

**MEDNAX, INC.**  
**CONSOLIDATED BALANCE SHEETS**  
(in thousands)

	<b>December 31,</b>	
	<b>2019</b>	<b>2018</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 112,767	\$ 25,491
Restricted cash	—	20,000
Short-term investments	74,510	21,923
Accounts receivable, net	498,869	506,723
Prepaid expenses	21,919	17,123
Other current assets	23,442	17,166
Assets held for sale	—	51,551
Total current assets	<u>731,507</u>	<u>659,977</u>
Investments	—	69,699
Property and equipment, net	94,492	90,434
Goodwill	2,710,292	4,061,439
Intangible assets, net	274,407	313,165
Operating lease right-of-use assets	82,824	—
Deferred income tax assets	162,385	21,910
Other assets	89,994	81,224
Assets held for sale	—	639,633
Total assets	<u>\$4,145,901</u>	<u>\$5,937,481</u>
<b>LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 511,866	\$ 448,567
Current portion of finance lease liabilities	130	253
Current portion of operating lease liabilities	23,317	—
Income taxes payable	6,505	30,598
Liabilities held for sale	—	23,344
Total current liabilities	<u>541,818</u>	<u>502,762</u>
Line of credit	—	739,500
Long-term debt and finance lease liabilities, net	1,730,295	1,234,781
Long-term operating lease liabilities	67,005	—
Long-term professional liabilities	226,892	209,060
Deferred income tax liabilities	57,995	95,581
Other liabilities	22,900	31,828
Liabilities held for sale	—	36,085
Total liabilities	<u>2,646,905</u>	<u>2,849,597</u>
Commitments and contingencies		
Shareholders' equity:		
Preferred stock; \$.01 par value; 1,000 shares authorized; none issued	—	—
Common stock; \$.01 par value; 200,000 shares authorized; 84,248 and 87,820 shares issued and outstanding, respectively	842	878
Additional paid-in capital	987,942	992,647
Retained earnings	510,212	2,094,359
Total shareholders' equity	<u>1,498,996</u>	<u>3,087,884</u>
Total liabilities and shareholders' equity	<u>\$4,145,901</u>	<u>\$5,937,481</u>

*The accompanying notes are an integral part of these Consolidated Financial Statements.*

**MEDNAX, INC.**  
**CONSOLIDATED STATEMENTS OF INCOME**  
(in thousands, except for per share data)

	Years Ended December 31,		
	2019	2018	2017
Net revenue	\$ 3,513,542	\$3,454,810	\$3,253,391
Operating expenses:			
Practice salaries and benefits	2,508,778	2,426,376	2,227,335
Practice supplies and other operating expenses	112,766	108,851	106,444
General and administrative expenses	404,643	403,934	385,864
Depreciation and amortization	78,860	83,832	78,856
Transformational and restructuring related expenses	95,329	—	—
Goodwill impairment	1,449,215	—	—
Total operating expenses	4,649,591	3,022,993	2,798,499
(Loss) income from operations	(1,136,049)	431,817	454,892
Investment and other income	5,671	5,211	4,385
Interest expense	(119,381)	(88,789)	(74,556)
Equity in earnings of unconsolidated affiliates	7,779	6,825	952
Total non-operating expenses	(105,931)	(76,753)	(69,219)
(Loss) income from continuing operations before income taxes	(1,241,980)	355,064	385,673
Income tax benefit (provision)	91,886	(96,453)	(80,231)
(Loss) income from continuing operations	(1,150,094)	258,611	305,442
(Loss) income from discontinued operations, net of tax	(347,608)	10,018	14,930
Net (loss) income	<u><u>\$ (1,497,702)</u></u>	<u><u>\$ 268,629</u></u>	<u><u>\$ 320,372</u></u>
Per common and common equivalent share data:			
(Loss) income from continuing operations:			
Basic	\$ (13.78)	\$ 2.84	\$ 3.31
Diluted	<u><u>\$ (13.78)</u></u>	<u><u>\$ 2.82</u></u>	<u><u>\$ 3.29</u></u>
(Loss) income from discontinued operations:			
Basic	\$ (4.16)	\$ 0.11	\$ 0.16
Diluted	<u><u>\$ (4.16)</u></u>	<u><u>\$ 0.11</u></u>	<u><u>\$ 0.16</u></u>
Net (loss) income:			
Basic	\$ (17.94)	\$ 2.95	\$ 3.47
Diluted	<u><u>\$ (17.94)</u></u>	<u><u>\$ 2.93</u></u>	<u><u>\$ 3.45</u></u>
Weighted average common shares:			
Basic	83,495	91,104	92,431
Diluted	<u><u>83,495</u></u>	<u><u>91,606</u></u>	<u><u>92,958</u></u>

