



**FINANCIAL AND STATISTICAL REPORT**  
**March 31, 2026**  
**(UNAUDITED)**

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**NOVANT HEALTH, INC.**  
**COMBINED STATEMENTS OF REVENUES AND EXPENSES**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2026 AND 2025**

(in thousands of dollars)

	March 31, 2026				March 31, 2025			
	Combined Group	Unrestricted Affiliates	Eliminations	Total	Combined Group	Unrestricted Affiliates	Eliminations	Total
<b>Operating revenues and other support</b>								
Net patient service revenues	\$ 2,250,816	\$ 288,232	\$ 19,213	\$ 2,558,261	\$ 2,094,088	\$ 226,961	\$ -	\$ 2,321,049
Other revenue	466,075	114,461	(50,752)	529,784	343,866	78,882	(21,088)	401,660
Total operating revenues and other support	<u>2,716,891</u>	<u>402,693</u>	<u>(31,539)</u>	<u>3,088,045</u>	<u>2,437,954</u>	<u>305,842</u>	<u>(21,088)</u>	<u>2,722,709</u>
<b>Operating expenses</b>								
Salaries and employee benefits	1,306,369	217,047	(1,319)	1,522,097	1,190,774	158,951	(1,310)	1,348,415
Supplies and other	1,176,568	181,204	(30,130)	1,327,642	1,042,766	134,424	(13,663)	1,163,527
Depreciation and amortization expense	86,178	9,472	-	95,650	78,920	6,553	(2,154)	83,319
Interest expense	28,046	23,273	-	51,319	26,024	23,376	-	49,400
Total operating expenses	<u>2,597,161</u>	<u>430,996</u>	<u>(31,449)</u>	<u>2,996,708</u>	<u>2,338,484</u>	<u>323,304</u>	<u>(17,127)</u>	<u>2,644,661</u>
Operating income (loss)	119,730	(28,303)	(90)	91,337	99,470	(17,462)	(3,960)	78,048
<b>Non-operating income (expense)</b>								
Investment income	11,436	5,075	-	16,511	30,973	5,684	-	36,657
Income tax expense	-	(11)	-	(11)	-	(22)	-	(22)
Other net periodic pension (costs) benefit	(53)	3	-	(50)	(42)	22	-	(20)
<b>Excess (deficit) of revenues over expenses</b>	<u>\$ 131,113</u>	<u>\$ (23,236)</u>	<u>\$ (90)</u>	<u>\$ 107,787</u>	<u>\$ 130,402</u>	<u>\$ (11,779)</u>	<u>\$ (3,960)</u>	<u>\$ 114,663</u>

