UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant To Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (date of earliest event reported): April 30, 2026

Encompass Health Corporation

(Exact name of Registrant as specified in its Charter)

Delaware
(State or Other Jurisdiction of Incorporation)

001-10315	**63-0860407**
(Commission File Number)	(IRS Employer Identification No.)

9001 Liberty Parkway, Birmingham, Alabama 35242
(Address of Principal Executive Offices, Including Zip Code)

(205) 967-7116
(Registrant's Telephone Number, Including Area Code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communication pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 or Rule 12b-2 of the Securities Exchange Act of 1934. Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.01 per share	EHC	New York Stock Exchange

The information contained herein is being furnished pursuant to Item 2.02 of Form 8-K, “Results of Operations and Financial Condition,” and Item 7.01 of Form 8-K, “Regulation FD Disclosure.” This information shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

ITEM 2.02. *Results of Operations and Financial Condition.*

On April 30, 2026, Encompass Health Corporation (“Encompass Health” or the “Company”) issued a press release reporting the financial results of the Company for the three months ended March 31, 2026. A copy of the press release is attached to this report as Exhibit 99.1 and incorporated herein by reference.

The Company uses “same-store” comparisons to explain the changes in certain performance metrics within its financial statements. Same-store comparisons are calculated based on hospitals open throughout both the full current and prior periods presented. These comparisons include the financial results of market consolidation transactions and capacity expansions (including the addition of satellite and remote hospitals) in existing markets, as it is difficult to determine, with precision, the incremental impact of these transactions on the Company's results of operations.

ITEM 7.01. *Regulation FD Disclosure.*

See Item 2.02, “Results of Operations and Financial Condition,” above.

In addition, a copy of the supplemental information which will be discussed during the Company’s earnings call at 10:00 a.m. Eastern Time on Friday, May 1, 2026 is attached to this report as Exhibit 99.2 and incorporated herein by reference.

Note Regarding Presentation of Non-GAAP Financial Measures

The financial data contained in the press release and supplemental information include non-GAAP financial measures, including the Company’s adjusted earnings per share, leverage ratio, Adjusted EBITDA, and adjusted free cash flow.

The Company is providing adjusted earnings per share from continuing operations attributable to Encompass Health (“adjusted earnings per share”). The Company believes the presentation of adjusted earnings per share provides useful additional information to investors because it provides better comparability of ongoing operating performance to prior periods given that it excludes the impact of government, class action, and related settlements; professional fees—accounting, tax, and legal; mark-to-market adjustments for stock appreciation rights; gains or losses related to hedging and equity instruments; loss on early extinguishment of debt; adjustments to its income tax provision (such as valuation allowance adjustments, settlements of income tax claims, windfall tax benefits, and executive compensation disallowance); items related to corporate and facility restructurings; and certain other items the Company believes to be non-indicative of its ongoing operating performance. It is reasonable to expect that one or more of these excluded items will occur in future periods, but the amounts recognized can vary significantly from period to period and may not directly relate to the Company’s ongoing operating performance. Accordingly, they can complicate comparisons of the Company’s results of operations across periods and comparisons of the Company’s results to those of other healthcare companies. Adjusted earnings per share should not be considered as a measure of financial performance under generally accepted accounting principles in the United States (“GAAP”) as the items excluded from it are significant components in understanding and assessing financial performance. Because adjusted earnings per share is not a measurement determined in accordance with GAAP and is thus susceptible to varying calculations, it may not be comparable as presented to other similarly titled measures of other companies. The Company reconciles adjusted earnings per share to earnings per share in the press release attached as Exhibit 99.1 and the supplemental information attached as Exhibit 99.2.

The leverage ratio referenced therein is defined as the ratio of consolidated total debt to Adjusted EBITDA for the trailing four quarters. The Company believes its leverage ratio and Adjusted EBITDA are measures of its ability to service its debt and its ability to make capital expenditures. Additionally, the leverage ratio is a standard measurement used by investors to gauge the creditworthiness of an institution. The Company’s credit agreement also includes a maximum leverage ratio financial covenant which allows the Company to deduct cash on hand from consolidated total debt. In calculating the leverage ratio under our credit agreement, we are permitted to use pro forma Adjusted EBITDA, the calculation of which includes historical income statement items and pro forma adjustments, subject to certain limitations, resulting from (1) dispositions and repayments or incurrence of debt and (2) investments, acquisitions, mergers, amalgamations, consolidations and other operational changes to the extent such items or effects are not yet reflected in our trailing four-quarter financial statements. The Company reconciles Adjusted EBITDA to net cash provided by operating activities and net income in the press release attached as Exhibit 99.1 and the supplemental information attached as Exhibit 99.2.

The Company uses Adjusted EBITDA on a consolidated basis as a liquidity measure. The Company believes this financial measure on a consolidated basis is important in analyzing its liquidity because it is the key component of certain material covenants contained within the Company's credit agreement, which is discussed in more detail in Part II, Item 7, *Management's Discussion and Analysis of Financial Condition and Results of Operations,* "Liquidity and Capital Resources," and Note 8, *Long-term Debt,* to the consolidated financial statements included in its Annual Report on Form 10-K for the year ended December 31, 2025 (the "2025 Form 10-K"). These covenants are material terms of the credit agreement. Noncompliance with these financial covenants under the credit agreement—its interest coverage ratio and its leverage ratio—could result in the Company's lenders requiring the Company to immediately repay all amounts borrowed. If the Company anticipated a potential covenant violation, it would seek relief from its lenders, which would have some cost to the Company, and such relief might be on terms less favorable to those in the Company's existing credit agreement. In addition, if the Company cannot satisfy these financial covenants, it would be prohibited under the credit agreement from engaging in certain activities, such as incurring additional indebtedness, paying common stock dividends, making certain payments, and acquiring and disposing of assets. Consequently, Adjusted EBITDA is critical to the Company's assessment of its liquidity.

In general terms, the credit agreement definition of Adjusted EBITDA, therein referred to as "Adjusted Consolidated EBITDA," allows the Company to add back to consolidated net income interest expense, income taxes, and depreciation and amortization and then add back to consolidated net income (1) all unusual or nonrecurring items reducing consolidated net income (of which only up to $10 million in a year may be cash expenditures), (2) any losses from discontinued operations, (3) non-ordinary course fees, costs and expenses incurred with respect to any litigation or settlement, (4) share-based compensation expense, (5) costs and expenses associated with changes in the fair value of marketable securities, (6) costs and expenses associated with the issuance or prepayment of debt and acquisitions, and (7) any restructuring charges and certain pro-forma cost savings and synergies related to transactions and initiatives, which in the aggregate are not in excess of 25% of Adjusted Consolidated EBITDA. The Company also subtracts from consolidated net income all unusual or nonrecurring items to the extent they increase consolidated net income.

The calculation of Adjusted EBITDA under the credit agreement does not require us to deduct net income attributable to noncontrolling interests or gains on fair value adjustments of hedging and equity instruments, disposal of assets, and development activities. It also does not allow us to add back losses on fair value adjustments of hedging instruments or unusual or nonrecurring cash expenditures in excess of $10 million. These items and amounts, in addition to the items falling within the credit agreement's "unusual or nonrecurring" classification, may occur in future periods, but can vary significantly from period to period and may not directly relate to, or be indicative of, the Company's ongoing liquidity or operating performance. Accordingly, the Adjusted EBITDA calculation presented here includes adjustments for them.

Adjusted EBITDA is not a measure of financial performance under GAAP, and the items excluded from Adjusted EBITDA are significant components in understanding and assessing financial performance. Therefore, Adjusted EBITDA should not be considered a substitute for net income or cash flows from operating, investing, or financing activities. Because Adjusted EBITDA is not a measurement determined in accordance with GAAP and is thus susceptible to varying calculations, Adjusted EBITDA, as presented, may not be comparable to other similarly titled measures of other companies. Revenues and expenses are measured in accordance with the policies and procedures described in Note 1, *Summary of Significant Accounting Policies*, to the consolidated financial statements accompanying the 2025 Form 10-K.

The Company also uses adjusted free cash flow as an analytical indicator to assess its performance. Management believes the presentation of adjusted free cash flow provides investors an efficient means by which they can evaluate the Company's capacity to reduce debt, pursue development activities, and return capital to its common stockholders. The calculation of adjusted free cash flow and a reconciliation of net cash provided by operating activities to adjusted free cash flow are included in the press release attached as Exhibit 99.1 and the supplemental information attached as Exhibit 99.2. This measure is not a defined measure of financial performance under GAAP and should not be considered as an alternative to net cash provided by operating activities. The Company's definition of adjusted free cash flow is net cash provided by operating activities of continuing operations minus capital expenditures for maintenance, distributions to noncontrolling interests, and certain items deemed to be non-indicative of ongoing operating performance. Common stock dividends are not included in the calculation of adjusted free cash flow. The Company's definition of adjusted free cash flow is limited and does not represent residual cash flows available for discretionary spending. Because this measure is not determined in accordance with GAAP and is susceptible to varying calculations, it may not be comparable to other similarly titled measures presented by other companies. See the consolidated statements of cash flows included in the 2025 Form 10-K, the condensed consolidated statements of cash flows included in the Company's quarterly report on Form 10-Q for the quarterly period ended March 31, 2026 (the "March 2026 Form 10-Q"), when filed, and in the press release attached as Exhibit 99.1 for the GAAP measures of cash flows from operating, investing, and financing activities.

Forward-Looking Statements

The information contained in the press release and supplemental information includes certain estimates, projections, and other forward-looking statements that involve known and unknown risks and relate to, among other things, future events, the business model, strategy, outlook and guidance, growth targets, labor cost trends, financial plans, dividend strategies or payments, effective income tax rates, plans to repurchase its debt or equity securities, future financial performance, projected business results, ability to return value to its shareholders, projected capital expenditures and development plans, leverage ratio, guidance considerations, and the impact of future legislation or regulation. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "expects," "plans," "anticipates," "believes," "estimates," "predicts," "targets," "potential," or "continue" or the negative of these terms or other comparable terminology. These estimates, projections, and other forward-looking statements are based on assumptions the Company believes, as of the date hereof, are reasonable. Inevitably, there will be differences between such estimates and actual results, and those differences may be material.

There can be no assurance that any estimates, projections, or forward-looking statements will be realized.

All such estimates, projections, and forward-looking statements speak only as of the date hereof. The Company undertakes no duty to publicly update or revise that information.

