DaVita Inc. 2nd Quarter 2022 Results

DENVER, Aug. 1, 2022 /PRNewswire/ -- DaVita Inc. (NYSE: DVA) announced financial and operating results for the quarter ended June 30, 2022.

"We are living in a dynamic time with a sustained global pandemic, labor shortage, supply chain disruption, and more. Despite all this, my confidence in our business and our dedicated caregivers and team has never wavered," said Javier Rodriguez. "Their hard work and commitment has enabled us to continue delivering high quality and equitable care to all of our constituents."

Financial and operating highlights for the quarter ended June 30, 2022:

- · Consolidated revenues were \$2.927 billion.
- Operating income was \$433 million.
- Diluted earnings per share was \$2.30.
- Operating cash flow and free cash flow were \$188 million and \$95 million, respectively.
- Repurchased 3.9 million shares of our common stock at an average cost o\$95.56 per share.

	Th	ree moi	ended	Six m	onths en	nded June 30,		
-	June 3	0, 2022	Mai	rch 31, 2022	2	022	2021	
Net income attributable to DaVita Inc.:		(dollar	's in	millions, exc	ept pe	er share c	lata)	
Net income	\$	225	\$	162	\$	387	\$	531
Diluted per share	\$	2.30	\$	1.61	\$	3.90	\$	4.72

			Three mo	nths	ended		Six months ended June 30,				
-	Jı	une 30	, 2022	March 31, 2022			202	2	2021		
=	Am	ount	Margin	Ar	nount	Margin	Amount	Margin	Amount	Margin	
-						(dollars in n	nillions)				
Operating income	\$	433	14.8 %	\$	338	12.0 %	\$ 771	13.4 %	\$ 933	16.3 %	

U.S. dialysis metrics:

Volume: Total U.S. dialysis treatments for the second quarter of 2022 were 7,269,160, or an average of 93,194 treatments per day, representing a per day increase of 0.9% compared to the first quarter of 2022. Normalized non-acquired treatment growth in the second quarter of 2022 compared to the second quarter of 2021 was (1.9)%.

	Three months ended				Quarter	Six months ended					Year to date	
-	Jur	e 30, 2022	Marc	ch 31, 2022		change	Jun	e 30, 2022	Jun	e 30, 2021		change
				(dollars	in m	illions, exc	ept p	er treatmen	it dat	a)		<u> </u>
Revenue per treatment	\$	365.54	\$	361.35	\$	4.19	\$	363.47	\$	357.35	\$	6.12
Patient care costs per treatment	\$	247.14	\$	252.61	\$	(5.47)	\$	249.85	\$	237.79	\$	12.06
General and administrative	\$	241	\$	217	\$	24	\$	458	\$	456	\$	2

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

Revenue: The quarter change was primarily due to normal seasonal improvements driven by patients meeting their co-insurance and deductibles, as well as the continued shift to Medicare Advantage plans. The quarter change was negatively impacted by a seasonal decrease in hospital inpatient dialysis treatments and decreased government rate related to the reinstatement of 1% Medicare sequestration beginning April 1, 2022. The year to date change was primarily due to an increase in commercial mix and rate, an increase in the Medicare base rate in 2022 and the continued shift to Medicare Advantage plans, partially offset by the reinstatement of 1% Medicare sequestration described above.

Patient care costs: The quarter change was primarily due to decreased other direct operating expenses associated with our dialysis centers, including decreased utilities expense due to seasonality and our virtual power purchase arrangements. In addition, our fixed other direct operating expenses positively impacted patient care costs per treatment due to increased treatments in the second quarter of 2022. Other drivers of this change include declines in compensation expenses primarily related to seasonal decreases in payroll taxes, as well as decreases in health benefit expenses, professional fees, pharmaceutical unit costs and medical supplies expense. These decreases were partially offset by increased insurance expense. The year to date change was primarily due to increased compensation expenses driven by increased wage rates and increases in other direct operating expenses associated with our dialysis centers, which include increases in utilities expense resulting from lower expense in the first half of 2021 related to our virtual power purchase arrangements. In addition, our fixed other direct operating expenses negatively impacted patient care costs per treatment due to decreased treatments in the first half of 2022. Other drivers of this change include increases in insurance expense and costs related to travel and management meetings, partially offset by

decreased pharmaceutical unit costs and professional fees.

General and administrative: The quarter change was primarily due to increased advocacy costs to counter union policy efforts, including a California ballot initiative, increased compensation expense including increased wage rates, as well as increased travel costs. These increases were offset by gains recognized on the sale of our self-developed properties. The year to date change was primarily due to increases in advocacy costs, as described above, travel costs and compensation expenses partially offset the gains on sale, as described above, and decreases in professional fees and contributions to our charitable foundation.

Share repurchases: During the three months ended June 30, 2022, we repurchased 3.9 million shares of our common stock fo\$370 million, at an average cost of \$95.56 per share.

Subsequent to June 30, 2022 through July 29, 2022, we repurchased 0.9 million shares of our common stock fo\$75 million, at an average cost of \$82.94 per share.

Financial and operating metrics:

	Three mor Jun		Twelve months ended June 30,						
·	2022		2021		2022	2021			
Cash flow:			(dollars in	n m	illions)				
Operating cash flow	\$ 188	\$	680	\$	1,607	\$	1,802		
Free cash flow ⁽¹⁾	\$ 95	\$	503	\$	890	\$	982		

(1) 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 June 30, 2022	Six months ended June 30, 2022
Effective income tax rate on:		
Income	18.4 %	19.8 %
Income attributable to DaVita Inc.(1)	22.1 %	23.8 %

(1) 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 June 30, 2022, we provided dialysis services to a total of approximately 243,700 patients at 3,159 outpatient dialysis centers, of which 2,810 centers were located in the United States and 349 centers were located in 11 countries outside of the United States. During the second quarter of 2022, we opened a total of 18 new dialysis centers and closed 17 dialysis centers in the United States. We also acquired two dialysis centers and opened one dialysis center outside of the United States during the second quarter of 2022.

Integrated kidney care (IKC): As of June 30, 2022, we had approximately 44,000 patients in risk-based integrated care arrangements representing approximately \$3.7 billion in annualized medical spend. We also had an additional 12,000 patients in other integrated care arrangements; we do not include the medical spend for these patients in this annualized medical spend estimate. See additional description of these metrics at Note 2.

Certain items impacting the quarter:

Advocacy costs: During the three and six months endedJune 30, 2022, we incurred advocacy costs of approximately\$23 million to counter union policy efforts, including a California ballot initiative. These costs are included in the U.S. dialysis segment's general and administrative expense.

