



FINANCIAL AND STATISTICAL REPORT
December 31, 2021
(UNAUDITED)

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NOVANT HEALTH, INC.
COMBINED STATEMENTS OF REVENUES AND EXPENSES
FOR THE THREE MONTHS ENDED DECEMBER 31, 2021 AND 2020

(in thousands of dollars)

	December 31, 2021				December 31, 2020			
	Combined Group ^(1,2)	Unrestricted Affiliates ^(1,2)	Eliminations	Total	Combined Group	Unrestricted Affiliates	Eliminations	Total
Operating revenues and other support								
Net patient service revenues	\$ 1,583,798	\$ 175,645	\$ -	\$ 1,759,443	\$ 1,284,353	\$ 161,215	\$ -	\$ 1,445,568
Other revenue	162,675	76,465	(29,807)	209,333	165,776	86,104	(29,096)	222,784
Total operating revenues and other support	<u>1,746,473</u>	<u>252,110</u>	<u>(29,807)</u>	<u>1,968,776</u>	<u>1,450,129</u>	<u>247,319</u>	<u>(29,096)</u>	<u>1,668,352</u>
Operating expenses								
Salaries and employee benefits	889,244	114,847	(882)	1,003,209	794,359	87,686	(2,458)	879,587
Supplies and other	604,839	111,858	(25,807)	690,890	470,593	134,360	(26,625)	578,328
Total operating expenses	<u>1,494,083</u>	<u>226,705</u>	<u>(26,689)</u>	<u>1,694,099</u>	<u>1,264,952</u>	<u>222,046</u>	<u>(29,083)</u>	<u>1,457,915</u>
Operating cash flow	252,390	25,405	(3,118)	274,677	185,177	25,273	(13)	210,437
Depreciation and amortization	73,037	11,438	-	84,475	56,435	11,805	-	68,240
Interest	18,500	3,226	-	21,726	9,736	1,690	-	11,426
Operating income (loss)	160,853	10,741	(3,118)	168,476	119,006	11,778	(13)	130,771
Non-operating income (expense)								
Investment income	158,151	8,677	-	166,828	222,007	23,144	-	245,151
Loss on extinguishment of debt	-	-	-	-	(6,208)	-	-	(6,208)
Income tax expense	(2,679)	(1,018)	-	(3,697)	1,925	(2,016)	-	(91)
Other net periodic pension benefit (costs)	154	1	-	155	(908)	(10)	-	(918)
Excess (deficit) of revenues over expenses	<u>\$ 316,479</u>	<u>\$ 18,401</u>	<u>\$ (3,118)</u>	<u>\$ 331,762</u>	<u>\$ 335,822</u>	<u>\$ 32,896</u>	<u>\$ (13)</u>	<u>\$ 368,705</u>

(1) On July 1, 2021, Novant Health, Inc. divested of its ownership interest in Prince William Health System and Prince William Hospital. As of this date, these entities also ceased to be restricted affiliates of Novant Health, Inc. Activity for these entities for the period from January through June is included in the unrestricted affiliates column above.

(2) On February 1, 2021, Novant Health, Inc. acquired the assets of New Hanover Regional Medical Center, LLC. Effective April 15, 2021, New Hanover Regional Medical Center, LLC was designated as a restricted affiliate concurrent with the issuance of the Novant Health 2021A bonds. As such, beginning with the financial reports for the quarter ended June 30, 2021, this affiliate is included in the combined group column of the quarterly and year to date combined statements of revenue and expenses and the balance sheet.

NOVANT HEALTH, INC.
COMBINED STATEMENTS OF REVENUES AND EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(in thousands of dollars)

