



Trinity Health, one of the nation's largest faith-based health care systems, reported improved operational performance during the three months ended September 30, 2025 driven by patient care volume and revenue growth, continued efficiency gains and disciplined cost management, generating \$372.8 million in operating cash flow, growth of \$48.5 million over the same period in the prior fiscal year and an operating cash flow margin before other items of 5.7%, with total adjusted operating costs per Case Mix Adjusted Equivalent Discharge ("CMAED") rising just 1.6%, significantly below the rate of medical inflation, while maintaining a strong balance sheet and stable liquidity position

Trinity Health reported improvements in operating performance for the three months ended September 30, 2025, compared to the same period in the prior fiscal year. The Corporation is working to identify repositioning actions in fiscal year 2026, to mitigate the impact on operations from negative ongoing industry trends and evolving legislative pressure, and focus on the critical priorities that sustain the Mission and serve communities best across the System, including the following:

- Redesign and reposition clinical service lines, ministry portfolios and administrative services using a zero-based methodology;
- Optimize existing service lines and invest in prioritized clinical programs and services such as ambulatory surgery centers, imaging, robotics, and the non-acute community division with an emphasis on primary care, to elevate member/patient experience and outcomes;
- Create exceptional member/patient experience by improving access to care and care coordination;
- Advance strategic priorities and care delivery models by leveraging innovative technologies, including AI and data-driven solutions, and optimize the current TogetherCare platform to streamline workflows and enhance operational efficiency;
- Identify and target high value opportunities through strategic capital investments and growth initiatives informed by data analytics to pursue service lines and markets that align with evolving demand and long-term value creation;
- Improve supply chain efficiency and workforce productivity by leveraging technology to mitigate against the rising cost of inflation and supply chain volatility;
- Prioritize physician recruitment and strengthen relationships with existing clinicians to reduce reliance on temporary providers and minimize locum subsidies;
- Improve commercial payer mix by prioritizing medical group access and growing outpatient services and elective surgical care.

Summary Highlights for the First Three Months of Fiscal Year 2026 (Three Months Ended September 30, 2025):

- **Operating cash flow of \$372.8 million, or 5.7 percent operating cash flow margin;** compared to operating cash flow of \$324.3 million or 5.2 percent operating cash flow margin for the three months ended September 30, 2024.
- **Operating income of \$77.4 million, or 1.2 percent operating margin;** compared to operating income of \$36.7 million or 0.6 percent operating margin for the three months ended September 30, 2024.

- Improvements were achieved in payment rates, patient care volumes, payer mix and other revenue. These improvements were offset by unfavorable service mix driven by lower surgical volume.
- Volumes, as measured by CMAED, increased 3.2 percent compared to the three months ended September 30, 2024.
- Expense growth was contained through a focused effort to manage operating costs while strategically addressing industry-wide staffing shortages and continued inflation in wages, supplies and purchased services.
- **Operating revenue growth of \$371.6 million or 6.0 percent to \$6.6 billion** compared to the three months ended September 30, 2024.
 - **Net patient service revenue grew \$196.5 million or 3.7 percent** primarily due to improvements in payment rates and patient care volumes.
 - Net patient service revenue per case, as measured by CMAEDs, increased 0.9 percent compared to the same period in the prior fiscal year.
 - Other revenue increased \$114.4 million or 23.1 percent, largely driven by \$63.0 million of pharmacy revenue, \$19.1M receipt of FEMA funds, \$18.9M indemnity settlement at MercyOne (offsetting expense of \$5.6M recorded in other expenses), \$17.0 million Change Healthcare cyber settlement and \$9.6M revenue received for MercyOne Siouxland colleagues leased to UnityPoint. Premium and capitation revenue increased \$57.9 million, or 19.5 percent, primarily within the Corporation's health plans and PACE programs.
- **Operating expenses grew \$330.9 million, or 5.4 percent to \$6.5 billion**, compared to the three months ended September 30, 2024.
 - Total adjusted operating costs per case, as measured by CMAEDs, increased 1.6 percent compared to the same period in the prior year, significantly below the rate of medical inflation, driven by efficiency gains and disciplined cost management.
 - Salaries, wages and employee benefits rose \$105.4 million or 3.2 percent, with a 0.5 percent increase in FTEs, and a 3.5 percent increase in salary rates; In addition, contract labor rose \$9.0M or 14.3%, with contract labor FTEs increasing 3.7%, as the Corporation continues to implement repositioning actions to address industry wide staffing shortages and wage inflation; supply costs increased \$97.1 million or 8.6 percent driven by rate increases primarily related to retail pharmacy, drugs, implants, surgical supplies, and increased volumes; purchased services and medical claims increased \$73.5 million largely attributed to higher physician subsidies and locum utilization and higher health plan claims due to increased membership. Increases were also reported in other expenses and occupancy, driven by higher repairs and maintenance and utilities, and increased provider tax expenses (partially offset by increased provider tax revenue.)
- **Excess of revenue over expenses of \$697.1 million, net margin of 9.6 percent;** compares to excess of revenue over expenses of \$586.9 million, or net margin of 8.7 percent, for the three months ended September 30, 2024.
 - The significant year-over-year growth was driven by a \$76.7 million increase in investment earnings as well as \$14.9M increase in non-operating derivatives, compared to the same period in the prior fiscal year. Also, operating income improved \$40.7 million over the same period in the prior fiscal year. These increases were partially offset by equity in earnings of unconsolidated affiliates, which decreased \$22.5 million, or 102.9 percent in fiscal year 2026, largely due to the sale of interest in EH/SJHS in FY25.

