

**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 **June 30, 2023**

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: **001-12111**



Pediatrix Medical Group, Inc.
(Exact name of registrant as specified in its charter)

Florida
(State or other jurisdiction of
Incorporation or organization)

1301 Concord Terrace
Sunrise, Florida
(Address of principal executive offices)

26-3667538
(I.R.S. Employer
Identification No.)

33323
(Zip Code)

(954) 384-0175

(Registrant's telephone number, including area code)

Not Applicable

(Former name, former address and former fiscal year, if changed since last report)

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, par value \$.01 per share	MD	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, 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	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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

On July 28, 2023, the registrant had outstanding 83,941,842 shares of Common Stock, par value \$.01 per share.

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Pediatrix Medical Group, Inc.
Consolidated Balance Sheets
(in thousands)
(Unaudited)

	<u>June 30, 2023</u>	<u>December 31, 2022</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 5,849	\$ 9,824
Short-term investments	98,490	93,239
Accounts receivable, net	270,852	296,787
Prepaid expenses	12,461	14,878
Other current assets	10,115	13,261
Total current assets	<u>397,767</u>	<u>427,989</u>
Property and equipment, net	73,334	73,290
Goodwill	1,532,092	1,532,092
Intangible assets, net	16,800	18,491
Operating and finance lease right-of-use assets	67,088	66,924
Deferred income tax assets	101,600	105,925
Other assets	116,829	123,176
Total assets	<u>\$ 2,305,510</u>	<u>\$ 2,347,887</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	\$ 277,680	\$ 374,225
Current portion of debt and finance lease liabilities, net	14,919	14,898
Current portion of operating lease liabilities	21,567	21,589
Income taxes payable	6,152	16,271
Total current liabilities	<u>320,318</u>	<u>426,983</u>
Line of credit	41,000	4,000
Long-term debt and finance lease liabilities, net	625,273	632,381
Long-term operating lease liabilities	43,066	44,213
Long-term professional liabilities	263,784	275,629
Deferred income tax liabilities	37,767	33,638
Other liabilities	31,927	39,411
Total liabilities	<u>1,363,135</u>	<u>1,456,255</u>
Commitments and contingencies		
Shareholders' equity:		
Preferred stock; \$.01 par value; 1,000 shares authorized; none issued	—	—
Common stock; \$.01 par value; 200,000 shares authorized; 83,841 and 82,947 shares issued and outstanding, respectively	838	829
Additional paid-in capital	991,630	983,601
Accumulated other comprehensive loss	(3,518)	(3,735)
Retained deficit	(46,575)	(89,063)
Total shareholders' equity	<u>942,375</u>	<u>891,632</u>
Total liabilities and shareholders' equity	<u>\$ 2,305,510</u>	<u>\$ 2,347,887</u>

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

Pediatrix Medical Group, Inc.
Consolidated Statements of Income and Comprehensive Income
(in thousands, except per share data)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Net revenue	\$ 500,577	\$ 486,033	\$ 991,585	\$ 968,262
Operating expenses:				
Practice salaries and benefits	354,032	330,757	716,267	673,912
Practice supplies and other operating expenses	31,089	29,843	61,809	58,332
General and administrative expenses	58,013	61,165	117,072	122,452
Depreciation and amortization	8,945	8,775	17,898	17,544
Transformational and restructuring related expenses	—	5,338	—	6,759
Total operating expenses	452,079	435,878	913,046	878,999
Income from operations	48,498	50,155	78,539	89,263
Investment and other income	1,189	844	1,823	1,719
Interest expense	(11,230)	(8,409)	(21,620)	(20,227)
Loss on early extinguishment of debt	—	—	—	(57,016)
Equity in earnings of unconsolidated affiliate	490	443	917	948
Total non-operating expenses	(9,551)	(7,122)	(18,880)	(74,576)
Income from continuing operations before income taxes	38,947	43,033	59,659	14,687
Income tax provision	(10,665)	(12,332)	(17,171)	(4,931)
Income from continuing operations	28,282	30,701	42,488	9,756
Loss from discontinued operations, net of tax	—	(3,565)	—	(3,812)
Net income	28,282	27,136	42,488	5,944
Net loss attributable to noncontrolling interest	—	—	—	4
Net income attributable to Pediatrix Medical Group, Inc.	\$ 28,282	\$ 27,136	\$ 42,488	\$ 5,948
Other comprehensive (loss) income, net of tax				
Unrealized holding (loss) gain on investments, net of tax of \$126, \$414, \$353 and \$1,308	(387)	(1,234)	217	(3,902)
Total comprehensive income attributable to Pediatrix Medical Group, Inc.	\$ 27,895	\$ 25,902	\$ 42,705	\$ 2,046
Per common and common equivalent share data:				
Net income attributable to Pediatrix Medical Group, Inc.:				
Basic	\$ 0.34	\$ 0.32	\$ 0.52	\$ 0.07
Diluted	\$ 0.34	\$ 0.32	\$ 0.52	\$ 0.07
Weighted average common shares:				
Basic	82,399	85,078	82,033	85,190
Diluted	82,664	85,619	82,377	85,914

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

Pediatrix Medical Group, Inc.
Consolidated Statements of Shareholders' Equity
(in thousands)
(Unaudited)

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Retained Deficit	Total Equity
	Number of Shares	Amount				
2023						
Balance at January 1, 2023	82,947	\$ 829	\$ 983,601	\$ (3,735)	\$ (89,063)	\$ 891,632
Net income	—	—	—	—	14,206	14,206
Unrealized holding gain on investments, net of tax	—	—	—	604	—	604
Common stock issued under employee stock option, employee stock purchase plan and stock purchase plan	86	—	1,095	—	—	1,095
Issuance of restricted stock	871	9	(9)	—	—	—
Forfeitures of restricted stock	(221)	(2)	2	—	—	—
Stock-based compensation expense	—	—	3,009	—	—	3,009
Repurchased common stock	(49)	—	(775)	—	—	(775)
Balance at March 31, 2023	83,634	\$ 836	\$ 986,923	\$ (3,131)	\$ (74,857)	\$ 909,771
Net income	—	—	—	—	28,282	28,282
Unrealized holding loss on investments, net of tax	—	—	—	(387)	—	(387)
Common stock issued under employee stock option, employee stock purchase plan and stock purchase plan	126	1	1,593	—	—	1,594
Issuance of restricted stock	93	1	(1)	—	—	—
Forfeitures of restricted stock	(11)	—	—	—	—	—
Stock-based compensation expense	—	—	3,126	—	—	3,126
Repurchased common stock	(1)	—	(11)	—	—	(11)
Balance at June 30, 2023	83,841	\$ 838	\$ 991,630	\$ (3,518)	\$ (46,575)	\$ 942,375
2022						
Balance at January 1, 2022	86,423	\$ 864	\$ 1,049,696	\$ 1,317	\$ (155,185)	\$ 896,692
Net loss	—	—	—	—	(21,188)	(21,188)
Dissolution of and net loss attributable to noncontrolling interest ⁽¹⁾	—	—	10	—	(213)	(203)
Unrealized holding loss on investments, net of tax	—	—	—	(2,668)	—	(2,668)
Common stock issued under employee stock option, employee stock purchase plan and stock purchase plan	50	—	1,174	—	—	1,174
Issuance of restricted stock	766	8	(8)	—	—	—
Forfeitures of restricted stock	(5)	—	—	—	—	—
Stock-based compensation expense	—	—	4,435	—	—	4,435
Repurchased common stock	(50)	—	(1,166)	—	—	(1,166)
Balance at March 31, 2022	87,184	\$ 872	\$ 1,054,141	\$ (1,351)	\$ (176,586)	\$ 877,076
Net income	—	—	—	—	27,136	27,136
Unrealized holding loss on investments, net of tax	—	—	—	(1,234)	—	(1,234)
Common stock issued under employee stock option, employee stock purchase plan and stock purchase plan	82	1	1,663	—	—	1,664
Issuance of restricted stock	74	1	(1)	—	—	—
Forfeitures of restricted stock	(5)	—	—	—	—	—
Stock-based compensation expense	—	—	5,186	—	—	5,186
Repurchased common stock	(3,275)	(33)	(64,365)	—	—	(64,398)
Balance at June 30, 2022	84,060	\$ 841	\$ 996,624	\$ (2,585)	\$ (149,450)	\$ 845,430

(1) Net loss component is presented within retained deficit on the consolidated balance sheet as the balance is immaterial.

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

Pediatrix Medical Group, Inc.
Consolidated Statements of Cash Flows
(in thousands)
(Unaudited)

	Six Months Ended June 30,	
	2023	2022
Cash flows from operating activities:		
Net income	\$ 42,488	\$ 5,948
Loss from discontinued operations	—	3,812
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortization	17,898	17,544
Amortization of premiums, discounts and issuance costs	733	857
Loss on early extinguishment of debt	—	57,016
Stock-based compensation expense	6,135	8,771
Deferred income taxes	8,376	(1,894)
Other	(900)	(1,577)
Changes in assets and liabilities:		
Accounts receivable	28,900	(15,950)
Prepaid expenses and other current assets	2,141	17,044
Other long-term assets	5,052	6,970
Accounts payable and accrued expenses	(97,315)	(90,986)
Income taxes payable	(12,028)	(12,254)
Long-term professional liabilities	838	(2,768)
Other liabilities	(10,356)	(867)
Net cash used in operating activities – continuing operations	(8,038)	(8,334)
Net cash used in operating activities - discontinued operations	(3,825)	(6,741)
Net cash used in operating activities	(11,863)	(15,075)
Cash flows from investing activities:		
Acquisition payments, net of cash acquired	(1,667)	(28,167)
Purchases of investments	(17,761)	(12,983)
Proceeds from maturities or sales of investments	12,810	14,039
Purchases of property and equipment	(15,130)	(13,703)
Other	—	1,189
Net cash used in investing activities	(21,748)	(39,625)
Cash flows from financing activities:		
Borrowings on credit agreement	421,000	475,000
Payments on credit agreement	(384,000)	(321,500)
Payments on term loan	(6,250)	(3,125)
Redemption of senior notes, including call premium	—	(1,046,880)
Proceeds from senior notes and term loan	—	650,000
Payments for financing costs	—	(8,394)
Payments on finance lease obligations	(1,404)	(1,262)
Proceeds from issuance of common stock	2,689	2,838
Repurchases of common stock	(786)	(65,564)
Other	(1,613)	284
Net cash provided by (used in) financing activities	29,636	(318,603)
Net decrease in cash and cash equivalents	(3,975)	(373,303)
Cash and cash equivalents at beginning of period	9,824	387,391
Cash and cash equivalents at end of period	\$ 5,849	\$ 14,088

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

Pediatrix Medical Group, Inc.
Notes to Consolidated Financial Statements
June 30, 2023
(Unaudited)

1. Basis of Presentation:

On July 1, 2022, effective after the close of the market, the Company changed its corporate name from "Mednax, Inc." to "Pediatrix Medical Group, Inc." signifying the Company's return to its core focus in caring for women, babies and children. The Company's common stock continues to trade on the New York Stock Exchange under the ticker symbol "MD."

The accompanying unaudited Consolidated Financial Statements of the Company and the notes thereto presented in this Form 10-Q have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission ("SEC") applicable to interim financial statements, and do not include all disclosures required by accounting principles generally accepted in the United States of America ("GAAP") for complete financial statements. In the opinion of management, these financial statements include all adjustments, consisting only of normal recurring adjustments, necessary for a fair statement of the results of interim periods. The financial statements include all the accounts of Pediatrix Medical Group, Inc. and its consolidated subsidiaries (collectively, "PMG") together with the accounts of PMG's affiliated business corporations or professional associations, professional corporations, limited liability companies and partnerships (the "affiliated professional contractors"). Certain subsidiaries of PMG have contractual management arrangements with its affiliated professional contractors, which are separate legal entities that provide physician services in certain states. The Company ceased providing services in Puerto Rico effective December 31, 2022. The terms "Pediatrix" and the "Company" refer collectively to Pediatrix Medical Group Inc., its subsidiaries and the affiliated professional contractors.

The Company is a party to a joint venture in which it owns a 37.5% economic interest. The Company accounts for this joint venture under the equity method of accounting because the Company exercises significant influence over, but does not control, this entity. The Company was also a party to another joint venture in which it owned a 51% economic interest and for which it was deemed the primary beneficiary. This joint venture was dissolved in February 2022. The operating results related to this joint venture prior to the dissolution and impacts from such dissolution were not material.

The consolidated results of operations for the interim periods presented are not necessarily indicative of the results to be experienced for the entire fiscal year. In addition, the accompanying unaudited Consolidated Financial Statements and the notes thereto should be read in conjunction with the Consolidated Financial Statements and the notes thereto included in the Company's most recent Annual Report on Form 10-K (the "Form 10-K").

2. Cash Equivalents and Investments:

As of June 30, 2023 and December 31, 2022, the Company's cash equivalents consisted entirely of money market funds totaling \$0.7 million and \$1.4 million, respectively.

Investments held are all classified as current and at June 30, 2023 and December 31, 2022 are summarized as follows (in thousands):

	June 30, 2023	December 31, 2022
Corporate securities	\$ 58,894	\$ 61,385
Municipal debt securities	13,463	14,377
U.S. Treasury securities	16,473	10,205
Certificates of deposit	4,136	3,710
Federal home loan securities	5,524	3,562
	<u>\$ 98,490</u>	<u>\$ 93,239</u>

3. Fair Value Measurements:

The accounting guidance establishes a fair value hierarchy that prioritizes valuation inputs into three levels based on the extent to which inputs used in measuring fair value are observable in the market. Each fair value measurement is reported in one of three levels:

Level 1 – inputs are based upon unadjusted quoted prices for identical instruments traded in active markets.

