



FINANCIAL AND STATISTICAL REPORT
June 30, 2025
(UNAUDITED)

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NOVANT HEALTH, INC.
COMBINED STATEMENTS OF REVENUES AND EXPENSES
FOR THE THREE MONTHS ENDED JUNE 30, 2025 AND 2024

(in thousands of dollars)

	June 30, 2025				June 30, 2024			
	Combined Group	Unrestricted Affiliates	Eliminations	Total	Combined Group	Unrestricted Affiliates	Eliminations	Total
Operating revenues and other support								
Net patient service revenues	\$ 2,260,737	\$ 243,205	\$ -	\$ 2,503,941	\$ 1,939,665	\$ 51,813	\$ -	\$ 1,991,478
Other revenue	434,466	63,344	(22,197)	475,612	254,915	25,830	(10,438)	270,307
Total operating revenues and other support	<u>2,695,202</u>	<u>306,549</u>	<u>(22,197)</u>	<u>2,979,554</u>	<u>2,194,580</u>	<u>77,643</u>	<u>(10,438)</u>	<u>2,261,785</u>
Operating expenses								
Salaries and employee benefits	1,244,704	165,596	(1,245)	1,409,054	1,125,340	75,128	(963)	1,199,505
Supplies and other	1,107,450	143,489	(20,952)	1,229,986	917,832	53,715	(9,472)	962,075
Depreciation and amortization expense	74,590	7,026	2,154	83,770	73,182	842	-	74,024
Gain on sale of real estate	(214)	(399)	-	(613)	(34,101)	(39,636)	-	(73,737)
Interest expense	26,254	23,391	-	49,646	23,159	32,412	-	55,571
Total operating expenses	<u>2,452,785</u>	<u>339,102</u>	<u>(20,043)</u>	<u>2,771,844</u>	<u>2,105,412</u>	<u>122,461</u>	<u>(10,435)</u>	<u>2,217,438</u>
Operating income (loss)	242,417	(32,553)	(2,154)	207,710	89,168	(44,818)	(3)	44,347
Non-operating income (expense)								
Investment income	237,945	17,601	-	255,546	38,775	5,663	-	44,438
Income tax expense	(628)	(1,870)	-	(2,497)	(2,023)	(346)	-	(2,369)
Other net periodic pension (costs) benefit	(42)	5	-	(37)	(95)	(46)	-	(141)
Excess (deficit) of revenues over expenses	<u>\$ 479,693</u>	<u>\$ (16,817)</u>	<u>\$ (2,154)</u>	<u>\$ 460,722</u>	<u>\$ 125,825</u>	<u>\$ (39,547)</u>	<u>\$ (3)</u>	<u>\$ 86,275</u>

NOVANT HEALTH, INC.
COMBINED STATEMENTS OF REVENUES AND EXPENSES
FOR THE SIX MONTHS ENDED JUNE 30, 2025 AND 2024

(in thousands of dollars)

