# Chemed Reports Third-Quarter 2023 Results – Increases Full Year Guidance

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CINCINNATI--(BUSINESS WIRE)--Oct. 25, 2023-- Chemed Corporation (Chemed) (NYSE: CHE), which operates VITAS Healthcare Corporation (VITAS), one of the nation's largest providers of end-of-life care, and Roto-Rooter, the nation's largest commercial and residential plumbing and drain cleaning services provider, reported financial results for its third quarter ended September 30, 2023, versus the comparable prior-year period.

Changes to Non-GAAP Metrics

Chemed uses certain non-GAAP metrics such as EBITDA, Adjusted EBITDA, Adjusted net income and Adjusted Diluted Earnings per Share, to provide additional context and perspective to reported operational results.

Chemed's previously reported non-GAAP metrics during the four sequential quarters from September 30, 2022 through June 30, 2023 excluded the 12-month pandemic-related licensed healthcare professional retention bonus (Retention Program).

Starting with the September 30, 2023 quarter, Chemed is no longer excluding the cost of the Retention Program when presenting non-GAAP operating metrics in current or prior periods.

In the September 30, 2023 quarter, there is zero expense related to the Retention Program. In the September 30, 2022 quarter, the pretax and after-tax Retention Program expense was $9.6 million and $7.1 million, respectively.

For the nine months ended September 30, 2023 pretax and after-tax expense for the retention program is $23.8 million and $18.0 million, respectively. For the nine months ended September 30, 2022 pretax and after-tax expense for the Retention Program was $9.6 million and $7.1 million, respectively.

Results for Quarter Ended September 30, 2023

- Revenue increased 7.2% to $565 million
- GAAP Diluted Earnings-per-Share (EPS) of $4.93, an increase of 30.4%
- Adjusted Diluted EPS of $5.32, an increase of 24.9%

VITAS segment operating results:

- Net Patient Revenue of $334 million, an increase of 12.5%
- Average Daily Census (ADC) of 18,859, an increase of 9.4%
- Admissions of 15,774, an increase of 7.5%
- Net Income, excluding certain discrete items, of $42.6 million, an increase of 63.1%
- Adjusted EBITDA, excluding Medicare Cap, of $54.9 million, an increase of 53.4%
- Adjusted EBITDA margin, excluding Medicare Cap, of 16.5%, an increase of 441-basis points

Roto-Rooter segment operating results:

- Revenue of $231 million, an increase of 0.4%
- Net Income, excluding certain discrete items, of $49.0 million, a decrease of 0.6%
- Adjusted EBITDA of $66.9 million, a decline of 3.7%
- Adjusted EBITDA margin of 29.0%, a decline of 124-basis points

VITAS

VITAS net revenue was $334 million in the third quarter of 2023, which is an increase of 12.5% when compared to the prior year period. This revenue increase is comprised primarily of a 9.4% increase in days-of-care and a geographically weighted average Medicare reimbursement rate increase of approximately 2.7%. Acuity mix shift positively impacted revenue growth 24-basis points in the quarter when compared to the prior-year revenue and level-of-care mix. The combination of Medicare Cap and other contra revenue changes increased revenue growth by approximately 20-basis points.

In the third quarter of 2023, VITAS accrued $0.13 million in Medicare Cap billing limitations. This compares to a $0.6 million Medicare Cap billing limitation in the third quarter of 2022.

Of VITAS' 30 Medicare provider numbers, 25 provider numbers have a trailing 12-month Medicare Cap cushion of 10% or greater, two provider numbers have a cushion between 5% and 10%, one provider number has a cushion between 0% and 5%, and two provider numbers have a trailing 12-month Medicare Cap billing limitation totaling $8.5 million.

Average revenue per patient per day in the third quarter of 2023 was $196.43 which is 296-basis points above the prior-year period. Reimbursement for routine home care and high acuity care averaged $172.52 and $1,026.48, respectively. During the quarter, high acuity days-of-care were 2.8% of total days of care, an increase of 5-basis points when compared to the prior-year quarter.

The third quarter 2023 gross margin, excluding Medicare Cap, was 24.0%. This compares to the prior year gross margin of 19.3%, excluding Medicare

Cap.

Selling, general and administrative expenses were $25.3 million in the third quarter of 2023 and compares to $21.6 million in the prior-year quarter. Adjusted EBITDA, excluding Medicare Cap, totaled $54.9 million in the quarter, an increase of 53.4%. Adjusted EBITDA margin in the quarter, excluding Medicare Cap, was 16.5%, which is 441-basis points above the prior-year period.

Roto-Rooter

Roto-Rooter generated quarterly revenue of $231 million in the third quarter of 2023, an increase of 0.4%, when compared to the prior-year quarter.

Roto-Rooter branch commercial revenue in the quarter totaled $56.8 million, an increase of 1.5%, over the prior year. This aggregate commercial revenue growth consisted of drain cleaning revenue declining 4.2%, plumbing increasing 1.8%, excavation increasing 11.9%, and water restoration increasing 2.0%.

Roto-Rooter branch residential revenue in the quarter totaled $155 million, an increase of 0.3%, over the prior-year period. This aggregate residential revenue growth consisted of drain cleaning decreasing 6.7%, plumbing increasing 0.3%, excavation expanding 3.2%, and water restoration increasing 4.3%.

Roto-Rooter's gross margin in the quarter was 52.9%, a 45-basis point decline when compared to the third quarter of 2022. Adjusted EBITDA in the third quarter of 2023 totaled $66.9 million, a decrease of 3.7%. The Adjusted EBITDA margin in the quarter was 29.0%, which is 124-basis points below the prior year period.