- ***The Corporation's balance sheet remains strong*** with stable cash and investment balances and continued capacity for accretive investments.
- ***Total assets of \$35.8 billion*** as of September 30, 2025, grew \$1.1 billion or 3.0 percent compared to June 30, 2025, and ***net assets of \$21.1 billion*** grew \$740.5 million or 3.6 percent compared to June 30, 2025.
- Net days in accounts receivable increased by 0.5 days to 46.2 days from June 30, 2025, to September 30, 2025.
- ***Unrestricted cash and investments of \$16.0 billion; days cash on hand of 235 days***, compared to \$15.6 billion, or 234 days as of June 30, 2025.
- ***Historical debt service coverage ratio of 4.27x*** compared to 1.1x required.

TRINITY HEALTH

UNAUDITED QUARTERLY REPORT

As of September 30, 2025, and June 30, 2025, and
For the three months ended September 30, 2025 and 2024

TRINITY HEALTH

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TRINITY HEALTH
CONSOLIDATED BALANCE SHEETS (UNAUDITED)
(In thousands)

	As of	
	September 30, 2025	June 30, 2025
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 484,967	\$ 569,895
Investments	6,285,915	6,213,751
Security lending collateral	1,080,468	883,303
Assets limited or restricted as to use - current portion	429,335	398,735
Patient accounts receivable	2,886,237	2,809,648
Estimated receivables from third-party payers	556,929	414,189
Other receivables	563,022	545,284
Inventories	406,456	410,645
Prepaid expenses and other current assets	408,479	270,595
Total current assets	13,101,808	12,516,045
ASSETS LIMITED OR RESTRICTED AS TO USE - noncurrent portion:		
Self-insurance, benefit plans, and other	1,363,470	1,304,698
By Board	9,058,420	8,648,160
By donors	682,208	676,019
Total assets limited or restricted as to use - noncurrent portion	11,104,098	10,628,877
PROPERTY AND EQUIPMENT - Net	9,046,137	9,039,673
OPERATING LEASE RIGHT-OF-USE ASSETS	512,799	520,092
INVESTMENTS IN UNCONSOLIDATED AFFILIATES	507,065	493,154
GOODWILL	937,841	937,807
PREPAID PENSION AND RETIREE HEALTH ASSETS	216,010	212,405
OTHER ASSETS	376,762	400,033
TOTAL ASSETS	\$ 35,802,520	\$ 34,748,086

TRINITY HEALTH
CONSOLIDATED BALANCE SHEETS (UNAUDITED)
(In thousands)