You are cautioned not to place undue reliance on the estimates, projections, and other forward-looking statements in this report, the press release, and supplemental information as they are based on current expectations and general assumptions and are subject to various risks, uncertainties, and other factors, including those set forth in the attached press release and in the 2025 Form 10-K, the March 2026 Form 10-Q, when filed, and in other documents the Company previously filed with the SEC, many of which are beyond the Company's control. These factors may cause actual results to differ materially from the views, beliefs, and estimates expressed herein.

ITEM 9.01. *Financial Statements and Exhibits.*

(d) Exhibits.

Exhibit Number	Description
99.1	Press release of Encompass Health Corporation, dated April 30, 2026
99.2	Supplemental information provided in connection with the first quarter 2026 earnings call of Encompass Health Corporation
104	Cover Page Interactive Data File - the cover page iXBRL tags are embedded within the Inline XBRL document

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned hereunto duly authorized.

ENCOMPASS HEALTH CORPORATION

By:	/s/ Douglas E. Coltharp	
	Name:	Douglas E. Coltharp
	Title:	Executive Vice President and Chief Financial Officer

Dated: April 30, 2026

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April 30, 2026

Encompass Health reports results for first quarter 2026
Increases full-year guidance

BIRMINGHAM, Ala. - Encompass Health Corporation (NYSE: EHC), the largest owner and operator of inpatient rehabilitation hospitals in the United States, today reported its results of operations for the first quarter ended March 31, 2026.

Summary results

	Q1 2026	Q1 2025	Growth Dollars	Growth Percent
		(In Millions, Except Per Share Data)		
Net operating revenue	$ 1,586.6	$ 1,455.4	$ 131.2	9.0 %
Income from continuing operations attributable to Encompass Health per diluted share	1.77	1.48	0.29	19.6 %
Adjusted earnings per share	1.60	1.37	0.23	16.8 %
Cash flows provided by operating activities	313.1	288.6	24.5	8.5 %
Adjusted EBITDA	348.8	313.6	35.2	11.2 %
Adjusted free cash flow	193.8	222.4	(28.6)	(12.9)%
(Actual Amounts)				
Discharges	67,763	64,985		4.3 %
Same-store discharge growth				1.6 %
Net patient revenue per discharge	$ 22,633	$ 21,816		3.7 %

See attached supplemental information for calculations of non-GAAP measures and reconciliations to their most comparable GAAP measure.

"We are very pleased with our start to 2026 as first quarter revenue increased 9.0% and Adjusted EBITDA grew 11.2%," said Mark Tarr, President and Chief Executive Officer. "During the quarter, we continued to expand our capacity to treat patients in need of inpatient rehabilitation services, opening a new 49-bed hospital in Irmo, South Carolina, and adding 44 beds across existing facilities. For the full-year 2026, we expect to open eight hospitals with a total of 389 beds and add approximately 175 beds to existing hospitals. Our value proposition and operating strategy continue to be validated and we remain highly optimistic about the long-term prospects of our business."

2026 Guidance

The Company increased its full-year guidance as follows:

	Full-Year 2026 Guidance	
	Previous Guidance	Updated Guidance
	(In Millions, Except Per Share Data)	
Net operating revenue	$6,365 to $6,465	$6,375 to $6,470
Adjusted EBITDA	$1,340 to $1,380	$1,350 to $1,380
Adjusted earnings per share from continuing operations attributable to Encompass Health	$5.81 to $6.10	$5.89 to $6.11

For considerations regarding the Company's 2026 guidance, see the supplemental information posted on the Company's website at http://investor.encompasshealth.com. See also the "Other information" section below for an explanation of why the Company does not provide guidance for comparable GAAP measures for Adjusted EBITDA and adjusted earnings per share.

Earnings conference call and webcast

The Company will host an investor conference call at 10:00 a.m. Eastern Time on Friday, May 1, 2026 to discuss its results for the first quarter of 2026. For reference during the call, the Company will post certain supplemental information at http://investor.encompasshealth.com.

The conference call may be accessed by dialing 800 267-6316 and giving the conference ID EHCQ126. International callers should dial 203 518-9783 and give the same conference ID. Please call approximately ten minutes before the start of the call to ensure you are connected. The conference call will also be webcast live and will be available for on-line replay at http://investor.encompasshealth.com by clicking on an available link.

About Encompass Health

Encompass Health (NYSE: EHC) is the largest owner and operator of inpatient rehabilitation hospitals in the United States. With a national footprint that includes 174 hospitals in 39 states and Puerto Rico, the Company provides high-quality, compassionate rehabilitative care for patients recovering from a major injury or illness, using advanced technology and innovative treatments to maximize recovery. Encompass Health is recognized as America's Most Awarded Leader in Inpatient Rehabilitation by *Newsweek* and Statista and is ranked among *Fortune's* World's Most Admired Companies™[1] and *Forbes'* America's Best Companies. For more information, visit encompasshealth.com, or follow us on our newsroom, X, Instagram and Facebook.

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Other information

The information in this press release is summarized and should be read in conjunction with the Company’s Quarterly Report on Form 10-Q for the quarter ended March 31, 2026 (the “March 2026 Form 10-Q”), when filed, as well as the Company’s Current Report on Form 8-K filed on April 30, 2026 (the “Q1 Earnings Form 8-K”), to which this press release is attached as Exhibit 99.1. In addition, the Company will post supplemental information today on its website at http://investor.encompasshealth.com for reference during its May 1, 2026 earnings call.

The financial data contained in the press release and supplemental information include non-GAAP financial measures, including the Company’s adjusted earnings per share, leverage ratio, Adjusted EBITDA, and adjusted free cash flow. Reconciliations to their most comparable GAAP measure, except with regard to non-GAAP guidance, are included below or in the Q1 Earnings Form 8-K. Readers are encouraged to review the “Note Regarding Presentation of Non-GAAP Financial Measures” included in the Q1 Earnings Form 8-K which provides further explanation and disclosure regarding the Company’s use of these non-GAAP financial measures.

Excluding net operating revenues, the Company does not provide guidance on a GAAP basis because it is unable to predict, with reasonable certainty, the future impact of items that are deemed to be outside the control of the Company or otherwise not indicative of its ongoing operating performance. Such items include government, class action, and related settlements; professional fees—accounting, tax, and legal; mark-to-market adjustments for stock appreciation rights; gains or losses related to hedging instruments; loss on early extinguishment of debt; adjustments to its income tax provision (such as valuation allowance adjustments and settlements of income tax claims); items related to corporate and facility restructurings; and certain other items the Company believes to be not indicative of its ongoing operations. These items cannot be reasonably predicted and will depend on several factors, including industry and market conditions, and could be material to the Company’s results computed in accordance with GAAP.

However, the following reasonably estimable GAAP measures for 2026 would be included in a reconciliation for Adjusted EBITDA if the other reconciling GAAP measures could be reasonably predicted:

- Interest expense and amortization of debt discounts and fees - approximately $125 million
- Amortization of debt-related items - approximately $10 million

The Q1 Earnings Form 8-K and, when filed, the March 2026 Form 10-Q can be found on the Company’s website at http://investor.encompasshealth.com and the SEC's website at www.sec.gov.

Encompass Health Corporation and Subsidiaries
Condensed Consolidated Statements of Operations
(Unaudited)

	Three Months Ended March 31,	
	2026	**2025**
	(In Millions, Except Per Share Data)	
Net operating revenues	$ 1,586.6	$ 1,455.4
Operating expenses:		
Salaries and benefits	818.1	762.3
Other operating expenses	241.9	217.5
Occupancy costs	15.2	14.9
Supplies	64.3	62.2
General and administrative expenses	58.2	52.3
Depreciation and amortization	87.3	79.2
Total operating expenses	1,285.0	1,188.4
Loss on early extinguishment of debt	0.2	—
Interest expense and amortization of debt discounts and fees	31.8	31.8
Other income	(18.7)	(2.5)
Equity in net income of nonconsolidated affiliates	(0.4)	(0.9)
Income from continuing operations before income tax expense	288.7	238.6
Provision for income tax expense	56.4	41.6
Income from continuing operations	232.3	197.0
Income (loss) from discontinued operations, net of tax	15.9	(0.5)
Net income	248.2	196.5
Less: Net income attributable to noncontrolling interests	(53.7)	(45.0)
Net income attributable to Encompass Health	$ 194.5	$ 151.5
Weighted average common shares outstanding:		
Basic	99.2	100.5
Diluted	100.6	102.1
Earnings per common share:		
Basic earnings per share attributable to Encompass Health common shareholders:		
Continuing operations	$ 1.80	$ 1.50
Discontinued operations	0.16	—
Net income	$ 1.96	$ 1.50
Diluted earnings per share attributable to Encompass Health common shareholders:		
Continuing operations	$ 1.77	$ 1.48
Discontinued operations	0.16	—
Net income	$ 1.93	$ 1.48
Amounts attributable to Encompass Health common shareholders:		
Income from continuing operations	$ 178.6	$ 152.0
Income (loss) from discontinued operations, net of tax	15.9	(0.5)
Net income attributable to Encompass Health	$ 194.5	$ 151.5

Encompass Health Corporation and Subsidiaries
Condensed Consolidated Balance Sheets
(Unaudited)

	March 31, 2026	December 31, 2025
	(In Millions)	
Assets		
Current assets:		
Cash and cash equivalents	$ 110.5	$ 72.2
Restricted cash	52.9	30.7
Accounts receivable	676.0	619.2
Other current assets	189.7	183.8
Total current assets	1,029.1	905.9
Property and equipment, net	4,216.5	4,101.6
Operating lease right-of-use assets	205.3	212.6
Goodwill	1,317.6	1,317.6
Intangible assets, net	300.3	308.3
Other long-term assets	244.4	243.7
Total assets	$ 7,313.2	$ 7,089.7
Liabilities and Shareholders' Equity		
Current liabilities:		
Current portion of long-term debt	$ 42.9	$ 43.6
Current operating lease liabilities	26.9	26.5
Accounts payable	204.0	178.2
Accrued expenses and other current liabilities	603.0	588.1
Total current liabilities	876.8	836.4
Long-term debt, net of current portion	2,530.9	2,447.2
Long-term operating lease liabilities	188.7	196.6
Deferred income tax liabilities	135.1	126.8
Other long-term liabilities	214.5	206.9
Total liabilities	3,946.0	3,813.9
Commitments and contingencies		
Redeemable noncontrolling interests	58.8	58.3
Shareholders' equity:		
Encompass Health shareholders' equity	2,521.7	2,438.2
Noncontrolling interests	786.7	779.3
Total shareholders' equity	3,308.4	3,217.5
Total liabilities and shareholders' equity	$ 7,313.2	$ 7,089.7

