### DaVita Inc. 4th Quarter 2021 Results

DENVER, Feb. 10, 2022 /PRNewswire/ -- DaVita Inc. (NYSE: DVA) announced financial and operating results for the quarter and year ended December 31, 2021.

"COVID continues to evolve and have a direct impact on our world, especially on the healthcare system", saidJavier Rodriguez, CEO of DaVita. "I am especially appreciative of our teammates across the DaVita Village – from our direct patient caregivers to our corporate teammates – who continue to provide high-quality care to our patients, respond quickly to the rapidly changing environment, and show incredible compassion and support for our patients throughout all the challenges of this pandemic. Despite these ongoing challenges, we delivered strong financial performance for full year 2021."

For the full year diluted earnings per share from continuing operations was\$8.90, an increase of 39.3% from the prior year, and adjusted diluted earnings per share from continuing operations was \$9.13, an increase of 25.8% from the prior year. Fourth quarter diluted earnings per share from continuing operations was \$1.79, an increase of 7.2% from the prior year, and adjusted diluted earnings per share from continuing operations was\$2.02, an increase of 21.0% from the prior year.

#### Financial and operating highlights for the quarter and year ended December 31, 2021:

- Consolidated revenues of \$2.944 billion and \$11.619 billion for the three months and year endedDecember 31, 2021, respectively.
- Operating income of \$389 million and \$1,797 million for the three months and year endedDecember 31, 2021, respectively.
- Diluted earnings per share and adjusted diluted earnings per share, both from continuing operations o\$1.79 and \$2.02, respectively, for the three months ended December 31, 2021. Diluted earnings per share and adjusted diluted earnings per share, both from continuing operations o\$8.90 and \$9.13, respectively, for the year ended December 31, 2021.
- Operating cash flow and free cash flow, both from continuing operations, of\$530 million and \$290 million, respectively, for the three months ended
  December 31, 2021. Operating cash flow and free cash flow, both from continuing operations, of\$1,931 million and \$1,133 million, respectively, for
  the year ended December 31, 2021.
- Repurchased 6,127,556 shares of our common stock at an average cost o\\$105.52 per share in the three months endedDecember 31, 2021. Repurchased 13,877,193 shares of our common stock at an average cost of\\$111.41 per share in the year endedDecember 31, 2021.

	Three months ended December 31,				Ye	nber 31,				
	20	21	20	20		2021		2020		
Net income attributable to DaVita Inc.:	(dollars in millions, except per share data)									
Net income from continuing operations	\$	187	\$	193	\$	978	\$	783		
Diluted per share	\$	1.79	\$	1.67	\$	8.90	\$	6.39		
Adjusted net income from continuing operations <sup>(1)</sup>	\$	212	\$	193	\$	1,003	\$	890		
Diluted per share adjusted <sup>(1)</sup>	\$	2.02	\$	1.67	\$	9.13	\$	7.26		
Net income	\$	187	\$	174	\$	978	\$	774		
Diluted per share	\$	1.79	\$	1.50	\$	8.90	\$	6.31		

<sup>(1)</sup> For definitions of non-GAAP financial measures, see the note titled "Note on Non-GAAP Financial Measures" and related reconciliations beginning on page 16.

	Thre	e months en	ded Decembe	r 31,	Year ended December 31,					
	202	21	202	20	202	1	2020			
	Amount	Margin	Amount	Margin	Amount	Margin	Amount	Margin		
Operating income:				(dollars	n millions)					
Operating income	\$ 389	13.2 %	\$ 382	13.1 %	\$ 1,797	15.5 %	\$ 1,695	14.7 %		
Adjusted operating income <sup>(1)(2)</sup>	\$ 389	13.2 %	\$ 382	13.1 %	\$ 1,797	15.5 %	\$ 1,746	15.1 %		

<sup>(1)</sup> For definitions of non-GAAP financial measures, see the note titled "Note on Non-GAAP Financial Measures" and related reconciliations beginning on page 16.

### U.S. dialysis metrics:

**Volume:** Total U.S. dialysis treatments for the fourth quarter of 2021 were 7,455,560, or an average of 94,374 treatments per day, representing a per day change of (0.1)% and (1.6)% compared to the third quarter of 2021 and fourth quarter of 2020, respectively. Normalized non-acquired treatment growth in the fourth quarter of 2021 compared to the fourth quarter of 2020 was (1.8)%.

	•	Three mont	hs ende	d	Year ended							
		ber 31, 21		ember 30, 2021		uarter lange		nber 31, 021		ber 31, 20		nnual nange
Per treatment metrics:			-		-						•	
Revenue	\$	361.70	\$	360.54	\$	1.16	\$	359.24	\$	350.31	\$	8.93
Patient care costs	\$	248.12	\$	242.09	\$	6.03	\$	241.47	\$	238.24	\$	3.23
General and administrative	\$	32.53	\$	30.49	\$	2.04	\$	31.27	\$	31.62	\$	(0.35)

Primary drivers of the changes in the table above were as follows:

<sup>(2)</sup> Adjusted operating income margin is adjusted operating income divided by consolidated revenues.

Revenue: The quarter change was primarily due to favorable changes in government rate driven by administration of influenza vaccines and increased commercial mix. The annual change was primarily due to favorable changes in government mix due to shifts to Medicare Advantage plans, favorable changes in government rate related to increased Medicare base rates in 2021 and the temporary suspension of Medicare sequestration, as well as an increase in commercial mix and hospital inpatient dialysis services revenue per treatment.

Patient care costs: The quarter change was primarily due to an increase in compensation expenses driven by increased wage rates and health benefit expenses, as well as increases in other direct operating expenses associated with our dialysis centers, insurance expense and pharmaceutical costs driven by influenza vaccines. These increases were partially offset by decreases in utilities expense resulting from seasonality. The annual change was primarily due to increases in compensation expenses related to increased wages and health benefit expenses due to lower than normal claims volume in 2020 due to COVID-19, other direct operating expenses associated with our dialysis centers, medical supply expense and insurance expense. These increases were partially offset by decreases in pharmaceutical unit costs and intensity, COVID-19-related compensation expenses, utilities expense driven by our virtual power purchase arrangements and professional fees.

