UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2026

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ______ to ______.

Commission file number: 001-41406

Enhabit, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**47-2409192**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
6688 N. Central Expressway, Suite 1300, Dallas, Texas	**75206**
(Address of principal executive offices)	(Zip Code)

(214) 239-6500

(Registrant's telephone number, including area code)

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	**EHAB**	**New York Stock Exchange**

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☐
		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. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of May 4, 2026, the registrant had 51,225,606 shares of its common stock, par value $0.01 per share, outstanding.

ENHABIT, INC.
FORM 10-Q
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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This quarterly report contains historical information, as well as forward-looking statements (within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) that involve known and unknown risks and relate to, among other things, future events, projections, financial guidance, legislative or regulatory developments, strategy or growth opportunities, our future financial performance, our projected business results, or our projected capital expenditures. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. In some cases, the reader can identify forward-looking statements by terminology such as “may,” “will,” “should,” “could,” “expects,” “plans,” “anticipates,” “believes,” “estimates,” “predicts,” “targets,” “potential,” or “continue” or the negative of these terms or other comparable terminology. Any forward-looking statement speaks only as of the date of this report, and the Company 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, many of which are beyond our control. Actual events or results may differ materially from the results 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 the Company include, but are not limited to, disruption from the proposed Merger (as defined herein) with patient, payor, provider, referral source, supplier or management and employee relationships; the occurrence of any event, change or other circumstances that could give rise to the termination of the Merger Agreement (as defined herein) or the inability to complete the proposed transaction on the anticipated terms and timetable; the risk that certain state regulatory approvals for the proposed Merger are delayed, are not obtained or are obtained subject to conditions that are not anticipated; the failure of the conditions to the proposed Merger to be satisfied; the costs related to the proposed transaction; the diversion of management time on Merger-related issues; the risk that termination fees may be payable by us in the event that the Merger Agreement is terminated under certain circumstances; reputational risk related to the proposed Merger; the risk of litigation or regulatory action related to the proposed Merger; our ability to execute on our strategic plans; regulatory and other developments impacting the markets for our services; changes in reimbursement rates; general economic conditions; changes in the episodic versus non-episodic mix of our payers, the case mix of our patients, and payment methodologies; our ability to attract and retain key management personnel and healthcare professionals; potential disruptions or breaches of our or our vendors’, payers’, and other contract counterparties’ information systems; the outcome of litigation; quality performance and ratings; our ability to successfully complete and integrate de novo locations, acquisitions, investments, and joint ventures; our ability to successfully integrate technology in our operations; and our ability to control costs, particularly labor and employee benefit costs. Our Annual Report on Form 10-K for the year ended December 31, 2025 filed March 5, 2026, which can be found on the Company’s website at http://investors.ehab.com, discusses these and other risks and factors that could cause actual results to differ materially from those expressed or implied by any forward-looking statement in this report.

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS (UNAUDITED)

ENHABIT, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

	Three Months Ended March 31,	
(in millions, except per share data)	**2026**	**2025**
Net service revenue	**$ 264.8**	$ 259.9
Cost of service, excluding depreciation and amortization	**134.2**	130.2
General and administrative expenses	**96.7**	107.5
Depreciation and amortization	**4.6**	6.3
Operating income (loss)	**29.3**	15.9
Interest income	**3.8**	—
Interest expense and amortization of debt discounts and fees	**10.0**	9.4
Other (income) expenses	**0.1**	(19.3)
Income (loss) before income taxes and noncontrolling interests	**23.0**	25.8
Provision for (benefit from) income taxes	**3.1**	7.4
Net income (loss)	**19.9**	18.4
Less: Net income attributable to noncontrolling interests	**0.7**	0.6
Net income (loss) attributable to Enhabit, Inc.	**$ 19.2**	$ 17.8
Weighted average common shares outstanding:		
Basic	**51.2**	50.5
Diluted	**52.9**	50.8
Earnings (loss) per common share:		
Basic earnings (loss) per share attributable to Enhabit, Inc. common stockholders	**$ 0.37**	$ 0.35
Diluted earnings (loss) per share attributable to Enhabit, Inc. common stockholders	**$ 0.36**	$ 0.35

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

ENHABIT, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(UNAUDITED)

	Three Months Ended March 31,	
(in millions)	**2026**	**2025**
Net income (loss)	**$ 19.9**	$ 18.4
Other comprehensive income (loss):		
Unrealized gain (loss) on cash flow hedges, net of tax expense of $— and $— respectively	**—**	—
Total other comprehensive income (loss)	**—**	—
Comprehensive income (loss) including noncontrolling interests	**19.9**	18.4
Less: Comprehensive income attributable to noncontrolling interests	**0.7**	0.6
Comprehensive income (loss) attributable to Enhabit, Inc.	**$ 19.2**	$ 17.8

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

ENHABIT, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

(in millions)	March 31, 2026	December 31, 2025
Assets		
Current assets:		
Cash and cash equivalents	$ 50.0	$ 43.6
Restricted cash	1.5	1.9
Accounts receivable, net of allowances	154.4	144.0
Prepaid expenses and other current assets	13.3	16.1
Total current assets	219.2	205.6
Property and equipment, net	16.7	15.5
Operating lease right-of-use assets	49.7	49.8
Goodwill	855.3	855.3
Intangible assets, net	35.1	38.5
Other long-term assets	2.9	2.4
Total assets	$ 1,178.9	$ 1,167.1
Liabilities and Stockholders' Equity		
Current liabilities:		
Current portion of long-term debt	$ 26.0	$ 22.3
Current portion of operating lease liabilities	12.5	12.6
Accounts payable	8.6	9.2
Accrued payroll	50.9	40.4
Other current liabilities	42.2	41.8
Total current liabilities	140.2	126.3
Long-term debt, net of current portion	402.6	426.0
Long-term operating lease liabilities, net of current portion	39.0	39.1
Deferred income tax liabilities	13.2	11.5
Other long-term liabilities	—	0.1
Total liabilities	595.0	603.0
Commitments and contingencies (See Note 6)		
Redeemable noncontrolling interests	5.0	5.0
Stockholders' equity:		
Total Enhabit, Inc. stockholders' equity	553.5	534.0
Noncontrolling interests	25.4	25.1
Total stockholders' equity	578.9	559.1
Total liabilities and stockholders' equity	$ 1,178.9	$ 1,167.1

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

ENHABIT, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(UNAUDITED)

	Three Months Ended March 31, 2026								
	Enhabit, Inc. Common Stockholders								
	Common Stock		Capital in Excess of Par Value	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Treasury Stock		Noncontrolling Interests	Total
(in millions)	**Shares**	**Amount**				**Shares**	**Amount**		
Balance at December 31, 2025	50.7	$ 0.5	$ 443.6	$ —	$ 93.7	0.5	$ (3.8)	$ 25.1	$ 559.1
Net income	—	—	—	—	**19.2**	—	—	**0.7**	**19.9**
Distributions	—	—	—	—	—	—	—	**(0.4)**	**(0.4)**
Stock-based compensation expense	—	—	**3.9**	—	—	—	—	—	**3.9**
Shares forfeited, including forfeitures due to net share settlement of income taxes	**(0.3)**	—	—	—	—	**0.3**	**(3.6)**	—	**(3.6)**
Issuance of common stock pursuant to omnibus incentive plan	**0.8**	—	—	—	—	—	—	—	—
Balance at March 31, 2026	**51.2**	**$ 0.5**	**$ 447.5**	**$ —**	**$ 112.9**	**0.8**	**$ (7.4)**	**$ 25.4**	**$ 578.9**

	Three Months Ended March 31, 2025								
	Enhabit, Inc. Common Stockholders								
	Common Stock		Capital in Excess of Par Value	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Treasury Stock		Noncontrolling Interests	Total
(in millions)	**Shares**	**Amount**				**Shares**	**Amount**		
Balance at December 31, 2024	50.4	$ 0.5	$ 426.6	$ (0.2)	$ 98.3	0.2	$ (1.7)	$ 25.4	$ 548.9
Net (loss) income	—	—	—	—	17.8	—	—	0.6	18.4
Distributions	—	—	—	—	—	—	—	(0.9)	(0.9)
Stock-based compensation expense	—	—	3.2	—	—	—	—	—	3.2
Shares forfeited, including forfeitures due to net share settlement of income taxes	(0.2)	—	—	—	—	0.2	(1.3)	—	(1.3)
Issuance of common stock pursuant to omnibus incentive plan	0.4	—	—	—	—	—	—	—	—
Balance at March 31, 2025	50.6	$ 0.5	$ 429.8	$ (0.2)	$ 116.1	0.4	$ (3.0)	$ 25.1	$ 568.3

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

ENHABIT, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Three Months Ended March 31,	
(in millions)	2026	2025
Cash flows from operating activities:		
Net income	**$ 19.9**	$ 18.4
Adjustments to reconcile net income to net cash provided by operating activities—		
Depreciation and amortization	**4.6**	6.3
Amortization of debt-related costs	**2.3**	0.4
Loss (gain) on sale of investment and disposal of assets	**0.1**	(19.3)
Stock-based compensation	**3.9**	4.0
Deferred income taxes	**1.7**	1.2
Changes in assets and liabilities, net of acquisitions—		
Accounts receivable, net of allowances	**(10.4)**	(11.7)
Prepaid expenses and other assets	**2.7**	4.1
Accounts payable	**(0.6)**	1.4
Accrued payroll	**10.5**	11.6
Other liabilities	**0.5**	1.5
Net cash provided by operating activities	**35.2**	17.9
Cash flows from investing activities:		
Purchases of property and equipment, including capitalized software costs	**(2.5)**	(0.3)
Proceeds from sale of investment	**—**	21.0
Other	**(0.1)**	0.1
Net cash (used in) provided by investing activities	**(2.6)**	20.8
Cash flows from financing activities:		
Principal payments on term loan facility	**(330.0)**	(25.0)
Payments on revolving credit facility	**(115.0)**	—
Borrowings on term loan facility	**315.0**	—
Borrowings on revolving credit facility	**110.0**	—
Principal payments under finance lease obligations	**(0.6)**	(0.8)
Debt issuance costs	**(2.0)**	—
Distributions paid to noncontrolling interests of consolidated affiliates	**(0.4)**	(0.9)
Other	**(3.6)**	(1.5)
Net cash used in financing activities	**(26.6)**	(28.2)
Increase in cash, cash equivalents, and restricted cash	**6.0**	10.5
Cash, cash equivalents, and restricted cash at beginning of period	**45.5**	30.3
Cash, cash equivalents, and restricted cash at end of period	**$ 51.5**	$ 40.8

See also Note 9, *Supplemental Cash Flow Information*.

