amended the 2021 Credit Agreement to expressly permit the issuance of the 5.125% Senior Notes (see discussion below) and the prepayment of the outstanding principal amount under a then existing promissory note with the proceeds of the 5.125% Senior Notes.

Under the 2021 Credit Agreement, the Company is subject to a number of restrictive covenants that, among other things, impose operating and financial restrictions on the Company. Financial covenants include a Consolidated Total Leverage Ratio and a Consolidated Interest Coverage Ratio, both as defined in the 2021 Credit Agreement. The 2021 Credit Agreement also contains certain customary events of default, including, among other things, failure to make payments when due thereunder, failure to observe or perform certain covenants, cross-defaults, bankruptcy and insolvency-related events, and non-compliance with healthcare laws. There were no changes to these restrictive covenants in connection with the March 2023 amendment discussed above. The Company was in compliance with the applicable covenants in the aforementioned credit facility of December 31, 2023.

Any borrowing under the 2021 Credit Agreement may be repaid, in whole or in part, at any time and from time to time without premium or penalty, other than customary breakage costs, and any amounts repaid under the 2021 Revolver may be reborrowed. Mandatory prepayments are required under the 2021 Revolver when borrowings and letter of credit usage exceed the total commitments for revolving credit loans. Mandatory prepayments are also required in connection with the disposition of assets to the extent not reinvested, unpermitted debt transactions, and calculation of excess cash flow, as defined, if certain leverage tests are not met. As a result of the calculation of excess cash flow as of December 31, 2023, the Company is required to make a mandatory prepayment of \$13.4 million. This amount is included in the current portion of long-term debt as of December 31, 2023 in the accompanying consolidated balance sheets, and the Company expects to make this payment by the end of March 2024.

Secured Term Loan

The borrowings under the 2021 Term Loan require quarterly principal repayments of \$ 5.0 million beginning June 30, 2021 through March 31, 2023, increasing to \$10.0 million beginning June 30, 2023 through December 31, 2025, and the unpaid principal balance is due at maturity in January 2026. At December 31, 2023 and 2022, there was \$720.0 million and \$765.0 million, respectively, outstanding under the 2021 Term Loan. The interest rate under the 2021 Term Loan was 7.46% at December 31, 2023.

Revolving Credit Facility

During the year ended December 31, 2023, the Company borrowed \$ 50 million under the 2021 Revolver, and repaid \$ 50 million during the period. At December 31, 2023, there were no outstanding borrowings under the 2021 Revolver. During the year ended December 31, 2022, the Company had no borrowings under the 2021 Revolver, and there was no balance outstanding under the 2021 Revolver at December 31, 2022. Borrowings under the 2021 Revolver may be used for working capital and other general corporate purposes, including for capital expenditures and acquisitions permitted under the 2021 Credit Agreement. At December 31, 2023, based on the financial debt covenants under the 2021 Credit Agreement, the maximum amount the Company could borrow under the 2021 Revolver and remain in compliance with the financial debt covenants under the agreement was \$226.2 million.

Senior Unsecured Notes

In August 2021, the Company issued \$600.0 million aggregate principal amount of 5.125% senior unsecured notes (the "5.125% Senior Notes"). The 5.125% Senior Notes will mature on March 1, 2030. Interest on the 5.125% Senior

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Notes is payable on March 1st and September 1st of each year. The 5.125% Senior Notes will be redeemable at the Company's option, in whole or in part, at any time on or after March 1, 2025, and the redemption price for the 5.125% Senior Notes if redeemed during the 12 months beginning (i) March 1, 2025 is 102.563%, (ii) March 1, 2026 is 101.281%, (iii) March 1, 2027 and thereafter is 100.000%, in each case together with accrued and unpaid interest. The Company may also redeem some or all of the 5.125% Senior Notes before March 1, 2025 at a redemption price of 100% of the principal amount of the 5.125% Senior Notes, plus a "make-whole" premium, together with accrued and unpaid interest. In addition, the Company may redeem up to 40% of the original aggregate principal amount of the 5.125% Senior Notes before March 1, 2025 with the proceeds from certain equity offerings at a redemption price equal to 105.125% of the principal amount of the 5.125% Senior Notes, together with accrued and unpaid interest. Furthermore, the Company may be required to make an offer to purchase the 5.125% Senior Notes upon the sale of certain assets or upon specific kinds of changes of control.

In January 2021, the Company issued \$500.0 million aggregate principal amount of 4.625% senior unsecured notes (the "4.625% Senior Notes"). The 4.625% Senior Notes will mature on August 1, 2029. Interest on the 4.625% Senior Notes is payable on February 1st and August 1st of each year. The 4.625% Senior Notes will be redeemable at the Company's option, in whole or in part, at any time on or after February 1, 2024, and the redemption price for the 4.625% Senior Notes if redeemed during the 12 months beginning (i) February 1, 2024 is 102.313%, (ii) February 1, 2025 is 101.156%, (iii) February 1, 2026 and thereafter is 100.000%, in each case together with accrued and unpaid interest. The Company may also redeem some or all of the 4.625% Senior Notes before February 1, 2024 at a redemption price of 100% of the principal amount of the 4.625% Senior Notes, plus a "make-whole" premium, together with accrued and unpaid interest. In addition, the Company may redeem up to 40% of the original aggregate principal amount of the 4.625% Senior Notes before February 1, 2024 with the proceeds from certain equity offerings at a redemption price equal to 104.625% of the principal amount of the 4.625% Senior Notes, together with accrued and unpaid interest. Furthermore, the Company may be required to make an offer to purchase the 4.625% Senior Notes upon the sale of certain assets or upon specific kinds of changes of control.

In July 2020, the Company issued \$350.0 million aggregate principal amount of 6.125% senior unsecured notes (the "6.125% Senior Notes"). The 6.125% Senior Notes will mature on August 1, 2028. Interest on the 6.125% Senior Notes is payable on February 1st and August 1st of each year. The 6.125% Senior Notes will be redeemable at the Company's option, in whole or in part, at any time on or after August 1, 2023, and the redemption price for the 6.125% Senior Notes if redeemed during the 12 months beginning (i) August 1, 2023 is 103.063%, (ii) August 1, 2024 is 102.042%, (iii) August 1, 2025 is 101.021% and (iv) August 1, 2026 and thereafter is 100.000%, in each case together with accrued and unpaid interest. The Company may also redeem some or all of the 6.125% Senior Notes before August 1, 2023 at a redemption price of 100% of the principal amount of the 6.125% Senior Notes, plus a "make-whole" premium, together with accrued and unpaid interest. In addition, the Company may redeem up to 40% of the original aggregate principal amount of the 6.125% Senior Notes before August 1, 2023 with the proceeds from certain equity offerings at a redemption price equal to 106.125% of the principal amount of the 6.125% Senior Notes, together with accrued and unpaid interest. Furthermore, the Company may be required to make an offer to purchase the 6.125% Senior Notes upon the sale of certain assets or upon specific kinds of changes of control.

Note Payable

In March 2019, the Company entered into a Note and Unit Purchase Agreement with an investor. Pursuant to the agreement, the Company issued a promissory note with a principal amount of \$100 million (the Promissory Note). In November 2019, the Promissory Note was replaced with a new amended and restated promissory note with a principal amount of \$100 million, and the investor converted certain of its members' interests to a \$43.5 million promissory note. The new \$100 million promissory note, together with the \$43.5 million promissory note, are collectively referred to herein as the New Promissory Note. During the year ended December 31, 2021, the Company repaid the outstanding principal balance of \$143.5 million under the New Promissory Note. In connection with such repayment, the Company paid debt prepayment penalties of \$16.2 million, reflecting the previously disclosed 10% prepayment penalty plus an incremental amount negotiated as part of the repayment transactions. In addition, the Company wrote off \$2.0 million of unamortized deferred financing costs. The prepayment penalties and the write-off of the unamortized deferred financing costs are

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included in loss on extinguishment of debt in the accompanying consolidated statements of operations for the year ended December 31, 2021. The outstanding principal balance under the New Promissory Note bore interest at a rate of 12%.

The future maturity of total debt, excluding unamortized deferred financing fees, at December 31, 2023 is as follows (in thousands).

Twelve months ended December 31,

2024	\$	53,368
2025		40,000
2026		626,632
2027		—
2028		350,000
Thereafter		1,100,000
Total debt maturity	\$	2,170,000

(11) Stockholders' Equity

AdaptHealth, f/k/a DFB Healthcare Acquisitions Corp. ("DFB"), was originally formed in November 2017 as a publicly traded special purpose acquisition company for the purpose of effecting a merger, capital stock exchange, asset acquisition, stock purchase, reorganization, or similar business combination involving one or more businesses. On July 8, 2019, AdaptHealth Holdings LLC ("AdaptHealth Holdings") entered into an Agreement and Plan of Merger (the "Merger Agreement"), as amended on October 15, 2019, with DFB, pursuant to which AdaptHealth Holdings combined with DFB (the "Business Combination"). The Business Combination closed on November 8, 2019. In connection with the Business Combination, the name of the combined company was changed to AdaptHealth Corp.

Following the closing of the Business Combination, AdaptHealth Corp. owned 56% of the combined company with the remaining 44% owned by the former owners of AdaptHealth Holdings in the form of common units representing limited liability company interests in AdaptHealth Holdings from and after the closing of the Business Combination ("New AdaptHealth Units"). The former owners of AdaptHealth Holdings held New AdaptHealth Units and a corresponding number of non-economic Class B Common stock, which enabled the holder to one vote per share, and were exchangeable on a one-to-one basis for shares of Class A Common Stock. Subsequent to the Business Combination, all of the common unit interests of AdaptHealth Holdings and a corresponding number of shares of Class B Common Stock were exchanged for shares of Class A Common Stock, of which the final 13,218,758 of the exchanges occurred on January 1, 2021. As a result, the prior holders of the common unit interests of AdaptHealth Holdings no longer own a direct noncontrolling economic interest in AdaptHealth Holdings. In connection with the January 2021 exchanges, the Company recorded a decrease to the Noncontrolling interest in subsidiaries of \$77.9 million in the accompanying consolidated statements of stockholders' equity.

The Company filed its Third Amended and Restated Certificate of Incorporation (the "Certificate of Incorporation") on July 28, 2021. Among other things, the Certificate of Incorporation (x) increased the authorized number of shares of Common Stock from 245,000,000 shares of Common Stock to 300,000,000 shares of Common Stock and (y) (i) deleted provisions no longer applicable following the exchange of all outstanding New AdaptHealth Units and shares of Class B Common Stock for shares of Class A Common Stock and (ii) renamed the Company's Class A Common Stock to Common Stock. Holders of Common Stock are entitled to one vote for each share. The shares of Preferred Stock (see below) shall be issued with such designations, voting and other rights and preferences as may be determined from time to time by the Company's board of directors.

Common Stock

In January 2021, the Company issued 8,450,000 shares of Class A Common Stock at a price of \$ 33.00 per share pursuant to an underwritten public offering (the 2021 Stock Offering) for gross proceeds of \$278.9 million. In connection

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with the 2021 Stock Offering, the Company received proceeds of \$ 265.0 million, which is net of the underwriting discount. A portion of the proceeds from the 2021 Stock Offering were used to partially finance the cash portion of the purchase price for the acquisition of AeroCare, and to pay related fees and expenses. In connection with the 2021 Stock Offering, the Company paid offering costs, inclusive of the underwriting discount, of \$13.8 million.

Preferred Stock

In June 2020, the Company entered into an exchange agreement ("the Exchange Agreement") with an investor pursuant to which the investor exchanged 15,810,547 shares of the Company's Class A Common Stock for 158,105.47 shares of Series B-1 Preferred Stock, par value \$ 0.0001 per share. The Series B-1 Preferred Stock liquidation preference is limited to its par value of \$0.0001 per share. The Series B-1 Preferred Stock will participate equally and ratably on an as-converted basis with the holders of Common Stock in all cash dividends paid on the Common Stock. The Series B-1 Preferred Stock is non-voting. The holder may convert each share of Series B-1 Preferred Stock into 100 shares of Common Stock (subject to certain anti-dilution adjustments) at its election, except to the extent that following such conversion, the number of shares of Common Stock held by such holder and its affiliates exceed 4.9% of the outstanding Common Stock of the Company. During the year ended December 31, 2021, 39,500 shares of Series B-1 Preferred Stock were converted into 3,950,000 shares of Common Stock. There were no such conversions during the years ended December 31, 2023 and 2022.

As discussed in Note 3, *Acquisitions*, the Company issued 130,474.73 shares of Series C Convertible Preferred Stock in connection with the acquisition of AeroCare. The Series C Convertible Preferred Stock liquidation preference was limited to its par value of \$0.0001 per share. The Series C Convertible Preferred Stock participated equally and ratably on an as-converted basis with the holders of Common Stock in all potential cash dividends paid on the Common Stock. The Series C Convertible Preferred Stock was non-voting. On March 3, 2021, the Company's stockholders approved, for purposes of complying with Nasdaq Listing Rule 5635, the issuance of shares of the Company's Common Stock, representing equal to or greater than 20% of the outstanding common stock or voting power of the Company issuable upon conversion of the Series C Convertible Preferred Stock issued to the former equity holders of AeroCare, by removal of the conversion restriction that prohibits such conversion of Series C Convertible Preferred Stock. Following the receipt of the approval of the Company's stockholders, the holders were able to elect to convert, and the Company was able to elect to effect a mandatory conversion of, each share of Series C Convertible Preferred Stock into 100 shares of Common Stock (subject to certain anti-dilution adjustments). The Company elected to effect a mandatory conversion of the Series C Convertible Preferred Stock, and the conversion of 130,474.73 shares of Series C Convertible Preferred Stock to 13,047,473 shares of Common Stock occurred on March 18, 2021.

Treasury Stock

In May 2022, the Company's board of directors authorized a share repurchase program for up to \$ 200.0 million of the Company's Common Stock, which expired on December 31, 2023 (the "Share Repurchase Program"). The timing and actual number of shares repurchased depended upon market conditions and other factors. Shares of the Company's Common Stock were repurchased from time to time on the open market, through privately negotiated transactions or otherwise. During the years ended December 31, 2023 and 2022, the Company purchased 3,184,200 and 750,835 shares of the Company's Common Stock, respectively, for \$29.3 million and \$14.0 million, respectively, under the Share Repurchase Program, which is reflected in Treasury Stock in the accompanying consolidated statements of stockholders' equity.

Warrants

At the closing of the Business Combination, the Company had 12,666,666 warrants outstanding. Each warrant is exercisable into one share of Common Stock at a price of \$11.50 per share. The exercise price and number of shares of Common Stock issuable upon exercise of the warrants may be adjusted in certain circumstances including in the event of a share dividend, or recapitalization, reorganization, merger or consolidation. However, the warrants will not be adjusted for the issuance of common stock at a price below its exercise price. There were no warrants exercised during the year ended December 31, 2023. During the year ended December 31, 2022, 184,870 warrants were exercised in cashless transactions resulting in the issuance of 87,553 shares of Common Stock. During the year ended December 31, 2021, 224,121 warrants

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were exercised in a cashless transaction resulting in the issuance of 118,379 shares of Common Stock. As of December 31, 2023, the Company had 3,871,557 warrants outstanding, which have an expiration date of November 20, 2024.

The Company classifies its warrants as a liability in its consolidated balance sheets because of certain terms included in the corresponding warrant agreement. The estimated fair value of the warrants is recorded as a liability, with such fair value reclassified to stockholders' equity upon the exercise of such warrants. Prior to exercise, the change in the estimated fair value of such warrants each period is recognized as a non-cash charge or gain in the Company's consolidated statements of operations.

A reconciliation of the changes in the warrant liability during the years ended December 31, 2023, 2022 and 2021 was as follows (in thousands):

Estimated fair value of warrant liability at December 31, 2020	\$	113,905
Change in estimated fair value of the warrant liability		(53,181)
Reclassification of warrant liability to equity for exercised warrants		(2,960)
Estimated fair value of warrant liability at December 31, 2021		57,764
Change in estimated fair value of the warrant liability		(17,158)
Reclassification of warrant liability to equity for exercised warrants		(2,103)
Estimated fair value of warrant liability at December 31, 2022		38,503
Change in estimated fair value of the warrant liability		(34,482)
Estimated fair value of warrant liability at December 31, 2023	\$	4,021

The warrant liability is classified as a current liability at December 31, 2023 in the accompanying consolidated balance sheets since the expiration date of the warrants is less than one year as of such date.

Contingent Consideration Common Shares

Pursuant to the Merger Agreement, the former owners of AdaptHealth Holdings who received Class A Common Stock and Class B Common Stock in connection with the Business Combination were entitled to receive earn-out consideration to be paid in the form of Common Stock, if the average price of the Company's Common Stock for the month of December prior to each measurement date equaled or exceeded certain hurdles set forth in the Merger Agreement (Contingent Consideration Common Shares). The former owners of AdaptHealth Holdings were entitled to receive 1,000,000 shares of Common Stock on each of December 31, 2022, 2021, and 2020 based on an average stock price hurdle of \$22, \$18 and \$15, respectively, during the applicable measurement period. The average stock price hurdle was achieved for the applicable measurement periods as of the December 31, 2021 and 2020 measurement dates, which triggered the issuance of 1,000,000 shares of Common Stock on such dates. The average stock price hurdle was not achieved for the applicable measurement period as of the December 31, 2022 measurement date; as such no shares of Common Stock were issued on such date.

The Contingent Consideration Common Shares would have been issued immediately in the event of a change of control as defined in the Merger Agreement. The estimated fair value of the Contingent Consideration Common Shares was recorded as a liability in the Company's consolidated balance sheets, with such fair value reclassified to stockholders' equity upon the issuance of any shares that were earned. Prior to issuance, the change in the estimated fair value of such shares each period was recognized as a non-cash charge or gain in the Company's consolidated statements of operations.

The Company estimated the fair value of the contingent consideration common shares liability using a Monte-Carlo simulation analysis. A Monte-Carlo simulation is a tool used to project asset prices based on a widely accepted drift calculation, the volatility of the asset, incremental time-steps and a random component known as a Weiner process that introduces the dynamic behavior in the asset price. In this framework, asset prices follow a log-normal distribution as they fluctuate through time, which the simulation process captures. A specific model can be developed around the projected

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stock price to capture the effects of any market performance conditions on value. Price path specific conditions can be captured in this type of open form model. The Monte-Carlo process expresses potential future scenarios that when simulated thousands of times can be viewed statistically to ascertain fair value. The contingent consideration common shares contain market conditions to determine whether the shares are earned based on the Company's Common Stock price during specified measurement periods. Given the path-dependent nature of the requirement in which the shares are earned, a Monte-Carlo simulation was used to estimate the fair value of the liability. The Company's Common Stock price was simulated to each measurement period based on the methodology described above. In each iteration, the simulated stock price was compared to the conditions under which the shares are earned. In iterations where the stock price corresponded to shares being earned, the future value of the earned shares was discounted back to present value. The fair value of the liability was estimated based on the average of all iterations of the simulation.

As discussed above, on each of December 31, 2021 and 2020, 1,000,000 shares of Common Stock were issued in connection with the portion of the Contingent Consideration Common Shares which were earned as of such dates. As a result, the estimated fair value related to such shares was reclassified to stockholders' equity in the periods in which they were earned, with such shares reflected as issued and outstanding Common Stock. In accordance with U.S. GAAP, the estimated fair value related to the remaining 1,000,000 Contingent Consideration Common Shares was reclassified to stockholders' equity at December 31, 2021. Since the fair value of these shares was reclassified to stockholders' equity on December 31, 2021, these shares were no longer liability classified as of such date and therefore the changes in the estimated fair value of such shares were not recognized in the Company's consolidated statements of operations subsequent to December 31, 2021. As of December 31, 2021, the Company recorded a deferred tax asset of \$1.6 million in connection with the accounting for the Contingent Consideration Common Shares. As discussed above, the estimated fair value related to the unearned Contingent Consideration Common Shares was reclassified to stockholders' equity as of December 31, 2021 and was settled without share issuance as of December 31, 2022. Correspondingly, the Company reversed the \$ 1.6 million deferred tax asset for the Contingent Consideration Common Shares through a reduction to Additional-paid-in capital during the year ended December 31, 2022.

A reconciliation of the changes in the contingent consideration common shares liability related to the Contingent Consideration Common Shares during the year ended December 31, 2021 was as follows (in thousands):

Estimated fair value of contingent consideration common shares liability at December 31, 2020	\$	70,477
Change in estimated fair value of the contingent consideration common shares liability		(29,389)
Reclassification of contingent consideration common shares liability to equity		(41,088)
Estimated fair value of contingent consideration common shares liability at December 31, 2021	\$	—

Equity-based Compensation

In connection with the Company's 2019 Stock Incentive Plan (the "2019 Plan"), the Company provides equity-based compensation to attract and retain employees while also aligning employees' interest with the interests of its stockholders. The 2019 Plan permits the grant of various equity-based awards to selected employees and non-employee directors. The 2019 Plan permits the grant of up to 10,000,000 shares of Common Stock, subject to certain adjustments and limitations. At December 31, 2023, 1,039,484 shares of the Company's Common Stock were available for issuance under the 2019 Plan.

Stock Options

In January 2021, the Company granted 703,170 options to purchase shares of the Company's Common Stock to certain senior executives of the Company. The options vest ratably over a three-year period from the date of grant based on a service condition and have a contractual exercise period of five years from the date of grant. The total grant-date fair value of the options granted, using a Black-Scholes option pricing model, was \$ 6.9 million. During the year ended December 31, 2021, 234,390 of the options from this grant were forfeited as a result of the resignation of the Company's former Co-CEO (see discussion below).

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In November 2019, the Company granted 3,416,666 options to purchase shares of Common Stock of the Company to certain senior management employees that have an exercise price of \$11.50 per share and a contractual exercise period of ten years from the date of grant. The grant-date fair value of the awards, using a Black-Scholes option pricing model, was \$7.2 million. In April 2020, the Company granted 47,335 options to purchase shares of Common Stock of the Company to an employee that had an exercise price of \$16.25 per share. The grant-date fair value of the awards, using a Black-Scholes option pricing model, was \$0.3 million. The vesting conditions relating to the total 3,464,001 options included a defined performance condition with a measurement period during the year ended December 31, 2020 which was satisfied, and also a service condition. In June 2021, in connection with the resignation of the Company's former Co-CEO (see discussion below), the Company accelerated the vesting of 184,932 options. In connection with the accelerated vesting, the Company recognized \$1.9 million of equity-based compensation expense, which is included in general and administrative expenses during the year ended December 31, 2021 in the accompanying consolidated statements of operations. Of the total options granted, 722,222, 722,222 and 1,154,667 options vested on December 31, 2022, 2021 and 2020 respectively. In addition, 679,958 options were forfeited during the year ended December 31, 2021, primarily relating to the resignation of the Company's former Co-CEO.

On April 13, 2021, the Company placed its then Co-Chief Executive Officer, Luke McGee, on unpaid leave while a matter relating to his past private activity was pending. On April 20, 2021, the Company's board of directors unanimously approved the formation of a Special Committee of Board members to conduct a full investigation of Mr. McGee's alleged personal conduct. In addition, the Company's board of directors also approved the retention of an independent law firm to assist the Special Committee in facilitating the investigation. Mr. McGee had no role in, and was entirely recused from, the investigation. On June 11, 2021, the independent law firm reported to the Special Committee that the investigation was substantially complete and that they could state with a high degree of confidence that the Company had no involvement in, or connection to, Mr. McGee's alleged conduct. The investigation was completed in October 2021 resulting in no changes to the findings communicated in June 2021. On June 14, 2021, the Company and Mr. McGee agreed that Mr. McGee would resign from his positions as Co-CEO and a Director of the Company effective as of June 11, 2021. In connection with Mr. McGee's resignation, the Company accelerated the vesting of certain unvested stock options as discussed above, and also accelerated the vesting of certain unvested shares of restricted stock (see discussion below). Other than the accelerated vesting of the stock options and shares of restricted stock, and back pay paid to Mr. McGee relating to his unpaid base wages from April 13, 2021 to June 11, 2021, no other compensation was paid to Mr. McGee in connection with his resignation.

There were no stock options granted during the years ended December 31, 2023 and 2022. The assumptions used to determine the grant-date fair value of the stock options granted during the year ended December 31, 2021 were as follows:

	Year Ended December 31, 2021
Expected volatility	44.5 %
Risk-free interest rate	0.2 %
Expected term	4.0 years
Dividend yield	N/A

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The following table provides the activity regarding the Company's outstanding stock options during the years ended December 31, 2023, 2022 and 2021 that were granted in connection with the 2019 Plan (in thousands, except per share data):

	Number of Options	Weighted- Average Grant Date Fair Value per Share	Weighted- Average Exercise Price per Share	Weighted-Average Remaining Contractual Term
Outstanding, December 31, 2020	3,464	\$ 2.18	\$ 11.56	
Granted	703	\$ 9.81	\$ 48.72	
Exercised	(1,034)	\$ 2.19	\$ 11.57	
Forfeited	(914)	\$ 2.27	\$ 11.66	
Outstanding, December 31, 2021	2,219	\$ 3.75	\$ 19.36	
Activity - none	—			
Outstanding, December 31, 2022	2,219	\$ 3.75	\$ 19.36	
Activity - none	—			
Outstanding, December 31, 2023	2,219	\$ 3.75	\$ 19.36	5.1 Years

The following table provides the activity for all outstanding stock options during the years ended December 31, 2023, 2022 and 2021 (in thousands, except per share data):

	Number of Options	Weighted- Average Exercise Price per Share	Weighted-Average Remaining Contractual Term
Outstanding, December 31, 2020	3,464	\$ 11.56	
Granted	703	\$ 48.72	
Issued in connection with the AeroCare acquisition	3,960	\$ 6.24	
Exercised	(1,447)	\$ 10.16	
Forfeited	(914)	\$ 11.66	
Outstanding, December 31, 2021	5,766	\$ 11.26	
Exercised	(804)	\$ 5.69	
Outstanding, December 31, 2022	4,962	\$ 12.19	
Exercised	(1,553)	\$ 6.24	
Outstanding, December 31, 2023	3,409	\$ 14.90	4.9 Years

During the year ended December 31, 2023, 211,185 stock options were exercised resulting in \$0.6 million of cash proceeds received by the Company and the issuance of 211,185 shares of the Company's Common Stock. Also, during the year ended December 31, 2023, 1,341,770 stock options were exercised in cashless transactions resulting in the issuance of 228,466 shares of the Company's Common Stock. During the year ended December 31, 2022, 489,191 stock options were exercised resulting in \$2.5 million of cash proceeds received by the Company and the issuance of 489,191 shares of the Company's Common Stock. Additionally, during the year ended December 31, 2022, 315,349 stock options were exercised in cashless transactions resulting in the issuance of 131,741 shares of Common Stock. During the year ended December 31, 2021, 1,138,982 stock options were exercised resulting in \$12.3 million of cash proceeds received by the Company.

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Additionally, during the year ended December 31, 2021, 307,613 stock options were exercised in cashless transactions resulting in the issuance of 133,126 shares of Common Stock.