Chemed Consolidated

As of September 30, 2023, Chemed had total cash and cash equivalents of $173 million and no current or long-term debt.

In June 2022, Chemed entered into a five-year $550 million Amended and Restated Credit Agreement (Credit Agreement). This Credit Agreement consisted of a $100 million amortizable term loan and a $450 million revolving credit facility. The interest rate on this Credit Agreement has a floating rate that is currently SOFR plus 100-basis points. The Company paid off the remaining portion of the term loan in the second quarter of 2023. There is approximately $405 million of undrawn borrowing capacity under the Credit Agreement after excluding $45 million for Letters of Credit.

During the quarter, the Company repurchased 28,457 shares of Chemed stock for $14.3 million which equates to a cost per share of $504.07. As of September 30, 2023, there was approximately $60 million of remaining share repurchase authorization under its plan.

Guidance for 2023

VITAS 2023 revenue, prior to Medicare Cap, is estimated to increase 9.3% to 9.5% when compared to 2022. Forecasted revenue growth is negatively impacted by 75-basis points as a result of the sequestration relief in the first half of 2022 compared to a full year of sequestration in 2023. ADC is estimated to increase 7.3% to 7.5%. Full year adjusted EBITDA margin, prior to Medicare Cap, is estimated to be 15.4% to 15.7%. The total pretax cost of the Retention Program in 2023 is estimated at $23.8 million, reducing adjusted EBITDA margin by 180-basis points. We are currently estimating $8 million for Medicare Cap billing limitations in calendar year 2023.

Roto-Rooter is forecasted to achieve full-year 2023 revenue growth of 1.6% to 2.0%. Roto-Rooter's adjusted EBITDA margin for 2023 is expected to be 28.4% to 28.6%.

Based upon the above, full-year 2023 earnings per diluted share, excluding: non-cash expense for stock options, tax benefits from stock option exercises, costs related to litigation, and other discrete items, is estimated to be in the range of $19.82 to $20.02. This guidance includes $1.18 per share of after-tax costs related to the 2023 portion of the Retention Program.

This revised 2023 guidance compares to previous guidance, as recast to no longer exclude costs associated with the Retention Program, of $18.72 to $18.92, including. Current 2023 guidance assumes an effective corporate tax rate on adjusted earnings of 23.6% and a diluted share count of 15.2 million shares. Chemed's 2022 adjusted earnings per diluted share was $18.78, including $0.97 per share for costs associated with the 2022 portion of the Retention Program.

Conference Call

As previously disclosed, Chemed will host a conference call and webcast at 10 a.m., ET, on Thursday October 26, 2023, to discuss the company's quarterly results and to provide an update on its business. Participants may access a live webcast of the conference call through the investor relations section of Chemed's website, Investor Relations Home | Chemed Corporation or the hosting website https://edge.media-server.com/mmc/p/9eyhbp68.

Participants may also register via teleconference at: https://register.vevent.com/register/BIf6283da8a767485ab88786d7ddfffa28.

Once registration is completed, participants will be provided with a dial-in number containing a personalized conference code to access the call. All participants are instructed to dial-in 15 minutes prior to the start time.

A taped replay of the conference call will be available beginning approximately two hours after the call's conclusion. You may access the replay via webcast through the investor relations section of Chemed's website.

Chemed Corporation operates in the healthcare field through its VITAS Healthcare Corporation subsidiary. VITAS provides daily hospice services to approximately 18,400 patients with severe, life-limiting illnesses. This type of care is focused on making the terminally ill patient's final days as comfortable and pain-free as possible.

Chemed operates in the residential and commercial plumbing and drain cleaning industry under the brand name Roto-Rooter. Roto-Rooter provides plumbing, drain cleaning, and water cleanup services through company-owned branches, independent contractors and franchisees in the United States and Canada. Roto-Rooter also has licensed master franchisees in the republics of Indonesia and Singapore, and the Philippines.

This press release contains information about Chemed's EBITDA, Adjusted EBITDA and Adjusted Diluted EPS, which are not measures derived in

accordance with GAAP and which exclude components that are important to understanding Chemed's financial performance. In reporting its operating results, Chemed provides EBITDA, Adjusted EBITDA and Adjusted Diluted EPS measures to help investors and others evaluate the Company's operating results, compare its operating performance with that of similar companies that have different capital structures and evaluate its ability to meet its future debt service, capital expenditures and working capital requirements. Chemed's management similarly uses EBITDA, Adjusted EBITDA and Adjusted Diluted EPS to assist it in evaluating the performance of the Company across fiscal periods and in assessing how its performance compares to its peer companies. These measures also help Chemed's management to estimate the resources required to meet Chemed's future financial obligations and expenditures. Chemed's EBITDA, Adjusted EBITDA and Adjusted Diluted EPS should not be considered in isolation or as a substitute for comparable measures calculated and presented in accordance with GAAP. We calculated Adjusted EBITDA Margin by dividing Adjusted EBITDA by service revenue and sales. A reconciliation of Chemed's net income to its EBITDA, Adjusted EBITDA and Adjusted Diluted EPS is presented in the tables following the text of this press release.

Forward-Looking Statements

Certain statements contained in this press release and the accompanying tables are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. The words "believe," "expect," "hope," "anticipate," "plan" and similar expressions identify forward-looking statements, which speak only as of the date the statement was made. Chemed does not undertake and specifically disclaims any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. These statements are based on current expectations and assumptions and involve various risks and uncertainties, which could cause Chemed's actual results to differ from those expressed in such forward-looking statements.