	June 30, 2025				June 30, 2024			
	Combined Group	Unrestricted Affiliates	Eliminations	Total	Combined Group	Unrestricted Affiliates	Eliminations	Total
Operating revenues and other support								
Net patient service revenues	\$ 4,354,825	\$ 470,165	\$ -	\$ 4,824,990	\$ 3,675,174	\$ 333,429	\$ -	\$ 4,008,603
Other revenue	775,451	142,058	(40,237)	877,272	542,455	52,635	(21,921)	573,169
Total operating revenues and other support	<u>5,130,276</u>	<u>612,223</u>	<u>(40,237)</u>	<u>5,702,262</u>	<u>4,217,629</u>	<u>386,064</u>	<u>(21,921)</u>	<u>4,581,772</u>
Operating expenses								
Salaries and employee benefits	2,435,477	324,547	(2,555)	2,757,469	2,173,032	231,611	(2,053)	2,402,590
Supplies and other	2,153,097	278,080	(37,664)	2,393,514	1,723,159	188,764	(19,863)	1,892,060
Depreciation and amortization expense	153,510	13,579	-	167,089	137,454	14,367	-	151,821
Gain on sale of real estate	(214)	(399)	-	(613)	(34,101)	(39,636)	-	(73,737)
Interest expense	52,278	46,767	-	99,045	39,799	60,135	-	99,934
Total operating expenses	<u>4,794,149</u>	<u>662,574</u>	<u>(40,219)</u>	<u>5,416,504</u>	<u>4,039,343</u>	<u>455,241</u>	<u>(21,916)</u>	<u>4,472,668</u>
Operating income (loss)	336,127	(50,351)	(18)	285,758	178,286	(69,177)	(5)	109,104
Non-operating income (expense)								
Investment income	268,918	23,285	-	292,203	192,429	18,970	-	211,399
Income tax expense	(628)	(1,892)	-	(2,520)	(1,817)	(345)	-	(2,162)
Other net periodic pension (costs) benefit	(83)	27	-	(56)	(192)	(81)	-	(273)
Excess (deficit) of revenues over expenses	<u>\$ 604,334</u>	<u>\$ (28,931)</u>	<u>\$ (18)</u>	<u>\$ 575,385</u>	<u>\$ 368,706</u>	<u>\$ (50,633)</u>	<u>\$ (5)</u>	<u>\$ 318,068</u>

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

<i>(in thousands of dollars)</i>	June 30, 2025				December 31, 2024			
	Combined Group	Unrestricted Affiliates	Eliminations	Total	Combined Group	Unrestricted Affiliates	Eliminations	Total
Assets								
Current assets								
Cash and cash equivalents	\$ 844,054	\$ 168,656	\$ -	\$ 1,012,710	\$ 461,765	\$ 182,315	\$ -	\$ 644,080
Accounts receivable, net	1,370,525	23,326	-	1,393,851	1,312,634	42,100	-	1,354,734
Short-term investments	5,000	193	-	5,193	-	193	-	193
Deferred tax asset	-	476	-	476	-	-	-	-
Current portion of assets limited as to use	16,297	-	-	16,297	16,297	-	-	16,297
Receivable for settlement with third-party payors	363,358	30,030	-	393,387	311,157	22,806	-	333,963
Other current assets	607,933	84,731	(6,394)	686,270	514,156	58,370	(11,586)	560,940
Total current assets	3,207,167	307,410	(6,394)	3,508,184	2,616,009	305,784	(11,586)	2,910,207
Assets limited as to use	428,851	5,138	-	433,989	297,072	5,141	-	302,213
Long-term investments	3,566,701	585,094	-	4,151,795	3,308,247	527,735	-	3,835,982
Property and equipment, net	3,569,797	288,010	-	3,857,807	3,417,186	269,856	-	3,687,042
Right-of-use assets, net	634,595	186,778	(94,319)	727,054	559,709	154,989	(75,600)	639,098
Intangible assets and goodwill, net	2,683,496	491,249	(550)	3,174,195	2,689,687	290,438	-	2,980,125
Investments in affiliates	1,900,494	2,953,452	(4,440,659)	413,287	1,826,793	2,682,367	(4,124,179)	384,981
Deferred tax asset	-	-	-	-	-	522	-	522
Other assets	189,155	13,327	(1,562)	200,920	268,295	18,660	(1,023)	285,932
Total assets	\$ 16,180,257	\$ 4,830,458	\$ (4,543,484)	\$ 16,467,231	\$ 14,982,998	\$ 4,255,492	\$ (4,212,388)	\$ 15,026,102
Liabilities and Net Assets								
Current liabilities								
Current portion of long-term debt	\$ 51,421	\$ 958	\$ -	\$ 52,379	\$ 50,802	\$ 1,049	\$ -	\$ 51,851
Accounts payable	402,516	66,131	(6,394)	462,253	443,662	21,313	(11,533)	453,442
Accrued liabilities	738,261	168,194	-	906,455	748,233	190,231	-	938,464
Current portion of operating lease liabilities	116,611	26,776	(9,409)	133,977	105,362	22,527	(7,964)	119,925
Estimated third-party payor settlements	158,412	8,347	-	166,759	158,518	12,476	-	170,994
Due to (from) related organizations	(1,022,818)	3,148,555	(2,125,737)	-	(2,850,320)	2,850,320	-	-
Total current liabilities	444,403	3,418,961	(2,141,541)	1,721,823	(1,343,743)	3,097,916	(19,497)	1,734,676
Long-term debt, net of current portion	5,232,098	3,213	-	5,235,311	5,241,629	3,701	-	5,245,330
Deferred tax liability	-	11,711	-	11,711	-	10,250	-	10,250
Operating lease liabilities, net of current portion	552,500	160,920	(86,458)	626,962	486,253	132,505	(68,662)	550,096
Derivative financial instruments	8,902	-	-	8,902	7,491	-	-	7,491
Employee benefits and other liabilities	1,263,497	11,440	-	1,274,938	477,564	13,722	-	491,286
Total liabilities	7,501,400	3,606,245	(2,227,998)	8,879,647	4,869,194	3,258,094	(88,159)	8,039,129
Net assets								
Without donor restrictions- attributable to Novant Health	8,678,575	1,013,493	(2,315,485)	7,376,583	10,113,361	814,882	(4,124,229)	6,804,014
Without donor restrictions - noncontrolling interests	-	93,276	-	93,276	-	65,664	-	65,664
Total net assets without donor restrictions	8,678,575	1,106,769	(2,315,485)	7,469,858	10,113,361	880,546	(4,124,229)	6,869,678
With donor restrictions	281	117,444	-	117,725	443	116,852	-	117,295
Total net assets	8,678,857	1,224,212	(2,315,485)	7,587,584	10,113,804	997,398	(4,124,229)	6,986,973
Total liabilities and net assets	\$ 16,180,257	\$ 4,830,458	\$ (4,543,484)	\$ 16,467,231	\$ 14,982,998	\$ 4,255,492	\$ (4,212,388)	\$ 15,026,102