	As of	
	September 30, 2025	June 30, 2025
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Commercial paper	\$ 99,342	\$ 99,312
Short-term borrowings	577,295	577,295
Current portion of long-term debt	347,714	347,789
Current portion of operating lease liabilities	136,373	139,243
Accounts payable and accrued expenses	1,677,165	1,551,166
Salaries, wages and related liabilities	1,223,933	1,196,713
Payable under security lending agreements	1,080,468	883,303
Estimated payables to third-party payers	223,167	255,225
Current portion of self-insurance reserves	299,877	299,877
Total current liabilities	5,665,334	5,349,923
LONG-TERM DEBT - Net of current portion	6,345,029	6,368,951
LONG-TERM PORTION OF OPERATING LEASE LIABILITIES	471,524	484,490
SELF-INSURANCE RESERVES - Net of current portion	1,194,682	1,180,854
ACCRUED PENSION AND RETIREE HEALTH COSTS	47,417	59,658
OTHER LONG-TERM LIABILITIES	961,864	927,999
Total liabilities	14,685,850	14,371,875
NET ASSETS:		
Net assets without donor restrictions	19,868,016	19,130,806
Noncontrolling ownership interest in subsidiaries	543,294	545,106
Total net assets without donor restrictions	20,411,310	19,675,912
Net assets with donor restrictions	705,360	700,299
Total net assets	21,116,670	20,376,211
TOTAL LIABILITIES AND NET ASSETS	\$ 35,802,520	\$ 34,748,086

The accompanying notes are an integral part of the consolidated financial statements.

TRINITY HEALTH
CONSOLIDATED STATEMENTS OF OPERATIONS AND
CHANGES IN NET ASSETS (UNAUDITED)
THREE MONTHS ENDED SEPTEMBER 30, 2025 AND 2024
(In thousands)

	<u>2025</u>	<u>2024</u>
OPERATING REVENUE:		
Net patient service revenue	\$ 5,507,017	\$ 5,310,530
Premium and capitation revenue	354,155	296,266
Net assets released from restrictions	5,588	6,895
Other revenue	704,928	586,395
Total operating revenue	<u>6,571,688</u>	<u>6,200,086</u>
EXPENSES:		
Salaries and wages	2,840,703	2,731,956
Employee benefits	528,079	531,423
Contract labor	71,350	62,399
Total labor expenses	<u>3,440,132</u>	<u>3,325,778</u>
Supplies	1,229,988	1,132,921
Purchased services and medical claims	885,072	811,587
Depreciation and amortization	231,567	221,141
Occupancy	245,392	235,289
Interest	63,780	66,436
Other	398,328	370,196
Total expenses	<u>6,494,259</u>	<u>6,163,348</u>
OPERATING INCOME	<u>77,429</u>	<u>36,738</u>
NONOPERATING ITEMS:		
Investment earnings	657,518	580,802
Equity in (losses) earnings of unconsolidated affiliates	(633)	21,891
Change in market value and cash payments of interest rate swaps	(832)	(15,757)
Other net periodic retirement cost	(10,665)	(12,301)
Other, including income taxes	(336)	(2,079)
Total nonoperating items	<u>645,052</u>	<u>572,556</u>
EXCESS OF REVENUE OVER EXPENSES	722,481	609,294
EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	<u>(25,352)</u>	<u>(22,410)</u>
EXCESS OF REVENUE OVER EXPENSES, NET OF NONCONTROLLING INTEREST	<u>\$ 697,129</u>	<u>\$ 586,884</u>

The accompanying notes are an integral part of the consolidated financial statements.

TRINITY HEALTH
CONSOLIDATED STATEMENTS OF OPERATIONS AND
CHANGES IN NET ASSETS (UNAUDITED)
THREE MONTHS ENDED SEPTEMBER 30, 2025 AND 2024
(In thousands)

