



FINANCIAL AND STATISTICAL REPORT
March 31, 2025
(UNAUDITED)

PAGE

- 1 Combined Statements of Revenues and Expenses for the three months ended March 31, 2025 and 2024
- 2 Combining Balance Sheets as of March 31, 2025 and December 31, 2024
- 3 Statements of Cash Flows for the three months ended March 31, 2025 and 2024
- 4 Combined Group Statistics for the three months ended March 31, 2025 and 2024
- 5 - 7 Management's Discussion and Analysis of Results of Operations and Financial Position

NOVANT HEALTH, INC.
COMBINED STATEMENTS OF REVENUES AND EXPENSES
FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024

(in thousands of dollars)

	March 31, 2025				March 31, 2024			
	Combined Group	Unrestricted Affiliates	Eliminations	Total	Combined Group	Unrestricted Affiliates	Eliminations	Total
Operating revenues and other support								
Net patient service revenues	\$ 2,094,088	\$ 226,961	\$ -	\$ 2,321,049	\$ 1,735,509	\$ 281,616	\$ -	\$ 2,017,125
Other revenue	340,985	78,714	(18,039)	401,660	287,540	26,805	(11,483)	302,862
Total operating revenues and other support	<u>2,435,073</u>	<u>305,675</u>	<u>(18,039)</u>	<u>2,722,709</u>	<u>2,023,049</u>	<u>308,421</u>	<u>(11,483)</u>	<u>2,319,987</u>
Operating expenses								
Salaries and employee benefits	1,190,774	158,951	(1,310)	1,348,415	1,047,692	156,483	(1,090)	1,203,085
Supplies and other	1,045,647	134,592	(16,711)	1,163,527	805,327	135,049	(10,391)	929,985
Depreciation and amortization expense	78,920	6,553	(2,154)	83,319	64,272	13,525	-	77,797
Interest expense	26,024	23,376	-	49,400	16,640	27,723	-	44,363
Total operating expenses	<u>2,341,364</u>	<u>323,472</u>	<u>(20,176)</u>	<u>2,644,661</u>	<u>1,933,931</u>	<u>332,780</u>	<u>(11,481)</u>	<u>2,255,230</u>
Operating income (loss)	93,709	(17,798)	2,136	78,048	89,118	(24,359)	(2)	64,757
Non-operating income (expense)								
Investment income	30,973	5,684	-	36,657	153,654	13,307	-	166,961
Income tax benefit (expense)	-	(22)	-	(22)	206	1	-	207
Other net periodic pension (costs) benefit	(42)	22	-	(20)	(97)	(35)	-	(132)
Excess (deficit) of revenues over expenses	<u>\$ 124,641</u>	<u>\$ (12,114)</u>	<u>\$ 2,136</u>	<u>\$ 114,663</u>	<u>\$ 242,881</u>	<u>\$ (11,086)</u>	<u>\$ (2)</u>	<u>\$ 231,793</u>