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

	March 31, 2026				December 31, 2025			
	Combined Group	Unrestricted Affiliates	Eliminations	Total	Combined Group	Unrestricted Affiliates	Eliminations	Total
<i>(in thousands of dollars)</i>								
<b>Assets</b>								
<b>Current assets</b>								
Cash and cash equivalents	\$ 373,818	\$ 214,259	\$ -	\$ 588,077	\$ 720,049	\$ 225,541	\$ -	\$ 945,590
Accounts receivable, net	1,357,939	18,987	-	1,376,926	1,235,269	9,793	-	1,245,062
Short-term investments	59,703	-	-	59,703	65,317	-	-	65,317
Current portion of assets limited as to use	49,675	-	-	49,675	49,675	-	-	49,675
Receivable for settlement with third-party payors	288,205	20,567	-	308,772	276,431	19,175	-	295,606
Other current assets	537,335	143,210	(19,827)	660,718	486,845	100,804	(6,161)	581,488
Total current assets	2,666,675	397,023	(19,827)	3,043,871	2,833,586	355,313	(6,161)	3,182,738
Assets limited as to use	380,966	5,181	-	386,147	394,122	5,183	-	399,305
Long-term investments	4,115,997	646,184	-	4,762,181	4,103,409	626,960	-	4,730,369
Property and equipment, net	3,977,573	356,427	-	4,334,000	3,876,385	350,273	-	4,226,658
Right-of-use assets, net	776,487	226,119	(92,651)	909,955	773,883	225,422	(92,259)	907,046
Intangible assets and goodwill, net	2,689,879	1,209,535	-	3,899,414	2,690,683	1,207,751	-	3,898,434
Investments in affiliates	793,830	2,538,767	(3,172,330)	160,267	804,221	2,535,243	(3,184,699)	154,765
Deferred tax asset	-	728	-	728	-	252	-	252
Other assets	325,746	15,631	(2,482)	338,895	295,677	16,020	(2,170)	309,527
Total assets	\$ 15,727,153	\$ 5,395,595	\$ (3,287,290)	\$ 17,835,458	\$ 15,771,966	\$ 5,322,417	\$ (3,285,289)	\$ 17,809,094
<b>Liabilities and Net Assets</b>								
<b>Current liabilities</b>								
Current portion of long-term debt	\$ 51,670	\$ 1,965	\$ -	\$ 53,635	\$ 52,384	\$ 2,092	\$ -	\$ 54,476
Short-term borrowings	452,531	-	-	452,531	453,993	-	-	453,993
Accounts payable	358,778	37,526	(19,827)	376,477	366,627	41,730	(6,351)	402,006
Accrued liabilities	736,616	264,699	-	1,001,315	801,866	229,292	-	1,031,158
Current portion of operating lease liabilities	116,641	39,436	(10,648)	145,429	124,138	37,376	(10,172)	151,342
Estimated third-party payor settlements	116,499	8,263	-	124,762	125,095	8,723	-	133,818
Due to (from) related organizations	(3,292,721)	3,292,721	-	-	(3,211,139)	3,211,139	-	-
Total current liabilities	(1,459,986)	3,644,610	(30,475)	2,154,149	(1,287,036)	3,530,352	(16,523)	2,226,793
Long-term debt, net of current portion	5,209,618	17,069	-	5,226,687	5,213,148	17,138	-	5,230,286
Deferred tax liability	-	31,558	-	31,558	-	31,558	-	31,558
Operating lease liabilities, net of current portion	700,756	195,110	(84,466)	811,400	687,892	196,085	(84,245)	799,732
Derivative financial instruments	8,783	2	-	8,785	8,783	89	-	8,872
Deferred revenue	797,681	-	-	797,681	794,673	-	-	794,673
Employee benefits and other liabilities	471,140	10,284	-	481,424	485,943	10,371	-	496,314
Total liabilities	5,727,992	3,898,633	(114,941)	9,511,684	5,903,403	3,785,593	(100,768)	9,588,228
<b>Net assets</b>								
Without donor restrictions- attributable to Novant Health	9,998,977	1,257,809	(3,172,349)	8,084,437	9,868,353	1,294,959	(3,184,521)	7,978,791
Without donor restrictions - noncontrolling interests	-	117,226	-	117,226	-	118,360	-	118,360
Total net assets without donor restrictions	9,998,977	1,375,035	(3,172,349)	8,201,663	9,868,353	1,413,319	(3,184,521)	8,097,151
With donor restrictions	184	121,927	-	122,111	210	123,505	-	123,715
Total net assets	9,999,161	1,496,962	(3,172,349)	8,323,774	9,868,563	1,536,824	(3,184,521)	8,220,866
Total liabilities and net assets	\$ 15,727,153	\$ 5,395,595	\$ (3,287,290)	\$ 17,835,458	\$ 15,771,966	\$ 5,322,417	\$ (3,285,289)	\$ 17,809,094

