



option care health®

Option Care Health Announces Financial Results for the Third Quarter Ended September 30, 2022

October 27, 2022 at 7:30 AM EDT

BANNOCKBURN, Ill., Oct. 27, 2022 (GLOBE NEWSWIRE) -- Option Care Health, Inc. (the "Company" or "Option Care Health") (Nasdaq: OPCH), the nation's largest independent provider of home and alternate site infusion services, today announced financial results for the third quarter ended September 30, 2022.

Third Quarter 2022 Financial Highlights

- Net revenue of \$1,020.9 million, up 14.5% compared to \$891.9 million in the third quarter of 2021
- Gross profit of \$218.0 million, or 21.4% of net revenue, up 7.4% compared to \$203.0 million, or 22.8% of net revenue, in the third quarter of 2021
- Net income of \$38.8 million, or \$0.21 per share, compared to net income of \$35.5 million, or \$0.20 per share, in the third quarter of 2021
- Adjusted EBITDA of \$85.6 million, or 8.4% of net revenue, up 9.8% compared to \$78.0 million, or 8.7% of net revenue, in the third quarter of 2021
- Cash flow from operations of \$87.0 million compared to \$51.2 million in the third quarter of 2021
- Cash balances were \$255.5 million at the end of the third quarter
- Completed the acquisition of Rochester Home Infusion, Inc. for \$27.4 million, financed through cash balances on hand

John C. Rademacher, Chief Executive Officer, commented, "The Option Care Health team continued to execute on our commitment to delivering extraordinary care to our patients. Our focus on quality patient care, as well as our investments for future growth, have allowed us to capitalize on dynamic market opportunities and deliver solid financial results in the third quarter, despite an ongoing challenging inflationary environment."

Full Year 2022 Guidance

For the full year 2022, Option Care Health is revising its guidance and now expects to generate:

- Net Revenue of \$3.90 billion to \$3.95 billion
- Adjusted EBITDA of \$336 million to \$341 million
- Cash Flow from Operations of at least \$250 million

Conference Call

Option Care Health will host a conference call to discuss its third quarter 2022 financial results later today at 8:30 a.m. EDT. The conference call can be accessed via a live audio webcast that will be available online at <https://investors.optioncarehealth.com>. A replay of the call will be available via webcast for on-demand listening shortly after the completion of the call, at the same web link, and will remain available for approximately 90 days.

About Option Care Health

Option Care Health is the nation's largest independent provider of home and alternate site infusion services. With over 7,500 team members including more than 4,500 clinicians, we work compassionately to elevate standards of care for patients with acute and chronic conditions in all 50 states. Through our clinical leadership, expertise and national scale, Option Care Health is reimagining the infusion care experience for patients, customers and team members. To learn more, please visit our website at OptionCareHealth.com.

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Forward-Looking Statements - Safe Harbor

This press release may contain "forward-looking statements" within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995, including, without limitation, statements concerning our full year 2022 guidance and our expectations regarding industry and macroeconomic trends and our operating performance. Forward-looking statements can be identified by words such as: "anticipate," "intend," "plan," "believe," "project," "estimate," "expect," "may," "should," "will" and similar references to future periods.

Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based only on our current beliefs, expectations and assumptions regarding the future of our business, future plans and strategies, projections, anticipated events and trends, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and

changes in circumstances that are difficult to predict and many of which are outside of our control. Our actual results and financial condition may differ materially from those indicated in the forward-looking statements. Important factors that could cause our actual results and financial condition to differ materially from those indicated in the forward-looking statements include, among others, the following: (i) changes in laws and regulations applicable to our business model; (ii) changes in market conditions and receptivity to our services and offerings; (iii) results of litigation; and (iv) the loss of one or more key payers. For a detailed discussion of the risk factors that could affect our actual results, please refer to the risk factors identified in our most recent Annual Report on Form 10-K as filed with the SEC.

Any forward-looking statement made by us in this press release is based only on information currently available to us and speaks only as of the date on which it is made. We undertake no obligation to publicly update any forward-looking statement, whether written or oral, that may be made from time to time, whether as a result of new information, future developments or otherwise.

Note Regarding Use of Non-GAAP Financial Measures

In addition to reporting financial information in accordance with generally accepted accounting principles (GAAP), the Company is also reporting Adjusted EBITDA, which is a non-GAAP financial measure. Adjusted EBITDA is not a measurement of financial performance under GAAP and should not be used in isolation or as a substitute or alternative to net income, operating income or any other performance measure derived in accordance with GAAP, or as a substitute or alternative to cash flow from operating activities or a measure of the Company's liquidity. In addition, the Company's definition of Adjusted EBITDA may not be comparable to similarly titled non-GAAP financial measures reported by other companies. Adjusted EBITDA, as defined by the Company, represents net income before net interest expense, income tax expense, depreciation and amortization, stock-based compensation expense, loss on extinguishment of debt, and restructuring, acquisition, integration and other. As part of restructuring, acquisition, integration and other, the Company may incur significant charges such as the write down of certain long-lived assets, temporary redundant expenses, professional fees, potential retention and severance costs and potential accelerated payments or termination costs for certain of its contractual obligations. Management believes that Adjusted EBITDA provides useful supplemental information regarding the performance of Option Care Health's business operations and facilitates comparisons to the Company's historical operating results. We have not reconciled Adjusted EBITDA guidance to net income as management believes creation of this reconciliation would not be practicable due to the uncertainty regarding, and potential variability of, material reconciling items. For a full reconciliation of Adjusted EBITDA to the most comparable GAAP financial measure, please see below.