The following table provides the activity for exercisable stock options during the years ended December 31, 2023, 2022, and 2021 (in thousands, except per share data):

	Number of Options	Weighted- Average Exercise Price per Share	Weighted-Average Remaining Contractual Term
Exercisable, December 31, 2020	1,155	\$ 11.56	
Issued in connection with the AeroCare acquisition	3,960	\$ 6.24	
Vested	907	\$ 11.50	
Exercised	(1,447)	\$ 10.16	
Exercisable, December 31, 2021	4,575	\$ 7.39	
Vested	878	\$ 18.12	
Exercised	(804)	\$ 5.69	
Exercisable, December 31, 2022	4,649	\$ 9.73	
Vested	234	\$ 48.72	
Exercised	(1,553)	\$ 6.24	
Exercisable, December 31, 2023	3,330	\$ 14.10	4.9 Years

The following table provides the activity for unexercisable stock options during the years ended December 31, 2023, 2022 and 2021 (in thousands, except per share data):

	Number of Options	Weighted- Average Exercise Price per Share	Weighted-Average Remaining Contractual Term
Unexercisable, December 31, 2020	2,309	\$ 11.56	
Granted	703	\$ 48.72	
Vested	(907)	\$ 11.50	
Forfeited	(914)	\$ 11.66	
Unexercisable, December 31, 2021	1,191	\$ 26.15	
Vested	(878)	\$ 18.12	
Unexercisable, December 31, 2022	313	\$ 48.72	
Vested	(234)	\$ 48.72	
Unexercisable, December 31, 2023	79	\$ 48.72	2.1 Years

Restricted Stock

During the year ended December 31, 2023, the Company granted the following shares of restricted stock:

- 732,810 shares to various employees which vest ratably over the three-year period following the vesting commencement date (which is generally the grant date), subject to the employees' continuous

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employment through the applicable vesting date. The grant-date fair value of these awards was \$ 9.3 million.

- 58,795 shares to various employees which vested immediately on the grant date. The grant-date fair value of these awards was \$ 0.5 million.
- 139,190 shares to its non-employee directors, which vest one year following the grant date. The grant-date fair value of these awards was \$1.4 million.
- 53,732 shares to its interim CEO, which vest on the two-month anniversary following the grant date. The grant-date fair value of these awards was \$0.5 million.
- 327,000 shares of performance-vested restricted stock units ("Performance RSUs") to senior executive management of the Company which will vest on the third anniversary of the vesting commencement date (February 1, 2023) subject to the achievement of specified goals relative to the Company's three-year relative total shareholder return ("Relative TSR") performance versus the Company's defined peer group (the "Peer Group"), which is considered a market condition, and is also subject to the employees' continuous employment through the vesting date. The grant-date fair value of these awards, using a Monte-Carlo simulation analysis, was \$6.6 million. The payout of shares on the vesting date are as follows based on the Company's Relative TSR versus the Peer Group (for performance between the stated goals noted below, straight-line interpolation will be applied):
 - Less than 25th Percentile – No payout
 - Greater than or equal to 25th Percentile – 50% of Performance RSUs
 - Equal to 50th Percentile – 100% of Performance RSUs
 - Greater than or equal to 75th Percentile – 200% of Performance RSUs

During the year ended December 31, 2022, the Company granted the following shares of restricted stock:

- 562,686 shares to various employees which vest ratably over the three or four-year periods following the vesting commencement date (which is generally the grant date), subject to the employees' continuous employment through the applicable vesting date, and, if applicable, subject to certain performance conditions. The grant-date fair value of these awards was \$10.3 million.
- 81,347 shares to its non-employee directors, which vest one year following the grant date. The grant-date fair value of these awards was \$1.5 million.
- 317,554 shares of Performance RSUs to senior executive management of the Company which will vest on the third anniversary of the grant date subject to the achievement of specified goals relative to the Company's three-year Relative TSR performance versus the Company's Peer Group, and is also subject to the employees' continuous employment through the vesting date. The grant-date fair value of these awards, using a Monte-Carlo simulation analysis, was \$8.7 million. The payout of shares on the vesting date are as follows based on the Company's Relative TSR versus the Peer Group (for performance between the stated goals noted below, straight-line interpolation will be applied):
 - Less than 25th Percentile – No payout
 - Greater than or equal to 25th Percentile – 50% of Performance RSUs
 - Equal to 50th Percentile – 100% of Performance RSUs
 - Greater than or equal to 75th Percentile – 200% of Performance RSUs

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During the year ended December 31, 2021, the Company granted the following shares of restricted stock:

- 1,266,846 shares to various employees which vest ratably over the three or four-year periods following the vesting commencement date (which is generally the grant date), subject to the employees' continuous employment through the applicable vesting date, and if applicable, subject to certain performance conditions. The grant-date fair value of these awards was \$37.1 million.
- 87,500 shares to various employees and non-employee directors which vest ratably over the one-year period following the grant dates. The grant-date fair value of these awards was \$2.0 million.
- 70,634 fully vested shares of Common Stock to various employees which had a grant-date fair value of \$ 2.4 million.

During the year ended December 31, 2021, in connection with the resignation of the Company's former Co-CEO, the Company accelerated the vesting of 22,192 shares of restricted stock that were granted in November 2019, and the remaining 77,808 unvested shares from the November 2019 grant were forfeited. In connection with the accelerated vesting of the 22,192 shares, the Company recorded \$0.5 million of equity-based compensation expense, which is included in general and administrative expenses during the year ended December 31, 2021 in the accompanying consolidated statements of operations.

Activity related to the Company's non-vested restricted stock grants for the years ended December 31, 2023, 2022 and 2021 is presented below (in thousands, except per share data):

	Number of Shares of Restricted Stock	Weighted- Average Grant Date Fair Value per Share
Non-vested balance, December 31, 2020	2,248	\$ 15.60
Granted	1,354	\$ 28.92
Vested	(556)	\$ 14.03
Forfeited	(851)	\$ 17.64
Non-vested balance, December 31, 2021	2,195	\$ 19.58
Granted	962	\$ 21.26
Vested	(700)	\$ 19.99
Forfeited	(196)	\$ 20.60
Non-vested balance, December 31, 2022	2,261	\$ 23.90
Granted	1,311	\$ 13.85
Vested	(1,063)	\$ 19.59
Forfeited	(441)	\$ 25.95
Non-vested balance, December 31, 2023	2,068	\$ 19.16

Incentive Units

AdaptHealth Holdings granted Incentive Units in June 2019 (the "2019 Incentive Units") to certain members of management. The 2019 Incentive Units were intended to constitute profits interests and were granted for purposes of enabling such individuals to participate in the long-term growth and financial success of the Company and were issued in exchange for services to be performed. The grant date fair value of the 2019 Incentive Units, as calculated under an Option Pricing Method, was \$4.5 million. With respect to the 2019 Incentive Units, 50% of the awards were scheduled to vest in

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equal annual installments on each of the first four anniversaries of the Vesting Commencement Date as defined in the agreements (May 20, 2019). The first 25% of this portion of the 2019 Incentive Units vested in May 2020, and in January 2021, the vesting of the remaining unvested units associated with this portion of the 2019 Incentive Units was accelerated. The Company recognized \$1.5 million of equity-based compensation expense during the year ended December 31, 2021 in connection with such acceleration. The remaining 50% of the awards had initial vesting terms based upon a performance condition. In connection with the Business Combination, the vesting condition for this portion of the 2019 Incentive Units was changed to vest quarterly during the one year period subsequent to the closing of the Business Combination, and as such all of the units associated with this portion of the 2019 Incentive Units were fully vested in November 2020.

Equity-Based Compensation Expense

The table below presents the equity-based compensation expense recognized during the years ended December 31, 2023, 2022 and 2021, as well the classification of amounts in the consolidated statements of operations (in thousands):

	Year Ended December 31,		
	2023	2022	2021
General and administrative expense	\$ 19,586	\$ 15,760	\$ 18,021
Cost of net revenue	\$ 2,882	\$ 6,637	\$ 7,302
Total	<u>\$ 22,468</u>	<u>\$ 22,397</u>	<u>\$ 25,323</u>

The Company recognized an increase to income tax expense of \$ 0.6 million for the year ended December 31, 2023 as a result of a shortfall associated with equity-based compensation. The Company recognized a reduction to income tax expense of \$2.1 million and \$4.6 million for the years ended December 31, 2022 and 2021, respectively, as a result of excess tax benefits associated with equity-based compensation.

At December 31, 2023, there was \$21.1 million of unrecognized compensation expense related to equity-based compensation awards, which is expected to be recognized over a weighted-average period of 1.7 years.

Effective June 30, 2023, Stephen Griggs resigned as Chief Executive Officer and did not stand for reelection as a member of the Company's board of directors at the Company's annual shareholder meeting. In connection with Mr. Griggs' separation, the Company accelerated the vesting of 78,130 unvested stock options and 143,739 unvested shares of restricted stock which were subject to time-based vesting conditions only. In addition, the Company modified the vesting conditions for 159,555 shares of Performance RSU's to allow for vesting based on the achievement of the applicable Relative TSR, but no longer requires continuous employment through the applicable vesting date. In connection with the accelerated vesting and modification, the Company recognized \$4.0 million of equity-based compensation expense, which is included in general and administrative expenses in the accompanying consolidated statements of operations for the year ended December 31, 2023.

(12) Earnings (Loss) Per Share

Earnings Per Share ("EPS") is computed by dividing net (loss) income by the weighted average number of common shares outstanding during the period on a basic and diluted basis. The Company computes diluted net (loss) income per share using the more dilutive of the treasury stock method and the two-class method after giving effect to all potential dilutive Common Stock.

The Company's potentially dilutive securities include potential common shares related to outstanding warrants, unvested restricted stock, outstanding stock options and outstanding preferred stock. See [Note 11, Stockholders' Equity](#), for additional discussion of these potential dilutive securities.

Diluted net (loss) income per share considers the impact of potentially dilutive securities except when the potential common shares have an antidilutive effect. The Company's outstanding preferred stock are considered participating

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securities, thus requiring the two-class method of computing diluted net (loss) income per share. Computation of diluted net (loss) income per share under the two-class method excludes from the numerator any dividends paid or owed on participating securities and any undistributed earnings considered to be attributable to participating securities. The related participating securities are similarly excluded from the denominator.

Computations of basic and diluted net (loss) income per share were as follows (in thousands, except per share data):

	Year Ended December 31,		
	2023	2022	2021
Numerator			
Net (loss) income attributable to AdaptHealth Corp.	\$ (678,895)	\$ 69,316	\$ 156,175
Less: Earnings allocated to participating securities ⁽¹⁾	—	5,867	14,379
Net (loss) income for basic EPS	\$ (678,895)	\$ 63,449	\$ 141,796
Change in fair value of warrant liability ⁽²⁾	(34,482)	(17,158)	(53,181)
Net (loss) income for diluted EPS	\$ (713,377)	\$ 46,291	\$ 88,615
Denominator ^{(1) (2)}			
Basic weighted-average common shares outstanding	134,156	134,175	126,306
Add: Warrants ⁽²⁾	262	1,528	2,377
Add: Stock options	—	2,512	3,782
Add: Unvested restricted stock	—	773	569
Diluted weighted-average common shares outstanding	134,418	138,988	133,034
Basic net (loss) income per share	\$ (5.06)	\$ 0.47	\$ 1.12
Diluted net (loss) income per share	\$ (5.31)	\$ 0.33	\$ 0.67

(1) The Company's preferred stock are considered participating securities. Computation of EPS under the two-class method excludes from the numerator any dividends paid or owed on participating securities and any undistributed earnings considered to be attributable to participating securities. The related participating securities are similarly excluded from the denominator. There was no amount allocated to the participating securities during the year ended December 31, 2023 due to the net loss reported in that period.

(2) For the years ended December 31, 2023, 2022 and 2021, the impact to earnings from the change in fair value of the Company's warrant liability is excluded from the numerator, and the corresponding security is included in the denominator, for purposes of computing diluted net (loss) income per share. This adjustment is included as the effect of the numerator and denominator adjustments for this derivative instrument is dilutive as a result of the non-cash gains recorded for the change in fair value of this instrument during those periods.

Due to the Company reporting a net loss attributable to AdaptHealth Corp. for the year ended December 31, 2023, all potentially dilutive securities related to unvested restricted stock and outstanding stock options were excluded from the computation of diluted net loss per share for that period as their inclusion would have been anti-dilutive.

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The table below provides the weighted-average number of potential common shares associated with outstanding securities not included in the Company's computation of diluted net (loss) income per share for the years ended December 31, 2023, 2022 and 2021 because to do so would be antidilutive (in thousands):

	Year Ended December 31,		
	2023	2022	2021
Preferred Stock	12,406	12,406	12,808
Warrants	—	—	—
Stock Options	3,409	469	—
Unvested restricted stock	1,993	—	—
Total	17,808	12,875	12,808

(13) Leases

The Company leases its operating locations and office facilities under noncancelable lease agreements which expire at various dates through May 2038. Some of these lease agreements include an option to renew at the end of the term. The Company also leases certain office facilities on a month-to-month basis. In some instances, the Company is also required to pay its pro rata share of real estate taxes and utility costs in connection with the premises. Some of the leases contain fixed annual increases of minimum rent.

The Company's leases frequently allow for lease payments that could vary based on factors such as inflation and the incurrence of contractual charges such as those for common area maintenance or utilities.

Renewal and/or early termination options are common in the lease arrangements, particularly with respect to real estate leases. The Company's right-of-use assets and lease liabilities generally include periods covered by renewal options and exclude periods covered by early termination options (based on the conclusion that it is reasonably certain that the Company will exercise such renewal options and not exercise such early termination options).

The Company is also party to certain sublease arrangements related to real estate leases, where the Company acts as the lessee and intermediate lessor.

The Company leases certain of its vehicles through finance leases. The finance lease obligations represent the present value of minimum lease payments under the respective agreement, payable monthly at various interest rates.

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The following table presents information about the Company's right-of-use assets and lease liabilities as of December 31, 2023 and 2022 (in thousands):

		December 31,	
		2023	2022
Consolidated Balance Sheets Line Item			
Right-of-use ("ROU") assets:			
Operating lease ROU assets	Operating lease right-of-use assets	\$ 110,465	\$ 129,506
Finance lease ROU assets	Finance lease right-of-use assets	31,962	5,423
Finance lease ROU assets	Equipment and other fixed assets, net	—	103
Total ROU assets		\$ 142,427	\$ 135,032
Operating lease liabilities:			
Current operating lease liabilities	Current portion of operating lease obligations	\$ 29,270	\$ 30,001
Noncurrent operating lease liabilities	Operating lease obligations, less current portion	85,529	104,394
Total operating lease liabilities		\$ 114,799	\$ 134,395
Finance lease liabilities:			
Current finance lease liabilities	Current portion of finance lease obligations	\$ 9,122	\$ 2,211
Noncurrent finance lease liabilities	Finance lease obligations, less current portion	22,746	3,950
Total finance lease liabilities		\$ 31,868	\$ 6,161

The following table presents information about lease costs and expenses and sublease income for the years ended December 31, 2023 and 2022 (in thousands). The amounts below, with the exception of interest on lease liabilities, are included in cost of net revenue in the accompanying consolidated statements of operations for the periods presented. The interest on lease liabilities is included in interest expense, net in the accompanying consolidated statements of operations for the periods presented.

	Year Ended December 31,		
	2023	2022	2021
Operating lease costs	\$ 38,365	\$ 37,822	\$ 37,043
Finance lease costs:			
Reduction of ROU assets	\$ 5,761	\$ 8,246	\$ 33,689
Interest on lease liabilities	\$ 1,058	\$ —	\$ —
Other lease costs and income:			
Variable leases costs ⁽¹⁾	\$ 20,769	\$ 17,758	\$ 14,030
Sublease income	\$ 1,427	\$ 1,380	\$ 1,239

- (1) Amounts represent variable costs incurred that were not included in the initial measurement of the lease liability such as common area maintenance and utilities costs associated with leased real estate.

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The following table provides the weighted average remaining lease terms and weighted average discount rates for the Company's leases as of December 31, 2023 and 2022:

	December 31,	
	2023	2022
Weighted average remaining lease term, weighted based on lease liability balances:		
Operating leases	5.6 years	6.2 years
Finance leases	3.6 years	3.7 years
Weighted average discount rate, weighted based on remaining balance of lease payments:		
Operating leases	4.4 %	3.9 %
Finance leases	6.7 %	3.5 %

The following table provides the undiscounted amount of future cash flows related to the Company's operating and finance leases, as well as a reconciliation of such undiscounted cash flows to the amounts included in the Company's lease liabilities as of December 31, 2023 (in thousands):

	Operating Leases	Finance Leases
2024	\$ 33,335	\$ 10,782
2025	28,111	10,129
2026	20,306	9,095
2027	13,560	5,612
2028	10,634	44
Thereafter	24,217	—
Total future undiscounted leases payments	\$ 130,163	\$ 35,662
Less: amount representing interest	(15,364)	(3,794)
Present value of future lease payments (lease liability)	\$ 114,799	\$ 31,868

The following table provides certain cash flow and supplemental non-cash information related to the Company's lease liabilities for the years ended December 31, 2023 and 2022 (in thousands):

	Year Ended December 31,		
	2023	2022	2021
Cash paid for amounts included in the measurement of lease liabilities:			
Operating cash payments for operating leases	\$ 38,328	\$ 37,486	\$ 36,510
Financing cash payments for finance leases	\$ 6,769	\$ 16,176	\$ 42,164
Lease liabilities arising from obtaining right-of-use assets:			
Operating leases	\$ 22,000	\$ 22,543	\$ 91,420
Finance leases	\$ 32,101	\$ 5,423	\$ 22,959

(14) Retirement Plans

At December 31, 2023, the Company had a single consolidated retirement plan (the "AdaptHealth Plan"). The AdaptHealth Plan allows employees to contribute up to the annual limitation imposed by the Internal Revenue Code. The Company makes matching contributions to the AdaptHealth Plan. During the years ended December 31, 2023, 2022, and

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2021, the Company recorded matching contribution expense of \$ 5.6 million, \$4.7 million, and \$2.9 million, respectively, related to the AdaptHealth Plan.

(15) Self-Insured Plans

The Company was self-insured for its employees' medical, auto and workers' compensation claims during 2023, 2022 and 2021. The Company purchased medical stop loss insurance that covers the excess of each specific loss over \$300,000 in 2023 and 2022, and \$ 225,000 in 2021. In 2023, 2022 and 2021, the Company purchased workers' compensation stop loss insurance which has occurrence-based limits that vary by state based on statutory rules. The Company is subject to an aggregate annual limit. Self-insurance reserves include estimates of both known claims filed and estimates of claims incurred but not reported. The Company uses historical paid claims information to estimate its claims liability. The liability for self-insurance reserves was \$19.0 million and \$15.6 million as of December 31, 2023 and 2022, respectively. This liability is included within accounts payable and accrued expenses in the accompanying consolidated balance sheets.

(16) Commitments and Contingencies

In the normal course of business, the Company is subject to loss contingencies, such as legal proceedings and claims arising out of its business that cover a wide range of matters. In accordance with FASB ASC Topic 450, *Accounting for Contingencies*, the Company records accruals for such loss contingencies when it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. If there is no probable estimate within a range of reasonably possible outcomes, the Company's policy is to record at the low end of the range of such reasonably possible outcomes. Significant judgment is required to determine both probability and the estimated amount. The Company reviews its accruals at least quarterly and adjusts accordingly to reflect the impact of negotiations, settlements, rulings, advice of legal counsel, and updated information. At this time, the Company has no material accruals related to lawsuits, claims, investigations and proceedings, except as disclosed below. While there can be no assurance, based on the Company's evaluation of information currently available, the Company's management believes any liability that may ultimately result from resolution of such loss contingencies will not have a material adverse effect on the Company's financial conditions or results of operations. However, the Company's assessment may be affected by limited information. Accordingly, the Company's assessment may change in the future based upon availability of new information and further developments in the proceedings of such matters. The results of legal proceedings are inherently uncertain, and material adverse outcomes are possible. Professional legal fees are expensed as they are incurred.

On July 25, 2017, AdaptHealth Holdings was served with a subpoena by the U.S. Attorney's Office for the United States District Court for the Eastern District of Pennsylvania ("EDPA") pursuant to 18 U.S.C. §3486 to produce certain audit records and internal communications regarding ventilator billing. The investigation focused on billing practices regarding one payor that contracted for bundled payments for certain ventilators. AdaptHealth Holdings cooperated with the investigation and on April 21, 2023, the Company entered into a settlement agreement with the EDPA resolving all allegations and claims related to the investigation without a determination of liability on the part of the Company. In connection with the settlement, the Company made a payment of \$5.3 million, which was fully accrued as of December 31, 2022, and was not required to enter into any post-settlement agreements related to the settlement.

In March 2019, prior to its acquisition by the Company, AeroCare Holdings, Inc. ("AeroCare") was served with a civil investigative demand ("CID") issued by the United States Attorney for the Western District of Kentucky ("WDKY"). The CID sought to investigate allegations that AeroCare improperly billed, or caused others to improperly bill, for oxygen tank contents that were not delivered to beneficiaries. The WDKY requested documents related to such oxygen tank content billing as well as other categories of information. AeroCare cooperated fully with the investigation and on June 23, 2022, the complaint filed in connection with this investigation was dismissed by the United States District Court in the Western District of Kentucky with the consent of the WDKY.

On July 29, 2021, Robert Charles Faille Jr., a purported shareholder of the Company, filed a purported class action complaint against the Company and certain of its current and former officers in the United States District Court for the Eastern District of Pennsylvania for alleged violations of the federal securities laws arising from allegedly false and

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misleading statements and/or failures to disclose material information regarding changes made to the methodology used to calculate the Company's organic growth trajectory. On October 14, 2021, the court appointed Delaware County Employees Retirement System and the Bucks County Employees Retirement System as Lead Plaintiffs. On November 22, 2021, Lead Plaintiffs filed a consolidated complaint against the Company and certain of its current and former officers and directors on behalf of shareholders that purchased or otherwise acquired the Company's stock and options between November 8, 2019 and July 16, 2021 (as to the complaint, the "Consolidated Complaint"; as to the action, the "Consolidated Class Action"). The Consolidated Complaint generally alleges that the defendants violated federal securities laws by making allegedly false and misleading statements and/or failing to disclose material information regarding changes made to the methodology used to calculate the Company's organic growth trajectory and the Company's former Co-CEO's alleged tax fraud arising from certain past private activity. The Consolidated Complaint seeks unspecified damages. On January 20, 2022, the defendants filed a motion to dismiss the Consolidated Complaint, which the court denied on June 9, 2022. On June 7, 2023, the court entered an order staying the Consolidated Class Action pending the outcome of a private mediation between the parties.

On February 26, 2024, defendants entered into a stipulation and agreement of settlement with the Lead Plaintiffs. The Company's portion of the proposed settlement is expected to be funded as follows (i) \$32.2 million of cash from the Company's insurance carriers; (ii) \$17.8 million of cash from the Company; and (iii) 1 million shares of the Company's Common Stock (the "Settlement Shares"). In addition, as part of the proposed settlement, the Company has agreed to the implementation of certain corporate governance reforms. At December 31, 2023, the Company recorded a liability of \$57.3 million, consisting of the aggregate cash payments of \$50.0 million and the fair value of the Settlement Shares, which was determined to be \$ 7.3 million; such liability is included in accounts payable and accrued expenses in the accompanying consolidated balance sheets. In addition, at December 31, 2023, the Company recorded a receivable of \$32.2 million, representing the amount to be received from the Company's insurance carriers, which is included in prepaid expenses and other current assets in the accompanying consolidated balance sheets. For the year ended December 31, 2023, the Company recorded a pre-tax expense of \$25.1 million associated with the proposed settlement, which is included in other loss, net in the accompanying consolidated statements of operations. The Company anticipates that the Settlement Shares will be issued from available Treasury Stock. Upon issuance of the Settlement Shares, \$7.3 million will be reclassified from liabilities to stockholders' equity.

The proposed settlement is subject to preliminary and final Court approval and other customary closing conditions. Upon the effectiveness of the proposed settlement, the Company and its directors and officers as well as the other defendants named in the Consolidated Complaint will be released from the claims that were asserted or could have been asserted in the Consolidated Class Action, with certain limitations, by class members participating in the settlement. The Company has always maintained, and continues to believe, that it did not engage in any wrongdoing or otherwise commit any violation of federal or state securities laws or other laws. The settlement includes no admission of liability or wrongdoing and is subject to court approval. There can be no assurance that the settlement will be finalized and approved and, even if approved, whether the conditions to closing will be satisfied, and the actual outcome of this matter may differ materially from the terms of the settlement described herein.

The Company has also reached an agreement in principle with its directors and officers liability insurers to resolve a proceeding that the Company filed in Delaware Superior Court concerning coverage in connection with the Consolidated Class Action and the Derivative Action discussed immediately below. The proposed settlement will exhaust \$35.0 million in D&O coverage limits available to the Company for the policy period from November 8, 2020 to November 8, 2021. There can be no assurance that the settlement will be finalized or the conditions to closing will be satisfied, and the actual outcome of this matter may differ materially from the terms of the settlement described herein.

On December 6, 2021, a putative shareholder of the Company, Carol Hessler, filed a shareholder derivative complaint against certain current and former directors and officers of the Company in the United States District Court for the Eastern District of Pennsylvania (as to the complaint, the "Derivative Complaint"; as to the action, the "Derivative Action"). The Derivative Complaint generally alleges that the defendants breached their fiduciary duties owed to the Company by, among other things, allegedly causing or allowing misrepresentations and/or omissions regarding changes made to the methodology used to calculate the Company's organic growth and the Company's former Co-CEO's alleged criminal activity and engaging in insider trading. The Derivative Complaint also alleges claims for waste of corporate

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assets and unjust enrichment. Finally, the Derivative Complaint alleges that certain of the individual defendants violated Section 14(a) of the Securities Exchange Act by allegedly negligently issuing, causing to be issued, and participating in the issuance of materially misleading statements to stockholders in the Company's Proxy Statements on Schedule DEF 14A in connection with a Special Meeting of Stockholders, held on March 3, 2021, and the 2021 Annual Meeting of Stockholders, held on July 27, 2021. The Derivative Complaint seeks, among other things, an award of money damages.

On March 4, 2022, the parties to the Derivative Action stipulated to stay the Derivative Action pending final resolution of the Consolidated Class Action. On March 7, 2022, the court so-ordered the parties' stipulation.

The defendants have reached an agreement in principle with the derivative plaintiff to settle the Derivative Action. The settlement, which would include no admission of liability or wrongdoing by the defendants, is subject to negotiation and execution of definitive settlement documentation and court approval. The proposed settlement consideration would consist of certain corporate governance reforms and reasonable attorneys' fees, at an amount to later be determined, to be approved by the court.

Upon the effectiveness of the proposed settlement, the Company and its directors and officers as well as the other defendants named in the Derivative Complaint would be released from the claims that were asserted or could have been asserted in the Derivative Complaint. The proposed settlement is subject to court approval and other customary closing conditions. There can be no assurance that the settlement will be finalized and approved and, even if approved, whether the conditions to settlement will be satisfied, and the actual outcome of this matter may differ materially from the terms of the settlement described herein.

On May 2, 2022, the U.S. Attorney's Office for the Southern District of New York issued a civil investigative demand to a subsidiary of the Company, pursuant to the False Claims Act, 31 U.S.C. § 3733 ("FCA") surrounding whether the subsidiary submitted false claims in violation of the FCA related to its billing of, and reimbursements from, federal health care programs for ventilators provided to patients from January 1, 2015 to the present. The Company is fully cooperating with the investigation. Given the stage of the investigation, it is not possible to determine whether it will have a material adverse effect on the Company.