These risks and uncertainties arise from, among other things, possible changes in regulations governing the hospice care or plumbing and drain cleaning industries; periodic changes in reimbursement levels and procedures under Medicare and Medicaid programs; difficulties predicting patient length of stay and estimating potential Medicare reimbursement obligations; challenges inherent in Chemed's growth strategy; the current shortage of qualified nurses, other healthcare professionals and licensed plumbing and drain cleaning technicians; Chemed's dependence on patient referral sources; and other factors detailed under the caption "Description of Business by Segment" or "Risk Factors" in Chemed's most recent report on form 10-Q or 10-K and its other filings with the Securities and Exchange Commission. You are cautioned not to place undue reliance on such forward-looking statements and there are no assurances that the matters contained in such statements will be achieved.

**CHEMED CORPORATION AND SUBSIDIARY COMPANIES**
**CONSOLIDATED STATEMENTS OF INCOME**
(in thousands, except per share data)(unaudited)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 |
| Service revenues and sales | **$ 564,532** | $ 526,472 | **1,678,505** | $ 1,588,309 |
| Cost of services provided and goods sold | **362,358** | 346,934 | **1,107,256** | 1,020,307 |
| Selling, general and administrative expenses (aa) | **99,602** | 83,992 | **294,684** | 261,799 |
| Depreciation | **12,858** | 12,154 | **37,778** | 37,006 |
| Amortization | **2,521** | 2,520 | **7,548** | 7,558 |
| Other operating expense/(income) | **343** | 15 | **2,064** | (530) |
| Total costs and expenses | **477,682** | 445,615 | **1,449,330** | 1,326,140 |
| Income from operations | **86,850** | 80,857 | **229,175** | 262,169 |
| Interest expense | **(444)** | (1,271) | **(2,766)** | (2,983) |
| Other income/(expense)--net (bb) | **6,859** | (3,115) | **8,365** | (11,907) |
| Income before income taxes | **93,265** | 76,471 | **234,774** | 247,279 |
| Income taxes | **(18,307)** | (19,598) | **(52,318)** | (59,781) |
| Net income | **$ 74,958** | $ 56,873 | **$ 182,456** | $ 187,498 |

**Earnings Per Share**

| | | | | |
|---|---|---|---|---|
| Net income | **$ 4.97** | $ 3.82 | **$ 12.14** | $ 12.55 |
| Average number of shares outstanding | **15,075** | 14,888 | **15,034** | 14,935 |
| **Diluted Earnings Per Share** | | | | |
| Net income | **$ 4.93** | $ 3.78 | **$ 12.02** | $ 12.41 |
| Average number of shares outstanding | **15,200** | 15,042 | **15,178** | 15,114 |

(aa) Selling, general and administrative ("SG&A") expenses comprise (in thousands):

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 |
| SG&A expenses before long-term incentive compensation and the impact of market value adjustments related to deferred compensation plans | **$ 91,792** | $ 85,118 | **$ 281,426** | $ 269,118 |
| Long-term incentive compensation | **3,553** | 2,050 | **7,817** | 4,877 |
| Market value adjustments related to deferred compensation trusts | **4,257** | (3,176) | **5,441** | (12,196) |
| Total SG&A expenses | **$ 99,602** | $ 83,992 | **$ 294,684** | $ 261,799 |

(bb) Other income/(expense)--net comprises (in thousands):

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 |
| Market value adjustments related to deferred compensation trusts | **$ 4,257** | $ (3,176) | **$ 5,441** | $ (12,196) |
| Interest income | **2,600** | 62 | **2,863** | 288 |
| Other | **2** | (1) | **61** | 1 |
| Total other income/(expense)--net | **$ 6,859** | $ (3,115) | **$ 8,365** | $ (11,907) |

**CHEMED CORPORATION AND SUBSIDIARY COMPANIES**
**CONSOLIDATED BALANCE SHEETS**
(in thousands, except per share data)(unaudited)

| | September 30, | |
|---|---|---|
| | **2023** | 2022 |
| **Assets** | | |
| Current assets | | |
| Cash and cash equivalents | **$ 173,150** | $ 7,781 |
| Accounts receivable less allowances | **168,031** | 121,662 |
| Inventories | **12,511** | 10,469 |

| | | |
|---|---|---|
| Prepaid income taxes | **11,337** | 27,526 |
| Prepaid expenses | **29,510** | 31,431 |
| Total current assets | **394,539** | 198,869 |
| Investments of deferred compensation plans held in trust | **104,410** | 90,097 |
| Properties and equipment, at cost less accumulated depreciation | **205,462** | 193,705 |
| Lease right of use asset | **123,353** | 131,430 |
| Identifiable intangible assets less accumulated amortization | **92,768** | 102,103 |
| Goodwill | **584,977** | 579,887 |
| Other assets | **56,570** | 60,104 |
| Total Assets | **$ 1,562,079** | $ 1,356,195 |
| **Liabilities** | | |
| Current liabilities | | |
| Accounts payable | **$ 56,508** | $ 77,170 |
| Current portion of long-term debt | **-** | 5,000 |
| Income taxes | **5,135** | - |
| Accrued insurance | **61,122** | 56,732 |
| Accrued compensation | **74,865** | 67,230 |
| Accrued legal | **6,626** | 653 |
| Short-term lease liability | **37,615** | 39,813 |
| Other current liabilities | **55,348** | 51,552 |
| Total current liabilities | **297,219** | 298,150 |
| Deferred income taxes | **30,381** | 33,590 |
| Long-term debt | **-** | 95,850 |
| Deferred compensation liabilities | **102,815** | 89,873 |
| Long-term lease liability | **99,346** | 105,594 |
| Other liabilities | **13,075** | 11,722 |
| Total Liabilities | **542,836** | 634,779 |
| **Stockholders' Equity** | | |