**NOVANT HEALTH, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2026 AND 2025**

<i>(in thousands of dollars)</i>	<b>March 31, 2026</b>	<b>March 31, 2025</b>
<b>Cash flows from operating activities</b>		
Increase in net assets	\$ 102,908	\$ 126,800
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	92,970	81,169
Gain on sale of property and equipment	(526)	-
Change in net assets due to purchase of consolidated affiliate	-	(9,736)
Share of earnings in affiliates, net of distributions	(2,766)	(4,800)
Net realized and unrealized gains on assets limited as to use and investments	2,695	(15,256)
Change in fair value of interest rate swap	(87)	1,411
Changes in operating assets and liabilities, net of assets acquired and liabilities assumed		
Accounts receivable	(137,558)	(117,885)
Accounts payable and accrued liabilities	(21,105)	(59,546)
Long-term liabilities	(12,326)	(23,242)
Other current assets	(79,230)	(28,032)
Deferred revenue	3,008	-
Third-party payor settlements	(22,222)	(4,777)
Deferred taxes, net	(476)	22
Other long-term assets	4,707	-
Other assets and liabilities, net	3,546	(8,746)
Net cash used in operating activities	(66,462)	(62,618)
<b>Cash flows from investing activities</b>		
Capital expenditures	(277,742)	(185,116)
Advance payments on capital expenditures	(9,997)	-
Proceeds from sales of long-term investments	547,181	499,006
Purchases of long-term investments	(516,905)	(584,055)
Purchases of short-term investments	(49)	-
Proceeds from sale of property and equipment	9,300	7,741
Payments on purchase of consolidated entities, net of cash acquired	-	(175,536)
Proceeds on sale of unconsolidated affiliates	10,751	-
Investments in unconsolidated affiliates	(1,278)	(7,946)
Other investing activities	716	1,930
Net cash used in investing activities	(238,023)	(443,976)
<b>Cash flows from financing activities</b>		
Principal payments on long-term debt	(7,009)	(2,113)
Proceeds from sale of accounts receivable	4,103	3,960
Payments on repurchase agreements	(104,828)	-
Proceeds from repurchase agreements	104,828	-
Proceeds from revolving credit facility	-	52,000
Net cash (used in) provided by financing activities	(2,906)	53,847
Net decrease in cash and cash equivalents	(307,391)	(452,747)
<b>Cash, cash equivalents and restricted cash</b>		
Beginning of period	1,296,643	877,832
End of period	\$ 989,252	\$ 425,085

**NOVANT HEALTH, INC.**  
**COMBINED GROUP STATISTICS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2026 AND 2025**

	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, 2026	March 31, 2025
<b><u>INPATIENT STATISTICS</u></b>																			
Average Daily Census	510	119	103	30	27	22	689	2	60	52	16	760	58	44	29	52	2,573	2,664	
Discharges	7,771	2,699	2,131	416	860	706	9,992	105	1,255	1,206	402	11,413	1,531	1,173	984	1,296	43,940	45,165	
Average Length of Stay	5.9	4.0	4.4	6.5	2.9	2.9	6.2	1.8	4.3	3.9	3.5	6.0	3.4	3.4	2.7	3.6	5.3	5.3	
Patient Days	45,870	10,730	9,275	2,710	2,464	2,022	62,025	193	5,418	4,668	1,410	68,356	5,240	3,996	2,649	4,650	231,676	239,781	
<b><u>ADJUSTED STATISTICS</u></b>																			
Adjusted Patient Days	97,075	26,655	24,863	8,091	11,136	9,528	100,025	2,342	15,690	15,442	7,288	157,359	16,936	8,887	10,912	11,317	523,546	510,180	
Adjusted Discharges	16,447	6,705	5,712	1,243	3,885	3,326	16,114	1,274	3,634	3,989	2,078	26,273	4,948	2,609	4,053	3,154	105,444	101,547	
<b><u>OUTPATIENT STATISTICS</u></b>																			
Emergency Department Visits	19,237	8,189	9,443	-	8,364	4,876	21,245	-	8,044	9,413	5,738	39,330	9,945	3,788	10,191	5,539	163,342	172,979	
Novant Health Medical Group Encounters Cases	55,579	26,843	20,895	5,737	14,172	8,504	35,218	4,047	14,460	15,671	10,966	135,374	24,575	12,318	16,561	17,822	1,663,429	1,687,816	
<b><u>SURGERY STATISTICS</u></b>																			
Inpatient Surgical Cases	1,676	472	415	505	73	87	2,315	108	160	205	159	3,197	236	439	229	260	10,536	11,003	
Outpatient Surgical Cases	4,543	1,217	1,293	2,610	443	577	3,199	2,326	806	807	883	6,028	1,069	955	841	570	28,167	26,824	
Total Surgical Cases	6,219	1,689	1,708	3,115	516	664	5,514	2,434	966	1,012	1,042	9,225	1,305	1,394	1,070	830	38,703	37,827	
<b><u>OTHER STATISTICS</u></b>																			
Total Births	1,228	557	346	-	113	157	997	-	145	100	-	1,386	194	388	213	35	5,859	5,876	
Total Cath Cases	699	422	231	-	-	-	1,122	-	-	146	-	1,654	-	-	-	163	4,437	4,359	
Total EP Cases	488	21	43	-	-	-	684	-	-	82	-	706	-	-	-	75	2,099	1,995	
Open Heart Surgeries	144	-	-	-	-	-	154	-	-	-	-	165	-	-	-	1	464	373	
Endoscopy Procedures	2,305	679	955	-	116	235	2,006	-	150	168	-	2,241	357	78	592	73	9,955	10,372	
Radiology Procedures	47,975	30,080	23,941	5,958	16,153	11,510	65,066	1,103	17,527	21,157	13,492	106,470	26,596	6,876	13,836	17,700	425,440	431,825	
Licensed Beds	583	157	139	59	36	36	859	9	146	63	36	823	74	140	44	93	3,297	3,296	
Staffed Beds	564	141	123	49	35	28	756	7	84	63	25	823	69	47	37	57	2,908	2,955	
Occupancy as % of Staffed Beds	90.3%	84.4%	83.9%	61.0%	77.6%	80.3%	91.2%	31.9%	71.4%	75.5%	62.2%	91.6%	84.0%	95.3%	79.2%	90.6%	88.5%	90.2%	