On October 24, 2023, Allegheny County Employees' Retirement System, a purported shareholder of the Company, filed a purported class action complaint against the Company and certain of its current and former officers, and certain underwriters in the United States District Court for the Eastern District of Pennsylvania (the "Allegheny County Complaint"). The Allegheny County Complaint purports to be asserted on behalf of a class of persons who purchased the Company's stock between August 4, 2020 and February 27, 2023. The Allegheny County Complaint alleges, among other things, that the defendants violated federal securities laws by making allegedly false and misleading statements and/or failing to disclose material information regarding the Company's organic growth in its diabetes business. The Allegheny County Complaint seeks unspecified damages. On January 23, 2024, the court entered an order appointing Allegheny County Employees' Retirement System, International Union of Operating Engineers, Local No. 793, Members Pension Benefit Trust of Ontario, and City of Tallahassee Pension Plan as Lead Plaintiffs. On February 6, 2024, the parties filed a joint stipulation outlining proposed deadlines for Lead Plaintiffs to identify an operative complaint or file an amended or consolidated complaint and for defendants to respond to the operative complaint.

The Company intends to vigorously defend against the allegations contained in the Allegheny County Complaint, but there can be no assurance that the defense will be successful.

(17) Related Party Transactions

The Company and one of its executive officers and shareholder own an equity interest in a vendor of the Company that provides automated order intake software. The individual's equity ownership is less than 1%. The expense related to this vendor was \$11.3 million, \$7.0 million and \$4.9 million for the years ended December 31, 2023, 2022 and 2021, respectively. The Company accounts for this investment under the cost method of accounting based on its level of equity ownership. As of December 31, 2023 and 2022, the Company had an immaterial outstanding accounts payable balance to this vendor.

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A director of the Company serves on the board of directors of a third-party payor that does business with the Company in the normal course of providing services to patients. Net revenue from this third-party payor was less than 1.0% of the Company's consolidated net revenue during the years ended December 31, 2023, 2022 and 2021. As of December 31, 2023 and 2022, the Company had an immaterial outstanding accounts receivable balance from this third-party payor.

A director of the Company is an employee of a beneficial owner of more than 5% of the Company's Common Stock as of December 31, 2023. This beneficial owner is also a minority shareholder of a vendor that provides medical equipment and supplies to the Company in the normal course of business. Purchases from this vendor were approximately \$24.2 million, \$80.3 million, and \$12.3 million during the years ended December 31, 2023, 2022 and 2021, respectively. As of December 31, 2023 and 2022, the Company had \$0.1 million and \$2.1 million, respectively, in outstanding accounts payable to this vendor.

A former regional manager of the Company is a shareholder of a business which provides contract labor to the Company. Payments to this service provider were \$21.8 million, \$20.0 million, and \$18.1 million, respectively, for the years ended December 31, 2023, 2022 and 2021. As of December 31, 2023 and 2022, the Company had \$0.2 million and \$2.2 million, respectively, in outstanding accounts payable to this service provider. The regional manager left the Company effective March 31, 2023 via a separation agreement which provides severance and separation benefits, including a pro rata bonus. Also, the Company and the former employee have entered into a short-term consulting agreement whereby the former employee's services will be available to the Company through March 2024.

(18) Income Taxes

The Company is subject to U.S. federal, state, and local income taxes. For the years ended December 31, 2023, 2022 and 2021, the Company recorded an income tax benefit of \$49.0 million, income tax expense of \$24.8 million, and income tax expense of \$32.8 million, respectively. For the year ended December 31, 2023, the Company recognized a \$64.8 million income tax benefit, and corresponding increase to net deferred tax assets, related to non-cash goodwill impairment charges of \$830.8 million. See Note 5, *Goodwill and Identifiable Intangible Assets*, for additional details.

The current and deferred income tax (benefit) expense for the years ended December 31, 2023, 2022 and 2021 is as follows (in thousands):

	Year Ended December 31,		
	2023	2022	2021
Current:			
Federal	\$ 5,689	\$ (197)	\$ 2,356
State	7,902	6,930	8,070
	13,591	6,733	10,426
Deferred:			
Federal	(42,720)	12,205	22,891
State	(19,875)	5,831	(511)
	(62,595)	18,036	22,380
Total income tax (benefit) expense	\$ (49,004)	\$ 24,769	\$ 32,806

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A reconciliation of the effective income tax rate with the applicable statutory federal income tax rate for the years ended December 31, 2023, 2022 and 2021 is as follows:

	Year Ended December 31,		
	2023	2022	2021
Federal statutory rate	21.0 %	21.0 %	21.0 %
State income taxes, net of federal benefit	1.0 %	3.6 %	3.1 %
Equity-based compensation	(0.4)%	(0.5)%	(1.9)%
Change in valuation allowance	(0.3)%	— %	0.1 %
Change in fair value of warrant liability	1.0 %	(3.7)%	(5.9)%
Change in fair value of contingent consideration	— %	— %	(1.2)%
Goodwill impairment	(16.6)%	— %	— %
Deferred tax only adjustment	1.1 %	(2.6)%	0.3 %
Deferred tax impact of state effective tax rate changes	— %	8.6 %	— %
Other	— %	(1.1)%	1.7 %
Effective income tax rate	6.8 %	25.3 %	17.2 %

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Deferred income tax assets and liabilities are comprised of the following at December 31, 2023 and 2022 (in thousands):

	December 31,	
	2023	2022
Deferred income tax assets:		
Accounts receivable	\$ 35,009	\$ 37,363
Goodwill and intangible assets	293,022	262,501
Investment in partnership	—	171
Inventory	1,926	1,841
Accruals	16,909	9,207
Net operating losses and credits	23,978	35,459
Transaction costs	455	417
Equity-based compensation	5,379	6,101
Excess business interest expense	46,273	27,918
Lease liability	37,069	35,431
Capital losses	792	817
Other	7	—
Total deferred income tax assets	460,819	417,226
Valuation allowance	(3,788)	(1,812)
Net deferred income tax assets	\$ 457,031	\$ 415,414
Deferred income tax liabilities:		
Right-of-use assets	\$ (36,011)	\$ (34,201)
Contingent consideration	(2,112)	(2,200)
Investment in partnership	(582)	—
Unrealized gains	(1,479)	(2,950)
Equipment and other fixed assets	(70,993)	(94,277)
Total deferred income tax liabilities	(111,177)	(133,628)
Noncurrent net deferred income tax assets	\$ 345,854	\$ 281,786

Deferred income taxes are determined based on the temporary differences between the financial statement book basis and the tax basis of assets and liabilities using enacted tax rates in effect in the years in which the differences are expected to reverse. In assessing the realizability of deferred income tax assets, management considers whether it is more likely than not that all, or some portion, of the deferred income tax assets will not be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred income tax liabilities and projected future taxable income in making this assessment. Management evaluates the need for valuation allowances on the deferred income tax assets according to the provisions of FASB ASC 740, *Income Taxes*. In making this determination, management assesses all available evidence, both positive and negative, available at the time balance sheet date. This includes, but is not limited to, recent earnings, internally prepared income projections, and historical financial performance. A history of cumulative losses is a significant piece of negative evidence used in the assessment. As of December 31, 2023 and 2022, the Company had a valuation allowance recorded against net deferred tax assets of \$3.8 million, and \$1.8 million, respectively.

As of December 31, 2023 and 2022, the Company had federal net operating losses ("NOLs") carryforwards of \$ 72.4 million and \$138.2 million, respectively and state NOLs of \$281.1 million and \$150.7 million, respectively. Federal

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NOLs generated after December 31, 2017 do not expire and state rules vary. Of the Company's total federal NOLs as of December 31, 2023, \$ 3.2 million begin expiring in 2031 and \$69.2 million do not expire and may be carried forward indefinitely. The Company believes \$ 4.9 million of NOLs are fully limited as a result of ownership changes within the meaning of Internal Revenue Code Section 382 ("Section 382") and has maintained a valuation allowance against these NOL deferred tax assets. As of December 31, 2023 and 2022, the Company had interest expense carryforwards of \$177.3 million and \$109.9 million, which may be carried forward indefinitely. As of December 31, 2023, the Company had capital loss carryforwards of \$ 3.1 million that are subject to expiration if unused as of December 31, 2025. The Company does not anticipate utilizing these carryforwards prior to expiration and has maintained a valuation allowance accordingly.

The Company will recognize a tax benefit in the financial statements for an uncertain tax position only if management's assessment is that the position is "more likely than not" (i.e., a likelihood greater than 50 percent) to be allowed by the tax jurisdiction based solely on the technical merits of the position. The term "tax position" refers to a position in a previously filed tax return or a position expected to be taken in a future tax return that is reflected in measuring current or deferred income tax assets and liabilities for financial reporting purposes.

A reconciliation of the beginning and ending amount of unrecognized tax benefits for the years ended December 31, 2023, 2022 and 2021 is as follows (in thousands).

Balance, December 31, 2020	\$	1,947
Additions for tax positions acquired		2,100
Balance, December 31, 2021		4,047
Additions for tax positions acquired		2,670
Reductions due to lapse of statute of limitations		(78)
Balance, December 31, 2022		6,639
Additions for tax positions acquired		—
Reductions due to lapse of statute of limitations		(43)
Balance, December 31, 2023	\$	6,596

The unrecognized tax benefit of \$6.6 million at December 31, 2023 relates to tax positions taken in pre-closing tax periods of companies acquired in 2021 and 2020, for which the Company received tax indemnifications against any losses. As such, the Company recognized a corresponding asset on its consolidated balance sheet and no amount of the Company's uncertain tax positions, if recognized, would impact the effective tax rate of the Company. As of December 31, 2023 and 2022, the Company's accrued liability for interest and penalties is \$2.8 million and \$1.6 million, respectively.

The Company files income tax returns in the U.S. federal jurisdiction and in various state jurisdictions. The Company generally is no longer subject to U.S. or state examinations by tax authorities for taxable years prior to 2019, based on the U.S. statute of limitations. However, net operating losses utilized from prior years in subsequent years' tax returns are subject to examination until three years after the filing of subsequent years' tax returns.

Tax Receivable Agreement

At the closing of the Business Combination, the Company and AdaptHealth Holdings entered into a Tax Receivable Agreement (TRA) with certain sellers and AdaptHealth Holdings members. The TRA will generally provide for the payment by the Company to the corresponding sellers and AdaptHealth Holdings members of 85% of the net cash savings, if any, in U.S. federal, state and local income tax that the Company actually realizes (or is deemed to realize in certain circumstances) in periods after the closing of the Business Combination as a result of: (i) certain tax attributes of the corresponding sellers existing prior to the Business Combination; (ii) certain increases in tax basis resulting from exchanges of New AdaptHealth Units and shares of Class B Common Stock; (iii) imputed interest deemed to be paid by the Company as a result of payments it makes under the TRA; and (iv) certain increases in tax basis resulting from payments the Company makes under the TRA. Under the TRA, the benefits deemed realized by the Company as a result of the increase in tax basis attributable to the AdaptHealth Holdings members generally will be computed by comparing the

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actual income tax liability of the Company to the amount of such taxes that the Company would have been required to pay had there been no such increase in tax basis.

Estimating the amount of payments that may be made under the TRA depends on a variety of factors. The actual increase in tax basis and deductions, as well as the amount and timing of any payments under the TRA, will vary depending upon several factors, including:

- The timing of such exchanges – for instance, the increase in any tax deductions will vary depending on the fair value of the depreciable or amortizable assets of AdaptHealth Holdings at the time of each exchange;
- The price of the Company's Common Stock at the time of the exchange – the increase in any tax deductions, and the tax basis increase in other assets of AdaptHealth Holdings is directly proportional to the price of the Company's Common Stock at the time of the exchange;
- The amount and timing of the Company's income – the Company is required to pay 85% of the deemed benefits as and when deemed realized. If AdaptHealth Holdings does not have taxable income, the Company is generally not required (absent a change in control or circumstances requiring an early termination payment) to make payments under the TRA for that taxable year because no benefit will have been realized. However, any tax benefits that do not result in realized benefits in a given tax year likely will generate tax attributes that may be utilized to generate benefits in previous or future tax years. The utilization of such tax attributes will result in payments under the TRA; and
- Future tax rates of jurisdictions in which the Company has tax liability.

The TRA also provides that upon certain mergers, asset sales, other forms of business combinations or other changes of control, AdaptHealth Holdings' (or its successor's) obligations under the TRA would be based on certain assumptions defined in the TRA. As a result of these assumptions, AdaptHealth could be required to make payments under the TRA that are greater or less than the specified percentage of the actual benefits realized by the Company that are subject to the TRA. In addition, if AdaptHealth Holdings elects to terminate the TRA early, it would be required to make an early termination payment, which upfront payment may be made significantly in advance of the anticipated future tax benefits.

Payments generally are due under the TRA within a specified period following the filing of AdaptHealth Holdings' U.S. federal and state income tax returns for the taxable year with respect to which the payment obligation arises. Payments under the TRA generally will be based on the tax reporting positions that AdaptHealth Holdings will determine. Although AdaptHealth Holdings does not expect the Internal Revenue Service (IRS) to challenge the Company's tax reporting positions, AdaptHealth Holdings will not be reimbursed for any overpayments previously made under the TRA, but instead the overpayments will reduce future payments. As a result, in certain circumstances, payments could be made under the TRA in excess of the benefits that AdaptHealth Holdings realizes in respect of the tax attributes subject to the TRA.

The term of the TRA generally will continue until all applicable tax benefits have been utilized or expired, unless the Company exercises its right to terminate the TRA and make an early termination payment.

In certain circumstances (such as certain changes in control, the election of the Company to exercise its right to terminate the agreement and make an early termination payment or an IRS challenge to a tax basis increase) it is possible that cash payments under the TRA may exceed actual cash savings.

During the year ended December 31, 2021, the Company increased its TRA liability by \$ 146.5 million through a reduction in additional-paid-in capital, resulting from additional exchanges of New AdaptHealth Units and shares of Class B Common Stock. Correspondingly, during the year ended December 31, 2021, the Company increased its deferred tax asset by \$164.1 million through an increase in additional-paid-in-capital resulting from these exchanges.

At December 31, 2023, the Company's liability relating to the TRA was \$ 291.6 million, of which \$1.5 million and \$290.1 million is included in other liabilities and other long-term liabilities, respectively, in the accompanying consolidated balance sheets. At December 31, 2022, the Company's liability relating to the TRA was \$297.4 million, of which

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\$3.3 million and \$294.1 million is included in other liabilities and other long-term liabilities, respectively, in the accompanying consolidated balance sheets. During the year ended December 31, 2023, the Company recognized income of \$2.5 million related to changes in the estimated TRA liability primarily as a result of a decrease in estimated effective tax rates in future years, which is included in other loss, net in the accompanying consolidated statement of operations. During the year ended December 31, 2022, the Company recognized income of \$2.9 million related to changes in the estimated TRA liability primarily as a result of a decrease in estimated effective tax rates in future years, which is included in other loss, net in the accompanying consolidated statements of operations.

(19) Subsequent Events

The Company evaluated subsequent events for the period from December 31, 2023 through the date that the Company's consolidated financial statements were available to be issued. There were no subsequent events requiring adjustment to the Company's consolidated financial statements or additional disclosure, other than as discussed in [Note 16](#), *Commitments and Contingencies*.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Not applicable.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act")) as of December 31, 2023. Disclosure controls and procedures are designed to ensure that information required to be disclosed by us in our Exchange Act reports is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Interim Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure. Based on this evaluation, our Interim Chief Executive Officer and Chief Financial Officer have concluded that, as of December 31, 2023, our disclosure controls and procedures were not effective due to material weaknesses in internal control over financial reporting, as further described below in Management's Report on Internal Control Over Financial Reporting.

As previously disclosed in Part II, Item 9A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2022, management identified material weaknesses in internal control over financial reporting relating to an insufficient complement of resources to complete risk assessment which resulted in a lack of implementation and ineffectiveness of both process level controls in substantially all processes and the general information technology controls that support our financial statements and reporting. While remediation efforts related to these material weaknesses have been substantially completed, several specific material weaknesses in our internal control over financial reporting remain as of December 31, 2023, as discussed below.

Management's Report on Internal Control Over Financial Reporting

Management, including our Interim Chief Executive Officer and Chief Financial Officer, is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. The Company's internal control system was designed to provide reasonable assurance to the Company's management and board of directors regarding the reliability of financial reporting and the preparation of published financial statements in accordance with generally accepted accounting principles ("GAAP"). The Company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of the consolidated financial statements in accordance with GAAP, and that receipts and expenditures of the Company are being made only in accordance with authorizations of the Company's management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the consolidated financial statements.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim consolidated financial statements will not be prevented or detected on a timely basis.

Management has assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2023, based on the criteria set forth in 2013 by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control-Integrated Framework*. Based on that assessment, the following material weaknesses in internal control over financial reporting were identified by the Company as of December 31, 2023:

The Company uses a third-party service provider under a software as a service contract to initiate and process the majority of its revenue transactions. The service provider uses a subservice organization to consolidate and reformat transactional revenue data before it is recorded in the Company's general ledger. The Company obtains from the service provider a System and Organization Controls (SOC) 1 Type 2 report as part of the evidence used in its evaluation of the Company's internal control over financial reporting. Due to insufficient communication between the Company and the service provider regarding its expectations for controls over the activities of the subservice organization, the SOC 1 Type 2 report for the service provider did not provide evidence of design, implementation, and operating effectiveness of controls over the completeness and accuracy of the Company's transactional revenue data processed by the subservice organization.

The Company also did not design and implement such controls on its own. Substantially all manual and automated controls within the revenue process rely on the integrity of the information processed by the third-party service provider and its subservice organization and, therefore, are also considered to be ineffective.

Due to the significance of the actions necessary to remediate the pervasive material weaknesses identified at December 31, 2022, including certain IT system implementations, the Company was not able to complete all of its planned remediation actions by the date of management's 2023 annual assessment of internal control over financial reporting, resulting in the following two material weaknesses which continue to exist as of December 31, 2023:

- The Company did not design and implement a three-way match control (comparing the purchase order, delivery receipt, and invoice) over its procurement of medical equipment inventory through a third-party distribution channel. Specifically, because these procurement transactions are initiated through technology that is not integrated with the technology utilized for vendor invoice payments, the Company was not able to reconcile the quantities of the equipment invoiced by its vendors to the quantities actually received which could affect the completeness, existence, and accuracy of the Company's cost of sales and the related accounts payable.
- The Company did not design and implement process-level controls over the determination of excess or obsolete medical equipment and other inventory balances. Specifically, the Company did not have a mechanism in place to track the movement and status of specific medical equipment and other inventory which could affect the valuation of its inventory.

The material weaknesses did not result in any identified material misstatements to the consolidated financial statements and there were no changes to previously reported financial results. Based on these material weaknesses, management concluded that the Company's internal control over financial reporting was not effective as of December 31, 2023.

Our independent registered public accounting firm, KPMG LLP, who audited the consolidated financial statements included in this Annual Report on Form 10-K, has expressed an adverse opinion on the effectiveness of the Company's internal control over financial reporting as of December 31, 2023. KPMG LLP's report appears on page [60](#) of this Annual Report on Form 10-K.

Remediation of Previously Reported Material Weaknesses in Internal Control Over Financial Reporting

With respect to the material weaknesses identified in 2022, management has completed its remediation efforts for the material weaknesses related to hiring a sufficient complement of resources, completion of a comprehensive risk assessment and implementation and effectiveness of process-level and general information technology controls responsive to the identified risks, other than in the areas impacted by the continuing material weaknesses described above. Among others, during 2023, the Company completed process mapping each of the Company's business cycles with relevant process risk points, service and sub-service organizations, information technology systems, manual and automated controls, and information used in the operation of controls. Controls were designed, implemented, and operated for a sufficient period of time to validate the effectiveness of the Company's processes and controls with the exception of areas impacted by the above discussed material weaknesses.

Remediation of Material Weaknesses Existing at December 31, 2023

With respect to the material weaknesses existing as of December 31, 2023, management is taking steps to address them by, among others, 1) working with the third-party service provider to ensure its SOC 1 Type 2 report includes evidence of implementation and testing of controls for all relevant sub-service providers impacting the revenue transactional data used by the Company, 2) completing the implementation of technology to bring the third-party distribution channel transaction information into one system to facilitate a three-way match of the purchase order, delivery receipt and invoice, 3) expanding the implementation of a perpetual inventory system to a larger number of Company locations, and 4) using the information from the perpetual inventory system to support the determination of excess or obsolete medical equipment and other inventory.

Notwithstanding the identified material weaknesses, management, including our Interim Chief Executive Officer and Chief Financial Officer, believes that the consolidated financial statements included in this Annual Report on Form 10-K fairly represent, in all material respects, our financial condition, results of operations and cash flows as of the dates and for the periods presented in accordance with U.S. GAAP.

Changes in Internal Control over Financial Reporting

Except with respect to the changes in connection with the implementation of the initiatives to remediate the material weaknesses noted above, there were no changes in the Company's internal control over financial reporting that occurred during the quarter ended December 31, 2023 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Item 9B. Other Information

On November 6, 2023, Albert Prast, the Company's Chief Technology Officer, modified a trading arrangement he had previously adopted with respect to the sale of the Company's common stock (a "Rule 10b5-1 Trading Plan") to adjust the trading terms under the plan. Mr. Prast's initial Rule 10b5-1 Trading Plan was adopted on March 17, 2023. Mr. Prast's amended Rule 10b5-1 Trading Plan is intended to satisfy the affirmative defense conditions of Securities Exchange Act Rule 10b5-1(c). The plan provides for the potential exercise of vested stock options and the associated sale of up to 200,000 shares of the Company's common stock pursuant to its terms. The plan expires on March 21, 2024, or upon the earlier completion of all authorized transactions under the plan.

On February 26, 2024, the Company entered into a stipulation and agreement of settlement in connection with a securities class action against the Company, its directors, and certain of its current and former officers. For further discussion, see [Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations - Commitments and Contingencies."](#)

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III

Item 10. Directors, Executive Officers, and Corporate Governance

The information required by this item will be set forth in our definitive proxy statement with respect to our 2024 annual meeting of the stockholders to be filed on or before April 29, 2024 and is incorporated herein by reference.

Item 11. Executive Compensation

The information required by this item will be set forth in our definitive proxy statement with respect to our 2024 annual meeting of the stockholders to be filed on or before April 29, 2024 and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this item will be set forth in our definitive proxy statement with respect to our 2024 annual meeting of the stockholders to be filed on or before April 29, 2024 and is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this item will be set forth in our definitive proxy statement with respect to our 2024 annual meeting of the stockholders to be filed on or before April 29, 2024 and is incorporated herein by reference.

Item 14. Principal Accountant's Fees and Services

The information required by this item will be set forth in our definitive proxy statement with respect to our 2024 annual meeting of the stockholders to be filed on or before April 29, 2024 and is incorporated herein by reference.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) Consolidated Financial Statements and Supplementary Data:

Financial Statements. The following is a list of the Consolidated Financial Statements of AdaptHealth Corp. and its subsidiaries included in Item 8 of Part II of this report.

	Page Number
Reports of Independent Registered Public Accounting Firm (KPMG LLP, Philadelphia, Pennsylvania, Auditor Firm ID: 185)	58
Consolidated Balance Sheets—December 31, 2023 and 2022	62
Consolidated Statements of Operations—For the years ended December 31, 2023, 2022 and 2021	63
Consolidated Statements of Comprehensive (Loss) Income—For the years ended December 31, 2023, 2022 and 2021	64
Consolidated Statements of Changes in Stockholders' Equity (Deficit)—For the years ended December 31, 2023, 2022 and 2021	65
Consolidated Statements of Cash Flows—For the years ended December 31, 2023, 2022 and 2021	67
Notes to Consolidated Financial Statements	69

(b) Exhibits. The exhibits filed as a part of this report as required by Item 601 of Regulation S-K are listed in the Index to Exhibits starting on page 123 of this Annual Report on Form 10-K.

Item 16. Form 10-K Summary

None

EXHIBIT INDEX

Exhibit Number	Description
3.1	Third Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K, filed with the SEC on July 29, 2021).
3.2	Amended and Restated Bylaws (incorporated by reference to Exhibit 3.2 of the Company's Current Report on Form 8-K, filed with the SEC on November 14, 2019).
3.3	Certificate of Designations of Preferences, Rights and Limitations of Series B-1 Convertible Preferred Stock (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on June 26, 2020).
4.1	Specimen Common Stock Certificate (incorporated by reference to Exhibit 4.2 of the Company's Registration Statement on Form S-1, filed with the SEC on February 13, 2018).
4.2	Specimen Warrant Certificate (incorporated by reference to Exhibit 4.3 of the Company's Registration Statement on Form S-1, filed with the SEC on February 13, 2018).
4.3	Warrant Agreement, dated as of February 15, 2018, by and between the Company and Continental Stock Transfer & Trust Company (incorporated by reference to Exhibit 4.1 of the Company's Current Report on Form 8-K, filed with the SEC on February 22, 2018).
4.4*	Description of Securities.
4.5	Amended and Restated Registration Rights Agreement, dated as of July 1, 2020, by and among the Company, OEP AHCO Investment Holdings, LLC, Deerfield Partners, L.P., Deerfield Private Design Fund IV, L.P. and the other persons listed on the signature pages thereto (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the SEC on July 2, 2020).
4.6	Amendment to Amended and Restated Registration Rights Agreement, dated as of December 1, 2020, by and among the Company, AdaptHealth Holdings LLC and the other persons listed on the signature pages thereto (incorporated by reference to Exhibit 4.1 of the Company's Current Report on Form 8-K, filed with the SEC on December 7, 2020).
4.7	Indenture, dated as of July 29, 2020, by and among AdaptHealth LLC, the guarantors party thereto and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the SEC on August 4, 2020).
4.8	Indenture, dated as of January 4, 2021, by and among AdaptHealth LLC, the guarantors party thereto and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the SEC on January 8, 2021).
4.9	Indenture, dated as of August 19, 2021, by and among AdaptHealth LLC, the guarantors party thereto and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated by reference to Exhibit 4.1 of the Company's Current Report on Form 8-K filed with the SEC on August 20, 2021).
10.1	Credit Agreement, dated January 20, 2021, by and between AdaptHealth LLC, the lenders party thereto and Regions Bank, as administrative agent (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed with the SEC on February 2, 2021).
10.2	First Incremental Facility Amendment dated as of April 23, 2021 to the Credit Agreement, dated as of January 20, 2021, among AdaptHealth LLC, the guarantors named therein, Regions Bank as administrative agent and collateral agent and the lenders party thereto (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed with the SEC on April 29, 2021).
10.3	Second Amendment dated as of August 16, 2021 to the Credit Agreement, dated as of January 20, 2021, among AdaptHealth LLC, the guarantors named therein, Regions Bank as administrative agent and collateral agent and the lenders party thereto (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed with the SEC on August 20, 2021).
10.4	Tax Receivable Agreement, dated November 8, 2019, by and among AdaptHealth Holdings, the Company and the Non-Blocker AdaptHealth Members and the Blocker Sellers (incorporated by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K, filed with the SEC on November 14, 2019).
10.5†	Form of Indemnification Agreement (incorporated by reference to Exhibit 10.4 of the Company's Current Report on Form 8-K, filed with the SEC on November 14, 2019).

