

DUKE UNIVERSITY HEALTH SYSTEM, INC. AND AFFILIATES

Consolidated Financial Statements
March 31, 2026 and 2025

(Unaudited)

DUKE UNIVERSITY HEALTH SYSTEM, INC. AND AFFILIATES

Consolidated Balance Sheets (Unaudited)

March 31, 2026 and 2025

(\$000's Omitted)

Assets	3/31/2026	3/31/2025
Current Assets:		
Cash and cash equivalents	\$ 48,304	171,747
Patient accounts receivable	1,105,368	915,555
Estimated third-party payor settlements, net	103,263	158,850
Other receivables	119,810	85,092
Inventories of drugs and supplies	158,417	146,573
Short-term investments	340,226	311,404
Assets limited as to use	15,890	303,894
Other current assets	61,323	54,003
Total current assets	1,952,601	2,147,118
Assets limited as to use	382,077	203,361
Investments	4,907,552	4,494,118
Property and equipment, net	2,285,646	2,131,150
Prepaid pension asset	230,511	132,308
Right-of-use operating lease assets	446,209	469,179
Other noncurrent assets	329,410	129,153
Total assets	\$ 10,534,006	9,706,387
 Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	\$ 245,492	200,286
Accrued salaries, wages and vacation payable	439,762	394,798
Current portion of postretirement and postemployment benefit obligations	8,199	8,791
Commercial paper	-	333,485
Current portion of long-term debt	35,089	34,339
Current portion of finance lease liabilities	7,447	9,665
Current portion of operating lease liabilities	40,231	39,056
Other current liabilities	87,761	90,282
Total current liabilities	863,981	1,110,702
Postretirement and postemployment benefit obligations, net of current portion	40,827	58,680
Long-term debt, net of current portion	1,804,810	1,716,179
Finance lease liabilities, net of current portion	134,546	130,677
Operating lease liabilities, net of current portion	437,485	459,419
Other noncurrent liabilities	160,887	144,413
Total liabilities	3,442,536	3,620,070
Net Assets:		
Without donor restrictions	6,988,842	6,005,555
With donor restrictions	102,628	80,762
Total net assets	7,091,470	6,086,317
Total liabilities and net assets	\$ 10,534,006	9,706,387

DUKE UNIVERSITY HEALTH SYSTEM, INC. AND AFFILIATES

Consolidated Statements of Operations (Unaudited)
For the Nine Months Ended March 31, 2026 and 2025
(\$000's Omitted)

	<u>3/31/2026</u>	<u>3/31/2025</u>
Revenues, gains and other support without donor restrictions:		
Patient service revenue	\$ 6,004,564	5,167,389
Other revenue	194,707	144,560
Total revenues, gains and other support	<u>6,199,271</u>	<u>5,311,949</u>
Expenses:		
Employee compensation and temporary labor	3,043,199	2,834,304
Medical supplies	1,623,872	1,335,823
Interest	54,356	54,144
Depreciation and amortization	158,634	150,242
State provider assessments	308,273	225,957
Other operating expenses	704,542	634,595
Total expenses	<u>5,892,876</u>	<u>5,235,065</u>
Operating income	<u>306,395</u>	<u>76,884</u>
Nonoperating income (loss):		
Investment income	399,081	120,952
Nonoperating components of net periodic benefit cost	61,343	50,441
Other, net	(301)	316
Total nonoperating income	<u>460,123</u>	<u>171,709</u>
Excess of revenue over expenses	766,518	248,593
Change in funded status of defined benefit plans	7,617	(14,806)
Net assets released from restrictions for purchase of property and equipment	1,536	12
Transfers to the University, net	<u>(184,728)</u>	<u>(204,719)</u>
Increase in net assets without donor restrictions	<u>\$ 590,943</u>	<u>29,080</u>

DUKE UNIVERSITY HEALTH SYSTEM, INC. AND AFFILIATES
Consolidated Statements of Changes in Net Assets (Unaudited)
For the Nine Months Ended March 31, 2026 and 2025
(\$000's Omitted)

	3/31/2026	3/31/2025
Net assets without donor restrictions:		
Excess of revenue over expenses	\$ 766,518	248,593
Change in funded status of defined benefit plans	7,617	(14,806)
Net assets released from restrictions for purchase of property and equipment	1,536	12
Transfers to the University, net	(184,728)	(204,719)
Increase in net assets without donor restrictions	590,943	29,080
Net assets with donor restrictions:		
Contributions for restricted purposes	19,996	17,893
Transfers to (from) the University, net	114	(42)
Net assets released from restrictions used for operations	(3,499)	(3,342)
Net assets released from restrictions for purchase of property and equipment	(1,536)	(12)
Net realized and unrealized gains	2,105	1,248
Increase in net assets with donor restrictions	17,180	15,745
Increase in net assets	608,123	44,825
Net assets, beginning of year	6,483,347	6,041,492
Net assets, end of period	\$ 7,091,470	6,086,317