**NOVANT HEALTH, INC.  
LIQUIDITY TABLE**

(in thousands of dollars)

**March 31, 2026**

**Daily Liquidity<sup>1</sup>**

Cash & Cash Equivalents	\$	19,393
Money Market Funds		368,981
<i>Subtotal Daily Liquidity</i>	<b>\$</b>	<b>388,374</b>

**Weekly Liquidity<sup>2</sup>**

Cash Equivalents	\$	16,284
U.S. Treasuries and Agencies		254,847
General Purpose Line of Credit (undrawn)		500,000
<i>Subtotal Weekly Liquidity</i>	<b>\$</b>	<b>771,131</b>

<b>TOTAL DAILY AND WEEKLY LIQUIDITY</b>	<b>\$</b>	<b>1,159,505</b>
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**CURRENTLY OUTSTANDING SELF-LIQUIDITY LIABILITIES**

Taxable Commercial Paper	\$	350,000
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<b>TOTAL SELF-LIQUIDITY LIABILITIES<sup>3</sup></b>	<b>\$</b>	<b>350,000</b>
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<sup>1</sup>Liquidity sources that can be liquidated on a same-day basis.

<sup>2</sup>Liquidity sources that can be liquidated within seven days of providing notice of the need to liquidate.

<sup>3</sup>Self-liquidity liabilities refer to short-term liabilities for which no liquidity facility is in place to satisfy maturities or tenders of the securities represented by such liabilities.

**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, 2026**

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*(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, 2026 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, 2026**

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*(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, 2026**

**Operating Revenues.** Total operating revenues for Novant Health for the three months ended March 31, 2026 were \$3,088,045, an increase of 13.4% compared to the \$2,722,709 of total operating revenues for the three months ended March 31, 2025.

Net patient service revenues totaled \$2,558,261, an increase of 10.2% compared to \$2,321,049 for the three months ended March 31, 2025. The increase was primarily attributable to increases in patient volumes and pharmacy revenue, as well as increases in revenue accrued for North Carolina's Healthcare Access and Stabilization Program (HASP).

**Operating Expenses.** Total operating expenses for the three months ended March 31, 2026 were \$2,996,708, an increase of 13.3% compared to the same period for the prior year. Salaries and benefits increased \$173,682, or 12.9%, compared to the same period for the prior year, primarily due to merit and market-based pay adjustments and acquisitions. Other operating expenses increased \$164,115, or 14.1%, compared to the same period for the prior year, primarily due to increases in expenses accrued for HASP assessments, inflation, increased medical supplies expense, and other costs associated with increases in patient volumes. Depreciation and amortization expense increased \$12,331, or 14.8%, compared to the same period for the prior year, primarily due to capital projects placed in service and acquisitions. Interest expense is consistent with the prior year.

**Operating Income.** Operating income was \$91,337, or 3.0% of total operating revenues, for the three months ended March 31, 2026, as compared to \$78,048, or 2.9% of total operating revenues for the three months ended March 31, 2025.