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**MEDNAX, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(in thousands)

	Years Ended December 31,		
	2019	2018	2017
Cash flows from operating activities:			
Net (loss) income	\$ (1,497,702)	\$ 268,629	\$ 320,372
Loss (income) from discontinued operations	347,608	(10,018)	(14,930)
Adjustments to reconcile net income to net cash provided from operating activities:			
Depreciation and amortization	78,860	83,832	78,856
Goodwill impairment	1,449,215	—	—
Amortization of premiums, discounts and issuance costs	5,672	4,572	5,514
Stock-based compensation expense	35,351	37,910	28,778
Deferred income taxes	(177,000)	(25,647)	(61,233)
Other	389	(10,903)	(3,782)
Changes in assets and liabilities:			
Accounts receivable	7,854	(43,408)	10,784
Prepaid expenses and other current assets	(9,998)	(6,074)	(3,015)
Other long-term assets	37,989	68	(2,950)
Accounts payable and accrued expenses	104,161	45,943	34,882
Income taxes payable	(24,119)	(61,256)	73,050
Payments of contingent consideration liabilities	(1,170)	(1,093)	(750)
Long-term professional liabilities	9,844	(4,490)	18,478
Other liabilities	(28,487)	(3,957)	(687)
Net cash provided by operating activities – continuing operations	338,467	274,108	483,367
Net cash provided by operating activities – discontinued operations	8,170	15,817	28,011
Net cash provided by operating activities	346,637	289,925	511,378
Cash flows from investing activities:			
Acquisition payments, net of cash acquired	(111,975)	(114,491)	(531,232)
Purchases of investments	(35,101)	(15,884)	(27,723)
Proceeds from maturities or sales of investments	51,105	13,710	25,410
Purchases of property and equipment	(31,881)	(30,479)	(26,150)
Proceeds from sales of businesses	249,730	22,764	—
Other	—	—	6,705
Net cash provided by (used in) investing activities – continuing operations	121,878	(124,380)	(552,990)
Net cash used in investing activities – discontinued operations	(19,423)	(18,389)	(23,623)
Net cash provided by (used in) investing activities	102,455	(142,769)	(576,613)
Cash flows from financing activities:			
Borrowings on credit agreement	1,247,300	1,723,500	2,846,000
Payments on credit agreement	(1,986,800)	(2,094,500)	(2,699,000)
Proceeds from issuance of senior notes	500,000	500,000	—
Payments for financing costs	(9,194)	(7,090)	(3,525)
Payments of contingent consideration liabilities	(10,120)	(5,263)	(5,449)
Payments on finance lease obligations	(234)	(1,339)	(1,659)
Proceeds from issuance of common stock	11,258	16,258	23,276
Contribution from noncontrolling interests	—	—	894
Repurchases of common stock	(145,280)	(302,160)	(70,192)
Net cash (used in) provided by financing activities – continuing operations	(393,070)	(170,594)	90,345
Net cash used in financing activities – discontinued operations	—	(17)	(608)
Net cash (used in) provided by financing activities	(393,070)	(170,611)	89,737
Net increase (decrease) in cash and cash equivalents	56,022	(23,455)	24,502
Cash, cash equivalents and restricted cash at beginning of year	56,745	80,200	55,698
Less cash and cash equivalents of discontinued operations at end of year	—	(11,254)	(13,843)
Cash and cash equivalents and restricted cash at end of year	\$ 112,767	\$ 45,491	\$ 66,357
Supplemental disclosure of cash flow information:			
Cash paid for:			
Interest	\$ 95,444	\$ 82,540	\$ 73,837
Income taxes	\$ 86,268	\$ 185,416	\$ 75,427
Non-cash investing and financing activities:			
Value of common stock issued for acquisitions	\$ —	\$ —	\$ 2,657
Equipment financed through finance leases	\$ —	\$ —	\$ 684
Property and equipment included in accounts payable	\$ 2,400	\$ 2,415	\$ 1,918

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