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

<i>(in thousands of dollars)</i>	March 31, 2025				December 31, 2024			
	Combined Group	Unrestricted Affiliates	Eliminations	Total	Combined Group	Unrestricted Affiliates	Eliminations	Total
Assets								
Current assets								
Cash and cash equivalents	\$ 76,714	\$ 159,729	\$ -	\$ 236,443	\$ 461,765	\$ 182,315	\$ -	\$ 644,080
Accounts receivable, net	1,439,522	30,298	-	1,469,820	1,312,634	42,100	-	1,354,734
Short-term investments	0	193	-	193	-	193	-	193
Deferred tax asset	-	500	-	500	-	-	-	-
Current portion of assets limited as to use	16,297	-	-	16,297	16,297	-	-	16,297
Receivable for settlement with third-party payors	377,124	28,285	-	405,409	311,157	22,806	-	333,963
Other current assets	484,383	110,066	(5,445)	589,004	514,156	58,370	(11,586)	560,940
Total current assets	2,394,040	329,071	(5,445)	2,717,666	2,616,009	305,784	(11,586)	2,910,207
Assets limited as to use	297,415	5,140	-	302,555	297,072	5,141	-	302,213
Long-term investments	3,350,868	546,276	-	3,897,144	3,308,247	527,735	-	3,835,982
Property and equipment, net	3,478,146	275,755	-	3,753,901	3,417,186	269,856	-	3,687,042
Right-of-use assets, net	613,056	176,779	(82,719)	707,116	559,709	154,989	(75,600)	639,098
Intangible assets and goodwill, net	2,685,252	474,819	(550)	3,159,521	2,689,687	290,438	-	2,980,125
Investments in affiliates	1,920,823	2,919,096	(4,442,074)	397,845	1,826,793	2,682,367	(4,124,179)	384,981
Deferred tax asset	-	-	-	-	-	522	-	522
Other assets	189,988	12,893	(1,286)	201,595	268,295	18,660	(1,023)	285,932
Total assets	\$ 14,929,588	\$ 4,739,829	\$ (4,532,074)	\$ 15,137,343	\$ 14,982,998	\$ 4,255,492	\$ (4,212,388)	\$ 15,026,102
Liabilities and Net Assets								
Current liabilities								
Current portion of long-term debt	\$ 103,269	\$ 664	\$ -	\$ 103,933	\$ 50,802	\$ 1,049	\$ -	\$ 51,851
Accounts payable	427,080	72,565	(5,445)	494,200	443,662	21,313	(11,533)	453,442
Accrued liabilities	623,686	174,712	-	798,398	748,233	190,231	-	938,464
Current portion of operating lease liabilities	99,064	24,864	(8,825)	115,103	105,362	22,527	(7,964)	119,925
Estimated third-party payor settlements	172,404	11,755	-	184,159	158,518	12,476	-	170,994
Due to (from) related organizations	(922,218)	3,050,110	(2,127,892)	-	(2,850,320)	2,850,320	-	-
Total current liabilities	503,285	3,334,670	(2,142,162)	1,695,793	(1,343,743)	3,097,916	(19,497)	1,734,676
Long-term debt, net of current portion	5,237,121	3,135	-	5,240,256	5,241,629	3,701	-	5,245,330
Deferred tax liability	-	10,250	-	10,250	-	10,250	-	10,250
Operating lease liabilities, net of current portion	547,493	152,792	(75,167)	625,118	486,253	132,505	(68,662)	550,096
Derivative financial instruments	8,902	-	-	8,902	7,491	-	-	7,491
Employee benefits and other liabilities	431,410	11,841	-	443,251	477,564	13,722	-	491,286
Total liabilities	6,728,211	3,512,688	(2,217,329)	8,023,570	4,869,194	3,258,094	(88,159)	8,039,129
Net assets								
Without donor restrictions- attributable to Novant Health	8,201,002	1,030,989	(2,314,745)	6,917,246	10,113,361	814,882	(4,124,229)	6,804,014
Without donor restrictions - noncontrolling interests	-	75,925	-	75,925	-	65,664	-	65,664
Total net assets without donor restrictions	8,201,002	1,106,914	(2,314,745)	6,993,171	10,113,361	880,546	(4,124,229)	6,869,678
With donor restrictions	375	120,227	-	120,602	443	116,852	-	117,295
Total net assets	8,201,377	1,227,141	(2,314,745)	7,113,773	10,113,804	997,398	(4,124,229)	6,986,973
Total liabilities and net assets	\$ 14,929,588	\$ 4,739,829	\$ (4,532,074)	\$ 15,137,343	\$ 14,982,998	\$ 4,255,492	\$ (4,212,388)	\$ 15,026,102

