

DUKE UNIVERSITY HEALTH SYSTEM, INC. AND AFFILIATES

Consolidated Financial Statements
December 31, 2025 and 2024

(Unaudited)

DUKE UNIVERSITY HEALTH SYSTEM, INC. AND AFFILIATES

Consolidated Balance Sheets (Unaudited)

December 31, 2025 and 2024

(\$000's Omitted)

Assets	12/31/2025	12/31/2024
Current Assets:		
Cash and cash equivalents	\$ 106,252	149,976
Patient accounts receivable	1,000,603	859,134
Estimated third-party payor settlements, net	52,509	152,684
Other receivables	112,936	73,927
Inventories of drugs and supplies	161,071	144,672
Short-term investments	356,134	409,435
Assets limited as to use	15,790	18,926
Other current assets	58,665	59,263
Total current assets	1,863,960	1,868,017
Assets limited as to use	405,610	210,674
Investments	4,801,828	4,448,073
Property and equipment, net	2,261,551	2,129,092
Prepaid pension asset	197,526	130,035
Right-of-use operating lease assets	453,711	463,851
Other noncurrent assets	322,485	122,467
Total assets	\$ 10,306,671	9,372,209
 Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	\$ 276,779	208,977
Accrued salaries, wages and vacation payable	403,961	377,862
Current portion of postretirement and postemployment benefit obligations	8,199	8,791
Commercial paper	25,114	149,677
Current portion of long-term debt	35,089	34,339
Current portion of finance lease liabilities	6,864	10,773
Current portion of operating lease liabilities	40,027	34,362
Other current liabilities	83,399	80,506
Total current liabilities	879,432	905,287
Postretirement and postemployment benefit obligations, net of current portion	41,369	60,141
Long-term debt, net of current portion	1,805,648	1,566,758
Finance lease liabilities, net of current portion	128,629	130,534
Operating lease liabilities, net of current portion	444,882	458,409
Other noncurrent liabilities	157,949	147,676
Total liabilities	3,457,909	3,268,805
Net Assets:		
Without donor restrictions	6,748,321	6,022,266
With donor restrictions	100,441	81,138
Total net assets	6,848,762	6,103,404
Total liabilities and net assets	\$ 10,306,671	9,372,209

DUKE UNIVERSITY HEALTH SYSTEM, INC. AND AFFILIATES

Consolidated Statements of Operations (Unaudited)
For the Six Months Ended December 31, 2025 and 2024
(\$000's Omitted)

	<u>12/31/2025</u>	<u>12/31/2024</u>
Revenues, gains and other support without donor restrictions:		
Patient service revenue	\$ 3,968,442	3,401,547
Other revenue	118,580	93,873
Total revenues, gains and other support	<u>4,087,022</u>	<u>3,495,420</u>
Expenses:		
Employee compensation and temporary labor	2,024,425	1,909,638
Medical supplies	1,070,826	873,878
Interest	38,043	36,317
Depreciation and amortization	104,733	98,984
State provider assessments	191,808	148,744
Other operating expenses	467,375	415,832
Total expenses	<u>3,897,210</u>	<u>3,483,393</u>
Operating income	<u>189,812</u>	<u>12,027</u>
Nonoperating income (loss):		
Investment income	256,434	129,713
Nonoperating components of net periodic benefit cost	40,895	33,627
Other, net	(446)	297
Total nonoperating income	<u>296,883</u>	<u>163,637</u>
Excess of revenue over expenses	486,695	175,664
Change in funded status of defined benefit plans	(14,598)	(10,110)
Net assets released from restrictions for purchase of property and equipment	1,106	-
Transfers to the University, net	<u>(122,781)</u>	<u>(119,763)</u>
Increase in net assets without donor restrictions	<u>\$ 350,422</u>	<u>45,791</u>

DUKE UNIVERSITY HEALTH SYSTEM, INC. AND AFFILIATES

Consolidated Statements of Changes in Net Assets (Unaudited)

For the Six Months Ended December 31, 2025 and 2024

(\$000's Omitted)

	<u>12/31/2025</u>	<u>12/31/2024</u>
Net assets without donor restrictions:		
Excess of revenue over expenses	\$ 486,695	175,664
Change in funded status of defined benefit plans	(14,598)	(10,110)
Net assets released from restrictions for purchase of property and equipment	1,106	-
Transfers to the University, net	<u>(122,781)</u>	<u>(119,763)</u>
Increase in net assets without donor restrictions	<u>350,422</u>	<u>45,791</u>
Net assets with donor restrictions:		
Contributions for restricted purposes	16,819	16,787
Transfers to (from) the University, net	133	(44)
Net assets released from restrictions used for operations	(2,238)	(2,072)
Net assets released from restrictions for purchase of property and equipment	(1,106)	-
Net realized and unrealized gains	<u>1,385</u>	<u>1,450</u>
Increase in net assets with donor restrictions	<u>14,993</u>	<u>16,121</u>
Increase in net assets	365,415	61,912
Net assets, beginning of year	<u>6,483,347</u>	<u>6,041,492</u>
Net assets, end of period	<u>\$ 6,848,762</u>	<u>6,103,404</u>