NOVANT HEALTH, INC.
STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2025 AND 2024

<i>(in thousands of dollars)</i>	June 30, 2025	June 30, 2024
Cash flows from operating activities		
Increase in net assets	\$ 600,611	\$ 378,473
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	162,803	153,225
Gain on sale of property and equipment	(613)	(73,734)
Change in net assets due to purchase of consolidated affiliate	(27,440)	(58,972)
Share of earnings in affiliates, net of distributions	(2,392)	13,906
Net realized and unrealized gains on assets limited as to use and investments	(262,791)	(185,256)
Change in fair value of interest rate swap	1,411	(2,908)
Contributions restricted for capital	(90)	(1,249)
Changes in operating assets and liabilities, net of assets acquired and liabilities assumed		
Accounts receivable	(44,785)	(175,165)
Accounts payable and accrued liabilities	(60)	(25,512)
Long-term liabilities	23,046	16,211
Other current assets	(139,271)	(38,310)
Deferred revenue	820,460	-
Third-party payor settlements	3,818	(31,539)
Deferred taxes, net	1,507	9
Other assets and liabilities, net	317	8,945
Net cash provided by (used in) operating activities	1,136,531	(21,876)
Cash flows from investing activities		
Capital expenditures	(391,088)	(323,413)
Proceeds from sales of long-term investments	1,169,186	594,591
Purchases of long-term investments	(1,281,962)	(412,094)
Proceeds from sales of short-term investments	-	10,867
Purchases of short-term investments	(5,000)	-
Proceeds from sale of property and equipment	10,454	290,600
Payments on purchase of consolidated entities, net of cash acquired	(226,394)	(2,469,403)
Proceeds on sale of consolidated entities, net of cash disposed	35,366	-
Investments in unconsolidated affiliates	(9,437)	(8,808)
Other investing activities	(1,842)	686
Net cash used in investing activities	(700,717)	(2,316,974)
Cash flows from financing activities		
Principal payments on long-term debt	(4,304)	(4,456)
Proceeds from long-term debt	-	2,445,395
Proceeds from sale of accounts receivable	5,408	11,767
Proceeds from revolving credit facility	(202,000)	2,572,500
Payments on revolving credit facility	202,350	(2,418,325)
Other financing activities	90	-
Net cash provided by financing activities	1,544	2,606,881
Net increase in cash and cash equivalents	437,358	268,031
Cash, cash equivalents and restricted cash		
Beginning of period	877,832	873,079
End of period	\$ 1,315,190	\$ 1,141,110