	December 31, 2021				December 31, 2020			
	Combined Group ^(1,2)	Unrestricted Affiliates ^(1,2)	Eliminations	Total	Combined Group	Unrestricted Affiliates	Eliminations	Total
Operating revenues and other support								
Net patient service revenues	\$ 5,943,241	\$ 868,077	\$ -	\$ 6,811,318	\$ 4,498,761	\$ 554,033	\$ -	\$ 5,052,794
Other revenue	386,313	283,885	(104,942)	565,256	433,191	269,259	(72,469)	629,981
Total operating revenues and other support	<u>6,329,554</u>	<u>1,151,962</u>	<u>(104,942)</u>	<u>7,376,574</u>	<u>4,931,952</u>	<u>823,292</u>	<u>(72,469)</u>	<u>5,682,775</u>
Operating expenses								
Salaries and employee benefits	3,406,578	522,656	(5,068)	3,924,166	2,770,074	319,369	(6,335)	3,083,108
Supplies and other	2,222,260	552,353	(88,971)	2,685,642	1,670,067	473,352	(70,329)	2,073,090
Total operating expenses	<u>5,628,838</u>	<u>1,075,009</u>	<u>(94,039)</u>	<u>6,609,808</u>	<u>4,440,141</u>	<u>792,721</u>	<u>(76,664)</u>	<u>5,156,198</u>
Operating cash flow	700,716	76,953	(10,903)	766,766	491,811	30,571	4,195	526,577
Depreciation and amortization	283,559	56,074	-	339,633	215,959	44,092	-	260,051
Interest	62,821	14,875	-	77,696	68,688	9,334	-	78,022
Operating income (loss)	354,336	6,004	(10,903)	349,437	207,164	(22,855)	4,195	188,504
Non-operating income (expense)								
Investment income	406,024	46,791	-	452,815	181,492	20,331	-	201,823
Loss on defeasance of bonds	-	(4,456)	-	(4,456)	(6,208)	-	-	(6,208)
Income tax expense	(2,951)	(1,842)	-	(4,793)	1,782	(2,287)	-	(505)
Other net periodic pension (costs) benefit	(561)	(15)	-	(576)	(1,466)	7	-	(1,459)
Excess (deficit) of revenues over expenses	<u>\$ 756,848</u>	<u>\$ 46,482</u>	<u>\$ (10,903)</u>	<u>\$ 792,427</u>	<u>\$ 382,764</u>	<u>\$ (4,804)</u>	<u>\$ 4,195</u>	<u>\$ 382,155</u>

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- (2) On February 1, 2021, Novant Health, Inc. acquired the assets of New Hanover Regional Medical Center, LLC. Effective April 15, 2021, New Hanover Regional Medical Center, LLC was designated as a restricted affiliate concurrent with the issuance of the Novant Health 2021A bonds. As such, beginning with the financial reports for the quarter ended June 30, 2021, this affiliate is included in the combined group column of the quarterly and year to date combined statements of revenue and expenses and the balance sheet.