NOVANT HEALTH, INC.
STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024

<i>(in thousands of dollars)</i>	March 31, 2025	March 31, 2024
Cash flows from operating activities		
Increase in net assets	\$ 126,800	\$ 294,121
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	81,169	78,179
Change in net assets due to purchase of consolidated affiliate	(9,736)	(58,972)
Share of earnings in affiliates, net of distributions	(4,800)	8,638
Net realized and unrealized gains on assets limited as to use and investments	(15,256)	(155,596)
Change in fair value of interest rate swap	1,411	(2,908)
Changes in operating assets and liabilities, net of assets acquired and liabilities assumed		
Accounts receivable	(117,885)	(106,486)
Accounts payable and accrued liabilities	(59,546)	(121,156)
Long-term liabilities	(23,242)	6,906
Other current assets	(28,032)	17,420
Third-party payor settlements	(4,777)	(48,172)
Deferred taxes, net	22	(72)
Other assets and liabilities, net	(8,746)	600
Net cash used in operating activities	(62,618)	(87,498)
Cash flows from investing activities		
Capital expenditures	(185,116)	(128,278)
Proceeds from sales of long-term investments	499,006	261,828
Purchases of long-term investments	(584,055)	(236,185)
Proceeds from sales of short-term investments	-	10,867
Proceeds from sale of property and equipment	7,741	799
Payments on purchase of consolidated entities, net of cash acquired	(175,536)	(2,469,403)
Investments in unconsolidated affiliates	(7,946)	(3,053)
Other investing activities	1,930	(74)
Net cash used in investing activities	(443,976)	(2,563,499)
Cash flows from financing activities		
Principal payments on long-term debt	(2,113)	(398)
Proceeds from sale of accounts receivable	3,960	5,240
Proceeds from revolving credit facility	52,000	2,372,500
Net cash provided by financing activities	53,847	2,377,342
Net decrease in cash and cash equivalents	(452,747)	(273,655)
Cash, cash equivalents and restricted cash		
Beginning of period	877,832	873,079
End of period	\$ 425,085	\$ 599,424

NOVANT HEALTH, INC.
COMBINED GROUP STATISTICS
FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024

	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 Ballantyne Medical Center	Novant Health Forsyth Medical Center	Novant Health Medical Park Hospital	Novant Health Thomasville Medical Center	Novant Health Kernersville Medical Center	Novant Health Clemmons Medical Center	Novant Health New Hanover Regional Medical Center	Novant Health Brunswick Medical Center	Novant Health East Cooper Medical Center	Novant Health SC Coastal Medical Center	Novant Health Hilton Head Medical Center	Three Months Ended	
																	March 31, 2025	March 31, 2024
<u>INPATIENT STATISTICS</u>																		
Average Daily Census	526	128	125	26	26	28	707	3	60	57	20	755	60	53	29	57	2,660	2,552
Discharges	7,992	2,866	2,676	514	881	818	9,969	111	1,291	1,343	726	10,989	1,440	1,258	975	1,470	45,319	43,067
Average Length of Stay	5.9	4.0	4.2	4.6	2.6	3.1	6.4	2.7	4.2	3.8	2.4	6.2	3.8	3.8	2.7	3.5	5.3	5.3
Patient Days	47,335	11,553	11,268	2,347	2,322	2,562	63,643	302	5,417	5,091	1,776	67,908	5,423	4,732	2,608	5,113	239,400	228,255
<u>ADJUSTED STATISTICS</u>																		
Adjusted Patient Days	93,956	26,507	29,138	5,897	9,567	9,380	101,600	3,164	14,789	14,665	6,633	156,220	16,308	8,850	8,541	11,072	516,287	487,426
Adjusted Discharges	15,863	6,576	6,920	1,291	3,630	2,995	15,915	1,163	3,524	3,869	2,711	25,280	4,330	2,353	3,159	3,183	102,762	96,048
<u>OUTPATIENT STATISTICS</u>																		
Emergency Department Visits	21,064	8,763	11,333	-	8,710	4,928	21,839	-	8,993	9,899	6,998	40,366	10,094	3,779	10,285	5,792	172,843	156,217
Novant Health Medical Group Encounters Cases	55,663	26,246	22,641	5,033	13,335	7,276	34,291	3,748	15,120	15,452	11,605	114,470	24,202	12,254	17,398	18,912	1,687,799	1,621,287
<u>SURGERY STATISTICS</u>																		
Inpatient Surgical Cases	1,755	506	459	584	68	89	2,245	108	135	207	265	3,357	242	501	192	292	11,005	10,398
Outpatient Surgical Cases	4,547	1,134	1,425	2,296	371	423	3,409	2,258	750	679	778	5,537	935	975	724	585	26,826	27,555
Total Surgical Cases	6,302	1,640	1,884	2,880	439	512	5,654	2,366	885	886	1,043	8,894	1,177	1,476	916	877	37,831	37,953
<u>OTHER STATISTICS</u>																		
Total Births	1,194	550	567	-	100	189	994	-	151	83	-	1,184	196	402	219	54	5,883	5,674
Total Cath Cases	649	442	267	-	-	-	1,129	-	4	148	-	1,568	2	-	-	332	4,541	4,708
Total EP Cases	452	21	29	-	-	-	631	-	-	72	-	701	-	-	-	-	1,906	1,708
Open Heart Surgeries	122	-	-	-	-	-	121	-	-	-	-	116	-	-	-	14	373	532
Endoscopy Procedures	2,165	770	976	-	94	198	1,857	-	188	172	-	2,541	512	97	727	75	10,372	10,905
Radiology Procedures	49,430	31,533	26,040	5,604	16,355	10,433	67,356	1,117	18,144	19,972	13,660	101,552	26,238	8,337	14,559	21,235	431,565	401,159
Licensed Beds	583	177	139	58	36	36	859	9	146	63	36	823	74	140	44	93	3,316	3,266
Staffed Beds	581	148	144	33	33	34	767	7	69	68	29	789	76	54	30	59	2,921	2,781
Occupancy as % of Staffed Beds	90.6%	86.7%	87.2%	79.6%	77.2%	84.8%	92.2%	48.6%	86.6%	83.8%	68.0%	95.7%	79.3%	97.4%	96.6%	96.3%	91.1%	91.8%