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

2022 guidance							
Low	High						
(dollars in millions, except per share data							
\$1,525	\$1,675						

Key drivers of 2023 adjusted operating income growth¹:

(dollars in millions)								
Absence of ballot initiative expenses	\$60							
Integrated Kidney Care	\$0 — \$25							
Treatment volume growth	(\$25) — \$125							
Revenue per treatment growth	\$200 — \$250							
Labor pressure and inflation	(\$275) — (\$225)							
Cost savings initiatives	\$125 — \$175							

2023 Adjusted Operating Income Growth \$200 — \$300

(1) Adjusted operating income growth outlook relative to 2022 adjusted operating income outlook, excluding certain items in both periods.

We will be holding a conference call to discuss our results for the second quarter ended June 30, 2022, on August 1, 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'. This call is being webcast and can be accessed at the DaVita Investor Relations website investors.davita.com. A replay of the conference call will also be available atinvestors.davita.com for the following 30 days.

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 coronavirus (COVID-19), including statements about our balance sheet and liquidity, our expenses and expense offsets, revenues, billings and collections, 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 valuebased 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 and other labor market conditions, interest rates, 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 Omicron variant and its subvariants; 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;our ability to successfully implement planned cost savings initiatives in response to COVID-19-related impacts on us; 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, the impact of the pandemic and the aforementioned global economic conditions on our business may persist 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 or that select higher-paying commercial plans, including for example 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 and the Dialysis Clinic Requirements Initiative in California;
- the concentration of profits generated by higher-paying commercial payor plans for which there is continued downward pressure on average realized payment rates; a reduction in the number or percentage of our patients under such plans, including, without limitation, as a result of restrictions or prohibitions on the use and/or availability of charitable premium assistance, which may result in the loss of revenues or patients, as a result of our making incorrect assumptions about how our patients will respond to any change in financial assistance from charitable organizations; as a result of payors' implementing restrictive plan designs, including, without limitation, actions taken in response to the U.S. Supreme Court's decision in Marietta Memorial Hospital Employee Health Benefit Plan, et al. v. DaVita Inc. et al. ("Marietta"); how and whether regulators and legislators will respond to the Marietta decision including, without limitation, whether they will issue regulatory guidance or adopt new legislation; how courts will interpret other anti-discriminatory provisions that may apply to restrictive plan designs; whether there could be other potential negative impacts of the Marietta decision; and the timing of each of these items;
- 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;
- 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 and highly competitive labor market conditions, or other reasons;
- U.S. and global economic and marketplace conditions, interest rates, inflation, unemployment, labor market conditions, and evolving monetary policies, and our ability to respond to these changing conditions, including our ability to successfully implement cost savings initiatives in response:
- 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;
- legal and compliance risks, such as our continued compliance with complex, and at times, evolving government regulations and requirements;
- 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;
- 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 successfully integrate any acquired businesses, or to successfully operate any acquired businesses, joint ventures or other strategic transactions, or to successfully expand our operations and services in markets outside the United States, or to businesses or products outside of dialysis services;
- continued increased competition from dialysis providers and others, and other potential marketplace changes, including without limitation 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;
- 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; and
- the other risk factors, trends and uncertainties set forth in our Annual Report on Form 10-K for the year endedDecember 31, 2021 and Quarterly Report on Form 10-Q for the quarter ended March 31, 2022, and the risks and uncertainties discussed in any subsequent

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 Quarterly Report on Form 10-Q for the quarter ended June 30, 2022.

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

	Three months ended June 30,					Six months ended June 30,			
		2022		2021	-	2022		2021	
Dialysis patient service revenues	\$	2,810,099	\$	2,817,957	\$	5,526,380	\$	5,532,544	
Other revenues		116,658		98,553		217,932		203,967	
Total revenues		2,926,757		2,916,510		5,744,312		5,736,511	
Operating expenses:					-				
Patient care costs		2,016,788		1,965,277		4,035,317		3,903,607	
General and administrative		315,219		298,091		610,039		579,517	
Depreciation and amortization		171,176		169,689		344,120		335,390	
Equity investment income, net		(9,141)		(7,023)		(16,187)		(15,081)	
Total operating expenses		2,494,042		2,426,034	-	4,973,289		4,803,433	
Operating income		432,715		490,476		771,023		933,078	
Debt expense		(82,586)		(73,324)		(156,377)		(140,338)	
Other (loss) income, net		(1,284)		15,188		(3,070)		16,356	
Income before income taxes		348,845		432,340		611,576		809,096	
Income tax expense		64,229		81,309		121,242		166,520	
Net income		284,616		351,031		490,334		642,576	
Less: Net income attributable to noncontrolling interests	;	(59,807)		(57,211)		(103,403)		(111,353)	
Net income attributable to DaVita Inc.	\$	224,809	\$	293,820	\$	386,931	\$	531,223	
Earnings per share attributable to DaVita Inc.:									
Basic net income	\$	2.38	\$	2.76	\$	4.06	\$	4.94	
Diluted net income	\$	2.30	\$	2.64	\$	3.90	\$	4.72	
Weighted average shares for earnings per share:									
Basic shares		94,457		106,364		95,382		107,606	
Diluted shares		97,772		111,423		99,121		112,555	

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

	Three months ended June 30,					Six months ended June 30,			
		2022		2021		2022	2021		
Net income	\$	284,616	\$	351,031	\$	490,334	\$	642,576	
Other comprehensive (loss) income, net of tax:									
Unrealized gains (losses) on interest rate cap agreements	:								
Unrealized gains (losses)		13,217		(2,059)		54,349		2,823	
Reclassifications of net realized losses into net income		1,033		1,033		2,066		2,066	
Unrealized (losses) gains on foreign currency translation:		(91,176)		57,910		(28,964)		(4,634)	
Other comprehensive (loss) income		(76,926)		56,884		27,451		255	
Total comprehensive income		207,690		407,915		517,785		642,831	
Less: Comprehensive income attributable to									
noncontrolling interests		(59,807)		(57,211)		(103,403)		(111,353)	
Comprehensive income attributable to DaVita Inc.	\$	147,883	\$	350,704	\$	414,382	\$	531,478	