General and administrative: The quarter change was due to increases in compensation expense, office supplies and other purchased services, as well as increases in long-term incentive compensation, partially offset by a decrease in professional fees. The annual change was primarily due to decreases in advocacy costs and contributions to our charitable foundation, partially offset by increases in compensation expenses related to labor costs, health benefit expenses and payroll taxes, as well as increases in professional fees and long-term incentive compensation.

### Certain items impacting the quarter:

Share repurchases: During the three months ended December 31, 2021, we repurchased 6,127,556 shares of our common stock fo \$647 million, at an average cost of \$105.52 per share.

Subsequent to December 31, 2021 through February 9, 2022, we repurchased 1,437,107 shares of our common stock fo \$159 million, at an average cost of \$110.73 per share.

### Non-GAAP adjustments to net income:

Income tax impact related to prior legal settlement: During the three months ended December 31, 2021, we recognized additional tax expense o\$25 million related to an uncertain tax position for a portion of a prior legal matter.

### Financial and operating metrics:

		hree mon Decem		Year ended December 31,					
		021	2020		2021		2020		
Cash flow:	(dollars in millions)								
Operating cash flow	\$	530	\$	485	\$	1,931	\$	1,979	
Operating cash flow from continuing operations	\$	530	\$	485	\$	1,931	\$	1,979	
Free cash flow from continuing operations (1)	\$	290	\$	210	\$	1,133	\$	1,188	

<sup>(1)</sup> For definitions of non-GAAP financial measures, see the note titled "Note on Non-GAAP Financial Measures" and related reconciliations beginning on page 16.

	Three months ended December 31, 2021	Year ended December 31, 2021
Effective income tax rate on:		
Income from continuing operations	20.8 %	20.2 %
Income from continuing operations attributable to DaVita Inc. (1) Adjusted income from continuing operations attributable to DaVita	25.8 %	23.8 %
Inc. <sup>(1)</sup>	16.0 %	21.9 %

<sup>(1)</sup> For definitions of non-GAAP financial measures, see the note titled "Note on Non-GAAP Financial Measures" and related reconciliations beginning on page 16.

Center activity: As of December 31, 2021, we provided dialysis services to a total of approximately 243,000 patients at 3,154 outpatient dialysis centers, of which 2,815 centers were located in the United States and 339 centers were located in ten countries outside ofthe United States. During the fourth quarter of 2021, we acquired 17 dialysis centers, opened a total of two new dialysis centers and closed 30 dialysis centers in the United States. We also acquired seven dialysis centers, opened two dialysis centers and closed three dialysis centers outside of the United States during the fourth quarter of 2021.

**DaVita IKC:** As of December 31, 2021, we have approximately 16,000 patients in risk-based integrated care arrangements representing approximately \$1.8 billion in annualized medical spend. We have an additional 7,000 patients in other integrated care arrangements; we do not include the medical spend of these patients in this annualized medical spend estimate. See additional description of these metrics at Note 2.

### Outlook:

The following forward-looking measures and the underlying assumptions involve significant known and unknown risks and uncertainties, including those described below, and actual results may vary materially from these forward-looking measures. For example, the widespread impact of the COVID-19 pandemic continues to generate significant risk and uncertainty, and as a result, our future results could vary materially from the guidance provided below. We do not provide guidance for operating income or diluted net income from continuing operations per share attributable to DaVita Inc. on a basis consistent with United States generally accepted accounting principles (GAAP) nor a reconciliation of forward-looking non-GAAP financial measures to the most directly comparable GAAP financial measures on a forward-looking basis because we are unable to predict certain items contained in the GAAP measures without unreasonable efforts. These non-GAAP financial measures do not include certain items, including foreign currency fluctuations, which may be significant. The guidance for our effective income tax rate on adjusted income from continuing operations attributable to DaVita Inc. also excludes

the amount of third party owners' income and related taxes attributable to non-tax paying entities.

		2022 guidance					
	Lo	w	Hi	gh			
	(dollars in millions, except per share data)						
Adjusted operating income Adjusted diluted net income from continuing operations per share attributable to DaVita	\$	1,525	\$	1,675			
Inc. Free cash flow from continuing operations	\$ \$	7.50 850	\$ \$	8.50 1.100			

We will be holding a conference call to discuss our results for the fourth quarter and year ended December 31, 2021, on February 10, 2022, a5:00 p.m. Eastern Time. To join the conference call, please dial (877) 918-6630 from the U.S. or (517) 308-9042 from outside the U.S., and provide the operator the password 'Earnings'. A replay of the conference call will be available on our website at investors.davita.com for the following 30 days.

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### Forward looking statements

DaVita Inc. and its representatives may from time to time make written and oral forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 (PSLRA), including statements in this release, filings with the Securities and Exchange Commission (SEC), reports to stockholders and in meetings with investors and analysts. All statements in this release, during the related presentation or other meetings, other than statements of historical fact, are forward-looking statements and as such are intended to be covered by the safe harbor for "forward-looking statements" provided by the PSLRA. These forward-looking statements could include, among other things, DaVita's response to and the expected future impacts of the novel coronavirus (COVID-19), including statements about our balance sheet and liquidity, our expenses and expense offsets, revenues, billings and collections, potential need, ability or willingness to use any funds under government relief programs, availability or cost of supplies, treatment volumes, mix expectation, such as the percentage or number of patients under commercial insurance, the availability, acceptance, impact, administration and efficacy of COVID-19 vaccines, treatments and therapies, the continuing impact on the U.S. and global economies, unemployment and labor market conditions, and overall impact on our patients and teammates, as well as other statements regarding our future operations, financial condition and prospects, expenses, strategic initiatives, government and commercial payment rates, expectations related to value-based care, integrated kidney care, and Medicare Advantage plan enrollment and our ongoing stock repurchase program, and statements related to our guidance and expectations for future periods and the assumptions underlying any such projections. All statements in this release, other than statements of historical fact, are forward-looking statements. Without limiting the foregoing, statements including the words "expect," "intend," "will," "could," "plan," "anticipate," "believe," "forecast," "guidance," "outlook," "goals," and similar expressions are intended to identify forward-looking statements. These forward-looking statements are based on DaVita's current expectations and are based solely on information available as of the date of this release. DaVita undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of changed circumstances, new information, future events or otherwise, except as may be required by law. Actual future events and results could differ materially from any forward-looking statements due to numerous factors that involve substantial known and unknown risks and uncertainties. These risks and uncertainties include, among other things:

- the continuing impact of the dynamic and evolving COVID-19 pandemic, including, without limitation, on our patients, teammates, physician partners, suppliers, business, operations, reputation, financial condition and results of operations; the government's response to the COVID-19 pandemic, including, among other things, federal, state and local vaccine mandates or surveillance testing requirements and the extent to which they may ultimately be applicable to us; the pandemic's continuing impact on the U.S. and global economies, unemployment, labor market conditions, inflation and evolving monetary policies; the availability, acceptance, impact and efficacy of COVID-19 vaccines, treatments and therapies; further spread or resurgence of the virus, including as a result of the emergence of new strains of the virus, such as the Delta and Omicron variants; the continuing impact of the pandemic on our revenue and non-acquired growth due to lower treatment volumes; COVID-19's impact on the chronic kidney disease (CKD) population and our patient population including on the mortality of these patients; any potential negative impact on our commercial mix or the number of our patients covered by commercial insurance plans; continued increased COVID-19-related costs; supply chain challenges and disruptions, including with respect to our clinical supplies; and higher salary and wage expense driven in part by labor market conditions and a high demand for our clinical personnel, any of which may also have the effect of heightening many of the other risks and uncertainties discussed below, and in many cases, lead to impacts that persist even after the pandemic subsides;
- the extent to which the ongoing implementation of healthcare reform, or changes in or new legislation, regulations or guidance, enforcement thereof or related litigation result in a reduction in coverage or reimbursement rates for our services, a reduction in the number of patients enrolled in higher-paying commercial plans or that are enrolled in or select Medicare Advantage plans or other material impacts to our business or operations; or our making incorrect assumptions about how our patients will respond to any such developments;
- risks arising from potential changes in laws, regulations or requirements applicable to us, such as potential and proposed federal and/or state legislation, regulation, ballot, executive action or other initiatives, including without limitation those related to healthcare and/or labor matters, such as AB 290 in California;
- the impact of the political environment and related developments on the current healthcare marketplace and on our business, including with respect to the Affordable Care Act, the exchanges and many other core aspects of the current healthcare marketplace, as well as the composition of the U.S. Supreme Court and the current presidential administration and congressional majority;
- legal and compliance risks, such as our continued compliance with complex, and at times, evolving government regulations and requirements;
- noncompliance by us or our business associates with any privacy or security laws or any security breach by us or a third party involving the
  misappropriation, loss or other unauthorized use or disclosure of confidential information;
- the concentration of profits generated by higher-paying commercial payor plans for which there is continued downward pressure on average realized
  payment rates, and a reduction in the number or percentage of our patients under such plans, including, without limitation, as a result of restrictive
  plan designs, restrictions or prohibitions on the use and/or availability of charitable premium assistance, which may result in the loss of revenues or
  patients, or our making incorrect assumptions about how our patients will respond to any change in financial assistance from charitable
  organizations:
- our ability to successfully implement our strategies with respect to integrated kidney care and value-based care initiatives and home based dialysis in the desired time frame and in a complex, dynamic and highly regulated environment, including, among other things, maintaining our existing

business; meeting growth expectations; recovering our investments; entering into agreements with payors, third party vendors and others on terms that are competitive and, as appropriate, prove actuarially sound; structuring operations, agreements and arrangements to comply with evolving rules and regulations; finding, training and retaining appropriate staff; and further developing our integrated care and other capabilities to provide competitive programs at scale;

- a reduction in government payment rates under the Medicare End Stage Renal Disease program, state Medicaid or other government-based programs and the impact of the Medicare Advantage benchmark structure;
- changes in pharmaceutical practice patterns, reimbursement and payment policies and processes, or pharmaceutical pricing, including with respect to hypoxia inducible factors, among other things;
- our ability to develop and maintain relationships with physicians and hospitals, changing affiliation models for physicians, and the emergence of new
  models of care or other initiatives introduced by the government or private sector that, among other things, may erode our patient base and impact
  reimbursement rates;
- our ability to complete acquisitions, mergers, dispositions, joint ventures or other strategic transactions that we might announce or be considering, on terms favorable to us or at all, or to integrate and successfully operate any business we may acquire or have acquired, or to successfully expand our operations and services in markets outside the United States, or to businesses outside of dialysis;
- our ability to attract, retain and motivate teammates and our ability to manage operating cost increases or productivity decreases whether due to
  union organizing activities, legislative or other changes, demand for labor, volatility and uncertainty in the labor market, the current challenging labor
  market conditions, or other reasons;
- our aspirations, goals and disclosures related to environmental, social and governance (ESG) matters, including evolving regulatory requirements affecting ESG standards, measurements and reporting requirements; the availability of suppliers that can meet our sustainability standards; and our ability to recruit, develop and retain diverse talent in our labor markets;
- continued increased competition from dialysis providers and others, and other potential marketplace changes, including increased investment in and availability of funding to new entrants in the dialysis and pre-dialysis marketplace;
- the variability of our cash flows, including without limitation any extended billing or collections cycles; the risk that we may not be able to generate or access sufficient cash in the future to service our indebtedness or to fund our other liquidity needs; and the risk that we may not be able to refinance our indebtedness as it becomes due, on terms favorable to us or at all;
- factors that may impact our ability to repurchase stock under our stock repurchase program and the timing of any such stock repurchases, as well as our use of a considerable amount of available funds to repurchase stock;
- risks arising from the use of accounting estimates, judgments and interpretations in our financial statements;
- · impairment of our goodwill, investments or other assets; and
- the other risk factors, trends and uncertainties set forth in our Annual Report on Form 10-K for the year endedDecember 31, 2020 and Quarterly Reports on Form 10-Q for the quarters ended March 31, June 30 and September 30,2021, and the risks and uncertainties discussed in any subsequent reports that we file or furnish with the SEC from time to time.

The financial information presented in this release is unaudited and is subject to change as a result of subsequent events or adjustments, if any, arising prior to the filing of the Company's Annual Report on Form 10-K for the year ended December 31, 2021.