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

ENHABIT, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. Summary of Significant Accounting Policies

Organization and Description of Business. Enhabit, Inc. ("Enhabit" or the "Company"), incorporated in Delaware in 2014, provides a comprehensive range of Medicare-certified skilled home health and hospice services in 35 states, with a concentration in the southern half of the United States. The Company manages its operations and discloses financial information using two reportable segments: (i) Home Health and (ii) Hospice. See Note 7, *Segment Reporting*. Prior to July 1, 2022, the Company operated as a reporting segment of Encompass Health Corporation ("Encompass").

Separation from Encompass. On July 1, 2022, Encompass completed the separation of the Company through the distribution of all of the outstanding shares of common stock, par value $0.01 per share, of Enhabit to the stockholders of record of Encompass (the "Distribution"). As a result of the Distribution, Enhabit is now an independent public company, and its common stock is listed under the symbol "EHAB" on the New York Stock Exchange (the "Separation").

The Separation was completed pursuant to a separation and distribution agreement (the "Separation and Distribution Agreement") and other agreements with Encompass related to the Separation, including, but not limited to, a tax matters agreement (the "Tax Matters Agreement"), an employee matters agreement (the "Employee Matters Agreement"), and a transition services agreement (the "Transition Services Agreement" or "TSA"). Following the Separation, certain functions were provided by Encompass under the TSA. Following the expiration of the TSA, these functions are now performed using the Company's own resources or third-party providers.

See Note 3, *Long-Term Debt*, for more information.

Merger Agreement. As previously disclosed, on February 22, 2026, the Company entered into an Agreement and Plan of Merger (the "Merger Agreement"), pursuant to which the Company will be acquired by Anchor Parent, LLC, a Delaware limited liability company ("Parent"). Pursuant to the Merger Agreement, Anchor Merger Sub, Inc., a Delaware corporation ("Merger Sub") and a wholly owned subsidiary of Parent, will be merged with and into the Company (the "Merger"), with the Company surviving the Merger as a wholly owned subsidiary of Parent (the "Surviving Corporation"). Parent and Merger Sub are affiliates of funds advised by Kinderhook Industries, LLC (or an affiliate thereof). The Merger is expected to close in the second quarter of 2026, subject to customary closing conditions. See Enhabit's Current Report on Form 8-K filed on February 23, 2026 for more information regarding the Merger Agreement.

The consummation of the Merger remains subject to the satisfaction or, to the extent permitted under the Merger Agreement, waiver by each of us, Parent and Merger Sub, of closing conditions.

If the Merger is consummated, our common stock will no longer be publicly listed and traded on the New York Stock Exchange, our common stock will be deregistered under the Exchange Act, we will no longer file periodic reports with the SEC and existing stockholders will cease to have any ownership interest in the Company.

Basis of Presentation and Consolidation. The accompanying unaudited condensed consolidated financial statements of the Company and its subsidiaries should be read in conjunction with the audited consolidated financial statements and accompanying notes contained in the Company's Annual Report for the year ended December 31, 2025 on Form 10-K (the "Form 10-K") filed with the United States Securities and Exchange Commission (the "SEC") on March 5, 2026. The unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") and the rules and regulations of the SEC applicable to interim financial information. Accordingly, certain information and note disclosures included in financial statements prepared in accordance with GAAP have been omitted in these interim statements, as allowed by such SEC rules and regulations. The unaudited Condensed Consolidated Balance Sheet as of December 31, 2025 has been derived from audited financial statements, but it does not include all disclosures required by GAAP. However, management believes the disclosures are adequate to make the information presented not misleading.

The unaudited results of operations for the interim periods shown in these financial statements are not necessarily indicative of operating results for the entire year. In management's opinion, the accompanying unaudited condensed consolidated financial statements recognize all adjustments of a normal recurring nature considered necessary for a fair statement of the financial position, results of operations, and cash flows for each interim period presented.

ENHABIT, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED, CONTINUED)

The unaudited condensed consolidated financial statements include the assets, liabilities, revenues, and expenses of all wholly-owned subsidiaries, majority-owned subsidiaries over which the Company exercises control, and, when applicable, entities in which the Company has a controlling financial interest. Enhabit eliminates all intercompany accounts and transactions within the Company from its financial results.

Net Service Revenue. *Net service revenue* disaggregated by payer source and segment is as follows (in millions):

	Home Health		Hospice		Consolidated	
	Three Months Ended March 31,					
	2026	2025	**2026**	2025	**2026**	2025
Medicare	**$ 106.4**	$ 114.2	**$ 61.8**	$ 57.2	**$ 168.2**	$ 171.4
Medicare Advantage	**68.7**	60.6	**—**	—	**68.7**	60.6
Managed Care	**22.3**	22.2	**0.7**	1.2	**23.0**	23.4
Medicaid	**2.0**	2.1	**0.5**	0.9	**2.5**	3.0
Other	**2.4**	1.5	**—**	—	**2.4**	1.5
Total	**$ 201.8**	$ 200.6	**$ 63.0**	$ 59.3	**$ 264.8**	$ 259.9

For a discussion of the Company's significant accounting policies, including its policy related to *Net service revenue*, see Note 1, *Summary of Significant Accounting Policies*, to the consolidated financial statements included in the Form 10-K.

Earnings Per Common Share. The following table sets forth the computation of diluted weighted average common shares outstanding for the three months ended March 31, 2026 and 2025 (in millions):

	Three Months Ended March 31,	
	2026	**2025**
Weighted average common shares outstanding:		
Basic	**51.2**	50.5
Dilutive effect of restricted stock, restricted stock units, and performance units	**1.7**	0.3
Diluted	**52.9**	50.8

A total of 0.3 million and 0.3 million options to purchase Enhabit's shares and 0.2 million and 0.4 million shares of restricted stock awards, performance units and restricted stock units were excluded from the diluted weighted average common shares outstanding for the three months ended March 31, 2026 and 2025, respectively, because their effects were anti-dilutive. See Note 9, *Stock-Based Payments*, to the consolidated financial statements included in the Form 10-K for additional information.

Other Current Liabilities. Accrued other expenses includes $9.0 million and $9.5 million of accrued hospice-related costs, $3.8 million and $4.4 million of legal fees, $6.0 million and $6.0 million of workers' compensation expense and $5.9 million and $7.1 million of medical insurance costs as of March 31, 2026 and December 31, 2025, respectively.

Recent Accounting Pronouncements. In November 2024, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2024-03, "Income Statement *(Topic 220)*: Reporting Comprehensive Income—Expense Disaggregation Disclosures." This standard requires more detailed information about specified categories of expenses (purchases of inventory, employee compensation, depreciation, amortization, and depletion) included in certain expense captions presented on the face of the income statement. This ASU is effective for fiscal years beginning after December 15, 2026 and for interim periods within fiscal years beginning after December 15, 2027. Early adoption is permitted. The amendments may be applied either (i) prospectively to financial statements issued for reporting periods after the effective date of this ASU or (ii) retrospectively to all prior periods presented in the financial statements. The Company is currently evaluating the potential impact this standard will have on its consolidated financial statements and related disclosures.

In December 2025, the FASB issued ASU 2025-11, "Interim Reporting *(Topic 270)*: Improvements to Interim Financial Statement Disclosures." This ASU introduces new requirements and clarifies existing guidance related to the presentation and disclosure of interim financial information. The amendments are intended to enhance the transparency and consistency of interim financial reporting by requiring additional disclosures regarding significant events or transactions that occur between annual reporting periods, as well as more detailed information about changes in estimates, accounting policies, and unusual or infrequent items. ASU 2025-11 is effective for public business entities for interim and annual periods beginning after December 15, 2027. Early adoption is permitted. The amendments should be applied prospectively to all interim periods presented after the effective date. The amendments may be applied either (i) prospectively to financial statements issued for reporting periods after the effective date of this ASU or (ii) retrospectively to all prior periods presented in the financial statements. The Company is currently evaluating the potential impact this standard will have on its consolidated financial statements and related disclosures.