NOVANT HEALTH, INC.
COMBINED GROUP STATISTICS
FOR THE THREE MONTHS ENDED JUNE 30, 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 June 30, 2025	Three Months Ended June 30, 2024
<u>INPATIENT STATISTICS</u>																		
Average Daily Census	506	115	104	30	23	22	656	3	57	52	14	717	54	44	28	49	2,474	2,437
Discharges	7,846	2,808	2,621	462	807	718	9,777	108	1,227	1,316	547	11,136	1,442	1,132	954	1,385	44,286	43,656
Average Length of Stay	5.9	3.7	3.6	5.8	2.6	2.8	6.1	2.8	4.3	3.6	2.3	5.9	3.4	3.6	2.6	3.2	5.1	5.1
Patient Days	46,071	10,495	9,465	2,696	2,133	2,003	59,734	306	5,221	4,691	1,279	65,222	4,912	4,037	2,528	4,426	225,219	221,782
<u>ADJUSTED STATISTICS</u>																		
Adjusted Patient Days	95,196	25,408	25,215	6,436	9,773	8,738	98,666	3,191	15,076	13,733	5,328	145,928	15,458	8,462	8,707	10,061	495,376	483,726
Adjusted Discharges	16,212	6,798	6,982	1,103	3,697	3,132	16,149	1,126	3,543	3,853	2,278	24,916	4,538	2,373	3,286	3,148	103,134	99,766
<u>OUTPATIENT STATISTICS</u>																		
Emergency Department Visits	18,438	8,065	9,981	-	7,751	4,392	20,225	-	7,907	8,922	6,066	37,810	9,718	3,863	9,991	6,158	159,287	163,889
Novant Health Medical Group Encounters Cases	56,179	27,065	22,092	4,941	12,920	7,319	35,017	4,016	15,138	15,760	11,517	117,335	25,238	13,027	17,892	19,729	1,646,010	1,579,662
<u>SURGERY STATISTICS</u>																		
Inpatient Surgical Cases	1,686	521	485	578	70	74	2,332	108	152	224	225	3,353	267	457	206	265	11,003	11,126
Outpatient Surgical Cases	4,713	1,160	1,351	2,224	378	476	3,491	2,330	807	766	764	5,814	1,036	1,048	829	572	27,759	27,631
Total Surgical Cases	6,399	1,681	1,836	2,802	448	550	5,823	2,438	959	990	989	9,167	1,303	1,505	1,035	837	38,762	38,757
<u>OTHER STATISTICS</u>																		
Total Births	1,236	608	599	-	127	194	1,031	-	142	114	-	1,227	156	386	213	37	6,070	6,006
Total Cath Cases	713	427	281	-	-	-	1,228	-	-	157	-	1,621	-	-	-	331	4,758	4,995
Total EP Cases	489	29	37	-	-	-	708	-	74	-	-	699	-	-	-	-	2,036	1,906
Open Heart Surgeries	133	-	-	-	-	-	139	-	-	-	-	127	-	-	-	8	407	486
Endoscopy Procedures	2,221	691	1,061	-	93	200	2,034	-	236	185	-	2,398	450	108	809	74	10,560	11,660
Radiology Procedures	51,211	31,920	25,270	5,773	16,273	10,112	66,685	1,061	17,951	20,513	13,403	105,239	27,403	8,353	14,296	21,457	436,920	408,965
Licensed Beds	583	177	139	58	36	36	859	9	146	63	36	823	74	140	44	93	3,316	3,289
Staffed Beds	547	136	122	40	31	25	721	7	64	64	21	757	65	46	29	51	2,726	2,678
Occupancy as % of Staffed Beds	92.6%	85.0%	85.5%	74.0%	75.7%	87.6%	91.1%	49.2%	89.0%	81.0%	65.9%	94.7%	83.6%	95.9%	96.0%	96.2%	90.8%	91.0%