Three months ended December

## DAVITA INC. CONSOLIDATED STATEMENTS OF INCOME (unaudited) (dollars and shares in thousands, except per share data)

	31,				Year ended December 31,					
		2021		2020		2021		2020		
Dialysis patient service revenues	\$	2,843,031	\$	2,773,123	\$	11,213,515	\$	11,026,251		
Other revenues		100,936		132,199		405,282		524,353		
Total revenues		2,943,967		2,905,322		11,618,797		11,550,604		
Operating expenses:										
Patient care costs		2,060,218		2,056,881		7,972,414		7,988,613		
General and administrative		322,723		304,519		1,195,335		1,247,584		
Depreciation and amortization		174,763		161,486		680,615		630,435		
Equity investment (income) loss, net		(3,152)		765		(26,937)		(26,916)		
Loss on changes in ownership interest, net		_		_		_		16,252		
Total operating expenses		2,554,552		2,523,651		9,821,427		9,855,968		
Operating income		389,415		381,671		1,797,370		1,694,636		
Debt expense		(72,087)		(60,469)		(285, 254)		(304,111)		
Debt prepayment, refinancing and redemption charges		_		_		_		(89,022)		
Other (loss) income, net		(2,388)		6,169		6,378		16,759		
Income from continuing operations before income taxes		314,940		327,371		1,518,494		1,318,262		
Income tax expense		65,508		73,368		306,732		313,932		
Net income from continuing operations		249,432		254,003		1,211,762		1,004,330		
Net loss from discontinued operations, net of tax		_		(19,633)		_		(9,653)		
Net income		249,432		234,370		1,211,762		994,677		
Less: Net income attributable to noncontrolling										
interests		(61,959)		(60,597)		(233,312)		(221,035)		
Net income attributable to DaVita Inc.	\$	187,473	\$	173,773	\$	978,450	\$	773,642		
Earnings per share attributable to DaVita Inc.:										
Basic net income from continuing operations	\$	1.86	\$	1.73	\$	9.30	\$	6.54		

Basic net income	\$ 1.86	\$ 1.56	\$ 9.30	\$ 6.46
Diluted net income from continuing operations	\$ 1.79	\$ 1.67	\$ 8.90	\$ 6.39
Diluted net income	\$ 1.79	\$ 1.50	\$ 8.90	\$ 6.31
Weighted average shares for earnings per share:				
Basic shares	100,913	111,690	105,230	119,797
Diluted shares	104,842	115,957	109,948	122,623
Amounts attributable to DaVita Inc.:				
Net income from continuing operations	\$ 187,473	\$ 193,406	\$ 978,450	\$ 783,295
Net loss from discontinued operations	_	(19,633)	· —	(9,653)
Net income attributable to DaVita Inc.	\$ 187,473	\$ 173,773	\$ 978,450	\$ 773,642

## DAVITA INC. CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (unaudited) (dollars in thousands)

	Three months ended December 31				Year ended December 31,			
		2021	2	2020		2021		2020
Net income	\$	249,432	\$	234,370	\$	1,211,762	\$	994,677
Other comprehensive (loss) income, net of tax:								
Unrealized gains (losses) on interest rate cap agreements:								
Unrealized gains (losses)		4,689		124		7,155		(16,346)
Reclassifications of net realized losses into net income		1,034		1,033		4,133		5,313
Unrealized (losses) gains on foreign currency translation:		(25,218)		55,219		(84,381)		(7,623)
Other comprehensive (loss) income		(19,495)		56,376		(73,093)		(18,656)
Total comprehensive income		229,937		290,746		1,138,669		976,021
Less: Comprehensive income attributable to noncontrolling								
interests		(61,959)		(60,597)		(233,312)		(221,035)
Comprehensive income attributable to DaVita Inc.	\$	167,978	\$	230,149	\$	905,357	\$	754,986

## DAVITA INC. CONSOLIDATED STATEMENTS OF CASH FLOW (unaudited) (dollars in thousands)

	Year ended December 31,			
	-	2021		2020
Cash flows from operating activities:				
Net income	\$	1,211,762	\$	994,677
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization		680,615		630,435
Debt prepayment, refinancing and redemption charges		_		86,957
Stock-based compensation expense		102,209		91,458
Deferred income taxes		60,483		240,848
Equity investment loss, net		5,215		13,830
Loss on sales of business interests, net		_		24,248
Other non-cash charges, net		11,231		747
Changes in operating assets and liabilities, net of effect of acquisitions and divestitures:				
Accounts receivable		(138,140)		(21,087)
Inventories		5,720		(12,349)
Other receivables and prepaid and other current assets		128,661		(79,277)
Other long-term assets		(26,387)		(6,123)
Accounts payable		(30,320)		37,200
Accrued compensation and benefits		(16,717)		(20,931)
Other current liabilities		(93,645)		105,637
Income taxes		36,921		(87,391)
Other long-term liabilities		(6,732)		(19,851)
Net cash provided by operating activities		1,930,876		1,979,028
Cash flows from investing activities:				
Additions of property and equipment		(641,465)		(674,541)
Acquisitions		(187,050)		(182,013)
Proceeds from asset and business sales		61,464		50,139
Purchase of debt investments held-to-maturity		(30,849)		(150,701)
Purchase of other debt and equity investments		(2,987)		(3,757)
Proceeds from debt investments held-to-maturity		15,849		151,213

Proceeds from sale of other debt and equity investments		12,030	3,491
Purchase of equity method investments		(13,924)	(22,341)
Distributions from equity method investments		2,944	3,139
Other		(745)	<i>_</i>
Net cash used in investing activities		(784,733)	 (825,371)
Cash flows from financing activities:		<u> </u>	
Borrowings		1,615,370	4,046,775
Payments on long-term debt		(861,115)	(4,110,304)
Deferred financing and debt redemption costs		(9,091)	(105,848)
Purchase of treasury stock	(1	,538,626)	(1,458,442)
Distributions to noncontrolling interests		(244,033)	(253,118)
Net payments related to stock purchases and awards		(60,001)	(975)
Contributions from noncontrolling interests		31,754	42,966
Proceeds from sales of additional noncontrolling interest		2,880	_
Purchases of noncontrolling interests		(20,104)	(7,831)
Net cash used in financing activities	(1	,082,966)	(1,846,777)
Effect of exchange rate changes on cash, cash equivalents and restricted cash		(10,007)	(13,808)
Net increase (decrease) in cash, cash equivalents and restricted cash from continuing	-		
operations		53,170	(706,928)
Cash, cash equivalents and restricted cash of continuing operations at beginning of the year		501,790	1,208,718
Cash, cash equivalents and restricted cash of continuing operations at end of the year	\$	554,960	\$ 501,790