In December 2025, the FASB issued ASU 2025-12, "Codification Improvements." This ASU is part of the FASB's ongoing efforts to clarify, correct, and improve the Accounting Standards Codification ("ASC") to ensure consistency and ease of application. The amendments in ASU 2025-12 do not create new accounting requirements but instead provide technical corrections, clarifications, and minor improvements to a variety of topics throughout the codification of the ASC. These changes may include updates to references, wording, or examples to better align with existing guidance and to remove inconsistencies. ASU 2025-12 is effective for public business entities for fiscal years beginning after December 15, 2026, and interim periods within those fiscal years. Early adoption is permitted. The amendments may be applied either (i) prospectively to financial statements issued for reporting periods after the effective date of this ASU or (ii) retrospectively to all prior periods presented in the financial statements. The Company is currently evaluating the impact this standard will have on its consolidated financial statements and related disclosures.

2. Variable Interest Entities ("VIEs")

As of March 31, 2026 and December 31, 2025, Enhabit consolidated two joint venture entities that are VIEs and of which the Company is the primary beneficiary. The Company's ownership percentages in these entities range from 60% to 90% as of March 31, 2026. Through partnership and management agreements with or governing these entities, Enhabit manages these entities and handles all day-to-day operating decisions. Accordingly, management has the decision-making power over the activities that most significantly impact the economic performance of the VIEs and the Company has an obligation to absorb losses or receive benefits from the VIEs that could potentially be significant to the VIEs. These decisions and significant activities include, but are not limited to, marketing efforts, oversight of patient admissions, medical training, nurse and therapist scheduling, provision of healthcare services, billing, collections, and creation and maintenance of medical records. The terms of the agreements governing the VIEs prohibit the Company from using the assets of the VIEs to satisfy the obligations of other entities.

ENHABIT, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED, CONTINUED)

The carrying amounts and classifications of the consolidated VIEs' assets and liabilities, which are included in Enhabit's unaudited Condensed Consolidated Balance Sheets, are as follows (in millions):

	As of March 31, 2026	As of December 31, 2025
Assets		
Current assets:		
Restricted cash	**$ 1.3**	$ 1.7
Accounts receivable, net of allowances	**1.3**	1.3
Total current assets	**2.6**	3.0
Operating lease right-of-use assets	**0.3**	—
Goodwill	**12.4**	12.4
Intangible assets, net	**0.5**	0.6
Total assets	**$ 15.8**	$ 16.0
Liabilities		
Current liabilities:		
Accrued payroll	**$ 0.3**	$ 0.2
Other current liabilities	**0.6**	0.7
Total current liabilities	**0.9**	0.9
Other long-term liabilities	**0.2**	—
Total liabilities	**$ 1.1**	$ 0.9

3. Long-Term Debt

Long-term debt outstanding consists of the following (in millions):

	As of March 31, 2026	As of December 31, 2025
Credit agreement—		
2026 Term loan A Facility	**$ 314.5**	$ 328.7
Advances under 2026 Revolving Credit Facility	**110.0**	115.0
Finance lease obligations	**4.1**	4.6
Total debt	**428.6**	448.3
Less: Current portion	**(26.0)**	(22.3)
Long-term debt, net of current portion	**$ 402.6**	$ 426.0

ENHABIT, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED, CONTINUED)

The following table shows scheduled principal payments due on Enhabit's long-term debt for the next five years (in millions):

	Amount
April 1 through December 31, 2026	$ **19.5**
2027	**25.6**
2028	**23.9**
2029	**23.6**
2030	**23.6**
2031 and thereafter	**312.8**
Gross maturities	**429.0**
Less: Unamortized debt issuance costs	**(0.4)**
Total	$ **428.6**

In June 2022, the Company entered into a credit agreement (the "Credit Agreement") that consists of a $400.0 million term loan A facility (the "Term Loan A Facility") and a $350.0 million revolving credit facility (the "Revolving Credit Facility" and together with the Term Loan A Facility, the "Credit Facilities"). The Credit Facilities mature in June 2027. Interest on the loans under the Credit Facilities is calculated by reference to the Secured Overnight Financing Rate ("SOFR") or an alternative base rate, plus an applicable interest rate margin. Enhabit may voluntarily prepay outstanding loans under the Credit Facilities at any time without premium or penalty, other than customary breakage costs with respect to SOFR loans. The Term Loan A Facility contains customary mandatory prepayments, including with respect to proceeds from asset sales and from certain incurrences of indebtedness.

On June 30, 2022, the Company drew the full $400.0 million of the Term Loan A Facility and $170.0 million on the Revolving Credit Facility. The net proceeds of $566.6 million were distributed to Encompass prior to the completion of the Distribution. For additional information on the Separation, see Item 1, "*Business—Our History*," in the Form 10-K.

The Term Loan A Facility amortizes by an amount per annum equal to 5.0% of the outstanding principal amount thereon as of the closing date, payable in equal quarterly installments, with the balance being payable in June 2027. The Revolving Credit Facility provides the ability to borrow and obtain letters of credit, which is subject to a $75.0 million sublimit. Obligations under the Credit Facilities are guaranteed by Enhabit's existing and future wholly-owned domestic material subsidiaries (the "Guarantors"), subject to certain exceptions. Borrowings under the Credit Facilities are secured by first priority liens on substantially all the assets of Enhabit and the Guarantors, subject to certain exceptions. The Credit Facilities contain representations and warranties, affirmative and negative covenants, and events of default customary for secured financings of this type, including limitations with respect to liens, fundamental changes, indebtedness, restricted payments, investments, and affiliate transactions, in each case, subject to a number of important exceptions and qualifications.

On June 27, 2023, Enhabit amended the Credit Facilities (the "First Amendment") to provide for, among other things: (i) a new tier to the pricing grid for interest rate margins when the total net leverage ratio ("Total Net Leverage Ratio", as defined in the Credit Agreement) exceeds 4.50 to 1.00; (ii) changes to the conditions concerning the Company's Total Net Leverage Ratio that must be met for the Company to borrow incremental ratio-based amounts; (iii) an increase in the maximum permitted Total Net Leverage Ratio to 5.25 to 1.00 for the quarters ended June 30, 2023, September 30, 2023, and December 31, 2023, stepping down to 5.00 to 1.00 for the quarter ended March 31, 2024, 4.75 to 1.00 for the quarter ended June 30, 2024, and 4.50 to 1.00 for the quarter ended September 30, 2024 and thereafter; and (iv) modifications to the Company's ability to declare and make certain restricted payments.

On September 29, 2023, Enhabit entered into a Limited Waiver (the "Waiver") with Wells Fargo Bank, National Association, as administrative agent to the other lenders (the "Administrative Agent") under the Credit Agreement and the First Amendment. The Waiver released the Company from the requirement to comply with the Total Net Leverage Ratio and the interest coverage ratio ("Interest Coverage Ratio", as defined in the Credit Agreement) covenants for the three months ended September 30, 2023. The Waiver also required that, until such time as the Company certified compliance with the waived financial covenants, the aggregate principal amount of the Company's revolving loans allowed under the Credit Agreement was decreased from $350.0 million to $230.0 million. All other covenants and terms of the Credit

Agreement remained unchanged and in effect. Although the Company was not required to be in compliance with the financial covenants as of September 30, 2023, it was in compliance with the financial covenants under the Credit Facilities.

As of September 30, 2023, Enhabit's forecasted results suggested there was uncertainty of meeting the covenants through a period of one year from the issuance date of the September 30, 2023 financial statements. As a result, on November 3, 2023, the Company amended the Credit Facilities (the "Second Amendment") to provide for, among other things, (i) an increase in the maximum permitted Total Net Leverage Ratio to 6.75 to 1.00 for the quarters ended December 31, 2023 and March 31, 2024, stepping down to 6.50 to 1.00 for the quarters ended June 30, September 30 and December 31, 2024, 5.75 to 1.00 for the quarter ended March 31, 2025, and 4.50 to 1.00 for the quarter ended June 30, 2025 and thereafter; (ii) the addition of a Fixed Charge Coverage Ratio (as defined in the Credit Agreement) covenant of 1.15 to 1.00 until the end of the Covenant Adjustment Period (as defined below); (iii) no Interest Coverage Ratio covenant until the end of the Covenant Adjustment Period; (iv) a permanent reduction in the Revolving Credit Facility commitment from $350.0 million to $220.0 million; (v) an increase in the Applicable Commitment Fee (as defined in the Credit Agreement) during the Covenant Adjustment Period; (vi) suspension of the ability of the Company to request incremental commitments under the Credit Agreement during the Covenant Adjustment Period; (vii) an increase of 0.25% in the applicable interest rate margins on amounts outstanding under the Credit Agreement during the Covenant Adjustment Period; (viii) limits on the amount of cash the Company can keep on hand and outside the lender group during the Covenant Adjustment Period; and (ix) additional limits on permitted indebtedness and acquisitions, permitted liens, restricted payments and permitted investments during the Covenant Adjustment Period. The "Covenant Adjustment Period" begins on the date of the Second Amendment and ends on the earlier of (a) the date that the Company provides evidence of compliance with the financial covenants in the Credit Agreement, as amended, for the fiscal quarter ended June 30, 2025 and (b) the date that the Company provides evidence of compliance with the financial covenants in the Credit Agreement as in effect immediately prior to the First Amendment for the applicable quarter.