Level 2 – inputs are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – inputs are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques that include option pricing models, discounted cash flow models, and similar techniques.

The following table presents information about the Company's financial instruments that are accounted for at fair value on a recurring basis at June 30, 2023 and December 31, 2022 (in thousands):

	Fair Value Category	Fair Value	
		June 30, 2023	December 31, 2022
Assets:			
Money market funds	Level 1	\$ 655	\$ 1,415
Short-term investments	Level 2	98,490	93,239
Mutual Funds	Level 1	16,522	14,544

The following table presents information about the Company's financial instruments that are not carried at fair value at June 30, 2023 and December 31, 2022 (in thousands):

	June 30, 2023		December 31, 2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Liabilities:				
2030 Notes	\$ 400,000	\$ 368,080	400,000	344,000

The carrying amounts of cash equivalents, accounts receivable and accounts payable and accrued expenses approximate fair value due to the short maturities of the respective instruments. The carrying value of the line of credit approximates fair value. If the Company's line of credit was measured at fair value, it would be categorized as Level 2 in the fair value hierarchy.

4. Accounts Receivable and Net Revenue:

Accounts receivable, net consists of the following (in thousands):

	June 30, 2023	December 31, 2022
Gross accounts receivable	\$ 1,409,118	\$ 1,548,492
Allowance for contractual adjustments and uncollectibles	(1,138,266)	(1,251,705)
	<u>\$ 270,852</u>	<u>\$ 296,787</u>

Patient service revenue is recognized at the time services are provided by the Company's affiliated physicians. The Company's performance obligations related to the delivery of services to patients are satisfied at the time of service. Accordingly, there are no performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period with respect to patient service revenue. Almost all of the Company's patient service revenue is reimbursed by government-sponsored healthcare programs ("GHC Programs") and third-party insurance payors. Payments for services rendered to the Company's patients are generally less than billed charges. The Company monitors its revenue and receivables from these sources and records an estimated contractual allowance to properly account for the anticipated differences between billed and reimbursed amounts.

Accordingly, patient service revenue is presented net of an estimated provision for contractual adjustments and uncollectibles. The Company estimates allowances for contractual adjustments and uncollectibles on accounts receivable based upon historical experience and other factors, including days sales outstanding ("DSO") for accounts receivable, evaluation of expected adjustments and delinquency rates, past adjustments and collection experience in relation to amounts billed, an aging of accounts receivable, current contract and reimbursement terms, changes in payor mix and other relevant information. Contractual adjustments result from the difference between the physician rates for services performed and the reimbursements by GHC Programs and third-party insurance payors for such services.

Collection of patient service revenue the Company expects to receive is normally a function of providing complete and correct billing information to the GHC Programs and third-party insurance payors within the various filing deadlines and typically occurs within 30 to 60 days of billing.

Some of the Company's hospital agreements require hospitals to pay the Company administrative fees. Some agreements provide for fees if the hospital does not generate sufficient patient volume in order to guarantee that the Company receives a specified minimum revenue level. The Company also receives fees from hospitals for administrative services performed by its affiliated physicians providing medical director or other services at the hospital.

The following table summarizes the Company's net revenue by category (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Net patient service revenue	\$ 430,383	\$ 418,507	\$ 853,567	\$ 824,542
Hospital contract administrative fees	69,585	65,481	135,574	129,007
Other revenue	609	2,045	2,444	14,713
	<u>\$ 500,577</u>	<u>\$ 486,033</u>	<u>\$ 991,585</u>	<u>\$ 968,262</u>

The approximate percentage of net patient service revenue by type of payor was as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Contracted managed care	68 %	68 %	67 %	68 %
Government	25	27	25	26
Other third-parties	5	3	6	4
Private-pay patients	2	2	2	2
	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>

5. Accounts Payable and Accrued Expenses:

Accounts payable and accrued expenses consist of the following (in thousands):

	June 30, 2023	December 31, 2022
Accounts payable	\$ 30,992	\$ 31,857
Accrued salaries and incentive compensation	116,869	197,831
Accrued payroll taxes and benefits	31,205	34,983
Accrued professional liabilities	29,001	32,232
Accrued interest	9,370	8,921
Other accrued expenses	60,243	68,401
	<u>\$ 277,680</u>	<u>\$ 374,225</u>

The net decrease in accrued salaries and incentive compensation of \$80.9 million, from December 31, 2022 to June 30, 2023, is primarily due to the payment of performance-based incentive compensation, principally to the Company's affiliated physicians, partially offset by performance-based incentive compensation accrued during the six months ended June 30, 2023. A majority of the Company's payments for performance-based incentive compensation is paid annually during the first quarter.

6. Line of Credit and Long-Term Debt:

On February 11, 2022, the Company issued \$400.0 million of 5.375% unsecured senior notes due 2030 (the "2030 Notes"). The Company used the net proceeds from the issuance of the 2030 Notes, together with \$100.0 million drawn under the Revolving Credit Line (as defined below), \$250.0 million of Term A Loan (as defined below) and approximately \$308.0 million of cash on hand, to redeem (the "Redemption") the 2027 Notes, which had an outstanding principal balance of \$1.0 billion, and to pay costs, fees and expenses associated with the Redemption and the Credit Agreement Amendment (as defined below).

Interest on the 2030 Notes accrues at the rate of 5.375% per annum, or \$21.5 million, and is payable semi-annually in arrears on February 15 and August 15, beginning on August 15, 2022. The Company's obligations under the 2030 Notes are guaranteed on an unsecured senior basis by the same subsidiaries and affiliated professional contractors that guarantee the Amended Credit Agreement (as defined below). The indenture under which the 2030 Notes are issued, among other things, limits the Company's ability to (1) incur liens and (2) enter into sale and lease-back transactions, and also limits the Company's ability to merge or dispose of all or substantially all of its assets, in all cases, subject to a number of customary exceptions. Although the Company is not required to make mandatory redemption or sinking fund payments with respect to the 2030 Notes, upon the occurrence of a change in control, the Company may be required to repurchase the 2030 Notes at a purchase price equal to 101% of the aggregate principal amount of the 2030 Notes repurchased plus accrued and unpaid interest.

Also in connection with the Redemption, the Company amended its credit agreement (the "Credit Agreement", and such amendment, the "Credit Agreement Amendment"), concurrently with the issuance of the 2030 Notes. The Credit Agreement Amendment, among other things, (i) refinanced the prior unsecured revolving credit facility with a \$450 million unsecured revolving credit facility, including a \$37.5 million sub-facility for the issuance of letters of credit (the "Revolving Credit Line"), and a \$250 million term A loan facility ("Term A Loan") and (ii) removed JPMorgan Chase Bank, N.A., as the administrative agent under the Credit Agreement and appointed Bank of America, N.A. as the administrative agent for the lenders.

The Credit Agreement, as amended by the Credit Agreement Amendment (the “Amended Credit Agreement”) matures on February 11, 2027 and is guaranteed on an unsecured basis by substantially all of the Company’s subsidiaries and affiliated professional contractors. At the Company’s option, borrowings under the Amended Credit Agreement bear interest at (i) the Alternate Base Rate (defined as the highest of (a) the prime rate as announced by Bank of America, N.A., (b) the Federal Funds Rate plus 0.50% and (c) Term Secured Overnight Financing Rate (“SOFR”) for an interest period of one month plus 1.00% with a 1.00% floor) plus an applicable margin rate of 0.50% for the first two fiscal quarters after the date of the Credit Agreement Amendment, and thereafter at an applicable margin rate ranging from 0.125% to 0.750% based on the Company’s consolidated net leverage ratio or (ii) Term SOFR rate (calculated as the Secured Overnight Financing Rate published on the applicable Reuters screen page plus a spread adjustment of 0.10%, 0.15% or 0.25% depending on if the Company selects a one-month, three-month or six-month interest period, respectively, for the applicable loan with a 0% floor), plus an applicable margin rate of 1.50% for the first two full fiscal quarters after the date of the Credit Agreement Amendment, and thereafter at an applicable margin rate ranging from 1.125% to 1.750% based on the Company’s consolidated net leverage ratio. The Amended Credit Agreement also provides for other customary fees and charges, including an unused commitment fee with respect to the Revolving Credit Line ranging from 0.150% to 0.200% of the unused lending commitments under the Revolving Credit Line, based on the Company’s consolidated net leverage ratio.

The Amended Credit Agreement contains customary covenants and restrictions, including covenants that require the Company to maintain a minimum interest coverage ratio, a maximum consolidated total consolidated net leverage ratio and to comply with laws, and restrictions on the ability to pay dividends, incur indebtedness or liens and make certain other distributions subject to baskets and exceptions, in each case, as specified therein. Failure to comply with these covenants would constitute an event of default under the Amended Credit Agreement, notwithstanding the ability of the Company to meet its debt service obligations. The Amended Credit Agreement includes various customary remedies for the lenders following an event of default, including the acceleration of repayment of outstanding amounts under the Amended Credit Agreement. In addition, the Company may increase the principal amount of the Revolving Credit Line or incur additional term loans under the Amended Credit Agreement in an aggregate principal amount such that on a pro forma basis after giving effect to such increase or additional term loans, the Company would be in compliance with the financial covenants, subject to the satisfaction of specified conditions and additional caps in the event that the Amended Credit Agreement is secured.

At June 30, 2023, the Company had an outstanding principal balance on the Amended Credit Agreement of \$275.4 million, composed of \$234.4 million under the Term A Loan and \$41.0 million under the Revolving Credit Line. The Company had \$409.0 million available on its Amended Credit Agreement at June 30, 2023.

At June 30, 2023, the Company had an outstanding principal balance of \$400.0 million on the 2030 Notes.

7. Common and Common Equivalent Shares:

Basic net income per common share is calculated by dividing net income by the weighted average number of common shares outstanding during the period. Diluted net income per common share is calculated by dividing net income by the weighted average number of common and potential common shares outstanding during the period. Potential common shares consist of outstanding restricted stock and stock options and is calculated using the treasury stock method.

The calculation of shares used in the basic and diluted net income per common share calculation for the three and six months ended June 30, 2023 and 2022 is as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Weighted average number of common shares outstanding	82,399	85,078	82,033	85,190
Weighted average number of dilutive common share equivalents	265	541	344	724
Weighted average number of common and common equivalent shares outstanding	82,664	85,619	82,377	85,914
Antidilutive securities (restricted stock and stock options) not included in the diluted net income per common share calculation	1,338	569	1,358	409

8. Stock Incentive Plans and Stock Purchase Plans:

The Company’s Amended and Restated 2008 Incentive Compensation Plan (the “Amended and Restated 2008 Incentive Plan”) provides for grants of stock options, stock appreciation rights, restricted stock, deferred stock, and other stock-related awards and performance awards that may be settled in cash, stock or other property.

Under the Amended and Restated 2008 Incentive Plan, options to purchase shares of common stock may be granted at a price not less than the fair market value of the shares on the date of grant. The options must be exercised within 10 years from the date of grant and generally become exercisable on a pro rata basis over a three-year period from the date of grant. The Company

issues new shares of its common stock upon exercise of its stock options. Restricted stock awards generally vest over periods of three years upon the fulfillment of specified service-based conditions and in certain instances performance-based conditions. Deferred stock awards generally vest upon the satisfaction of specified performance-based conditions and service-based conditions. The Company recognizes compensation expense related to its restricted stock and deferred stock awards ratably over the corresponding vesting periods. During the six months ended June 30, 2023, the Company granted 0.8 million shares of restricted stock to its employees and non-employee directors under the Amended and Restated 2008 Incentive Plan. At June 30, 2023, the Company had 8.1 million shares available for future grants and awards under the Amended and Restated 2008 Incentive Plan.

Under the Company's Amended and Restated 1996 Non-Qualified Employee Stock Purchase Plan, as amended (the "ESPP"), employees are permitted to purchase the Company's common stock at 85% of market value on January 1st, April 1st, July 1st and October 1st of each year. Under the Company's 2015 Non-Qualified Stock Purchase Plan (the "SPP"), certain eligible non-employee service providers are permitted to purchase the Company's common stock at 90% of market value on January 1st, April 1st, July 1st and October 1st of each year.

The Company recognizes stock-based compensation expense for the discount received by participating employees and non-employee service providers. During the six months ended June 30, 2023, approximately 0.2 million shares were issued under the ESPP. At June 30, 2023, the Company had approximately 2.3 million shares reserved for issuance under the ESPP. At June 30, 2023, the Company had approximately 61,000 shares in the aggregate reserved for issuance under the SPP. No shares have been issued under the SPP since 2020.

During the three and six months ended June 30, 2023 and 2022, the Company recognized stock-based compensation expense of \$3.1 million and \$6.1 million and \$4.4 million and \$8.8 million, respectively.

9. Common Stock Repurchase Programs:

In July 2013, the Company's Board of Directors authorized the repurchase of shares of the Company's common stock up to an amount sufficient to offset the dilutive impact from the issuance of shares under the Company's equity compensation programs. The share repurchase program allows the Company to make open market purchases from time-to-time based on general economic and market conditions and trading restrictions. The repurchase program also allows for the repurchase of shares of the Company's common stock to offset the dilutive impact from the issuance of shares, if any, related to the Company's acquisition program. No shares were purchased under this program during the six months ended June 30, 2023.

In August 2018, the Company announced that its Board of Directors had authorized the repurchase of up to \$500.0 million of the Company's common stock in addition to its existing share repurchase program, of which \$5.5 million remained available for repurchase as of December 31, 2022. Under this share repurchase program, during the six months ended June 30, 2023, the Company purchased a nominal number of shares of its common stock for \$0.8 million representing shares withheld to satisfy minimum statutory withholding obligations in connection with the vesting of restricted stock, resulting in \$4.7 million remaining available for repurchase under this authorization as of June 30, 2023.