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

Six months e	nded June 30,
2022	2021

Cash nows from operating activities: 4 490,334 \$ 642,576 Adjustments to reconcile net income to net cash provided by operating activities: 344,120 335,390 Depreciation and amortization 50,109 51,717 Deferred income taxes 9,069 40,685 Equity investment loss (income), net 90 (2,764) Other non-cash charges, net (132,043) (117,171) Changes in operating assets and liabilities, net of effect of acquisitions and divestitures: (1,927) (3,270) Charges in operating assets and prepaid and other current assets (61,811) 14,465 Other long-term assets (61,811) 14,465 Other long-term assets (102,513) (90,381) Accounts payable (24,517 25,900 Accured compensation and benefits (102,513) (90,381) Other current liabilities (63,638) 10,753 Other long-term liabilities (63,638) 10,753 Other long-term liabilities (63,638) 10,753 Other long-term liabilities (86,567) (32,380) Cast flows from investing activities	Cook flavor from anausting pativities.				
Adjustments to reconcile net income to net cash provided by operating activities: Depreciation and amortization \$1,717 \$1,1717 \$1	Cash flows from operating activities:	Ф	400 334	Ф	642 576
Depreciation and amortization 344,120 335,390 Stock-based compensation expense 50,109 51,717 Deferred income taxes 9,069 40,685 Equity investment loss (income), net 9,069 40,685 Equity investment loss (income), net 9,069 40,685 Equity investment loss (income), net 62,685 1,274 Changes in operating assets and liabilities, net of effect of acquisitions and divestitures: Accounts receivable (132,043) (117,171 Inventories (1,927) (3,270 3,270 1,00		φ	490,334	φ	042,570
Stock-based compensation expense 50,109 51,717 Deferred income taxes 9,069 40,685 Equity investment loss (income), net 90 (2,764) Other non-cash charges, net (32,658) 1,274 Changes in operating assets and liabilities, net of effect of acquisitions and divestitures: (1927) (3,270) Changes in operating assets and prepaid and other current assets (19,977) (3,270) Other receivables and prepaid and other current assets (49,093) (13,706) Accounts payable 24,517 25,090 Accrued compensation and benefits (102,513) (90,381) Other long-term liabilities (42,517) 25,090 Income taxes (6,557) (13,232) Other long-term liabilities (6,557) (13,232) Other correcting activities (25,461) (294,438) Acticash provided by operating activities (265,461)			344 120		335 390
Deferred income iaxes			,		
Equity investment loss (income), net (90 (2,764) Other non-cash charges, net (32,858) 1,274 Changes in operating assets and liabilities, net of effect of acquisitions and divestitures: (132,043) (117,171) Accounts receivable Investments (1,927) (3,270) Other receivables and prepaid and other current assets (61,811) 14,465 Other long-term assets (49,093) (13,706) Accounts payable 24,517 (47,390) Accrued compensation and benefits (102,513) (90,381) Other current liabilities (63,638) 10,753 Other long-term liabilities (6,557) (13,232) Net cash provided by operating activities (6,557) (13,232) Net cash provided by operating activities (65,57) (13,232) Additions of property and equipment (265,481) (294,318) Acquisitions (9,491) (23,890) Proceeds from asset and business sales 114,829 29,774 Purchase of other debt and equity investments (3,010) (2,164) Purchase of other debt investments held-to-ma					,
Other non-cash charges, net (32,858) 1,274 Changes in operating assets and liabilities, net of effect of acquisitions and divestitures: (192,043) (117,171) Accounts receivable (1,927) (3,270) Other receivables and prepaid and other current assets (61,811) 14,465 Other long-term assets (49,093) (13,706) Accounts payable 24,517 (47,390) Accrued compensation and benefits (102,513) (90,381) Other current liabilities (63,638) 10,753 Other long-term liabilities (6,557) (13,232) Income taxes (63,638) 10,753 Other long-term liabilities (6,557) (13,232) Net cash provided by operating activities 510,316 834,036 Cash flows from investing activities (265,461) (294,438) Additions of property and equipment (265,461) (294,438) Acquisitions (9,491) (23,890) Proceeds from asset and business sales (9,491) (23,890) Purchase of other debt and equity investments (3,010) (2,164)			-,		
Changes in operating assets and liabilities, net of effect of acquisitions and divestitures: (132,043) (117,17) Accounts receivable (1,927) (3,270) Other receivables and prepaid and other current assets (61,811) 14,465 Other long-term assets (49,93) (13,706) Accounts payable 24,517 (47,390) Accrued compensation and benefits (102,513) (90,381) Other current liabilities (63,638) 10,753 Other long-term liabilities (63,583) 10,753 Other long-term liabilities (65,557) (13,232) Net cash provided by operating activities (65,567) (13,232) Net cash provided by operating activities (65,567) (13,232) Net cash provided by operating activities (65,567) (13,232) Net cash provided by operating activities (65,568) (67,563) Additions of property and equipment (265,461) (29,438) Acquisitions (9,491) (23,890) Proceeds from investing activities (9,953) (7,923) Purchase of other debt and equity investments	· ·				
Accounts receivable Inventories (132,043) (117,171) Inventories (1,927) (3,270) Other receivables and prepaid and other current assets (61,811) 14,465 Other long-term assets (49,093) (13,706) Accounts payable 24,517 (47,390) Accrued compensation and benefits (102,513) (90,381) Other current liabilities 42,517 25,090 Income taxes (63,638) 10,753 Other long-term liabilities (6,557) (13,232) Net cash provided by operating activities 510,316 834,036 Cash flows from investing activities: (65,5461) 834,036 Cash flows from investing activities: (9,491) (23,890) Acquisitions (9,491) (23,890) Proceeds from asset and business sales 114,829 29,774 Purchase of debt investments held-to-maturity (89,530) (7,923) Purchase of other debt and equity investments (3,010) (2,164) Proceeds from sale of other debt and equity investments (3,04) (6,292)		3:	(02,000)		1,271
Inventories	· · · · · · · · · · · · · · · · · · ·		(132.043)		(117.171)
Other receivables and prepaid and other current assets (61,811) 14,465 Other long-term assets (49,093) (13,706) Accounts payable 24,517 (47,390) Accrued compensation and benefits (102,513) (90,381) Other current liabilities (63,638) 10,753 Income taxes (63,638) 10,753 Other long-term liabilities (6,557) (13,232) Net cash provided by operating activities 510,316 334,036 Cash flows from investing activities: 6,557,316 334,036 Cash flows from investing activities: (265,461) (294,438) Acquisitions (9,491) (23,890) Proceeds from asset and business sales 114,829 29,774 Purchase of debt investments held-to-maturity (89,530) (7,923) Purchase of other debt and equity investments (3,010) (2,164) Proceeds from sale of other debt and equity investments (3,010) (2,164) Purchase of equity method investments (23,806) (6,029) Distributions from equity method investments 1,162,911					
Other long-term assets (49,093) (13,706) Accounts payable 24,517 (47,390) Accrued compensation and benefits (102,513) (90,381) Other current liabilities 42,517 25,090 Income taxes (63,638) 10,753 Other long-term liabilities (6,557) (13,232) Net cash provided by operating activities 510,316 384,035 Cash flows from investing activities: 510,316 294,438 Acquisitions (9,491) (23,890) Proceeds from investing activities: (9,491) (23,890) Proceeds from asset and business sales (9,491) (23,890) Proceeds from asset and business sales (9,491) (23,890) Purchase of debt investments held-to-maturity (89,530) (7,923) Purchase of other debt and equity investments (3,010) (2,164) Proceeds from sale of other debt and equity investments (23,806) (6,029) Distributions from equity method investments (23,806) (6,029) Distributions from equity method investments (28,532) (28,399					