DUKE UNIVERSITY HEALTH SYSTEM, INC. AND AFFILIATES

Consolidated Statements of Cash Flows (Unaudited)
For the Six Months Ended December 31, 2025 and 2024
(\$000's Omitted)

	<u>12/31/2025</u>	<u>12/31/2024</u>
Cash flows from operating activities:		
Increase in net assets	\$ 365,415	61,912
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	104,733	98,984
Amortization of debt issuance costs, premium and discount	27	689
Net realized and unrealized gains on investments	(219,881)	(96,369)
Net loss on other investments and disposals of property and equipment	736	436
Nonperiodic changes in defined benefit plans	14,598	10,110
Transfers to the University, net	122,648	119,807
Restricted contributions for long-term investment and capital projects and associated investment income	(14,544)	(15,829)
Changes in operating assets and liabilities:		
Patient accounts receivable	(66,108)	(47,630)
Estimated third-party payor settlements, net	103,434	75,414
Other receivables	(23,763)	(1,782)
Inventories of drugs and supplies	(4,020)	(3,831)
Right-of-use operating lease assets, net of operating lease liabilities	506	1,136
Pension asset and postretirement and postemployment benefit obligations	(23,496)	(18,110)
Other assets	(2,932)	(15,931)
Accounts payable	1,979	16,101
Accrued salaries, wages and vacation payable	(18,000)	14,356
Other liabilities	12,352	2,594
Net cash provided by operating activities	<u>353,684</u>	<u>202,057</u>
Cash flows from investing activities:		
Capital expenditures	(108,677)	(68,840)
Decrease (increase) in assets limited as to use	3,739	(14,973)
Sales of investments	540,647	629,751
Purchases of investments	(479,607)	(499,778)
Decrease (increase) in other assets	2,998	(792)
Net cash (used in) provided by investing activities	<u>(40,900)</u>	<u>45,368</u>

DUKE UNIVERSITY HEALTH SYSTEM, INC. AND AFFILIATES
Consolidated Statements of Cash Flows, Continued (Unaudited)
For the Six Months Ended December 31, 2025 and 2024
(\$000's Omitted)

	<u>12/31/2025</u>	<u>12/31/2024</u>
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	\$ 253,825	-
Payments on bank borrowings	(150,000)	-
Bond issuance costs	(2,071)	-
Proceeds from issuance of commercial paper	820,422	446,944
Payments on commercial paper	(1,046,225)	(447,874)
Proceeds from restricted contributions and associated investment income	14,544	15,829
Acquisition of Lake Norman Regional Medical Center	(508)	-
Payments on finance lease liabilities	(5,997)	(7,833)
Transfers to the University, net	(115,499)	(135,071)
Net cash used in financing activities	<u>(231,509)</u>	<u>(128,005)</u>
Net increase in cash and cash equivalents	81,275	119,420
Cash and cash equivalents, beginning of year	<u>24,977</u>	<u>30,556</u>
Cash and cash equivalents, end of period	<u>\$ 106,252</u>	<u>149,976</u>
Supplemental disclosures of cash flow information:		
Cash paid for interest, net of amount capitalized	\$ 43,768	37,770
Supplemental disclosures of noncash investing/financing activities:		
Change in fixed asset payables as of June 30	\$ 10,955	5,042
Net transfers to the University of property and equipment	760	453
Net transfers payable to the University	23,041	685
Supplemental cash flow information and noncash activity related to leases:		
Cash paid for operating lease liabilities	\$ 33,027	29,225
Increase in right-of-use assets obtained in exchange for lease liabilities:		
Operating leases	12,042	2,249
Finance leases	153	307

DUKE UNIVERSITY HEALTH SYSTEM, INC. AND AFFILIATES

Consolidated Utilization Statistics (Unaudited)