Encompass Health Corporation and Subsidiaries
Condensed Consolidated Statements of Cash Flows
(Unaudited)

	Three Months Ended March 31,	
	2026	2025
	(In Millions)	
Cash flows from operating activities:		
Net income	$ 248.2	$ 196.5
(Income) loss from discontinued operations, net of tax	(15.9)	0.5
Adjustments to reconcile net income to net cash provided by operating activities—		
Depreciation and amortization	87.3	79.2
Stock-based compensation	11.5	9.5
Deferred tax expense	8.5	8.8
(Gain) loss on investments	(16.2)	0.1
Other, net	2.3	2.2
Change in assets and liabilities, net of acquisitions—		
Accounts receivable	(53.2)	(24.7)
Other assets	(11.6)	0.7
Accounts payable	(2.0)	(2.1)
Other liabilities	33.0	18.6
Net cash provided by (used in) operating activities of discontinued operations	21.2	(0.7)
Total adjustments	80.8	91.6
Net cash provided by operating activities	313.1	288.6
Cash flows from investing activities:		
Purchases of property, equipment, and intangible assets	(162.4)	(163.1)
Proceeds from sale of restricted investments	42.9	11.0
Purchases of restricted investments	(26.4)	(2.3)
Other, net	(4.2)	(4.1)
Net cash used in investing activities	(150.1)	(158.5)
Cash flows from financing activities:		
Borrowings on revolving credit facility	420.0	60.0
Payments on revolving credit facility	(330.0)	(80.0)
Repurchases of common stock, including fees and expenses	(71.6)	(32.1)
Dividends paid on common stock	(20.3)	(18.0)
Distributions paid to noncontrolling interests of consolidated affiliates	(57.8)	(32.9)
Taxes paid on behalf of employees for shares withheld	(30.9)	(19.8)
Other, net	(11.9)	(7.6)
Net cash used in financing activities	(102.5)	(130.4)
Increase (decrease) in cash, cash equivalents, and restriced cash	60.5	(0.3)
Cash, cash equivalents, and restricted cash at beginning of period	102.9	123.1
Cash, cash equivalents, and restricted cash at end of period	$ 163.4	$ 122.8

Encompass Health Corporation and Subsidiaries
Supplemental Information
Earnings Per Share

	Three Months Ended March 31,	
	2026	2025
	(In Millions, Except Per Share Data)	
Adjusted EBITDA	$ 348.8	$ 313.6
Depreciation and amortization	(87.3)	(79.2)
Interest expense and amortization of debt discounts and fees	(31.8)	(31.8)
Stock-based compensation	(11.5)	(9.5)
Loss on disposal or impairment of assets	(0.3)	(0.2)
	217.9	192.9
Items not indicative of ongoing operating performance:		
Loss on early extinguishment of debt	(0.2)	—
Change in fair market value of marketable securities	(0.2)	0.7
Gain on sale of Gamma Knife	17.5	—
Pre-tax income	235.0	193.6
Income tax expense	(56.4)	(41.6)
Income from continuing operations [1]	$ 178.6	$ 152.0
Basic shares	99.2	100.5
Diluted shares	100.6	102.1
Basic earnings per share [1]	$ 1.80	$ 1.50
Diluted earnings per share [1]	$ 1.77	$ 1.48

[1] Income from continuing operations attributable to Encompass Health

Encompass Health Corporation and Subsidiaries
Supplemental Information
Adjusted Earnings Per Share

	Three Months Ended March 31,	
	2026	2025
Earnings per share, as reported	**$ 1.77**	**$ 1.48**
Adjustments, net of tax:		
Income tax adjustments	(0.05)	(0.12)
Gain on sale of Gamma Knife	(0.13)	—
Adjusted earnings per share*	**$ 1.60**	**$ 1.37**

* Adjusted EPS may not sum due to rounding.

Encompass Health Corporation and Subsidiaries
Supplemental Information
Reconciliation of Net Cash Provided by Operating Activities to Adjusted EBITDA

	Three Months Ended March 31,	
	2026	2025
	(In Millions)	
Net cash provided by operating activities	$ 313.1	$ 288.6
Interest expense and amortization of debt discounts and fees	31.8	31.8
Gain (loss) on investments, excluding impairments	16.2	(0.1)
Equity in net income of nonconsolidated affiliates	0.4	0.9
Net income attributable to noncontrolling interests in continuing operations	(53.7)	(45.0)
Amortization of debt-related items	(2.4)	(2.4)
Distributions from nonconsolidated affiliates	(0.1)	(0.5)
Current portion of income tax expense	47.9	32.8
Change in assets and liabilities	33.8	7.5
Cash (provided by) used in operating activities of discontinued operations	(21.2)	0.7
Change in fair market value of marketable securities	0.2	(0.7)
Gain on sale of Gamma Knife	(17.5)	—
Other	0.3	—
Adjusted EBITDA	$ 348.8	$ 313.6

Encompass Health Corporation and Subsidiaries
Supplemental Information
Reconciliation of Income from Continuing Operations Attributable to Encompass Health per Diluted Share to Adjusted Earnings Per Share

	For the Three Months Ended March 31, 2026					
		Adjustments				
	As Reported	Loss on Early Exting. of Debt	Income Tax Adjustments	Change in Fair Market Value of Marketable Securities	Gain on Sale of Gamma Knife	As Adjusted
	(In Millions, Except Per Share Amounts)					
Adjusted EBITDA*	**$ 348.8**	**$ —**	**$ —**	**$ —**	**$ —**	**$ 348.8**
Depreciation and amortization	(87.3)	—	—	—	—	(87.3)
Interest expense and amortization of debt discounts and fees	(31.8)	—	—	—	—	(31.8)
Stock-based compensation	(11.5)	—	—	—	—	(11.5)
Loss on disposal or impairment of assets	(0.3)	—	—	—	—	(0.3)
Loss on early extinguishment of debt	(0.2)	0.2	—	—	—	—
Change in fair market value of marketable securities	(0.2)	—	—	0.2	—	—
Gain on sale of Gamma Knife	17.5	—	—	—	(17.5)	—
Income from continuing operations before income tax expense	235.0	0.2	—	0.2	(17.5)	217.9
Provision for income tax expense	(56.4)	(0.1)	(4.7)	—	4.5	(56.7)
Income from continuing operations attributable to Encompass Health	**$ 178.6**	**$ 0.1**	**$ (4.7)**	**$ 0.2**	**$ (13.0)**	**$ 161.2**
Diluted earnings per share from continuing operations**	**$ 1.77**	**$ —**	**$ (0.05)**	**$ —**	**$ (0.13)**	**$ 1.60**
Diluted shares used in calculation	**100.6**					

* Reconciliation to GAAP provided on page 9
** Adjusted EPS may not sum across due to rounding.

Encompass Health Corporation and Subsidiaries
Supplemental Information
Reconciliation of Income from Continuing Operations Attributable to Encompass Health per Diluted Share to Adjusted Earnings Per Share

	For the Three Months Ended March 31, 2025			
		Adjustments		
	As Reported	Income Tax Adjustments	Change in Fair Market Value of Marketable Securities	As Adjusted
	(In Millions, Except Per Share Amounts)			
Adjusted EBITDA*	**$ 313.6**	**$ —**	**$ —**	**$ 313.6**
Depreciation and amortization	(79.2)	—	—	(79.2)
Interest expense and amortization of debt discounts and fees	(31.8)	—	—	(31.8)
Stock-based compensation	(9.5)	—	—	(9.5)
Loss on disposal or impairment of assets	(0.2)	—	—	(0.2)
Change in fair market value of marketable securities	0.7	—	(0.7)	—
Income from continuing operations before income tax expense	193.6	—	(0.7)	192.9
Provision for income tax expense	(41.6)	(12.0)	0.2	(53.4)
Income from continuing operations attributable to Encompass Health	**$ 152.0**	**$ (12.0)**	**$ (0.5)**	**$ 139.5**
Diluted earnings per share from continuing operations**	**$ 1.48**	**$ (0.12)**	**$ —**	**$ 1.37**
Diluted shares used in calculation	**102.1**			

* Reconciliation to GAAP provided on page 9
** Adjusted EPS may not sum across due to rounding.

Encompass Health Corporation and Subsidiaries
Supplemental Information
Reconciliation of Net Income to Adjusted EBITDA

	Three Months Ended March 31,	
	2026	2025
	(In Millions)	
Net income	$ 248.2	$ 196.5
(Income) loss from discontinued operations, net of tax, attributable to Encompass Health	(15.9)	0.5
Net income attributable to noncontrolling interests included in continuing operations	(53.7)	(45.0)
Provision for income tax expense	56.4	41.6
Interest expense and amortization of debt discounts and fees	31.8	31.8
Depreciation and amortization	87.3	79.2
Loss on early extinguishment of debt	0.2	—
Loss on disposal or impairment of assets	0.3	0.2
Stock-based compensation	11.5	9.5
Change in fair market value of marketable securities	0.2	(0.7)
Gain on sale of Gamma Knife	(17.5)	—
Adjusted EBITDA	$ 348.8	$ 313.6

Encompass Health Corporation and Subsidiaries
Supplemental Information
Reconciliation of Net Cash Provided by Operating Activities to Adjusted Free Cash Flow

	Three Months Ended March 31,	
	2026	2025
	(In Millions)	
Net cash provided by operating activities	$ 313.1	$ 288.6
Impact of discontinued operations	(21.2)	0.7
Net cash provided by operating activities of continuing operations	291.9	289.3
Capital expenditures for maintenance	(43.8)	(34.0)
Distributions paid to noncontrolling interests of consolidated affiliates	(57.8)	(32.9)
Items not indicative of ongoing operating performance:		
Transaction costs and related liabilities	3.5	—
Adjusted free cash flow	$ 193.8	$ 222.4

For the three months ended March 31, 2026, net cash used in investing activities was $150.1 million and resulted primarily from capital expenditures. Net cash used in financing activities during the three months ended March 31, 2026 was $102.5 million and resulted primarily from repurchases of common stock, distributions paid to noncontrolling interests of consolidated affiliates, and taxes paid on behalf of employees for shares withheld partially offset by net debt borrowings.