DUKE UNIVERSITY HEALTH SYSTEM, INC. AND AFFILIATES

Consolidated Statements of Cash Flows (Unaudited)
For the Nine Months Ended March 31, 2026 and 2025
(\$000's Omitted)

	<u>3/31/2026</u>	<u>3/31/2025</u>
Cash flows from operating activities:		
Increase in net assets	\$ 608,123	44,825
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	158,634	150,242
Amortization of debt issuance costs, premium and discount	(171)	860
Net realized and unrealized gains on investments	(348,540)	(64,003)
Net loss on other investments and disposals of property and equipment	722	1,042
Nonperiodic changes in defined benefit plans	(7,617)	14,806
Transfers to the University, net	184,614	204,761
Restricted contributions for long-term investment and capital projects and associated investment income	(14,552)	(16,343)
Changes in operating assets and liabilities:		
Patient accounts receivable	(170,873)	(104,051)
Estimated third-party payor settlements, net	52,680	69,248
Other receivables	(38,424)	(20,320)
Inventories of drugs and supplies	(1,366)	(5,732)
Right-of-use operating lease assets, net of operating lease liabilities	815	1,512
Pension asset and postretirement and postemployment benefit obligations	(34,808)	(26,540)
Other assets	(26,714)	(12,672)
Accounts payable	(27,718)	(7,990)
Accrued salaries, wages and vacation payable	15,076	31,292
Other liabilities	39,196	(5,723)
Net cash provided by operating activities	<u>389,077</u>	<u>255,214</u>
Cash flows from investing activities:		
Capital expenditures	(181,040)	(107,702)
Decrease (increase) in assets limited as to use	28,577	(14,453)
Sales of investments	988,979	1,066,938
Purchases of investments	(891,559)	(907,944)
Decrease (increase) in other assets	2,998	(5,477)
Net cash (used in) provided by investing activities	<u>(52,045)</u>	<u>31,362</u>

DUKE UNIVERSITY HEALTH SYSTEM, INC. AND AFFILIATES
Consolidated Statements of Cash Flows, Continued (Unaudited)
For the Nine Months Ended March 31, 2026 and 2025
(\$000's Omitted)

	3/31/2026	3/31/2025
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	\$ 253,825	-
Proceeds from bank borrowings	-	150,000
Payments on bank borrowings	(150,000)	-
Bond issuance costs	(2,250)	-
Proceeds from issuance of commercial paper	1,044,640	878,511
Payments on commercial paper	(1,296,141)	(696,384)
Proceeds from restricted contributions and associated investment income	14,552	16,343
Acquisition of Lake Norman Regional Medical Center	(508)	-
Payments on finance lease liabilities	(7,738)	(10,486)
Transfers to the University, net	(170,085)	(198,026)
Net cash (used in) provided by financing activities	(313,705)	139,958
Net increase in cash, cash equivalents, and restricted cash	23,327	426,534
Cash and cash equivalents, beginning of year	24,977	30,556
Cash and cash equivalents, end of period	\$ 48,304	457,090
Cash and cash equivalents	48,304	171,747
Restricted cash included in assets limited as to use	-	285,343
Cash, cash equivalents, and restricted cash at end of period	\$ 48,304	457,090
Supplemental disclosures of cash flow information:		
Cash paid for interest, net of amount capitalized	\$ 44,680	44,470
Supplemental disclosures of noncash investing/financing activities:		
Change in fixed asset payables as of June 30	\$ 12,642	20,423
Net transfers to the University of property and equipment	964	773
Net transfers payable to the University	33,238	22,364
Supplemental cash flow information and noncash activity related to leases:		
Cash paid for operating lease liabilities	\$ 48,679	44,660
Increase in right-of-use assets obtained in exchange for lease liabilities:		
Operating leases	16,891	19,188
Finance leases	6,169	307

DUKE UNIVERSITY HEALTH SYSTEM, INC. AND AFFILIATES

Consolidated Utilization Statistics (Unaudited)