Accounts payable 24,517 (47,390) Accrued compensation and benefits (102,513) (90,381) Other current liabilities 42,517 25,090 Income taxes (63,638) 10,753 Other long-term liabilities (6,557) (13,232) Net cash provided by operating activities 510,316 834,036 Cash flows from investing activities: (265,461) (294,438) Additions of property and equipment (265,461) (294,438) Acquisitions (9,491) (23,890) Proceeds from asset and business sales 114,829 29,774 Purchase of debt investments held-to-maturity (89,530) (7,923) Purchase of ther debt and equity investments (3,010) (2,164) Proceeds from sale of other debt and equity investments (3,010) (2,164) Proceeds from sale of other debt and equity investments (23,806) (6,029) Distributions from equity method investments (23,806) (6,029) Distributions from equity method investments (23,806) (6,029) Distributions from equity method investments					
Accrued compensation and benefits (102,513) (90,381) Other current liabilities 42,517 25,090 Income taxes (63,638) 10,753 Other long-term liabilities (6,557) (13,232) Net cash provided by operating activities 510,316 834,036 Cash flows from investing activities 834,036 Additions of property and equipment (265,461) (294,438) Acquisitions (9,491) (23,890) Proceeds from asset and business sales 114,829 29,774 Purchase of other debt and equity investments (3,010) (2,164) Proceeds from debt investments held-to-maturity 89,530) (7,923) Purchase of other debt and equity investments (3,010) (2,164) Proceeds from sale of other debt and equity investments (3,010) (2,164) Proceeds from equity method investments (23,806) (6,029) Distributions from equity method investments (23,806) (6,029) Distributions to minancing activities (263,232) (283,699) Cash flows from financing activities (814,687)	•				
Other current liabilities 42,517 25,090 Income taxes (63,638) 10,753 Other long-term liabilities (6,557) (13,232) Net cash provided by operating activities 510,316 834,036 Cash flows from investing activities: 84,005 Additions of property and equipment (265,461) (294,438) Acquisitions (9,491) (23,890) Proceeds from asset and business sales 114,829 29,774 Purchase of debt investments held-to-maturity (89,530) (7,923) Purchase of other debt and equity investments (3,010) (2,164) Proceeds from debt investments held-to-maturity 8,415 7,923 Proceeds from sale of other debt and equity investments (3,010) (2,164) Purchase of equity method investments (23,806) (6,029) Purchase of equity method investments (23,806) (6,029) Distributions from equity method investments (263,232) (283,699) Cash flows from financing activities (263,232) (283,699) Defered financing activities (841,687) (• •		•		, ,
Income taxes (63,638) 10,753 Other long-term liabilities (6,557) (13,232) Net cash provided by operating activities 510,316 834,036 Cash flows from investing activities: *** Additions of property and equipment (265,461) (294,438) Acquisitions (9,491) (23,890) Proceeds from asset and business sales 114,829 29,774 Purchase of debt investments held-to-maturity (89,530) (7,923) Purchase of other debt and equity investments (3,010) (2,164) Proceeds from debt investments held-to-maturity 8,415 7,923 Purchase of other debt and equity investments 3,775 11,908 Purchase of equity method investments (23,806) (6,029) Distributions from equity method investments 1,047 1,140 Net cash used in investing activities (263,232) (283,699) Cash flows from financing activities 1,182,911 1,611,086 Payments on long-term debt (841,687) (754,407) Deferred financing and debt redemption costs (9,089)	·				
Other long-term liabilities (6,557) (13,232) Net cash provided by operating activities 510,316 834,036 Cash flows from investing activities: 510,316 834,036 Additions of property and equipment (265,461) (294,438) Acquisitions (9,491) (23,890) Proceeds from asset and business sales 114,829 29,774 Purchase of debt investments held-to-maturity (89,530) (7,923) Purchase of other debt and equity investments (3,010) (2,164) Proceeds from debt investments held-to-maturity 8,415 7,923 Proceeds from sale of other debt and equity investments 3,775 11,908 Purchase of equity method investments (23,806) (6,029) Distributions from equity method investments 1,047 1,140 Net cash used in investing activities (263,232) (283,699) Cash flows from financing activities 1,182,911 1,611,086 Payments on long-term debt (841,687) (754,407) Deferred financing and debt redemption costs (841,687) (754,407) Deferred fina					
Net cash provided by operating activities: 510,316 834,036 Cash flows from investing activities: 834,036 Additions of property and equipment (265,461) (294,438) Acquisitions (9,491) (23,890) Proceeds from asset and business sales 114,829 29,774 Purchase of debt investments held-to-maturity (89,530) (7,923) Purchase of other debt and equity investments (3,010) (2,164) Proceeds from sale of other debt and equity investments 3,775 11,908 Purchase of equity method investments 3,775 11,908 Purchase of equity method investments (23,806) (6,029) Distributions from equity method investments (23,806) (6,029) Distributions from equity method investments (263,232) (283,699) Net cash used in investing activities (263,232) (283,699) Cash flows from financing activities (841,687) (754,407) Payments on long-term debt (841,687) (754,407) Deferred financing and debt redemption costs (617,432) (560,507) Distributions to nonc					
Cash flows from investing activities: (265,461) (294,438) Acquisitions (9,491) (23,890) Proceeds from asset and business sales 114,829 29,774 Purchase of debt investments held-to-maturity (89,530) (7,923) Purchase of other debt and equity investments (3,010) (2,164) Proceeds from debt investments held-to-maturity 8,415 7,923 Proceeds from sale of other debt and equity investments 3,775 11,908 Purchase of equity method investments (23,806) (6,029) Distributions from equity method investments 1,047 1,140 Net cash used in investing activities (263,232) (283,699) Cash flows from financing activities: (263,232) (283,699) Cash flows from financing activities: (841,687) (754,407) Deferred financing and debt redemption costs (841,687) (754,407) Deferred financing and debt redemption costs (817,432) (560,507) Distributions to noncontrolling interests (118,315) (99,362) Net payments related to stock purchases and awards (47,866) (43,60					
Additions of property and equipment (265,461) (294,438) Acquisitions (9,491) (23,890) Proceeds from asset and business sales 114,829 29,774 Purchase of debt investments held-to-maturity (89,530) (7,923) Purchase of other debt and equity investments (3,010) (2,164) Proceeds from debt investments held-to-maturity 8,415 7,923 Proceeds from sale of other debt and equity investments 3,775 11,908 Purchase of equity method investments (23,806) (6,029) Distributions from equity method investments (23,806) (6,029) Distributions from equity method investments (263,232) (283,699) Cash flows from financing activities (263,232) (283,699) Cash flows from financing activities (841,687) (754,407) Payments on long-term debt (841,687) (754,407) Deferred financing and debt redemption costs — (9,089) Purchase of treasury stock (617,432) (560,507) Distributions to noncontrolling interests (118,315) (99,362) Net			310,010		00-1,000