10.6†	Employment Agreement, dated as of March 20, 2019, by and between AdaptHealth Holdings and Joshua Parnes (incorporated by reference to Exhibit 10.10 of the Company's Current Report on Form 8-K, filed with the SEC on November 14, 2019).
10.7†	Employment Agreement, dated as of May 1, 2020, by and between the Company and Jason Clemens (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on May 22, 2020).
10.8†	Employment Agreement, dated February 2, 2021, by and between Stephen Griggs and AdaptHealth Corp. (incorporated by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K filed with the SEC on February 2, 2021).
10.9†	Employment Agreement, dated August 3, 2020, by and between the Company and Shaw Rietkerk (incorporated by reference to Exhibit 10.14 of the Company's Annual Report on Form 10-K/A filed with the SEC on April 30, 2021).
10.10†	Employment and Non-Competition Agreement, dated as of January 1, 2013, by and between Aerocare Holdings, Inc. and Daniel C. Bunting (incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q, filed with the SEC on May 10, 2022).
10.11†	Employment and Non-Competition Agreement, dated as of April 21, 2014, by and between Aerocare Holdings, Inc. and Albert Prast (incorporated by reference to Exhibit 10.2 of the Company's Quarterly Report on Form 10-Q, filed with the SEC on May 10, 2022).
10.12†	Amended and Restated 2019 Stock Incentive Plan (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K, filed with the SEC on July 29, 2021).
10.13†	Form of Restricted Stock Grant Notice and Agreement under the AdaptHealth Corp. 2019 Stock Incentive Plan (incorporated by reference to Exhibit 10.13 of the Company's Current Report on Form 8-K, filed with the SEC on November 14, 2019).
10.14†	Form of Option Grant Notice and Agreement under the AdaptHealth Corp. 2019 Stock Incentive Plan (incorporated by reference to Exhibit 10.14 of the Company's Current Report on Form 8-K, filed with the SEC on November 14, 2019).
10.15†	AdaptHealth Corp. 2019 Employee Stock Purchase Plan (incorporated by reference to Exhibit 4.7 to the Company's Registration Statement on Form S-8 filed with the SEC on January 22, 2020).
10.16	Letter Agreement, dated as of February 15, 2018, among the Company, Deerfield/RAB Ventures, LLC, Richard Barasch, Christopher Wolfe, Steven Hochberg, Dr. Mohit Kaushal, Dr. Gregory Sorensen and Dr. Susan Weaver (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on February 22, 2018).
10.17	Warrant Purchase Agreement, dated February 15, 2018, between the Registrant and Deerfield/RAB Ventures, LLC (incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed with the SEC on February 22, 2018).
10.18	Investment Agreement, dated as of May 25, 2020, by and among the Company, OEP AHCO Investment Holdings, LLC and, solely for purposes of Section 3.10, One Equity Partners VII, L.P. (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on May 29, 2020).
10.19	Exchange Agreement, dated as of June 24, 2020, by and between AdaptHealth Corp. and Deerfield Private Design Fund IV, L.P. (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on June 26, 2020).
10.20	Investment Agreement, dated as of June 24, 2020, by and between AdaptHealth Corp. and Deerfield Partners, L.P. (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the SEC on June 26, 2020).
10.21	Consent Agreement, dated as of May 9, 2022, among AdaptHealth LLC, the guarantors named therein, Regions Bank as administrative agent and collateral agent and the lenders party thereto (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed with the SEC on May 12, 2022).
10.22	Transition Letter Agreement, dated May 8, 2023, by and between AdaptHealth Corp. and Stephen P. Griggs, (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed with the SEC on May 9, 2023).

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10.24†	Letter Agreement, dated June 26, 2023, by and between AdaptHealth Corp. and Richard Barasch (incorporated by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K filed with the SEC on June 27, 2023).
10.25†	Employment Agreement, dated July 24, 2023, by and between AdaptHealth Corp. and Albert Prast (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed with the SEC on July 27, 2023).
10.26†	Amendment to Letter Agreement, dated August 29, 2023, by and between AdaptHealth Corp. and Richard Barasch (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed with the SEC on August 29, 2023).
10.27†	Second Amendment to Letter Agreement, dated October 26, 2023, by and between AdaptHealth Corp. and Richard Barasch (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed with the SEC on October 31, 2023).
10.28	AdaptHealth LLC Non-qualified Deferred Compensation Plan (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed with the SEC on November 22, 2023).
10.29†	Third Amendment to Letter Agreement, dated December 21, 2023, by and between AdaptHealth Corp. and Richard Barasch (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed with the SEC on December 27, 2023).
10.30	Third Amendment dated as of March 31, 2023 to the Credit Agreement, dated as of January 20, 2021, among AdaptHealth LLC, the guarantors named therein, Regions Bank as administrative agent and collateral agent and the lenders party thereto (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 10-Q filed with the SEC on May 9, 2023).
10.31*	Stipulation and Agreement of Settlement, dated as of February 26, 2024.
21.1*	Subsidiaries of the Company.
23.1*	Consent of Independent Registered Public Accounting Firm.
24.1*	Powers of Attorney (included on the signature page hereof).
31.1*	Certification of Chief Executive Officer Pursuant to Securities Exchange Act Rules 13a-14(a) and 15(d)-14(a), as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Chief Financial Officer Pursuant to Securities Exchange Act Rules 13a-14(a) and 15(d)-14(a), as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32**	Certification of Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
97.1*	AdaptHealth Corp. Policy for the Recovery of Erroneously Awarded Compensation
101.INS***	XBRL 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***	XBRL Taxonomy Extension Schema Document
101.CAL***	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF***	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB***	XBRL Taxonomy Extension Label Linkbase Document
101.PRE***	XBRL Taxonomy Extension Presentation Linkbase Document
Exhibit 104***	Cover Page Interactive Data File - The cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document

* Filed herewith.

** Furnished herewith.

*** XBRL (eXtensible Business Reporting Language) information is furnished and not filed or a part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, is deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise is not subject to liability under these sections.

† Management contract or compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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, on February 27, 2024.

AdaptHealth Corp.

By: /s/ Richard Barasch

Richard Barasch

Interim Chief Executive Officer and Chairman of the Board

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Richard Barasch and Jonathan Bush, jointly and severally, his attorney-in-fact, each with the full power of substitution, for such person, in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he might do or could do in person hereby ratifying and confirming all that each of said attorneys-in-fact and agents, or his substitute, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below on February 27, 2024 by the following persons on behalf of the registrant and in the capacities indicated:

	Signature	Title
By:	<u>/s/ Richard Barasch</u> Richard Barasch	Interim Chief Executive Officer and Chairman of the Board <i>(Principal Executive Officer)</i>
By:	<u>/s/ Jason Clemens</u> Jason Clemens	Chief Financial Officer <i>(Principal Financial Officer)</i>
By:	<u>/s/ Christine Archbold</u> Christine Archbold	Chief Accounting Officer <i>(Principal Accounting Officer)</i>
By:	<u>/s/ Joshua Parnes</u> Joshua Parnes	President and Director
By:	<u>/s/ Terence Connors</u> Terence Connors	Director
By:	<u>/s/ Dr. Susan Weaver</u> Dr. Susan Weaver	Director
By:	<u>/s/ Dale Wolf</u> Dale Wolf	Director
By:	<u>/s/ Bradley Coppens</u> Bradley Coppens	Director
By:	<u>/s/ David S. Williams III</u> David S. Williams III	Director
By:	<u>/s/ Theodore S. Lundberg</u> Theodore S. Lundberg	Director
By:	<u>/s/ Gregory A. Belinfanti</u> Gregory A. Belinfanti	Director

DESCRIPTION OF SECURITIES

We are incorporated in the State of Delaware. The rights of our stockholders are generally covered by Delaware law and our third amended and restated certificate of incorporation (as amended, "Certificate of Incorporation") and amended and restated bylaws (as amended, "Bylaws"). The terms of our Common Stock (as defined below) are therefore subject to Delaware law, including the Delaware General Corporation Law. Our Certificate of Incorporation and Bylaws are filed as exhibits to our Annual Report on Form 10-K. As of February 27, 2024, we have one class of securities registered under Section 12 of the Securities Exchange Act, as amended (the "Exchange Act"): our Common Stock (as defined below).

Except as otherwise indicated, the terms "AdaptHealth," "Company," "we," "us" and "our" refer to AdaptHealth Corp.

Authorized and Outstanding Stock

Our Certificate of Incorporation authorizes the issuance of 305,000,000 shares of capital stock, consisting of 300,000,000 shares of common stock, par value \$0.0001 per share ("Common Stock") and 5,000,000 shares of preferred stock, par value \$0.0001 per share ("Preferred Stock"). As of February 23, 2024, there were 132,907,103 shares of Common Stock and 124,060 shares of Preferred Stock issued and outstanding.

Voting Power

Except as otherwise required by law or as otherwise provided in any certificate of designation for any series of Preferred Stock, the holders of Common Stock possess all voting power for the election of our directors and all other matters requiring stockholder action. Holders of Common Stock are entitled to one vote per share on matters to be voted on by stockholders.

Dividends

Holders of Common Stock are entitled to receive such dividends, if any, as may be declared from time to time by our board of directors ("Board") in its discretion out of funds legally available therefor. In no event will any stock dividends or stock splits or combinations of stock be declared or made on Common Stock unless the shares of Common Stock at the time outstanding are treated equally and identically.

Liquidation, Dissolution and Winding Up

In the event of our voluntary or involuntary liquidation, dissolution, distribution of assets or winding up, the holders of Common Stock will be entitled to receive an equal amount per share of all of our assets of whatever kind available for distribution to stockholders, after the rights of the holders of the Preferred Stock, if any, have been satisfied.

Preemptive or Other Rights

Our stockholders have no preemptive or other subscription rights and there are no sinking fund or redemption provisions applicable to our Common Stock.

Election of Directors

Our Board is divided into three classes, each of which generally serves for a term of three years with only one class of directors being elected in each year. There is no cumulative voting with respect to the election of directors, with the result that the holders of more than 50% of the shares voted for the election of directors can elect all of the directors.

Preferred Stock

Our Certificate of Incorporation provides that shares of Preferred Stock may be issued from time to time in one or more series. Our Board is authorized to fix the voting rights, if any, designations, powers and preferences, the relative, participating, optional or other special rights, and any qualifications, limitations and restrictions thereof, applicable to the shares of each series of preferred stock. The Board is able to, without stockholder approval, issue Preferred Stock with voting and other rights that could adversely affect the voting power and other rights of the holders of the Common Stock and could have anti-takeover effects. The ability of our Board to issue Preferred Stock without stockholder approval could have the effect of delaying, deferring or preventing a change of control of us or the removal of existing management.

Certain Anti-Takeover Provisions of our Certificate of Incorporation and Bylaws

Our Certificate of Incorporation provides that our Board is classified into three classes of directors. As a result, in most circumstances, a person can gain control of our board only by successfully engaging in a proxy contest at three or more annual meetings.

Our authorized but unissued Common Stock and Preferred Stock are available for future issuances without stockholder approval and could be utilized for a variety of corporate purposes, including future offerings to raise additional capital, acquisitions and employee benefit plans. The existence of authorized but unissued and unreserved Common Stock and Preferred Stock could render more difficult or discourage an attempt to obtain control of us by means of a proxy contest, tender offer, merger or otherwise.

Exclusive forum for certain lawsuits. Our Certificate of Incorporation requires, other than any claim to enforce a duty or liability created by the Exchange Act, as amended, or any other claim for which federal courts have exclusive jurisdiction, that derivative actions brought in our name, actions against directors, officers and employees for breach of fiduciary duty and other similar actions may be brought only in the Court of Chancery in the State of Delaware and, if brought outside of the State of Delaware, the stockholder bringing such suit will be deemed to have consented to service of process on such stockholder's counsel. Although we believe these provisions benefit us by providing increased consistency in the application of Delaware law in the types of lawsuits to which it applies, the provisions may have the effect of discouraging lawsuits against our directors and officers. Unless the Company consents in writing to the selection of an alternative forum, the federal district courts of the United States of America shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act, as amended, subject to and contingent upon a final adjudication in the State of Delaware of the enforceability of such exclusive forum provision.

Special meeting of stockholders. Our Bylaws provide that special meetings of our stockholders may be called only by a majority vote of our board of directors, by our Chief Executive Officer or by our chairman.

Advance notice requirements for stockholder proposals and director nominations. Our Bylaws provide that stockholders seeking to bring business before our annual meeting of stockholders, or to nominate candidates for election as directors at a special or annual meeting of stockholders must provide timely notice of their intent in writing. Stockholders must meet specific advance notice requirements and procedures, which may limit our stockholders' ability to bring matters before our annual meeting of stockholders or from making nominations for directors at a special or annual meeting of stockholders.

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF PENNSYLVANIA

DELAWARE COUNTY EMPLOYEES RETIREMENT SYSTEM
and BUCKS COUNTY EMPLOYEES' RETIREMENT SYSTEM,
Individually and on Behalf of All Others Similarly Situated,

Plaintiffs,

vs.

ADAPTHEALTH CORP. f/k/a DFB HEALTHCARE
ACQUISITIONS CORP., LUKE MCGEE, STEPHEN P. GRIGGS,
JASON CLEMENS, FRANK J. MULLEN, RICHARD BARASCH,
JOSHUA PARNES, ALAN QUASHA, TERENCE CONNORS,
DR. SUSAN WEAVER, DALE WOLF, BRADLEY COPPENS,
and DAVID S. WILLIAMS III,

Defendants.

Civ. Action No. 2:21-cv-03382-HB

CLASS ACTION

STIPULATION AND AGREEMENT OF SETTLEMENT

ELECTRONICALLY FILED

This Stipulation and Agreement of Settlement, dated February 26, 2024 (the “Stipulation”), is made and entered into by and among the following: (i) lead plaintiffs Bucks County Employees' Retirement System and Delaware County Employees Retirement System (“Lead Plaintiffs”), on behalf of themselves and the Settlement Class (as defined below); and (ii) defendants AdaptHealth Corp. (“AdaptHealth” or the “Company”), Luke McGee, Stephen P. Griggs, Jason Clemens, Frank J. Mullen, Richard Barasch, Joshua Parnes, Alan Quasha, Terence Connors, Dr. Susan Weaver, Dale Wolf, Bradley Coppens, and David S. Williams III (collectively, “Defendants”), by and through their respective undersigned counsel.¹ Subject to the approval of the United States District Court for the Eastern District of Pennsylvania pursuant to Rule 23(e) of the Federal Rules of Civil Procedure, the Settlement is intended by the Settling Parties to fully, finally, and forever compromise, resolve, discharge, and settle the Released Claims and result in the complete dismissal with prejudice of this Action (as those terms are defined below), upon and subject to the terms and conditions expressly provided herein.

I. THE ACTION

The Action is currently pending before the Honorable Harvey Bartle III in the United States District Court for the Eastern District of Pennsylvania (the “Court”). The initial complaint in the Action was filed on July 29, 2021. On October 14, 2021, the Court appointed Lead Plaintiffs and Lead Counsel.

Lead Plaintiffs' Consolidated Complaint for Violations of the Federal Securities Laws (the “Consolidated Complaint”), filed on November 22, 2021, alleged that (i) defendant AdaptHealth, in addition to Luke McGee, Stephen P. Griggs, and Jason Clemens (the “Officer Defendants”), violated Section 10(b) of the Securities Exchange Act of 1934 (the “Exchange Act”); (ii) the Officer Defendants violated Section 20(a) of the Exchange Act; (iii) Defendants violated Section 11 of the Securities Act of 1933 (the “Securities Act”); (iv) defendant AdaptHealth violated Section 12(a)(2) of the Securities Act; and (v) the Officer Defendants and Frank Mullen, Richard Barasch, Joshua Parnes, Alan Quasha, Terence Connors, Dr. Susan Weaver, Dale Wolf, Bradley Coppens, and David S. Williams III violated Section 15 of the Securities Act. More specifically, Lead Plaintiffs alleged that throughout the putative class period, November 8, 2019 through July 16, 2021, inclusive, Defendants made numerous materially false and misleading statements and omissions regarding the methodology used to calculate the Company's organic

¹ All terms with initial capitalization not otherwise defined herein shall have the meanings ascribed to them in ¶1.1 through ¶1.60, below.

growth and defendant McGee's involvement in an alleged foreign tax fraud arising from certain past private activity, which caused the price of the Company's common stock to trade at artificially inflated prices, until the market learned of the false and misleading nature of the statements and omissions, and the Company's stock price declined on April 13, 2021, and July 19, 2021.

On January 20, 2022, Defendants moved to dismiss the Consolidated Complaint, arguing that the Consolidated Complaint failed to allege a material false or misleading statement or omission, failed to plead facts supporting scienter, and failed to allege loss causation. On March 21, 2022, Lead Plaintiffs filed their opposition to the motion to dismiss and opposed Defendants' request for judicial notice of certain exhibits attached to their motion to dismiss. Defendants filed their reply brief on April 15, 2022. On May 26, 2022, Lead Plaintiffs filed a Notice of Recent Authority relating to a decision from the Second Circuit Court of Appeals relevant to Lead Plaintiffs' opposition to Defendants' pending motion to dismiss. On June 1, 2022, Defendants filed a Response to Lead Plaintiffs' Notice of Recent Authority that maintained that the Second Circuit case was distinguishable from the case at hand.

On June 9, 2022, the Court denied Defendants' motion to dismiss. The Court held that the allegations in the Consolidated Complaint adequately plead a claim under Sections 10(b) and 20(a) of the Exchange Act and Sections 11, 12(a)(2) and 15 of the Securities Act for purposes of Rule 12(b)(6) of the Federal Rules of Civil Procedure. Defendants answered the Consolidated Complaint on August 5, 2022. Defendants expressly denied, and continue to deny, any and all allegations of fault, liability, wrongdoing, or damages whatsoever, including (as set forth in more detail in Section III) that they engaged in any conduct that constituted violations of Sections 10(b) and 20(a) of the Exchange Act or Sections 11, 12(a)(2) and 15 of the Securities Act and deny that Lead Plaintiffs have asserted any valid claims as to any of them.

Thereafter, the Settling Parties continued to vigorously litigate the Action. On July 15, 2022, the Court, after a conference with counsel, ordered the Settling Parties to proceed with class certification discovery and set deadlines for both class certification discovery and briefing of any class certification motion. With respect to merits discovery, the Court authorized such discovery to proceed but prohibited any merits-related depositions and declined to set any deadlines with respect to merits discovery. The Settling Parties thereafter engaged in discovery on class certification and merits issues.

The Settling Parties engaged in extensive discovery of class certification issues, including (a) document productions by Lead Plaintiffs and Lead Plaintiffs' investment manager, (b) responses to written interrogatories by Lead Plaintiffs, (c) depositions of Lead Plaintiffs and Lead Plaintiffs' investment manager, and (d) expert discovery, with Lead Plaintiffs and Defendants submitting a total of eight expert reports from seven experts, and six of the Settling Parties' experts being deposed.

Defendants also produced documents and responded to written interrogatories on merits issues. In response to discovery requests, the AdaptHealth Defendants (as defined below) produced approximately 6,000 documents, totaling more than 35,000 pages, defendant McGee produced approximately 700 documents, totaling over 3,000 pages, and numerous third parties collectively produced approximately 53,000 documents totaling more than 427,000 pages.

In addition, on November 21, 2022, Lead Plaintiffs filed a motion to compel defendant McGee to produce documents regarding the tax scheme allegations pursuant to Lead Plaintiffs' requests for production. On December 7, 2022, the Court granted Lead Plaintiffs' motion and ordered that the documents be produced by December 30, 2022.

On March 13 and 28, 2023, Lead Plaintiffs filed motions to compel AdaptHealth and certain other Defendants to comply with the Court's scheduling orders and respond to Lead Plaintiffs' interrogatories. After holding a conference with counsel, the Court denied those motions without prejudice on April 11, 2023, subject to further meet and confers between Lead Plaintiffs and Defendants.

On July 28, 2022, Lead Plaintiffs filed their motion for class certification. Defendants filed a seventy-five page opposition to class certification on March 30, 2023, supported by five expert reports. Lead Plaintiffs thereafter filed a fifty-page reply brief on May 22, 2023, supported by two expert reports. Lead Plaintiffs' motion for class certification was pending at the time the Settling Parties reached their agreement-in-principle to engage in a private mediation to settle the Action. At that time, the Settling Parties engaged a nationally recognized neutral mediator and participated in settlement discussions on multiple occasions, which included the exchange of mediation briefs, responses, and exhibits. On February 14, 2024, the Settling Parties reached an agreement-in-principle to resolve the Action. The agreement included, among other things, the Settling Parties' agreement to settle the Action for releases

and (i) a cash payment of \$51,000,000, including a \$1 million cash payment from defendant McGee not funded by insurance or corporate funds, for the benefit of the Settlement Class; (ii) one (1) million shares of Company common stock for the benefit of the Settlement Class; and (iii) the Corporate Governance Changes (defined below), all subject to the negotiation of the terms of a stipulation of settlement and approval by the Court. This Stipulation (together with the Exhibits attached hereto) reflects the final and binding agreement between the Settling Parties.

II. LEAD PLAINTIFFS' CLAIMS AND THE BENEFITS OF SETTLEMENT

Lead Plaintiffs and Lead Counsel believe that the claims asserted in the Action have merit and that their investigation and discovery on the merits of these claims, to date, supports the claims alleged therein. However, Lead Plaintiffs and Lead Counsel recognize and acknowledge the expense and length of continued proceedings necessary to prosecute the Action through trial and through appeals. Lead Plaintiffs and Lead Counsel also have taken into account the uncertain outcome and the risk of any litigation, especially in complex actions such as the Action, as well as the difficulties and delays inherent in the Action. Lead Plaintiffs and Lead Counsel also are mindful of the inherent problems of proof under and possible defenses to the securities law violations asserted in the Action. Lead Plaintiffs and Lead Counsel believe that the Settlement set forth in this Stipulation confers substantial benefits upon the Settlement Class. Based on their own investigation and evaluation, Lead Plaintiffs and Lead Counsel have determined that the Settlement set forth in this Stipulation is in the best interests of Lead Plaintiffs and the Settlement Class.

III. DEFENDANTS' DENIALS OF WRONGDOING AND LIABILITY

Throughout the Action, Defendants have expressly denied, and continue to deny, any and all of the allegations of fault, liability, wrongdoing, or damages whatsoever arising out of any of the conduct, statements, acts, or omissions alleged, or that could have been alleged, in the Action. Defendants have also expressly denied, and continue to deny, among other allegations, the allegations that Lead Plaintiffs or the Settlement Class Members have suffered any damages; that Lead Plaintiffs or the Settlement Class Members were harmed by the conduct alleged in the Action or that could have been alleged in the Action; that the price of AdaptHealth Securities was artificially inflated by reason of any alleged misrepresentations, omissions, or otherwise; that Defendants acted fraudulently in any way; that Defendants made any alleged material misrepresentations or omissions; that Defendants had or failed to comply with any disclosure obligations with respect to any alleged misrepresentations or omissions; or that the

alleged harm suffered by Lead Plaintiffs and other Settlement Class Members, if any, was causally linked to any alleged misrepresentations or omissions. Defendants maintain that they have meritorious defenses to class certification and all claims alleged in the Action.

Nonetheless, Defendants have concluded that further litigation of the Action, especially given the complexity of cases such as this one, would be protracted, burdensome, and expensive, and that it is desirable and beneficial to them that they secure releases to the fullest extent permitted by law and that the Action be fully and finally settled and terminated in the manner and upon the terms and conditions set forth in this Stipulation. As set forth below in ¶14.1 through ¶14.2, neither the Settlement nor any of the terms of this Stipulation shall be construed or deemed to be evidence of or constitute an admission, concession, or finding of any fault, liability, wrongdoing, or damage whatsoever or any infirmity in the defenses that Defendants have, or could have, asserted.

IV. TERMS OF THE STIPULATION AND AGREEMENT OF SETTLEMENT

NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED by and among Lead Plaintiffs (on behalf of themselves and each and every Settlement Class Member) and Defendants, by and through their respective undersigned counsel, that, subject to the approval of the Court pursuant to Rule 23(e) of the Federal Rules of Civil Procedure, in consideration of the benefits flowing to the Settling Parties from the Settlement, the Action and the Released Claims shall be finally and fully compromised, resolved, discharged, settled, and released, and the Action shall be dismissed with prejudice, upon and subject to the terms and conditions of this Stipulation, as follows:

1. Definitions

As used in this Stipulation the following terms, when capitalized, shall have the meanings specified below.

1.1 "Action" means the securities class action pending in this Court under the caption *Delaware County Employees Retirement System, et al. v. AdaptHealth Corp. f/k/a DFB Healthcare Acquisitions Corp., et al.*, No. 2:21-cv-03382-HB.

1.2 "Alternate Judgment" means a form of final judgment that may be entered by the Court herein but in a form other than the form of Judgment provided for in this Stipulation and where none of the Settling Parties hereto elects to terminate the Settlement by reason of such variance.

1.3 "Authorized Claimant" means any Settlement Class Member who submits a valid Proof of Claim Form to the Claims Administrator that satisfies all the requirements set forth on the Proof of Claim Form in accordance with the requirements established by the Court and that is accepted for payment from the Net Settlement Fund.

1.4 "AdaptHealth" or the "Company" means AdaptHealth Corp.

1.5 "AdaptHealth's Counsel" means the law firm of Willkie Farr & Gallagher LLP.

1.6 "AdaptHealth Defendants" means, collectively, AdaptHealth, Stephen P. Griggs, Jason Clemens, Frank J. Mullen, Richard Barasch, Joshua Parnes, Alan Quasha, Terence Connors, Dr. Susan Weaver, Dale Wolf, Bradley Coppens, and David S. Williams III.

1.7 "AdaptHealth Defendants' Counsel" means the law firm of Willkie Farr & Gallagher LLP.

1.8 "AdaptHealth Securities" means AdaptHealth common stock and exchange-traded call or put options.

1.9 "AdaptHealth Settlement Amount" means, collectively, the AdaptHealth Settlement Cash and the Settlement Shares.

1.10 "AdaptHealth Settlement Cash" means Fifty Million U.S. Dollars (U.S. \$50,000,000.00) to be paid by or caused to be paid by AdaptHealth in accordance with ¶¶4.2 and 4.4 of this Stipulation.

1.11 "Claim" means a Proof of Claim Form submitted by a Settlement Class Member, or on his, her, or its behalf, to the Claims Administrator.

1.12 "Claimant" means a Settlement Class Member that submits a Claim to the Claims Administrator.

1.13 "Claims Administrator" means Gilardi & Co. LLC.

1.14 "Consolidated Complaint" means the Consolidated Complaint for Violations of the Federal Securities Laws filed by Lead Plaintiffs in the Action on November 22, 2021.

1.15 "Corporate Governance Changes" means the corporate reforms referenced in Exhibit C.

1.16 "Court" means the United States District Court for the Eastern District of Pennsylvania.

1.17 "Defendant" or "Defendants" means individually and collectively AdaptHealth and McGee, Stephen P. Griggs, Jason Clemens, Frank J. Mullen, Richard Barasch, Joshua Parnes, Alan Quasha, Terence Connors, Dr. Susan Weaver, Dale Wolf, Bradley Coppens, and David S. Williams III.

1.18 "Defendants' Counsel" means, collectively, AdaptHealth's Counsel, the AdaptHealth Defendants' Counsel, and McGee's Counsel.

1.19 "AdaptHealth's Insurers" means, collectively, the insurers that are paying, in part, the Settlement Cash.