Novant Health, Inc.
Management’s Discussion and Analysis of Results of Operations and Financial Position
As of and for the three months ended March 31, 2025

(in thousands of dollars)

Purpose of this Report

The purpose of this report is to provide information necessary to comply with continuing disclosure undertakings for Novant Health, Inc. (“Novant Health” or the “Company”). This filing does not purport to contain all information that may be material to an investor’s decision to buy, sell, or hold bonds or notes issued by or for the benefit of Novant Health, and does not constitute or imply any representation that no other information exists that may have a bearing on the financial condition of Novant Health, the security for any related bonds, or an investor’s decision to buy, sell, or hold any related bonds. This report includes financial and operating information only as of and for the three months ended March 31, 2025 and such information should not be relied upon as indicative of future financial or operating performance.

Background

Novant Health, Inc. Combining Balance Sheet and Combined Statement of Operations (which Combines the Information of the Combined Group and Unrestricted Affiliates)

Novant Health is a not-for-profit integrated network of more than 900 locations, including 19 medical centers, more than 750 physician clinics and urgent care centers, outpatient facilities, and imaging and pharmacy services. Novant Health’s more than 40,000 team members along with more than 8,500 independent and employed clinicians care for patients and communities in North Carolina and South Carolina.

The Total column is comprised of the Combined Group (as described below, which is comprised of the Obligated Group and Restricted Affiliates) and the Unrestricted Affiliates, which represent affiliates not meeting the definition of the Obligated Group or Restricted Affiliates as defined below.

The Eliminations column represents the elimination of intercompany transactions and balances between the Combined Group and the Unrestricted Affiliates.

Combined Group Combining Balance Sheet and Statement of Operations

The Amended and Restated Master Indenture (the “Agreement”) dated June 1, 2003 authorizes the creation of a Combined Group, which consists of the Members of the Obligated Group and Restricted Affiliates designated as such by a Member of the Obligated Group with Novant Health’s consent. Novant Health and its two affiliates that operate tertiary care hospitals, Forsyth Memorial Hospital, Inc. d/b/a Novant Health Forsyth Medical Center and The Presbyterian Hospital d/b/a Novant Health Presbyterian Medical Center, both of which are North Carolina nonprofit corporations, are the Members of the Obligated Group. The Members of the Obligated Group are jointly and severally liable for the payment of all Master Obligations issued under the Master Indenture.

Restricted Affiliates represent entities that are not directly obligated to pay obligations under the Agreement, but the members of the Obligated Group have covenanted in the Agreement to cause the Restricted Affiliates to provide funds to the members of the Obligated Group to pay obligations under the Agreement. The Company has designated 16 of its affiliates as Restricted Affiliates. Ten of these Restricted Affiliates, Medical Park Hospital, LLC d/b/a Novant Health Medical Park Hospital, Novant Health Thomasville Medical Center, LLC, Novant Health Matthews Medical Center, LLC, Brunswick Community Hospital, LLC d/b/a Novant Health Brunswick Medical Center, Novant Health Mint Hill Medical Center, LLC, Novant Health New Hanover Regional

Novant Health, Inc.