	<u>2025</u>	<u>2024</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS:		
Net assets without donor restrictions attributable to Trinity Health:		
Excess of revenue over expenses	\$ 697,129	\$ 586,884
Net assets released from restrictions for capital acquisitions	23,252	7,388
Net change in retirement plan related items - consolidated organizations	19,507	18,192
Other	<u>(2,678)</u>	<u>2,678</u>
Increase in net assets without donor restrictions attributable to Trinity Health	<u>737,210</u>	<u>615,142</u>
Net assets without donor restrictions attributable to noncontrolling interest:		
Excess of revenue over expenses attributable to noncontrolling interest	25,352	22,410
Dividends, distributions and other	<u>(27,164)</u>	<u>(11,112)</u>
(Decrease) increase in net assets without donor restrictions attributable to noncontrolling interest	<u>(1,812)</u>	<u>11,298</u>
NET ASSETS WITH DONOR RESTRICTIONS:		
Contributions:		
Program and time restrictions	17,219	20,519
Endowment funds	2,274	402
Net investment gains:		
Program and time restrictions	8,357	10,320
Endowment funds	8,230	7,921
Net assets released from restrictions	(28,840)	(14,283)
Other	<u>(2,179)</u>	<u>118</u>
Increase in net assets with donor restrictions	<u>5,061</u>	<u>24,997</u>
INCREASE IN NET ASSETS	740,459	651,437
NET ASSETS - BEGINNING OF YEAR	20,376,211	18,895,523
NET ASSETS - END OF PERIOD	<u>\$ 21,116,670</u>	<u>\$ 19,546,960</u>

The accompanying notes are an integral part of the consolidated financial statements.

TRINITY HEALTH
SUMMARIZED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
THREE MONTHS ENDED SEPTEMBER 30, 2025 AND 2024
(In thousands)

	<u>2025</u>	<u>2024</u>
OPERATING ACTIVITIES:		
Increase in net assets	\$ 740,459	\$ 651,437
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	231,567	221,141
Amortization of right-of-use asset	30,318	32,729
Change in net unrealized and realized gains and losses on investments	(611,298)	(541,946)
Change in market values of interest rate swaps	(415)	15,074
Undistributed equity in earnings of unconsolidated affiliates	(11,199)	(28,134)
Deferred retirement items	(19,507)	(18,192)
Restricted contributions and investment income received	(7,648)	(2,347)
Dividends paid attributed to noncontrolling interest	26,904	12,916
Other adjustments	(3,326)	(8,591)
Changes in:		
Patient accounts receivable	(80,252)	(8,233)
Estimated receivables from third-party payers	(142,740)	134,474
Prepaid pension and retiree health costs	10,289	10,902
Other assets	(144,624)	(135,425)
Accounts payable and accrued expenses	182,209	(336,777)
Estimated payables to third-party payers	(32,058)	14,593
Operating leases, self-insurance reserves and other liabilities	(16,766)	(2,582)
Accrued pension and retiree health costs	(6,628)	(6,228)
Total adjustments	<u>(595,174)</u>	<u>(646,626)</u>
Net cash provided by operating activities	<u>145,285</u>	<u>4,811</u>
INVESTING ACTIVITIES:		
Net sales of investments	89,085	235,925
Purchases of property and equipment	(277,262)	(237,428)
Proceeds from disposal of property and equipment	8,470	7,185
Change in investments in unconsolidated affiliates	(2,764)	(3,568)
Cash from disaffiliation of unconsolidated affiliates	18,169	-
Change in other investing activities	3,496	(4,644)
Net cash used in investing activities	<u>(160,806)</u>	<u>(2,530)</u>
FINANCING ACTIVITIES:		
Proceeds from issuance of debt	14,821	19,118
Repayments of debt	(32,465)	(31,880)
Net change in commercial paper	29	131
Dividends paid	(26,904)	(12,916)
Proceeds from restricted contributions and restricted investment income	7,519	2,457
Net cash used in financing activities	<u>(37,000)</u>	<u>(23,090)</u>
NET DECREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	(52,521)	(20,809)
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - BEGINNING OF YEAR	725,690	573,907
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF PERIOD	<u>\$ 673,169</u>	<u>\$ 553,098</u>

The accompanying notes are an integral part of the consolidated financial statements.