1.20 "Effective Date," with respect to the Settlement, means the first date by which all of the events and conditions specified in ¶13.1 of this Stipulation have been met and have occurred or have been waived.

1.21 "Escrow Account" means one or more accounts that are maintained to hold the Settlement Fund, which accounts shall be created, controlled, and maintained exclusively by Lead Counsel, acting as agent for Lead Plaintiffs and the Settlement Class, and shall be deemed to be in the custody of the Court and remain subject to the

jurisdiction of the Court until such time as the Settlement Fund is distributed or returned pursuant to the terms of this Stipulation and/or further order of the Court.

1.22 "Escrow Agent" means Robbins Geller Rudman & Dowd LLP, or its successor(s).

1.23 "Final," with respect to any order or judgment of the Court, including the proposed Judgment or the Alternate Judgment, means that such order or judgment represents a final and binding determination of all issues within its scope and has not been reversed, vacated, or modified in any way and is no longer subject to appellate review, either because of disposition on appeal and conclusion of the appellate process or because of passage, without action, of time for seeking appellate review. Without limitation, an order or judgment becomes Final when: (a) if no appeal is filed, the expiration date of the time provided for filing or noticing any appeal under the Federal Rules of Appellate Procedure, *i.e.*, thirty (30) days after entry of the order or judgment; or (b) if there is an appeal from the order or judgment, (i) the date of final dismissal of all such appeals, or the final dismissal of any proceeding on certiorari or otherwise, or (ii) the date the judgment or order is finally affirmed on an appeal, the expiration of the time to file a petition for a writ of certiorari or other form of review, or the denial of a writ of certiorari or other form of review, and, if certiorari or other form of review is granted, the date of final affirmance following review pursuant to that grant. However, any appeal or proceeding seeking subsequent judicial review pertaining solely to an order issued with respect to: (a) any Fee and Expense Award (as defined in ¶7.2), (b) the Plan of Allocation (as submitted or subsequently modified), or (c) the procedures for determining Authorized Claimants' Recognized Losses (as will be defined in the Plan of Allocation) shall not in any way delay, affect, or preclude the time set forth above for the Judgment or the Alternate Judgment to become Final, or otherwise preclude the Judgment or the Alternate Judgment from becoming Final.

1.24 "Final Approval Hearing" means the hearing set by the Court in the Preliminary Approval Order to consider, among other things, approval of the Settlement embodied herein.

1.25 "Immediate Family Members" means children, stepchildren, parents, stepparents, spouses, siblings, mothers-in-law, fathers-in-law, sons-in-law, daughters-in-law, brothers-in-law, and sisters-in-law. As used in this paragraph, "spouse" shall mean a husband, wife, or partner in a state-recognized domestic relationship or civil union.

1.26 "Judgment" means the proposed order and final judgment to be entered by the Court approving the Settlement embodied herein, which shall be substantially in the form attached hereto as Exhibit B.

1.27 "Lead Counsel" means the law firm of Robbins Geller Rudman & Dowd LLP.

1.28 "Lead Plaintiffs" means Bucks County Employees' Retirement System and Delaware County Employees Retirement System.

1.29 "Lead Plaintiffs' Counsel" means Lead Counsel and all other legal counsel who, at the direction and under the supervision of Lead Counsel, performed services on behalf of the Settlement Class in the Action.

1.30 "Litigation Expenses" means the reasonable costs and expenses incurred by Lead Plaintiffs' Counsel in connection with commencing, prosecuting, and settling the Action (which may include the costs and expenses of Lead Plaintiffs directly related to their representation of the Settlement Class), for which Lead Counsel intends to apply to the Court for payment from the Settlement Fund.

1.31 "McGee" means defendant Luke McGee.

1.32 "McGee's Counsel" means Kramer Levin Naftalis & Frankel LLP.

1.33 "McGee Settlement Amount" means One Million U.S. Dollars (U.S. \$1,000,000.00 to be paid or caused to be paid by McGee in accordance with ¶4.4 of this Stipulation.

1.34 "Net Settlement Fund" means the Settlement Fund less: (a) any attorneys' fees awarded by the Court; (b) any Litigation Expenses awarded by the Court; (c) any Notice and Administration Costs; (d) any Taxes and Tax Expenses; and (e) any other costs or fees approved by the Court.

1.35 "Notice" means the Notice of Pendency and Proposed Settlement of Class Action, which, subject to approval of the Court, shall be substantially in the form attached hereto as Exhibit A-1, which is to be sent to Settlement Class Members.

1.36 "Notice and Administration Costs" means the costs, fees, and expenses that are reasonably incurred by the Claims Administrator, as described herein and in the Preliminary Approval Order, in connection with (a) providing notice of the Settlement by mail, email, publication, and other means to the Settlement Class, (b)

locating potential Settlement Class Members, (c) assisting with the submission of Claims, (d) processing Proof of Claim Forms, (e) administering the Settlement, and (f) paying fees, costs, and expenses in connection with the Escrow Account.

1.37 "Person(s)" means a natural person, individual, corporation (including all divisions and subsidiaries), limited liability corporation, professional corporation, general or limited partnership, limited liability partnership, limited liability company, joint venture, association, joint stock company, estate, personal or legal representative, trust, unincorporated association, government or any political subdivision or agency thereof, and any other business or legal entity.

1.38 "Plan of Allocation" means the proposed plan or formula of allocation of the Net Settlement Fund to the Authorized Claimants prepared by Lead Counsel and set forth in the Notice (or any other plan for the allocation of the Net Settlement Fund that Lead Counsel may propose).

1.39 "Preliminary Approval Order" means the order to be entered by the Court preliminarily approving the Settlement embodied herein, which shall be substantially in the form attached hereto as Exhibit A.

1.40 "Proof of Claim Form" means the Proof of Claim and Release form for submitting a Claim to be approved by the Court, which shall be substantially in the form attached hereto as Exhibit A-2, that a Settlement Class Member must complete and submit should that Settlement Class Member seek to share in a distribution of the Net Settlement Fund.

1.41 "Released Claims" means all Released Defendants' Claims and all Released Plaintiffs' Claims.

1.42 "Released Defendant Party" or "Released Defendant Parties" means each and all of the following: (a) each and every Defendant; (b) any and all of Defendants' respective past, present, or future parents, affiliates, associates, subsidiaries, divisions, related entities and affiliates, professional corporations, general or limited partnerships, limited liability corporations, limited liability companies, joint ventures, associations, joint stock companies, personal or legal representatives, unincorporated associations, any other business or legal entities, controlling persons, directors, officers, shareholders, partners, principals, Immediate Family Members, heirs, estates, estate managers, trustees, trusts, executors, administrators, predecessors, successors, successors in interest, assigns,

assignees, members, agents, employees, managers, representatives, indemnifiers, insurers, co-insurers, reinsurers, advisors (including financial or investment advisors), bankers, consultants, attorneys, accountants, auditors, underwriters, and entities providing fairness opinions; (c) any entity in which a Defendant has or had a controlling interest; and (d) Defendants' Counsel.

1.43 "Released Defendants' Claims" means any and all claims, rights, causes of action, or liabilities of every nature and description whatsoever, whether known claims or Unknown Claims, whether asserted or unasserted, whether arising under federal, state, common, or foreign law, against a Releasing Plaintiff Party that are based upon, arise out of, concern, or relate in any way to the institution, prosecution, or settlement of the Action against Defendants. Released Defendants' Claims do not include, settle, or release any claims relating to the enforcement of this Stipulation or the Settlement.

1.44 "Releasing Plaintiff Party" or "Releasing Plaintiff Parties" means each and all of the following: (a) Lead Plaintiffs; (b) Lead Plaintiffs' Counsel; (c) each and every Settlement Class Member; and (d) any and all of Lead Plaintiffs' and each Settlement Class Member's respective past, present, or future respective parents, affiliates, associates, subsidiaries, divisions, related entities and affiliates, professional corporations, general or limited partnerships, limited liability corporations, limited liability companies, joint ventures, associations, joint stock companies, personal or legal representatives, unincorporated associations, any other business or legal entities, controlling persons, directors, officers, shareholders, partners, principals, Immediate Family Members, heirs, estates, estate managers, trustees, trusts, executors, administrators, predecessors, successors, successors in interest, assigns, assignees, members, agents, employees, managers, representatives, indemnifiers, insurers, co-insurers, reinsurers, advisors (including financial or investment advisors), bankers, consultants, attorneys, accountants, auditors, underwriters, and entities providing fairness opinions. Releasing Plaintiff Parties do not include any Person who would otherwise be a Settlement Class Member but who validly and timely requests exclusion from the Settlement Class.

1.45 "Released Plaintiffs' Claims" means any and all claims, causes of action, demands, losses, rights, or liabilities of every nature and description whatsoever against the Released Defendant Parties, whether known claims or Unknown Claims, whether asserted or unasserted, whether arising under federal, state, common, or foreign law, whether class or individual in nature, that (a) were asserted, alleged, or set forth in Lead Plaintiffs'

Consolidated Complaint or any prior complaint filed in the Action, (b) were asserted or alleged in the Action, (c) could have been asserted, alleged, or set forth in the Consolidated Complaint or the Action or could in the future be asserted or alleged in any other action or in any other forum (including, without limitation, any federal or state court, or in any other court, arbitration proceeding, administrative agency, or other forum, in the U.S. or elsewhere) by Lead Plaintiffs, any Settlement Class Member, or any other Releasing Plaintiff Party arising out of, based upon, concerning, or relating in any way to both (i) the purchase and/or acquisition by any Settlement Class Member of AdaptHealth Securities during the Settlement Class Period, and (ii) the facts, allegations, assertions, matters, events, transactions, acts, occurrences, statements, representations, misrepresentations, omissions, claims, and/or legal theories that were or could have been alleged, set forth, referred to, or involved in this Action, the Consolidated Complaint, or any prior complaint filed in this Action.

Notwithstanding the foregoing, Released Plaintiffs' Claims do not include, settle, or release any pending claims against the Released Defendant Parties relating to non-duplicative facts, allegations, assertions, matters, events, transactions, acts, occurrences, statements, representations, misrepresentations, omissions, and/or legal theories that were not and could not have been alleged, set forth, referred to, or involved in this Action, the Consolidated Complaint, or any prior complaint filed in this Action ("Unique Claims"), even if any such Unique Claim is asserted by any Lead Plaintiff or any Settlement Class Member that received compensation in connection with the Settlement. For the avoidance of doubt, the Settlement is not intended to release any Unique Claims asserted in *Allegheny County Employees' Retirement System v. AdaptHealth Corp.*, No. 2:23-cv-04104 in the United States District Court for the Eastern District of Pennsylvania.

Released Plaintiffs' Claims also do not include any and all claims brought derivatively in *Hessler v. AdaptHealth Corp. f/k/a DFB Healthcare Acquisitions Corp., et al.*, No. 2:21-cv-05335 in the United States District Court for the Eastern District of Pennsylvania, or settle, or release any claims relating to the enforcement of this Stipulation or the Settlement.

1.46 "Settlement" means the resolution of the Action in accordance with the terms and conditions of this Stipulation.

1.47 "Settlement Amount" means, collectively, the AdaptHealth Settlement Amount and the McGee Settlement Amount.

1.48 "Settlement Cash" means, collectively, the AdaptHealth Settlement Cash and the McGee Settlement Amount, the sum of which is Fifty-One Million U.S. Dollars (U.S. \$51,000,000.00).

1.49 "Settlement Class" means all Persons who purchased or otherwise acquired AdaptHealth common stock or call options on AdaptHealth common stock or sold put options on AdaptHealth common stock during the Settlement Class Period. Excluded from the Settlement Class are: (a) Defendants; (b) any Person who served as an officer or director of AdaptHealth during the Settlement Class Period; (c) the Immediate Family Members of Defendants and the excluded officers and directors; (d) any firm, trust, corporation, or other entity in which any excluded person or entity has, or had during the Settlement Class Period, a controlling interest; (e) the legal representatives, parents, subsidiaries, agents, affiliates, heirs, successors-in-interest, predecessors, or assigns of any such excluded person or entity, in their capacities as such; and (f) any Person who would otherwise be a Settlement Class Member but who validly and timely requests exclusion in accordance with the requirements set by the Court. Notwithstanding the foregoing, any AdaptHealth employee retirement, savings, or benefit plan shall not be deemed an affiliate of any Defendant, except that any Claim submitted on behalf of any AdaptHealth employee retirement, savings, or benefit plan shall be pro-rated to exclude the proportion owned by Defendants and other specifically excluded persons or entities.

1.50 "Settlement Class Member" means a member of the Settlement Class.

1.51 "Settlement Class Period" means the period between November 8, 2019 and July 16, 2021, inclusive.

1.52 "Settlement Fund" means the Settlement Amount plus any and all interest or income earned thereon after it is deposited into the Escrow Account.

1.53 "Settlement Shares" means one (1) million shares of freely tradable AdaptHealth common stock, to be issued and delivered by AdaptHealth in accordance with ¶4.6 of this Stipulation.

1.54 "Settling Parties" means, collectively, Defendants and Lead Plaintiffs, on behalf of themselves and the Settlement Class.

1.55 "Stipulation" means this Stipulation and Agreement of Settlement.

1.56 "Settlement Notices" means, collectively, the Notice and Summary Notice.

1.57 "Summary Notice" means the Summary Notice of Proposed Settlement of Class Action, which, subject to approval of the Court, shall be substantially in the form attached hereto as Exhibit A-3, to be published as set forth in the Preliminary Approval Order.

1.58 "Taxes" means any and all federal, state, or local taxes, fees, levies, duties, tariffs, imposts, and other similar charges (including any estimated taxes, withholdings, interest, penalties, additions to tax and additional amounts imposed with respect thereto) on any income earned by the Settlement Fund.

1.59 "Tax Expenses" means any expenses and costs incurred in connection with the taxation of the Settlement Fund (including, without limitation, expenses of tax attorneys and/or accountants and/or other advisors and expenses relating to the filing of or failure to file all necessary or advisable tax returns).

1.60 "Unknown Claims" means (a) any and all Released Plaintiffs' Claims that any of the Releasing Plaintiff Parties do not know or suspect to exist in his, her, their, or its favor at the time of the release of the Released Defendant Parties, which, if known by him, her, them, or it, might have affected his, her, their, or its release of the Released Defendant Parties or decision(s) with respect to the Settlement, and (b) any and all Released Defendants' Claims that any of the Released Defendant Parties do not know or suspect to exist in his, her, their, or its favor at the time of the release of the Releasing Plaintiff Parties, which, if known by him, her, them, or it, might have affected his, her, their, or its release of the Releasing Plaintiff Parties. With respect to any and all Released Claims, the Settling Parties stipulate and agree that, upon the Effective Date of the Settlement, the Settling Parties shall expressly waive, and each Releasing Plaintiff Party and Released Defendant Party shall, by operation of the Judgment or the Alternate Judgment, be deemed to have expressly waived, any and all provisions, rights, and benefits conferred by California Civil Code §1542 and any law of any state or territory of the United States, or

principle of common law, which is similar, comparable, or equivalent to California Civil Code §1542, which provides:

A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.

The Settling Parties acknowledge that they may hereafter discover facts, legal theories or authorities in addition to or different from those which they or their respective counsel now know or believe to be true with respect to the subject matter of the Released Plaintiffs' Claims or Released Defendants' Claims that, had they known, may have affected their decision to enter into this Stipulation, but they are notwithstanding this potential entering into this Stipulation and intend it to be a full, final, and permanent resolution of the matters at issue in the Action. The Settling Parties acknowledge, and each Releasing Plaintiff Party and Released Defendant Party shall, by operation of law, be deemed to have acknowledged, that the foregoing waiver and the inclusion of the "Unknown Claims" in the definition of the Released Plaintiffs' Claims and Released Defendants' Claims were separately bargained for and was a material element of the Settlement.

2. CAFA Notice

2.1 Defendants shall serve any notice of Settlement required pursuant to the Class Action Fairness Act of 2005 (the "CAFA Notice"), 28 U.S.C. §1715(b), within the time period set forth in said statute. Defendants are solely responsible for the costs and expenses related to the creation and service of any CAFA Notice.

2.2 Lead Counsel will request that the Final Approval Hearing be scheduled for no earlier than ninety (90) days following the deadline for Defendants to serve the CAFA Notice as stated in this paragraph. Should Defendants serve any CAFA Notice, at least seven (7) calendar days before the Final Approval Hearing, Defendants shall cause the CAFA Notice to be served on Lead Counsel and filed with the Court.

2.3 The Settling Parties further agree that any delay by Defendants in timely serving the CAFA Notice will not provide grounds for delay of the Final Approval Hearing or entry of the Judgment or the Alternate Judgment.

3. Releases

3.1 The obligations incurred pursuant to this Stipulation are in consideration of: (a) the full and final disposition of this Action as against the Defendants; and (b) the releases provided for herein.

3.2 Pursuant to the Judgment or the Alternate Judgment, without further action by anyone, upon the Effective Date, Lead Plaintiffs and each and every Releasing Plaintiff Party (a) shall be deemed to have, and by operation of law and of judgment shall have, fully, finally, and forever compromised, settled, resolved, waived, released, relinquished, discharged, and dismissed each and every one of the Released Plaintiffs' Claims against each and every Defendant and any and all of the other Released Defendant Parties; (b) shall forever be barred and enjoined from commencing, instituting, prosecuting, or continuing to prosecute, or asserting, either directly or indirectly, the Released Plaintiffs' Claims against each and every Defendant and any and all of the other Released Defendant Parties; and (c) shall forever be barred and enjoined from instituting, continuing, maintaining, or asserting, either directly or indirectly, on their own behalf or on behalf of any class or any other Person, any action, suit, cause of action, claim, or demand against any Person who may claim any form of contribution or indemnity from any of the Released Defendant Parties in respect of any Released Plaintiffs' Claims. Claims to enforce the terms of this Stipulation and the Settlement are not released.

3.3 Pursuant to the Judgment or the Alternate Judgment, without further action by anyone, upon the Effective Date, Defendants and each and every Released Defendant Party (a) shall be deemed to have, and by operation of law and of judgment shall have, fully, finally, and forever compromised, settled, resolved, waived, released, relinquished, discharged, and dismissed each and every one of the Released Defendants' Claims against Lead Plaintiffs, Lead Plaintiffs' Counsel, each and every Settlement Class Member, and any and all of the other Releasing Plaintiff Parties; (b) shall forever be barred and enjoined from commencing, instituting, prosecuting, or continuing to prosecute, or asserting, either directly or indirectly, the Released Defendants' Claims against Lead Plaintiffs, each and every Settlement Class Member, and any and all of the other Releasing Plaintiff Parties; and (c) shall forever be barred and enjoined from instituting, continuing, maintaining, or asserting, either directly or indirectly, on their own behalf or on behalf of any class or any other Person, any action, suit, cause of action, claim, or demand against any Person who may claim any form of contribution or indemnity from any of the Releasing Plaintiff Parties in respect of any Released Defendants' Claims. Claims to enforce the terms of this Stipulation and the Settlement are not released.

3.4 Notwithstanding ¶3.1 through ¶3.3, nothing in the Judgment or the Alternate Judgment shall bar any action by any of the Settling Parties to enforce or effectuate the terms of this Stipulation, the Settlement, or the

Judgment or the Alternate Judgment. Nor shall anything in this Stipulation constitute a release of any action, suit, cause of action, claim or demand that Defendants have or may have against AdaptHealth's Insurers.

4. Settlement Consideration

4.1 In consideration of the settlement of the Released Plaintiffs' Claims against Defendants and the other Released Defendant Parties, and in accordance with ¶4.2 through ¶4.6, the AdaptHealth Settlement Amount shall be deposited or caused to be deposited into the Escrow Account by AdaptHealth, and the McGee Settlement Amount shall be deposited or caused to be deposited into the Escrow Account by McGee. The deposit of both the AdaptHealth Settlement Amount and the McGee Settlement Amount into the Escrow Account fully discharges all financial obligations under this Stipulation and in connection with the Settlement, meaning that no other Released Defendant Party shall have any obligation to pay, deliver, deposit, or otherwise provide any settlement consideration into the Escrow Account or to any Settlement Class Member under this Stipulation or in connection with this Settlement.

4.2 AdaptHealth shall pay or cause to be paid \$17.8 million of the AdaptHealth Settlement Cash into the Escrow Account no later than ten (10) calendar days after the later to occur of: (a) execution of this Stipulation by all Settling Parties, or (b) the date on which the Escrow Agent provides to Defendants' Counsel (collectively) all information necessary to effectuate a transfer of funds to the Escrow Account, including, without limitation, (i) wire transfer instructions (including bank name and ABA routing number, address, account name and number); (ii) payment address; and (iii) a complete and executed Form W-9 that reflects a valid taxpayer identification number for the Settlement Fund in which the Settlement Cash is to be deposited.

4.3 Prior to the Court entering a Preliminary Approval Order, no portion of the \$17.8 million may be used for any reason. All of the \$17.8 million must be held in an interest-bearing account. In the event the Court denies the Settling Parties' request for the entry of a Preliminary Approval Order or otherwise does not enter a Preliminary Approval Order within sixty (60) days of the hearing on such motion, AdaptHealth shall have, in its sole and absolute discretion, the right to request the refund of some or all of the \$17.8 million plus any accrued interest. Within ten (10) business days after written notification of such a refund request, the Escrow Agent shall refund the requested amount to AdaptHealth as directed by the written instructions of AdaptHealth. Upon the Court's entry of a Preliminary Approval Order, all terms and conditions in this paragraph, including the interest-bearing requirement for the account or accounts comprising the Escrow Account, shall be inapplicable.

4.4 AdaptHealth shall pay or cause to be paid the remainder of the AdaptHealth Settlement Cash into the Escrow Account (*i.e.*, \$32.2 million) and McGee shall pay or cause to be paid the McGee Settlement Amount into the Escrow Account no later than fourteen (14) calendar days after entry by the Court of the Preliminary Approval Order.

4.5 McGee shall not seek reimbursement or indemnification for the McGee Settlement Amount directly or indirectly from any third party, including, without limitation, AdaptHealth, AdaptHealth's Insurers, or any Defendant.

4.6 AdaptHealth shall issue and deliver the Settlement Shares into the Escrow Account for the benefit of the Settlement Class no later than fourteen (14) calendar days after the later to occur of: (a) the date of entry by the Court of the Final Judgment finally approving the Settlement, or (b) the date on which the Escrow Agent provides to the AdaptHealth Defendants' Counsel all information necessary to effectuate a transfer of the Settlement Shares to the Escrow Account, notwithstanding the existence of any timely filed objections to the Settlement, or potential for appeal therefrom, or collateral attack on the Settlement or any part thereof. The following terms and conditions shall apply to the issuance and delivery of the Settlement Shares:

a) All Settlement Shares shall be duly and validly issued, fully paid, non-assessable, free from all liens and encumbrances (except as set forth herein), and be approved for listing on the NASDAQ at the time of issuance, subject to notice of issuance.

b) The Settlement Shares will be issued in reliance on Section 3(a)(10) of the Securities Act of 1933, as amended, and in accordance with any applicable state securities laws, rules, or regulations. AdaptHealth may also choose to issue the shares in reliance on an exemption under the Securities Act and register the resale of the Settlement Shares by the Escrow Account under a registration statement on Form S-3.

c) To ensure that the issuance of the Settlement Shares qualifies for the exemption provided by Section 3(a)(10) of the Securities Act, the Settling Parties and their respective counsel will take all steps necessary to comply with the conditions applicable to issuances under Section 3(a)(10) as articulated in Staff Legal Bulletin No. 3A (Jun. 18, 2008), including: (i) Settlement Class Members shall be given adequate notice of the Final Approval Hearing by Lead Counsel; (ii) the Final Approval Hearing shall be open to all Settlement Class Members; (iii) there shall be no improper impediments to the appearance by any Settlement Class Member at the Final

Approval Hearing; (iv) the Court shall be advised before the Final Approval Hearing that AdaptHealth will rely on the Section 3(a)(10) exemption based on the Court's approval of the issuance of the Settlement Shares as part of the consideration provided in exchange for the Settlement and release of the Released Plaintiffs' Claims; (v) the Final Approval Hearing shall include consideration of the fairness of the terms and conditions of the issuance of the Settlement Shares in exchange for the Settlement and release of the Released Plaintiffs' Claims against the Released Defendant Parties; and (vi) the order to be entered by the Court shall approve the fairness to the Settlement Class Members of the terms and conditions of the issuance of the Settlement Shares in exchange for the Settlement and release of the Released Plaintiffs' Claims against the Released Defendant Parties.

d) The Settlement Shares will be issued by AdaptHealth in book entry form with AdaptHealth's Transfer Agent and be registered in the name of the Escrow Agent.

e) Following the issuance and delivery of the Settlement Shares to the Escrow Agent, neither the Escrow Agent nor the Claims Administrator shall sell, transfer or otherwise dispose of more than 250,000 Settlement Shares on any given day. Except as set forth in the preceding sentence and subject to compliance applicable securities laws, there will be no restriction on the Escrow Agent's or Claims Administrator's right to hold or sell the Settlement Shares as they see fit.

f) Upon delivery of the Settlement Shares to Lead Counsel's designee, Lead Counsel shall hold the Settlement Shares as fiduciary for the benefit of the Settlement Class and, as applicable, as Court-awarded attorneys' fees in accordance with Section IV.7 below. The Releasing Plaintiff Parties release any and all claims against the Released Defendant Parties and their agents that arise out of, relate to, or are based upon the issuance, transfer, or disposition of the Settlement Shares made in accordance with this Stipulation or distributions or sales of the Settlement Shares by Lead Plaintiffs, Lead Counsel, Lead Counsel's designee, or any of their agents, and shall forever be barred and enjoined from prosecuting any and all such claims against any Released Defendant Party, *provided, however*, that the foregoing shall not alter AdaptHealth's obligations expressly set forth herein.

g) The Escrow Agent shall provide instructions to AdaptHealth regarding the distribution of Settlement Shares. AdaptHealth shall authorize its Transfer Agent to disburse Settlement Shares in

accordance with such instructions. Any such instructions given to AdaptHealth by the Escrow Agent shall be set forth in a writing signed by Lead Counsel and accompanied by such information, and in such physical or electronic medium as required by AdaptHealth's Transfer Agent. Each of AdaptHealth and its Transfer Agent has the right to rely on the accuracy and completeness of the information provided by the Escrow Agent with respect to the issuance and distribution of the Settlement Shares. Neither any of the Released Defendant Parties which are Settling Parties hereto nor AdaptHealth's Transfer Agent shall have any responsibility or liability regarding the accuracy or completeness of any information provided by Lead Counsel in respect to the issuance or distribution of the Settlement Shares, or any losses incurred in connection therewith.

h) During the period between the issuance of the Settlement Shares and the distribution thereof, in the event the Settlement Shares are sold or distributed to the Authorized Claimants, on any matter or at any meeting at which shareholders of AdaptHealth (or its successor entity's) common stock are entitled to vote, the Settlement Shares shall be deemed voted (and Lead Counsel shall and shall cause its designee and AdaptHealth's Transfer Agent to vote the Settlement Shares) in the same manner in which the majority of the outstanding shares of AdaptHealth's common stock are actually voted.