Acquisitions (9,491) (23,890) Proceeds from asset and business sales 114,829 29,774 Purchase of debt investments held-to-maturity (89,530) (7,923) Purchase of other debt and equity investments (3,010) (2,164) Proceeds from debt investments held-to-maturity 8,415 7,923 Proceeds from sale of other debt and equity investments 3,775 11,908 Purchase of equity method investments (23,806) (6,029) Distributions from equity method investments 1,047 1,140 Net cash used in investing activities (263,232) (283,699) Cash flows from financing activities: 1,182,911 1,611,086 Payments on long-term debt (841,687) (754,407) Deferred financing and debt redemption costs (841,687) (754,407) Deferred financing and debt redemption costs (617,432) (560,507) Distributions to noncontrolling interests (118,315) (99,362) Net payments related to stock purchases and awards (47,866) (43,605) Contributions from noncontrolling interests 9,116 15,925	•		(265 461)		(294 438)
Proceeds from asset and business sales 114,829 29,774 Purchase of debt investments held-to-maturity (89,530) (7,923) Purchase of other debt and equity investments (3,010) (2,164) Proceeds from debt investments held-to-maturity 8,415 7,923 Proceeds from sale of other debt and equity investments 3,775 11,908 Purchase of equity method investments (23,806) (6,029) Distributions from equity method investments 1,047 1,140 Net cash used in investing activities (263,232) (283,699) Cash flows from financing activities (263,232) (283,699) Cash flows from financing activities 1,182,911 1,611,086 Payments on long-term debt (841,687) (754,407) Deferred financing and debt redemption costs — (9,089) Purchase of treasury stock (617,432) (560,507) Distributions to noncontrolling interests (118,315) (99,362) Net payments related to stock purchases and awards (47,866) (43,605) Contributions from noncontrolling interests 9,116 15,925 </td <td></td> <td></td> <td></td> <td></td> <td></td>					
Purchase of debt investments held-to-maturity (89,530) (7,923) Purchase of other debt and equity investments (3,010) (2,164) Proceeds from debt investments held-to-maturity 8,415 7,923 Proceeds from sale of other debt and equity investments 3,775 11,908 Purchase of equity method investments (23,806) (6,029) Distributions from equity method investments (263,232) (283,699) Cash flows from financing activities (263,232) (283,699) Cash flows from financing activities: (841,687) (754,407) Payments on long-term debt (841,687) (754,407) Deferred financing and debt redemption costs (617,432) (560,507) Distributions to noncontrolling interests (118,315) (99,362) Net payments related to stock purchases and awards (47,866) <td>· ·</td> <td></td> <td></td> <td></td> <td></td>	· ·				
Purchase of other debt and equity investments (3,010) (2,164) Proceeds from debt investments held-to-maturity 8,415 7,923 Proceeds from sale of other debt and equity investments 3,775 11,908 Purchase of equity method investments (23,806) (6,029) Distributions from equity method investments 1,047 1,140 Net cash used in investing activities (263,232) (283,699) Cash flows from financing activities: 1,182,911 1,611,086 Payments on long-term debt (841,687) (754,407) Deferred financing and debt redemption costs — (9,089) Purchase of treasury stock (617,432) (560,507) Distributions to noncontrolling interests (118,315) (99,362) Net payments related to stock purchases and awards (47,866) (43,605) Contributions from noncontrolling interests 9,116 15,925 Proceeds from sales of additional noncontrolling interests 3,673 — Purchases of noncontrolling interests (15,365) (4,493) Net cash (used in) provided by financing activities (444,965)					
Proceeds from debt investments held-to-maturity 8,415 7,923 Proceeds from sale of other debt and equity investments 3,775 11,908 Purchase of equity method investments (23,806) (6,029) Distributions from equity method investments 1,047 1,140 Net cash used in investing activities (263,232) (283,699) Cash flows from financing activities: 8 1,182,911 1,611,086 Payments on long-term debt (841,687) (754,407) Deferred financing and debt redemption costs — (9,089) Purchase of treasury stock (617,432) (560,507) Distributions to noncontrolling interests (118,315) (99,362) Net payments related to stock purchases and awards (47,866) (43,605) Contributions from noncontrolling interests 9,116 15,925 Proceeds from sales of additional noncontrolling interests 3,673 — Purchases of noncontrolling interests (15,365) (4,493) Net cash (used in) provided by financing activities (444,965) 155,548 Effect of exchange rate changes on cash, cash equivalents and restric					
Proceeds from sale of other debt and equity investments3,77511,908Purchase of equity method investments(23,806)(6,029)Distributions from equity method investments1,0471,140Net cash used in investing activities(263,232)(283,699)Cash flows from financing activities:Borrowings1,182,9111,611,086Payments on long-term debt(841,687)(754,407)Deferred financing and debt redemption costs—(9,089)Purchase of treasury stock(617,432)(560,507)Distributions to noncontrolling interests(118,315)(99,362)Net payments related to stock purchases and awards(47,866)(43,605)Contributions from noncontrolling interests9,11615,925Proceeds from sales of additional noncontrolling interests3,673—Purchases of noncontrolling interests(15,365)(4,493)Net cash (used in) provided by financing activities(444,965)155,548Effect of exchange rate changes on cash, cash equivalents and restricted cash(1,342)(1,197)Net (decrease) increase in cash, cash equivalents and restricted cash(199,223)704,688Cash, cash equivalents and restricted cash at beginning of the year554,960501,790					
Purchase of equity method investments Distributions from equity method investments Net cash used in investing activities Cash flows from financing activities: Borrowings Borrowings Payments on long-term debt Deferred financing and debt redemption costs Purchase of treasury stock Distributions to noncontrolling interests Net payments related to stock purchases and awards Contributions from noncontrolling interests Proceeds from sales of additional noncontrolling interests Net cash (used in) provided by financing activities Effect of exchange rate changes on cash, cash equivalents and restricted cash Cash, cash equivalents and restricted cash at beginning of the year (23,806) (6,029) 1,140 1					
Distributions from equity method investments 1,047 1,140 Net cash used in investing activities (263,232) (283,699) Cash flows from financing activities: 500,000 1,182,911 1,611,086 Payments on long-term debt (841,687) (754,407) Deferred financing and debt redemption costs — (9,089) Purchase of treasury stock (617,432) (560,507) Distributions to noncontrolling interests (118,315) (99,362) Net payments related to stock purchases and awards (47,866) (43,605) Contributions from noncontrolling interests 9,116 15,925 Proceeds from sales of additional noncontrolling interests 3,673 — Purchases of noncontrolling interests (15,365) (4,493) Net cash (used in) provided by financing activities (444,965) 155,548 Effect of exchange rate changes on cash, cash equivalents and restricted cash (1,342) (1,197) Net (decrease) increase in cash, cash equivalents and restricted cash (199,223) 704,688 Cash, cash equivalents and restricted cash at beginning of the year 554,960 501,790 </td <td></td> <td></td> <td></td> <td></td> <td></td>					
Net cash used in investing activities(263,232)(283,699)Cash flows from financing activities:(841,687)(754,407)Borrowings1,182,9111,611,086Payments on long-term debt(841,687)(754,407)Deferred financing and debt redemption costs—(9,089)Purchase of treasury stock(617,432)(560,507)Distributions to noncontrolling interests(118,315)(99,362)Net payments related to stock purchases and awards(47,866)(43,605)Contributions from noncontrolling interests9,11615,925Proceeds from sales of additional noncontrolling interests3,673—Purchases of noncontrolling interests(15,365)(4,493)Net cash (used in) provided by financing activities(444,965)155,548Effect of exchange rate changes on cash, cash equivalents and restricted cash(1,342)(1,197)Net (decrease) increase in cash, cash equivalents and restricted cash(199,223)704,688Cash, cash equivalents and restricted cash at beginning of the year554,960501,790					