# DAVITA INC. CONSOLIDATED BALANCE SHEETS (unaudited) (dollars and shares in thousands, except per share data)

	Dec	ember 31, 2021	December 31, 2020		
ASSETS					
Cash and cash equivalents	\$	461,900	\$	324,958	
Restricted cash and equivalents		93,060		176,832	
Short-term investments		22,310		20,101	
Accounts receivable		1,957,583		1,824,282	
Inventories		107,428		111,625	
Other receivables		427,321		544,376	
Prepaid and other current assets		72,517		76,387	
Income tax receivable		25,604		70,163	
Total current assets		3,167,723		3,148,724	
Property and equipment, net of accumulated depreciation of \$4,763,135 and \$4,480,429,		, ,		, ,	
respectively		3,479,972		3,521,824	
Operating lease right-of-use assets		2,824,787		2,863,089	
Intangible assets, net of accumulated amortization of \$60,730 and \$70,141, respectively		177,693		166,585	
Equity method and other investments		238,881		257,491	
Long-term investments		49,514		32.193	
Other long-term assets		136,677		79,501	
Goodwill		7,046,241		6,919,109	
Goodwiii	\$	17,121,488	\$	16,988,516	
LIABILITIES AND EQUITY	Ψ	17,121,400	Ψ	10,300,310	
Accounts payable	\$	402,049	\$	434,253	
Other liabilities	φ	709,345	φ	810,529	
Accrued compensation and benefits		659,960		685,555	
		*		369,497	
Current portion of operating lease liabilities		394,357			
Current portion of long-term debt		179,030		168,541	
Income tax payable		53,792		7,768	
Total current liabilities		2,398,533		2,476,143	
Long-term operating lease liabilities		2,672,713		2,738,670	
Long-term debt		8,729,150		7,917,263	
Other long-term liabilities		119,158		150,060	
Deferred income taxes		830,954		809,600	
Total liabilities		14,750,508		14,091,736	
Commitments and contingencies					
Noncontrolling interests subject to put provisions		1,434,832		1,330,028	
Equity:					
Preferred stock (\$0.001 par value, 5,000 shares authorized; none issued)				_	
Common stock (\$0.001 par value, 450,000 shares authorized; 97,289 and 109,933 shares issued					
and outstanding at December 31, 2021 and December 31, 2020, respectively)		97		110	
Additional paid-in capital		540,321		597,073	
Retained earnings		354,337		852,537	
Accumulated other comprehensive loss		(139,247)		(66, 154)	
Total DaVita Inc. shareholders' equity		755,508		1,383,566	
Noncontrolling interests not subject to put provisions		180,640		183,186	
		,		,	

 936,148	-	1,566,752
\$ 17,121,488	\$	16,988,516

## DAVITA INC. SUPPLEMENTAL FINANCIAL DATA (unaudited)

(dollars in millions and shares in thousands, except per share and per treatment data)

		nber 31, 021		nber 30, 021	nber 31, 020	 ended r 31, 2021
1. Consolidated business metrics:						
Operating margin		13.2 %		16.2 %	13.1 %	15.5 %
Adjusted operating margin excluding certain items <sup>(1)(2)</sup> General and administrative expenses as a percent of		13.2 %		16.2 %	13.1 %	15.5 %
consolidated revenues <sup>(3)</sup>		11.0 %		10.0 %	10.5 %	10.3 %
Effective income tax rate on income from continuing operations Effective income tax rate on income from continuing operations		20.8 %		18.9 %	22.4 %	20.2 %
attributable to DaVita Inc. <sup>(1)</sup> Effective income tax rate on adjusted income from continuing		25.8 %		22.3 %	27.5 %	23.8 %
operations attributable to DaVita Inc.(1)		16.0 %		22.3 %	27.5 %	21.9 %
2. Summary of financial results:						
Revenues:						
U.S. dialysis patient services and other Other—Ancillary services	\$	2,703	\$	2,698	\$ 2,674	\$ 10,667
U.S. other		92		92	124	371
International dialysis patient service and other		170		171	152	676
		262		262	276	1,047
Eliminations		(20)		(22)	(45)	(95)
Total consolidated revenues	\$	2,944	\$	2,938	\$ 2,905	\$ 11,619
Operating income (loss):	1					
U.S. dialysis	\$	451	\$	510	\$ 433	\$ 1,975
Other—Ancillary services						
U.S.		(35)		(20)	(25)	(108)
International <sup>(4)</sup>		6		13	(2)	42
	-	(29)		(7)	 (27)	(66)
Corporate administrative support expenses		(33)	-	(28)	(24)	 (112)
Total consolidated operating income	\$	389	\$	475	\$ 382	\$ 1,797

## DAVITA INC. SUPPLEMENTAL FINANCIAL DATA - continued (unaudited)

(dollars in millions and shares in thousands, except per share and per treatment data)

	•	l	Year ended	
	December 31, 2021	September 30, 2021	December 31, 2020	December 31, 2021
Summary of reportable segment financial results and metrics:     U.S. dialysis     Financial results				
Revenue:				
Dialysis patient service revenues	\$ 2,697	\$ 2,692	\$ 2,664	\$ 10,642
Other revenues	6	6	10	25
Total operating revenues	2,703	2,698	2,674	10,667
Operating expenses:				
Patient care costs	1,850	1,808	1,856	7,153
General and administrative	243	228	241	926
Depreciation and amortization	166	161	152	643
Equity investment income	(7)	(8)	(7)	(30)
Total operating expenses	2,251	2,188	2,241	8,692
Segment operating income	\$ 451	\$ 510	\$ 433	\$ 1,975
Metrics				
Volume:				
Treatments	7,455,560	7,466,197	7,574,217	29,622,188
Number of treatment days	79.0	79.0	79.0	313.0

Average treatments per day Per day year-over-year decrease	94,374 (1.6) %	94,509 (2.5) %	95,876 (0.9) %		94,640 (2.1) %
Normalized year-over-year non-acquired treatment growth <sup>(5)</sup>	(1.8) %	(1.7) %	(0.3) %		
Operating net revenues:	\$ 361.70	\$ 360.54	\$ 351.78	Ф	359.24
Average patient service revenue per treatment Expenses:	\$ 301.70	<b>ф</b> 360.54	ֆ 331./6	\$	339.24
Patient care costs per treatment	\$ 248.12	\$ 242.09	\$ 245.06	\$	241.47
General and administrative expenses per treatment	\$ 32.53	\$ 30.49	\$ 31.80	\$	31.27
Accounts receivable:					
Receivables	\$ 1,781	\$ 1,853	\$ 1,681		
DSO	61	64	59		