The Company intends to utilize various methods to effect any future share repurchases, including, among others, open market purchases and accelerated share repurchase programs. The amount and timing of repurchases will depend upon several factors, including general economic and market conditions and trading restrictions.

10. Coronavirus Pandemic ("COVID-19"):

COVID-19 has had an impact on the demand for medical services provided by the Company's affiliated clinicians. Beginning in mid-March 2020 and throughout the second quarter of 2020, the Company's operating results were significantly impacted by COVID-19, but volumes began to normalize in mid-2020 and substantially recovered throughout 2020 with no material impacts from COVID-19 or its variants since that time. However, due to the continued uncertainties surrounding the timeline of and impacts from COVID-19 and with multiple variant strains still circulating, the Company is unable to predict the ultimate impact of COVID-19 on its business, financial condition, results of operations, cash flows and the trading price of its securities at this time.

CARES Act

In March 2020, the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") was signed into law. The CARES Act is a relief package intended to assist many aspects of the American economy, including providing financial aid to the healthcare industry to reimburse healthcare providers for lost revenue and expenses attributable to COVID-19. The Department of Health and Human Services is administering this program and began disbursing funds in April 2020, of which the Company's affiliated physician practices within continuing operations recognized an aggregate of \$0.7 million and \$11.1 million during the three and six months ended June 30, 2022, respectively.

11. Commitments and Contingencies:

The Company expects that audits, inquiries and investigations from government authorities and agencies will occur in the ordinary course of business. Such audits, inquiries and investigations and their ultimate resolutions, individually or in the aggregate,

could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows and the trading price of its securities. The Company has not included an accrual for these matters as of June 30, 2023 in its Consolidated Financial Statements, as the variables affecting any potential eventual liability depend on the currently unknown facts and circumstances that arise out of, and are specific to, any particular future audit, inquiry and investigation and cannot be reasonably estimated at this time.

In the ordinary course of business, the Company becomes involved in pending and threatened legal actions and proceedings, most of which involve claims of medical malpractice related to medical services provided by the Company's affiliated physicians. The Company's contracts with hospitals generally require the Company to indemnify them and their affiliates for losses resulting from the negligence of the Company's affiliated physicians. The Company may also become subject to other lawsuits which could involve large claims and significant costs. The Company believes, based upon a review of pending actions and proceedings, that the outcome of such legal actions and proceedings will not have a material adverse effect on its business, financial condition, results of operations, cash flows and the trading price of its securities. The outcome of such actions and proceedings, however, cannot be predicted with certainty and an unfavorable resolution of one or more of them could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows and the trading price of its securities.

Although the Company currently maintains liability insurance coverage intended to cover professional liability and certain other claims, the Company cannot assure that its insurance coverage will be adequate to cover liabilities arising out of claims asserted against it in the future where the outcomes of such claims are unfavorable. With respect to professional liability risk, the Company generally self-insures a portion of this risk through its wholly owned captive insurance subsidiary. Liabilities in excess of the Company's insurance coverage, including coverage for professional liability and certain other claims, could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows and the trading price of its securities.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

The following discussion highlights the principal factors that have affected our financial condition and results of operations, as well as our liquidity and capital resources, for the periods described. This discussion should be read in conjunction with the unaudited Consolidated Financial Statements and the notes thereto included in this Quarterly Report. In addition, reference is made to our audited consolidated financial statements and notes thereto and related Management’s Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022, filed with the Securities and Exchange Commission on February 17, 2023 (the “2022 Form 10-K”). As used in this Quarterly Report, the terms “Pediatrix”, the “Company”, “we”, “us” and “our” refer to the parent company, Pediatrix Medical Group, Inc., a Florida corporation, and the consolidated subsidiaries through which its businesses are actually conducted (collectively, “PMG”), together with PMG’s affiliated business corporations or professional associations, professional corporations, limited liability companies and partnerships (“affiliated professional contractors”). Certain subsidiaries of PMG have contracts with our affiliated professional contractors, which are separate legal entities that provide physician services in certain states. We ceased providing services in Puerto Rico on December 31, 2022. The following discussion contains forward-looking statements. Please see the Company’s 2022 Form 10-K, including Item 1A, Risk Factors, for a discussion of the uncertainties, risks and assumptions associated with these forward-looking statements. In addition, please see “Caution Concerning Forward-Looking Statements” below.

Overview

Pediatrix (formerly known as Mednax, Inc.) is a leading provider of physician services including newborn, maternal-fetal, pediatric cardiology and other pediatric subspecialty care. Our national network is comprised of affiliated physicians who provide clinical care in 37 states. We ceased providing services in Puerto Rico on December 31, 2022. Our affiliated physicians provide neonatal clinical care, primarily within hospital-based neonatal intensive care units (“NICUs”), to babies born prematurely or with medical complications; and maternal-fetal and obstetrical medical care to expectant mothers experiencing complicated pregnancies, primarily in areas where our affiliated neonatal physicians practice. Our network also includes other pediatric subspecialists, including those who provide pediatric intensive care, pediatric cardiology care, hospital-based pediatric care, pediatric surgical care, pediatric ear, nose and throat, pediatric ophthalmology, pediatric urology services and pediatric primary and urgent care.

General Economic Conditions and Other Factors

Our operations and performance depend significantly on economic conditions. During the three months ended June 30, 2023, the percentage of our patient service revenue being reimbursed under government-sponsored healthcare programs (“GHC Programs”) remained stable as compared to the three months ended June 30, 2022. However, we could experience shifts toward GHC Programs if changes occur in economic behaviors or population demographics within geographic locations in which we provide services, including an increase in unemployment and underemployment as well as losses of commercial health insurance or if there are additional impacts from COVID-19 or its variants. Payments received from GHC Programs are substantially less for equivalent services than payments received from commercial insurance payors. In addition, costs of managed care premiums and patient responsibility amounts continue to rise, and accordingly, we may experience lower net revenue resulting from increased bad debt due to patients’ inability to pay for certain services.

“Surprise” Billing Legislation

In late 2020, Congress enacted legislation intended to protect patients from “surprise” medical bills when services are furnished by providers who are not in network with the patient’s insurer (the “No Surprises Act” or the “NSA”). Effective January 1, 2022, if the patient’s insurance plan is subject to the NSA, providers are not permitted to send patients an unexpected or “surprise” medical bill that arises from out-of-network emergency care provided at an out-of-network facility or at in-network facilities by out-of-network providers and out-of-network nonemergency care provided at in-network facilities without the patient’s informed consent. Many states have legislation on this topic and will continue to modify and review their laws pertaining to surprise billing.

Under the NSA, patients are only required to pay the in-network cost-sharing amount, which has been determined through an established regulatory formula and will count toward the patient’s health plan deductible and out-of-pocket cost-sharing limits. Providers will generally not be permitted to balance bill patients beyond this cost-sharing amount. An out-of-network provider will only be permitted to bill a patient more than the in-network cost-sharing amount for care if the provider gives the patient notice of the provider’s network status and delivers to the patient or their health plan an estimate of charges within certain specified timeframes, and obtains the patient’s written consent prior to the delivery of care. Providers that violate these surprise billing prohibitions may be subject to state enforcement action or federal civil monetary penalties.

Also under the NSA, out of network providers will be paid an amount determined by the patient’s insurer for services rendered in the emergency care setting; if a provider is not satisfied with the amount paid for the services, the provider can pursue recourse through an independent dispute resolution (“IDR”) process. These IDR results will bind both the provider and payor for a 90-day period. In August 2022, the United States Department of Health and Human Services, Department of Labor and Department of Treasury (the “Departments”) issued their final rule and corresponding guidance implementing certain portions of the IDR process under the NSA. The Departments plan to publish additional rules and guidance in the coming months and years. Certain IDR-related provisions of the NSA are being challenged in courts by provider groups, and the result of this litigation may alter portions of the law. Accordingly, we cannot predict how these IDR results will compare to the rates that our affiliated physicians customarily receive for their services.

These measures could limit the amount we can charge and recover for services we furnish where we have not contracted with the patient’s insurer, and therefore could have a material adverse effect on our business, financial condition, results of operations, cash flows and the trading price of our securities. Moreover, these measures could affect our ability to contract with certain payors and under historically

similar terms and may cause, and the prospect of these changes may have caused, payors to terminate their contracts with us and our affiliated practices, further affecting our business, financial condition, results of operations, cash flows and the trading price of our securities.

Healthcare Reform

The Patient Protection and Affordable Care Act (the “ACA”) contains a number of provisions that have affected us and, absent amendment or repeal, may continue to affect us over the next several years. These provisions include the establishment of health insurance exchanges to facilitate the purchase of qualified health plans, expanded Medicaid eligibility, subsidized insurance premiums and additional requirements and incentives for businesses to provide healthcare benefits. Other provisions have expanded the scope and reach of the Federal Civil False Claims Act and other healthcare fraud and abuse laws. Moreover, we could be affected by potential changes to various aspects of the ACA, including changes to subsidies, healthcare insurance marketplaces and Medicaid expansion.

Despite the ACA going into effect over a decade ago, continuous legal and Congressional challenges to the law’s provisions and persisting uncertainty with respect to the scope and effect of certain provisions have made compliance costly. In 2017, Congress unsuccessfully sought to replace substantial parts of the ACA with different mechanisms for facilitating insurance coverage in the commercial and Medicaid markets. Congress may again attempt to enact substantial or target changes to the ACA in the future. Additionally, Centers for Medicare & Medicaid Services (“CMS”) has administratively revised a number of provisions and may seek to advance additional significant changes through regulation, guidance and enforcement in the future.

At the end of 2017, Congress repealed the part of the ACA that required most individuals to purchase and maintain health insurance or face a tax penalty, known as the individual mandate. In light of these changes, in December 2018, a federal district court in Texas declared that key portions of the ACA were inconsistent with the U.S. Constitution and that the entire ACA is invalid as a result. Several states appealed this decision, and in December 2019, a federal court of appeals upheld the district court’s conclusion that part of the ACA is unconstitutional but remanded for further evaluation whether in light of this defect the entire ACA must be invalidated. Democratic attorneys general and the House appealed the Fifth Circuit’s decision to the United States Supreme Court. On June 17, 2021, the United States Supreme Court in *California et al. v. Texas et al.* dismissed this judicial challenge to the ACA brought by several states and sided with supporters of the ACA in a way that left the law in effect in its current form. Another potentially existential challenge to the ACA is advancing in federal courts. In *Braidwood Management v. Becerra*, the plaintiffs argue that the law’s requirement that insurance cover certain preventive services is unconstitutional. In September 2022, a federal district court in Texas ruled in favor of the plaintiffs, finding, among other things, that the requirement that self-funded plans and insurers cover certain preventive services violates the plaintiffs’ rights under the Religious Freedom Restoration Act. The case is likely to be appealed and may ultimately be resolved by the United States Supreme Court. If the case succeeds, millions of Americans could lose access to preventive care guaranteed by the ACA or be forced to pay out of pocket for these services. Notwithstanding the Supreme Court’s ruling, we cannot say for certain whether there will be future challenges to the ACA or what impact, if any, such challenges may have on our business. Changes resulting from these proceedings could have a material impact on our business.

In late 2020 and early 2021, the results of the federal and state elections changed which persons and parties occupy the Office of the President of the United States and the U.S. Senate and many states’ governors and legislatures. In late 2022, the results of the federal elections changed which party controls the U.S. House of Representatives. The current Administration may propose sweeping changes to the U.S. healthcare system, including expanding government-funded health insurance options, additional Medicaid expansion or replacing current healthcare financing mechanisms with systems that would be entirely administered by the federal government. Any legislative or administrative change to the current healthcare financing system could have a material adverse effect on our financial condition, results of operations, cash flows and the trading price of our securities.

In addition to the potential impacts to the ACA, there could be changes to other GHC Programs, such as a change to the structure of Medicaid or Medicaid payment rates set forth under state law. Historically, Congress and the Administration have sought to convert Medicaid into a block grant or to institute per capita spending caps, among other things. These changes, if implemented, could eliminate the guarantee that everyone who is eligible and applies for benefits would receive them and could potentially give states new authority to restrict eligibility, cut benefits and make it more difficult for people to enroll. Additionally, several states are considering and pursuing changes to their Medicaid programs, such as requiring recipients to engage in employment or education activities as a condition of eligibility for most adults, disenrolling recipients for failure to pay a premium, or adjusting premium amounts based on income. Many states have recently shifted a majority or all of their Medicaid program beneficiaries into Managed Medicaid Plans. Managed Medicaid Plans have some flexibility to set rates for providers, but many states require minimum provider rates in their contracts with such plans. In July of each year, CMS releases the annual Medicaid Managed Care Rate Development Guide which provides federal baseline rules for setting reimbursement rates in managed care plans. We could be affected by lower reimbursement rates in some of all of the Managed Medicaid Plans with which we participate. We could also be materially impacted if we are dropped from the provider network in one or more of the Managed Medicaid Plans with which we currently participate.

We cannot predict with any assurance the ultimate effect of these laws and resulting changes to payments under GHC Programs, nor can we provide any assurance that they will not have a material adverse effect on our business, financial condition, results of operations, cash flows and the trading price of our securities. Further, any fiscal tightening impacting GHC Programs or changes to the structure of any GHC Programs could have a material adverse effect on our financial condition, results of operations, cash flows and the trading price of our securities.