4.7 The Settlement Amount represents the entirety of the financial obligations in connection with the Settlement, meaning that it is inclusive of any Fee and Expense Award, the attorneys' fees and expenses of Lead Plaintiffs' Counsel, all Notice and Administration Costs, and all Taxes and Tax Expenses. The Settlement Amount is the total, full, and final amount of all payments to be paid by, or on behalf of, Defendants to Lead Plaintiffs, Settlement Class Members, Lead Counsel, Lead Plaintiffs' Counsel, or any other person or entity acting or purporting to act for the benefit of the Settlement Class in this Action, in connection with this Stipulation and the Settlement embodied herein.

4.8 The deposit of both the AdaptHealth Settlement Amount and the McGee Settlement Amount into the Escrow Account shall fully discharge all financial obligations in connection with the Settlement, meaning that no Released Defendant Party shall have any obligation to pay, deliver, deposit, or otherwise provide any additional settlement consideration to the Escrow Account or to any Settlement Class Member under this Stipulation or in connection with the Settlement. For the avoidance of doubt, under no circumstances shall AdaptHealth or McGee be required to contribute more to the Settlement Fund than its/his respective portion of the Settlement Amount (*i.e.*, the AdaptHealth Settlement Amount and the McGee Settlement Amount, respectively) or make any other payments

pursuant to this Stipulation or the Settlement. Furthermore, in the event the Settlement is approved and becomes Final, under no circumstances shall any Released Defendant Party be required to make any payment pursuant to this Stipulation or the Settlement or to otherwise provide any settlement consideration to the Escrow Account or the Settlement Fund.

4.9 Except as provided in this Stipulation, immediately upon deposit of any portion of the Settlement Amount into the Escrow Account, the Released Defendant Parties shall have no responsibility for, interest in, or liability whatsoever with respect to the Settlement Fund, including: (a) any act, omission, or determination by Lead Plaintiffs' Counsel, the Escrow Agent, or the Claims Administrator, or any of their respective designees, in connection with the administration of the Settlement or otherwise; (b) the management, investment, or distribution of the Settlement Fund; (c) the Plan of Allocation; (d) the determination, administration, calculation, or payment of any Claims asserted against the Settlement Fund; (e) any loss suffered by, or fluctuation in value of, the Settlement Fund; or (f) the payment or withholding of any Taxes, Tax Expenses, legal fees, or any other costs or expenses incurred in connection with the Settlement Fund.

4.10 Upon the Effective Date, any interest earned on the Settlement Fund shall be for the benefit of the Settlement Class. If the Effective Date does not occur and the Settlement is terminated, the Settlement Fund shall be returned to AdaptHealth and/or McGee pursuant to ¶13.1 through ¶13.6 hereof.

4.11 In further consideration of the settlement of the Released Plaintiffs' Claims against Defendants and the other Released Defendant Parties, AdaptHealth shall adopt the Corporate Governance Changes set forth in Exhibit C for a period of six (6) years from the date of enactment, the adoption of which shall occur no later than ninety (90) days following the date of entry by the Court of the Final Judgment finally approving the Settlement.

5. Use of Settlement Fund

a. The Escrow Agent Responsibilities

5.1 The Settlement Fund shall be held in the Escrow Account as provided in ¶4.2 through ¶4.6 hereof. Any portion of the Settlement Fund held in the Escrow Account shall be deemed and considered to be in *custodia legis* of the Court, and shall remain subject to the jurisdiction of the Court, until such time as such funds shall be distributed or returned pursuant to the terms of this Stipulation or a further order of the Court.

5.2 The Escrow Agent shall invest the Settlement Cash deposited or any funds generated through the sale of Settlement Shares pursuant to ¶4.2 through ¶4.6 hereof in United States Agency or Treasury Securities or other instruments backed by the Full Faith & Credit of the United States Government or an Agency thereof, or fully insured by the United States Government or an Agency thereof, and shall reinvest the proceeds of these instruments as they mature in similar instruments at their then-current market rates. All risks related to the investment of the Settlement Fund in accordance with the investment guidelines set forth in this paragraph shall be borne by the Settlement Fund, and Defendants and the other Released Defendant Parties shall have no responsibility for, interest in, or liability whatsoever with respect to investment decisions or the actions of the Escrow Agent, or any transactions executed by the Escrow Agent. The Escrow Agent, through the Settlement Fund, shall indemnify and hold each Defendant and each of the other Released Defendant Parties harmless for the actions of the Escrow Agent.

5.3 The Escrow Agent shall not disburse the Settlement Fund from the Escrow Account except as provided in this Stipulation or by an order of the Court. Defendants and the other Released Defendant Parties shall have no responsibility for, interest in, or liability whatsoever with respect to the actions of the Escrow Agent or any transaction executed by the Escrow Agent. The Escrow Agent shall indemnify and hold each Defendant and each of the other Released Defendant Parties harmless for any transaction executed by the Escrow Agent.

5.4 Subject to the terms and conditions of this Stipulation, the Escrow Agent is authorized to use the Settlement Fund to pay: (a) Taxes and Tax Expenses; (b) Notice and Administration Costs; and (c) any Fee and Expense Award. The balance remaining in the Settlement Fund after payment of the aforementioned items is the Net Settlement Fund and shall be distributed to the Authorized Claimants as provided herein.

5.5 Prior to the Effective Date, Lead Counsel may pay Notice and Administration Costs actually and reasonably incurred from the Settlement Fund, without further approval from Defendants and/or order of the Court. Such costs and expenses shall include, without limitation, the actual costs of printing and mailing the Notice, publishing the Summary Notice, reimbursements to nominee owners for forwarding the Notice to their beneficial owners, the administrative expenses incurred and fees charged by the Claims Administrator in connection with providing notice and administering the Settlement (including processing the submitted Claims), and the fees incurred, if any, by the Escrow Account. In the event that the Settlement is terminated pursuant to the terms of this Stipulation, all Notice and Administration Costs paid or incurred, including any related fees, shall not be returned or repaid to AdaptHealth, AdaptHealth's Insurers and/or McGee in accordance with ¶13.1 through ¶13.6. Defendants

and other Released Defendant Parties shall not have any responsibility for, nor any liability with respect to, any Notice and Administration Costs incurred or paid, and shall have no responsibility for, and no liability with respect to, any acts or omissions of the Claim Administrator, Lead Plaintiffs' Counsel, or the Escrow Agent, or their respective agents with regard to any Notice and Administration Costs.

5.6 After the Effective Date, Notice and Administration Costs may be paid as incurred, without approval of Defendants or further order of the Court. Defendants and the other Released Defendant Parties shall have no responsibility for, interest in, or liability whatsoever with respect to the Notice and Administration Costs, nor shall they have any responsibility, interest in, or liability whatsoever for any claims with respect thereto. The Settlement Fund shall indemnify and hold each Defendant and each of the other Released Defendant Parties harmless for any Notice and Administration Costs.

b. Tax Treatment of Settlement Fund

5.7 The Settling Parties agree that the Settlement Fund is intended to be at all times a “qualified settlement fund” within the meaning of Treasury Regulation §1.468B-1, and the regulations promulgated thereunder. The Settling Parties further agree that the Settlement Fund shall be established pursuant to the Court’s subject matter jurisdiction within the meaning of Treasury Regulation §1.468B-1(c)(1).

5.8 For the purpose of §1.468B of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder, the “administrator” of the Settlement Fund (as defined in Treasury Regulation §1.468B-2(k)(3)) shall be the Escrow Agent. The Escrow Agent shall be solely responsible for timely and properly filing or causing to be filed all informational and other federal, state, or local tax returns necessary or appropriate for the Settlement Fund (including, without limitation, the returns described in Treasury Regulation §1.468B-2(k)). Such returns (as well as the elections described herein) shall be consistent with this ¶5.8 and in all events shall reflect that all Taxes (including any estimated Taxes, interest, or penalties) on the income earned by the Settlement Fund shall be paid out of the Settlement Fund as provided in ¶5.11 hereof. In addition, the Escrow Agent shall timely make such elections as necessary or appropriate to carry out the provisions of this ¶5.8, including, as necessary, making the “relation-back election” (as described in Treasury Regulation §1.468B-1) to cause the “qualified settlement fund” to come into existence at the earliest permitted date, and shall take or cause to be taken all action as may be necessary or appropriate in connection therewith. Such elections shall be made in compliance with the procedures and requirements contained in such regulations. It shall be the responsibility of the Escrow Agent to timely and properly prepare and deliver the necessary documentation for signature by all necessary parties, and thereafter to cause the appropriate filing to occur.

5.9 Any tax returns prepared for the Settlement Fund (as well as the election set forth therein) shall be consistent with this Stipulation and in all events shall reflect that all Taxes on the income and gains earned by the Settlement Fund shall be paid out of the Settlement Fund as provided herein.

5.10 The taxable year of the Settlement Fund shall be the calendar year in accordance with Treasury Regulation §1.468B-2(j). The Settlement Fund shall use an accrual method of accounting within the meaning of §446(c) of the IRS Code.

5.11 All (a) Taxes (including any estimated Taxes, interest, or penalties) arising with respect to the income earned by the Settlement Fund, including any Taxes or tax detriments that may be imposed upon Defendants

or the other Released Defendant Parties with respect to any income earned by the Settlement Fund for any period, after the deposit of the Settlement Amount, during which the Settlement Fund does not qualify as a "qualified settlement fund" for federal, state, or local income tax purposes, and (b) Tax Expenses (including, without limitation, expenses of tax attorneys and/or accountants and mailing and distribution costs and expenses relating to filing (or failing to file) the returns described in ¶5.8 herein) shall be treated as, and considered to be, a cost of administration of the Settlement and shall be timely paid, or caused to be paid, by the Escrow Agent out of the Settlement Fund without prior order from the Court. The Escrow Agent shall be authorized (notwithstanding anything herein to the contrary) to withhold from distribution to Authorized Claimants any funds necessary to pay such amounts, including the establishment of adequate reserves for any Taxes and Tax Expenses (as well as any amounts that may be required to be withheld under Treas. Reg. §1.468B-2(l)(2)).

5.12 The Settling Parties agree to cooperate with the Escrow Agent, each other, and their tax attorneys and accountants to the extent reasonably necessary to carry out the provisions of ¶5.7 through ¶5.11.

5.13 In all events, Defendants and the other Released Defendant Parties shall have no liability or responsibility whatsoever for the Taxes or the Tax Expenses or for the acts or omissions of the Escrow Agent or its agent with respect to Taxes or Tax Expenses. The Escrow Agent shall indemnify and hold each Defendant and each of the other Released Defendant Parties harmless for Taxes and Tax Expenses (including, without limitation, Taxes payable by reason of any such indemnification).

5.14 The Settlement is not a claims-made settlement. As of the Effective Date, AdaptHealth and McGee shall not have any right to the return of the Settlement Fund or any portion thereof for any reason whatsoever, including, without limitation, the number of Claims submitted, the collective amount of Recognized Losses (as will be defined in the Plan of Allocation) of Authorized Claimants, the percentage of recovery of losses, or the amounts to be paid to Authorized Claimants from the Net Settlement Fund. Nor shall AdaptHealth, McGee, or the other Released Defendant Parties have any liability should Claims made exceed the amount available in the Settlement Fund for payment of such Claims.

6. Plan of Allocation

6.1 Following the Effective Date, the Net Settlement Fund shall be distributed to Authorized Claimants in accordance with the Plan of Allocation, provided that such Plan of Allocation, after appropriate notice thereof to the Settlement Class, has been approved by the Court in an order that has become Final.

6.2 The Plan of Allocation is a matter separate and apart from the Settlement between the Settling Parties as embodied in this Stipulation. The Plan of Allocation is not a necessary or material term of this Stipulation, and it is not a condition of the Settlement that any Plan of Allocation be approved by the Court or that any order approving a Plan of Allocation becomes Final. Any Plan of Allocation, including, but not limited to, any adjustments to an Authorized Claimant's Claim set forth therein, is to be considered by the Court separately from the Court's consideration of the fairness, reasonableness, and adequacy of the Settlement set forth in this Stipulation.

6.3 Defendants and Defendants' Counsel shall have no role in the preparation of the Plan of Allocation and shall take no position with respect thereto. No Defendant or any of the other Released Defendant Parties shall have any involvement with or liability, obligation, or responsibility whatsoever for the Plan of Allocation.

6.4 Any order or proceeding, whether in this Court or any appellate court, with respect to the Plan of Allocation shall not: (a) operate to modify, terminate, or cancel this Stipulation or the Settlement; (b) modify, terminate, or impact in any way the Releases set forth herein; (c) affect or delay the validity or finality of the Judgment or Alternate Judgment, if applicable, or any other orders entered by the Court giving effect to this Stipulation; (d) affect or delay the Effective Date; (e) provide any ground or otherwise permit any Person (including Lead Plaintiffs and the other Settlement Class Members), or any of their counsel, to cancel, terminate, or withdraw from this Stipulation or the Settlement; and/or (f) affect or delay the validity of the Settlement. For the avoidance of doubt, this paragraph is not applicable to any Settlement Class Members who timely and validly request exclusion from the Settlement Class.

7. Attorneys' Fees and Litigation Expenses

7.1 Lead Counsel may submit an application on behalf of all Lead Plaintiffs' Counsel for an award of attorneys' fees or payment of Litigation Expenses and any interest earned on such amounts ("Fee and Expense Application"). Lead Counsel's Fee and Expense Application may also include a request for reimbursement to Lead Plaintiffs in connection with their representation of the Settlement Class pursuant to 15 U.S.C. §78u-4(a)(4). Lead Counsel reserves the right to make additional applications for attorneys' fees and/or Litigation Expenses incurred in connection with this Action. Lead Counsel's Fee and Expense Application is not the subject of any agreement between Defendants and Lead Plaintiffs other than what is set forth in this Stipulation.

7.2 The amount of attorneys' fees and/or Litigation Expenses awarded to Lead Counsel by the Court ("Fee and Expense Award") is within the sole discretion of the Court. Any Fee and Expense Award shall be paid to Lead Counsel solely from (and out of) the Settlement Fund, as ordered, immediately following the Court's execution of an order approving the Settlement and the Fee and Expense Award, notwithstanding the existence of any timely filed objections thereto or to the Settlement, or potential for appeal therefrom, or collateral attack on the Settlement or any part thereof, subject to repayment obligations set forth in ¶13.5(e). Lead Counsel may thereafter allocate the awarded attorneys' fees among Lead Plaintiffs' Counsel in a manner in which it believes reflects the contributions of such counsel to the initiation, prosecution, and resolution of the Action.

7.3 The procedure for and the allowance or disallowance by the Court of any Fee and Expense Application and/or Fee and Expense Award is a matter separate and apart from the Settlement between the Settling Parties as embodied in this Stipulation and is not a necessary or material term of this Stipulation or a condition of the Settlement.

7.4 With the sole exception of AdapthHealth's and McGee's obligations to deposit or cause to be deposited their respective portions of the Settlement Amount as provided for in ¶¶4.2, 4.3, 4.4, and 4.6, neither Defendants nor any of the other Released Defendant Parties shall have any involvement with or liability, obligation, or responsibility whatsoever with respect to, any Fee and Expense Award or any other attorneys' fees and/or Litigation Expenses incurred by or on behalf of Lead Plaintiffs, Lead Counsel, Lead Plaintiffs' Counsel, or the Settlement Class Members. Furthermore, Defendants and the other Released Defendant Parties shall have no involvement with or liability, obligation, or responsibility whatsoever with respect to the allocation among Lead Plaintiffs' Counsel and/or any other Person who may assert some claim thereto of any Fee and Expense Award that the Court may make in the Action.

7.5 Any order or proceeding, whether in this Court or any appellate court, with respect to the award, payment, or allocation of attorneys' fees and/or Litigation Expenses in connection with this Action shall not: (a) operate to modify, terminate, or cancel this Stipulation or the Settlement; (b) modify, terminate, or impact in any way the Releases set forth herein; (c) affect or delay the validity or finality of the Judgment or Alternate Judgment, if applicable, or any other orders entered by the Court giving effect to this Stipulation; (d) affect or delay the Effective Date; (e) provide any ground or otherwise permit any Person (including Lead Plaintiffs, Lead Counsel,

Lead Plaintiffs' Counsel, and the Settlement Class Members), or any of their counsel, to cancel, terminate, or withdraw from this Stipulation or the Settlement; and/or (f) affect or delay the validity of the Settlement.

8. Notice and Settlement Administration

8.1 The Claims Administrator, subject to such supervision and direction of Lead Counsel and the Court as may be necessary or as circumstances may require, shall administer and calculate the Claims submitted by Settlement Class Members, oversee distribution of the Net Settlement Fund to Authorized Claimants pursuant to the Plan of Allocation approved by the Court in an order that has become Final, and perform all claims administration procedures necessary or appropriate in connection therewith.

8.2 Lead Counsel shall be solely responsible, subject to Court approval, for notice to the Settlement Class, administration of the Settlement, and the allocation of the Settlement Amount among Settlement Class Members. Such allocation, or changes to the Plan of Allocation, shall not affect the finality of the Settlement. Other than AdaptHealth's obligation to use its best efforts to provide or make available transfer records as provided in ¶10.2 and to issue the Settlement Shares as provided in ¶4.6 above, Defendants and the other Released Defendant Parties shall have no involvement with or liability, obligation, or responsibility whatsoever with respect to the administration of the Settlement or the actions or decisions of the Claims Administrator, and shall have no involvement with or liability, obligation, or responsibility whatsoever to the Releasing Plaintiff Parties, including Lead Plaintiffs, any other Settlement Class Members, Lead Counsel, or Lead Plaintiffs' Counsel, with respect to such administration, including, but not limited to: (a) any act, omission, or determination by Lead Counsel, the Escrow Agent, and/or the Claims Administrator, or any of their respective designees or agents, in connection with the administration of the Settlement or otherwise; (b) the management or investment of the Settlement Fund or the Net Settlement Fund; (c) the distribution of the Net Settlement Fund; (d) the Plan of Allocation; (e) the determination, administration, calculation, or payment of any Claims asserted against the Settlement Fund; (f) any losses suffered by, or fluctuations in value of, the Settlement Fund; or (g) the payment or withholding of any Taxes or Tax Expenses.

8.3 The Settlement Fund shall be applied as follows:

- (a) to pay all Notice and Administration Costs;
- (b) to pay the Taxes and Tax Expenses;

(c) to pay any Fee and Expense Award; and

(d) after the Effective Date, to distribute the Net Settlement Fund to Authorized Claimants as provided by this Stipulation, the Court-approved Plan of Allocation, and/or the orders of the Court.

8.4 The Claims Administrator shall mail the Notice to those Settlement Class Members who may be identified through the transfer records provided by AdaptHealth pursuant to ¶10.2, and to all other Settlement Class Members who can be reasonably identified, and shall publish the Summary Notice, pursuant to the terms of the Preliminary Approval Order.

8.5 Within one hundred-twenty (120) calendar days after the mailing of the Notice or such other time as may be set by the Court, each Settlement Class Member shall be required to submit to the Claims Administrator a completed Proof of Claim Form, substantially in the form of Exhibit A-2 attached hereto, signed under penalty of perjury and supported by such documents as are specified in the Proof of Claim Form. The Claims Administrator, under the supervision of Lead Counsel, shall determine, in accordance with this Stipulation and the approved Plan of Allocation, the extent, if any, to which each Claim shall be allowed, subject to review by the Court pursuant to ¶8.9 below.

8.6 The Claims Administrator shall receive Claims and determine, first, whether the Claim is a valid Claim in whole or part and, second, each Authorized Claimant's share of the Net Settlement Fund based upon the Plan of Allocation approved by the Court. Neither Defendants nor any of the Released Defendant Parties shall be permitted to review, contest, or object to any Proof of Claim Form or any decision of the Claims Administrator or Lead Counsel with respect to accepting or rejecting any Proof of Claim Form or Claim for payment by a Settlement Class Member.

8.7 All Settlement Class Members who fail to timely submit a valid Proof of Claim Form within the period specified in ¶8.5, or such other period as may be ordered by the Court, or otherwise allowed, shall be forever barred from receiving any payments pursuant to this Stipulation and the Settlement set forth herein. Notwithstanding the foregoing, Lead Counsel shall have the discretion (but not an obligation) to accept late-submitted Claims for processing by the Claims Administrator so long as the distribution of the Net Settlement Fund to Authorized Claimants is not materially delayed thereby. No Person shall have any claim against Lead Plaintiffs, Lead Plaintiffs' Counsel, the Claims Administrator, or any Settlement Class Member by reason of the exercise or non-exercise of such discretion.

8.8 Proof of Claim Forms that do not meet the submission requirements may be rejected. Prior to rejecting a Proof of Claim Form in whole or in part, the Claims Administrator shall communicate with the Claimant in writing to give the Claimant the chance to remedy any curable deficiencies in the Proof of Claim Form submitted. The Claims Administrator, under the supervision of Lead Counsel, shall notify, in a timely fashion and in writing, all Claimants whose Claims the Claims Administrator proposes to reject in whole or in part for curable deficiencies, setting forth the reasons therefor, and shall indicate in such notice that the Claimant whose Claim is to be rejected has the right to a review by the Court if the Claimant so desires and complies with the requirements of ¶8.9 below.

8.9 If any Claimant whose timely Claim has been rejected in whole or in part for curable deficiency desires to contest such rejection, the Claimant must, within twenty (20) calendar days after the date of mailing of the notice required in ¶8.8 above, or a lesser period of time if the Claim was untimely, serve upon the Claims Administrator a notice and statement of reasons indicating the Claimant's grounds for contesting the rejection along with any supporting documentation, and requesting a review thereof by the Court. If a dispute concerning a Claim cannot be otherwise resolved, Lead Counsel shall thereafter present the Claimant's request for review to the Court.

8.10 Except as otherwise ordered by the Court, all Claimants shall be deemed to have submitted to the jurisdiction of the Court with respect to the Claimant's Claim, including, but not limited to, all releases provided for herein and in the Judgment, and the Claim will be subject to investigation and discovery under the Federal Rules of Civil Procedure, provided that such investigation and discovery shall be limited to the Claimant's status as a Settlement Class Member and the validity and amount of the Claimant's Claim. In connection with processing the Proof of Claim Form, no discovery shall be allowed on the merits of the Action or the Settlement. All proceedings with respect to the administration, processing and determination of Claims and the determination of all controversies relating thereto, including disputed questions of law and fact with respect to the validity of Claims, shall be subject to the jurisdiction of the Court, but shall not, in any event, delay or affect the finality of the Judgment. All Settlement Class Members, other Claimants, and Settling Parties expressly waive their right to trial by jury (to the extent any such right may exist) and any right of appeal or review with respect to such determinations.

8.11 Except as otherwise ordered by the Court, all Settlement Class Members who do not request to be excluded from the Settlement Class (including those who fail to submit a timely Claim, Claimants whose Claims are rejected, and Authorized Claimants) will, in all other respects, be subject to and bound by all of the terms of the Settlement, including the terms of the Judgment or the Alternate Judgment to be entered in this Action and the

releases provided for herein, and will be permanently barred and enjoined from bringing any action, claim, or other proceeding of any kind against the Released Defendant Parties concerning any Released Plaintiffs' Claims.

8.12 Following the Effective Date, the Net Settlement Fund shall be distributed to the Authorized Claimants substantially in accordance with the Plan of Allocation approved by the Court. No distributions will be made to Authorized Claimants who would otherwise receive a distribution of less than \$10.00. If there is any balance remaining in the Net Settlement Fund after a reasonable period of time after the date of the distribution of the Net Settlement Fund, Lead Counsel shall, if feasible, reallocate such balance among Authorized Claimants who negotiated the checks sent in the initial distribution and who would receive a minimum of \$10.00. These redistributions shall be repeated until the balance remaining in the Net Settlement Fund is *de minimis*. Any *de minimis* balance that still remains in the Net Settlement Fund after such reallocation(s) and payments, which is not feasible or economical to reallocate, shall be donated to the Investor Protection Trust.

8.13 The Released Defendant Parties shall have no responsibility for, interest in, or liability whatsoever with respect to the distribution of the Net Settlement Fund, the Plan of Allocation, the determination, administration, or calculation of Claims, the payment or withholding of Taxes or Tax Expenses, or any losses incurred in connection therewith. No Person shall have any claim of any kind against the Released Defendant Parties with respect to the administration or distribution of the Settlement Fund and the related matters set forth herein; and the Releasing Plaintiff Parties release the Released Defendant Parties from any and all liability and claims arising from or with respect to such matters.

8.14 No Person shall have any claim against the Released Defendant Parties, the Releasing Plaintiff Parties, the Claims Administrator, or any other Person designated by Lead Counsel based on the administration, processing and determination of Claims made substantially in accordance with this Stipulation, the approved Plan of Allocation, or further order(s) of the Court.

8.15 All proceedings with respect to the administration, processing and determination of Claims and the determination of all controversies relating thereto, including disputed questions of law and fact with respect to the validity of Claims, shall be subject to the jurisdiction of the Court.

9. Objections and Requests for Exclusion

9.1 Pursuant to the terms and subject to the conditions set forth in the Preliminary Approval Order, any Settlement Class Member may appear at the Final Approval Hearing and show cause why the proposed

Settlement embodied herein should not be approved as fair, reasonable and adequate and in the best interests of the Settlement Class, or why the Judgment should not be entered thereon. Any Settlement Class Member may appear at the Final Approval Hearing and show cause why the Plan of Allocation or Lead Counsel's Fee and Expense Application should not be approved. Any Settlement Class Member may appear at the Final Approval Hearing to express support for the Settlement, Plan of Allocation, or Fee and Expense Application.

9.2 Pursuant to the terms and subject to the conditions set forth in the Preliminary Approval Order, any putative Settlement Class Member except Lead Plaintiffs may request to be excluded from the Settlement Class.

9.3 The Claims Administrator shall scan and electronically send copies of all requests for exclusion in PDF format (or such other format as shall be agreed) to AdaptHealth's Counsel and to Lead Counsel as expeditiously as possible, and in any event, and not more than five (5) days after receipt by the Claims Administrator. However, if the Claims Administrator receives any requests for exclusion within fourteen (14) days of the Final Approval Hearing, it shall scan and electronically send copies of those requests to AdaptHealth's Counsel and to Lead Counsel as expeditiously as possible, and, in any event, not more than two (2) calendar days after receipt by the Claims Administrator.

10. Preliminary Approval of the Settlement

10.1 As soon as practicable following execution of this Stipulation, Lead Counsel shall submit this Stipulation together with the Exhibits annexed hereto to the Court and shall move for preliminary approval of the Settlement embodied herein, certification of the Settlement Class for settlement purposes only, authorization to provide notice of the Settlement to the Settlement Class, approval of the contents and method of distribution of the Notices and the Proof of Claim Form, and scheduling of the Final Approval Hearing after notice is given to the Settlement Class and no earlier than ninety (90) days following any deadline for Defendants to serve the CAFA Notice as set forth in ¶2.1 through ¶2.3. Concurrently with the motion for preliminary approval, Lead Plaintiffs shall apply to the Court for, and Defendants shall agree to, entry of the Preliminary Approval Order, substantially in the form attached hereto as Exhibit A.

10.2 Within ten (10) business days after entry of the Preliminary Approval Order, AdaptHealth shall use its best efforts to provide or cause to be provided to the Claims Administrator, at no cost to Lead Plaintiffs or the Settlement Class, reasonably available transfer records in electronic searchable form, such as Excel, containing the names, addresses, and email addresses (if available) relating to the identity of any purchasers of AdaptHealth

common stock during the Settlement Class Period. It shall be solely Lead Counsel's responsibility to disseminate the Notice and Summary Notice to the Settlement Class in accordance with this Stipulation and as ordered by the Court. Settlement Class Members shall have no recourse as to the Lead Plaintiffs, Lead Plaintiffs' Counsel, Defendants or the other Released Defendant Parties with respect to any claims they may have that arise from any failure of the notice process made substantially in accordance with this Stipulation, or order(s) of the Court.