### DAVITA INC. SUPPLEMENTAL FINANCIAL DATA - continued (unaudited)

(dollars in millions and shares in thousands, except per share and per treatment data)

	Three months ended							
		nber 31, 021		nber 30, )21		nber 31, 020		ended er 31, 2021
4. Cash flow:							-	
Operating cash flow	\$	530	\$	567	\$	485	\$	1,931
Operating cash flow from continuing operations	\$	530	\$	567	\$	485	\$	1,931
Operating cash flow from continuing operations, last twelve								
months	\$	1,931	\$	1,886	\$	1,979		
Free cash flow from continuing operations <sup>(1)</sup>	\$	290	\$	358	\$	210	\$	1,133
Free cash flow from continuing operations, last twelve								
months <sup>(1)</sup>	\$	1,133	\$	1,054	\$	1,188		
Capital expenditures from continuing operations:								
Routine maintenance/IT/other	\$	132	\$	108	\$ \$	160	\$	421
Development and relocations	\$	58	\$	50	\$	65	\$	220
Acquisition expenditures	\$	142	\$	21	\$	69	\$	187
Proceeds from sale of self-developed properties	\$	13	\$	14	\$	14	\$	56
5. Debt and capital structure:								
Total debt <sup>(6)</sup>	\$	8,965	\$	8,997	\$	8,164		
Net debt, net of cash and cash equivalents(6)	\$	8,503	\$	7.951	\$	7,839		
Leverage ratio (see calculation on page 14)	Ψ	3.32x	Ψ	3.25x	Ψ	3.21x		
Weighted average effective interest rate:						-		
During the quarter		3.34 %		3.34 %		3.07 %		
At end of the quarter		3.35 %		3.34 %		3.06 %		
On the senior secured credit facilities at end of the quarter		2.18 %		2.16 %		2.03 %		
Debt with fixed and capped rates as a percentage of total debt:								
Debt with rates fixed by its terms		52 %		51 %		44 %		
Debt with rates fixed by its terms or capped by cap		/-		• . , .				
agreements		91 %		90 %		87 %		
Amount spent on share repurchases	\$	647	\$	336	\$	417	\$	1,546
Number of shares repurchased		6,128		2,731		4,193		13,877

Certain columns, rows or percentages may not sum or recalculate due to the presentation of rounded numbers.

<sup>(1)</sup> These are non-GAAP financial measures. For a reconciliation of these non-GAAP financial measures to their most comparable measure calculated and presented in accordance with GAAP, and for a definition of adjusted amounts, see attached reconciliation schedules.

<sup>(2)</sup> Adjusted operating income margin is adjusted operating income divided by consolidated revenues.

<sup>(3)</sup> General and administrative expenses include certain corporate support, long-term incentive compensation, advocacy costs and charitable contributions

<sup>(4)</sup> The reported operating income for the three months ended December 31, 2021, September 30, 2021 and December 31, 2020 and the year ended December 31, 2021 includes foreign currency (losses) gains embedded in equity method income recognized from our Asia Pacific joint venture of approximately \$(1.0), \$1.8, \$(6.0) and \$3.3 respectively.

<sup>(5)</sup> Normalized non-acquired treatment growth reflects year-over-year growth in treatment volume, adjusted to exclude acquisitions and other similar transactions, and further adjusted to normalize for the number and mix of treatment days in a given quarter versus the prior year quarter.

<sup>(6)</sup> The debt amounts as of December 31, 2021, September 30, 2021, and December 31, 2020 presented exclude approximately \$56.7, \$59.8 and \$77.7, respectively, of debt discount, premium and other deferred financing costs related to our senior secured credit facilities and senior notes in effect or outstanding at that time.

### (dollars in millions)

### Note 1: Calculation of the Leverage Ratio

Under our senior secured credit facilities (the Credit Agreement) dated August 12, 2019, the leverage ratio is defined as (a) all funded debt plus the face amount of all letters of credit issued, minus unrestricted cash and cash equivalents (including short-term investments) not to exceed \$750 divided by (b) "Consolidated EBITDA." The leverage ratio determines the interest rate margin payable by the Company for its Term Loan A and revolving line of credit under the Credit Agreement by establishing the margin over the base interest rate (LIBOR) that is applicable. The calculation below is based on the last twelve months of "Consolidated EBITDA," as of the end of the reported period and pro forma for acquisitions or divestitures that occurred during the period, and "Consolidated net debt" at the end of the reported period, each as defined in the Credit Agreement. The Company's management believes the presentation of "Consolidated EBITDA" is useful to investors to enhance their understanding of the Company's leverage ratio under its Credit Agreement. The leverage ratio calculated by the Company is a non-GAAP measure and should not be considered a substitute for the ratio of total debt to operating income, determined in accordance with GAAP. The Company's calculation of its leverage ratio might not be calculated in the same manner as, and thus might not be comparable to, similarly titled measures of other companies.

	Twelve months ended					
	December 31, 2021		•	mber 30, 021		mber 31, 2020
Net income attributable to DaVita Inc. from continuing operations (1) Income taxes Interest expense Depreciation and amortization Noncontrolling interests and equity investment income, net Stock-settled stock-based compensation Debt prepayment, refinancing and redemption charges Loss on changes in ownership interest, net	\$	978 307 261 681 233 101	\$	984 315 250 667 241 98	\$	783 314 272 630 235 90 89 16
Other		13		2		29
"Consolidated EBITDA"	\$	2,574	\$	2,558	\$	2,460
	December 31, 2021		September 30, 2021			mber 31, 2020
Total debt, excluding debt discount and other deferred financing						
costs <sup>(2)</sup> Letters of credit issued	\$	8,965 69	\$	8,997 69	\$	8,164 65
(0)		9,034		9,067		8,228
Less: Cash and cash equivalents including short-term investments (3)		(481)		(750)		(333)
Consolidated net debt	\$	8,554	\$	8,317	\$	7,895
Last twelve months "Consolidated EBITDA"	\$	2,574	\$	2,558	\$	2,460
Leverage ratio		3.32x		3.25x		3.21x
Maximum leverage ratio permitted under the Credit Agreement		5.00x		5.00x		5.00x

Certain columns or rows may not sum or recalculate due to the presentation of rounded numbers.