NOVANT HEALTH, INC.
COMBINED GROUP STATISTICS
FOR THE SIX MONTHS ENDED JUNE 30, 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 Thomsville 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	Six Months Ended June 30, 2025	Six Months Ended June 30, 2024
<u>INPATIENT STATISTICS</u>																		
Average Daily Census	516	122	115	28	25	25	682	3	59	54	17	737	58	48	28	53	2,570	2,473
Discharges	15,838	5,674	5,297	976	1,688	1,536	19,746	219	2,518	2,659	1,273	22,125	2,882	2,390	1,929	2,855	89,605	86,723
Average Length of Stay	5.9	3.9	3.9	5.2	2.6	3.0	6.2	2.8	4.2	3.7	2.4	6.0	3.6	3.7	2.7	3.3	5.2	5.2
Patient Days	93,406	22,048	20,733	5,043	4,455	4,565	123,377	608	10,638	9,782	3,055	133,354	10,492	8,769	5,136	9,539	465,000	450,037
<u>ADJUSTED STATISTICS</u>																		
Adjusted Patient Days	189,208	51,935	54,390	12,348	19,322	18,124	200,340	6,355	29,838	28,407	12,006	294,468	32,274	17,297	17,163	21,141	1,004,616	971,250
Adjusted Discharges	32,082	13,365	13,896	2,390	7,321	6,098	32,064	2,289	7,063	7,722	5,003	48,856	8,865	4,714	6,446	6,328	204,502	195,778
<u>OUTPATIENT STATISTICS</u>																		
Emergency Department Visits	39,502	16,828	21,314	-	16,461	9,320	42,064	-	16,900	18,821	13,064	78,176	19,812	7,642	20,276	11,950	332,130	322,309
Novant Health Medical Group Encounters Cases	111,842	53,311	44,733	9,974	26,255	14,595	69,308	7,764	30,258	31,212	23,122	231,805	49,440	25,281	35,290	38,641	3,333,809	3,200,949
<u>SURGERY STATISTICS</u>																		
Inpatient Surgical Cases	3,441	1,027	944	1,162	138	163	4,577	216	287	431	490	6,710	509	958	398	557	22,008	21,885
Outpatient Surgical Cases	9,260	2,294	2,776	4,520	749	899	6,900	4,588	1,557	1,445	1,542	11,351	1,971	2,023	1,553	1,157	54,585	55,182
Total Surgical Cases	12,701	3,321	3,720	5,682	887	1,062	11,477	4,804	1,844	1,876	2,032	18,061	2,480	2,981	1,951	1,714	76,593	77,067
<u>OTHER STATISTICS</u>																		
Total Births	2,430	1,158	1,166	-	227	383	2,025	-	293	197	-	2,411	352	788	432	91	11,953	11,680
Total Cath Cases	1,362	869	548	-	-	-	2,357	-	4	305	-	3,189	2	-	-	663	9,299	10,802
Total EP Cases	941	50	66	-	-	-	1,339	-	-	146	-	1,400	-	-	-	-	3,942	3,925
Open Heart Surgeries	255	-	-	-	-	-	260	-	-	-	-	243	-	-	-	22	780	1,019
Endoscopy Procedures	4,386	1,461	2,037	-	187	398	3,891	-	424	357	-	4,939	962	205	1,536	149	20,932	23,847
Radiology Procedures	100,641	63,453	51,310	11,377	32,628	20,545	134,041	2,178	36,095	40,485	27,063	206,791	53,641	16,690	28,855	42,692	868,485	807,934
Licensed Beds	583	177	139	58	36	36	859	9	146	63	36	823	74	140	44	93	3,316	3,289
Staffed Beds	564	142	133	36	32	29	744	7	67	66	25	773	70	50	30	55	2,823	2,730
Occupancy as % of Staffed Beds	91.6%	85.9%	86.4%	76.6%	76.5%	86.0%	91.6%	48.9%	87.8%	82.4%	67.1%	95.3%	82.5%	96.2%	96.0%	96.2%	91.0%	90.6%