As of May 9, 2025, the Covenant Adjustment Period ended and the Company became subject to the financial covenants in the Credit Agreement as required by the First Amendment for each applicable quarter starting with the fiscal quarter ended June 30, 2025. These requirements include, among other things, (i) a maximum permitted Total Net Leverage Ratio of 4.5 to 1.0, and (ii) a minimum Interest Coverage Ratio of no less than 2.5 to 1.0 for the previous four consecutive quarters. The end of the Covenant Adjustment Period also resulted in, among other things, (a) a reset of the Applicable Commitment Fee (as defined in the Credit Agreement) to the levels in place prior to the Covenant Adjustment Period; (b) the removal of the suspension of the ability of the Company to request incremental commitments under the Credit Agreement; (c) a reset of the applicable interest rate margins on amounts outstanding under the Credit Agreement to the levels in place prior to the Covenant Adjustment Period; (d) the removal of limits imposed on the Company for the amount of cash the Company can keep on hand and outside the lender group; and (e) the removal of additional limits on permitted indebtedness and acquisitions, permitted liens, restricted payments and permitted investments imposed during the Covenant Adjustment Period.

Under specified circumstances, including non-compliance with any of the covenants described above and the unavailability of any waiver, amendment or other modification thereto, Enhabit may not be able to borrow under the Revolving Credit Facility. Additionally, violation of the covenants would result in an event of default under the Credit Facilities. A default that occurs, and is not cured within any applicable cure period or is not waived, would permit lenders to accelerate the maturity of the debt under the Credit Facilities and to foreclose upon any collateral securing the debt.

In February 2026, the Company entered into an amended and restated credit agreement (the "2026 Credit Agreement") that consists of a $315.0 million senior secured term loan A facility (the "2026 Term Loan A Facility") and a $160.0 million senior secured revolving credit facility (the "2026 Revolving Credit Facility" and together with the 2026 Term Loan A Facility, the "2026 Credit Facilities"). The 2026 Credit Facilities mature on February 26, 2031. The 2026 Credit Facilities refinance by amendment and restatement the Credit Facilities. Interest on the loans under the 2026 Credit Facilities is calculated by reference to the SOFR or an alternative base rate, plus an applicable interest rate margin. The Company may voluntarily prepay outstanding loans under the 2026 Credit Facilities at any time without premium or penalty, other than customary breakage costs with respect to SOFR loans. The 2026 Credit Facilities contain customary mandatory prepayments, including with respect to proceeds from certain asset sales and incurrences of indebtedness. The Company evaluated the accounting treatment in accordance with ASC 470-50, *Debt—Modifications and Extinguishments*, and accounted for the 2026 Credit Facilities as a modification and extinguishment.

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On February 26, 2026, the Company drew the full $315.0 million of the 2026 Term Loan A Facility and $110.0 million on the 2026 Revolving Credit Facility. Cash on hand and the net proceeds of $425.0 million were used to repay amounts outstanding under the Credit Facilities.

The 2026 Term Loan A Facility amortizes by an amount per annum equal to 7.5% of the outstanding principal amount thereon as of the closing date, payable in equal quarterly installments, with the balance being payable on February 26, 2031. The 2026 Revolving Credit Facility provides the ability to borrow and obtain letters of credit, which is subject to a $40.0 million sublimit. Obligations under the 2026 Credit Facilities are guaranteed by the Guarantors, subject to certain exceptions. Borrowings under the 2026 Credit Facilities are secured by first priority liens on substantially all the assets of Enhabit and the Guarantors, subject to certain exceptions. The 2026 Credit Facilities contain representations and warranties, affirmative and negative covenants, and events of default customary for secured financings of this type, including limitations with respect to liens, fundamental changes, indebtedness, restricted payments, investments, and affiliate transactions, in each case, subject to a number of important exceptions and qualifications.

As of March 31, 2026, Enhabit was in compliance with the financial covenants under the 2026 Credit Facilities. Although Enhabit's forecasted results indicate the Company will continue to be in compliance with those financial covenants through a period of one year from the issuance date of the March 31, 2026 financial statements, management cannot guarantee continued compliance throughout this period. Management continually evaluates the Company's expected compliance with the covenants described above and takes all appropriate steps to proactively renegotiate such covenants when appropriate.

As of March 31, 2026, amounts drawn under the 2026 Term Loan A Facility and the 2026 Revolving Credit Facility had a weighted average interest rate of 5.8%.

The carrying amounts and estimated fair values for long-term debt are presented in the following table (in millions):

	As of March 31, 2026		As of December 31, 2025	
	Carrying Amount	**Estimated Fair Value**	**Carrying Amount**	**Estimated Fair Value**
Long-term debt:				
2026 Term Loan A Facility	**$ 314.5**	**$ 307.7**	$ 328.7	$ 325.5
Advances under 2026 Revolving Credit Facility	**$ 110.0**	**$ 110.0**	$ 115.0	$ 115.0
Finance lease obligations	**$ 4.1**	**$ 4.1**	$ 4.6	$ 4.6

Fair values for long-term debt and financial commitments are determined using inputs, including quoted prices in nonactive markets, that are observable either directly or indirectly, or Level 2 inputs within the fair value hierarchy. See Note 1, *Summary of Significant Accounting Policies—Fair Value Measurements*, to the consolidated financial statements included in the Form 10-K.

4. Income Taxes

The Company's effective income tax rates were 13.5% and 28.7% for the three months ended March 31, 2026 and 2025, respectively. The effective income tax rates differed from the federal statutory rate primarily due to changes to the valuation allowance, stock-based compensation, and state income taxes.

5. Derivative Instrument

In October 2022, Enhabit entered into an interest rate swap agreement with a notional value of $200.0 million that matured on October 20, 2025.

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The activities of the cash flow hedge included in *Accumulated other comprehensive income (loss)* for the three months ended March 31, 2026 and 2025 are presented in the following table (in millions):

	Three Months Ended March 31,	
	2026	**2025**
Balance at beginning of period	$ —	$ (0.2)
Unrealized gain (loss) recognized in other comprehensive income, net of tax	—	—
Reclassified to interest expense, net of tax	—	—
Balance at end of period	$ —	$ (0.2)

The fair value of the Company's derivative instrument was determined using inputs, including quoted prices in nonactive markets, that are observable either directly or indirectly, or Level 2 inputs within the fair value hierarchy. See Note 1, *Summary of Significant Accounting Policies—Fair Value Measurements*, to the consolidated financial statements included in the Form 10-K.

6. Contingencies and Other Commitments

Enhabit operates in a highly regulated industry in which healthcare providers are routinely subject to litigation. As a result, various lawsuits, claims, and legal and regulatory proceedings have been and can be expected to be instituted or asserted against the Company. The resolution of any such lawsuits, claims, or legal and regulatory proceedings could materially and adversely affect the Company's financial position, results of operations, and cash flows in a given period.

There were no claims made against the Company that are probable of loss and reasonably estimable as liabilities within *Other current liabilities* in the unaudited Condensed Consolidated Balance Sheets as of March 31, 2026 or December 31, 2025.

In the first quarter of 2026, the Company, along with Encompass, collected $43.1 million, which has been divided substantially equally between them, in full satisfaction of their claims for attorney's fees and mitigation damages in the Delaware Court of Chancery against a former officer, a senior partner of Vistria Group and a managing director of Nautic Partners. These amounts related to the December 2024 ruling in favor of Enhabit and Encompass, entered by the Delaware Court of Chancery in the lawsuit styled *Enhabit, Inc. et al. v. Nautic Partners IX, L.P. et al*. This settlement resulted in the recognition of a gain of $21.2 million in the first quarter of 2026. $17.7 million of the gain was recorded in *General and administrative expenses*, which was offset by other *General and administrative expenses*. The remaining $3.5 million was recorded in *Interest income.*

Other Commitments

Enhabit is a party to service and other contracts in connection with conducting its business. Minimum amounts due under these agreements are $30.3 million in 2026, $22.4 million in 2027, and $4.5 million thereafter. These contracts primarily relate to medical and durable medical equipment used in the two reporting segments, and business and software licensing and support. Certain of these agreements include variable arrangements, such as the cost to the supplier plus a designated mark-up percentage, or a fixed rate per patient count per month in the two reporting segments.

7. Segment Reporting

Enhabit's two reportable segments, Home Health and Hospice, are based on the major types of services provided by the Company, as described below. The Chief Executive Officer, who is also the Chief Operating Decision Maker, uses these segment groupings and the results of each segment, measured by Segment Adjusted EBITDA, to evaluate performance and allocate resources, primarily during the annual budget process and regular operational performance reviews. Segment assets are not reviewed by the Chief Operating Decision Maker and therefore are not disclosed below.

- *Home Health* - Enhabit operates home health agencies in 34 states, with a concentration in the southern half of the United States. As of March 31, 2026, the Company operates 251 home health agencies. Enhabit is the sole owner of 240 of these locations. The Company retains 50.0% to 81.0% ownership in the remaining 11 jointly owned locations. Home health services include a comprehensive range of Medicare-certified home nursing services to adult patients in need of care. These services include, among others, skilled nursing, physical, occupational, and speech therapy, medical social work, and home health aide services.