Medicaid Expansion

The ACA also allows states to expand their Medicaid programs through federal payments that fund most of the cost of increasing the Medicaid eligibility income limit from a state’s historic eligibility levels to 133% of the federal poverty level. To date, 39 states and the District of Columbia have expanded Medicaid eligibility to cover this additional low-income patient population, and other states are considering

expansion. All of the states in which we operate, however, already cover children in the first year of life and pregnant women if their household income is at or below 133% of the federal poverty level. Recently, Democrats in Congress have sought to expand Medicaid or Medicaid-like coverage in states that have not yet expanded Medicaid. They also have sought to reduce payments to certain hospitals in some of these states. Additionally, as noted above, Congress is currently considering altering the terms and state remuneration for Medicaid expansion pursuant to the ACA. Should any of these changes take effect, we cannot predict with any assurance the ultimate effect to reimbursements for our services.

Coronavirus Pandemic ("COVID-19")

COVID-19 has had an impact on the demand for medical services provided by our affiliated clinicians. Beginning in mid-March 2020 and continuing throughout the second quarter of 2020, our operating results were significantly impacted by COVID-19, but volumes began to normalize in mid-2020 and substantially recovered throughout 2020 with no material impacts from COVID-19 or its variants since that time. However, due to the continued uncertainties surrounding the timeline of and impacts from COVID-19 and with multiple variant strains still circulating, we are unable to predict the ultimate impact on our business, financial condition, results of operations, cash flows and the trading price of our securities at this time.

CARES Act

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") was signed into law. The CARES Act is a relief package intended to assist many aspects of the American economy, including providing financial aid to the healthcare industry to reimburse healthcare providers for lost revenue and expenses attributable to COVID-19. The Department of Health and Human Services is administering this program, and our affiliated physician practices within continuing operations recognized an aggregate of \$0.7 million and \$11.1 million of CARES Act relief within miscellaneous revenue during the three and six months ended June 30, 2022, respectively.

Non-GAAP Measures

In our analysis of our results of operations, we use certain non-GAAP financial measures. We report adjusted earnings before interest, taxes and depreciation and amortization ("Adjusted EBITDA") from continuing operations, which is defined as income (loss) from continuing operations before interest, income taxes, depreciation and amortization, and transformational and restructuring related expenses. We also report adjusted earnings per share ("Adjusted EPS") from continuing operations which consists of diluted income (loss) from continuing operations per common and common equivalent share adjusted for amortization expense, stock-based compensation expense, transformational and restructuring related expenses and any impacts from discrete tax events. For the six months ended June 30, 2022, both Adjusted EBITDA and Adjusted EPS are being further adjusted to exclude the impacts from the loss on the early extinguishment of debt.

We believe these measures, in addition to income from continuing operations, net income and diluted net income from continuing operations per common and common equivalent share, provide investors with useful supplemental information to compare and understand our underlying business trends and performance across reporting periods on a consistent basis. These measures should be considered a supplement to, and not a substitute for, financial performance measures determined in accordance with GAAP. In addition, since these non-GAAP measures are not determined in accordance with GAAP, they are susceptible to varying calculations and may not be comparable to other similarly titled measures of other companies.

For a reconciliation of each of Adjusted EBITDA from continuing operations and Adjusted EPS from continuing operations to the most directly comparable GAAP measures for the three and six months ended June 30, 2023 and 2022, refer to the tables below (in thousands, except per share data).

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2023	2022	2023	2022
Income from continuing operations attributable to Pediatrix Medical Group, Inc.	\$ 28,282	\$ 30,701	\$ 42,488	\$ 9,760
Interest expense	11,230	8,409	21,620	20,227
Loss on early extinguishment of debt	—	—	—	57,016
Income tax provision	10,665	12,332	17,171	4,931
Depreciation and amortization expense	8,945	8,775	17,898	17,544
Transformational and restructuring related expenses	—	5,338	—	6,759
Adjusted EBITDA from continuing operations attributable to Pediatrix Medical Group, Inc.	\$ 59,122	\$ 65,555	\$ 99,177	\$ 116,237

	Three Months Ended June 30,			
	2023		2022	
Weighted average diluted shares outstanding	82,664		85,619	
Income from continuing operations and diluted income from continuing operations per share attributable to Pediatrix Medical Group, Inc.	\$ 28,282	\$ 0.34	\$ 30,701	\$ 0.36
Adjustments ⁽¹⁾ :				
Amortization (net of tax of \$512 and \$541)	1,533	0.02	1,624	0.02
Stock-based compensation (net of tax of \$782 and \$1,084)	2,344	0.03	3,252	0.04
Transformational and restructuring expenses (net of tax of \$1,335)	—	—	4,003	0.05
Net impact from discrete tax events	150	—	294	—
Adjusted income and diluted EPS from continuing operations attributable to Pediatrix Medical Group, Inc.	<u>\$ 32,309</u>	<u>\$ 0.39</u>	<u>\$ 39,874</u>	<u>\$ 0.47</u>

⁽¹⁾ A blended tax rate of 25% was used to calculate the tax effects of the adjustments for the three months ended June 30, 2023 and 2022.

	Six Months Ended June 30,			
	2023		2022	
Weighted average diluted shares outstanding	82,377		85,914	
Income from continuing operations and diluted income from continuing operations per share attributable to Pediatrix Medical Group, Inc.	\$ 42,488	\$ 0.52	\$ 9,760	\$ 0.11
Adjustments ⁽¹⁾ :				
Amortization (net of tax of \$1,010 and \$1,082)	3,029	0.04	3,245	0.04
Stock-based compensation (net of tax of \$1,534 and \$2,193)	4,601	0.06	6,578	0.07
Transformational and restructuring expenses (net of tax of \$1,690)	—	—	5,069	0.06
Loss on early extinguishment of debt (net of tax of \$14,254)	—	—	42,762	0.50
Net impact from discrete tax events	870	—	786	0.01
Adjusted income and diluted EPS from continuing operations attributable to Pediatrix Medical Group, Inc.	<u>\$ 50,988</u>	<u>\$ 0.62</u>	<u>\$ 68,200</u>	<u>\$ 0.79</u>

⁽¹⁾ A blended tax rate of 25% was used to calculate the tax effects of the adjustments for the six months ended June 30, 2023 and 2022.

Results of Operations

Three Months Ended June 30, 2023 as Compared to Three Months Ended June 30, 2022

Our net revenue attributable to continuing operations was \$500.6 million for the three months ended June 30, 2023, as compared to \$486.0 million for the same period in 2022. The increase in revenue of \$14.6 million, or 3.0%, was primarily attributable to an increase in same-unit revenue, partially offset by a decrease in revenue from net non-same unit activity. Same units are those units at which we provided services for the entire current period and the entire comparable period. Same-unit net revenue increased by \$15.3 million, or 3.2%. The increase in same-unit net revenue was comprised of an increase of \$12.5 million, or 2.6%, from net reimbursement-related factors and \$2.8 million, or 0.6%, related to patient service volumes. The net increase in revenue related to net reimbursement-related factors was primarily due to an increase in revenue resulting from improved cash collections in revenue cycle management and an increase in administrative fees from our hospital partners, partially offset by a decrease in revenue from CARES Act relief. The increase in revenue from patient service volumes was related to increases in maternal-fetal medicine and neonatology, partially offset by a modest decline in other hospital-based pediatric subspecialty services.

Practice salaries and benefits attributable to continuing operations increased \$23.2 million, or 7.0%, to \$354.0 million for the three months ended June 30, 2023, as compared to \$330.8 million for the same period in 2022. Of the \$23.2 million increase, \$13.1 million was related to salaries, driven by increases in clinical compensation at our existing units, and \$10.1 million was related to benefits and incentive compensation, due to increases in incentive compensation related to practice results and other benefits costs as a result of increased salaries expense.

Practice supplies and other operating expenses attributable to continuing operations increased \$1.3 million, or 4.1%, to \$31.1 million for the three months ended June 30, 2023, as compared to \$29.8 million for the same period in 2022. The increase was primarily attributable to practice supply, rent and other costs related to our existing units, including an increase in workers compensation expense and medical supplies, as compared to the prior year period.

General and administrative expenses attributable to continuing operations primarily include all billing and collection functions and all other salaries, benefits, supplies and operating expenses not specifically related to the day-to-day operations of our affiliated physician practices and services. General and administrative expenses were \$58.0 million for the three months ended June 30, 2023, as compared to \$61.2 million for the same period in 2022. The net decrease of \$3.2 million was primarily related to decreases in expenses across several categories,

including information technology professional service fees, insurance and legal fees. General and administrative expenses as a percentage of net revenue was 11.6% for the three months ended June 30, 2023, as compared to 12.6% for the same period in 2022.

Transformational and restructuring related expenses attributable to continuing operations were \$5.3 million for three months ended June 30, 2022 and primarily related to position eliminations.

Depreciation and amortization expense attributable to continuing operations was \$8.9 million for the three months ended June 30, 2023, as compared to \$8.8 million for the same period in 2022. The net increase of \$0.1 million was primarily related to an increase in depreciation expense at our existing units for information technology and other equipment.

Income from operations attributable to continuing operations decreased \$1.7 million, or 3.3%, to \$48.5 million for the three months ended June 30, 2023, as compared to \$50.2 million for the same period in 2022. Our operating margin was 9.7% for the three months ended June 30, 2023, as compared to 10.3% for the same period in 2022. The decrease in our operating margin was primarily due to unfavorable impacts in our same-unit results driven by higher operating expenses, partially offset by same-unit revenue increases and lower general and administrative expenses. Excluding transformation and restructuring related expenses for the three months ended June 30, 2022, our income from operations attributable to continuing operations was \$55.5 million and our operating margin was 11.4% for such period. We believe excluding the impacts from the transformational and restructuring related activity provides a more comparable view of our operating income and operating margin from continuing operations.

Total non-operating expenses attributable to continuing operations were \$9.6 million for the three months ended June 30, 2023, as compared to \$7.1 million for the same period in 2022. The net increase in non-operating expenses was primarily related to an increase of \$2.8 million in interest expense from higher interest rates on lower average borrowings.

Our effective income tax rate attributable to continuing operations (“tax rate”) was 27.4% for the three months ended June 30, 2023 as compared to 28.7% for the three months ended June 30, 2022. Discrete tax impacts during the three months ended June 30, 2023 and 2022 were nominal.

Income from continuing operations was \$28.3 million for the three months ended June 30, 2023, as compared to \$30.7 million for the three months ended June 30, 2022. Net income attributable to Pediatrix Medical Group, Inc. was \$28.3 million for the three months ended June 30, 2023, as compared to \$27.1 million for the same period in 2022. Adjusted EBITDA from continuing operations attributable to Pediatrix Medical Group, Inc. was \$59.1 million for the three months ended June 30, 2023, as compared to \$65.6 million for the same period in 2022. The decrease in our Adjusted EBITDA was primarily due to net unfavorable impacts in our same-unit results, primarily from higher operating expenses.

Diluted net income per common and common equivalent share attributable to Pediatrix Medical Group, Inc. was \$0.34 on weighted average shares outstanding of 82.7 million for the three months ended June 30, 2023, as compared to \$0.32 per common and common equivalent share on weighted average shares outstanding of 85.6 million for the same period in 2022. Adjusted EPS from continuing operations was \$0.39 for the three months ended June 30, 2023, as compared to \$0.47 for the same period in 2022. The decrease in weighted average shares outstanding resulted from the share repurchases completed during 2022.

Six Months Ended June 30, 2023 as Compared to Six Months Ended June 30, 2022

Our net revenue attributable to continuing operations was \$991.6 million for the six months ended June 30, 2023, as compared to \$968.3 million for the same period in 2022. The increase in revenue of \$23.3 million, or 2.4%, was primarily attributable to increases in same-unit revenue and revenue from non-same unit activity. Same units are those units at which we provided services for the entire current period and the entire comparable period. Same-unit net revenue increased by \$21.4 million, or 2.3%. The increase in same-unit net revenue was comprised of an increase of \$14.4 million, or 1.5%, from net reimbursement-related factors and an increase of \$7.0 million, or 0.8%, related to patient service volumes. The net increase in revenue related to net reimbursement-related factors was primarily due to an increase in revenue resulting from improved cash collections in revenue cycle management, partially offset by decreases in revenue from CARES Act relief and from an increase in the percentage of our patients being enrolled in GHC Programs. The increase in revenue from patient service volumes was related to increases across almost all our hospital-based and office-based women’s and children’s services.

Practice salaries and benefits attributable to continuing operations increased \$42.4 million, or 6.3%, to \$716.3 million for the six months ended June 30, 2023, as compared to \$673.9 million for the same period in 2022. Of the \$42.4 million increase, \$30.3 million was related to salaries, driven by increases in clinical compensation at our existing units, and \$12.1 million was related to benefits and incentive compensation, due to increases in incentive compensation from practice results and in benefits costs as a result of increased salaries expense.

Practice supplies and other operating expenses attributable to continuing operations increased \$3.5 million, or 6.0%, to \$61.8 million for the six months ended June 30, 2023, as compared to \$58.3 million for the same period in 2022. The increase was primarily attributable to practice supply, rent and other costs at our existing units, including increases in medical supplies and workers compensation insurance.

General and administrative expenses attributable to continuing operations primarily include all billing and collection functions and all other salaries, benefits, supplies and operating expenses not specifically identifiable to the day-to-day operations of our physician practices and services. General and administrative expenses were \$117.1 million for the six months ended June 30, 2023, as compared to \$122.5 million for the same period in 2022. The net decrease of \$5.4 million is primarily related to lower professional services fees, primarily related to information technology, lower insurance expense and decreases in expenses from net staffing reductions. General and administrative expenses as a percentage of net revenue was 11.8% for the six months ended June 30, 2023, as compared to 12.6% for the same period in 2022.