**NOVANT HEALTH, INC.
COMBINING BALANCE SHEETS**

	December 31, 2021				December 31, 2020			
	Combined Group ⁽¹⁾	Unrestricted Affiliates ⁽¹⁾	Eliminations	Total	Combined Group	Unrestricted Affiliates	Eliminations	Total
<i>(in thousands of dollars)</i>								
Assets								
Current assets								
Cash and cash equivalents	\$ 573,852	\$ 221,750	\$ -	\$ 795,602	\$ 556,179	\$ 155,643	\$ -	\$ 711,822
Accounts receivable, net	815,295	80,968	-	896,263	580,439	90,297	-	670,736
Short-term investments	411,280	160	-	411,440	330,582	160	-	330,742
Current portion of assets limited as to use	31,516	9,111	-	40,627	30,029	12,645	-	42,674
Receivable for settlement with third-party payors	15,084	1,231	-	16,315	21,129	3,980	-	25,109
Other current assets	334,336	45,832	(37,016)	343,152	234,386	42,033	(17,165)	259,254
Total current assets	<u>2,181,363</u>	<u>359,052</u>	<u>(37,016)</u>	<u>2,503,399</u>	<u>1,752,744</u>	<u>304,758</u>	<u>(17,165)</u>	<u>2,040,337</u>
Assets limited as to use	282,918	16,345	-	299,263	203,681	30,995	-	234,676
Long-term investments	3,158,635	355,710	-	3,514,345	2,640,842	343,829	-	2,984,671
Property and equipment, net	2,543,474	339,756	-	2,883,230	2,059,045	341,024	-	2,400,069
Right-of-use assets, net	532,017	60,736	(72,642)	520,111	520,722	57,319	(84,687)	493,354
Intangible assets and goodwill, net	626,991	227,258	-	854,249	61,164	248,883	-	310,047
Investments in affiliates	1,655,952	24,862	(1,626,860)	53,954	95,496	28,597	(69,139)	54,954
Deferred tax asset	-	3,980	-	3,980	-	5,317	-	5,317
Other assets	117,760	19,445	(1,326)	135,879	114,987	14,067	(801)	128,253
Total assets	<u>\$ 11,099,110</u>	<u>\$ 1,407,144</u>	<u>\$ (1,737,844)</u>	<u>\$ 10,768,410</u>	<u>\$ 7,448,681</u>	<u>\$ 1,374,789</u>	<u>\$ (171,792)</u>	<u>\$ 8,651,678</u>
Liabilities and Net Assets								
Current liabilities								
Current portion of long-term debt	\$ 53,992	\$ 645	\$ -	\$ 54,637	\$ 53,968	\$ 880	\$ -	\$ 54,848
Short-term borrowings	124,300	218	-	124,518	149,300	292	-	149,592
Accounts payable	298,262	22,107	(7,618)	312,751	257,409	31,387	(11,486)	277,310
Accrued liabilities	717,849	108,701	(16,090)	810,460	592,148	93,854	(3,329)	682,673
Current portion of operating lease liabilities	101,350	13,918	(8,494)	106,774	86,057	11,857	(9,118)	88,796
Estimated third-party payor settlements	72,611	7,596	-	80,207	78,411	9,571	-	87,982
Due to (from) related organizations	(368,471)	368,471	-	-	(247,392)	247,392	-	-
Total current liabilities	<u>999,893</u>	<u>521,656</u>	<u>(32,202)</u>	<u>1,489,347</u>	<u>969,901</u>	<u>395,233</u>	<u>(23,933)</u>	<u>1,341,201</u>
Long-term debt, net of current portion	2,601,877	8,405	-	2,610,282	1,262,576	13,411	-	1,275,987
Deferred tax liability	-	5,201	-	5,201	-	5,194	-	5,194
Operating lease liabilities, net of current portion	447,208	47,953	(65,533)	429,628	449,276	45,038	(76,303)	418,011
Derivative financial instruments	39,260	-	-	39,260	51,803	-	-	51,803
Employee benefits and other liabilities	450,447	15,705	-	466,152	548,888	40,695	-	589,583
Total liabilities	<u>4,538,685</u>	<u>598,920</u>	<u>(97,735)</u>	<u>5,039,870</u>	<u>3,282,444</u>	<u>499,571</u>	<u>(100,236)</u>	<u>3,681,779</u>
Net assets								
Without donor restrictions- attributable to Novant Health	6,560,425	691,055	(1,640,109)	5,611,371	4,164,059	769,155	(127,403)	4,805,811
Without donor restrictions - noncontrolling interests	-	6,675	-	6,675	-	23,405	55,847	79,252
Total unrestricted net assets	<u>6,560,425</u>	<u>697,730</u>	<u>(1,640,109)</u>	<u>5,618,046</u>	<u>4,164,059</u>	<u>792,560</u>	<u>(71,556)</u>	<u>4,885,063</u>
With donor restrictions	-	110,494	-	110,494	2,178	82,658	-	84,836
Total net assets	<u>6,560,425</u>	<u>808,224</u>	<u>(1,640,109)</u>	<u>5,728,540</u>	<u>4,166,237</u>	<u>875,218</u>	<u>(71,556)</u>	<u>4,969,899</u>
Total liabilities and net assets	<u>\$ 11,099,110</u>	<u>\$ 1,407,144</u>	<u>\$ (1,737,844)</u>	<u>\$ 10,768,410</u>	<u>\$ 7,448,681</u>	<u>\$ 1,374,789</u>	<u>\$ (171,792)</u>	<u>\$ 8,651,678</u>

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NOVANT HEALTH, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