- *Hospice* - Enhabit's hospice operations represent one of the nation's largest providers of Medicare-certified hospice services. The Company operates hospice provider locations in 25 states, with a concentration in the southern half of the United States. As of March 31, 2026, the Company operates 117 hospice provider locations. Enhabit is the sole owner of 113 of these locations. The Company retains 50.0% to 90.0% ownership in the remaining four jointly owned locations. Hospice care focuses on the quality of life for patients who are experiencing an advanced, life limiting illness while treating the person and symptoms of the disease, rather than the disease itself.

The accounting policies of the reportable segments are the same as those described in Note 1, *Summary of Significant Accounting Policies*. All revenues for services are generated through external customers. See Note 1, *Summary of Significant Accounting Policies—Net Service Revenue*, for the disaggregation of revenues. No corporate overhead is allocated to either of the reportable segments. Other cost of service is comprised of third-party services and other individually insignificant costs in the Home Health segment. Other cost of service is comprised of medical director, skilled nursing facilities, and other individually insignificant costs in the Hospice segment. Other general and administrative expenses are comprised of licensing fees and other individually insignificant fees for both the Home Health and Hospice segments.

Selected financial information for Enhabit's reportable segments is as follows (in millions):

	Home Health		**Hospice**	
	Three Months Ended March 31,		**Three Months Ended March 31,**	
	2026	**2025**	**2026**	**2025**
Net service revenue	**$ 201.8**	$ 200.6	**$ 63.0**	$ 59.3
Labor	**96.3**	94.3	**19.5**	16.8
Supplies and pharmacy	**2.4**	2.4	**5.8**	5.2
Travel	**4.8**	5.1	**1.3**	1.2
Other cost of service	**1.6**	1.6	**2.5**	3.6
Total cost of service, excluding depreciation and amortization	**105.1**	103.4	**29.1**	26.8
General and administrative salaries	**49.1**	46.8	**15.9**	14.1
Other general and administrative expenses	**12.0**	11.6	**3.2**	3.3
Total general and administrative expenses	**61.1**	58.4	**19.1**	17.4
Net income attributable to noncontrolling interests	**0.5**	0.5	**0.2**	0.1
Segment Adjusted EBITDA	**$ 35.1**	$ 38.3	**$ 14.6**	$ 15.0

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Total segment reconciliations (in millions):

	Three Months Ended March 31,	
	2026	**2025**
Total Segment Adjusted EBITDA	**$ 49.7**	$ 53.3
Non-segment general and administrative expenses	**(13.2)**	(27.7)
Interest expense, net	**(6.2)**	(9.4)
Depreciation and amortization	**(4.6)**	(6.3)
(Loss) gain on sale of investment and disposal of assets	**(0.1)**	19.3
Stock-based compensation expense	**(3.3)**	(4.0)
Net income attributable to noncontrolling interests	**0.7**	0.6
Income (loss) before income taxes and noncontrolling interests	**$ 23.0**	$ 25.8

Additional detail regarding the revenues of the operating segments by payer type follows (in millions):

	Three Months Ended March 31,	
	2026	**2025**
Home Health:		
Medicare	**$ 106.4**	$ 114.2
Non-Medicare	**93.5**	84.4
Private duty(1)	**1.9**	2.0
Total Home Health	**201.8**	200.6
Hospice	**63.0**	59.3
Total net service revenue	**$ 264.8**	$ 259.9

(1) Private duty represents long-term comprehensive hourly nursing medical care.

8. Related Party Transactions

Data Analytics Investment

During 2019, the Company made a $2.0 million investment in Medalogix, LLC ("Medalogix"), a healthcare predictive data and analytics company. During 2021, Medalogix became a wholly-owned subsidiary of TVG Holdings, LLC ("TVG"), which resulted in the Company obtaining a minority equity investment in TVG in exchange for its investment in Medalogix. This investment was accounted for under the measurement alternative for investments.

On March 19, 2025 (the "Transaction Date"), Medalogix was combined with Forcura in a private equity-backed transaction (the "Transaction"). In connection with the Transaction, the Company sold its investment interest in TVG for approximately $21.0 million. The Transaction resulted in the Company recording a gain on sale of investment of approximately $19.3 million in *Other (income) expenses* on the unaudited Condensed Consolidated Statement of Income. On March 31, 2025, the Company used $20.0 million of the proceeds from the Transaction to reduce debt under the Credit Agreement.

As of the Transaction Date, Medalogix was no longer a related party of the Company. Costs incurred prior to the Transaction Date were approximately $1.2 million for the three months ended March 31, 2025 in connection with the usage of Medalogix's analytics platforms while Medalogix was a related party. These costs are included in *Cost of service, excluding depreciation and amortization*, and *General and administrative expenses* in the unaudited Condensed Consolidated Statements of Income.

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9. Supplemental Cash Flow Information

The following table provides supplemental cash flow information and disclosures of non-cash investing and financing activities for the three months ended March 31, 2026 and 2025 (in millions):

	Three Months Ended March 31,	
	2026	**2025**
Supplemental cash flow disclosures:		
Cash paid (refunds received) for income taxes, net	**$ —**	$ (0.2)
Cash paid for interest	**$ 3.5**	$ 9.0
Supplemental cash flow disclosures of non-cash investing and financing activities:		
Property and equipment additions through finance leases	**$ —**	$ 0.1
Operating lease additions	**$ 3.8**	$ 3.2

The following table details supplemental cash flow disclosures related to the reconciliation of cash and cash equivalents and restricted cash balances (in millions):

	As of March 31, 2026	**As of December 31, 2025**
Cash, cash equivalents, and restricted cash reconciliation:		
Cash and cash equivalents	**$ 50.0**	$ 43.6
Restricted cash	**1.5**	1.9
Cash, cash equivalents, and restricted cash at end of period	**$ 51.5**	$ 45.5

ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Unless specified otherwise, references to “we,” “us,” “our,” the “Company,” or “Enhabit” hereafter refer to Enhabit, Inc. and its subsidiaries. You should read the following discussion and analysis together with our unaudited condensed consolidated financial statements and related notes included under Part I, Item 1, “Financial Statements (Unaudited),” of this report. Among other things, those historical financial statements include more detailed information regarding the basis of presentation for the financial data included in the following discussion. This discussion contains forward-looking statements about our business, operations and industry that involve risks and uncertainties, as described under the section titled “Cautionary Note Regarding Forward-Looking Statements.”

Overview

We are a leading provider of home health and hospice services in the United States. We strive to provide superior, cost-effective care where patients prefer it: in their homes. For over twenty-five years, we have provided care in the low-cost home setting while achieving high-quality clinical outcomes. As of March 31, 2026, our footprint comprised 251 home health and 117 hospice locations across 35 states.

Our operations are principally managed on a services basis and include two operating segments for financial reporting purposes: (i) Home Health and (ii) Hospice. For additional information about our business and reportable segments, see Item 1, “*Business*,” and Item 1A, “*Risk Factors*,” in the Company’s Annual Report for the year ended December 31, 2025 on Form 10-K (the “Form 10-K”) filed with the United States Securities and Exchange Commission (the “SEC”) on March 5, 2026 and Note 7, *Segment Reporting*, to the accompanying unaudited condensed consolidated financial statements, and “—*Segment Results of Operations*” section of this item.

Recent Developments

Branch Closures

During the three months ended March 31, 2026, no branch was closed or consolidated by the Company. We will continue to analyze financial performance at the branch level, but we do not anticipate additional branch closures or consolidation for the remainder of 2026.

Litigation Settlement

In the first quarter of 2026, the Company, along with Encompass Health Corporation collected amounts under claims made against certain third parties. See Note 6, *Contingencies and Other Commitments*, for more information.

2026 Credit Agreement

On February 26, 2026, the Company entered into an amended and restated credit agreement. See Note 3, *Long-Term Debt*, for more information.

Merger Agreement

As previously disclosed, on February 22, 2026, the Company entered into an Agreement and Plan of Merger (the “Merger Agreement”), pursuant to which the Company will be acquired by Anchor Parent, LLC, a Delaware limited liability company (“Parent”). Pursuant to the Merger Agreement, Anchor Merger Sub, Inc., a Delaware corporation (“Merger Sub”) and a wholly owned subsidiary of Parent, will be merged with and into the Company (the “Merger”), with the Company surviving the Merger as a wholly owned subsidiary of Parent (the “Surviving Corporation”). Parent and Merger Sub are affiliates of funds advised by Kinderhook Industries, LLC (or an affiliate thereof). The Merger is expected to close in the second quarter of 2026, subject to customary closing conditions. See Enhabit’s Current Report on Form 8-K filed on February 23, 2026 for more information regarding the Merger Agreement.

The consummation of the Merger remains subject to the satisfaction or, to the extent permitted under the Merger Agreement, waiver by each of us, Parent and Merger Sub, of closing conditions.

If the Merger is consummated, our common stock will no longer be publicly listed and traded on the New York Stock Exchange, our common stock will be deregistered under the Securities Exchange Act of 1934, as amended (the “Exchange Act”) we will no longer file periodic reports with the SEC and existing stockholders will cease to have any ownership interest in the Company.

Factors Affecting Our Performance

There are a number of factors that have impacted, and we believe will continue to impact, our results of operations and growth. These factors include:

Pricing

Generally, the pricing we receive for our services is based on reimbursement rates from payers. Because we derive a substantial portion of our *Net service revenue* from the Medicare program, our results of operations are heavily impacted by changes in Medicare reimbursement rates. Medicare reimbursement rates are subject to change annually.