Cash flows from financing activities:Borrowings1,182,9111,611,086Payments on long-term debt(841,687)(754,407)Deferred financing and debt redemption costs—(9,089)Purchase of treasury stock(617,432)(560,507)Distributions to noncontrolling interests(118,315)(99,362)Net payments related to stock purchases and awards(47,866)(43,605)Contributions from noncontrolling interests9,11615,925Proceeds from sales of additional noncontrolling interests3,673—Purchases of noncontrolling interests(15,365)(4,493)Net cash (used in) provided by financing activities(444,965)155,548Effect of exchange rate changes on cash, cash equivalents and restricted cash(1,342)(1,197)Net (decrease) increase in cash, cash equivalents and restricted cash(199,223)704,688Cash, cash equivalents and restricted cash at beginning of the year554,960501,790			,		
Borrowings 1,182,911 1,611,086 Payments on long-term debt (841,687) (754,407) Deferred financing and debt redemption costs — (9,089) Purchase of treasury stock (617,432) (560,507) Distributions to noncontrolling interests (118,315) (99,362) Net payments related to stock purchases and awards (47,866) (43,605) Contributions from noncontrolling interests 9,116 15,925 Proceeds from sales of additional noncontrolling interests 3,673 — Purchases of noncontrolling interests (15,365) (4,493) Net cash (used in) provided by financing activities (444,965) 155,548 Effect of exchange rate changes on cash, cash equivalents and restricted cash (1,342) (1,197) Net (decrease) increase in cash, cash equivalents and restricted cash (199,223) 704,688 Cash, cash equivalents and restricted cash at beginning of the year 554,960 501,790	<u> </u>				
Deferred financing and debt redemption costs Purchase of treasury stock Distributions to noncontrolling interests (118,315) (99,362) Net payments related to stock purchases and awards (47,866) Contributions from noncontrolling interests Proceeds from sales of additional noncontrolling interests Purchases of noncontrolling interests Net cash (used in) provided by financing activities Effect of exchange rate changes on cash, cash equivalents and restricted cash Cash, cash equivalents and restricted cash at beginning of the year (9,089) (560,507) (18,315) (99,362) (43,605) (47,866) (47,866) (47,866) (47,866) (47,866) (15,925) (4,493) (15,365) (4,493) (155,548) (1,342) (1,197)	<u> </u>		1,182,911		1,611,086
Deferred financing and debt redemption costs Purchase of treasury stock Distributions to noncontrolling interests (118,315) (99,362) Net payments related to stock purchases and awards (47,866) Contributions from noncontrolling interests Proceeds from sales of additional noncontrolling interests Purchases of noncontrolling interests Net cash (used in) provided by financing activities Effect of exchange rate changes on cash, cash equivalents and restricted cash Cash, cash equivalents and restricted cash at beginning of the year (9,089) (560,507) (18,315) (99,362) (43,605) (47,866) (47,866) (47,866) (47,866) (47,866) (15,925) (4,493) (15,365) (4,493) (155,548) (1,342) (1,197)	Payments on long-term debt		(841,687)		(754,407)
Distributions to noncontrolling interests (118,315) (99,362) Net payments related to stock purchases and awards (47,866) (43,605) Contributions from noncontrolling interests 9,116 15,925 Proceeds from sales of additional noncontrolling interests 3,673 — Purchases of noncontrolling interests (15,365) (4,493) Net cash (used in) provided by financing activities (444,965) 155,548 Effect of exchange rate changes on cash, cash equivalents and restricted cash (1,342) (1,197) Net (decrease) increase in cash, cash equivalents and restricted cash (199,223) 704,688 Cash, cash equivalents and restricted cash at beginning of the year 554,960 501,790			· —		
Distributions to noncontrolling interests Net payments related to stock purchases and awards Contributions from noncontrolling interests Proceeds from sales of additional noncontrolling interests Purchases of noncontrolling interests Net cash (used in) provided by financing activities Effect of exchange rate changes on cash, cash equivalents and restricted cash Net (decrease) increase in cash, cash equivalents and restricted cash Cash, cash equivalents and restricted cash at beginning of the year (118,315) (447,866) (43,605) (4,493) (5,365) (4,493) (444,965) (155,548) (1,342) (1,197) (1,197) (1,197) (1,197) (1,197)	Purchase of treasury stock		(617,432)		(560,507)
Contributions from noncontrolling interests 9,116 Proceeds from sales of additional noncontrolling interests 3,673 Purchases of noncontrolling interests (15,365) Net cash (used in) provided by financing activities (444,965) Effect of exchange rate changes on cash, cash equivalents and restricted cash Net (decrease) increase in cash, cash equivalents and restricted cash Cash, cash equivalents and restricted cash at beginning of the year 554,960 15,925 (4,493) (15,365) (4,493) (1,197) (1,197) (1,197)	Distributions to noncontrolling interests		(118,315)		
Proceeds from sales of additional noncontrolling interests 3,673 — Purchases of noncontrolling interests (15,365) (4,493) Net cash (used in) provided by financing activities (444,965) 155,548 Effect of exchange rate changes on cash, cash equivalents and restricted cash (1,342) (1,197) Net (decrease) increase in cash, cash equivalents and restricted cash (199,223) 704,688 Cash, cash equivalents and restricted cash at beginning of the year 554,960 501,790	Net payments related to stock purchases and awards		(47,866)		(43,605)
Purchases of noncontrolling interests Net cash (used in) provided by financing activities Effect of exchange rate changes on cash, cash equivalents and restricted cash Net (decrease) increase in cash, cash equivalents and restricted cash Cash, cash equivalents and restricted cash at beginning of the year (15,365) (444,965) (15,365) (15,365) (14493) (1,197) (1,197) (1,197) (199,223) (199,223) (199,223) (199,223) (199,223) (199,223) (199,223) (199,223)	Contributions from noncontrolling interests		9,116		15,925
Net cash (used in) provided by financing activities(444,965)155,548Effect of exchange rate changes on cash, cash equivalents and restricted cash(1,342)(1,197)Net (decrease) increase in cash, cash equivalents and restricted cash(199,223)704,688Cash, cash equivalents and restricted cash at beginning of the year554,960501,790	Proceeds from sales of additional noncontrolling interests		3,673		_
Effect of exchange rate changes on cash, cash equivalents and restricted cash(1,342)(1,197)Net (decrease) increase in cash, cash equivalents and restricted cash(199,223)704,688Cash, cash equivalents and restricted cash at beginning of the year554,960501,790	Purchases of noncontrolling interests		(15,365)		(4,493)
Net (decrease) increase in cash, cash equivalents and restricted cash(199,223)704,688Cash, cash equivalents and restricted cash at beginning of the year554,960501,790	Net cash (used in) provided by financing activities		(444,965)		155,548
Cash, cash equivalents and restricted cash at beginning of the year 554,960 501,790			(1,342)		(1,197)
· · · · · · · · · · · · · · · · · · ·	Net (decrease) increase in cash, cash equivalents and restricted cash	-			704,688
Cash, cash equivalents and restricted cash at end of the period \$\\ 355,737 \\ \\$ 1,206,478	Cash, cash equivalents and restricted cash at beginning of the year				,
	Cash, cash equivalents and restricted cash at end of the period	\$	355,737	\$	1,206,478