Transformational and restructuring related expenses attributable to continuing operations were \$6.8 million for the six months ended June 30, 2022 and primarily related to position eliminations.

Depreciation and amortization expense attributable to continuing operations was \$17.9 million for the six months ended June 30, 2023, as compared to \$17.5 million for the same period in 2022. The increase of \$0.4 million was primarily related to an increase in depreciation expense related to information technology equipment, partially offset by lower amortization expenses related to intangible assets, both at our existing units.

Income from operations attributable to continuing operations decreased \$10.8 million, or 12.0%, to \$78.5 million for the six months ended June 30, 2023, as compared to \$89.3 million for the same period in 2022. Our operating margin was 7.9% for the six months ended June 30, 2023, as compared to 9.2% for the same period in 2022. The decrease in our operating margin was primarily due to net increases in overall operating expenses, a decrease in CARES Act relief and unfavorable net impacts from non-same unit activity, partially offset by higher same-unit revenue and favorable general and administrative expenses. Excluding transformation and restructuring related expenses for the six months ended June 30, 2022, our income from operations attributable to continuing operations was \$96.0 million and our operating margin was 9.9% for such period. We believe excluding the impacts from the transformational and restructuring related activity provides a more comparable view of our operating income and operating margin from continuing operations.

Total non-operating expenses attributable to continuing operations were \$18.9 million for the six months ended June 30, 2023, as compared to \$74.6 million for the same period in 2022. The net decrease in non-operating expenses was primarily related to a decrease of \$57.0 million in loss on early extinguishment of debt from the redemption of our 6.25% senior unsecured notes due 2027 (the "2027 Notes") in February 2022.

Our tax rate was 28.8% for the six months ended June 30, 2023 compared to 33.6% for the six months ended June 30, 2022. The tax rates for the six months ended June 30, 2023 and 2022 include net discrete tax benefits of \$0.9 million and \$0.8 million, respectively. After excluding discrete tax impacts, during the six months ended June 30, 2023 and 2022, our tax rate was 27.3% and 28.2%, respectively. We believe excluding discrete tax impacts on our tax rate provides a more comparable view of our effective income tax rate. The decrease in our tax rate from 28.2% to 27.3% for the six months ended June 30, 2023 primarily relates to an increase in income from continuing operations before income taxes in the current year as compared to the prior year period.

Income from continuing operations was \$42.5 million for the six months ended June 30, 2023, as compared to \$9.8 million for the six months ended June 30, 2022. Net income attributable to Pediatrix Medical Group, Inc. was \$42.5 million for the six months ended June 30, 2023, as compared to \$5.9 million for the same period in 2022. Adjusted EBITDA from continuing operations attributable to Pediatrix Medical Group, Inc. was \$99.2 million for the six months ended June 30, 2023, as compared to \$116.2 million for the same period in 2022. The decrease in our Adjusted EBITDA was primarily due to a decrease in CARES Act relief and net unfavorable impacts in our same-unit results, primarily from higher operating expenses.

Diluted net income per common and common equivalent share attributable to Pediatrix Medical Group, Inc. was \$0.52 on weighted average shares outstanding of 82.4 million for the six months ended June 30, 2023, as compared to \$0.07 per common and common equivalent share on weighted average shares outstanding of 85.9 million for the same period in 2022. Adjusted EPS from continuing operations was \$0.62 for the three months ended June 30, 2023, as compared to \$0.79 for the same period in 2022. The decrease in weighted average shares outstanding resulted from the share repurchases completed during 2022.

Liquidity and Capital Resources

As of June 30, 2023, we had \$5.8 million of cash and cash equivalents attributable to continuing operations as compared to \$9.8 million at December 31, 2022. Additionally, we had working capital attributable to continuing operations of \$77.4 million at June 30, 2023, an increase of \$76.4 million from working capital of \$1.0 million at December 31, 2022. The net increase in working capital is primarily due an increase in net borrowings on our line of credit.

Cash Flows from Continuing Operations

Cash (used in) provided from operating, investing and financing activities from continuing operations is summarized as follows (in thousands):

	Six Months Ended June 30,	
	2023	2022
Operating activities	\$ (8,038)	\$ (8,334)
Investing activities	(21,748)	(39,625)
Financing activities	29,636	(318,603)

Operating Activities from Continuing Operations

During the six months ended June 30, 2023, our net cash used in operating activities for continuing operations was \$8.0 million, compared to \$8.3 million for the same period in 2022. The net decrease in cash used of \$0.3 million was primarily due to increases in cash flow

from accounts receivable, partially offset by increases in cash outflow from prepaid expenses and other current and long-term assets, other liabilities, and accounts payable and accrued expenses.

During the six months ended June 30, 2023, cash flow from accounts receivable for continuing operations increased by \$28.9 million, as compared to a decrease of \$16.0 million for the same period in 2022. The increase in cash flow from accounts receivable for the six months ended June 30, 2023 as compared to the prior year period was primarily due to improved cash collections at existing units.

Days sales outstanding (“DSO”) is one of the key factors that we use to evaluate the condition of our accounts receivable and the related allowances for contractual adjustments and uncollectibles. DSO reflects the timeliness of cash collections on billed revenue and the level of reserves on outstanding accounts receivable. Our DSO for continuing operations was 49.2 days at June 30, 2023 as compared to 53.1 days at December 31, 2022 and 58.2 days at June 30, 2022. The improvement in our DSO was primarily related to improved cash collections at our existing units.

Investing Activities from Continuing Operations

During the six months ended June 30, 2023, our net cash used in investing activities for continuing operations of \$21.7 million consisted primarily of capital expenditures of \$15.1 million and net purchases of investments of \$5.0 million.

Financing Activities from Continuing Operations

During the six months ended June 30, 2023, our net cash provided by financing activities for continuing operations of \$29.6 million primarily consisted of net borrowings on our Revolving Credit Line (as defined below) of \$37.0 million, partially offset by payments on our Term A Loan (as defined below) of \$6.3 million.

Liquidity

On February 11, 2022, we issued \$400.0 million of 5.375% unsecured senior notes due 2030 (the “2030 Notes”). We used the net proceeds from the issuance of the 2030 Notes, together with \$100.0 million drawn under our Revolving Credit Line (as defined below), \$250.0 million of Term A Loan and approximately \$308.0 million of cash on hand, to redeem (the “Redemption”) the 2027 Notes, which had an outstanding principal balance of \$1.0 billion, and to pay costs, fees and expenses associated with the Redemption and the Credit Agreement Amendment (as defined below).

Also in connection with the Redemption, we amended and restated the Credit Agreement (the “Credit Agreement”), and such amendment and restatement (the “Credit Agreement Amendment”), concurrently with the issuance of the 2030 Notes. The Credit Agreement, as amended by the Credit Agreement Amendment (the “Amended Credit Agreement”), among other things, (i) refinanced the prior unsecured revolving credit facility with a \$450.0 million unsecured revolving credit facility, including a \$37.5 million sub-facility for the issuance of letters of credit (the “Revolving Credit Line”), and a new \$250.0 million term A loan facility (“Term A Loan”) and (ii) removed JPMorgan Chase Bank, N.A., as the administrative agent under the Credit Agreement and appointed Bank of America, N.A. as the administrative agent for the lenders under the Amended Credit Agreement.

The Amended Credit Agreement matures on February 11, 2027 and is guaranteed on an unsecured basis by substantially all of our subsidiaries and affiliated professional contractors. At our option, borrowings under the Amended Credit Agreement bear interest at (i) the Alternate Base Rate (defined as the highest of (a) the prime rate as announced by Bank of America, N.A., (b) the Federal Funds Rate plus 0.50% and (c) Term Secured Overnight Financing Rate (“SOFR”) for an interest period of one month plus 1.00% with a 1.00% floor) plus an applicable margin rate of 0.50% for the first two fiscal quarters after the date of the Credit Agreement Amendment, and thereafter at an applicable margin rate ranging from 0.125% to 0.750% based on our consolidated net leverage ratio or (ii) Term SOFR rate (calculated as the Secured Overnight Financing Rate published on the applicable Reuters screen page plus a spread adjustment of 0.10%, 0.15% or 0.25% depending on if we select a one-month, three-month or six-month interest period, respectively, for the applicable loan with a 0% floor), plus an applicable margin rate of 1.50% for the first two full fiscal quarters after the date of the Credit Agreement Amendment, and thereafter at an applicable margin rate ranging from 1.125% to 1.750% based on our consolidated net leverage ratio. The Amended Credit Agreement also provides for other customary fees and charges, including an unused commitment fee with respect to the Revolving Credit Line ranging from 0.150% to 0.200% of the unused lending commitments under the Revolving Credit Line, based on our consolidated net leverage ratio.

The Amended Credit Agreement contains customary covenants and restrictions, including covenants that require us to maintain a minimum interest coverage ratio, a maximum consolidated total consolidated net leverage ratio and to comply with laws, and restrictions on the ability to pay dividends, incur indebtedness or liens and make certain other distributions subject to baskets and exceptions, in each case, as specified therein. Failure to comply with these covenants would constitute an event of default under the Amended Credit Agreement, notwithstanding the ability of the company to meet its debt service obligations. The Amended Credit Agreement includes various customary remedies for the lenders following an event of default, including the acceleration of repayment of outstanding amounts under the Amended Credit Agreement. In addition, we may increase the principal amount of the Revolving Credit Line or incur additional term loans under the Amended Credit Agreement in an aggregate principal amount such that on a pro forma basis after giving effect to such increase or additional term loans, we are in compliance with the financial covenants, subject to the satisfaction of specified conditions and additional caps in the event that the Amended Credit Agreement is secured.

At June 30, 2023, we had an outstanding principal balance on the Amended Credit Agreement of \$275.4 million, composed of \$234.4 million under the Term A Loan and \$41.0 million under the Revolving Credit Line. We had \$409.0 million available on the Amended Credit Agreement at June 30, 2023.

At June 30, 2023, we had an outstanding principal balance of \$400.0 million on the 2030 Notes. Our obligations under the 2030 Notes are guaranteed on an unsecured senior basis by the same subsidiaries and affiliated professional contractors that guarantee our Amended Credit Agreement. Interest on the 2030 Notes accrues at the rate of 5.375% per annum, or \$21.5 million, and is payable semi-annually in arrears on February 15 and August 15, beginning on August 15, 2022.

The indenture under which the 2030 Notes are issued, among other things, limits our ability to (1) incur liens and (2) enter into sale and lease-back transactions, and also limits our ability to merge or dispose of all or substantially all of our assets, in all cases, subject to a number of customary exceptions. Although we are not required to make mandatory redemption or sinking fund payments with respect to the 2030 Notes, upon the occurrence of a change in control, we may be required to repurchase the 2030 Notes at a purchase price equal to 101% of the aggregate principal amount of the 2030 Notes repurchased plus accrued and unpaid interest.

At June 30, 2023, we believe we were in compliance, in all material respects, with the financial covenants and other restrictions applicable to us under the Amended Credit Agreement and the 2030 Notes. We believe we will be in compliance with these covenants throughout 2023.

We maintain professional liability insurance policies with third-party insurers, subject to self-insured retention, exclusions and other restrictions. We self-insure our liabilities to pay self-insured retention amounts under our professional liability insurance coverage through a wholly owned captive insurance subsidiary. We record liabilities for self-insured amounts and claims incurred but not reported based on an actuarial valuation using historical loss information, claim emergence patterns and various actuarial assumptions. Our total liability related to professional liability risks at June 30, 2023 was \$292.8 million, of which \$29.0 million is classified as a current liability within accounts payable and accrued expenses in the Consolidated Balance Sheet. In addition, there is a corresponding insurance receivable of \$47.0 million recorded as a component of other assets for certain professional liability claims that are covered by insurance policies.

We anticipate that funds generated from operations, together with our current cash on hand and funds available under our Amended Credit Agreement, will be sufficient to finance our working capital requirements, fund anticipated acquisitions and capital expenditures, fund expenses, if any, related to our transformational and restructuring activities, fund our share repurchase programs and meet our contractual obligations for at least the next 12 months from the date of issuance of this Quarterly Report on Form 10-Q.

Caution Concerning Forward-Looking Statements

Certain information included or incorporated by reference in this Quarterly Report may be deemed to be “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, 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”). Forward-looking statements may include, but are not limited to, statements relating to our objectives, plans and strategies, and all statements, other than statements of historical facts, that address activities, events or developments that we intend, expect, project, believe or anticipate will or may occur in the future are forward-looking statements. These statements are often characterized by terminology such as “believe,” “hope,” “may,” “anticipate,” “should,” “intend,” “plan,” “will,” “expect,” “estimate,” “project,” “positioned,” “strategy” and similar expressions, and are based on assumptions and assessments made by our management in light of their experience and their perception of historical trends, current conditions, expected future developments and other factors they believe to be appropriate. Any forward-looking statements in this Quarterly Report are made as of the date hereof, and we undertake no duty to update or revise any such statements, whether as a result of new information, future events or otherwise. Forward-looking statements are not guarantees of future performance and are subject to risks and uncertainties. Important factors that could cause actual results, developments and business decisions to differ materially from forward-looking statements are described in the 2022 Form 10-K, including the section entitled “Risk Factors.”

Item 3. Quantitative and Qualitative Disclosures about Market Risk

We are subject to market risk primarily from exposure to changes in interest rates based on our financing, investing and cash management activities. We intend to manage interest rate risk through the use of a combination of fixed rate and variable rate debt. We borrow under our Amended Credit Agreement at various interest rate options based on the Alternate Base Rate or SOFR rate depending on certain financial ratios. At June 30, 2023, the outstanding principal balance on our Amended Credit Agreement was \$275.4 million, composed of \$234.4 million under our Term A Loan and \$41.0 million under our Revolving Credit Line. Considering the total outstanding balance, a 1% change in interest rates would result in an impact to income before taxes of approximately \$2.8 million per year.