| | | |
|---|---|---|
| Capital stock | **37,013** | 36,670 |
| Paid-in capital | **1,254,356** | 1,100,161 |
| Retained earnings | **2,362,928** | 2,141,418 |
| Treasury stock, at cost | **(2,637,102 )** | (2,559,141 ) |
| Deferred compensation payable in Company stock | **2,048** | 2,308 |
| Total Stockholders' Equity | **1,019,243** | 721,416 |
| Total Liabilities and Stockholders' Equity | **$ 1,562,079** | $ 1,356,195 |

**CHEMED CORPORATION AND SUBSIDIARY COMPANIES**
**CONSOLIDATED STATEMENTS OF CASH FLOWS**
(in thousands)(unaudited)

| | For the Nine Months Ended September 30, | |
|---|---|---|
| | **2023** | 2022 |
| **Cash Flows from Operating Activities** | | |
| Net income | **$ 182,456** | **$** 187,498 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | **45,326** | 44,564 |
| Stock option expense | **22,376** | 19,343 |
| (Benefit)/provision for deferred income taxes | **(8,232 )** | 10,408 |
| Noncash long-term incentive compensation | **6,637** | 4,343 |
| Litigation settlements | **2,050** | - |
| Noncash directors' compensation | **1,444** | 1,170 |
| Amortization of debt issuance costs | **500** | 247 |
| Changes in operating assets and liabilities, excluding amounts acquired in business combinations: | | |
| (Increase)/decrease in accounts receivable | **(27,843 )** | 16,166 |
| Increase in inventories | **(2,239 )** | (360 ) |
| Decrease in prepaid expenses | **781** | 1,257 |
| Decrease in accounts payable and other current liabilities | **(15,815 )** | (15,765 ) |
| Change in current income taxes | **12,314** | (10,277 ) |
| Net change in lease assets and liabilities | **(892 )** | 313 |

| | | | | |
|---|---|---|---|---|
| Increase in other assets | **(8,622** | **)** | (42,424 | ) |
| Increase/(decrease) in other liabilities | **11,426** | | (6,555 | ) |
| Other sources/(uses) | **69** | | (241 | ) |
| Net cash provided by operating activities | **221,736** | | 209,687 | |
| **Cash Flows from Investing Activities** | | | | |
| Capital expenditures | **(45,075** | **)** | (39,066 | ) |
| Proceeds from sale of fixed assets | **506** | | 2,037 | |
| Business combinations, net of cash acquired | **(3,994** | **)** | (2,044 | ) |
| Other uses | **(409** | **)** | (841 | ) |
| Net cash used by investing activities | **(48,972** | **)** | (39,914 | ) |
| **Cash Flows from Financing Activities** | | | | |
| Payments on other long-term debt | **(97,500** | **)** | (1,250 | ) |
| Proceeds from other long-term debt | **-** | | 100,000 | |
| Proceeds from exercise of stock options | **58,277** | | 17,128 | |
| Purchases of treasury stock | **(27,769** | **)** | (101,539 | ) |
| Dividends paid | **(17,446** | **)** | (16,391 | ) |
| Change in cash overdrafts payable | **16,182** | | 5,535 | |
| Capital stock surrendered to pay taxes on stock-based compensation | **(5,446** | **)** | (12,497 | ) |
| Debt issuance costs | **-** | | (1,584 | ) |
| Payments on revolving line of credit | **-** | | (299,400 | ) |
| Proceeds from revolving line of credit | **-** | | 116,500 | |
| Other uses | **(38** | **)** | (1,389 | ) |
| Net cash used by financing activities | **(73,740** | **)** | (194,887 | ) |
| **Increase/(decrease) in Cash and Cash Equivalents** | **99,024** | | (25,114 | ) |
| Cash and cash equivalents at beginning of year | **74,126** | | 32,895 | |
| Cash and cash equivalents at end of year | **$ 173,150** | | **$** 7,781 | |

**CHEMED CORPORATION AND SUBSIDIARY COMPANIES**
**CONSOLIDATING STATEMENTS OF INCOME**
**FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022**
(in thousands)(unaudited)