On April 2, 2026, the Centers for Medicare and Medicaid Services ("CMS") issued its proposed rule for hospice payments for fiscal year 2027 (the "2027 Hospice Rule"). CMS proposed a 2.4% estimated net increase to payments as compared to 2026 payments. This update represents a 3.2% update to the market basket, reduced by a 0.8% productivity adjustment. The proposed 2027 Hospice Rule will be effective for services provided beginning October 1, 2026. Based on our analysis of the proposed rule, we expect our impact to be in line with the 2.4% increase.

For further discussion of other pricing factors that impact our results of operations and growth, see Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," in the Form 10-K.

Efficiency

Cost and operating efficiencies impact the profitability of the patient care services we provide. We use a number of strategies to drive cost and operating efficiencies within our business. We target markets for expansion and growth that allow us to leverage our existing operations to create operating efficiencies through scale and density. We also leverage technology to create operating and supply chain efficiencies throughout our organization.

For further discussion of cost and operating efficiency strategies, see Item 7, "*Management's Discussion and Analysis of Financial Condition and Results of Operations*," in the Form 10-K.

Impact of Inflation

Inflation has impacted us primarily with respect to our labor costs. The healthcare industry is labor intensive, and wages and other expenses may increase during periods of inflation or when labor shortages occur in the marketplace. For further discussion of inflation's impact to cost control measures, see Item 7, "*Management's Discussion and Analysis of Financial Condition and Results of Operations*," in the Form 10-K.

Recruiting and Retaining High-Quality Personnel

Recruiting and retaining qualified personnel, including management, for our home health agencies and hospice provider locations remains a high priority for us. We attempt to maintain a comprehensive compensation and benefits package that allows us to compete in the current challenging staffing environment.

Results of Operations

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 included in the Form 10-K.

Our consolidated results of operations were as follows:

	Three Months Ended March 31,		Percentage Change
(in millions, except percentages)	**2026**	**2025**	**2026 vs. 2025**
Net service revenue	**$ 264.8**	$ 259.9	1.9 %
Cost of service, excluding depreciation and amortization	**134.2**	130.2	3.1 %
Gross margin, excluding depreciation and amortization	**130.6**	129.7	0.7 %
General and administrative expenses	**96.7**	107.5	(10.0)%
Depreciation and amortization	**4.6**	6.3	(27.0)%
Operating income (loss)	**29.3**	15.9	84.3 %
Interest income	**3.8**	—	N/A
Interest expense and amortization of debt discounts and fees	**10.0**	9.4	6.4 %
Other (income) expenses	**0.1**	(19.3)	100.5 %
Income (loss) before income taxes and noncontrolling interests	**23.0**	25.8	(10.9)%
Provision for (benefit from) income taxes	**3.1**	7.4	(58.1)%
Net income (loss)	**19.9**	18.4	8.2 %
Less: Net income attributable to noncontrolling interests	**0.7**	0.6	16.7 %
Net income (loss) attributable to Enhabit, Inc.	**$ 19.2**	$ 17.8	7.9 %

The following table sets forth our consolidated results as a percentage of *Net service revenue*:

	Three Months Ended March 31,	
	2026	**2025**
Cost of service, excluding depreciation and amortization	**50.7 %**	50.1 %
General and administrative expenses	**36.5 %**	41.4 %
Depreciation and amortization	**1.7 %**	2.4 %
Interest expense and amortization of debt discounts and fees	**3.8 %**	3.6 %

Net Service Revenue. For the three months ended March 31, 2026, *Net service revenue* increased 1.9% compared to the prior period due to increased Hospice segment revenue of 6.2% and increased Home Health segment revenue of 0.6%. See "*—Segment Results of Operations.*"

Cost of Service, Excluding Depreciation and Amortization. For the three months ended March 31, 2026, *Cost of service, excluding depreciation and amortization* increased 3.1% compared to the prior period. This increase resulted from an increase in the Hospice segment, Cost of service, excluding depreciation and amortization of 8.6% and an increase in Home Health segment, Cost of service, excluding depreciation and amortization expense of 1.6%.

See "*—Segment Results of Operations.*"

General and Administrative Expenses. For the three months ended March 31, 2026, *General and administrative expenses* decreased 10.0% compared to the same period in the prior year, primarily attributable to the gain on the settlement of attorney's fees and mitigation damages of $17.7 million, a decrease in estimated incentive compensation, and cost control initiatives. These decreases were partially offset by increased selling-related and back-office support expenses to support revenue growth.

Depreciation and Amortization. For the three months ended March 31, 2026, *Depreciation and amortization* decreased compared to the same period of 2025 primarily attributable to several intangible assets that became fully amortized during the year ended December 31, 2025.

Interest Expense and Amortization of Debt Discounts and Fees. For the three months ended March 31, 2026, *Interest expense and amortization of debt discounts and fees* increased compared to the same period of 2025 primarily due to the write-off of unamortized loan fees related to the credit facilities that were refinanced during the quarter and fees associated with the new credit facilities that did not qualify for capitalization. These increases were partially offset by a lower average borrowing level under our credit facilities and lower average interest rates. See additional discussion on Note 3, *Long-Term Debt,* to the accompanying unaudited condensed consolidated financial statements and "*—Liquidity and Capital Resources*" within this item.

Other (Income) Expenses. For the three months ended March 31, 2025, *Other (income) expenses* consisted primarily of a gain on sale of investment. There was no such transaction in the three months ended March 31, 2026. See additional discussion in Note 8, *Related Party Transactions*, to the accompanying unaudited condensed consolidated financial statements.

Provision for (Benefit From) Income Taxes. Our effective income tax rates were 13.5% and 28.7% for the three months ended March 31, 2026 and 2025, respectively. The decrease in the 2026 rate as compared to the 2025 rate relates primarily to a reduction to the valuation allowance in 2026 versus an increase to the valuation allowance in 2025. See additional discussion in Note 4, *Income Taxes,* to the accompanying unaudited condensed consolidated financial statements.

Adjusted EBITDA. Adjusted EBITDA is a non-GAAP measure of our financial performance. Management believes Adjusted EBITDA assists investors in comparing our operating performance across operating periods on a consistent basis by excluding items we do not believe are indicative of our operating performance.

We calculate Adjusted EBITDA as *Net income (loss)* adjusted to exclude (i) interest expense, net and amortization of debt discounts and fees, (ii) provision for or benefit from income taxes, (iii) depreciation and amortization, (iv) gains or losses on disposal or impairment of assets, investments, or goodwill, (v) stock-based compensation, (vi) net income attributable to noncontrolling interests and (vii) unusual or nonrecurring items not typical of ongoing operations.

Adjusted EBITDA is not a measure of financial performance under generally accepted accounting principles in the United States of America ("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 (loss)*. 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 accompanying unaudited condensed consolidated financial statements.

The following table reconciles *Net income (loss)* to Adjusted EBITDA (in millions):

	Three Months Ended March 31,	
	2026	**2025**
Net income (loss)	**$ 19.9**	$ 18.4
Interest expense, net and amortization of debt discounts and fees	**6.2**	9.4
Provision for (benefit from) income taxes	**3.1**	7.4
Depreciation and amortization	**4.6**	6.3
Loss (gain) on sale of investment and disposal of assets	**0.1**	(19.3)
Stock-based compensation	**3.3**	4.0
Net income attributable to noncontrolling interests	**(0.7)**	(0.6)
Unusual or nonrecurring items that are not typical of ongoing operations	**(12.1)**	1.0
Adjusted EBITDA	**$ 24.4**	$ 26.6

Unusual or nonrecurring items in the three months ended March 31, 2026 include: (i) third-party legal and advisory fees related to shareholder, non-shareholder and other matters offset by legal settlement proceeds received during the three months ended March 31, 2026 in connection with the suit *Enhabit, Inc. et al. v. Nautic Partners IX, L.P. et al.* in the Chancery Court of Delaware, and in which the Company asserted claims for breach of fiduciary duty, aiding and abetting, and usurpation of corporate opportunity arising from actions involving its former officers; (ii) fees incurred in connection with the Merger Agreement, (iii) restructuring charges and severance costs; and (iv) costs associated with the 2026 Credit Agreement. The three months ended March 31, 2025 include: (i) restructuring activities and severance costs and (ii) third-party legal fees associated with the suit *Enhabit, Inc. et al. v. Nautic Partners IX, L.P. et al*. lawsuit referenced above.

For additional information, see "—*Segment Results of Operations*."

Segment Results of Operations

Our segment and consolidated *Net service revenue* is provided in the following tables:

	Three Months Ended March 31,			
	2026		**2025**	
(in millions, except percentages)	**$ Amount**	**% of Consolidated Revenue**	**$ Amount**	**% of Consolidated Revenue**
Home Health segment net service revenue	**$ 201.8**	**76.2 %**	$ 200.6	77.2 %
Hospice segment net service revenue	**63.0**	**23.8 %**	59.3	22.8 %
Consolidated net service revenue	**$ 264.8**	**100.0 %**	$ 259.9	100.0 %

For additional information regarding our business segments, including a detailed description of the services we provide, financial data for each segment, and a reconciliation of Segment Adjusted EBITDA to *Income (loss) before income taxes and noncontrolling interests*, see Note 7, *Segment Reporting*, to the accompanying unaudited condensed consolidated financial statements.