For the three months ended March 31, 2025, net cash used in investing activities was $158.5 million and resulted primarily from capital expenditures. Net cash used in financing activities during the three months ended March 31, 2025 was $130.4 million and resulted primarily from distributions paid to noncontrolling interests of consolidated affiliates, repurchases of common stock, net debt payments, and cash dividends paid on common stock.

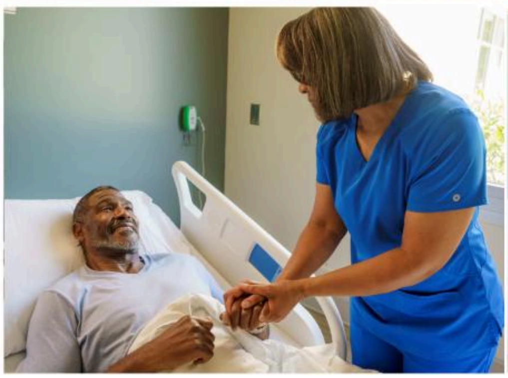
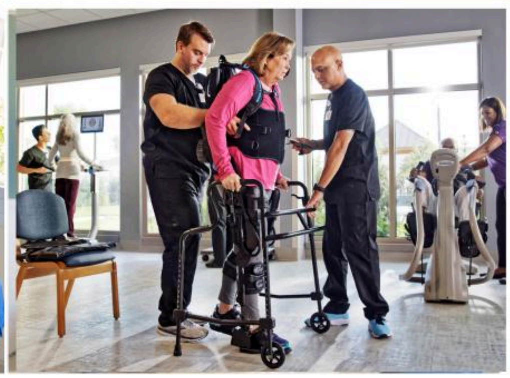
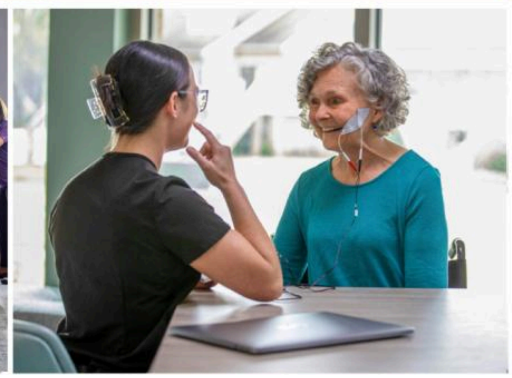
Statements contained in this press release and the supplemental information which are not historical facts, such as those relating to the business, strategy, outlook, growth targets and guidance considerations, dividend strategies, effective income tax rates, cost trends, legislative and regulatory developments or their impacts, financial guidance, ability to return value to shareholders, projected capital expenditures, acquisition opportunities, development projects, addressable market size, other balance sheet and cash flow plans, are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. In addition, Encompass Health, through its senior management, may from time to time make forward-looking public statements concerning the matters described herein. All such estimates, projections, and forward-looking information speak only as of the date hereof, and Encompass Health undertakes no duty to publicly update or revise such forward-looking information, whether as a result of new information, future events, or otherwise. Such forward-looking statements are necessarily estimates based upon current information and involve a number of risks and uncertainties. Actual events or results may differ materially from those anticipated in these forward-looking statements as a result of a variety of factors. While it is impossible to identify all such factors, factors which could cause actual events or results to differ materially from those estimated by Encompass Health include, but are not limited to, possible reductions or other changes in Medicaid, including Medicaid directed and supplemental payment programs and Medicaid waiver programs, which may decrease our revenues and increase our provider tax expenses; infectious disease outbreak, including the speed, depth, geographic reach and duration of its spread, which could decrease our patient volumes and revenues and lead to staffing and supply shortages and associated cost increases; Encompass Health's infectious disease prevention and control efforts; the demand for Encompass Health's services, including based on any downturns in the economy and consumer confidence in patient care; the price of Encompass Health's common stock as it affects Encompass Health's willingness and ability to repurchase shares and the financial and accounting effects of any repurchases; any adverse outcome of various lawsuits, claims, and legal or regulatory proceedings involving Encompass Health, including any matters related to yet undiscovered issues, if any, in acquired operations; Encompass Health's ability to attract and retain key management personnel; potential disruptions, breaches, or other incidents affecting the proper operation, availability, or security of Encompass Health's or its vendors' or partners' information systems, including unauthorized access to or theft of patient, business associate, or other sensitive information or inability to provide patient care because of system unavailability; Encompass Health's ability to successfully complete and integrate de novo developments, acquisitions, investments, and joint ventures consistent with its growth strategy; increases in Medicare audit activity, including increased use of sampling and extrapolation, resulting in additional unpaid reimbursement claims and an increase in the backlog of appealed claims denials; changes, delays in (including in connection with resolution of Medicare payment reviews or appeals), or suspension of reimbursement for Encompass Health's services by governmental or private payors; changes in the regulation of the healthcare industry at either or both of the federal and state levels, including as part of national healthcare reform and deficit reduction and Encompass Health's ability to adapt operations to those changes, including in connection with the CMS inpatient rehabilitation review choice demonstration project; competitive pressures in the healthcare industry and Encompass Health's response thereto; Encompass Health's ability to obtain and retain favorable arrangements with third-party payors; Encompass Health's ability to control costs, particularly labor and employee benefit costs, including group medical expenses; adverse effects resulting from coverage determinations made by Medicare Administrative Contractors regarding its Medicare reimbursement claims and lengthening delays in Encompass Health's ability to recover improperly denied claims through the administrative appeals process on a timely basis, including as part of the review choice demonstration; Encompass Health's ability to adapt to changes in the healthcare delivery system, including value-based purchasing such as the transforming episode accountability model and involvement in coordinated care initiatives or programs that may arise with its referral sources; Encompass Health's ability to attract and retain nurses, therapists, and other healthcare professionals in a highly competitive environment with often severe staffing shortages, which may be worsened by infectious disease outbreaks, and the impact on Encompass Health's labor expenses from potential union activity, staffing shortages, and competitive compensation practices; general conditions in the economy and capital markets, including any instability or uncertainty related to trade war, armed conflict or an act of terrorism, governmental impasse over approval of the United States federal budget, an increase in the debt ceiling, or an international sovereign debt crisis; the increase in *the cost of, or the decrease in the availability of, construction materials and necessary supplies, including as a result of tariffs and import restrictions; the increase in the costs of defending and insuring against alleged professional liability claims, and Encompass Health's ability to predict the estimated costs related to such claims; and other factors which may be identified from time to time in Encompass Health's SEC filings and other public announcements, including Encompass Health's Form 10-K for the year ended December 31, 2025 and Form 10-Q for the quarter ended March 31, 2026, when filed.*

2026 First Quarter Earnings Call

May 1, 2026

Supplemental information

Encompass Health®

Forward-looking statements

The information contained in this presentation includes certain assumptions, estimates, projections and other forward-looking statements that reflect Encompass Health's current outlook, views and plans with respect to future events, including the business outlook, guidance and growth targets, future reimbursement rates, labor availability and costs, the effect of tariffs on costs, legislative and regulatory developments, such as the effects of Medicaid and Medicare payment system changes, including RCD and TEAM, strategy, capital expenditures, acquisition and other development activities, such as the de novo pipeline, costs, growth and timelines, operational and quality of care initiatives, dividend strategies, leverage, repurchases of securities, outstanding shares of common stock, effective tax rates, financial performance, financial assumptions and considerations, balance sheet and cash flow plans, market barriers to entry, and addressable market size. These assumptions, estimates, projections and other forward-looking statements are based on what the Company believes, as of the date hereof, to be reasonable. Inevitably, there will be differences between such forward-looking statements and actual events or results, and those differences may be material.

There can be no assurance any estimates, projections or forward-looking statements will be realized.

All such assumptions, estimates, projections and forward-looking statements speak only as of the date hereof. Encompass Health undertakes no duty to publicly update or revise the information contained herein.

You are cautioned not to place undue reliance on the assumptions, estimates, projections and other forward-looking statements in this presentation as they are based on current expectations and general assumptions and are subject to various risks, uncertainties and other factors, including those set forth in the earnings release attached as Exhibit 99.1 to the Company's Form 8-K dated April 30, 2026 (the "Q1 Earnings Release Form 8-K"), the Form 10-K for the year ended December 31, 2025, the Form 10-Q for the quarter ended March 31, 2026, when filed, and in other documents Encompass Health previously filed with the SEC, many of which are beyond Encompass Health's control, that may cause actual events or results to differ materially from the views, beliefs and estimates expressed herein.

Note regarding presentation of non-GAAP financial measures
The following presentation includes certain "non-GAAP financial measures" as defined in Regulation G under the Securities Exchange Act of 1934, including Adjusted EBITDA, leverage ratios, adjusted earnings per share, and adjusted free cash flow. Schedules are attached that reconcile the non-GAAP financial measures included in the following presentation to the most directly comparable financial measures calculated and presented in accordance with Generally Accepted Accounting Principles in the United States. The Q1 Earnings Release Form 8-K provides further explanation and disclosure regarding Encompass Health's use of non-GAAP financial measures and should be read in conjunction with this supplemental information.

Table of contents

Q1 2026 Summary

($ in millions, except per share data)	Q1 2026	Q1 2025	% △
Encompass Health			
Net operating revenue	$ 1,586.6	$ 1,455.4	9.0 %
Adjusted EBITDA	$ 348.8	$ 313.6	11.2 %
Adjusted EPS	$ 1.60	$ 1.37	16.8 %
Adjusted free cash flow	$ 193.8	$ 222.4	(12.9)%

Key takeaways

▶ Capacity additions

- Opened 49-bed hospital in Irmo, SC
- Added 44 beds to existing hospitals
- Net pre-opening and ramp-up costs of $4.0 million

▶ Balance sheet

- Amended and restated credit agreement, extending maturity date to March 2031
- Net leverage of 1.9x

▶ Shareholder distributions

- Paid quarterly dividend of $0.19 per share in January
- Repurchased 707,965 shares of common stock for $71.6 million

Reconciliations to GAAP provided on pages 26-31.

Revenue

($ in millions)	Q1 2026	Q1 2025	% Change*
Net operating revenue:			
Inpatient	$ 1,533.7	$ 1,417.7	8.2%
Other[1]	52.9	37.7	40.3%
Total revenue	**$ 1,586.6**	**$ 1,455.4**	9.0%
(Actual Amounts)			
Discharges	67,763	64,985	4.3%
New-store discharge growth			2.7%
Same-store discharge growth			1.6%
Net patient revenue per discharge	$ 22,633	$ 21,816	3.7%
Revenue reserves related to bad debt as a percent of revenue	2.2 %	2.0 %	20 bps

- Other revenue includes a $15.3 million increase in Medicaid supplemental payments[2] ($4.9 million attributable to prior periods).