**Non-Operating Income.** Income from investments was \$16,511 for the three months ended March 31, 2026, which is unfavorable compared to income from investments of \$36,657 for same period for the prior year.

#### **Financial Position as of March 31, 2026**

**Cash and Cash Equivalents, Investments and Liquidity.** Novant Health maintained cash and cash equivalents as of March 31, 2026 of \$588,077. Net cash used in operating activities for the three months ended March 31, 2026 was \$66,462, compared to \$62,618 net cash used for the three months ended March 31, 2025.

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, 2026, Novant Health held long-term investments of \$4,762,181, approximately \$659,505 of which can be liquidated within 7 days.

**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, 2026**

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*(in thousands of dollars)*

**Property and Equipment.** Capital expenditures were \$277,742 for the three months ended March 31, 2026. Novant Health's routine capital expenditures are regularly evaluated based upon business need, economic 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, 2026, total long-term debt outstanding was \$5,280,322. 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 Revolving Credit Agreement that originally matured July 1, 2025 for \$250,000. On May 13, 2025 Novant Health amended the agreement to change the maturity date to May 13, 2028 and increase the commitment to \$500,000. Borrowings bear interest at variable rates. At March 31, 2026, \$500,000 was available for borrowing.

As of March 31, 2026, 90% 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, 2026.

As of March 31, 2026, 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, 2026, the interest rate swaps had a fair market value of \$8,785. \$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.

In June 2025, Novant Health established a taxable commercial paper program. Under the program, the Company may issue Taxable Commercial Paper Notes up to \$500,000 in face value. Maturity of the notes can be no more than 270 days from the date of issue. At the date of issuance, the dealer determines the rate of interest and notes may be sold at either a discount from the par amount or at par and bearing an interest rate. The notes are not subject to redemption prior to their maturity date. At March 31, 2026, notes with a face value of \$350,000 were outstanding.

During 2025, Novant Health entered into an Energy Services Agreement in which an unrelated third party purchased the exclusive rights to operate the Company's thermal energy and chilled water infrastructure ("Energy Assets") at certain acute facilities and utilize any excess capacity generated by the Energy Assets over a 30-year contract period. Such excess capacity utilization could include providing this excess capacity to third party off-takers in accordance with the Energy Services Agreement. In consideration for these rights, the Company received \$838,951 in June 2025 which has been recorded as deferred revenue and will be amortized on a straight-line basis over the contract period. Additionally, pursuant to the Energy Services Agreement, the Company will pay a monthly fee in exchange for the energy services and the operations and management of the Energy Assets over the 30-year contract period. The fee consists of a fixed component that ranges from \$22,321 to \$89,466 per year and a variable component that starts at \$7,729, adjusted annually based on inflation. The third party also guaranteed a reduction in the Company's energy consumption which will partially offset the annual fees incurred.

## **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, 2026**

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*(in thousands of dollars)*

In addition, the Company entered into a separate agreement with the same third party to make infrastructure upgrades to improve the energy efficiency at the Company's acute facilities. The total project cost is anticipated to be \$172,000, which is being advanced on a fixed schedule over four years. The agreement also allows for up to \$200,000 in additional elective improvements over the contract period. A portion of the proceeds of the Energy Services Agreement were deposited with a trustee to fund these projects and are included in assets limited as to use. As of March 31, 2026, \$102,595 has been advanced to the third party. These prepaid construction costs are presented within other assets on the consolidated balance sheet and will be reclassified to property and equipment as the assets are placed in service.

In November 2025, Novant Health entered into a securities repurchase program with a number of third parties. Securities repurchase transactions are conducted by the Company under a standardized securities industry master agreement, amended to suit the specificities of each respective counter-party. These agreements generally provide detail as to the nature of the transaction, including provisions for payment netting, established parameters concerning the ownership and custody of the collateral securities and provide for remedies in the event of default by either party. The Company's securities repurchase agreements are accounted for as a secured borrowing and are reported in the consolidated balance sheets as short-term borrowings. The Company posts collateral in the form of U.S. Treasury Inflation Protected Securities and receives an amount ranging from 98% to 100% of the fair value of the securities to be repurchased at interest rates ranging from 3.65% to 3.95%. At March 31, 2026, the fair value amount outstanding was \$104,828. The agreements are typically one month in duration.