10.3 At or after the Final Approval Hearing, Lead Counsel will request that the Court approve the proposed Plan of Allocation and the Fee and Expense Application.

11. Judgment Approving the Settlement

11.1 If the Settlement embodied in this Stipulation is approved by the Court, Lead Counsel, with Defendants' consent, shall request that the Court enter the Judgment, substantially in the form attached hereto as Exhibit B.

12. Termination Rights

12.1 Defendants and Lead Plaintiffs shall each have the right to terminate the Settlement by providing written notice of their election to do so ("Termination Notice") to the other Settling Parties to this Stipulation within thirty (30) days of the date on which any of the following occur: (a) the Court's final refusal to enter the Preliminary Approval Order in any material respect; (b) the Court's final refusal to approve this Stipulation or any material part thereof; (c) the Court's final refusal to enter the Judgment in any material respect as to the Settlement; (d) the date upon which the Judgment is modified or reversed in any material respect by the United States Court of Appeals for the Third Circuit or the United States Supreme Court; (e) the date upon which an Alternate Judgment is modified or reversed in any material respect by the United States Court of Appeals for the Third Circuit or the United States Supreme Court; or (f) the failure of the Effective Date to occur for any reason, and the provisions of ¶¶13.3, 13.5, and 13.6 below shall apply. Notwithstanding the foregoing, any order or proceeding, whether in this Court or any appellate court, with respect to a Fee and Expense Application or Fee and Expense Award shall not be considered necessary or material to the Settlement, shall not be considered a condition of Settlement, shall not affect the finality of any Judgment or the Alternate Judgment and shall not be grounds for termination of the Settlement.

12.2 In addition to the grounds set forth in ¶12.1 above, AdaptHealth shall have, in its sole and absolute discretion, the right to terminate the Settlement and render it null and void in the event that Settlement Class Members timely and validly requesting exclusion from the Settlement Class meet the conditions set forth in a separate confidential agreement (the "Supplemental Agreement") executed between Lead Plaintiffs and AdaptHealth, by and through their counsel concurrently herewith. Lead Plaintiffs and AdaptHealth agree to maintain the confidentiality of the Supplemental Agreement, which is being executed concurrently herewith. The Supplemental Agreement shall not be filed with the Court and its terms shall not be disclosed in any other manner (other than the statements herein and in the Notices, to the extent necessary, or as otherwise provided in the Supplemental Agreement) unless the Court otherwise directs or a dispute arises between Lead Plaintiffs and AdaptHealth concerning its interpretation or application; *provided, however*, that if the Supplemental Agreement is submitted to the Court, Lead Plaintiffs and AdaptHealth will seek to have the Supplemental Agreement submitted to the Court *in camera* or filed under seal. Notwithstanding the foregoing, AdaptHealth may include a redacted copy of the Supplemental Agreement with any CAFA Notice.

12.3 In addition to the grounds set forth in ¶12.1 above, Lead Plaintiffs shall also have the right to terminate the Settlement in the event that the Settlement Amount is not timely deposited as provided for in ¶¶4.2, 4.3, 4.4, and 4.6, but only if: (a) Lead Counsel has notified Defendants' Counsel in writing of its intention to terminate the Settlement, and (b) the entire Settlement Amount is not paid within five (5) business days after Lead Counsel has provided such written notice.

12.4 The termination rights set forth herein are not intended to limit or impair the Settling Parties' rights under the law of contracts of the Commonwealth of Pennsylvania with respect to any breach of this Stipulation.

13. Conditions of Settlement and Effect of Disapproval, Cancellation, or Termination

13.1 The Effective Date of the Settlement shall be deemed to have occurred upon the occurrence or waiver of all of the following events:

- (a) the Court has entered the Preliminary Approval Order, substantially in the form set forth in Exhibit A;
- (b) the Settlement Amount has been deposited into the Escrow Account;

(c) Defendants have not exercised their option to terminate the Settlement pursuant to the provisions of this Stipulation, including pursuant to the Supplemental Agreement, and the time to exercise such termination rights has expired;

(d) Lead Plaintiffs have not exercised their option to terminate the Settlement pursuant to the provisions of this Stipulation and the time to exercise their termination rights have expired;

(e) the Court has approved the Stipulation and the Settlement embodied herein, following the provision of notice to the Settlement Class and a Final Approval Hearing, as prescribed by Rule 23 of the Federal Rules of Civil Procedure; and

(f) the Court has entered the Judgment, substantially in the form set forth in Exhibit B, and the Judgment has become Final; or the Court has entered an Alternate Judgment, and neither Lead Plaintiffs nor any Defendant seek to terminate the Settlement and the Alternate Judgment has become Final.

13.2 If the conditions specified in ¶13.1 hereof are met and the Effective Date has occurred, no portion of the Settlement Fund will be returned to AdaptHealth, McGee, or any other Person funding the Settlement Amount, irrespective of the number of Claims filed, the collective amount of losses of Authorized Claimants, the percentage of recovery of losses, or the amounts to be paid to Authorized Claimants from the Net Settlement Fund.

13.3 If the conditions specified in ¶13.1 hereof are not met, then the Settlement shall be canceled and terminated pursuant to ¶12.1 through ¶12.4 hereof unless Defendants and Lead Plaintiffs mutually agree in writing to proceed with the Settlement.

13.4 Upon the Effective Date, any and all remaining interest or right of AdaptHealth, AdaptHealth's Insurers, or McGee in or to the Settlement Fund, if any, shall be absolutely and forever extinguished and the Releases herein shall be effective.

13.5 If (i) Defendants exercise their right to terminate the Settlement as provided in this Stipulation; (ii) Lead Plaintiffs exercise their right to terminate the Settlement as provided in this Stipulation; (iii) the Court disapproves the Settlement; (iv) the Judgment or the Alternate Judgment is reversed or vacated or altered following

any appeal taken therefrom, or is successfully collaterally attacked; or (v) the Effective Date as to the Settlement otherwise fails to occur, then:

- a) The Settlement and relevant portions of this Stipulation shall be canceled and terminated.
- b) Lead Plaintiffs and Defendants shall revert to their respective positions in the Action as of May 25, 2023.
- c) The terms and provisions of this Stipulation, with the exception of ¶¶1.1-1.60, 5.1-5.3, 5.7-5.14, 13.1-13.5, 14.1-14.2, and 15.16

hereof, shall have no further force and effect with respect to the Settling Parties and shall not be used in this Action or in any other proceeding, litigation, or investigation for any purpose, and any judgment or order entered by the Court in accordance with the terms of this Stipulation shall be treated as vacated, *nunc pro tunc*.

d) Within ten (10) business days after written notification of such event is sent by AdaptHealth's Counsel, McGee's Counsel, or Lead Counsel to the Escrow Agent, the Settlement Fund (including accrued interest), less Taxes, Tax Expenses, and Notice and Administration Costs actually incurred, paid, or payable pursuant to ¶5.5 and/or ¶5.11 hereof, or are chargeable to the Settlement Fund pursuant to ¶5.5 and/or ¶5.11 hereof, shall be refunded by the Escrow Agent to AdaptHealth and McGee. The Escrow Agent or its designee shall apply for any tax refund owed on the Settlement Fund and pay the proceeds, after deducting any fees or expenses incurred in connection with such application(s), to AdaptHealth and McGee in the same manner as the Settlement Fund described in this ¶13.5.

e) If any portion of the Fee and Expense Award has been paid out of the Settlement Fund, then Lead Counsel, including its partners and/or shareholders, and such other Lead Plaintiffs' Counsel, including their law firms, partners, and/or shareholders, and/or Lead Plaintiffs, to the extent they have received any portion of the Fee and Expense Award, shall, within ten (10) business days from receiving notice from AdaptHealth's Counsel or McGee's Counsel or from a court of appropriate jurisdiction, refund or repay to the Settlement Fund all such fees and expenses previously paid to them from the Settlement Fund plus the interest earned thereon. Any refunds or payment required pursuant to this ¶13.5(e) shall be the several obligation of Lead Plaintiffs' Counsel, including their partners, shareholders, and/or members, and/or Lead Plaintiffs, to the extent they have received any portion of the Fee and Expense Award, to make appropriate refunds or repayments to the Settlement Fund. As a condition of

receiving such fees and expenses, Lead Plaintiffs' Counsel, on behalf of themselves and their partners, shareholders, and/or members, and Lead Plaintiffs, agree that Lead Counsel and each of their partners, shareholders, and/or members, and Lead Plaintiffs are subject to the jurisdiction of the Court for the purpose of enforcing the provisions of this paragraph and are severally liable for the full amount of all fees, expenses, and costs paid from the Settlement Fund. Without limitation, Lead Plaintiffs' Counsel and their partners, shareholders, and/or members, and Lead Plaintiffs agree that the Court may, upon application of AdaptHealth or McGee and notice to Lead Plaintiffs' Counsel, summarily issue orders, including, but not limited to, judgments and attachment orders, and may make appropriate findings of or sanctions for contempt, should they fail to timely repay fees and expenses pursuant to this paragraph.

13.6 In the event that the Effective Date does not occur, or the Judgment or the order making the Fee and Expense Award is reversed or modified, or this Stipulation is cancelled or terminated for any other reason, and such reversal, modification, cancellation or termination becomes Final and not subject to review, and in the event that the Fee and Expense Award has been paid to any extent, then Lead Counsel, including its partners and/or shareholders, and such other Lead Plaintiffs' Counsel, including their law firms, partners, and/or shareholders, and Lead Plaintiffs who have received any portion of the Fee and Expense Award shall, within five (5) business days from receiving notice from AdaptHealth's Counsel, McGee's Counsel or from a court of appropriate jurisdiction, refund to the Settlement Fund all such fees and expenses previously paid to them from the Settlement Fund plus interest thereon at the same rate as earned by the Settlement Fund in an amount consistent with such reversal, modification, cancellation or termination. Any refunds or payment required pursuant to this ¶13.6 shall be the several obligation of Lead Plaintiffs' Counsel, including their partners, shareholders, and/or members, and Lead Plaintiffs that received fees or expenses to make appropriate refunds or repayments to the Settlement Fund. As a condition of receiving such fees and expenses, Lead Plaintiffs' Counsel, on behalf of themselves and their partners, shareholders, and/or members, and Lead Plaintiffs, agree that Lead Counsel and each of their partners, shareholders, and/or members, and Lead Plaintiffs are subject to the jurisdiction of the Court for the purpose of enforcing the provisions of this paragraph and are severally liable for the full amount of all fees, expenses, and costs paid from the Settlement Fund. Without limitation, Lead Plaintiffs' Counsel and their partners, shareholders, and/or members, and Lead Plaintiffs agree that the Court may, upon application of AdaptHealth or McGee and notice to Lead Plaintiffs' Counsel, summarily issue orders, including, but not limited to, judgments and attachment orders, and may make

appropriate findings of or sanctions for contempt, should they fail to timely repay fees and expenses pursuant to this paragraph.

14. No Admission of Wrongdoing

14.1 Defendants expressly deny any liability with respect to the matters alleged in the Consolidated Complaint. Defendants have denied and continue to deny, among other allegations, the allegations that Lead Plaintiffs or the Settlement Class Members have suffered any damages; that Lead Plaintiffs or the Settlement Class Members were harmed by the conduct alleged in the Action or that could have been alleged in the Action; that the price of AdaptHealth Securities was artificially inflated by reason of any alleged misrepresentations, omissions, or otherwise; that Defendants acted fraudulently in any way; that Defendants made any alleged material misrepresentations or omissions; that Defendants had or failed to comply with any disclosure obligations with respect to any alleged misrepresentations or omissions; or that the alleged harm suffered by Lead Plaintiffs and other Settlement Class Members, if any, was causally linked to any alleged misrepresentations or omissions. In addition, Defendants maintain that they have meritorious defenses to class certification and all claims alleged in the Action. Nonetheless, Defendants have concluded that further litigation of the Action, especially given the complexity of cases such as this one, would be protracted, burdensome, and expensive, and that it is desirable and beneficial to them that they secure releases to the fullest extent permitted by law and that the Action be fully and finally settled and terminated in the manner and upon the terms and conditions set forth in this Stipulation.

14.2 Neither the Settlement, this Stipulation (whether or not consummated), including the Exhibits hereto and the Plan of Allocation, the negotiations leading to the execution of this Stipulation and the Settlement, nor any proceedings, communications, drafts, documents or agreements taken pursuant to or in connection with this Stipulation, and/or approval of the Settlement (including any arguments proffered in connection therewith):

(a) shall be offered or received against any of the Released Defendant Parties as evidence of or construed as or deemed to be evidence of any presumption, concession, or admission by any of the Released Defendant Parties of the truth of any allegations by Lead Plaintiffs or any Settlement Class Member or the validity, or lack thereof, of any claim that has been or could have been asserted in the Action, or the deficiency of any defense that has been or could have been asserted in the Action or in any other litigation, including, but not limited to, litigation of the Released Plaintiffs' Claims, or the deficiency of any defense that has been or could have been

asserted in the Action or in any litigation, or of any liability, negligence, fault, or wrongdoing of the Released Defendant Parties;

(b) shall be offered or received against any of the Released Defendant Parties as evidence of or construed as or deemed to be evidence of any presumption, concession, or admission by any of the Released Defendant Parties of any fault, misrepresentation, or omission with respect to any statement or written document approved or made by any Released Defendant Party, or against any Releasing Plaintiff Party as evidence of any infirmity in the claims of Lead Plaintiffs or the other Settlement Class Members;

(c) shall be offered or received against any of the Releasing Plaintiff Parties as evidence of or construed as or deemed to be evidence of any presumption, concession, or admission that any of Lead Plaintiffs' or the Settlement Class's claims are without merit, that any of the Released Defendant Parties had meritorious defenses, or that damages recoverable under the Consolidated Complaint would not have exceeded the Settlement Amount;

(d) shall be offered or received against any of the Released Defendant Parties or Releasing Plaintiff Parties as evidence or construed as or deemed to be evidence of any presumption, concession, or admission with respect to liability, negligence, fault, or wrongdoing of any kind, or in any way referred to for any other reason as against any of the Released Defendant Parties or Releasing Plaintiff Parties in any arbitration proceeding or other civil, criminal, or administrative action or proceeding; and/or

(e) shall be construed against any of the Released Defendant Parties or Releasing Plaintiff Parties as evidence of a presumption, concession, or admission that the consideration to be given hereunder represents the amount which could be or would have been recovered after trial in the Action or in any proceeding;

(f) *provided, however*, that, notwithstanding the foregoing, if this Stipulation is approved by the Court, the Settling Parties and the other Released Defendant Parties and Releasing Plaintiff Parties may file or refer to this Stipulation to effectuate the protections from liability granted hereunder or otherwise to enforce the terms of the Settlement.

15. Miscellaneous Provisions

15.1 The Settling Parties agree to fully cooperate to the extent reasonably necessary to effectuate and implement all terms and conditions of this Stipulation, including in seeking Court approval of the Preliminary

Approval Order. The Settling Parties further agree to exercise their best efforts to accomplish the foregoing terms and conditions of this Stipulation and to promptly agree upon and execute all such other documentation as may be reasonably required to obtain final approval by the Court of the Settlement.

15.2 Pending approval of the Court of the Settlement, all proceedings in this Action shall be stayed and Lead Plaintiffs and all Settlement Class Members shall be barred and enjoined from, other than for those matters necessary to implement and effectuate the Settlement itself: (a) taking any steps to prosecute any of the Released Plaintiffs' Claims against any of the Released Defendant Parties; and (b) initiating or participating in any proceedings asserting any of the Released Plaintiffs' Claims against any of the Released Defendant Parties. Also, Lead Plaintiffs shall not take any discovery relating to the Settlement, often referred to as confirmatory discovery, including, but not limited to, document discovery and depositions, and will not seek Court permission or undertake other efforts to do so.

15.3 The Settling Parties intend the Settlement to be a final and complete resolution of all disputes asserted or which could be asserted by Lead Plaintiffs and any other Settlement Class Member against the Released Defendant Parties with respect to the Released Plaintiffs' Claims. The Settlement compromises all claims that were or are contested and shall not be deemed an admission by any Settling Party as to the merits of any claim or defense. No Settling Party will deny that the Action was commenced, litigated, and resolved in good faith and in a manner that comports with Rule 11 of the Federal Rules of Civil Procedure ("Rule 11"). No Settling Party will assert any violation of Rule 11 or any similar law, rule or regulation relating to the litigation of the Action, including, but not limited to, the institution, prosecution, defense, or settlement of the Action. The Judgment will contain a finding that, during the course of the Action, the Settling Parties and their counsel at all times complied with the requirements of Rule 11. No Settling Party will object to any finding by the Court in the Judgment, Alternate Judgment, or otherwise that the Settling Parties and their respective counsel have complied in all respects with the requirements of Rule 11 in connection with the institution, prosecution, defense, and settlement of the Action. The Settling Parties agree that the Settlement Amount and the other terms of the Settlement were negotiated at arm's length and in good faith by the Settling Parties, and reflect the Settlement that was reached voluntarily after extensive negotiations and consultation with experienced legal counsel, who were fully competent to assess the strengths and weaknesses of their respective clients' claims or defenses.

15.4 The Settling Parties agree to take no action with respect to the Settlement that is intended to, or that would be reasonably expected to, harm the reputation of the other Settling Party (including the Settling Party's officers, directors, employees, agents or attorneys) or that would reasonably be expected to lead to unfavorable publicity for any other Settling Party.

15.5 The Settling Parties and their counsel agree not to assert in any statement made to any media representative (whether or not for attribution) that the Action was commenced or prosecuted by Lead Plaintiffs or defended by Defendants in bad faith or without a reasonable basis, nor will they deny that the Action was commenced and prosecuted and defended in good faith and is being settled voluntarily after consultation with competent legal counsel. In all events, the Settling Parties and their counsel shall not make any accusations of wrongful or actionable conduct by any party concerning the prosecution, defenses and resolution of the Action, and shall not otherwise suggest that the Settlement constitutes an admission of any claim or defense alleged, to the media or otherwise. The Settling Parties reserve their right to rebut, in a manner that such Settling Party determines to be appropriate, any contention made in any public forum regarding the Action, including that the Action was brought or defended in bad faith or without a reasonable basis. For the avoidance of doubt, the Defendants retain their right to deny that the claims and allegations asserted in the Action were meritorious.

15.6 This Stipulation and the Exhibits attached hereto together with the Supplemental Agreement constitute the entire agreement among the Settling Parties as to the subject matter hereof. This Stipulation and the Supplemental Agreement supersede any prior or contemporaneous written or oral agreements or understandings between the Settling Parties, and no representations, warranties, or inducements have been made to any Settling Party concerning this Stipulation, its Exhibits, or the Supplemental Agreement, other than the representations, warranties, and covenants contained and memorialized in such documents.

15.7 All of the Exhibits attached hereto and the Supplemental Agreement are fully incorporated by reference as if fully set forth herein and are material terms. Notwithstanding the foregoing, in the event that there exists a conflict or inconsistency between the terms of this Stipulation and the terms of any Exhibit attached hereto, the terms of this Stipulation shall prevail.

15.8 This Stipulation shall be binding upon, and inure to the benefit of, the successors and assigns of the Settling Parties, including any and all Released Defendant Parties.

15.9 All time periods set forth in this Stipulation shall be computed in calendar days, unless expressly provided otherwise, and pursuant to the terms of Rule 6(a) of the Federal Rules of Civil Procedure.

15.10 The headings herein are used for the purpose of convenience only and are not meant to have legal effect.

15.11 The administration, consummation and enforcement of the Settlement as embodied in this Stipulation shall be under the authority of the Court, and the Settling Parties intend that the Court retain jurisdiction with respect to implementation and enforcement of the terms of this Stipulation, *inter alia*, entering orders providing for any Fee and Expense Award, the approval of the Plan of Allocation and enforcing the terms of the Settlement. All Settling Parties submit to the jurisdiction of the Court for purposes of implementing and enforcing the Settlement embodied in this Stipulation and matters related to the Settlement.

15.12 All notices, requests, demands, claims, and other communications hereunder shall be in writing and shall be deemed duly given (a) one (1) business day after being sent to the recipient by reputable overnight courier service (charges prepaid), or (b) seven (7) business days after being mailed to the recipient by certified or registered mail, return receipt requested and postage prepaid, and addressed to the intended recipient as set forth below:

If to Lead Plaintiffs or to Lead Counsel:

ROBBINS GELLER RUDMAN & DOWD LLP
ELLEN GUSIKOFF STEWART
655 West Broadway, Suite 1900 San Diego, CA 92101

If to AdaptHealth, any AdaptHealth Defendant, AdaptHealth's Counsel or the AdaptHealth Defendants' Counsel:

WILLKIE FARR & GALLAGHER LLP
TODD G. COSENZA
787 Seventh Avenue New York, NY 10019

If to McGee or McGee's Counsel:

KRAMER LEVIN NAFTALIS & FRANKEL LLP
DANI R. JAMES
1177 Avenue of the Americas New York, NY 10036

15.13 Unless otherwise provided, the Settling Parties may agree to reasonable extensions of time to carry out any of the provisions of this Stipulation without further order of the Court.

15.14 No opinion or advice concerning the tax consequences of the Settlement to individual Settlement Class Members is being given or will be given by the Settling Parties or their counsel nor is any representation or warranty in this regard made by virtue of this Stipulation. Settlement Class Members will be directed to consult their own tax advisors regarding the tax consequences of this Stipulation, and the Settlement embodied herein, and any tax reporting obligations they might have with respect to it. Each Settlement Class Member's tax obligations, and the determination thereof, are the sole responsibility of the Settlement Class Member, and it is understood that the tax consequences may vary depending on the particular circumstances of each Settlement Class Member, and the Released Defendant Parties shall have no liability for such taxes, penalties or interest.

15.15 All agreements made and orders entered during the course of the Action relating to the confidentiality of information shall survive this Stipulation.

15.16 Except as otherwise provided herein, each Settling Party shall bear his, her, or its own fees and costs.

15.17 Lead Counsel, on behalf of the Settlement Class, is expressly authorized by Lead Plaintiffs to take all appropriate action required or permitted to be taken by the Settlement Class pursuant to this Stipulation to effectuate its terms and also is expressly authorized to enter into any modifications or amendments to this Stipulation on behalf of the Settlement Class which it deems appropriate.

15.18 This Stipulation, along with its Exhibits and the Supplemental Agreement, may not be modified or amended, nor may any of its provisions be waived except by a writing signed on behalf of both Lead Plaintiffs and Defendants (or their successors-in-interest).

15.19 The waiver by one Settling Party of any breach of this Stipulation by any other party shall not be deemed a waiver by any other Settling Party or a waiver of any other prior or subsequent breach of this Stipulation.

15.20 Any action arising under or to enforce this Stipulation, the Settlement or any portion of this Stipulation or the Settlement, shall be commenced and maintained only in the Court. All Settling Parties submit to the jurisdiction of the Court for purposes of implementing and enforcing the Settlement.

15.21 The Settling Parties may file this Stipulation and/or the Judgment or the Alternate Judgment in any action that may be brought to enforce the terms of this Stipulation, the Settlement and/or the Judgment or the Alternate Judgment. Defendants and/or the other Released Defendant Parties may file this Stipulation and/or the Judgment or the Alternate Judgment in any other action that may be brought against them in order to support a

defense or counterclaim based on principles of *res judicata*, collateral estoppel, release, statute of limitations, statute of repose, good faith settlement, judgment bar or reduction, or any theory of claim preclusion or issue preclusion or similar defense or counterclaim, or to effectuate any liability protection under any applicable insurance policy.

15.22 To the extent there are disputes regarding the interpretation of any term of this Stipulation, the Settling Parties will attempt to resolve any such dispute in good faith. If the Settling Parties fail to resolve the dispute, or in the event of a breach of the terms of the Settlement, any non-breaching Settling Party shall be entitled to bring an action seeking to enforce those provisions, and the exclusive forum for any such action shall be this Court.

15.23 This Stipulation shall not be construed more strictly against one party than another merely by virtue of the fact that it, or any part of it, may have been prepared by counsel for one of the Settling Parties, it being recognized that this Stipulation is the result of arm's-length negotiations between the Settling Parties and all Settling Parties have contributed substantially and materially to the preparation of this Stipulation. Nothing in this Stipulation, or the negotiations relating thereto, is intended to or shall be deemed to constitute a waiver of any applicable privilege or immunity, including, without limitation, attorney-client privilege, joint defense privilege, or work product protection.

15.24 This Stipulation, its Exhibits, the Supplemental Agreement, and all documents necessary to effectuate it shall be considered to have been negotiated, executed and delivered, and to be wholly performed, in the Commonwealth of Pennsylvania. The construction, interpretation, operation, effect and validity of this Stipulation, and all documents necessary to effectuate it, shall be construed and enforced in accordance with, and governed by, the internal, substantive laws of the Commonwealth of Pennsylvania without giving effect to its choice-of-law principles, except to the extent that federal law requires that federal law govern.

15.25 Each counsel or other Person executing this Stipulation, its Exhibits, the Supplemental Agreement, or any related Settlement document, on behalf of any Settling Party hereto hereby warrants that such Person has the full authority to do so, and that such Person has the authority to take appropriate action required or permitted to be taken pursuant to this Stipulation to effectuate its terms, without requiring additional consent, approval, or authorization of any other Person, board, entity, tribunal, or other regulatory or governmental authority.

15.26 This Stipulation may be executed in one or more counterparts, including by signature transmitted via facsimile, or by a .pdf/.tif image of the signature transmitted via email. All executed counterparts and each of

them shall be deemed to be one and the same instrument. A complete set of executed counterparts shall be filed with the Court.

15.27 Whether or not the Settlement is approved by the Court and whether or not the Settlement is consummated, the Effective Date occurs, the Settling Parties and their counsel agree to keep all negotiations, discussions, acts performed, agreements, drafts, documents signed, and proceedings in connection with the Stipulation confidential.

IN WITNESS WHEREOF, the parties hereto have caused this Stipulation to be executed, by their duly authorized attorneys, dated February 26, 2024.

ROBBINS GELLER RUDMAN & DOWD LLP
DOUGLAS R. BRITTON (admitted *pro hac vice*)
KEVIN A. LAVELLE (admitted *pro hac vice*)
JOSEPH J. TULL (admitted *pro hac vice*)

/s/ Douglas R. Britton
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Attorneys for Defendant Luke McGee

Exhibit 21.1

The Company's principal subsidiaries as of December 31, 2023 are listed below. All other subsidiaries of the Company, if considered in the aggregate as a single affiliate, would not constitute a significant subsidiary of the Company.