**Chemed**

| | VITAS | Roto-Rooter | Corporate | Consolidated |
|---|---|---|---|---|
| **2023 (a)** | | | | |
| Service revenues and sales | $ 333,728 | $ 230,804 | $ - | $ 564,532 |
| Cost of services provided and goods sold | 253,731 | 108,627 | - | 362,358 |
| Selling, general and administrative expenses | 25,256 | 55,141 | 19,205 | 99,602 |
| Depreciation | 5,009 | 7,836 | 13 | 12,858 |
| Amortization | 26 | 2,495 | - | 2,521 |
| Other operating (income)/expense | (53) | 396 | - | 343 |
| Total costs and expenses | 283,969 | 174,495 | 19,218 | 477,682 |
| Income/(loss) from operations | 49,759 | 56,309 | (19,218) | 86,850 |
| Interest expense | (52) | (131) | (261) | (444) |
| Intercompany interest income/(expense) | 4,935 | 3,040 | (7,975) | - |
| Other income—net | 849 | 34 | 5,976 | 6,859 |
| Income/(loss) before income taxes | 55,491 | 59,252 | (21,478) | 93,265 |
| Income taxes | (11,160) | (8,925) | 1,778 | (18,307) |
| Net income/(loss) | $ 44,331 | $ 50,327 | $ (19,700) | $ 74,958 |
| 2022 (b) | | | | |
| Service revenues and sales | $ 296,536 | $ 229,936 | $ - | $ 526,472 |
| Cost of services provided and goods sold | 239,755 | 107,179 | - | 346,934 |
| Selling, general and administrative expenses | 21,581 | 53,225 | 9,186 | 83,992 |
| Depreciation | 5,281 | 6,855 | 18 | 12,154 |
| Amortization | 26 | 2,494 | - | 2,520 |
| Other operating expense/(income) | 26 | (11) | - | 15 |
| Total costs and expenses | 266,669 | 169,742 | 9,204 | 445,615 |
| Income/(loss) from operations | 29,867 | 60,194 | (9,204) | 80,857 |
| Interest expense | (44) | (91) | (1,136) | (1,271) |
| Intercompany interest income/(expense) | 4,842 | 2,371 | (7,213) | - |
| Other income/(expense)—net | 26 | 36 | (3,177) | (3,115) |

| | | | | |
|---|---|---|---|---|
| Income/(loss) before income taxes | 34,691 | 62,510 | (20,730 ) | 76,471 |
| Income taxes | (8,605 ) | (14,924 ) | 3,931 | (19,598 ) |
| Net income/(loss) | $ 26,086 | $ 47,586 | $ (16,799 ) | $ 56,873 |

The "Footnotes to Financial Statements" are integral parts of this financial information.

**CHEMED CORPORATION AND SUBSIDIARY COMPANIES**
**CONSOLIDATING STATEMENTS OF INCOME**
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022**
(in thousands)(unaudited)

| | **VITAS** | **Roto-Rooter** | **Corporate** | **Chemed Consolidated** |
|---|---|---|---|---|
| **2023 (a)** | | | | |
| Service revenues and sales | $ 965,066 | $ 713,439 | $ - | $ 1,678,505 |
| Cost of services provided and goods sold | 770,470 | 336,786 | - | 1,107,256 |
| Selling, general and administrative expenses | 71,248 | 171,966 | 51,470 | 294,684 |
| Depreciation | 14,907 | 22,830 | 41 | 37,778 |
| Amortization | 78 | 7,470 | - | 7,548 |
| Other operating (income)/expense | (15 ) | 2,079 | - | 2,064 |
| Total costs and expenses | 856,688 | 541,131 | 51,511 | 1,449,330 |
| Income/(loss) from operations | 108,378 | 172,308 | (51,511 ) | 229,175 |
| Interest expense | (154 ) | (387 ) | (2,225 ) | (2,766 ) |
| Intercompany interest income/(expense) | 14,393 | 8,652 | (23,045 ) | - |
| Other income—net | 1,109 | 96 | 7,160 | 8,365 |
| Income/(loss) before income taxes | 123,726 | 180,669 | (69,621 ) | 234,774 |
| Income taxes | (28,503 ) | (38,315 ) | 14,500 | (52,318 ) |
| Net income/(loss) | $ 95,223 | $ 142,354 | $ (55,121 ) | $ 182,456 |
| 2022 (b) | | | | |
| Service revenues and sales | $ 893,506 | $ 694,803 | $ - | $ 1,588,309 |
| Cost of services provided and goods sold | 694,528 | 325,779 | - | 1,020,307 |
| Selling, general and administrative expenses | 67,181 | 165,162 | 29,456 | 261,799 |
| Depreciation | 16,894 | 20,058 | 54 | 37,006 |

| | | | | |
|---|---|---|---|---|
| Amortization | 76 | 7,482 | - | 7,558 |
| Other operating (income)/expense | (929) | 399 | - | (530) |
| Total costs and expenses | 777,750 | 518,880 | 29,510 | 1,326,140 |
| Income/(loss) from operations | 115,756 | 175,923 | (29,510) | 262,169 |
| Interest expense | (142) | (319) | (2,522) | (2,983) |
| Intercompany interest income/(expense) | 14,181 | 6,751 | (20,932) | - |
| Other income/(expense)—net | 183 | 107 | (12,197) | (11,907) |
| Income/(loss) before income taxes | 129,978 | 182,462 | (65,161) | 247,279 |
| Income taxes | (32,199) | (43,867) | 16,285 | (59,781) |
| Net income/(loss) | $ 97,779 | $ 138,595 | $ (48,876) | $ 187,498 |

The "Footnotes to Financial Statements" are integral parts of this financial information.

**CHEMED CORPORATION AND SUBSIDIARY COMPANIES**
**CONSOLIDATING SUMMARIES OF EBITDA**
**FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022**
(in thousands)(unaudited)

| | **VITAS** | **Roto-Rooter** | **Corporate** | **Chemed Consolidated** |
|---|---|---|---|---|
| **2023** | | | | |
| Net income/(loss) | $ 44,331 | $ 50,327 | $ (19,700) | $ 74,958 |
| Add/(deduct): | | | | |
| Interest expense | 52 | 131 | 261 | 444 |
| Income taxes | 11,160 | 8,925 | (1,778) | 18,307 |
| Depreciation | 5,009 | 7,836 | 13 | 12,858 |
| Amortization | 26 | 2,495 | - | 2,521 |
| EBITDA | 60,578 | 69,714 | (21,204) | 109,088 |
| Add/(deduct): | | | | |
| Intercompany interest expense/(income) | (4,935) | (3,040) | 7,975 | - |
| Interest income | (847) | (34) | (1,719) | (2,600) |
| Stock option expense | - | - | 5,495 | 5,495 |
| Long-term incentive compensation | - | - | 3,553 | 3,553 |
| Litigation settlement | - | 300 | - | 300 |