Management's Discussion and Analysis of Results of Operations and Financial Position

As of and for the three months ended March 31, 2025

(in thousands of dollars)

Medical Center, LLC, Novant Health Ballantyne Medical Center, LLC, East Cooper Medical Center, LLC, South Carolina Coastal Medical Center, LLC, and Hilton Head Medical Center, LLC, operate or maintain a significant investment in, hospitals. The other six Restricted Affiliates, Carolina Medicorp Enterprises, LLC, Foundation Health Systems, LLC, Novant Medical Group, LLC f/k/a Presbyterian Regional Healthcare Corp., Salem Health Services, Inc., East Cooper Physician Group, LLC, and Hilton Head Regional Physician Group, LLC, provide, or invest in subsidiaries or joint ventures which provide health care and ancillary services. All of the members of the Combined Group, except Salem Health Services, Inc., are exempt from federal and state income taxation.

Results of Operations for the Three Months Ended March 31, 2025

Operating Revenues. Total operating revenues for Novant Health for the three months ended March 31, 2025 were \$2,722,709, an increase of 17.4% compared to the \$2,319,987 of total operating revenues for the three months ended March 31, 2024.

Net patient service revenues totaled \$2,321,049, an increase of 15.1% compared to \$2,017,125 for the three months ended March 31, 2024. The increase was primarily attributable to increases in patient volume related to patient discharges, surgical cases, emergency department visits, and outpatient visits.

Operating Expenses. Total operating expenses for the three months ended March 31, 2025 were \$2,644,661, an increase of 17.3% compared to the same period for the prior year. Salaries and benefits increased \$145,330, or 12.1%, compared to the same period for the prior year, primarily due to merit and market-based pay adjustments and acquisitions. Other operating expenses increased \$233,542, or 25.1%, compared to the same period for the prior year, primarily due to inflation, increased medical supplies expense, and other costs associated with increases in patient volumes. Depreciation and amortization expense decreased \$5,522, or 7.1%, compared to the same period for the prior year, primarily due to capital projects placed in service and acquisitions. Interest expense increased \$5,037, or 11.4% primarily due to the issuance of bonds in May 2024.

Operating Income. Operating income was \$78,048, or 2.9% of total operating revenues, for the three months ended March 31, 2025, as compared to \$64,757, or 2.8% of total operating revenues for the three months ended March 31, 2024.

Non-Operating Income. Income from investments was \$36,657 for the three months ended March 31, 2025, which is unfavorable compared to income from investments of \$166,961 for same period for the prior year.

Financial Position as of March 31, 2025

Cash and Cash Equivalents, Investments and Liquidity. Novant Health maintained cash and cash equivalents as of March 31, 2025 of \$236,443. Net cash used in operating activities for the three months ended March 31, 2025 was \$62,618, compared to \$87,498 for the three months ended March 31, 2024.

Novant Health's long-term investments are reported at either fair value, the equity method of accounting or at net asset value as a practical expedient. As of March 31, 2025, Novant Health held long-term investments of \$3,897,144, approximately \$799,800 of which can be liquidated within 7 days.

Property and Equipment. Capital expenditures were \$185,116 for the three months ended March 31, 2025. Novant Health's routine capital expenditures are regularly evaluated based upon business need, economic

Novant Health, Inc.
Management's Discussion and Analysis of Results of Operations and Financial Position
As of and for the three months ended March 31, 2025

(in thousands of dollars)

conditions, and the Company's financial position and are financed through a combination of operating cash flow, contributions, as well as tax-exempt and taxable borrowings.

Debt Structure and Liability Management. As of March 31, 2025, total long-term debt outstanding was \$5,344,189. Novant Health's capital structure is diversified to mitigate interest rate risk by utilizing different modes and durations of long-term debt as well as interest rate swaps.

Novant Health maintains a \$250,000 Revolving Credit Agreement that matures July 1, 2025. At March 31, 2025, \$198,000 was available for borrowing.

As of March 31, 2025, 89% of Novant Health's long-term debt was in some form of fixed rate. Novant Health's effective fixed rate debt percentage, including the swap contracts, was approximately 92% as of March 31, 2025.

As of March 31, 2025, Novant Health had outstanding \$335,000 in variable rate demand bonds. In conjunction with \$135,000 of these bonds, Novant Health has entered into a floating-to-fixed swap agreement. As of March 31, 2025, the interest rate swaps had a fair market value of \$8,902. \$135,000 of the bonds are collateralized by a standby purchase agreement that expires March 31, 2028 and \$200,000 of the bonds are collateralized by a letter of credit that expires May 14, 2029.