TRINITY HEALTH

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) THREE MONTHS ENDED SEPTEMBER 30, 2025 AND 2024

1. ORGANIZATION AND MISSION

Trinity Health Corporation, an Indiana nonprofit corporation headquartered in Livonia, Michigan, and its subsidiaries (“Trinity Health” or the “Corporation”), controls one of the largest health care systems in the United States. The Corporation is sponsored by Catholic Health Ministries, a Public Juridic Person of the Holy Roman Catholic Church. The Corporation operates a comprehensive integrated network of health services, including inpatient and outpatient services, physician services, managed care coverage, home health care, long-term care, assisted living care and rehabilitation services located in 25 states. The operations are organized into Regional Health Ministries, National Health Ministries and Mission Health Ministries (“Health Ministries”). The Mission statement for the Corporation is as follows:

We, Trinity Health, serve together in the spirit of the Gospel as a compassionate and transforming healing presence within our communities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) for interim financial reporting information. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included and are of a normal and recurring nature. Operating results for the three months ended September 30, 2025 are not necessarily indicative of the results to be expected for the fiscal year ending June 30, 2026.

Principles of Consolidation – The consolidated financial statements include the accounts of the Corporation, and all wholly-owned, majority-owned and controlled organizations. Investments where the Corporation holds less than 20% of the ownership interest are accounted for using the cost method. All other investments that are not controlled by the Corporation are accounted for using the equity method of accounting. The equity share of income or losses from investments in unconsolidated affiliates is recorded in other revenue if the unconsolidated affiliate is operational and projected to make routine and regular cash distributions; otherwise, the equity share of income or losses from investments in unconsolidated affiliates is recorded in nonoperating items in the consolidated statements of operations and changes in net assets. All material intercompany transactions and account balances have been eliminated in consolidation.

Use of Estimates – The preparation of consolidated financial statements in conformity with GAAP requires management of the Corporation to make assumptions, estimates and judgments that affect the amounts reported in the consolidated financial statements, including the notes thereto, and related disclosures of commitments and contingencies, if any.

The Corporation considers critical accounting policies to be those that require more significant judgments and estimates in the preparation of its consolidated financial statements, including the following: recognition of net patient service revenue, which includes explicit and implicit price concessions; recorded values of investments and derivatives; evaluation of long-lived assets and goodwill for impairment; reserves for losses and expenses related to health care professional, general, and health plan liabilities; and risks and assumptions for measurement of pension and retiree health prepaid assets and liabilities. Management relies on historical experience and other assumptions believed to be reasonable in making its judgments and estimates. Actual results could differ materially from those estimates.

Cash, Cash Equivalents and Restricted Cash – For purposes of the consolidated statements of cash flows, cash, cash equivalents and restricted cash include certain investments in highly liquid debt instruments with original maturities of three months or less.

The following table reconciles cash, cash equivalents and restricted cash shown in the statements of cash flows to amounts presented within the consolidated balance sheets as of September 30 (in thousands):

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 484,967	\$ 344,150
Restricted cash included in assets limited or restricted as to use - current portion		
Self-insurance, benefit plans and other	117,329	131,450
By donors	<u>1,622</u>	<u>1,560</u>
Total restricted cash included in assets limited or restricted as to use - current portion	118,951	133,010
Restricted cash included in assets limited as to use - noncurrent portion		
Self-insurance, benefit plans and other	54,664	41,709
By donors	<u>14,587</u>	<u>34,229</u>
Total restricted cash included in assets limited or restricted as to use - noncurrent portion	<u>69,251</u>	<u>75,938</u>
Total cash, cash equivalents, and restricted cash shown in the statements of cash flows	<u>\$ 673,169</u>	<u>\$ 553,098</u>

Investments – Investments, inclusive of assets limited or restricted as to use, include marketable debt and equity securities. Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value and are classified as trading securities. Investments also include investments in commingled funds, hedge funds and other investments structured as limited liability corporations or partnerships. Commingled funds and hedge funds that hold securities directly are stated at the fair value of the underlying securities, as determined by the administrator, based on readily determinable market values, or based on net asset value, which is calculated using the most recent fund financial statements. Limited liability corporations and partnerships are accounted for under the equity method.