<i>(in thousands of dollars)</i>	DECEMBER 31, 2021	DECEMBER 31 2020
Cash flows from operating activities		
Increase in net assets	\$ 758,641	\$ 383,377
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation, amortization, and accretion	338,729	259,735
Change in net assets due to sale of consolidated affiliate	63,934	-
Loss (gain) on sale of consolidated entities	29,682	(6,500)
Loss on extinguishment of debt	4,456	6,208
Actuarial loss on pension and postretirement benefits	1,162	1,253
Change in funded status of defined benefit plans	(1,206)	878
Share of earnings in affiliates, net of distributions	12,153	17,196
Net realized and unrealized gains on assets limited as to use and investments	(401,591)	(164,305)
Change in fair value of interest rate swap	(12,543)	7,906
Contributions restricted for capital	(11,743)	(1,468)
Changes in operating assets and liabilities, net of assets acquired and liabilities assumed		
Accounts receivable	(147,043)	(92,662)
Accounts payable and accrued liabilities	(10,076)	178,105
Proceeds from (repayments of) Medicare advanced payments	(70,228)	373,718
Long-term liabilities	89,462	54,624
Other current assets	(15,578)	(28,406)
Third-party payor settlements	(1,712)	42,742
Deferred taxes, net	1,344	1,300
Other assets and liabilities, net	(12,357)	(10,514)
Net cash provided by operating activities	<u>615,486</u>	<u>1,023,187</u>
Cash flows from investing activities		
Capital expenditures	(291,862)	(372,021)
Proceeds from sales of long-term investments	1,603,097	1,910,189
Purchase of long-term investments	(1,571,345)	(2,278,671)
Proceeds from sales of short-term investments	543,419	341,485
Purchase of short-term investments	(627,104)	(477,778)
Proceeds from sale of property and equipment	17,467	2,821
Proceeds from sale of consolidated entities	170,449	8,500
Acquisition of business, net of cash acquired	(1,509,769)	-
Investments in unconsolidated affiliates	(11,631)	(2,759)
Other investing activities	(1,663)	(1,145)
Net cash used in investing activities	<u>(1,678,942)</u>	<u>(869,379)</u>
Cash flows from financing activities		
Principal payments on long-term debt	(16,151)	(288,136)
Proceeds from long-term debt	1,491,682	264,165
(Payments on) proceeds from repurchase agreements, net	(25,000)	61,124
Proceeds from sale of accounts receivable, net	28,408	32,109
Extinguishment of bonds	(145,228)	-
Proceeds from revolving credit facility	1,600,000	675,000
Payments on revolving credit facility	(1,600,000)	(675,000)
Other financing activities	8,533	4,559
Net cash provided by financing activities	<u>1,342,244</u>	<u>73,821</u>
Net increase in cash and cash equivalents	278,788	227,629
Cash, cash equivalents and restricted cash		
Beginning of year	<u>861,678</u>	<u>634,049</u>
End of year	<u>\$ 1,140,466</u>	<u>\$ 861,678</u>

**NOVANT HEALTH, INC.
COMBINED GROUP STATISTICS
FOR THE THREE MONTHS ENDED DECEMBER 31, 2021 AND 2020**

	Novant Health Presbyterian Medical Center	Novant Health Matthews Medical Center	Novant Health Huntersville Medical Center	Novant Health Charlotte Orthopedic Hospital	Novant Health Mint Hill Medical Center	Novant Health Forsyth Medical Center	Novant Health Medical Park Hospital	Novant Health Thomasville Medical Center	Novant Health New Hanover Medical Center	Novant Health Brunswick Medical Center	Novant Health Kernersville Medical Center	Novant Health Clemmons Medical Center	Three Months Ended	
													December 31, 2021	December 31, 2020
<u>INPATIENT STATISTICS</u>														
Average Daily Census	494	143	93	20	29	570	7	64	608	48	40	13	2,129	1,722
Discharges	7,413	2,741	2,055	579	893	7,858	202	1,063	8,554	1,158	787	458	33,761	30,059
Average Length of Stay	6.1	4.8	4.2	3.1	3.0	6.7	3.1	5.5	6.5	3.8	4.7	2.6	5.8	5.3
Patient Days	45,435	13,123	8,546	1,799	2,687	52,427	620	5,859	55,923	4,425	3,714	1,192	195,750	158,402
<u>ADJUSTED STATISTICS</u>														
Adjusted Patient Days	89,008	29,133	23,944	4,091	9,209	84,918	4,423	14,933	128,769	12,573	10,057	4,232	415,290	308,544
Adjusted Discharges	14,522	6,085	5,758	1,317	3,061	12,728	1,441	2,709	19,697	3,290	2,131	1,626	74,365	61,895
<u>OUTPATIENT STATISTICS</u>														
ED Visits	18,912	9,095	9,539	-	6,622	19,195	-	7,400	34,561	7,633	8,719	5,549	127,225	102,525
Novant Health Medical Group Encounters	-	-	-	-	-	-	-	-	-	-	-	-	1,380,671	1,341,807
Cases	51,380	23,898	22,706	6,288	14,047	35,556	5,441	12,502	92,273	17,659	12,283	9,935	303,968	244,817
<u>SURGERY STATISTICS</u>														
IP Surgical Cases	1,291	327	268	670	49	1,999	192	186	2,470	302	253	263	8,270	7,062
OP Surgical Cases	4,506	1,204	1,271	2,370	383	2,831	2,262	1,041	6,054	1,012	601	762	24,297	18,934
Total Surgical Cases	5,797	1,531	1,539	3,040	432	4,830	2,454	1,227	8,524	1,314	854	1,025	32,567	25,996
<u>OTHER STATISTICS</u>														
Total Births	1,624	642	512	-	149	1,037	-	160	1,113	142	-	-	5,379	4,490
Cath Lab Patients	550	482	208	-	-	1,138	-	18	2,281	6	-	-	4,683	2,840
Open Heart Surgeries	85	-	-	-	-	111	-	-	180	-	-	-	376	211
Endoscopy Procedures	1,628	736	894	-	143	1,644	-	185	2,982	508	195	-	8,915	6,305
Radiology Procedures	43,297	25,093	23,047	5,386	16,018	57,235	1,138	15,688	90,339	20,131	15,595	9,863	322,830	262,294
Licensed Beds	590	157	139	48	36	859	22	146	800	74	50	36	2,957	2,347
Staffed Beds	561	146	120	28	35	665	11	84	725	61	52	24	2,512	1,898
Occupancy as % of Staffed Beds	88.1%	97.9%	77.5%	71.4%	82.9%	85.7%	63.6%	76.2%	83.9%	78.7%	76.9%	54.2%	84.8%	90.7%