| | | | | |
|---|---|---|---|---|
| Adjusted EBITDA | $ 54,796 | $ 66,940 | $ (5,900 ) | $ 115,836 |
| 2022 | | | | |
| Net income/(loss) | $ 26,086 | $ 47,586 | $ (16,799 ) | $ 56,873 |
| Add/(deduct): | | | | |
| Interest expense | 44 | 91 | 1,136 | 1,271 |
| Income taxes | 8,605 | 14,924 | (3,931 ) | 19,598 |
| Depreciation | 5,281 | 6,855 | 18 | 12,154 |
| Amortization | 26 | 2,494 | - | 2,520 |
| EBITDA | 40,042 | 71,950 | (19,576 ) | 92,416 |
| Add/(deduct): | | | | |
| Intercompany interest expense/(income) | (4,842 ) | (2,371 ) | 7,213 | - |
| Interest income | (27 ) | (35 ) | - | (62 ) |
| Stock option expense | - | - | 4,676 | 4,676 |
| Long-term incentive compensation | - | - | 2,050 | 2,050 |
| Direct costs related to COVID-19 | - | - | 89 | 89 |
| Adjusted EBITDA | $ 35,173 | $ 69,544 | $ (5,548 ) | $ 99,169 |

The "Footnotes to Financial Statements" are integral parts of this financial information.

**CHEMED CORPORATION AND SUBSIDIARY COMPANIES**
**CONSOLIDATING SUMMARIES OF EBITDA**
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022**
(in thousands)(unaudited)

| | **VITAS** | **Roto-Rooter** | **Corporate** | **Chemed Consolidated** |
|---|---|---|---|---|
| **2023** | | | | |
| Net income/(loss) | $ 95,223 | $ 142,354 | $ (55,121 ) | $ 182,456 |
| Add/(deduct): | | | | |
| Interest expense | 154 | 387 | 2,225 | 2,766 |
| Income taxes | 28,503 | 38,315 | (14,500 ) | 52,318 |
| Depreciation | 14,907 | 22,830 | 41 | 37,778 |
| Amortization | 78 | 7,470 | - | 7,548 |
| EBITDA | 138,865 | 211,356 | (67,355 ) | 282,866 |
| Add/(deduct): | | | | |

| | | | | |
|---|---|---|---|---|
| Intercompany interest expense/(income) | (14,393) | (8,652) | 23,045 | - |
| Interest income | (1,046) | (96) | (1,720) | (2,862) |
| Stock option expense | - | - | 22,376 | 22,376 |
| Long-term incentive compensation | - | - | 7,817 | 7,817 |
| Litigation settlements | - | 2,056 | - | 2,056 |
| Adjusted EBITDA | $ 123,426 | $ 204,664 | $ (15,837) | $ 312,253 |
| 2022 | | | | |
| Net income/(loss) | $ 97,779 | $ 138,595 | $ (48,876) | $ 187,498 |
| Add/(deduct): | | | | |
| Interest expense | 142 | 319 | 2,522 | 2,983 |
| Income taxes | 32,199 | 43,867 | (16,285) | 59,781 |
| Depreciation | 16,894 | 20,058 | 54 | 37,006 |
| Amortization | 76 | 7,482 | - | 7,558 |
| EBITDA | 147,090 | 210,321 | (62,585) | 294,826 |
| Add/(deduct): | | | | |
| Intercompany interest expense/(income) | (14,181) | (6,751) | 20,932 | - |
| Interest income | (181) | (107) | - | (288) |
| Stock option expense | - | - | 19,343 | 19,343 |
| Long-term incentive compensation | - | - | 4,877 | 4,877 |
| Direct costs related to COVID-19 | 310 | 988 | 89 | 1,387 |
| Medicare cap sequestration adjustment | 138 | - | - | 138 |
| Adjusted EBITDA | $ 133,176 | $ 204,451 | $ (17,344) | $ 320,283 |

The "Footnotes to Financial Statements" are integral parts of this financial information.

**CHEMED CORPORATION AND SUBSIDIARY COMPANIES**
**RECONCILIATION OF ADJUSTED NET INCOME**
(in thousands, except per share data)(unaudited)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 |
| Net income as reported | **$ 74,958** | $ 56,873 | **$ 182,456** | $ 187,498 |
| Add/(deduct) pre-tax cost of: | | | | |

| | | | | |
|---|---|---|---|---|
| Stock option expense | **5,495** | 4,676 | **22,376** | 19,343 |
| Long-term incentive compensation | **3,553** | 2,050 | **7,817** | 4,877 |
| Amortization of reacquired franchise agreements | **2,352** | 2,352 | **7,056** | 7,056 |
| Litigation settlements | **300** | - | **2,056** | - |
| Medicare cap sequestration adjustment | **-** | - | **-** | 138 |
| Direct costs related to COVID-19 | **-** | 89 | **-** | 1,387 |
| Add/(deduct) tax impacts: | | | | |
| Tax impact of the above pre-tax adjustments (1) | **(1,326)** | (1,474) | **(6,443)** | (5,923) |
| Tax impact of deferred tax rate change | **(4,241)** | - | **(4,241)** | - |
| Excess tax benefits on stock compensation | **(225)** | (450) | **(3,376)** | (4,390) |
| Adjusted net income | **$ 80,866** | $ 64,116 | **$ 207,701** | $ 209,986 |
| Diluted Earnings Per Share As Reported | | | | |
| Net income | **$ 4.93** | $ 3.78 | **$ 12.02** | $ 12.41 |
| Average number of shares outstanding | **15,200** | 15,042 | **15,178** | 15,114 |
| Adjusted Diluted Earnings Per Share | | | | |
| Adjusted net income | **$ 5.32** | $ 4.26 | **$ 13.68** | $ 13.89 |
| Average number of shares outstanding | **15,200** | 15,042 | **15,178** | 15,114 |

(1) The tax impact of pre-tax adjustments was calculated using the effective tax rate of the operating unit for which each adjustment is associated.