**NOVANT HEALTH, INC.
LIQUIDITY TABLE**

(in thousands of dollars)

June 30, 2025

Daily Liquidity¹

Cash & Cash Equivalents	\$	18,252
Money Market Funds		503,776
<i>Subtotal Daily Liquidity</i>	<u>\$</u>	<u>522,028</u>

Weekly Liquidity²

Cash Equivalents	\$	-
U.S. Treasuries and Agencies		380,722
General Purpose Line of Credit (undrawn)		500,000
<i>Subtotal Weekly Liquidity</i>	<u>\$</u>	<u>880,722</u>

TOTAL DAILY AND WEEKLY LIQUIDITY	<u>\$</u>	<u>1,402,750</u>
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CURRENTLY OUTSTANDING SELF-LIQUIDITY LIABILITIES

Taxable Commercial Paper	\$	-
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TOTAL SELF-LIQUIDITY LIABILITIES³	<u>\$</u>	<u>-</u>
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¹Liquidity sources that can be liquidated on a same-day basis.

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

³Self-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 six months ended June 30, 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 six months ended June 30, 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

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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 Six Months Ended June 30, 2025

Operating Revenues. Total operating revenues for Novant Health for the six months ended June 30, 2025 were \$5,702,262, an increase of 24.5% compared to the \$4,581,772 of total operating revenues for the six months ended June 30, 2024.

Net patient service revenues totaled \$4,824,990, an increase of 20.4% compared to \$4,008,603 for the six months ended June 30, 2024. The increase was primarily attributable to increases in revenue accrued for North Carolina's Healthcare Access and Stabilization Program (HASP), as well as increases in patient volumes and pharmacy revenue.

Operating Expenses. Total operating expenses for the six months ended June 30, 2025 were \$5,416,504, an increase of 21.1% compared to the same period for the prior year. Salaries and benefits increased \$354,879, or 14.8%, compared to the same period for the prior year, primarily due to merit and market-based pay adjustments and acquisitions. Other operating expenses increased \$501,454, or 26.5%, 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 \$15,268, or 10.1%, 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 \$285,758, or 5.0% of total operating revenues, for the six months ended June 30, 2025, as compared to \$109,104, or 2.4% of total operating revenues for the six months ended June 30, 2024.

Non-Operating Income. Income from investments was \$292,203 for the six months ended June 30, 2025, which is favorable compared to income from investments of \$211,399 for same period for the prior year.

Financial Position as of June 30, 2025

Cash and Cash Equivalents, Investments and Liquidity. Novant Health maintained cash and cash equivalents as of June 30, 2025 of \$1,012,710. Net cash provided by operating activities for the six months ended June 30, 2025 was \$1,136,531, compared to \$21,876 net cash used for the six months ended June 30, 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 June 30, 2025, Novant Health held long-term investments of \$4,151,795, approximately \$902,750 of which can be liquidated within 7 days.

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Property and Equipment. Capital expenditures were \$391,088 for the six months ended June 30, 2025. 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 June 30, 2025, total long-term debt outstanding was \$5,287,690. 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. At June 30, 2025, \$500,000 was available for borrowing.

On June 12, 2025, Novant Health established a taxable commercial paper program. Under the program, Novant may issue Taxable Commercial Paper Notes up to \$500,000 at any one time. At June 30, 2025, \$500,000 was available for issue.

On June 3, 2025, Novant Health entered into an Energy Services Agreement with Winston-Salem Sustainable Energy Partners LLC ("WSEP"). As consideration for the agreement, WSEP made an advance payment to Novant in the amount of \$838,951 which was financed with proceeds of bonds issued by the National Finance Authority.

As of June 30, 2025, 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 June 30, 2025.

As of June 30, 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 June 30, 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.