Investment Earnings – Investment earnings include interest, dividends, realized gains and losses and unrealized gains and losses. Also included are equity earnings from investment funds accounted for using the equity method. Investment earnings on assets held by trustees under bond indenture agreements, assets designated by the Corporation’s board of directors (“Board”) for debt redemption, assets held for borrowings under the intercompany loan program, assets held by grant-making foundations, assets deposited in trust funds by a captive insurance company for self-insurance purposes, and interest and dividends earned on life plan communities advance entrance fees, in accordance with industry practices, are included in other revenue in the consolidated statements of operations and changes in net assets. Investment earnings, net of direct investment expenses, from all other investments and Board-designated funds are included in nonoperating investment income unless the income or loss is restricted by donor or law.

Derivative Financial Instruments – The Corporation periodically utilizes various financial instruments (e.g., options and swaps) to hedge interest rates, equity downside risk and other exposures. The Corporation’s policies prohibit trading in derivative financial instruments on a speculative basis. The Corporation recognizes all derivative instruments in the consolidated balance sheets at fair value.

Securities Lending – The Corporation participates in securities lending transactions whereby a portion of its investments are loaned, through its agent, to various parties in return for cash and securities from the parties as collateral for the securities loaned. Each business day, the Corporation, through its agent, and the borrower determine the market value of the collateral and the borrowed securities. If on any business day the market value of the collateral is less than the required value, additional collateral is obtained as appropriate. The amount of cash collateral received under securities lending is reported as an asset and a corresponding payable in the consolidated balance sheets and is up to 105% of the market value of securities loaned. As of September 30, 2025, and June 30, 2025, the Corporation had securities loaned of \$1.6 billion and \$1.3 billion, respectively, and received collateral (cash and noncash) totaling \$1.6 billion and \$1.4 billion, respectively, relating to the securities loaned. The fees received for these transactions are recorded in nonoperating investment earnings in the consolidated statements of operations and changes in net assets. In addition, certain pension plans participate in securities lending programs with the Northern Trust Company, the plans' agent.

The Corporation evaluates the financial condition of its securities lending plan managers and borrowing institutions to minimize exposure to credit risk. Credit risk is regularly monitored and minimized by Trinity Health's managers of the program by selecting borrowers with stringent financial viability standards, underwriting and approval procedures as set forth by the institution. An established framework is also used to size borrower credit limits to reduce concentration risk. In addition, the vast majority of borrowers have long-term credit ratings of A or better and short-term ratings of A-1 or better from at least one nationally recognized statistical rating organization. The Corporation does not expect any credit losses related to the securities lending arrangement.

Patient Accounts Receivable, Estimated Receivables from and Payables to Third-Party Payers – An unconditional right to payment, subject only to the passage of time is treated as a receivable. Patient accounts receivable, including billed accounts and unbilled accounts for which there is an unconditional right to payment, and estimated amounts due from third-party payers for retroactive adjustments, are receivables if the right to consideration is unconditional and only the passage of time is required before payment of that consideration is due. For patient accounts receivable, the estimated uncollectable amounts are generally considered implicit price concessions that are a direct reduction to patient service revenue and accounts receivable.

The Corporation has agreements with third-party payers that provide for payments to the Corporation's Health Ministries at amounts different from established rates. Estimated retroactive adjustments under reimbursement agreements with third-party payers and other changes in estimates are included in net patient service revenue and estimated receivables from and payables to third-party payers. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods, as final settlements are determined. Estimated receivables from third-party payers also includes amounts receivable under state Medicaid provider tax programs.

Assets Limited as to Use – Assets set aside by the Board for quasi-endowments, future capital improvements, strategic development funds, future funding of retirement programs and insurance claims, retirement of debt, held for borrowings under the intercompany loan program, and other purposes over which the Board retains control and may at its discretion subsequently use for other purposes, assets held by trustees under bond indenture and certain other agreements, and self-insurance trust and benefit plan arrangements are included in assets limited as to use.

Donor-Restricted Gifts – Unconditional promises to give cash and other assets to the Corporation are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received. The gifts are reported as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or program restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of operations and changes in net assets as net assets released from restrictions.

Donor-restricted contributions whose restrictions are met within the same year as received are reported as contributions without donor restrictions included in other revenue in the consolidated statements of operations and changes in net assets.

Inventories – Inventories are stated at the lower of cost or market. The cost of inventories is determined principally by the weighted-average cost method.