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

	Jui	ne 30, 2022	December 31, 202		
ASSETS					
Cash and cash equivalents	\$	262,605	\$	461,900	
Restricted cash and equivalents		93,132		93,060	
Short-term investments		100,489		22,310	
Accounts receivable		2,093,830		1,957,583	
Inventories		109,522		107,428	
Other receivables		502,921		427,321	
Prepaid and other current assets		63,539		72,517	
Income tax receivable		38,070		25,604	
Total current assets		3,264,108		3,167,723	
Property and equipment, net of accumulated depreciation of \$4,989,142 and \$4,763,135, respectively		3,304,596		3,479,972	
Operating lease right-of-use assets		2,771,757		2,824,787	
Intangible assets, net of accumulated amortization of \$44,985 and \$60,730, respectively		184,740		177,693	
Equity method and other investments		253,457		238,881	
Long-term investments		44,562		49,514	
Other long-term assets		257,577		136,677	
Goodwill		7,019,778		7,046,241	

	\$	17,100,575	\$ 17,121,488
LIABILITIES AND EQUITY			
Accounts payable	\$	402,308	\$ 402,049
Other liabilities	•	752,717	709,345
Accrued compensation and benefits		559,791	659,960
Current portion of operating lease liabilities		398,421	394,357
Current portion of long-term debt		197,510	179,030
Income tax payable		_	53,792
Total current liabilities		2,310,747	2,398,533
Long-term operating lease liabilities		2,606,391	2,672,713
Long-term debt		9,064,916	8,729,150
Other long-term liabilities		105,137	119,158
Deferred income taxes		852,389	830,954
Total liabilities		14,939,580	14,750,508
Commitments and contingencies			
Noncontrolling interests subject to put provisions		1,385,821	1,434,832
Equity:			
Preferred stock (\$0.001 par value, 5,000 shares authorized; none issued)		_	_
Common stock (\$0.001 par value, 450,000 shares authorized; 98,179 and 92,206 shares			
issued and outstanding at June 30, 2022, respectively, and 97,289 shares issued and outstanding			
at December 31, 2021)		98	97
Additional paid-in capital		578,272	540,321
Retained earnings		741,268	354,337
Treasury stock (5,973 and zero shares, respectively)		(603,058)	_
Accumulated other comprehensive loss		(111,796)	(139,247)
Total DaVita Inc. shareholders' equity		604,784	755,508
Noncontrolling interests not subject to put provisions		170,390	180,640
Total equity		775,174	 936,148
	\$	17,100,575	\$ 17,121,488

DAVITA INC. SUPPLEMENTAL FINANCIAL DATA (unaudited) (dollars in millions and shares in thousands, except per treatment data)

	,	Three mor	nths	ended		nonths June 30,
	J	une 30, 2022	Ma	arch 31, 2022	20	22
1. Consolidated business metrics:						
Operating margin		14.8 %		12.0 %		13.4 %
General and administrative expenses as a percent of consolidated revenues (1)		10.8 %		10.5 %		10.6 %
Effective income tax rate on income		18.4 %		21.7 %		19.8 %
Effective income tax rate on income attributable to DaVita Inc.(2)		22.1 %		26.0 %		23.8 %
2. Summary of financial results:						
Revenues:						
U.S. dialysis patient services and other	\$	2,663	\$	2,575	\$	5,238
Other—Ancillary services						
Integrated kidney care		103		87		189
Other U.S. ancillary		5		5		10
International dialysis patient service and other		175		173		348
		283		265		548
Eliminations		(19)		(22)		(42)
Total consolidated revenues	\$	2,927	\$	2,818	\$	5,744
Operating income (loss):						
U.S. dialysis	\$	473	\$	406	\$	879
Other—Ancillary services						
Integrated kidney care		(21)		(37)		(59)
Other U.S. ancillary		(2)		(3)		(6)
International ⁽³⁾		15		8		23
		(9)		(32)		(41)
Corporate administrative support expenses		(31)		(36)		(67)
Total consolidated operating income	\$	433	\$	338	\$	771

DAVITA INC. SUPPLEMENTAL FINANCIAL DATA - continued (unaudited)

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

		Three months ended					
	June 30, 2022	March 31, 2022	2022				
3. Summary of reportable segment financial results and metrics	:						
U.S. dialysis Financial results							
Revenue:							
Dialysis patient service revenues	\$ 2,657	\$ 2,569	\$ 5,226				
Other revenues	φ 2,057 6	φ 2,509 6	φ 5,220 12				
Total operating revenues	2,663	2,575	5,238				
Operating expenses:		2,070					
Patient care costs	1,796	1,796	3,593				
General and administrative	241	217	458				
Depreciation and amortization	161	162	323				
Equity investment income	(7)	(6)	(14)				
Total operating expenses	2,190	2,169	4,359				
Segment operating income	\$ 473	\$ 406	\$ 879				
Metrics		<u> </u>	<u> </u>				
Volume:							
Treatments	7,269,160	7,109,788	14,378,948				
Number of treatment days	78.0	77.0	155.0				
Average treatments per day	93,194	92,335	92,767				
Per day year-over-year decrease	(1.9) %	(2.4) %	(2.2) %				
Normalized year-over-year non-acquired treatment growth ⁽⁴⁾	(1.9) %	(1.9) %	,				
Operating net revenues:							
Average patient service revenue per treatment	\$ 365.54	\$ 361.35	\$ 363.47				
Expenses:							
Patient care costs per treatment	\$ 247.14	\$ 252.61	\$ 249.85				
General and administrative expenses per treatment	\$ 33.11	\$ 30.50	\$ 31.82				
Depreciation and amortization expense per treatment	\$ 22.10	\$ 22.79	\$ 22.44				
Accounts receivable:							
Receivables	\$ 1,870	\$ 1,837					
DSO	65	65					