### DAVITA INC. INTEGRATED CARE METRICS (unaudited)

### Note 2: Integrated Care Metrics

Our Integrated Kidney Care (IKC) business is party to a variety of risk-based integrated care and disease management arrangements, including value-based care (VBC) contracts under which we assume full or shared financial risk for the total medical cost of care for patients below or above a benchmark.

The aggregate amount of medical spend associated with risk-based integrated care arrangements that we disclose includes both medical costs included in our reported expenses for certain risk-based arrangements (such as its special needs plans), as well as the aggregate estimated benchmark amount above or below which we will incur profit or loss on for VBC arrangements under which third-party medical costs are not included in our reported results. This metric is an annualization of our estimate of this amount for the most recent quarter.

A number of our VBC contracts are subject to complex or novel patient attribution mechanics and benchmark adjustments, some of which are based on information not reported to us until periods after we report our quarterly results. As a result, our estimates of our patients under, and the dollar amount of, our value-based contracts remain subject to estimation uncertainty.

<sup>(1)</sup> The net income measure presented is our net income from continuing operations attributable to DaVita Inc., since the Credit Agreement requires divestitures to be reflected on a pro forma basis for our leverage ratio calculation, and this measure of net income already excludes our discontinued operations divested.

<sup>(2)</sup> The debt amounts as of December 31, 2021, September 30, 2021, and December 31, 2020 presented exclude approximately \$56.7, \$59.8, and \$77.7, respectively, of debt discount, premium and other deferred financing costs related to our senior secured credit facilities and senior notes in effect at that time.

<sup>(3)</sup> This excludes amounts not readily convertible to cash related to the Company's non-qualified deferred compensation plans for all periods presented. The Credit Agreement limits the amount deducted for cash and cash equivalents, including short-term investments, to the lesser of all unrestricted cash and cash equivalents, including short-term investments of the Company or \$750.

### **Note on Non-GAAP Financial Measures**

As used in this press release, the term "adjusted" refers to non-GAAP measures as follows, each as reconciled to its most comparable GAAP measure as presented in the non-GAAP reconciliations in the notes to this press release: (i) for income measures, the term "adjusted" refers to operating performance measures that exclude certain items such as impairment charges, (gain) loss on ownership changes, restructuring charges, accruals for legal matters and debt prepayment and refinancing charges; and (ii) the term "effective income tax rate on adjusted income from continuing operations attributable to DaVita Inc." represents the Company's effective tax rate excluding applicable non-GAAP items and the tax associated with them as well as noncontrolling owners' income, which primarily relates to non-tax paying entities.

These non-GAAP or "adjusted" measures are presented because management believes these measures are useful adjuncts to GAAP results. However, these non-GAAP measures should not be considered alternatives to the corresponding measures determined under GAAP.

Specifically, management uses adjusted operating income, adjusted net income from continuing operations attributable to DaVita Inc. and adjusted diluted net income from continuing operations per share attributable to DaVita Inc. to compare and evaluate our performance period over period and relative to competitors, to analyze the underlying trends in our business, to establish operational budgets and forecasts and for incentive compensation purposes. We believe these non-GAAP measures also are useful to investors and analysts in evaluating our performance over time and relative to competitors, as well as in analyzing the underlying trends in our business. Furthermore, we believe these presentations enhance a user's understanding of our normal consolidated results by excluding certain items which we do not believe are indicative of our ordinary results of operations. As a result, adjusting for these amounts allows for comparison to our normalized prior period results.

In addition, the effective income tax rate on income from continuing operations attributable to DaVita Inc. excludes noncontrolling owners' income, which primarily relates to non-tax paying entities.

The effective income tax rate on adjusted income from continuing operations attributable to DaVita Inc. excludes noncontrolling owners' income and certain non-deductible and other charges which we do not believe are indicative of our ordinary results. Accordingly, we believe these adjusted effective income tax rates are useful to management, investors and analysts in evaluating our performance and establishing expectations for income taxes incurred on our ordinary results attributable to DaVita Inc.

Finally, free cash flow from continuing operating represents net cash provided by operating activities from continuing operations less distributions to noncontrolling interests and all capital expenditures (including development capital expenditures, routine maintenance and information technology); plus contributions from noncontrolling interests and proceeds from the sale of self-developed properties. Management uses this measure to assess our ability to fund acquisitions and meet our debt service obligations and we believe this measure is equally useful to investors and analysts as an adjunct to cash flows from operating activities from continuing operations and other measures under GAAP.

It is important to bear in mind that these non-GAAP "adjusted" measures are not measures of financial performance or liquidity under GAAP and should not be considered in isolation from, nor as substitutes for, their most comparable GAAP measures.

The following Notes 3 through 6 provide reconciliations of the non-GAAP financial measures presented in this press release to their most comparable GAAP measures.

## DAVITA INC. RECONCILIATIONS FOR NON-GAAP MEASURES - continued (unaudited) (dollars in millions, except per share data)

Note 3: Adjusted net income from continuing operations and adjusted diluted net income from continuing operations per share attributable to DaVita Inc.

	Three months ended							
	Decemb	er 31, 2021	September 30, 2021	December 31, 2020				
	Dollars	Per share	Dollars Per share	Dollars Per sha	are			
Net income from continuing operations attributable to DaVita Inc. Income tax impact related to prior legal settlement	\$ 187 25	\$ 1.79 0.24	\$ 260   \$ 2.36	\$ 193 — \$ 1	1.67			
Adjusted net income from continuing operations attributable to DaVita Inc.	\$ 212	\$ 2.02	\$ 260 \$ 2.36	\$ 193 \$ 1	1.67			

Certain columns or rows may not sum or recalculate due to the presentation of rounded numbers.