NOVANT HEALTH, INC.
COMBINED GROUP STATISTICS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2021 AND 2020

	Novant Health Presbyterian Medical Center	Novant Health Matthews Medical Center	Novant Health Huntersville Medical Center	Novant Health Charlotte Orthopedic Hospital	Novant Health Mint Hill Medical Center	Novant Health Forsyth Medical Center	Novant Health Medical Park Hospital	Novant Health Thomasville Medical Center	Novant Health New Hanover Medical Center	Novant Health Brunswick Medical Center	Novant Health Kernersville Medical Center	Novant Health Clemmons Medical Center	Twelve Months Ended	
													December 31, 2021	December 31, 2020
<u>INPATIENT STATISTICS</u>														
Average Daily Census	497	139	94	21	29	608	8	64	581	51	39	13	2,144	1,601
Discharges	30,423	11,606	8,375	2,393	3,434	33,485	855	4,278	33,342	4,360	2,951	1,746	137,248	115,987
Average Length of Stay	6.0	4.4	4.1	3.2	3.1	6.6	3.2	5.4	6.4	4.2	4.8	2.7	5.8	5.0
Patient Days	181,493	50,586	34,236	7,701	10,482	221,975	2,760	23,215	211,981	18,446	14,151	4,765	781,791	584,238
<u>ADJUSTED STATISTICS</u>														
Adjusted Patient Days	355,556	110,133	93,655	16,330	34,890	355,198	17,826	59,784	477,457	53,061	40,785	16,852	1,631,527	1,133,811
Adjusted Discharges	59,601	25,268	22,910	5,074	11,430	53,582	5,522	11,017	75,098	12,542	8,505	6,175	296,724	235,957
<u>OUTPATIENT STATISTICS</u>														
ED Visits	74,502	38,649	38,152	-	25,600	78,731	-	30,949	130,884	31,960	35,709	21,223	506,359	405,052
Novant Health Medical Group Encounters	-	-	-	-	-	-	-	-	-	-	-	-	5,429,567	4,903,888
Cases	205,455	96,763	86,772	25,409	51,286	155,916	22,853	57,485	347,259	82,173	56,004	38,618	1,225,993	935,929
<u>SURGERY STATISTICS</u>														
IP Surgical Cases	5,124	1,398	1,134	2,797	203	8,371	840	785	9,350	1,104	840	1,067	33,013	26,892
OP Surgical Cases	18,161	4,413	4,554	8,856	1,392	12,150	9,183	4,296	24,922	3,813	2,488	2,902	97,130	67,138
Total Surgical Cases	23,285	5,811	5,688	11,653	1,595	20,521	10,023	5,081	34,272	4,917	3,328	3,969	130,143	94,030
<u>OTHER STATISTICS</u>														
Total Births	6,454	2,613	1,905	-	636	4,251	-	601	4,118	536	-	-	21,114	17,961
Cath Lab Patients	2,261	1,931	867	-	-	4,880	-	91	9,243	34	-	-	19,307	10,442
Open Heart Surgeries	410	-	-	-	-	475	-	-	698	-	-	-	1,583	720
Endoscopy Procedures	6,728	2,904	3,524	-	369	6,562	-	796	11,404	1,733	787	-	34,807	22,863
Radiology Procedures	174,288	102,941	89,988	20,384	60,873	237,475	4,628	62,053	336,270	79,058	60,900	39,031	1,267,889	972,599
Licensed Beds	590	157	139	48	36	859	22	146	800	74	50	36	2,957	2,347
Staffed Beds	544	141	117	27	35	686	11	81	740	63	50	21	2,516	1,753
Occupancy as % of Staffed Beds	91.4%	98.6%	80.3%	77.8%	82.9%	88.6%	72.7%	79.0%	78.5%	81.0%	78.0%	61.9%	85.2%	91.3%