Item 4. Controls and Procedures**Evaluation of Disclosure Controls and Procedures**

We maintain disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) that are designed to provide reasonable assurance that information required to be disclosed by the Company in reports it files or submits under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in SEC rules and forms and (ii) accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

We carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of June 30, 2023.

Changes in Internal Controls Over Financial Reporting

No changes in our internal control over financial reporting occurred during the three months ended June 30, 2023 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 expect that audits, inquiries and investigations from government authorities and agencies will occur in the ordinary course of business. Such audits, inquiries and investigations and their ultimate resolutions, individually or in the aggregate, could have a material adverse effect on our business, financial condition, results of operations, cash flows and the trading price of our securities.

In the ordinary course of our business, we become involved in pending and threatened legal actions and proceedings, most of which involve claims of medical malpractice related to medical services provided by our affiliated physicians. Our contracts with hospitals generally require us to indemnify them and their affiliates for losses resulting from the negligence of our affiliated physicians and other clinicians. We may also become subject to other lawsuits, including with payors or other counterparties that could involve large claims and significant defense costs. We believe, based upon a review of pending actions and proceedings, that the outcome of such legal actions and proceedings will not have a material adverse effect on our business, financial condition, results of operations, cash flows or the trading price of our securities. The outcome of such actions and proceedings, however, cannot be predicted with certainty and an unfavorable resolution of one or more of them could have a material adverse effect on our business, financial condition, results of operations, cash flows and the trading price of our securities.

Although we currently maintain liability insurance coverage intended to cover professional liability and certain other claims, we cannot ensure that our insurance coverage will be adequate to cover liabilities arising out of claims asserted against us in the future where the outcomes of such claims are unfavorable to us. With respect to professional liability risk, we self-insure a significant portion of this risk through our wholly owned captive insurance subsidiary. Liabilities in excess of our insurance coverage, including coverage for professional liability and certain other claims, could have a material adverse effect on our business, financial condition, results of operations, cash flows and the trading price of our securities.

Item 1A. Risk Factors

There have been no material changes to the risk factors previously disclosed in our 2022 Form 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

During the three months ended June 30, 2023, we withheld 783 shares of our common stock to satisfy minimum statutory withholding obligations in connection with the vesting of restricted stock.

Period	Total Number of Shares Repurchased ^(a)	Average Price Paid per Share	Total Number of Shares Purchased as part of the Repurchase Program	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Repurchase Programs ^(a)
April 1 – April 30, 2023	—	\$ —	—	(a)
May 1 – May 31, 2023	—	—	—	(a)
June 1 – June 30, 2023	783 (b)	13.30	—	(a)
Total	783	\$ 13.30	—	(a)

(a) We have two active repurchase programs. Our July 2013 program allows us to repurchase shares of our common stock up to an amount sufficient to offset the dilutive impact from the issuance of shares under our equity compensation programs, which is estimated to be approximately 1.1 million shares for 2023. Our August 2018 repurchase program allows us to repurchase up to an additional \$500.0 million of shares of our common stock, of which we repurchased \$495.3 million as of June 30, 2023.

(b) Shares withheld to satisfy nominal minimum statutory withholding obligations in connection with the vesting of restricted stock.

The amount and timing of any future repurchases will depend upon several factors, including general economic and market conditions and trading restrictions.

Item 5. Other Information

Rule 10b5-1 Trading Plans

During the three months ended June 30, 2023, none of the Company's directors or officers adopted or terminated any Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement (as such terms are defined in Item 408 of Regulation S-K).

Second Amended and Restated Bylaws

On July 31, 2023, the Company's Board of Directors approved the Second Amended and Restated Bylaws of the Company (as so amended and restated, the "Amended and Restated Bylaws"), effective as of such date. In addition to certain clarifying changes, the Amended and Restated Bylaws now reduced the written notice required for special meetings of the Board of Directors from at least forty-eight (48) hours before the meeting to at least twenty-four (24) hours before the meeting.

The foregoing summary of the Amended and Restated Bylaws is qualified in its entirety by reference to the complete text of the Amended and Restated Bylaws, a copy of which is included as Exhibit 3.1 to this Quarterly Report on Form 10-Q and is incorporated herein by reference.

Item 6. Exhibits

Exhibit No.	Description
3.1+	<u>Second Amended and Restated Bylaws of Pediatrix Medical Group, Inc.</u>
31.1+	<u>Certification of Chief Executive Officer pursuant to Securities Exchange Act Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
31.2+	<u>Certification of Chief Financial Officer pursuant to Securities Exchange Act Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
32.1++	<u>Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
101.1+	Interactive Data File
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+	XBRL Schema Document.
101.CAL+	XBRL Calculation Linkbase Document.
101.DEF+	XBRL Definition Linkbase Document.
101.LAB+	XBRL Label Linkbase Document.
101.PRE+	XBRL Presentation Linkbase Document.
104+	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

+ Filed herewith.

++ Furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Pediatrix Medical Group, Inc.

Date: August 3, 2023

By: /s/ James D. Swift, M.D.
James D. Swift, M.D.
Chief Executive Officer
(Principal Executive Officer)

Date: August 3, 2023

By: /s/ C. Marc Richards
C. Marc Richards
Chief Financial Officer
(Principal Financial Officer and
Principal Accounting Officer)

**SECOND AMENDED AND RESTATED BYLAWS
OF
PEDIATRIX MEDICAL GROUP, INC. (A FLORIDA
CORPORATION)
Effective July 31, 2023**

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**PEDIATRIX MEDICAL GROUP, INC. SECOND AMENDED
AND RESTATED BYLAWS**

ARTICLE ONE

OFFICES

Section 1. Registered Office. The registered office of PEDIATRIX MEDICAL GROUP, INC., a Florida corporation (the "Corporation"), shall be at 1301 Concord Terrace, in the City of Sunrise, County of Broward, State of Florida, unless otherwise designated by the Board of Directors.

Section 2. Principal Office. The principal office of the Corporation shall be at 1301 Concord Terrace, in the City of Sunrise, County of Broward, State of Florida, unless otherwise designated by the Board of Directors.

Section 3. Other Offices. The Corporation may also have offices at such other places, either within or without the State of Florida, as the Board of Directors of the Corporation (the "Board of Directors") may from time to time determine or as the business of the Corporation may require.

ARTICLE TWO

MEETINGS OF SHAREHOLDERS

Section 1. Place. All annual meetings of shareholders shall be held at such place, within or without the State of Florida, as may be designated by the Board of Directors and stated in the notice of the meeting or in a duly executed waiver of notice thereof. Special meetings of shareholders may be held at such place, within or without the State of Florida, and at such time as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof.

Section 2. Time of Annual Meeting. Annual meetings of shareholders shall be held on such date and at such time fixed, from time to time, by the Board of Directors, provided that there shall be an annual meeting held every year at which the shareholders shall elect a Board of Directors (or the appropriate class of the Board of Directors if the Board of Directors is divided into two or more classes) and transact such other business as may properly be brought before the meeting.

Section 3. Call of Special Meetings. Special meetings of the shareholders shall be held if called in accordance with the procedures set forth in the Corporation's Articles of Incorporation, as amended (the "Articles of Incorporation") for the call of a special meeting of shareholders.

Section 4. Conduct of Meetings. The Chair of the Board (or in the Chair's absence, the Chief Executive Officer or such other designee of the Chair of the Board) shall preside at the annual and special meetings of shareholders and shall be given full discretion in establishing the rules and procedures to be followed in conducting the meetings, except as otherwise provided by law, the Articles of Incorporation or in these Bylaws.

Section 5. Notice and Waiver of Notice. Except as otherwise provided by law, written or printed notice stating the place, day and hour of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) nor more than sixty (60) days before the day of the meeting, either personally or by first-class mail, by or at the direction of the Chief Executive Officer and, to the extent that the Chief Executive Officer is not the President, the President, the Secretary, or the officer or person calling the meeting, to each shareholder of record entitled to vote at such meeting. If the notice is mailed at least thirty (30) days before the date of the meeting, it may be done by a class of United States mail other than first class. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the shareholder at the shareholder's address as it appears on the stock transfer books of the Corporation, with postage thereon prepaid. If a meeting is adjourned to another time and/or place, and if an announcement of the adjourned time and/or place is made at the meeting, it shall not be necessary to give notice of the adjourned meeting unless the Board of Directors, after adjournment, fixes a new record date for the adjourned meeting. Whenever any notice is required to be given to any shareholder, a waiver thereof in writing signed by the person or persons entitled to such notice, whether signed before, during or after the time of the meeting stated therein, and delivered to the Corporation for inclusion in the minutes or filing with the corporate records, shall be equivalent to the giving of such notice. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the shareholders need be specified in any written waiver of notice. Attendance of a person at a meeting shall constitute a waiver of (a) lack of or defective notice of such meeting, unless the person objects at the beginning to the holding of the meeting or the transacting of any business at the meeting, or (b) lack of defective notice of a particular matter at a meeting that is not within the purpose or purposes described in the meeting notice, unless the person objects to considering such matter when it is presented.

Section 6. Business and Nominations for Annual and Special Meetings. Business transacted at any special meeting shall be confined to the purposes stated in the notice thereof. At any annual meeting of shareholders, only such business shall be conducted as shall have been properly brought before the meeting in accordance with the requirements and procedures set forth in the Articles of Incorporation. Only such persons who are nominated for election as directors of the Corporation in accordance with the requirements and procedures set forth in the Articles of Incorporation shall be eligible for election as directors of the Corporation.

Section 7. Quorum and Adjournments; Postponements.

(a) The holders of a majority of the shares of capital stock of the Corporation issued and outstanding and entitled to vote at shareholders meetings, present in person or represented by proxy, shall be necessary to, and shall constitute a quorum for, the transaction of business at all meetings of the shareholders, except as otherwise provided by statute or by the Articles of Incorporation; provided, that, in no event shall a quorum consist of less than one-third (1/3) of the shares of each voting group entitled to vote. In the event shareholder approval is a prerequisite to the listing of any additional or new securities on the New York Stock Exchange, the minimum vote for such approval shall be not less than the minimum vote required under applicable New York Stock Exchange rules then in effect. The shareholders present or in person or represented by proxy at a duly organized meeting may continue to do business until final adjournment of such meeting whether on the same day or on a later day, notwithstanding the

withdrawal of enough shareholders to leave less than a quorum. If a meeting cannot be organized because a quorum has not attended, or even if a quorum shall be present or represented at any meeting of the shareholders, either the Chair of the meeting or the shareholders of a majority of the shares entitled to vote at such meeting present in person or represented by proxy may adjourn the meeting from time to time. Notice of the adjourned meeting need not be given if the time and place of the adjourned meeting are announced at the meeting at which the adjournment is taken. At any adjourned meeting at which a quorum is present in person or represented by proxy of any class of stock entitled to vote separately as a class, as the case may be, any business may be transacted which might have been transacted at the meeting as originally called.

(b) Any previously scheduled meeting of the shareholders may be postponed, and any special meeting of the shareholders (unless the special meeting was called upon demand of shareholders in accordance with the Articles of Incorporation) may be cancelled, by resolution of the Board of Directors upon “public announcement” (as hereinafter defined) given prior to the date previously scheduled for such meeting of shareholders. For purposes of these Bylaws, “public announcement” shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document publicly filed or furnished by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act.

Section 8. Voting Per Share. Except as otherwise provided in the Articles of Incorporation or by law, each shareholder is entitled to one (1) vote for each outstanding share held by such shareholder on each matter voted at a shareholders’ meeting.

Section 9. Voting of Shares. A shareholder may vote at any meeting of shareholders of the Corporation, either in person or by proxy. Shares standing in the name of another corporation, domestic or foreign, may be voted by the officer, agent or proxy designated by the bylaws of such corporate shareholder or, in the absence of any applicable bylaw, by such person or persons as the board of directors of the corporate shareholder may designate. In the absence of any such designation, or, in case of conflicting designation by the corporate shareholder, the Chair of the Board, the Chief Executive Officer, the President, the Chief Financial Officer and the Secretary, in that order, shall be presumed to be fully authorized to vote such shares. Shares held by an administrator, executor, guardian, personal representative, or conservator may be voted by such person, either in person or by proxy, without a transfer of such shares into such person’s name. Shares standing in the name of a trustee may be voted by the trustee, either in person or by proxy, but no trustee shall be entitled to vote shares held by such trustee without a transfer of such shares into such trustee’s name or the name of such trustee’s nominee. Shares held by or under the control of a receiver, a trustee in bankruptcy proceedings, or an assignee for the benefit of creditors may be voted by such person without the transfer thereof into such person’s name. If shares stand of record in the names of two or more persons, whether fiduciaries, members of a partnership, joint tenants, tenants in common, tenants by the entirety or otherwise, or if two or more persons have the same fiduciary relationship respecting the same shares, unless the Secretary of the Corporation is given notice to the contrary and is furnished with a copy of the instrument or order appointing them or creating the relationship wherein it is so provided, then acts with respect to voting shall have the following effect: (a) if only one votes, in person or by proxy, such act binds all; (b) if more than one vote, in person or by proxy, the act of the majority so voting binds all; (c) if more than one vote, in person or by proxy, but the vote is evenly split on any particular matter, each

faction is entitled to vote the share or shares in question proportionally; or (d) if the instrument or order so filed shows that any such tenancy is held in unequal interest, a majority or a vote evenly split for purposes hereof shall be a majority or a vote evenly split in interest. The principles of this paragraph shall apply, insofar as possible, to execution of proxies, waivers, consents, or objections and for the purpose of ascertaining the presence of a quorum.