Schedule 1

OPTION CARE HEALTH, INC. CONDENSED CONSOLIDATED BALANCE SHEETS (IN THOUSANDS)

	September 30, 2022	December 31, 2021
	(unaudited)	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 255,468	\$ 119,423
Accounts receivable, net	364,187	338,242
Inventories	236,020	183,095
Prepaid expenses and other current assets	96,289	69,496
Total current assets	<u>951,964</u>	<u>710,256</u>
NONCURRENT ASSETS:		
Property and equipment, net	96,312	111,535
Intangible assets, net	23,066	21,433
Referral sources	349,487	344,587
Goodwill	1,533,043	1,477,564
Other noncurrent assets	119,391	125,543
Total noncurrent assets	<u>2,121,299</u>	<u>2,080,662</u>
TOTAL ASSETS	<u>\$ 3,073,263</u>	<u>\$ 2,790,918</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 409,737	\$ 279,246
Other current liabilities	177,063	180,449
Total current liabilities	<u>586,800</u>	<u>459,695</u>
NONCURRENT LIABILITIES:		
Long-term debt, net of discount, deferred financing costs and current portion	1,058,606	1,059,900

Other noncurrent liabilities	90,522	95,437
Total noncurrent liabilities	1,149,128	1,155,337
Total liabilities	1,735,928	1,615,032
STOCKHOLDERS' EQUITY	1,337,335	1,175,886
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 3,073,263	\$ 2,790,918

Schedule 2

OPTION CARE HEALTH, INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
NET REVENUE	\$ 1,020,918	\$ 891,937	\$ 2,917,522	\$ 2,511,446
COST OF REVENUE	802,917	688,969	2,281,685	1,944,037
GROSS PROFIT	218,001	202,968	635,837	567,409
OPERATING COSTS AND EXPENSES:				
Selling, general and administrative expenses	142,015	134,633	417,771	388,930
Depreciation and amortization expense	15,268	15,452	46,027	48,410
Total operating expenses	157,283	150,085	463,798	437,340
OPERATING INCOME	60,718	52,883	172,039	130,069
OTHER INCOME (EXPENSE):				
Interest expense, net	(13,997)	(16,000)	(39,008)	(52,717)
Other, net	5,360	1,680	7,956	(7,825)
Total other expense	(8,637)	(14,320)	(31,052)	(60,542)
INCOME BEFORE INCOME TAXES	52,081	38,563	140,987	69,527
INCOME TAX EXPENSE	13,258	3,087	37,960	5,096
NET INCOME	\$ 38,823	\$ 35,476	\$ 103,027	\$ 64,431
Earnings per share, basic	\$ 0.21	\$ 0.20	\$ 0.57	\$ 0.36
Earnings per share, diluted	\$ 0.21	\$ 0.20	\$ 0.57	\$ 0.36
Weighted average common shares outstanding, basic	181,884	179,872	180,829	179,841
Weighted average common shares outstanding, diluted	183,022	181,430	181,760	181,055

Schedule 3

OPTION CARE HEALTH, INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)

	Nine Months Ended September 30,	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 103,027	\$ 64,431
Adjustments to reconcile net income to net cash provided by operations:		
Depreciation and amortization expense	49,723	52,820

Other non-cash adjustments	66,999	32,842
Changes in operating assets and liabilities:		
Accounts receivable, net	(23,153)	(27,310)
Inventories	(52,749)	(31,472)
Accounts payable	129,859	35,648
Other	(49,614)	16,300
Net cash provided by operating activities	<u>224,092</u>	<u>143,259</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	(17,111)	(11,744)
Business acquisitions, net of cash acquired	(87,315)	(18,852)
Net cash used in investing activities	<u>(104,426)</u>	<u>(30,596)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of debt	—	355,200
Retirement of debt obligations	—	(352,009)
Proceeds from warrant exercises	20,916	—
Other financing cash flows	(4,537)	(14,263)
Net cash provided by (used in) financing activities	<u>16,379</u>	<u>(11,072)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>136,045</u>	<u>101,591</u>
Cash and cash equivalents - beginning of the period	119,423	99,265
CASH AND CASH EQUIVALENTS - END OF PERIOD	<u>\$ 255,468</u>	<u>\$ 200,856</u>

Schedule 4

OPTION CARE HEALTH, INC.
QUARTERLY RECONCILIATION BETWEEN GAAP AND NON-GAAP MEASURES
(IN THOUSANDS)
(UNAUDITED)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Consolidated net income	\$ 38,823	\$ 35,476	\$ 103,027	\$ 64,431
Interest expense, net	13,997	16,000	39,008	52,717
Income tax expense	13,258	3,087	37,960	5,096
Depreciation and amortization expense	16,474	17,115	49,723	52,820
Consolidated EBITDA	<u>82,552</u>	<u>71,678</u>	<u>229,718</u>	<u>175,064</u>
EBITDA adjustments				
Stock-based incentive compensation	4,005	2,516	12,581	6,246
Loss on extinguishment of debt	—	—	—	12,403
Restructuring, acquisition, integration and other	(934)	3,808	6,282	9,342
Consolidated adjusted EBITDA	<u>\$ 85,623</u>	<u>\$ 78,002</u>	<u>\$ 248,581</u>	<u>\$ 203,055</u>



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Source: Option Care Health, Inc.