	Year ended							
	Decemb	er 31, 2021	Decemb	er 31, 2020				
	Dollars	Per share	Dollars	Per share				
Net income from continuing operations attributable to DaVita Inc.	\$ 978	\$ 8.90	\$ 783	\$ 6.39				
Operating charges:								
Loss on changes in ownership interests, net	_	_	16	0.13				
General and administrative:								
Accruals for legal matters	_	_	35	0.29				
Debt refinancing charges	_	_	89	0.73				
Related income tax	_	_	(33)	(0.27)				
Income tax impact related to prior legal settlement	25	0.23	_	_				
Adjusted net income from continuing operations	Φ.4.000	Φ 0.10	Φ 000	Φ 7.00				
attributable to DaVita Inc.	\$ 1,003	\$ 9.13	\$ 890	\$ 7.26				

Certain columns or rows may not sum or recalculate due to the presentation of rounded numbers.

### DAVITA INC. RECONCILIATIONS FOR NON-GAAP MEASURES - continued (unaudited)

(dollars in millions, except per share data)

### Note 4: Adjusted operating income

	Three months ended						Year ended			
	ber 31, )21	Septem 20	,		ber 31, 120		mber 31, 2021		mber 31, 020	
Consolidated:										
Operating income	\$ 389	\$	475	\$	382	\$	1,797	\$	1,695	
Operating charges:										
Loss on changes in ownership interests, net	_		_		_		_		16	
General and administrative:										
Accruals for legal matters	_		_		_		_		35	
Adjusted operating income	\$ 389	\$	475	\$	382	\$	1,797	\$	1,746	

	Three months ended							Year ended			
		ber 31, 121	Septem 20	ber 30, 21	December 31, 2020		December 31, 2021			mber 31, 2020	
Consolidated:											
U.S. dialysis:											
Segment operating income		451		510		433		1,975		1,918	
Other - Ancillary services:											
U.S.											
Segment operating loss		(35)		(20)		(25)		(108)		(99)	
Loss on changes in ownership interests, net		· —		-		· —		_		16	
Adjusted operating loss		(35)		(20)		(25)		(108)		(83)	
International										<u> </u>	
Segment operating income (loss)	\$	6	\$	13	\$	(2)	\$	42	\$	23	
Adjusted Other - Ancillary services operating loss	\$	(29)	\$	(7)	\$	(27)	\$	(66)	\$	(60)	
Corporate administrative support expenses:								· /			
Segment expenses	\$	(33)	\$	(28)	\$	(24)	\$	(112)	\$	(147)	
Accruals for legal matters	\$	`_	\$	`_	\$	`	\$	`	\$	` 35	
Adjusted Corporate administrative support					<u> </u>				<u> </u>		
expenses	\$	(33)	\$	(28)	\$	(24)	\$	(112)	\$	(112)	
Adjusted operating income	\$	389	\$	475	\$	382	\$	1,797	\$	1,746	

Certain columns or rows may not sum or recalculate due to the presentation of rounded numbers.

## DAVITA INC. RECONCILIATIONS FOR NON-GAAP MEASURES - continued (unaudited) (dollars in millions, except per share data)

Note 5: Effective income tax rates on income from continuing operations attributable to DaVita Inc.

		Three months ended						ended
		ber 31, 21	September 30, 2021		December 31, 2020		December 31, 2021	
Income from continuing operations before income taxes  Noncontrolling owners' income primarily attributable to non-tax	\$	315	\$	394	\$	327	\$	1,518
paying entities Income from continuing operations before income taxes		(62)		(60)	-	(61)		(234)
attributable to DaVita Inc.	\$	253	\$	334	\$	267	\$	1,284
Income tax expense for continuing operations Income tax attributable to noncontrolling interests Income tax expense from continuing operations attributable to	\$	66 —	\$	75 —	\$	73 —	\$	307 (1)
DaVita Inc.	\$	65	\$	75	\$	73	\$	306
Effective income tax rate on income from continuing operations								
attributable to DaVita Inc.		25.8 %		22.3 %		27.5 %		23.8 %

The effective income tax rate on adjusted income from continuing operations attributable to DaVita Inc. is computed as follows:

Three months ended	
	Year ended

	December 20:	,	,		December 31, 2020		December 31, 2021	
Income from continuing operations before income taxes	\$	315	\$	394	\$	327	\$	1,518
Noncontrolling owners' income primarily attributable to non-								
tax paying entities		(62)		(60)		(61)		(234)
Income from continuing operations before income taxes		(02)		(00)		(01)		(201)
attributable to DaVita Inc.	\$	253	\$	334	\$	267	\$	1,284
Income tax expense	\$	66	\$	75	\$	73	\$	307
Less income tax related to:								
Prior legal settlement		(25)		_		_		(25)
Noncontrolling interests		_		_		_		(1)
Income tax on adjusted income from continuing operations								
attributable to DaVita Inc.	\$	41	\$	75	\$	73	\$	281
Effective income tax rate on adjusted income from continuing operations attributable to DaVita Inc.		16.0 %		22.3 %		27.5 %		21.9 %

Certain columns, rows or percentages may not sum or recalculate due to the presentation of rounded numbers.

## DAVITA INC. RECONCILIATIONS FOR NON-GAAP MEASURES - continued (unaudited) (dollars in millions)

### Note 6: Free cash flow from continuing operations

	Three months ended					
	December 31, 2021		September 30, 2021		December 31, 2020	
Net cash provided by continuing operating activities Adjustments to reconcile net cash provided by continuing operating activities to free cash flow from continuing operations:	\$	530	\$	567	\$	485
Distributions to noncontrolling interests		(67)		(78)		(74)
Contributions from noncontrolling interests		3		12		10
Expenditures for routine maintenance and information technology		(132)		(108)		(160)
Expenditures for development		(58)		(50)		(65)
Proceeds from sale of self-developed properties		13		14		14
Free cash flow from continuing operations	\$	290	\$	358	\$	210

	Twelve months ended						
	December 31, 2021		September 30, 2021		December 31, 2020		
Net cash provided by operating activities from continuing operations		1,931	\$	1,886	\$	1,979	
Adjustments to reconcile net cash provided by continuing operating activities to free cash flow from continuing operations:							
Distributions to noncontrolling interests		(244)		(251)		(253)	
Contributions from noncontrolling interests		32		38		43	
Expenditures for routine maintenance and information technology		(421)		(449)		(399)	
Expenditures for development		(220)		(227)		(275)	
Proceeds from sale of self-developed properties		56		57		93	
Free cash flow from continuing operations	\$	1,133	\$	1,054	\$	1,188	

Certain columns or rows may not sum or recalculate due to the presentation of rounded numbers.

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SOURCE DaVita