For the Six Months Ended December 31, 2025 and 2024

	Duke University Hospital		Duke Regional Hospital		Duke Raleigh Hospital		Duke Health Lake Norman (1)	DUHS Consolidated	
	6 months 12/31/2025	6 months 12/31/2024	6 months 12/31/2025	6 months 12/31/2024	6 months 12/31/2025	6 months 12/31/2024	6 months 12/31/2025	6 months 12/31/2025	6 months 12/31/2024
Adult Patient Days	175,148	175,260	51,036	51,747	30,913	28,806	5,422	262,519	255,813
Average Adult Daily Census	952	953	277	281	168	157	29	1,427	1,390
Licensed Beds	1,106	1,062	381	388	204	204	123	1,814	1,654
Average Number of Available Beds	1,109	1,082	357	364	211	204	123	1,800	1,650
Full Time Equivalents	10,238	10,577	2,205	2,258	2,186	2,174	491	28,165	27,415
Average Adult Occupancy	86%	88%	78%	77%	80%	77%	24%	79%	84%
Adult Discharges	23,232	22,680	8,865	8,809	6,172	5,878	1,645	39,914	37,367
Average Adult Length of Stay	7.5	7.7	5.8	5.9	5.0	4.9	3.3	6.6	6.8
Medicare Case Mix Index	2.6270	2.5385	1.6162	1.6178	2.0169	1.9564	1.7926	2.2492	2.1892
Number of Deliveries	1,625	1,989	1,393	1,373	-	-	268	3,286	3,362
Surgical Procedures	22,346	21,544	4,960	4,566	11,273	10,242	3,288	50,263	45,031
Endoscopy Procedures	10,713	8,853	3,024	2,724	1,741	2,022	480	15,958	13,599
Emergency Department Visits	41,393	40,460	30,561	31,436	24,093	22,883	13,413	109,460	94,779
Hospital Outpatient Visits	733,387	722,501	141,919	131,946	253,499	237,403	39,631	1,168,436	1,091,850
Duke Primary Care Visits	-	-	-	-	-	-	-	537,284	544,336
Duke Health Integrated Practice Visits	-	-	-	-	-	-	-	1,245,314	1,161,304
Gross Revenues by Payor									
Medicare	21.8%	22.5%	19.3%	19.2%	23.5%	25.0%	20.1%	20.9%	21.7%
Medicare Managed Care	23.3%	22.8%	29.1%	27.9%	32.5%	30.5%	36.8%	25.1%	23.8%
Medicaid	13.3%	10.7%	12.3%	9.1%	7.4%	5.7%	5.7%	11.9%	9.6%
Commercial	33.7%	36.2%	29.3%	35.4%	31.3%	33.9%	31.5%	34.8%	37.8%
Self-pay	2.9%	3.0%	5.7%	6.1%	2.1%	2.4%	3.1%	2.9%	3.1%
Other	5.1%	4.8%	4.3%	2.4%	3.2%	2.5%	2.8%	4.4%	4.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100%	100%

Note: Percentages may not sum to 100% due to rounding.

(1) Duke Health Lake Norman was acquired on April 1, 2025.

DUKE UNIVERSITY HEALTH SYSTEM, INC. AND AFFILIATES
Consolidating Statements of Operations (Unaudited)
For the Six Months Ended December 31, 2025 and 2024
(\$000's Omitted)

	Duke University Hospital	Duke Regional Hospital	Duke Raleigh Hospital	Duke Health Lake Norman	Duke Health Integrated Practice	Duke Primary Care	All Other Affiliates & Eliminations	Consolidated
Revenues, gains and other support without donor restrictions:								
Patient service revenue	\$ 2,351,422	297,592	438,150	62,520	604,048	128,847	85,863	3,968,442
Other revenue	52,279	2,518	2,661	139	97,746	895	(37,658)	118,580
Total revenues, gains and other support	<u>2,403,701</u>	<u>300,110</u>	<u>440,811</u>	<u>62,659</u>	<u>701,794</u>	<u>129,742</u>	<u>48,205</u>	<u>4,087,022</u>
Expenses:								
Employee compensation and temporary labor	648,041	139,141	134,558	28,918	607,799	109,320	356,648	2,024,425
Medical supplies	759,524	47,426	96,273	13,414	63,095	15,295	75,799	1,070,826
Interest	22,488	4,039	5,026	6,325	155	-	10	38,043
Depreciation	47,711	10,464	15,499	4,221	9,330	3,774	13,734	104,733
State provider assessments	147,989	21,226	17,455	5,139	-	-	(1)	191,808
Other operating expenses	527,815	69,089	83,657	25,566	134,458	23,295	(396,505)	467,375
Total expenses	<u>2,153,568</u>	<u>291,385</u>	<u>352,468</u>	<u>83,583</u>	<u>814,837</u>	<u>151,684</u>	<u>49,685</u>	<u>3,897,210</u>
Operating income (loss)	<u>\$ 250,133</u>	<u>8,725</u>	<u>88,343</u>	<u>(20,924)</u>	<u>(113,043)</u>	<u>(21,942)</u>	<u>(1,480)</u>	<u>189,812</u>