*Except for Revenue reserves related to bad debt as a percent of revenue, which is increase (decrease)

Refer to pages 32-33 for end notes.

Adjusted EBITDA[3]

($ in millions)	Q1 2026	% of Revenue	Q1 2025	% of Revenue
Net operating revenue	$ 1,586.6		$ 1,455.4	
Operating expenses:				
Salaries and benefits	(818.1)	51.6 %	(762.3)	52.4 %
Other operating expenses[a]	(241.6)	15.2 %	(217.3)	14.9 %
Supplies	(64.3)	4.1 %	(62.2)	4.3 %
Occupancy costs	(15.2)	1.0 %	(14.9)	1.0 %
Hospital operating expenses	(321.1)	20.2 %	(294.4)	20.2 %
General and administrative expenses[b]	(47.5)	3.0 %	(43.3)	3.0 %
Other income[c][d]	2.2		2.3	
Equity in nonconsolidated affiliates	0.4		0.9	
Noncontrolling interests in continuing operations	(53.7)		(45.0)	
Adjusted EBITDA	$ 348.8		$ 313.6	

- Other operating expenses includes a $9.7 million increase in provider tax expenses[2] ($0.7 million attributable to prior periods).

	($ in millions)	Q1 2026		Q1 2025	
	In arriving at Adjusted EBITDA, the following were excluded:				
(a)	Loss on disposal or impairment of assets	$	0.3	$	0.2
(b)	Stock-based compensation and the change in fair market value of the non-qualified deferred comp plan	$	10.7	$	9.0
(c)	Change in fair market value of marketable securities and the non-qualified deferred comp plan	$	1.0	$	(0.2)
(d)	Gain on sale[4]	$	(17.5)	$	–

Reconciliations to GAAP provided on pages 26-31.
Refer to pages 32-33 for end notes.

Earnings per share - as reported

($ in millions, except per share data)	Q1 2026	Q1 2025
Adjusted EBITDA	$ 348.8	$ 313.6
Depreciation and amortization	(87.3)	(79.2)
Interest expense and amortization of debt discounts and fees	(31.8)	(31.8)
Stock-based compensation	(11.5)	(9.5)
Loss on disposal or impairment of assets	(0.3)	(0.2)
	217.9	192.9
Items not indicative of ongoing operating performance:		
Loss on early extinguishment of debt	(0.2)	—
Change in fair market value of marketable securities	(0.2)	0.7
Gain on sale[(4)]	17.5	—
Pre-tax income	235.0	193.6
Income tax expense	(56.4)	(41.6)
Income from continuing operations*	$ 178.6	$ 152.0
Diluted shares (see page 25)	100.6	102.1
Diluted earnings per share*	**$ 1.77**	**$ 1.48**

* Earnings per share are determined using income from continuing operations attributable to Encompass Health. Reconciliations to GAAP provided on pages 26-31. Refer to pages 32-33 for end notes.

Adjusted earnings per share[5]

	Q1	
	2026	2025
Diluted earnings per share, as reported	**$ 1.77**	**$ 1.48**
Adjustments, net of tax:		
Income tax adjustments[6]	(0.05)	(0.12)
Gain on sale[4]	(0.13)	—
Adjusted earnings per share*	**$ 1.60**	**$ 1.37**

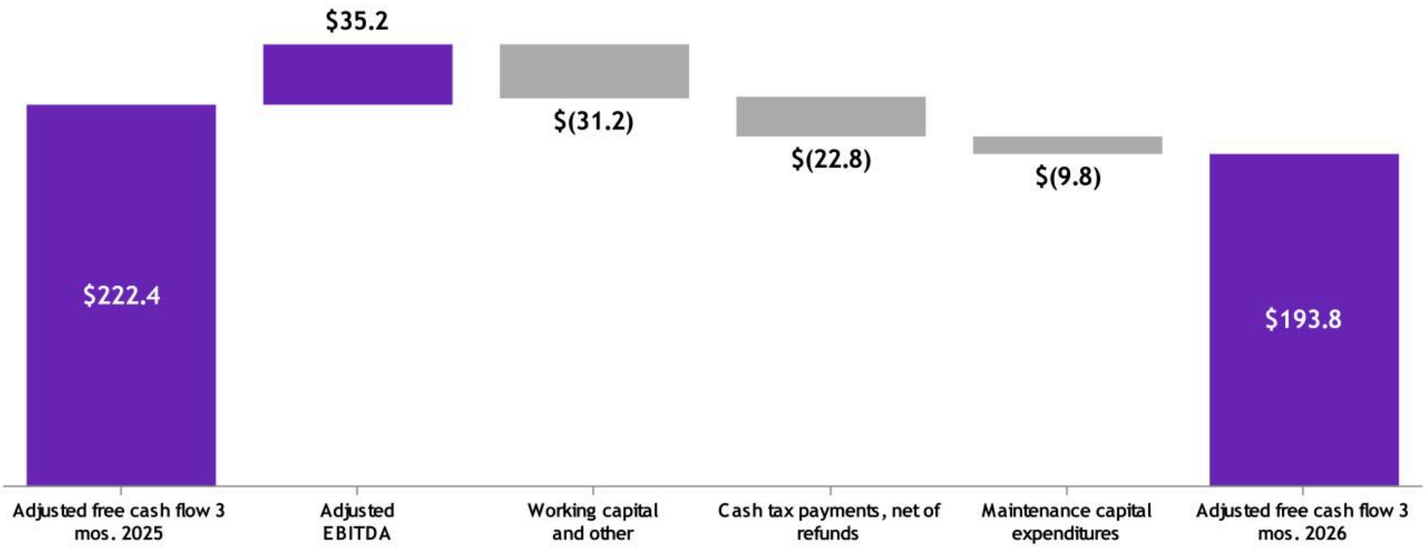
▶ Adjusted earnings per share removes from GAAP earnings per share the impact of items the Company believes are not indicative of its ongoing operating performance.

* Adjusted EPS may not sum due to rounding. See complete calculations of adjusted earnings per share on pages 29-31.

 Refer to pages 32-33 for end notes.

Adjusted free cash flow(7)

($ in millions)



2026 Guidance *(as of April 30, 2026)*

($ in millions, except per share data)	Previous Guidance	Updated Guidance
Net Operating Revenue	$6,365 to $6,465	$6,375 to $6,470
Adjusted EBITDA[3]	$1,340 to $1,380	$1,350 to $1,380
Adjusted earnings per share from continuing operations attributable to Encompass Health[5]	$5.81 to $6.10	$5.89 to $6.11

Reconciliations to GAAP provided on pages 26-31.
Refer to pages 32-33 for end notes.

2026 Guidance considerations *(as of April 30, 2026)*

Pricing

- Medicare pricing increase of approximately 3.0% for Q1-Q3; approximately 2.4% for Q4
- Managed Care pricing increase of 2.0% to 3.0%
- Bad debt reserves of 2.0% to 2.5% of revenue

Labor

- SWB per FTE increase of 3.0% to 3.5%

Capacity additions

- 8 new hospitals with a total of 389 beds
- Net pre-opening and ramp-up costs of $18 million to $22 million (inclusive of costs associated with 2027 openings incurred in 2026)
- 150 to 200 beds to existing hospitals

Corporate

- Tax rate of approximately 26%
- Diluted share count of approximately 101 million shares

Adjusted free cash flow[7] assumptions *(as of April 30, 2026)*

Certain cash flow items ($ in millions)	3 Months 2026 Actuals	2025 Actuals	2026 Assumptions
Cash interest payments (net of amortization of debt discounts and fees)	$29.4	$113.6	$110 to $120
Cash payments for income taxes, net of refunds[8]	$23.3	$124.0	$160 to $190
Working capital and other	$58.5	$2.9	$10 to $40
Maintenance CAPEX	$43.8	$209.5	$225 to $240
Adjusted free cash flow	**$193.8**	**$817.9**	**$760 to $875**

Reconciliations to GAAP provided on pages 26-31.
Refer to pages 32-33 for end notes.

Uses of free cash flow *(as of April 30, 2026)*

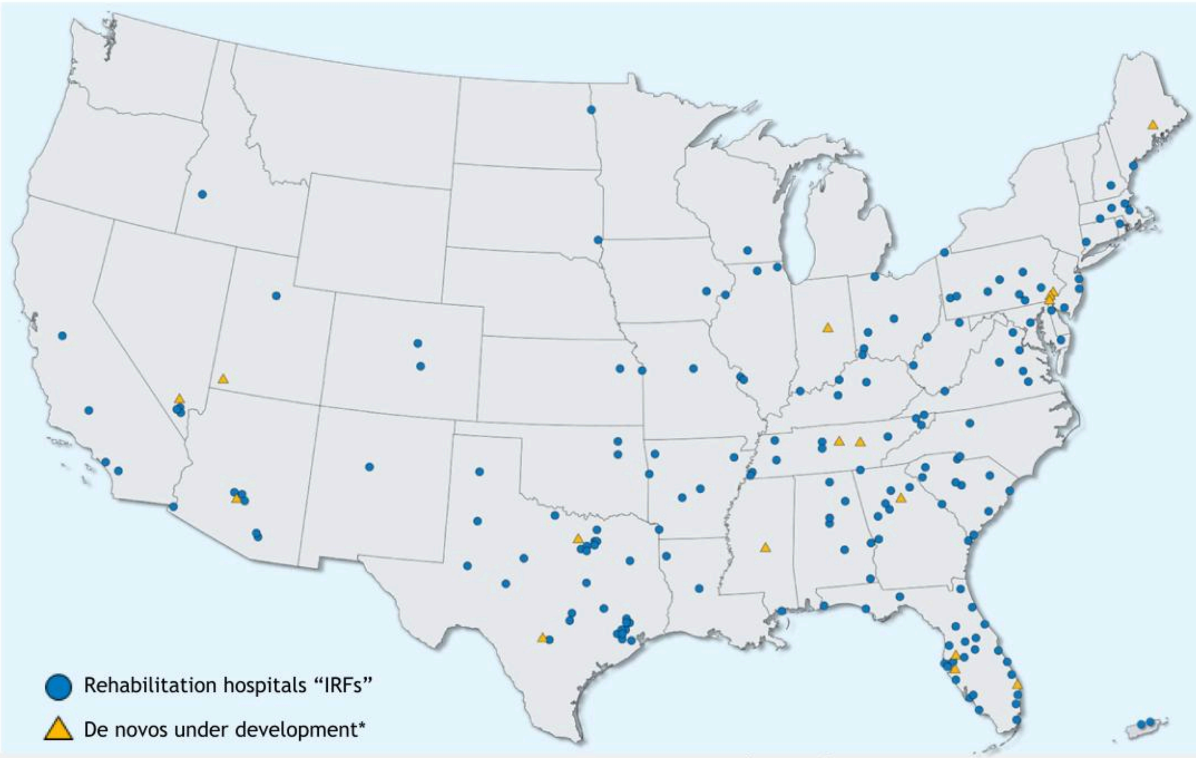
($ in millions)		3 Months 2026 Actuals	2025 Actuals	2026 Assumptions
Growth	Capacity expansions	$117.5	$526.4	$675 to $725
	Replacement IRFs	1.1	0.5	20 to 30
		$118.6	$526.9	$695 to $755
Debt reduction	Reduction (increase) in total debt[9]	($83.0)	$7.0	TBD
Shareholder distributions	Dividends on common stock	$20.3	$71.1	~ $77
	Common stock repurchases	$71.6	$158.0	TBD

- Approximately $261 million remaining under current authorization as of March 31, 2026[10]

Refer to pages 32-33 for end notes.