The "Footnotes to Financial Statements" are integral parts of this financial information.

**CHEMED CORPORATION AND SUBSIDIARY COMPANIES**
**OPERATING STATISTICS FOR VITAS SEGMENT**
(unaudited)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| OPERATING STATISTICS | **2023** | 2022 | **2023** | 2022 |
| Net revenue ($000) (c) | | | | |
| Homecare | **$ 287,389** | $ 256,253 | **$ 832,554** | $ 771,520 |
| Inpatient | **27,818** | 24,526 | **84,312** | 75,714 |
| Continuous care | **22,032** | 18,600 | **63,054** | 57,717 |
| Other | **3,562** | 3,240 | **9,738** | 9,461 |
| Subtotal | **$ 340,801** | $ 302,619 | **$ 989,658** | $ 914,412 |

| | | | | |
|---|---|---|---|---|
| Room and board, net | **(2,646)** | (2,513) | **(8,317)** | (6,796) |
| Contractual allowances | **(4,302)** | (2,952) | **(10,650)** | (8,992) |
| Medicare cap allowance | **(125)** | (618) | **(5,625)** | (5,118) |
| Net Revenue | **$ 333,728** | $ 296,536 | **$ 965,066** | $ 893,506 |
| Net revenue as a percent of total before Medicare cap allowance | | | | |
| Homecare | **84.3 %** | 84.7 % | **84.1 %** | 84.4 % |
| Inpatient | **8.2** | 8.1 | **8.5** | 8.3 |
| Continuous care | **6.5** | 6.1 | **6.4** | 6.3 |
| Other | **1.0** | 1.1 | **1.0** | 1.0 |
| Subtotal | **100.0** | 100.0 | **100.0** | 100.0 |
| Room and board, net | **(0.8)** | (0.8) | **(0.8)** | (0.7) |
| Contractual allowances | **(1.3)** | (1.0) | **(1.1)** | (1.0) |
| Medicare cap allowance | **-** | (0.2) | **(0.6)** | (0.6) |
| Net Revenue | **97.9 %** | 98.0 % | **97.5 %** | 97.7 % |
| Days of care | | | | |
| Homecare | **1,391,377** | 1,271,678 | **4,018,469** | 3,796,954 |
| Nursing home | **287,785** | 264,407 | **833,112** | 771,921 |
| Respite | **7,292** | 6,635 | **19,211** | 18,098 |
| Subtotal routine homecare and respite | **1,686,454** | 1,542,720 | **4,870,792** | 4,586,973 |
| Inpatient | **25,493** | 23,435 | **76,987** | 71,177 |
| Continuous care | **23,071** | 20,097 | **65,630** | 61,981 |
| Total | **1,735,018** | 1,586,252 | **5,013,409** | 4,720,131 |
| Number of days in relevant time period | **92** | 92 | **273** | 273 |
| Average daily census ("ADC") (days) | | | | |
| Homecare | **15,124** | 13,823 | **14,720** | 13,908 |
| Nursing home | **3,128** | 2,874 | **3,052** | 2,828 |
| Respite | **79** | 72 | **70** | 66 |
| Subtotal routine homecare and respite | **18,331** | 16,769 | **17,842** | 16,802 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Inpatient | **277** | | 255 | | **282** | | 261 | |
| Continuous care | **251** | | 218 | | **240** | | 227 | |
| Total | **18,859** | | 17,242 | | **18,364** | | 17,290 | |
| Total Admissions | **15,774** | | 14,680 | | **47,564** | | 45,945 | |
| Total Discharges | **15,328** | | 14,603 | | **45,837** | | 46,139 | |
| Average length of stay (days) | **103.1** | | 106.2 | | **100.8** | | 104.9 | |
| Median length of stay (days) | **17.0** | | 17.0 | | **16.0** | | 16.0 | |
| ADC by major diagnosis | | | | | | | | |
| Cerebro | **42.0** | **%** | 39.3 | % | **42.2** | **%** | 38.5 | % |
| Neurological | **14.7** | | 22.0 | | **15.9** | | 22.3 | |
| Cancer | **10.6** | | 10.7 | | **10.6** | | 11.0 | |
| Cardio | **16.4** | | 15.4 | | **16.1** | | 15.6 | |
| Respiratory | **7.2** | | 7.2 | | **7.1** | | 7.3 | |
| Other | **9.1** | | 5.4 | | **8.1** | | 5.3 | |
| Total | **100.0** | **%** | 100.0 | % | **100.0** | **%** | 100.0 | % |
| Admissions by major diagnosis | | | | | | | | |
| Cerebro | **26.6** | **%** | 25.9 | % | **26.3** | **%** | 24.2 | % |
| Neurological | **8.8** | | 12.4 | | **9.9** | | 12.7 | |
| Cancer | **26.1** | | 26.6 | | **26.0** | | 26.2 | |
| Cardio | **16.0** | | 14.9 | | **16.2** | | 14.8 | |
| Respiratory | **9.7** | | 9.5 | | **10.1** | | 10.3 | |
| Other | **12.8** | | 10.7 | | **11.5** | | 11.8 | |
| Total | **100.0** | **%** | 100.0 | % | **100.0** | **%** | 100.0 | % |
| Estimated uncollectible accounts as a percent of revenues | **1.3** | **%** | 1.0 | % | **1.1** | **%** | 1.0 | % |
| Accounts receivable -- | | | | | | | | |
| Days of revenue outstanding-excluding unapplied Medicare payments | **36.4** | | 33.8 | | **n.a.** | | n.a. | |
| Days of revenue outstanding-including unapplied Medicare payments | **33.8** | | 24.9 | | **n.a.** | | n.a. | |