Home Health

Our Home Health segment derived its *Net service revenue* from the following payer sources:

	Three Months Ended March 31,	
	2026	**2025**
Medicare	**52.7 %**	56.9 %
Medicare Advantage	**34.0 %**	30.2 %
Managed Care	**11.1 %**	11.1 %
Medicaid	**1.0 %**	1.0 %

Other	**1.2 %**	0.8 %
Total	**100.0 %**	100.0 %

See Item 1, "*Business*," in the Form 10-K for additional information on our payer mix.

Additional information regarding our Home Health segment's operating results is as follows:

(in millions, except percentages)	Three Months Ended March 31, 2026	Three Months Ended March 31, 2025	Percentage Change 2026 vs. 2025
Net service revenue:			
Medicare	**$ 106.4**	$ 114.2	(6.8)%
Non-Medicare	**93.5**	84.4	10.8 %
Private duty[1]	**1.9**	2.0	(5.0)%
Home Health net service revenue	**201.8**	200.6	0.6 %
Cost of service, excluding depreciation and amortization	**105.1**	103.4	1.6 %
Gross margin, excluding depreciation and amortization	**96.7**	97.2	(0.5)%
General and administrative expenses	**61.1**	58.4	4.6 %
Net income attributable to noncontrolling interests	**0.5**	0.5	— %
Home Health Segment Adjusted EBITDA[2]	**$ 35.1**	$ 38.3	(8.4)%

(1) Private duty represents long-term comprehensive hourly nursing medical care.

(2) Segment Adjusted EBITDA is presented in conformity with ASC 280, *Segment Reporting*, as a measure reported to management for purposes of making decisions on allocating resources and addressing the performance of our segments. Segment Adjusted EBITDA is calculated similarly to consolidated Adjusted EBITDA but excludes corporate overhead costs that are not allocated to reportable segments because they are not considered when management evaluates segment performance. For more information, see Note 7, *Segment Reporting*, to the unaudited condensed consolidated financial statements.

(actual amounts)	Three Months Ended March 31, 2026	2025	Percentage Change 2026 vs. 2025
Medicare:			
Admissions	**23,946**	24,044	(0.4)%
Recertifications	**13,206**	15,734	(16.1)%
Completed episodes	**36,249**	38,266	(5.3)%
Average daily census	**18,390**	20,110	(8.6)%
Visits	**429,418**	547,690	(21.6)%
Visits per episode	**11.8**	14.3	(17.5)%
Revenue per episode	**$ 2,935**	$ 2,984	(1.6)%
Non-Medicare:			
Admissions	**38,740**	33,178	16.8 %
Recertifications	**14,972**	13,133	14.0 %
Average daily census	**24,367**	21,126	15.3 %
Visits	**582,844**	542,526	7.4 %
Total:			
Admissions	**62,686**	57,222	9.5 %
Same-store total admissions growth			9.3 %
Recertifications	**28,178**	28,867	(2.4)%
Same-store total recertifications growth			(2.4)%
Average daily census	**42,757**	41,236	3.7 %
Visits	**1,012,262**	1,090,216	(7.2)%
Visits per episode	**12.0**	13.9	(13.7)%
Cost per visit	**$ 103.8**	$ 93.5	11.0 %
Revenue per patient day	**$ 52.4**	$ 54.1	(3.1)%
Cost per patient day	**$ 27.3**	$ 27.9	(2.2)%

Expenses as a Percentage of Net Service Revenue

	Three Months Ended March 31, 2026	2025
Cost of service, excluding depreciation and amortization	**52.1 %**	51.5 %
General and administrative expenses	**30.3 %**	29.1 %

Net Service Revenue. For the three months ended March 31, 2026, Home Health *Net service revenue* increased 0.6% compared to the same period of 2025 due to an increase in average daily census of 3.7%, partially offset by a decrease in unit revenue per patient day of 3.1%, related to the decline in Medicare reimbursement rates and growth in our non-Medicare patients.

Segment Adjusted EBITDA. The decrease in Home Health Segment Adjusted EBITDA of 8.4% during the three months ended March 31, 2026 compared to the same period of 2025 primarily was the result of a decrease in unit revenue, partially offset by improved cost per patient day.

Hospice

Our Hospice segment derived its *Net service revenue* from the following payer sources:

	Three Months Ended March 31,	
	2026	**2025**
Medicare	**98.1 %**	96.5 %
Managed Care	**1.1 %**	2.0 %
Medicaid	**0.8 %**	1.5 %
Total	**100.0 %**	100.0 %

Additional information regarding our Hospice segment's operating results is as follows:

	Three Months Ended March 31,		Percentage Change
(in millions, except percentages)	**2026**	**2025**	**2026 vs. 2025**
Hospice net service revenue	**$ 63.0**	$ 59.3	6.2 %
Cost of service, excluding depreciation and amortization	**29.1**	26.8	8.6 %
Gross margin, excluding depreciation and amortization	**33.9**	32.5	4.3 %
General and administrative expenses	**19.1**	17.4	9.8 %
Net income attributable to noncontrolling interests	**0.2**	0.1	100.0 %
Hospice Segment Adjusted EBITDA(1)	**$ 14.6**	$ 15.0	(2.7)%
(actual amounts)			
Total:			
Admissions	**3,388**	3,274	3.5 %
Same-store total admissions growth			1.4 %
Patient days	**374,848**	342,784	9.4 %
Discharged average length of stay	**114**	101	12.9 %
Average daily census	**4,165**	3,809	9.3 %
Revenue per patient day	**$ 168.1**	$ 173.0	(2.8)%
Cost per patient day	**$ 77.6**	$ 78.2	(0.8)%

(1) Segment Adjusted EBITDA is presented in conformity with ASC 280, *Segment Reporting*, as a measure reported to management for purposes of making decisions on allocating resources and addressing the performance of our segments. Segment Adjusted EBITDA is calculated similarly to consolidated Adjusted EBITDA but excludes corporate overhead costs that are not allocated to reportable segments because they are not considered when management evaluates segment performance. For more information, see Note 7, *Segment Reporting*, to the unaudited condensed consolidated financial statements.

Expenses as a Percentage of Net Service Revenue

	Three Months Ended March 31,	
	2026	**2025**
Cost of service, excluding depreciation and amortization	**46.2 %**	45.2 %
General and administrative expenses	**30.3 %**	29.3 %

Net Service Revenue. For the three months ended March 31, 2026, Hospice *Net service revenue* increased 6.2% compared to the same period of 2025 due to an increase in average daily census of 9.3%, as we continue to see the benefits of our maturing case management model and improved Medicare reimbursement rates. This increase was partially offset by a decrease in revenue per patient day of 2.8% primarily attributable to the benefit of a non-recurring Medicare cap liability reversal in the first quarter of 2025.

Segment Adjusted EBITDA. The decrease in Hospice Segment Adjusted EBITDA of 2.7% during the three months ended March 31, 2026 compared to the same period of 2025 resulted primarily from the increase in *Net service revenue* of 6.2%, as discussed above, with *Cost of service, excluding depreciation and amortization*, higher by 8.6% to support revenue growth, partially offset by improved clinical staff productivity with a decrease in cost per patient day of 0.8%. Hospice *General and administrative expenses* increased 9.8% due to increased selling-related and back-office support expenses to support revenue growth.

Liquidity and Capital Resources

Our principal sources of short-term liquidity are our cash on hand and our revolving credit facility. We use these sources to fund working capital requirements, capital expenditures and acquisitions, and to service our debt. See "*—Contractual Obligations*" for more information about our material cash requirements from our contractual obligations at March 31, 2026.

As of March 31, 2026 and December 31, 2025, we had $50.0 million and $43.6 million, respectively, in *Cash and cash equivalents*. These amounts exclude $1.5 million and $1.9 million, respectively, in *Restricted cash*. Our *Restricted cash* pertains primarily to a joint venture in which our joint venture partner requested, and we agreed, the joint venture's cash not be commingled with other corporate cash accounts. See Note 1, *Summary of Significant Accounting Policies—Cash and Cash Equivalents* and *—Restricted Cash*, to the consolidated financial statements included in the Form 10-K. As of March 31, 2026, we also had $37.5 million available to us under the Revolving Credit Facility.

For additional information regarding our debt, see Note 3, *Long-Term Debt*, to the accompanying unaudited condensed consolidated financial statements and Item 3, "*Quantitative and Qualitative Disclosures About Market Risk*."

The following table shows the cash flows provided by or used in operating, investing, and financing activities (in millions):

	Three Months Ended March 31,	
	2026	**2025**
Net cash provided by operating activities	**$ 35.2**	$ 17.9
Net cash (used in) provided by investing activities	**(2.6)**	20.8
Net cash used in financing activities	**(26.6)**	(28.2)
Increase in cash, cash equivalents, and restricted cash	**$ 6.0**	$ 10.5

Operating Activities. The increase in *Net cash provided by operating activities* during the three months ended March 31, 2026 as compared to 2025 primarily resulted from increased net income and changes in working capital.

Investing Activities. During the three months ended March 31, 2026, *Net cash (used in) provided by investing activities* primarily resulted from the purchases of property and equipment. During the three months ended March 31, 2025, *Net cash (used in) provided by investing activities* primarily resulted from the proceeds from the sale of an investment.