Appendix

Encompass Health | Largest owner and operator of rehabilitation hospitals



Company profile as of 03/31/26

174 Rehabilitation hospitals "IRFs"

66 are joint ventures

18 IRFs under development**

39 States and Puerto Rico

Key statistics - trailing four quarters

~266,100 patient discharges

~$6.1 Billion in revenue

~42,600 employees

*De novos under development - previously announced de novo hospitals under development as of April 30, 2026.
**IRFs under development as of April 30, 2026, include de novo and remote and satellite locations.(11)
Refer to pages 32-33 for end notes.

Growth targets, fundamentals and value drivers

2023 - 2027 Growth targets

- 6 to 10 de novos per year
- 80 to 120 bed additions per year
- 6% to 8% discharge CAGR

Large, under penetrated, and growing inpatient rehabilitation market

- Large addressable market indicated by low conversion rate of presumptively eligible inpatient rehabilitation patients
- Favorable demographics driving increased demand for rehabilitation services
- Unparalleled clinical expertise for treating inpatient rehabilitation conditions with consistent delivery of high-quality, cost-effective care
- Capacity addition strategy delivers attractive financial returns
- Cash flow and capital availability to fund capacity additions
- Fragmented sector presents unit acquisition and joint venture opportunities
- Significant barriers to entry and economies of scale
- Resilient business model with focus on non-discretionary conditions occurring predominantly in an aging population

Shareholder distributions

- Cash dividend (currently $0.19 per share per quarter)
- Approximately $261 million remaining under current stock repurchase authorization as of March 31, 2026[10]

Refer to pages 32-33 for end notes.

Multiple modalities for capacity expansion - beginning 2026

De novos (6-10 hospitals per year)	Bed additions (150-200 beds per year)	Small format hospitals (1-4 hospitals per year)
• Freestanding hospitals (inclusive of remote and satellite locations[11]) with greater than 30 beds • 4-8 acres of real estate • Two primary prototypes - one and two story - to best fit available real estate • Typically can accommodate future expansion	• Addresses high occupancy levels at existing hospitals • Project size can vary depending on market demand, available land, CON requirements, etc. • Leverages existing market demand, established referral sources and payor contracts, and elements of fixed infrastructure and management team	• First opening to occur in 2027 • Freestanding hospital with 20-30 beds • Facilitates a hub and spoke strategy in large and growing markets • 2-3 acres of real estate within 35 miles of an existing hospital to operate as a remote location • Leverages management of existing Encompass Health hospital • Non-expandable

Refer to pages 32-33 for end notes.

Development activity

Inpatient Rehabilitation Hospitals opened or under development

	Joint venture	Expected open date	Number of beds 2026	Number of beds 2027
De novos				
Irmo, SC			49	–
Concordville, PA		2Q26	50	–
Loganville, GA	✓	2Q26	40	–
Norristown, PA		3Q26	50	–
Bangor, ME		4Q26	50	–
San Antonio, TX		4Q26	50	–
Avondale, AZ		4Q26	60	–
Wesley Chapel, FL			–	50
Apollo Beach, FL			–	50
St. George, UT			–	50
Fishers, IN			–	50
Haslet, TX			–	50
Flowood, MS			–	50
Cookeville, TN	✓		–	40
Remote and satellite[11]				
Cleveland, TN		4Q26	40	–
Other bed additions			150 to 200	150 to 200
Total capacity expansion*			**539 to 589**	**490 to 540**

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IRF development projects announced and underway**

1Q 2026 Development activity highlights

De novos opened	# of beds	JV
• Irmo, SC	49	
Beds added to existing hospitals		
	44	
De novo announcements		
• Flowood, MS	50	
• Bear, DE	40	

*All dates are tentative and subject to change
**IRFs under development as of April 30, 2026, include de novo and remote and satellite locations.[11]
Refer to pages 32-33 for end notes.

RCD and TEAM

Review Choice Demonstration ("RCD")

RCD is a five-year demonstration project initiated by the Centers for Medicare & Medicaid Services ("CMS") providing either pre-claim or post-payment claim review to demonstrate compliance with Medicare IRF rules. This demonstration is only applicable to Medicare fee-for-service claims.

Status of RCD rollout

State	MAC	# of EHC hospitals impacted	Start Date
Alabama	Palmetto	7	August 2023
Pennsylvania	Novitas	2*	June 2024
Texas	Novitas	24*	March 2026
California	Noridian	3	May 2026

**Inclusive of hospitals in Texas (1) and Pennsylvania (2) opening later in 2026.*

Transforming Episode Accountability Model ("TEAM")

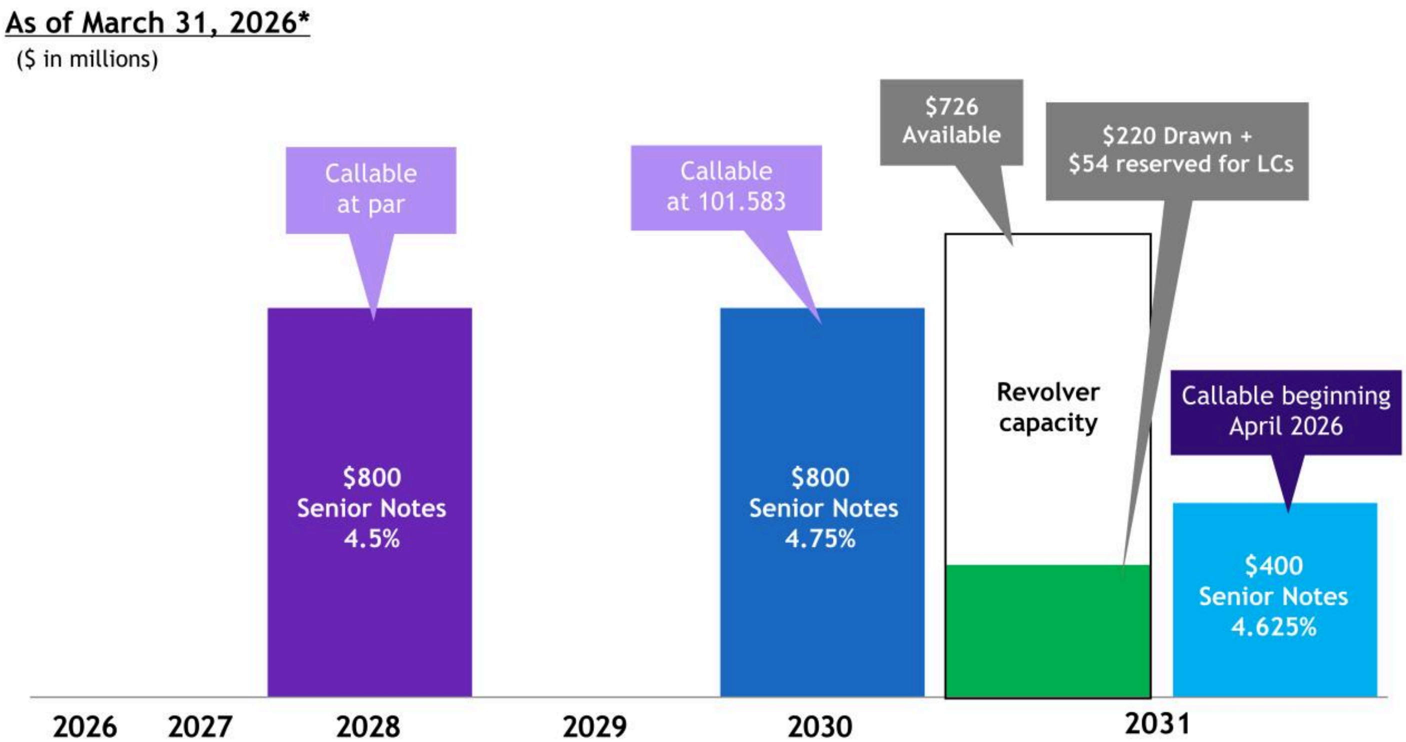
A CMS 30-day bundled payment initiative for certain acute care hospitals ("ACHs") covering five surgical episode groups.

- Medicare FFS population only for 189 of 935 CBSAs (700+ ACHs)
- 5-year period from Jan. 2026 to Dec. 2030
- Surgical episode groups included: Lower extremity joint replacement (LEJR); surgical hip and femur fracture treatment (SHFFT); coronary artery bypass graft (CABG); spinal fusion; major bowel procedure
- ACHs may not restrict Medicare beneficiaries' choice of post-acute provider.
- Medicare beneficiaries eligible for Medicare on the basis of having end stage renal disease are excluded from TEAM.

Potential impact factors:

- 89 EHC hospitals are in TEAM markets; 41 are joint ventures
- ~2% of EHC total discharges were within TEAM geographic, condition (procedure) and payor parameters in 2024.
- No downside risk in year 1 for ACHs
- Quality of outcomes impacts ACHs' bonus amounts.

Debt maturity profile - face value



▶ Amended and restated credit agreement, extending maturity date to March 2031

* This chart does not include ~$288 of finance lease obligations or ~$91 of other notes payable. See the debt schedule on page 21.