The "Footnotes to Financial Statements" are integral parts of this financial information.

**CHEMED CORPORATION AND SUBSIDIARY COMPANIES**
**FOOTNOTES TO FINANCIAL STATEMENTS**
**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022**
(unaudited)

(a) Included in the results of operations for 2023 are the following significant credits/(charges) which may not be indicative of ongoing operations (in thousands):

| | Three Months Ended September 30, 2023 | | | |
|---|---|---|---|---|
| | **VITAS** | **Roto-Rooter** | **Corporate** | **Consolidated** |
| Stock option expense | $ - | $ - | $ (5,495) | $ (5,495) |
| Long-term incentive compensation | - | - | (3,553) | (3,553) |
| Amortization of reacquired franchise agreements | - | (2,352) | - | (2,352) |
| Litigation settlements | - | (300) | - | (300) |
| Pretax impact on earnings | - | (2,652) | (9,048) | (11,700) |
| Excess tax benefits on stock compensation | - | - | 225 | 225 |
| Tax impact of deferred tax rate change | 1,772 | 3,559 | (1,090) | 4,241 |
| Income tax benefit on the above | - | 412 | 914 | 1,326 |
| After-tax impact on earnings | $ 1,772 | $ 1,319 | $ (8,999) | $ (5,908) |

| | Nine Months Ended September 30, 2023 | | | |
|---|---|---|---|---|
| | **VITAS** | **Roto-Rooter** | **Corporate** | **Consolidated** |
| Stock option expense | $ - | $ - | $ (22,376) | $ (22,376) |
| Long-term incentive compensation | - | - | (7,817) | (7,817) |
| Amortization of reacquired franchise agreements | - | (7,056) | - | (7,056) |
| Litigation settlements | - | (2,056) | - | (2,056) |
| Pretax impact on earnings | - | (9,112) | (30,193) | (39,305) |
| Excess tax benefits on stock compensation | - | - | 3,376 | 3,376 |
| Tax impact of deferred tax rate change | 1,772 | 3,559 | (1,090) | 4,241 |
| Income tax benefit on the above | - | 2,123 | 4,320 | 6,443 |
| After-tax impact on earnings | $ 1,772 | $ (3,430) | $ (23,587) | $ (25,245) |

(b) Included in the results of operations for 2022 are the following significant credits/(charges) which may not be indicative of ongoing operations (in thousands):

| | Three Months Ended September 30, 2022 | | | |
|---|---|---|---|---|
| | **VITAS** | **Roto-Rooter** | **Corporate** | **Consolidated** |

| | | | | |
|---|---|---|---|---|
| Stock option expense | $ - | $ - | $ (4,676) | $ (4,676) |
| Amortization of reacquired franchise agreements | - | (2,352) | - | (2,352) |
| Long-term incentive compensation | - | - | (2,050) | (2,050) |
| Direct costs related to COVID-19 | - | - | (89) | (89) |
| Pretax impact on earnings | - | (2,352) | (6,815) | (9,167) |
| Excess tax benefits on stock compensation | - | - | 450 | 450 |
| Income tax benefit on the above | - | 623 | 851 | 1,474 |
| After-tax impact on earnings | $ - | $ (1,729) | $ (5,514) | $ (7,243) |

| | Nine Months Ended September 30, 2022 | | | |
|---|---|---|---|---|
| | **VITAS** | **Roto-Rooter** | **Corporate** | **Consolidated** |
| Stock option expense | $ - | $ - | $ (19,343) | $ (19,343) |
| Amortization of reacquired franchise agreements | - | (7,056) | - | (7,056) |
| Long-term incentive compensation | - | - | (4,877) | (4,877) |
| Direct costs related to COVID-19 | (310) | (988) | (89) | (1,387) |
| Medicare cap sequestration adjustment | (138) | - | - | (138) |
| Pretax impact on earnings | (448) | (8,044) | (24,309) | (32,801) |
| Excess tax benefits on stock compensation | - | - | 4,390 | 4,390 |
| Income tax benefit on the above | 114 | 2,131 | 3,678 | 5,923 |
| After-tax impact on earnings | $ (334) | $ (5,913) | $ (16,241) | $ (22,488) |

(c) VITAS has 11 large (greater than 450 ADC), 18 medium (greater than 200 but less than 450 ADC) and 21 small (less than 200 ADC) hospice programs. Of Vitas' 30 Medicare provider numbers, for the current cap year, 25 provider numbers have a Medicare cap cushion of greater than 10%, two provider numbers have a Medicare cap cushion between 5% and 10%, one provider number has a Medicare cap cushion between 0% and 5% and two provider numbers have a Medicare cap liability.

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