Section 10. Proxies. Any shareholder of the Corporation, other person entitled to vote on behalf of a shareholder pursuant to law, or attorney-in-fact for such persons may vote the shareholder's shares in person or by proxy. Any shareholder of the Corporation may appoint a proxy to vote or otherwise act for such shareholder by signing an appointment form, either personally or by such shareholder's attorney-in-fact. An executed telegram or cablegram appearing to have been transmitted by such person, or a photographic, photostatic, or equivalent reproduction of an appointment form, shall be deemed a sufficient appointment form. An appointment of a proxy is effective when received by the Secretary of the Corporation or such other officer or agent which is authorized to tabulate votes, and shall be valid for up to 11 months, unless a longer period is expressly provided in the appointment form. The death or incapacity of the shareholder appointing a proxy does not affect the right of the Corporation to accept the proxy's authority unless notice of the death or incapacity is received by the secretary or other officer or agent authorized to tabulate votes before the proxy exercises the authority under the appointment. An appointment of a proxy is revocable by the shareholder unless the appointment is coupled with an interest.

Section 11. Shareholder List. After fixing a record date for a meeting of shareholders, the Corporation shall prepare an alphabetical list of the names of all its shareholders who are entitled to notice of the meeting, arranged by voting group with the address of, and the number and class and series, if any, of shares held by each. The shareholders' list must be available for inspection by any shareholder for a period of ten (10) days prior to the meeting or such shorter time as exists between the record date and the meeting and continuing through the meeting at the Corporation's principal office, at a place identified in the meeting notice in the city where the meeting will be held, or at the office of the Corporation's transfer agent or registrar. Any shareholder of the Corporation or such shareholder's agent or attorney is entitled on written demand to inspect the shareholders' list (subject to the requirements of law), during regular business hours and at such shareholder's expense, during the period it is available for inspection. The Corporation shall make the shareholders' list available at the meeting of shareholders, and any shareholder or such shareholder's agent or attorney is entitled to inspect the list at any time during the meeting or any adjournment.

Section 12. Action Without Meeting.

(a) Unless otherwise provided in the Articles of Incorporation, and subject to the requirements of law and these Bylaws (including the following paragraphs of this Article 2, Section 12), any action required or permitted by law or the Articles of Incorporation to be taken at any meeting of the shareholders may be taken without a meeting, without prior notice and without a vote, if a written consent, setting forth the action so taken, shall be signed by the holders of outstanding stock of each voting group entitled to vote thereon having not less than the minimum number of votes with respect to each voting group that would be necessary to authorize or take such action at a meeting at which all voting groups and shares entitled to vote on such action were

present or represented by proxy and voted. Such written consent shall be filed with the minutes of meetings of shareholders. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given in accordance with requirements of law to those shareholders who have not so consented in writing.

(b) In order that the Corporation may determine the shareholders entitled to consent to corporate action in writing without a meeting, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which date shall not be more than 10 days after the date upon which the resolution fixing the record date is adopted by the Board of Directors. Any shareholder of record seeking to have the shareholders authorize or take corporate action by written consent shall, by written notice to the Secretary, request the Board of Directors to fix a record date. The Board of Directors shall promptly, but in all events within 10 days after the date on which such a request is received, adopt a resolution fixing the record date. If no record date has been fixed by the Board of Directors within 10 days of the date on which such a request is received, the record date for determining shareholders entitled to consent to corporate action in writing without a meeting, when no prior action by the Board of Directors is required by applicable law, shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Corporation by delivery to its registered office in Florida, its principal place of business or to any officer or agent of the Corporation having custody of the book in which proceedings of meetings of shareholders are recorded. Delivery made to the Corporation's registered office shall be by hand or by certified or registered mail, return receipt requested. If no record date has been fixed by the Board of Directors and prior action by the Board of Directors is required by applicable law, the record date for determining shareholders entitled to consent to corporate action in writing without a meeting shall be at the close of business on the date on which the Board of Directors adopts the resolution taking such prior action.

(c) In the event of the delivery, in the manner provided by this Article 2, Section 12, to the Corporation of the requisite written consent or consents to take corporate action and/or any related revocation or revocations, the Corporation shall engage nationally recognized independent inspectors of elections for the purpose of promptly performing a ministerial review of the validity of the consents and revocations. For the purpose of permitting the inspectors to perform such review, no action by written consent without a meeting shall be effective until such date as the independent inspectors certify to the Corporation that the consents delivered to the Corporation in accordance with this Article 2, Section 12 represent at least the minimum number of votes that would be necessary to take the corporate action. Nothing contained in this paragraph shall in any way be construed to suggest or imply that the Board of Directors or any shareholder shall not be entitled to contest the validity of any consent or revocation thereof, whether before or after such certification by the independent inspectors, or to take any other action (including, without limitation, the commencement, prosecution or defense of any litigation with respect thereto, and the seeking of injunctive relief in such litigation).

(d) Every written consent shall bear the date of signature of each shareholder who signs the consent and no written consent shall be effective to take the corporate action referred to therein unless, within 60 days of the date the earliest dated written consent was received in accordance with this Article 2, Section 12, a written consent or consents signed by a sufficient

number of holders to take such action are delivered to the Corporation in the manner prescribed in this Article 2, Section 12.

Section 13. Fixing Record Date. For the purpose of determining shareholders entitled to notice of or to vote at any meeting of shareholders or any adjournment thereof, or entitled to receive payment of any dividend, or in order to make a determination of shareholders for any other proper purposes, the Board of Directors may fix in advance a date as the record date for any such determination of shareholders, such date in any case to be not more than seventy (70) days, and, in case of a meeting of shareholders, not less than ten (10) days, prior to the date on which the particular action requiring such determination of shareholders is to be taken. If no record date is fixed for the determination of shareholders entitled to notice of or to vote at a meeting of shareholders, or shareholders entitled to receive payment of a dividend, the date on which the notice of the meeting is mailed or the date on which the resolutions of the Board of Directors declaring such dividend is adopted, as the case may be, shall be the record date for such determination of shareholders. When a determination of shareholders entitled to vote at any meeting of shareholders has been made as provided in this Section 13, such determination shall apply to any adjournment thereof, except where the Board of Directors fixes a new record date for the adjourned meeting or as required by law.

Section 14. Inspectors and Judges. The Board of Directors in advance of any meeting may, but need not, appoint one or more inspectors of election or judges of the vote, as the case may be, to act at the meeting or any adjournment(s) thereof. If any inspector or inspectors, or judge or judges, are not appointed, the person presiding at the meeting may, but need not, appoint one or more inspectors or judges. In case any person who may be appointed as an inspector or judge fails to appear or act, the vacancy may be filled by the Board of Directors in advance of the meeting, or at the meeting by the person presiding thereat. The inspectors or judges, if any, shall determine the number of shares of stock outstanding and the voting power of each, the shares of stock represented at the meeting, the existence of a quorum, the validity and effect of proxies, and shall receive votes, ballots and consents, hear and determine all challenges and questions arising in connection with the right to vote, count and tabulate votes, ballots and consents, determine the result, and do such acts as are proper to conduct the election or vote with fairness to all shareholders. On request of the person presiding at the meeting, the inspector or inspectors or judge or judges, if any, shall make a report in writing of any challenge, question or matter determined by such person or persons, and execute a certificate of any fact found by such person or persons.

Section 15. Voting for Directors. Unless otherwise provided in the Articles of Incorporation, directors shall be elected by a majority of the votes cast with respect to each director by the shares entitled to vote in the election of directors at a meeting at which a quorum is present; provided that if the number of persons to be considered by the shareholders for election as a director exceeds the number of directors to be elected, with such determination thereof to be made by the Board of Directors, directors shall be elected by the vote of a plurality of the votes cast by the shares entitled to vote in the election of directors at a meeting at which a quorum is present. For the purposes of this Article 2, Section 15, a majority of votes cast shall mean that the number of votes cast "for" a director's election exceeds the number of votes cast "against" that director's election (with "abstentions" and "broker non-votes" not counted as a vote cast either "for" or "against" that director's election).

ARTICLE THREE

DIRECTORS

Section 1. Number; Election and Term; Removal. The number of directors of the Corporation shall be fixed from time to time, within the limits specified by the Articles of Incorporation, by resolution of the Board of Directors; provided, however, that no director's term shall be shortened by reason of a resolution reducing the number of directors. The directors (or the appropriate class of the Board of Directors if the Board of Directors is divided into two or more classes) shall be elected at the annual meeting of the shareholders, except as provided in Section 2 of this Article, and each director elected shall hold office for the term for which he is elected and until such director's successor is elected and qualified or until such director's earlier resignation, removal from office or death. Directors must be natural persons who are 18 years of age or older but need not be residents of the State of Florida, shareholders of the Corporation or citizens of the United States. Shareholders shall have the right to remove directors only as provided in the Articles of Incorporation.

Section 2. Vacancies. A director may resign at any time by giving written notice to the Corporation, the Board of Directors or the Chair of the Board. Such resignation shall take effect when the notice is delivered unless the notice specifies a later effective date, in which event the Board of Directors may fill the pending vacancy before the effective date if they provide that the successor does not take office until the effective date. Any vacancy occurring in the Board of Directors and any directorship to be filled by reason of an increase in the size of the Board of Directors shall be filled only by the affirmative vote of a majority of the current directors though less than a quorum of the Board of Directors. Shareholders shall not, and shall have no power to, fill any vacancy on the Board of Directors. A director elected to fill a vacancy shall be elected for the unexpired term of such director's predecessor in office, or until the next election of one or more directors by shareholders if the vacancy is caused by an increase in the number of directors.

Section 3. Powers. Except as provided in the Articles of Incorporation and by law, all corporate powers shall be exercised by or under the authority of, and the business and affairs of the Corporation shall be managed under the direction of, its Board of Directors.

Section 4. Place of Meetings. Meetings of the Board of Directors, regular or special, may be held either within or without the State of Florida.

Section 5. Annual Meeting. The first meeting of each newly elected Board of Directors shall be held, without call or notice, immediately following each annual meeting of shareholders.

Section 6. Regular Meetings. Regular meetings of the Board of Directors may also be held without notice at such time and at such place as shall from time to time be determined by the Board of Directors.

Section 7. Special Meetings and Notice. Special meetings of the Board of Directors may be called by the Chair of the Board or by the Chief Executive Officer and, to the extent that the Chief Executive Officer is not the President, the President, and shall be called by the Secretary

on the written request of any two directors. Written notice of special meetings of the Board of Directors shall be given to each director at least twenty-four (24) hours before the meeting. Except as required by statute, neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting. Notices to directors shall be in writing and delivered personally or mailed to the directors at their addresses appearing on the books of the Corporation. Notice by mail shall be deemed to be given at the time when the same shall be received. Notice to directors may also be given by telegram, teletype or other form of electronic communication. Notice of a meeting of the Board of Directors need not be given to any director who signs a written waiver of notice before, during or after the meeting. Attendance of a director at a meeting shall constitute a waiver of notice of such meeting and a waiver of any and all objections to the place of the meeting, the time of the meeting and the manner in which it has been called or convened, except when a director states, at the beginning of the meeting or promptly upon arrival at the meeting, any objection to the transaction of business because the meeting is not lawfully called or convened.

Section 8. Quorum; Required Vote; Presumption of Assent.

(a) Unless otherwise provided by or pursuant to the Articles of Incorporation or these Bylaws, at all meetings of the Board of Directors, a majority of the total prescribed number of Directors fixed pursuant to Article 3, Section 1 of these Bylaws shall constitute a quorum for the transaction of business; provided, however, that whenever, for any reason, a vacancy occurs in the Board of Directors, a quorum shall consist of a majority of the remaining directors until the vacancy has been filled except that in no event may a quorum consist of fewer than one-third of the number of directors so fixed. If a quorum is not present at any meeting of the Board of Directors, the Directors present may adjourn the meeting, from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

(b) The Board of Directors of the Corporation shall have the power and authority to prescribe, permit or require special quorum and/or vote requirements for directors (including of the full Board of Directors or of any designated sub-group or committee of the Board of Directors), in connection with any action, determination, authorization and/or approval that the Board of Directors shall deem appropriate and shall designate for such special quorum and/or vote requirements, subject to the requirements of Section 607.0824 of the Florida Business Corporation Act. This power and authority shall include, without limitation, the power and authority to prescribe, permit or require special quorum and/or vote requirements for directors (including, without limitation, special quorum or vote requirements for the full Board of Directors or for any designated sub-group or committee of the Board of Directors), in connection with any action, determination, authorization and/or approval in connection with any share purchase rights, or any agreement embodying or evidencing such share purchase rights, to be authorized and issued by the Corporation. Notwithstanding the foregoing, unless otherwise provided in the Articles of Incorporation (consistent with applicable law), the Board of Directors shall not (i) with respect to any action which by law requires action, authorization or approval of the Board of Directors, fix a quorum of the Board of Directors at less than a majority of the number of directors constituting the Board of Directors as prescribed by the Articles of Incorporation or these Bylaws, or (ii) delegate to any committee or subgroup of the Board of Directors any authorization or approval which, under and in accordance with Florida law, may only be taken by the fully constituted Board of Directors.

Section 9. Action Without Meeting. Any action required or permitted to be taken at a meeting of the Board of Directors or a committee thereof may be taken without a meeting if a consent in writing, setting forth the action taken, is signed by all of the members of the Board of Directors or the committee, as the case may be, and such consent shall have the same force and effect as a unanimous vote at a meeting. Action taken under this section is effective when the last director signs the consent, unless the consent specifies a different effective date. A consent signed under this Section 9 shall have the effect of a meeting vote and may be described as such in any document.