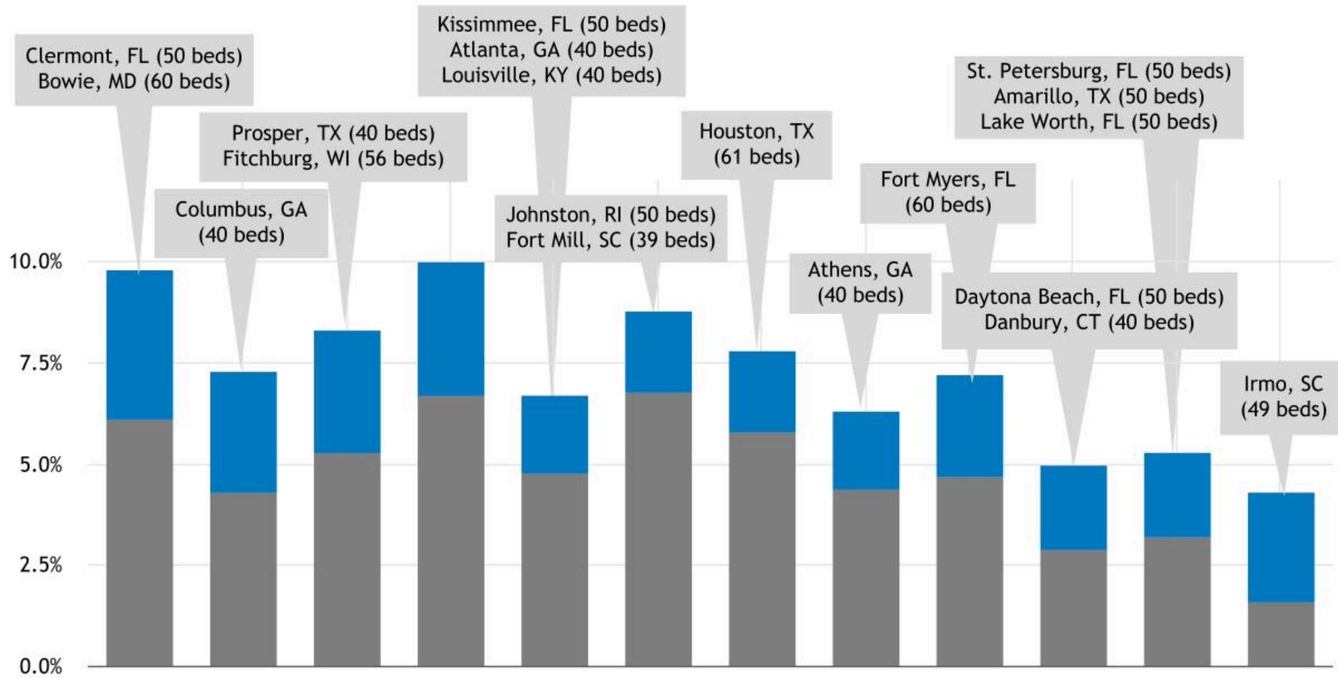
Debt schedule

($ in millions)	March 31, 2026	December 31, 2025	Change in Debt vs. YE 2025
Advances under $1 billion revolving credit facility	$ 220.0	$ 130.0	$ 90.0
Bonds Payable:			
4.50% Senior Notes due 2028	792.9	792.0	0.9
4.75% Senior Notes due 2030	787.7	787.0	0.7
4.625% Senior Notes due 2031	393.8	393.6	0.2
Other notes payable	91.2	93.6	(2.4)
Finance lease obligations	288.2	294.6	(6.4)
Long-term debt	**$ 2,573.8**	**$ 2,490.8**	**$ 83.0**
Debt to Adjusted EBITDA	**2.0x**	**2.0x**	
Leverage net of cash and cash equivalents	**1.9x**	**1.9x**	

The leverage ratio for 1Q26 stated in terms of the most comparable GAAP measurement would be Debt to Net cash provided by operating activities: 2.1x

The leverage ratio for 2025 stated in terms of the most comparable GAAP measurement would be Debt to Net cash provided by operating activities: 2.1x

New-store/same-store growth



Discharges	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026
New store	3.6%	3.0%	3.0%	3.3%	1.9%	2.0%	2.0%	1.9%	2.5%	2.1%	2.1%	2.7%
Same store[12]	6.2%	4.3%	5.3%	6.7%	4.8%	6.8%	5.8%	4.4%	4.7%	2.9%	3.2%	1.6%
Total by quarter	9.8%	7.3%	8.3%	10.0%	6.7%	8.8%	7.8%	6.3%	7.2%	5.0%	5.3%	4.3%
Total by year			8.7%				8.3%				6.0%	
Same store by year[12]			4.8%				5.6%				3.4%	

Refer to pages 32-33 for end notes.

Payment sources (percent of revenues)

	Q1		Full Year
	2026	2025	2025
Medicare	65.5 %	67.0 %	65.4 %
Medicare Advantage	16.2 %	16.5 %	16.4 %
Managed care	10.6 %	10.0 %	10.7 %
Medicaid	2.9 %	2.9 %	3.1 %
Other third-party payors	0.7 %	0.6 %	0.7 %
Workers' compensation	0.5 %	0.4 %	0.5 %
Patients	0.4 %	0.2 %	0.3 %
Other income	3.2 %	2.4 %	2.9 %
Total	100.0 %	100.0 %	100.0 %

Operational metrics

	Q1 2026	Q4 2025	Q3 2025	Q2 2025	Q1 2025	Full Year 2025
Net operating revenues:			(In Millions)			
Inpatient	$1,533.7	$1,497.6	$1,427.3	$1,413.7	$1,417.7	$5,756.3
Other	52.9	47.0	50.2	44.0	37.7	178.9
Net operating revenues	$1,586.6	$1,544.6	$1,477.5	$1,457.7	$1,455.4	$5,935.2
			(Actual Amounts)			
Discharges[13]	67,763	67,238	65,839	65,237	64,985	263,299
Net patient revenue per discharge	$ 22,633	$ 22,273	$ 21,679	$ 21,670	$ 21,816	$ 21,862
Outpatient visits	21,935	22,325	22,361	21,597	19,955	86,238
Average length of stay	12.1	12.0	12.1	12.0	12.2	12.1
Occupancy %	78.7 %	76.3 %	76.2 %	76.6 %	78.8 %	75.9 %
# of licensed beds	11,541	11,465	11,352	11,233	11,159	11,465
Occupied beds	9,083	8,748	8,650	8,604	8,793	8,702
Full-time equivalents (FTEs) - internal	29,599	29,236	29,198	28,784	28,572	28,948
Contract labor FTEs	345	313	354	379	375	355
Total FTEs[14]	29,944	29,549	29,552	29,163	28,947	29,303
EPOB[15]	3.30	3.38	3.42	3.39	3.29	3.37

Refer to pages 32-33 for end notes.

Share information

	Weighted Average for the Period				
	Q1		Full Year		
(in millions)	2026	2025	2025	2024	2023
Basic shares outstanding	99.2	100.5	100.5	99.9	99.5
Restricted stock awards, dilutive stock options, and restricted stock units	1.4	1.6	1.7	2.3	1.8
Diluted shares outstanding	100.6	102.1	102.2	102.2	101.3

	End of Period				
	Q1		Full Year		
(in millions)	2026	2025	2025	2024	2023
Basic shares outstanding	99.4	100.9	100.0	100.8	100.3

Net cash provided by operating activities reconciled to Adjusted EBITDA[3]

($ in millions)	Q1 2026	Q1 2025	Full Year 2025
Net cash provided by operating activities	$ 313.1	$ 288.6	$ 1,175.6
Interest expense and amortization of debt discounts and fees	31.8	31.8	123.2
Gain (loss) on investments, excluding impairments	16.2	(0.1)	5.9
Equity in net income of nonconsolidated affiliates	0.4	0.9	4.3
Net income attributable to noncontrolling interests in continuing operations	(53.7)	(45.0)	(192.9)
Amortization of debt-related items	(2.4)	(2.4)	(9.6)
Distributions from nonconsolidated affiliates	(0.1)	(0.5)	(4.1)
Current portion of income tax expense	47.9	32.8	170.6
Change in assets and liabilities	33.8	7.5	(4.3)
Cash (provided by) used in operating activities of discontinued operations	(21.2)	0.7	1.4
Change in fair market value of marketable securities	0.2	(0.7)	(2.5)
Gain on sale[4]	(17.5)	—	—
Other	0.3	—	0.3
Adjusted EBITDA	$ 348.8	$ 313.6	$ 1,267.9

Refer to pages 32-33 for end notes.

Reconciliation of net income to Adjusted EBITDA[3]

($ in millions)	Q1 2026	Q1 2025	Full Year 2025
Net income	$ 248.2	$ 196.5	$ 759.1
(Income) loss from discontinued operations, net of tax, attributable to Encompass Health	(15.9)	0.5	1.0
Net income attributable to noncontrolling interests included in continuing operations	(53.7)	(45.0)	(192.9)
Provision for income tax expense	56.4	41.6	192.9
Interest expense and amortization of debt discounts and fees	31.8	31.8	123.2
Depreciation and amortization	87.3	79.2	327.9
Loss on early extinguishment of debt	0.2	—	—
Loss on disposal or impairment of assets	0.3	0.2	2.7
Stock-based compensation	11.5	9.5	56.5
Change in fair market value of marketable securities	0.2	(0.7)	(2.5)
Gain on sale[4]	(17.5)	—	—
Adjusted EBITDA	$ 348.8	$ 313.6	$ 1,267.9

Refer to pages 32-33 for end notes.

Reconciliation of net cash provided by operating activities to adjusted free cash flow[7]

($ in millions)	Q1 2026	Q1 2025	Full Year 2025
Net cash provided by operating activities	$ 313.1	$ 288.6	$ 1,175.6
Impact of discontinued operations	(21.2)	0.7	1.4
Net cash provided by operating activities of continuing operations	291.9	289.3	1,177.0
Capital expenditures for maintenance	(43.8)	(34.0)	(209.5)
Distributions paid to noncontrolling interests of consolidated affiliates	(57.8)	(32.9)	(152.1)
Items not indicative of ongoing operating performance:			
Transaction costs and related liabilities	3.5	—	2.5
Adjusted free cash flow	**$ 193.8**	**$ 222.4**	**$ 817.9**
Cash dividends on common stock	**$ 20.3**	**$ 18.0**	**$ 71.1**

Refer to pages 32-33 for end notes.