DAVITA INC. SUPPLEMENTAL FINANCIAL DATA - continued (unaudited) (dollars in millions and shares in thousands, except per treatment data)

		Three mo	nths	ended	_	nonths June 30,				
	J	June 30, 2022		,		,		arch 31, 2022	20)22
4. Cash flow:										
Operating cash flow	\$	188	\$	322	\$	510				
Operating cash flow, last twelve months	\$	1,607	\$	2,099						
Free cash flow ⁽²⁾	\$	95	\$	147	\$	242				
Free cash flow, last twelve months ⁽²⁾ Capital expenditures:	\$	890	\$	1,297						
Routine maintenance/IT/other	\$	96	\$	84	\$	181				
Development and relocations	\$ \$ \$	46	\$ \$	39	\$ \$ \$	85				
Acquisition expenditures	\$	4	\$	5	\$	9				
Proceeds from sale of self-developed properties	\$	98	\$	8	\$	106				
5. Debt and capital structure:										
Total debt ⁽⁵⁾	\$	9,313	\$	8,927						
Net debt, net of cash and cash equivalents ⁽⁵⁾	\$	9,050	\$	8,599						
Leverage ratio ⁽⁶⁾ Weighted average effective interest rate:	3.8	30x	3.5	50x						
During the quarter		3.68 %		3.35 %						
At end of the quarter		4.10 %		3.52 %						

On the senior secured credit facilities at end of the quarter	3.77 %	2.54 %	
Debt with fixed and capped rates as a percentage of total debt:			
Debt with rates fixed by its terms	50 %	52 %	
Debt with rates fixed by its terms or capped by cap agreements	87 %	91 %	
Amount spent on share repurchases	\$ 370	\$ 233	\$ 603
Number of shares repurchased	3,869	2,104	5.973

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

- (1) General and administrative expenses include certain corporate support, long-term incentive compensation and advocacy costs.
- (2) 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.
- (3) The reported operating income for the three months ended June 30, 2022 and March 31, 2022 and the six months ended June 30, 2022 includes foreign currency gains embedded in equity method income recognized from our Asia Pacific joint venture of approximately \$2.1, \$0.3 and \$2.4, respectively.
- (4) 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.
- (5) The debt amounts as of June 30, 2022 and March 31, 2022 presented exclude approximately \$50.6 and \$53.6, 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.
- (6) See Note 1: Calculation of the Leverage Ratio on page 14.

DAVITA INC. SUPPLEMENTAL FINANCIAL DATA-continued (unaudited) (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						
		June 30, 2022	M	arch 31, 2022			
Net income attributable to DaVita Inc. Income taxes Interest expense Depreciation and amortization Noncontrolling interests and equity investment income, net Stock-settled stock-based compensation Other "Consolidated EBITDA"	\$	834 261 275 689 225 100 (4) 2,382	\$	903 279 268 688 223 102 20 2,481			
		June 30, 2022	M	arch 31, 2022			
Total debt, excluding debt discount and other deferred financing costs ⁽¹⁾ Letters of credit issued	\$	9,313 108 9,421	\$	8,927 108 9,035			
Less: Cash and cash equivalents including short-term investments ⁽²⁾ Consolidated net debt	\$	(360) 9,061	\$	(344) 8,691			
Last twelve months "Consolidated EBITDA" Leverage ratio	\$	2,382 3.80x	\$	2,481 3.50x			
Maximum leverage ratio permitted under the Credit Agreement		5.00x		5.00x			

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

- (1) The debt amounts as of June 30, 2022 and March 31, 2022 presented exclude approximately \$50.6 and \$53.6, 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.
- (2) 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.

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.

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

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 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 attributable to DaVita Inc. and adjusted diluted net income 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.

The effective income tax rate on adjusted income 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 represents net cash provided by operating activities 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 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 4 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)

Note 3: Effective income tax rates on income attributable to DaVita Inc.

	Three months ended June 30, March 31, 2022 2022				ch 31, ended Ju		
Income before income taxes Noncontrolling owners' income primarily attributable to non-tax paying entities	\$	349 (60)	\$	263 (44)	\$	612 (104)	
Income before income taxes attributable to DaVita Inc.	\$	289	\$	219	\$	508	
Income tax expense Income tax attributable to noncontrolling interests	\$	64 —	\$	57 —	\$	121 (1)	
Income tax expense attributable to DaVita Inc.	\$	64	\$	57	\$	121	
Effective income tax rate on income attributable to DaVita Inc.		22.1 %		26.0 %		23.8 %	

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

Note 4: Free cash flow

		Thre		Six months																																																																																																												
	June	e 30,	March 31,		March 31,		March 31,		March 31,		March 31, 2022		,		,		,		,		,		,		,		,		,		,		,		,		,		June 30,		ended J	une 30,																																																																						
	2022		2022		2022		2022		2022																														2022 202		2022		2022		2022		2022		2022		2022		2022		2022		2022		2022		2022		2022		2022		2022		2022		2022		2022		2022		2022		2022		2022		2022		2022		2022		2022		2022		2022		2022		2022		2022		2022		2022		2022		2022		2022		2022	
Net cash provided by operating activities	\$	188	\$	322	\$	680	\$	510																																																																																																								
Adjustments to reconcile net cash provided by operating activities to free)																																																																																																															
cash flow:																																																																																																																
Distributions to noncontrolling interests		(53)		(65)		(45)		(118)																																																																																																								
Contributions from noncontrolling interests		4		5		5		9																																																																																																								
Expenditures for routine maintenance and information technology		(96)		(84)		(91)		(181)																																																																																																								
Expenditures for development and relocations		(46)		(39)		(58)		(85)																																																																																																								
Proceeds from sale of self-developed properties		98		8		13		106																																																																																																								
Free cash flow	\$	95	\$	147	\$	503	\$	242																																																																																																								

- 1 AA	M			
June 30,	ivi	,	rch 31, June	
		2022		2021
Net cash provided by operating activities \$ 1,607	\$	2,099	\$	1,802
Adjustments to reconcile net cash provided by operating activities to free cash flow:				
Distributions to noncontrolling interests (263)	(256)		(234)
Contributions from noncontrolling interests 25		26		38
Expenditures for routine maintenance and information technology (421)	(416)		(425)
Expenditures for development and relocations (192)	(204)		(252)
Proceeds from sale of self-developed properties 133		48		54
Free cash flow \$ 890	\$	1,297	\$	982

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

Contact: Investor Relations

DaVita Inc. ir@davita.com

SOURCE DaVita Inc.