For the Nine Months Ended March 31, 2026 and 2025

	Duke University Hospital		Duke Regional Hospital		Duke Raleigh Hospital		Duke Health Lake Norman (1)	DUHS Consolidated	
	9 months 3/31/2026	9 months 3/31/2025	9 months 3/31/2026	9 months 3/31/2025	9 months 3/31/2026	9 months 3/31/2025	9 months 3/31/2026	9 months 3/31/2026	9 months 3/31/2025
Adult Patient Days	264,891	264,287	77,433	78,258	47,034	44,627	8,094	397,452	387,172
Average Adult Daily Census	967	965	283	286	172	163	30	1,451	1,413
Licensed Beds	1,106	1,062	381	388	204	204	123	1,814	1,654
Average Number of Available Beds	1,106	1,082	357	363	208	211	123	1,794	1,656
Full Time Equivalents	10,270	10,459	2,203	2,243	2,190	2,168	490	28,193	27,304
Average Adult Occupancy	87%	89%	79%	79%	82%	77%	24%	81%	85%
Adult Discharges	34,684	34,002	13,143	13,131	9,309	8,990	2,485	59,621	56,123
Average Adult Length of Stay	7.6	7.8	5.9	6.0	5.1	5.0	3.3	6.7	6.9
Medicare Case Mix Index	2.6404	2.5616	1.6214	1.6228	1.9728	1.9578	1.7019	2.2435	2.2083
Number of Deliveries	2,359	2,997	2,064	2,031	-	-	353	4,776	5,028
Surgical Procedures	33,064	32,185	7,403	6,865	16,779	15,504	4,734	74,502	67,458
Endoscopy Procedures	16,024	13,081	4,415	4,228	2,710	2,863	668	23,817	20,172
Emergency Department Visits	62,430	60,269	45,564	46,604	35,943	34,574	19,752	163,689	141,447
Hospital Outpatient Visits	1,103,447	1,092,650	213,249	197,928	378,905	357,382	55,388	1,750,989	1,647,960
Duke Primary Care Visits	-	-	-	-	-	-	-	818,768	817,307
Duke Health Integrated Practice Visits	-	-	-	-	-	-	-	1,870,592	1,729,234
Gross Revenues by Payor									
Medicare	21.8%	22.5%	19.7%	19.1%	23.4%	25.0%	20.0%	20.9%	21.7%
Medicare Managed Care	23.6%	23.4%	29.4%	28.6%	32.9%	30.9%	34.8%	25.3%	24.4%
Medicaid	13.2%	10.5%	12.3%	9.2%	7.7%	6.0%	7.1%	11.9%	9.5%
Commercial	33.1%	35.7%	28.4%	35.0%	30.8%	33.3%	31.7%	34.2%	37.4%
Self-pay	3.1%	2.9%	5.9%	5.8%	2.2%	2.3%	3.5%	3.2%	3.0%
Other	5.2%	4.9%	4.3%	2.3%	3.0%	2.5%	2.9%	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 Nine Months Ended March 31, 2026 and 2025
(\$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	\$ 3,566,710	457,599	672,410	90,694	899,384	193,256	124,511	6,004,564
Other revenue	89,852	4,432	4,585	230	151,247	1,351	(56,990)	194,707
Total revenues, gains and other support	<u>3,656,562</u>	<u>462,031</u>	<u>676,995</u>	<u>90,924</u>	<u>1,050,631</u>	<u>194,607</u>	<u>67,521</u>	<u>6,199,271</u>
Expenses:								
Employee compensation and temporary labor	973,648	209,466	202,103	43,433	917,652	165,393	531,504	3,043,199
Medical supplies	1,153,752	71,159	149,292	20,064	93,844	21,620	114,141	1,623,872
Interest	33,084	5,942	7,395	7,701	221	-	13	54,356
Depreciation and amortization	73,147	15,676	23,243	6,414	14,100	5,626	20,428	158,634
State provider assessments	238,427	34,378	27,139	8,329	-	-	-	308,273
Other operating expenses	792,923	104,776	127,192	38,553	201,223	35,497	(595,622)	704,542
Total expenses	<u>3,264,981</u>	<u>441,397</u>	<u>536,364</u>	<u>124,494</u>	<u>1,227,040</u>	<u>228,136</u>	<u>70,464</u>	<u>5,892,876</u>
Operating income (loss)	<u>\$ 391,581</u>	<u>20,634</u>	<u>140,631</u>	<u>(33,570)</u>	<u>(176,409)</u>	<u>(33,529)</u>	<u>(2,943)</u>	<u>306,395</u>