Section 10. Conference Telephone or Similar Communications Equipment Meetings. Members of the Board of Directors may participate in a meeting of the Board by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other at the same time. Participation in such a meeting shall constitute presence in person at the meeting, except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground the meeting is not lawfully called or convened.

Section 11. Committees. The Board of Directors, by resolution adopted by a majority of the full Board of Directors, may designate from among its members one or more other committees, each of which, to the extent provided in such resolution, shall have and may exercise all of the authority of the Board of Directors in the business and affairs of the Corporation except where the action of the full Board of Directors is required by statute. Each committee must have two or more members who serve at the pleasure of the Board of Directors. The Board of Directors, by resolution adopted in accordance with this Article Three, may designate one or more directors as alternate members of any committee, who may act in the place and stead of any absent member or members at any meeting of such committee. Vacancies in the membership of a committee shall be filled by the Board of Directors at a regular or special meeting of the Board of Directors. Each committee shall keep minutes and other appropriate records of its proceedings and report the same to the Board of Directors when required. The designation of any such committee and the delegation thereto of authority shall not operate to relieve the Board of Directors, or any member thereof, of any responsibility imposed upon it or them by law.

Section 12. Compensation of Directors. The directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors and may be paid a fixed sum for attendance at each meeting of the Board of Directors or a stated salary as director. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for attending committee meetings. Directors may receive such other compensation as may be approved by the Board of Directors.

Section 13. Chair of the Board. The Board of Directors may, in its discretion, choose a Chair of the Board who shall preside at meetings of the shareholders and of the directors. The Chair of the Board shall have such other powers and shall perform such other duties as shall be designated by the Board of Directors. The Chair of the Board shall be a member of the Board of Directors but no other officers of the Corporation need be a director. The Chair of the Board shall serve until their successor is chosen and qualified, but may be removed at any time by the affirmative vote of a majority of the Board of Directors.

ARTICLE FOUR

OFFICERS

Section 1. Positions. The officers of the Corporation shall consist of a Chief Executive Officer, Chief Financial Officer, one or more Vice Presidents, a Secretary, and, if elected as an officer of the Corporation by the Board of Directors by resolution, a Chair of the Board. Any two or more offices may be held by the same person.

Section 2. Election of Specified Officers by Board. The Board of Directors at its first meeting after each annual meeting of shareholders shall elect a Chief Executive Officer, Chief Financial Officer, one or more Vice Presidents and a Secretary.

Section 3. Election or Appointment of Other Officers. Such other officers and assistant officers and agents as may be deemed necessary may be elected or appointed by the Board of Directors, or, unless otherwise specified herein, appointed by the Chief Executive Officer and, to the extent that the Chief Executive Officer is not the President of the Corporation, the President of the Corporation. The Board of Directors shall be advised of appointments by the Chief Executive Office or the President, as applicable, at or before the next scheduled Board of Directors meeting.

Section 4. Salaries. The salaries of all officers of the Corporation to be elected by the Board of Directors pursuant to Article Four, Section 2 hereof shall be fixed from time to time by the Board of Directors or pursuant to its discretion. The salaries of all other elected or appointed officers of the Corporation shall be fixed from time to time by the Chief Executive Officer and, to the extent that the Chief Executive Officer is not the President of the Corporation, the President of the Corporation or pursuant to such officer's direction.

Section 5. Term; Resignation. The officers of the Corporation shall hold office until their successors are chosen and qualified. Any officer or agent elected or appointed by the Board of Directors, the Chief Executive Officer, or the President of the Corporation may be removed, with or without cause, by the Board of Directors. Any officers or agents appointed by the Chief Executive Officer or the President of the Corporation pursuant to Section 3 of this Article Four may also be removed from such officer positions by the Chief Executive Officer or the President, as applicable, with or without cause. Any vacancy occurring in any office of the Corporation by death, resignation, removal or otherwise shall be filled by the Board of Directors, or, in the case of an officer appointed by the Chief Executive Officer or the President of the Corporation, by the Chief Executive Officer or the President or the Board of Directors, as applicable. Any officer of the Corporation may resign from such officer's respective office or position by delivering notice to the Corporation. Such resignation is effective when delivered unless the notice specifies a later effective date. If a resignation is made effective at a later date and the Corporation accepts the future effective date, the Board of Directors may fill the pending vacancy before the effective date if the Board provides that the successor does not take office until the effective date.

Section 6. President/Chief Executive Officer. The Chief Executive Officer may be the President of the Corporation, shall have general and active management of the business of the Corporation and shall see that all orders and resolutions of the Board of Directors are carried into

effect. In the absence of the Chair of the Board or in the event the Board of Directors shall not have designated a Chair of the Board, the Chief Executive Officer shall preside at meetings of the shareholders and the Board of Directors. In the event the Chief Executive Officer is not the President of the Corporation, and is unable to perform the duties of Chair or Chief Executive Officer, then the President shall perform such duties and have such other powers as the Board of Directors shall prescribe or as the Chief Executive Officer may from time to time delegate.

Section 7. Vice Presidents. The Vice Presidents in the order of their seniority, unless otherwise determined by the Board of Directors, shall, in the absence or disability of the President, perform the duties and exercise the powers of the President. They shall perform such other duties and have such other powers as the Board of Directors shall prescribe or as the Chief Executive Officer and, to the extent that the Chief Executive Officer is not the President of the Corporation, the President of the Corporation, may from time to time delegate.

Section 8. Secretary. The Secretary shall attend all meetings of the Board of Directors and all meetings of the shareholders and record all the proceedings of the meetings of the shareholders and of the Board of Directors in a book to be kept for that purpose and shall perform like duties for the standing committees when required. The Secretary shall give, or cause to be given, notice of all meetings of the shareholders and special meetings of the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors, Chief Executive Officer or President, under whose supervision the Secretary shall be. The Secretary shall keep in safe custody the seal of the Corporation and, when authorized by the Board of Directors, affix the same to any instrument requiring it.

Section 9. Chief Financial Officer. The Chief Financial Officer shall have the custody of corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors. The Chief Financial Officer shall disburse the funds of the Corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the Chief Executive Officer, the President and the Board of Directors at its regular meetings or when the Board of Directors so requires an account of all transactions as Chief Financial Officer and of the financial condition of the Corporation.

Section 10. Other Officers; Employees and Agents. Each and every other officer, employee and agent of the Corporation shall possess, and may exercise, such power and authority, and shall perform such duties, as may from time to time be assigned to such person by the Board of Directors, the officer so appointing such person and such officer or officers who may from time to time be designated by the Board of Directors to exercise such supervisory authority.

ARTICLE FIVE

CAPITAL STOCK

Section 1. Shares with Certificates; Form and Content of Certificates.

(a) Certificates representing shares of the Corporation shall be in such form, consistent with law, as shall be determined by the Board of Directors. Each certificate representing shares of the Corporation shall also comply with the requirements of the New York Stock Exchange or any other exchange or stock market on which the shares represented by such certificate are listed or quoted.

(b) Each share represented by a certificate must state on its face: (i) the name of the Corporation and that the Corporation is a Florida corporation, (ii) the name of the person to whom issued, and (iii) the number and class of shares and the designation of the series, if any, the certificate represents.

(c) If the shares being issued are of different classes of shares or different series within a class, the designations, relative rights, preferences, and limitations applicable to each class of shares and the variations in rights, preferences, and limitations determined for each series within a class (and the authority of the Board of Directors to determine variations for future series) shall be summarized on the front or back of each certificate. Alternatively, each certificate may state conspicuously on its front or back that the Corporation will furnish the shareholder a full statement of this information on request and without charge. Every certificate representing shares that are restricted as to the sale, disposition, or transfer of such shares shall also indicate that such shares are restricted as to transfer and there shall be set forth or fairly summarized upon the certificate, or the certificate shall indicate that the Corporation will furnish to any shareholder upon request and without charge, a full statement of such restrictions. If the Corporation issues any shares that are not registered under the Securities Act of 1933, as amended, or registered or qualified under applicable state securities laws, the transfer of any such shares shall be restricted substantially in accordance with the following legend:

“THESE SHARES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 OR UNDER ANY APPLICABLE STATE LAW. THEY MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED OR PLEDGED WITHOUT

(1) REGISTRATION UNDER THE SECURITIES ACT OF 1933 AND ANY APPLICABLE STATE LAW, OR (2) AT HOLDER’S EXPENSE, AN OPINION (SATISFACTORY TO THE CORPORATION) OF COUNSEL (SATISFACTORY TO THE CORPORATION) THAT REGISTRATION IS NOT REQUIRED.”

Section 2. Shares Without Certificates.

(a) The Board of Directors may authorize the issuance of some or all of the shares of any or all of its classes or series without certificates. Such authorization shall not affect shares already represented by certificates until they are surrendered to the Corporation.

(b) Within a reasonable time after the issue or transfer of shares without certificates, the Corporation shall send the shareholder a written statement of the information required pursuant to Sections 1(b) and (c) of this Article Five.

Section 3. Facsimile Signatures. The signatures of the Chair of the Board, the Chief Executive Officer, the President or a Vice President and the Secretary or Assistant Secretary upon a certificate may be facsimiles, if the certificate is manually signed by a transfer agent, or registered by a registrar, other than the Corporation itself or an employee of the Corporation. In case any officer who has signed or whose facsimile signature has been placed upon such certificate shall have ceased to be such officer before such certificate is issued, it may be issued by the Corporation with the same effect as if such person were such officer at the date of the issuance.

Section 4. Lost Certificates. The Board of Directors may issue a new certificate or certificates of stock in place of any previously issued certificates alleged to have been lost or destroyed, or it may issue uncertificated shares to replace surrendered shares previously represented by certificates alleged to have been lost or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost or destroyed. When authorizing such issue of a new certificate or certificates or uncertificated shares, the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost or destroyed certificate or certificates, or such owner's legal representative, to advertise the same in such manner as it shall require and/or to give the Corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the Corporation with respect to the certificate alleged to have been lost or destroyed.

Section 5. Transfer of Shares.

(a) In the case of certificated shares, upon surrender to the Corporation or the transfer agent of the Corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the Corporation to issue a new certificate or uncertificated shares to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

(b) In the case of uncertificated shares, upon the receipt by the Corporation or the transfer agent of the Corporation of proper transfer instructions from the registered owner or duly authorized agent, transferee or legal representative thereof, such uncertificated shares shall be cancelled, issuance of new equivalent uncertificated shares or certificated shares shall be made to the person entitled thereto and the transaction shall be recorded upon the books of the Corporation.

Section 6. Registered Shareholders. The Corporation shall be entitled to recognize the exclusive rights of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of the State of Florida.

Section 7. Redemption of Control Shares. As provided by the Florida Business Corporation Act, if a person acquiring control shares of the Corporation does not file an acquiring

person statement with the Corporation, the Corporation may, at the discretion of the Board of Directors, redeem the control shares at the fair value thereof at any time during the 60-day period after the last acquisition of such control shares. If a person acquiring control shares of the Corporation files an acquiring person statement with the Corporation, the control shares may be redeemed by the Corporation, at the discretion of the Board of Directors, only if such shares are not accorded full voting rights by the shareholders as provided by law.

ARTICLE SIX

GENERAL PROVISIONS

Section 1. Dividends. The Board of Directors may from time to time declare, and the Corporation may pay, dividends on its outstanding shares in cash, property, or its own shares pursuant to law and subject to the provisions of the Articles of Incorporation.

Section 2. Reserves. The Board of Directors may by resolution create a reserve or reserves out of earned surplus for any proper purpose or purposes, and may abolish any such reserve in the same manner.

Section 3. Checks. All checks or demands for money and notes of the Corporation shall be signed by such officer or officers or such other person or persons as the Board of Directors may from time to time designate.

Section 4. Fiscal Year. The fiscal year of the Corporation shall end on December 31st of each year, unless otherwise fixed by resolution of the Board of Directors.

Section 5. Seal. The corporate seal shall have inscribed thereon the name and state of incorporation of the Corporation. The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any other manner reproduced.

Section 6. Gender. All words used in these Bylaws in the masculine gender shall extend to and shall include the feminine and neuter genders.

ARTICLE SEVEN

AMENDMENT OF BYLAWS

Unless otherwise provided by law, these Bylaws may be altered, amended or repealed in whole or in part, or new Bylaws may be adopted, by action of the Board of Directors.

July 31, 2023

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, James D. Swift, M.D., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Pediatrix Medical Group, 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: August 3, 2023

By: /s/ James D. Swift, M.D.
James D. Swift, M.D.
Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, C. Marc Richards, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Pediatrix Medical Group, 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: August 3, 2023

By: /s/ C. Marc Richards
C. Marc Richards
Chief Financial Officer
(Principal Financial Officer and
Principal Accounting Officer)

**Certification Pursuant to 18 U.S.C Section 1350
(Adopted by Section 906 of the Sarbanes-Oxley Act of 2002)**

In connection with the Quarterly Report of Pediatrix Medical Group, Inc. on Form 10-Q for the quarter ended June 30, 2023 (the "Report"), each of the undersigned hereby certifies, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that (i) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Pediatrix Medical Group, Inc.

A signed original of this written statement required by Section 906 has been provided to Pediatrix Medical Group, Inc. and will be retained by Pediatrix Medical Group, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

August 3, 2023

By: /s/ James D. Swift, M.D.

James D. Swift, M.D.
Chief Executive Officer
(Principal Executive Officer)

By: /s/ C. Marc Richards

C. Marc Richards
Chief Financial Officer
(Principal Financial Officer and
Principal Accounting Officer)