Subsidiaries (Alphabetically)	State of Inc.
ABC Medical, LLC	SOUTH CAROLINA
Absolute Respiratory Care, LLC	RHODE ISLAND
Access Medical, LLC	MICHIGAN
Accucare Medical Equipment, LLC	OKLAHOMA
ActivStyle Holding Company	DELAWARE
ActivStyle, LLC	MINNESOTA
AdaptHealth - Missouri LLC	MISSOURI
AdaptHealth Holdings LLC	DELAWARE
AdaptHealth Intermediate HoldCo LLC	DELAWARE
AdaptHealth LLC	DELAWARE
AdaptHealth Minnesota LLC	MINNESOTA
AdaptHealth New England LLC	DELAWARE
AdaptHealth Patient Care Solutions LLC	PENNSYLVANIA
Admeco, Inc.	FLORIDA
Advocate Medical Services, LLC	FLORIDA
AeroCare Employee Benefits, Inc.	FLORIDA
Aerocare Express Medical, LLC	DELAWARE
Aerocare Holdings LLC	DELAWARE
Aerocare Home Medical Equipment, Inc.	TEXAS
Aerocare Home Medical Equipment, Inc. (MO)	MISSOURI
Aerocare Home Medical, Inc.	TEXAS
Aerocare Pharmacy, Inc.	TEXAS
Aerocare, Inc.	NEVADA
Agile Medical LLC	PENNSYLVANIA
Agilis Med Holdings LLC	DELAWARE
AirCare Home Medical, Inc.	KENTUCKY
AirCare Home Respiratory, LLC	CALIFORNIA
Airway Oxygen, Inc.	MICHIGAN
All American Home Aid, LLC	MASSACHUSETTS
All American Medical Services, Inc.	FLORIDA
All American Oxygen, Inc.	KENTUCKY
Allcare, Inc.	COLORADO
Alternative Care Providers LLC	MASSACHUSETTS
American Ancillaries, Inc.	NEVADA
American Home Medical, Inc.	FLORIDA

Subsidiaries (Alphabetically)	State of Inc.
American Preferred Home Medical, L.L.C.	TEXAS
America's Health Care at Home, LLC	DELAWARE
Americoast Maryland LLC	DELAWARE
Ameri-Quipt of North Carolina, Inc.	NORTH CAROLINA
Atlantic Medical Supply, Inc.	FLORIDA
Atlantic Medical, Inc.	VIRGINIA
Austin Respiratory Equipment, Inc.	FLORIDA
Beacon Respiratory Services of Georgia, Inc.	DELAWARE
Beacon Respiratory Services, Inc.	DELAWARE
Bennett Medical Services LLC	NEVADA
BestMED Respiratory, Inc.	IOWA
BHS, Inc.	KENTUCKY
Bird & Bear Medical, Inc.	ARKANSAS
BJ's Wheelchair Service, Inc.	TEXAS
Blue Dot Medical, LLC	MISSISSIPPI
Bluegrass Oxygen, Inc.	KENTUCKY
B-Pharm, Inc.	MISSOURI
Braden Partners, L.P.	CALIFORNIA
Brannons Rentals and Sales, Inc.	CALIFORNIA
Bradley DME LLC	TENNESSEE
Breathe Grace Medical Supply, LLC	MARYLAND
Buffalo Wheelchair, Inc.	NEW YORK
BuypapUSA.com, Inc.	OREGON
Cair Respiratory Services LLC	MARYLAND
Cape Medical Supply, LLC	MASSACHUSETTS
Care Plus Oxygen, Inc.	PENNSYLVANIA
Carmichaels Home Medical Equipment, Inc.	GEORGIA
Champlain Valley Brace and Limb, L.L.C.	NEW YORK
Charlotte Respiratory Solutions, Inc.	NORTH CAROLINA
Choice Medical Health Care, LLC	ILLINOIS
Choice Respiratory & Medical Equipment, Inc.	VIRGINIA
Clay Home Medical, Inc.	VIRGINIA
Clearview Medical Incorporated	TEXAS
Community Medical Supply, Inc.	IOWA
Community Surgical of Toms River LLC	DELAWARE
Cornerstone Medical Services -- Midwest, LLC	OHIO
Cornerstone Medical Services of Columbus, LLC	OHIO
CPAPSUPPLY.COM, Inc.	TEXAS
CressCare Medical, Inc.	PENNSYLVANIA
Desert Ridge Rehabilitation & Health Center, LLC	ARIZONA

Subsidiaries (Alphabetically)	State of Inc.
Desloge Home Oxygen and Medical Equipment, Inc.	FLORIDA
Diabetes Management & Supplies LLC	LOUISIANA
Diabetes Medical Supply Center of the Midlands	NEBRASKA
Dream Care of Virginia, LLC	VIRGINIA
DSCM Holdco Inc	NEBRASKA
Edge Medical Supply, LLC	TEXAS
Ellis Home Oxygen & Medical Equipment, Inc.	VIRGINIA
Express Medical Supply, LTD	TEXAS
Family Home Medical Supply LLC	PENNSYLVANIA
Family Medical Supply LLC	NORTH CAROLINA
First Choice In-HomeCare, Inc.	VIRGINIA
First Choice Medical Equipment, Inc.	ILLINOIS
Fletchers Medical Supplies Inc	FLORIDA
Florida Home Care, Inc.	FLORIDA
Florida Home Medical Supply, LLC	FLORIDA
Freedom Respiratory, Inc.	VIRGINIA
Georgia Home Medical - Columbus, Inc.	GEORGIA
Georgia Home Medical, Inc.	GEORGIA
GME Medical Supply, Inc.	VIRGINIA
Gould's Discount Medical, LLC	KENTUCKY
Grace Healthcare DME, Inc.	MISSISSIPPI
Grace Healthcare Incorporated	LOUISIANA
Grace Healthcare Internet Sales, Inc.	MISSISSIPPI
Grace Healthcare Medical, Inc.	MISSISSIPPI
Grace Healthcare, Inc.	MISSISSIPPI
Grace Medical Equipment, Inc.	ALABAMA
Grace Medical, Inc.	FLORIDA
Guardian Medical Inc.	FLORIDA
Halprin, Incorporated	NEW YORK
Health Complex Medical, LLC	CONNECTICUT
Health Products Plus, Inc.	GEORGIA
Healthline Medical Equipment, LLC	TEXAS
Healthy Living Medical Supply, LLC	MICHIGAN
Heartland Medical Equipment, Inc.	MISSOURI
Home Care Medical, Inc.	WISCONSIN
Home Medical Express, Inc.	ILLINOIS
Home Medical Products and Services LLC	WISCONSIN
Home Mediservice, LLC	MARYLAND
Home Nursing Care, Inc.	VIRGINIA
Home Respiratory Solution's, Inc.	FLORIDA

Subsidiaries (Alphabetically)	State of Inc.
Hometown Respiratory Consultants, Inc.	TENNESSEE
Hub's Home Oxygen & Medical Supplies, Inc.	PENNSYLVANIA
Huey's Home Medical, LLC	DELAWARE
Hurst Medical Equipment, Inc.	WEST VIRGINIA
IV Care, LLC	MISSOURI
J.M.R. Medical, LLC	DELAWARE
Keene Medical Products LLC	NEW HAMPSHIRE
Kentucky Medical Supply, Inc.	KENTUCKY
Lamar, LLC	FLORIDA
LCM Medical, Inc.	FLORIDA
LCP Solara Blocker Corp	DELAWARE
Legacy Home Medical, LLC	UTAH
Legacy Medical, LLC	OHIO
Lehigh Valley Respiratory Care - Lancaster, Inc.	PENNSYLVANIA
LifeHME, Inc.	SOUTH CAROLINA
Loftis Home Medical, LLC	NORTH CAROLINA
Lookout Medical Services, Inc.	TENNESSEE
Louisville O2, Inc.	KENTUCKY
Lovell Medical Supply, Inc.	NORTH CAROLINA
M. Davis Management, Inc.	FLORIDA
M.A.R.Y. Medical, LLC	CALIFORNIA
Madison County Medical Equipment, Inc.	IOWA
Major Medical Supply of Brighton, LLC	COLORADO
Major Medical Supply of Colorado Springs, LLC	COLORADO
Major Medical Supply of Denver, LLC	COLORADO
Major Medical Supply of Fort Collins, LLC	COLORADO
Major Medical Supply of Greeley, LLC	COLORADO
Major Medical Supply, LLC	COLORADO
Manor Respiratory Care, Inc.	TENNESSEE
Matrix Medical, LLC	FLORIDA
McFarland Group, Inc.	TENNESSEE
Med Star Surgical & Breathing Equipment Inc.	NEW YORK
Med Way Medical, Inc.	UTAH
MedBridge Home Medical LLC	DELAWARE
Med-Equip, Inc.	PENNSYLVANIA
MedHome Specialty Services, LLC	MISSISSIPPI
Medical Logic Ft. Walton, Inc.	ALABAMA
Medical Logic, Inc.	ALABAMA
Medical Necessities and Services, LLC	TENNESSEE
Medidex, LLC	MISSOURI

Subsidiaries (Alphabetically)	State of Inc.
Medlogic Anniston, Inc.	ALABAMA
Medlogic Birmingham, Inc.	ALABAMA
Medstar Holdings LLC	DELAWARE
Medway Medical Equipment, LLC	TEXAS
Mississippi HMA DME, LLC	MISSISSIPPI
MME II, LLC	TEXAS
Montgomery Medical Supply, Inc.	ALABAMA
New England Home Medical Equipment LLC	MASSACHUSETTS
Northshore Respiratory and Rehab Specialties, Inc.	LOUISIANA
NRE Holding LLC	DELAWARE
Ocean Breeze Infusion Care LLC	NEW YORK
Ocean Home Health Supply LLC	NEW JERSEY
Ogles Oxygen, LLC	SOUTH CAROLINA
Olympia Respiratory Services LLC	WASHINGTON
Ours Corporation	ILLINOIS
Oxygen & Sleep Associates, Inc.	TENNESSEE
Oxygen One, Inc.	WISCONSIN
Oxygen Supply Shop, LLC	NEW JERSEY
Pal-Med, LLC	SOUTH CAROLINA
Palmetto Oxygen, LLC	SOUTH CAROLINA
Parrish Home Medical, Inc.	SOUTH CAROLINA
Patients First Medical Equipment of Spartanburg, LLC	SOUTH CAROLINA
Paul Home Oxygen Services, Inc.	COLORADO
Peach Home Health Care, Inc.	GEORGIA
Pharmacy, Inc.	DELAWARE
Pharmacy, Inc. Kentucky	KENTUCKY
Pinnacle Medical Solutions LLC	MISSISSIPPI
Pinnacle Medical Solutions, Inc.	DELAWARE
PPS HME Holdings LLC	DELAWARE
PPS HME LLC	DELAWARE
Prattville Medical Equipment, Inc.	ALABAMA
Premier Home Care, Inc.	KENTUCKY
Premier Home Medical Equipment Services, LLC	PENNSYLVANIA
Promise Medical, Inc.	TEXAS
Provider Plus, Inc	MISSOURI
Pumps It Inc	TEXAS
PVHS Home Medical Supply, LLC	COLORADO
Quality Home Medical, Inc.	SOUTH CAROLINA
Quality Medical Services, Inc.	IOWA
Quality Respi-Care, Inc.	GEORGIA

Subsidiaries (Alphabetically)	State of Inc.
Reliable Medical Equipment, LLC	SOUTH CAROLINA
Reliable Medical of Conway, LLC	SOUTH CAROLINA
Rely Medical Supply, LLC	COLORADO
Resp-I-Care, Inc.	TENNESSEE
Respiratory Home Care of Bristol, LLC	TENNESSEE
Respiratory Services of Western New York Inc	NEW YORK
Respracare, Inc.	NORTH CAROLINA
Roberts Home Medical, LLC	MARYLAND
Rocky Mountain Medical Equipment, Inc.	COLORADO
Rocky Mountain Medical Equipment, LLC	COLORADO
Royal Homestar LLC	DELAWARE
Royal Medical Supply Inc.	PENNSYLVANIA
Senior Care Service, LLC	COLORADO
Skinny, LLC	FLORIDA
Skoro Enterprises LLC	TEXAS
Sleep Therapy LLC	MINNESOTA
Solara Holdings, LLC	DELAWARE
Solara Intermediate, LLC	DELAWARE
Solara Medical Supplies, LLC	CALIFORNIA
Sound Oxygen Service LLC	WASHINGTON
Southern Home Respiratory & Equipment, Inc.	VIRGINIA
Southern Nevada Oxygen, Inc.	NEVADA
Specialized Medical Devices, Inc.	ALABAMA
Spiro Health Services, LLC	DELAWARE
Sunbelt Medical Supply & Oxygen, Inc.	FLORIDA
TC Medical Supply, LLC	FLORIDA
The 3700 Company, L.L.C.	COLORADO
The Oxygen Company, Inc.	VIRGINIA
THH Acquisition LLC I	DELAWARE
TMS VT, LLC	VERMONT
Total Homecare Corporation	VIRGINIA
Total Respiratory, LLC	DELAWARE
Triad Respiratory Solutions, Inc.	NORTH CAROLINA
Tricorex, Inc.	MISSOURI
TriCounty Medical Equipment and Supply, LLC	PENNSYLVANIA
Trinity Healthcare of Winston-Salem, Inc.	GEORGIA
Twin Rivers Respiratory Care, Inc.	ARKANSAS
Verio Healthcare, Inc.	CALIFORNIA
Verus Healthcare LLC	DELAWARE
Verus Healthcare, Inc.	DELAWARE

Subsidiaries (Alphabetically)	State of Inc.
Vitacare, L.L.C.	OKLAHOMA
WeCare Medical Somerset, LLC	KENTUCKY
WeCare Medical, LLC	KENTUCKY
Wolf Industries, Inc.	MISSISSIPPI

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the registration statements (No. 333-258601, No. 333-256824, No. 333-236012 and No. 333-276029) on Form S-8 and registration statements (No. 333-257493 and No. 333-251452) on Form S-3 of our reports dated February 27, 2024, with respect to the consolidated financial statements of AdaptHealth Corp. and the effectiveness of internal control over financial reporting.

/s/ KPMG LLP

Philadelphia, Pennsylvania

February 27, 2024

CERTIFICATION
PURSUANT TO RULES 13A-14 AND 15D-14
UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, Richard Barasch, certify that:

1. I have reviewed this Annual Report on Form 10-K of AdaptHealth Corp.;
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 the financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
 - (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.

February 27, 2024

/s/ Richard Barasch

Richard Barasch

Interim Chief Executive Officer and Chairman of the Board

(Principal Executive Officer)

CERTIFICATION
PURSUANT TO RULES 13A-14 AND 15D-14
UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, Jason Clemens, certify that:

1. I have reviewed this Annual Report on Form 10-K of AdaptHealth Corp.;
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 the financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
 - (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.

February 27, 2024

/s/ Jason Clemens

Jason Clemens

Chief Financial Officer

(Principal Financial Officer)

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

In connection with the Annual Report of AdaptHealth Corp. (the "Company") on Form 10-K for the period ending December 31, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned hereby certify that to the best of our knowledge:

- 1. The Report fully complies with the requirements of Section 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.

February 27, 2024	/s/ Richard Barasch	Interim Chief Executive Officer and Chairman of the Board
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	Richard Barasch	(Principal Executive Officer)
February 27, 2024	/s/ Jason Clemens	Chief Financial Officer
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	Jason Clemens	(Principal Financial Officer)

ADAPTHEALTH CORP.
POLICY FOR THE
RECOVERY OF ERRONEOUSLY AWARDED COMPENSATION

1. **Purpose.** The purpose of this Policy is to describe the circumstances in which Executives will be required to repay or return Erroneously Awarded Compensation to members of the Company Group. Each Executive shall be required to sign and return to the Company the Acknowledgement Form attached hereto as Exhibit A pursuant to which such Executive will agree to be bound by the terms and comply with this Policy.
 2. **Administration.** This Policy shall be administered by the Committee. Any determinations made by the Committee shall be final and binding on all affected individuals and their beneficiaries, heirs, executors, administrators, or other legal representatives. The Committee shall have full power and authority to (i) administer and interpret this Policy; (ii) correct any defect, supply any omission and reconcile any inconsistency in this Policy; and (iii) make any other determination and take any other action that the Committee deems necessary or desirable for the administration of this Policy and to comply with applicable law (including Section 10D of the Exchange Act) and applicable stock market or exchange rules and regulations. Notwithstanding anything to the contrary contained herein, to the extent permitted by Section 10D of the Exchange Act, the Board may, in its sole discretion, at any time and from time to time, administer this Policy in the same manner as the Committee.
 3. **Definitions.** For purposes of this Policy, the following capitalized terms shall have the meanings set forth below.
 - a. **"Accounting Restatement"** shall mean an accounting restatement (i) due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements (a "Big R" restatement), or (ii) that corrects an error that is not material to previously issued financial statements, but would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period (a "little r" restatement).
 - b. **"Board"** shall mean the Board of Directors of the Company.
 - c. **"Clawback Eligible Incentive Compensation"** shall mean, in connection with an Accounting Restatement and with respect to each individual who served as an Executive Officer at any time during the applicable performance period for any Incentive-based Compensation (whether or not such individual is serving as an Executive Officer at the time the Erroneously Awarded Compensation is required to be repaid to the Company Group), all Incentive-based Compensation Received by such Executive (i) on or after the Effective Date, (ii) after beginning service as an Executive Officer, (iii) while the Company has a class of securities listed on a national securities exchange or a national securities association, and (iv) during the applicable Clawback Period.
 - d. **"Clawback Period"** shall mean, with respect to any Accounting Restatement, the three completed fiscal years of the Company immediately preceding the Restatement Date and any transition period (that results from a change in the Company's fiscal year) of less than nine months within or immediately following those three completed fiscal years.
 - e. **"Committee"** shall mean the Compensation Committee of the Board.
 - f. **"Company"** shall mean AdaptHealth Corp., a Delaware corporation.
 - g. **"Company Group"** shall mean the Company, together with each of its direct and indirect subsidiaries.
 - h. **"Effective Date"** shall mean October 2, 2023.
 - i. **"Erroneously Awarded Compensation"** shall mean, with respect to each Executive in connection with an Accounting Restatement, the amount of Clawback Eligible Incentive Compensation that exceeds the amount
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of Incentive-based Compensation that otherwise would have been Received had it been determined based on the restated amounts, computed without regard to any taxes paid.

j. **"Exchange Act"** means the U.S. Securities Exchange Act of 1934, as amended.

k. **"Executive"** shall mean any current or former Executive Officer.

l. **"Executive Officer"** shall mean each individual who is designated as an "officer" of the Company in accordance with 17 C.F.R. 240.16a-1(f). Identification of an Executive Officer for purposes of this Policy would include at a minimum executive officers identified pursuant to 17 C.F.R. 229.401(b). The determination as to an individual's status as an Executive Officer shall be made by the Committee and such determination shall be final, conclusive and binding on such individual and all other interested persons.

m. **"Financial Reporting Measures"** shall mean measures that are determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, and all other measures that are derived wholly or in part from such measures. Stock price and total shareholder return (and any measures that are derived wholly or in part from stock price or total shareholder return) shall for purposes of this Policy be considered Financial Reporting Measures. For the avoidance of doubt, a Financial Reporting Measure need not be presented in the Company's financial statements or included in a filing with the SEC.

n. **"Incentive-based Compensation"** shall mean any compensation that is granted, earned or vested based wholly or in part upon the attainment of a Financial Reporting Measure.

o. **"Nasdaq"** shall mean The Nasdaq Stock Market.

p. **"Policy"** shall mean this Policy for the Recovery of Erroneously Awarded Compensation, as the same may be amended and/or restated from time to time.

q. **"Received"** shall, with respect to any Incentive-based Compensation, mean actual or deemed receipt, and Incentive-based Compensation shall be deemed received in the Company's fiscal period during which the Financial Reporting Measure specified in the Incentive-based Compensation award is attained, even if payment or grant of the Incentive-based Compensation occurs after the end of that period.

r. **"Restatement Date"** shall mean the earlier to occur of (i) the date the Board, a committee of the Board or the officers of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare an Accounting Restatement, or (ii) the date a court, regulator or other legally authorized body directs the Company to prepare an Accounting Restatement.

s. **"SEC"** shall mean the U.S. Securities and Exchange Commission.

4. **Repayment of Erroneously Awarded Compensation.**

a. In the event of an Accounting Restatement, the Committee shall promptly (and in all events within ninety (90) days after the Restatement Date) determine the amount of any Erroneously Awarded Compensation for each Executive in connection with such Accounting Restatement and shall promptly thereafter provide each Executive with a written notice containing the amount of Erroneously Awarded Compensation and a demand for repayment or return, as applicable. For Incentive-based Compensation based on (or derived from) stock price or total shareholder return where the amount of Erroneously Awarded Compensation is not subject to mathematical recalculation directly from the information in the applicable Accounting Restatement, the amount shall be determined by the Committee based on a reasonable estimate of the effect of the Accounting Restatement on the stock price or total shareholder return upon which the Incentive-based Compensation was Received (in which case, the Company shall maintain documentation of such determination of that reasonable estimate and provide such documentation to Nasdaq).

b. The Committee shall have broad discretion to determine the appropriate means of recovery of Erroneously Awarded Compensation based on all applicable facts and circumstances and taking into account the time value of money and the cost to shareholders of delaying recovery. To the extent that the Committee determines that any method of recovery (other than repayment by the Executive in a lump sum in cash or property) is appropriate, the Company shall offer to enter into a repayment agreement (in a form reasonable acceptable to the Committee) with the Executive. If the Executive accepts such offer and signs the repayment agreement within thirty (30) days after such offer is extended, the Company shall countersign such repayment agreement. If the Executive

fails to sign the repayment agreement within thirty (30) days after such offer is extended, the Executive will be required to repay the Erroneously Awarded Compensation in a lump sum in cash (or such property as the Committee agrees to accept with a value equal to such Erroneously Awarded Compensation) on or prior to the date that is one hundred twenty (120) days following the Restatement Date. For the avoidance of doubt, except as set forth in Section 4(d) below, in no event may the Company Group accept an amount that is less than the amount of Erroneously Awarded Compensation in satisfaction of an Executive's obligations hereunder.

c. To the extent that an Executive fails to repay all Erroneously Awarded Compensation to the Company Group when due (as determined in accordance with Section 4(b) above), the Company shall, or shall cause one or more other members of the Company Group to, take all actions reasonable and appropriate to recover such Erroneously Awarded Compensation from the applicable Executive. The applicable Executive shall be required to reimburse the Company Group for any and all expenses reasonably incurred (including legal fees) by the Company Group in recovering such Erroneously Awarded Compensation in accordance with the immediately preceding sentence.

d. Notwithstanding anything herein to the contrary, the Company shall not be required to take the actions contemplated by Section 4(b) or (c) above if the following conditions are met and the Committee determines that recovery would be impracticable:

i. The direct expenses paid to a third party to assist in enforcing the Policy against an Executive would exceed the amount to be recovered, after the Company has made a reasonable attempt to recover the applicable Erroneously Awarded Compensation, documented such attempts and provided such documentation to Nasdaq;

ii. Recovery would violate home country law where that law was adopted prior to November 28, 2022, provided that, before determining that it would be impracticable to recover any amount of Erroneously Awarded Compensation based on violation of home country law, the Company has obtained an opinion of home country counsel, acceptable to Nasdaq, that recovery would result in such a violation and a copy of the opinion is provided to Nasdaq; or

iii. Recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company Group, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and regulations thereunder.

5. **Reporting and Disclosure** . The Company shall file all disclosures with respect to this Policy in accordance with the requirement of the federal securities laws, including the disclosure required by the applicable SEC filings.

6. **Indemnification Prohibition** . No member of the Company Group shall be permitted to indemnify any Executive against (i) the loss of any Erroneously Awarded Compensation that is repaid, returned or recovered pursuant to the terms of this Policy, or (ii) any claims relating to the Company Group's enforcement of its rights under this Policy. Further, no member of the Company Group shall enter into any agreement that exempts any Incentive-based Compensation from the application of this Policy or that waives the Company Group's right to recovery of any Erroneously Awarded Compensation and this Policy shall supersede any such agreement (whether entered into before, on or after the Effective Date).

7. **Interpretation** . The Committee is authorized to interpret and construe this Policy and to make all determinations necessary, appropriate, or advisable for the administration of this Policy. Notwithstanding anything to the contrary herein, this Policy is intended to comply with the requirements of Section 10D of the Exchange Act (and any applicable regulations, administrative interpretations or stock market or exchange rules and regulations adopted in connection therewith). The provisions of this Policy shall be interpreted in a manner that satisfies such requirements and this Policy shall be operated accordingly. If any provision of this Policy would otherwise frustrate or conflict with this intent, the provision shall be interpreted and deemed amended so as to avoid such conflict. If any provision of this Policy is determined to be unenforceable or invalid under any applicable law, such provision will be applied to the maximum extent permitted by applicable law and shall automatically be deemed amended in a manner consistent with its objectives to the extent necessary to conform to any limitations required under applicable law.

8. **Effective Date** . This Policy shall be effective as of the Effective Date.

9. **Amendment; Termination** . The Committee may amend this Policy from time to time in its discretion and shall amend this Policy as it deems necessary, including as and when it determines that it is legally

required by any federal securities laws, SEC rule or the rules of any national securities exchange or national securities association on which the Company's securities are listed. The Committee may terminate this Policy at any time. Notwithstanding anything in this Section 9 to the contrary, no amendment or termination of this Policy shall be effective if such amendment or termination would (after taking into account any actions taken by the Company contemporaneously with such amendment or termination) cause the Company to violate any federal securities laws, SEC rule or the rules of any national securities exchange or national securities association on which the Company's securities are listed.

10. **Other Recoupment Rights; No Additional Payments** . The Committee intends that this Policy will be applied to the fullest extent of the law. The Committee may require that any employment agreement, equity award agreement, or any other agreement entered into on or after the Effective Date shall, as a condition to the grant of any benefit thereunder, require an Executive to agree to abide by the terms of this Policy. Any right of recoupment under this Policy is in addition to, and not in lieu of, any other remedies or rights of recoupment that may be available to the Company Group under applicable law, regulation or rule or pursuant to the terms of any similar policy in any employment agreement, equity award agreement, or similar agreement and any other legal remedies available to the Company Group. Any applicable award agreement or other document setting forth the terms and conditions of any compensation covered by this Policy shall be deemed to include the restrictions imposed herein and incorporate this Policy by reference and, in the event of any inconsistency, the terms of this Policy will govern. For the avoidance of doubt, this Policy applies to all compensation that is received on or after the Effective Date, regardless of the date on which the award agreement or other document setting forth the terms and conditions of the Executive's compensation became effective, including, without limitation, compensation received under the Amended and Restated AdaptHealth Corp. 2019 Stock Incentive Plan and any successor plan thereto.

11. **Successors**. This Policy shall be binding and enforceable against all Executives and their beneficiaries, heirs, executors, administrators, or other legal representatives.

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Exhibit A

**ADAPTHEALTH CORP.
POLICY FOR THE
RECOVERY OF ERRONEOUSLY AWARDED COMPENSATION**

ACKNOWLEDGEMENT FORM

By signing below, the undersigned acknowledges and confirms that the undersigned has received and reviewed a copy of the AdaptHealth Corp. Policy for the Recovery of Erroneously Awarded Compensation (the “**Policy**”). Capitalized terms used but not otherwise defined in this Acknowledgement Form (this “**Acknowledgement Form**”) shall have the meanings ascribed to such terms in the Policy.

By signing this Acknowledgement Form, the undersigned acknowledges and agrees that the undersigned is and will continue to be subject to the Policy and that the Policy will apply both during and after the undersigned's employment with the Company Group. Further, by signing below, the undersigned agrees to abide by the terms of the Policy, including, without limitation, by returning any Erroneously Awarded Compensation (as defined in the Policy) to the Company Group to the extent required by, and in a manner permitted by, the Policy.

Signature

Print Name

Date