Adjusted EPS(5) - Q1 2026

	For the Three Months Ended March 31, 2026					
		Adjustments				
	As Reported	Loss on Early Exting. of Debt	Income Tax Adjustments(6)	Change in Fair Market Value of Marketable Securities	Gain on Sale(4)	As Adjusted
	($ in millions, except per share amounts)					
Adjusted EBITDA	$ 348.8	$ —	$ —	$ —	$ —	$ 348.8
Depreciation and amortization	(87.3)	—	—	—	—	(87.3)
Interest expense and amortization of debt discounts and fees	(31.8)	—	—	—	—	(31.8)
Stock-based compensation	(11.5)	—	—	—	—	(11.5)
Loss on disposal or impairment of assets	(0.3)	—	—	—	—	(0.3)
Loss on early extinguishment of debt	(0.2)	0.2	—	—	—	—
Change in fair market value of marketable securities	(0.2)	—	—	0.2	—	—
Gain on sale(4)	17.5	—	—	—	(17.5)	—
Income from continuing operations before income tax expense	235.0	0.2	—	0.2	(17.5)	217.9
Provision for income tax expense	(56.4)	(0.1)	(4.7)	—	4.5	(56.7)
Income from continuing operations attributable to Encompass Health	$ 178.6	$ 0.1	$ (4.7)	$ 0.2	$ (13.0)	$ 161.2
Diluted earnings per share from continuing operations*	$ 1.77	$ —	$ (0.05)	$ —	$ (0.13)	$ 1.60
Diluted shares used in calculation	100.6					

* Adjusted EPS may not sum across due to rounding.
Refer to pages 32-33 for end notes.

Adjusted EPS[5] - Q1 2025

	For the Three Months Ended March 31, 2025			
		Adjustments		
	As Reported	Income Tax Adjustments[6]	Change in Fair Market Value of Marketable Securities	As Adjusted
	($ in millions, except per share amounts)			
Adjusted EBITDA	$ 313.6	$ —	$ —	$ 313.6
Depreciation and amortization	(79.2)	—	—	(79.2)
Interest expense and amortization of debt discounts and fees	(31.8)	—	—	(31.8)
Stock-based compensation	(9.5)	—	—	(9.5)
Loss on disposal or impairment of assets	(0.2)	—	—	(0.2)
Change in fair market value of marketable securities	0.7	—	(0.7)	—
Income from continuing operations before income tax expense	193.6	—	(0.7)	192.9
Provision for income tax expense	(41.6)	(12.0)	0.2	(53.4)
Income from continuing operations attributable to Encompass Health	$ 152.0	$ (12.0)	$ (0.5)	$ 139.5
Diluted earnings per share from continuing operations*	$ 1.48	$ (0.12)	$ —	$ 1.37
Diluted shares used in calculation	102.1			

* Adjusted EPS may not sum across due to rounding.
Refer to pages 32-33 for end notes.

Adjusted EPS[5] - 2025

	For the Year Ended December 31, 2025			
		Adjustments		
	As Reported	Income Tax Adjustments[6]	Change in Fair Market Value of Marketable Securities	As Adjusted
	($ in millions, except per share amounts)			
Adjusted EBITDA	**$1,267.9**	**$ —**	**$ —**	**$1,267.9**
Depreciation and amortization	(327.9)	—	—	(327.9)
Interest expense and amortization of debt discounts and fees	(123.2)	—	—	(123.2)
Stock-based compensation	(56.5)	—	—	(56.5)
Loss on disposal or impairment of assets	(2.7)	—	—	(2.7)
Change in fair market value of marketable securities	2.5	—	(2.5)	—
Income from continuing operations before income tax expense	760.1	—	(2.5)	757.6
Provision for income tax expense	(192.9)	(7.9)	0.6	(200.2)
Income from continuing operations attributable to Encompass Health	**$ 567.2**	**$ (7.9)**	**$ (1.9)**	**$ 557.4**
Diluted earnings per share from continuing operations*	**$ 5.55**	**$ (0.08)**	**$ (0.02)**	**$ 5.45**
Diluted shares used in calculation	**102.2**			

* Adjusted EPS may not sum across due to rounding.
Refer to pages 32-33 for end notes.

End notes

(1) Historically, we used the term “Outpatient and other” revenue to report revenue related to our outpatient business and other revenue sources. As we have decreased our outpatient business, the associated revenues do not represent the primary source of “Outpatient and other” revenue. As of December 31, 2025, this category of revenue is referred to as “Other” revenue.

(2) Historically, we have used the term “provider tax revenues” to refer to “Medicaid supplemental payments,” both of which represent amounts received in connection with state Medicaid programs that are not included in the specific Medicaid claim reimbursements we receive. These amounts include state directed and supplemental payment programs associated with Medicaid. Provider taxes are amounts paid by us to fund, in part, state Medicaid programs. We have used the term “net provider tax revenues” to represent the difference between provider taxes paid and the Medicaid supplemental payments received.

(3) Adjusted EBITDA is a non-GAAP financial measure. The Company’s leverage ratio (total consolidated debt to Adjusted EBITDA for the trailing four quarters) is, likewise, a non-GAAP measure. Management and some members of the investment community utilize Adjusted EBITDA as a financial measure and the leverage ratio as a liquidity measure on an ongoing basis. These measures are not recognized in accordance with GAAP and should not be viewed as an alternative to GAAP measures of performance or liquidity. In evaluating Adjusted EBITDA, the reader should be aware that in the future the Company may incur expenses similar to the adjustments set forth.

(4) On December 31, 2025, we entered into an agreement to sell our 50% membership interest in Gamma Knife Center at Barnes-Jewish Hospital, LLC (“Gamma Knife”) to our existing joint venture partner, Barnes-Jewish Hospital, LLC, for $17.9 million effective January 1, 2026. We accounted for Gamma Knife as an equity method investment. As a result of this transaction, we recorded a $17.5 million pre-tax gain during the three months ended March 31, 2026.

(5) The Company is providing adjusted earnings per share from continuing operations attributable to Encompass Health (“adjusted earnings per share”), which is a non-GAAP measure. The Company believes the presentation of adjusted earnings per share provides useful additional information to investors because it provides better comparability of ongoing operating performance to prior periods given that it excludes the impact of government, class action, and related settlements, professional fees - accounting, tax, and legal, mark-to-market adjustments for stock appreciation rights, gains or losses related to hedging and equity instruments, loss on early extinguishment of debt, adjustments to its income tax provision (such as valuation allowance adjustments, settlements of income tax claims, windfall tax benefits and executive compensation disallowance), items related to corporate and facility restructurings, and certain other items deemed to be non-indicative of ongoing operating performance. It is reasonable to expect that one or more of these excluded items will occur in future periods, but the amounts recognized can vary significantly from period to period and may not directly relate to the Company's ongoing operating performance. Accordingly, they can complicate comparisons of the Company's results of operations across periods and comparisons of the Company's results to those of other healthcare companies. Adjusted earnings per share should not be considered as a measure of financial performance under generally accepted accounting principles in the United States as the items excluded from it are significant components in understanding and assessing financial performance. Because adjusted earnings per share is not a measurement determined in accordance with GAAP and is thus susceptible to varying calculations, it may not be comparable as presented to other similarly titled measures of other companies.

(6) Income tax adjustments primarily relate to windfall tax benefits and executive compensation disallowance.

(7) The definition of adjusted free cash flow, which is a non-GAAP measure, is net cash provided by operating activities of continuing operations minus capital expenditures for maintenance, distributions to noncontrolling interests, and certain items deemed to be non-indicative of ongoing operating performance. Common stock dividends are not included in the calculation of adjusted free cash flow. Because this measure is not determined in accordance with GAAP and is susceptible to varying calculations, it may not be comparable to other similarly titled measures presented by other companies.

Reconciliations to GAAP provided on pages 26-31.

End notes (continued)

(8) The increase in our assumption for cash taxes compared to our prior assumption (provided February 5, 2026) is primarily driven by (i) gains recognized on the sale of our 50% membership interest in the Gamma Knife Center at Barnes-Jewish Hospital, LLC to our existing joint venture partner for $17.9 million, and (ii) the recovery of approximately $22 million of attorneys' fees and other expenses in *Enhabit, Inc. et al. v. Nautic Partners IX, L.P., et al., C.A. No. 2022-0837-LWW (Del. Ch.)*. The cash associated with these gains is not included in free cash flow.

(9) Cash used for net debt borrowings were $81.1 million during the three months ended March 31, 2026. Cash used for net debt redemptions were $29.0 million during the twelve months ended December 31, 2025.

(10) On October 28, 2013, the Company announced its board of directors authorized the repurchase of up to $200 million of its common stock. On February 14, 2014, the Company's board approved an increase in this common stock repurchase authorization from $200 million to $250 million. As of June 30, 2018, the remaining repurchase authorization was approximately $58 million. On July 24, 2018, the Company's board approved resetting the aggregate common stock repurchase authorization to $250 million. As of June 30, 2024, the remaining repurchase authorization was approximately $181 million. On July 24, 2024, the Company's board approved resetting the aggregate common stock repurchase authorization to $500 million. As of March 31, 2026, the remaining repurchase authorization was approximately $261 million.

(11) Our inpatient rehabilitation hospitals ("IRFs") may operate one or more satellite and/or remote locations. Satellite and remote locations are located within 35 miles to one of our existing IRFs but do not have a separate Medicare provider number. As such, they are considered a bed addition, are included in same store results from the day of opening, and are not included in our count of total open hospitals. As of March 31, 2026, we operated 9 remote locations.

(12) Same-store comparisons are calculated based on hospitals open throughout both the full current periods and prior periods presented. These comparisons include the financial results of market consolidation transactions and capacity expansions (including the addition of satellite and remote hospitals) in existing markets.

(13) Represents discharges from 174 consolidated hospitals in Q1 2026; 173 consolidated hospitals in Q4 2025; 170 consolidated hospitals in Q3 2025; 168 consolidated hospitals in Q2 2025 and 167 consolidated hospitals in Q1 2025.

(14) Total full-time equivalents included in the table represent Encompass Health employees who participate in or support the operations of our hospitals and include full-time equivalents related to contract labor.

(15) Employees per occupied bed, or "EPOB," is calculated by dividing the number of total full-time equivalents, including full-time equivalents from the utilization of contract labor, by the number of occupied beds during each period.