Financing Activities. During the three months ended March 31, 2026 and 2025, *Net cash used in financing activities* primarily resulted from prepayments of borrowings under our revolving credit facility, gross repayments of debt, as well as proceeds from borrowings and debt issuance costs of the 2026 Credit Agreement.

Contractual Obligations

Our consolidated contractual obligations as of March 31, 2026 are as follows (in millions):

	Total	Current	Long-Term
Long-term debt obligations:			
Long-term debt, excluding revolving credit facility, finance lease obligations and unamortized debt issuance costs	$ 314.5	$ 23.6	$ 290.9
Revolving credit facility	110.0	—	110.0
Interest on long-term debt(1)	75.5	25.1	50.4
Finance lease obligations(2)	4.3	1.9	2.4
Operating lease obligations(3)	61.4	15.4	46.0
Purchase obligations(4)	57.2	35.0	22.2
Total	$ 622.9	$ 101.0	$ 521.9

(1) Interest on long-term debt was calculated using the rate for our term loan A facility as of March 31, 2026.

(2) We lease automobiles for our clinicians under finance leases. Amounts include the interest portion of future minimum finance lease payments. For more information, see Note 6, *Leases*, to the consolidated financial statements included in the Form 10-K.

(3) In addition to our corporate headquarters office space, our Home Health and Hospice segments lease: (i) relatively small office spaces in the localities they serve; and (ii) equipment in the normal course of business. Amounts include the interest portion of future minimum operating lease payments. For more information, see Note 6, *Leases*, to the consolidated financial statements included in the Form 10-K.

(4) Purchase obligations include agreements to purchase goods or services that are enforceable and legally binding and that specify all significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum, or variable price provisions; and the approximate timing of the transaction. Purchase obligations exclude agreements that are cancelable without penalty. Our purchase obligations primarily relate to software licensing and support. Purchase obligations are not recognized in our unaudited Condensed Consolidated Balance Sheet. For more information, see Note 6, *Contingencies and Other Commitments*, to the accompanying unaudited condensed consolidated financial statements.

Our capital expenditures include costs associated with computer hardware and licensing software we utilize to run our business, as well as leasehold improvements. During 2026, we expect to spend approximately $5 million for maintenance capital expenditures. During the three months ended March 31, 2026 and 2025, we made capital expenditures of $2.5 million and $0.3 million, respectively, for property and equipment and capitalized software.

Critical Accounting Estimates

There have been no material changes to our critical accounting estimates from those disclosed in Item 7, "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Estimates*," in the Form 10-K.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our primary exposure to market risk is to changes in interest rates on our variable rate long-term debt. We use sensitivity analysis models to evaluate the impact of interest rate changes on our variable rate debt. As of March 31, 2026, our primary variable rate debt outstanding related to $110.0 million in advances under our 2026 Revolving Credit Facility and $314.5 million under our 2026 Term Loan A Facility.

Assuming outstanding balances were to remain the same, a 1% increase in interest rates would result in an incremental negative cash flow of $4.3 million over the next 12 months, while a 1% decrease in interest rates would result in an incremental positive cash flow of $4.3 million over the next 12 months.

See Note 3, *Long-Term Debt*, to the accompanying unaudited condensed consolidated financial statements for additional information regarding our long-term debt.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, are designed to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is (i) recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms and (ii) accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of March 31, 2026. Based on the evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control Over Financial Reporting

There were no changes during the quarter ended March 31, 2026 in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We provide services in the highly regulated healthcare industry. In the ordinary course of our business, we are a party to various legal actions, proceedings, and claims as well as regulatory and other governmental audits and investigations. These matters could potentially subject us to sanctions, damages, recoupments, fines, and other penalties. Some of these matters have been material to us in the past, and others in the future may, either individually or in the aggregate, be material and adverse to our business, financial position, results of operations, and liquidity. We do not believe any of our pending legal proceedings are material to us, but there can be no assurance our assessment will not change based on future developments.

Additionally, the False Claims Act (the "FCA") allows private citizens, called "relators," to institute civil proceedings on behalf of the United States alleging violations of the FCA. These lawsuits, also known as "qui tam" actions, are common in the healthcare industry and can involve significant monetary damages, fines, attorneys' fees and the award of bounties to the relators who successfully prosecute or bring these suits to the government. It is possible that qui tam lawsuits have been filed against us, which suits remain under seal, or that we are unaware of such filings or precluded by existing law or court order from discussing or disclosing the filing of such suits. Therefore, from time to time, we may be party to one or more undisclosed qui tam cases brought pursuant to the FCA.

ITEM 1A. RISK FACTORS

There have been no material changes to the risk factors disclosed in Item 1A, "*Risk Factors*," in the Form 10-K for the period ended December 31, 2025.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

During the three months ended March 31, 2026, we purchased shares of our common stock as follows:

	Total Number of Shares Purchased (1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans	Approximate Dollar Value of Shares That May Yet Be Purchased Under Our Share Repurchase Plans
January 1 through January 31	**—**	**$ —**	—	—
February 1 through February 28	**180,194**	**13.60**	—	—
March 1 through March 31	**86,223**	**13.61**	—	—
Total	**266,417**	**$ 13.60**	—	—

(1) Represents shares of common stock we repurchased to satisfy employee tax-withholding obligations in connection with the vesting of stock-based compensation awards.

ITEM 5. OTHER INFORMATION

None of the Company's directors or officers adopted, modified or terminated a Rule 10b5-1 trading arrangement or a non-Rule 10b5-1 trading arrangement during the Company's fiscal quarter ended March 31, 2026.

ITEM 6. EXHIBITS

EXHIBIT INDEX

Exhibit Number	Exhibit Description
2.1	Separation and Distribution Agreement, dated as of June 30, 2022, by and between Encompass Health Corporation and Enhabit, Inc. (incorporated by reference to Exhibit 2.1 to Enhabit, Inc.'s Current Report on Form 8-K filed on July 5, 2022).
2.2	2.2 Agreement and Plan of Merger, dated February 22, 2026, by and among Enhabit, Inc., Anchor Parent, LLC and Anchor Merger Sub, Inc. (incorporated by reference to Exhibit 2.1 to Enhabit, Inc.'s Current Report on Form 8-K filed on February 23, 2026).
3.1	Amended and Restated Certificate of Incorporation of Enhabit, Inc. (incorporated by reference to Exhibit 3.1.2 to Enhabit, Inc.'s Current Report on Form 8-K filed on July 5, 2022).
3.2	Amended and Restated Bylaws of Enhabit, Inc. (incorporated by reference to Exhibit 3.2 to Enhabit, Inc.'s Quarterly Report on Form 10-Q for the three months ended September 30, 2022).
10.1	Amended and Restated Credit Agreement, dated as of February 26, 2026, by and among Enhabit, Inc., Wells Fargo Bank, National Association, as administrative agent, collateral agent and swingline lender, and each issuing bank and lender from time to time party thereto (incorporated by reference to Exhibit 10.1 to Enhabit, Inc's Current Report on Form 8-K filed on March 4, 2026).
10.2	Form of Voting and Support Agreement by and among Anchor Parent, LLC, Anchor Merger Sub, Inc. and the stockholders party thereto (included as Exhibit C in Exhibit 2.1) (incorporated by reference to Exhibit 10.1 to Enhabit, Inc.'s Current Report on Form 8-K filed on February 23, 2026).
31.1†	Certification of Chief Executive Officer required by Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2†	Certification of Chief Financial Officer required by Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1+	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2+	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS†	XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document).
101.SCH†	Inline XBRL Taxonomy Extension Schema Document.
101.CAL†	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF†	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB†	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE†	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104†	Cover Page Interactive Data File - the cover page XBRL tags are embedded within the Inline XBRL document.

† Filed herewith as an exhibit.

+ Furnished herewith as an exhibit.

SIGNATURE

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 thereunto duly authorized.

ENHABIT, INC.

By: /s/ Ryan Solomon

Ryan Solomon
Chief Financial Officer

Date: May 7, 2026

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO RULE 13a-14(a) AND RULE 15d-14(a) OF THE
SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Barbara A. Jacobsmeyer, certify that:

1. I have reviewed this Form 10-Q of Enhabit, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 7, 2026

By: /s/ Barbara A. Jacobsmeyer
Barbara A. Jacobsmeyer
President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO RULE 13a-14(a) AND RULE 15d-14(a) OF THE
SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Ryan Solomon, certify that:

1. I have reviewed this Form 10-Q of Enhabit, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
   (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: May 7, 2026

By: /s/ Ryan Solomon

Ryan Solomon
Chief Financial Officer

Exhibit 32.1

CERTIFICATE OF CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Enhabit, Inc. on Form 10-Q for the period ended March 31, 2026, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Barbara A. Jacobsmeyer, President and Chief Executive Officer of Enhabit, Inc., certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Enhabit, Inc.

Date: May 7, 2026

By: /s/ Barbara A. Jacobsmeyer
Barbara A. Jacobsmeyer
President and Chief Executive Officer

Exhibit 32.2

CERTIFICATE OF CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Enhabit, Inc. on Form 10-Q for the period ended March 31, 2026, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Ryan Solomon, Chief Financial Officer of Enhabit, Inc., certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Enhabit, Inc.

Date: May 7, 2026

By: /s/ Ryan Solomon
Ryan Solomon
Chief Financial Officer