Property and Equipment – Property and equipment, including internal-use software, are recorded at cost, if purchased, or at fair value at the date of donation, if donated. Finance lease right-of-use assets included in property and equipment represent the right to use the underlying assets for the lease term and are recognized at the lease commencement date based on the present value of lease payments over the term of the lease.

Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using either the straight-line or an accelerated method and includes finance lease right-of-use asset amortization and internal-use software amortization. The useful lives of property and equipment range from 2 to 75 years, and finance lease agreements have initial terms typically ranging from 3 to 30 years. Interest costs incurred during the period of construction of capital assets are capitalized as a component of the cost of acquiring those assets.

Gifts of long-lived assets such as land, buildings, or equipment are reported as support without donor restrictions and are excluded from the excess of revenue over expenses, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions.

Right-of-Use Lease Assets and Lease Liabilities – The Corporation determines if an arrangement is a lease at inception of the contract. Right-of-use assets represent the right to use the underlying assets for the lease term and lease liabilities represent the obligation to make lease payments arising from the leases. Right-of-use assets and lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Corporation uses the implicit rate noted within the contract, when available. Otherwise, the Corporation uses its incremental borrowing rate estimated using recent secured debt issuances that correspond to various lease terms, information obtained from banking advisors, and the Corporation's secured debt fair value. The Corporation does not recognize leases, for operating or finance type, with an initial term of 12 months or less ("short-term leases") on the consolidated balance sheets, and the lease expense for these short-term leases is recognized on a straight-line basis over the lease term within occupancy expense in the consolidated statements of operations and changes in net assets. The Corporation's finance leases are primarily for real estate. Finance lease right-of-use assets are included in property and equipment, with the related liabilities included in current and long-term debt on the consolidated balance sheets.

Operating lease right-of-use assets and liabilities are recorded for leases that are not considered finance leases. The Corporation's operating leases are primarily for real estate, vehicles, and medical and office equipment. Real estate leases include outpatient, medical office, ground, and corporate administrative office space. The Corporation's real estate lease agreements typically have an initial term of 2 to 10 years. The Corporation's equipment lease agreements typically have an initial term of 2 to 5 years.

The real estate leases may include one or more options to renew, with renewals that can extend the lease term from 5 to 10 years. The exercise of lease renewal options is at the Corporation's sole discretion. For accounting purposes, options to extend or terminate the lease are included in the lease term when it is reasonably certain that the option will be exercised. Operating lease liabilities represent the obligation to make lease payments arising from the leases and are recognized at the lease commencement date based on the present value of lease payments over the lease term.

Certain of the Corporation's lease agreements for real estate include payments based on common area maintenance expenses and others include rental payments adjusted periodically for inflation. These variable lease payments are recognized in occupancy expense, net, but are not included in the right-of-use asset or liability balances when they can be separately identified in the contract. The Corporation's lease agreements do not contain any material residual value guarantees, restrictions, or covenants.

Goodwill – Goodwill represents the future economic benefits arising from assets acquired in a business combination that are not individually identified and separately recognized.

Asset Impairments –

Property, Equipment and Right-of-Use Lease Assets – The Corporation evaluates long-lived assets for possible impairment whenever events or changes in circumstances indicate that the carrying amount of the asset, or related group of assets, may not be recoverable from estimated future undiscounted cash flows. If the estimated future undiscounted cash flows are less than the carrying value of the assets, the impairment recognized is calculated as the carrying value of the long-lived assets in excess of the fair value of the assets. The fair value of the assets is estimated based on appraisals, established market values of comparable assets or internal estimates of future net cash flows expected to result from the use and ultimate disposition of the assets.

Goodwill – Goodwill is tested for impairment on an annual basis or when an event or change in circumstance indicates the value of a reporting unit may have changed. Testing is conducted at the reporting unit level. If the carrying amount of the reporting unit goodwill exceeds the implied fair value of that goodwill, an impairment loss is recognized in an amount equal to that excess. Estimates of fair value are based on appraisals, established market prices for comparable assets or internal estimates of future net cash flows.

Other Assets – Other assets include long-term notes receivable, reinsurance recovery receivables, definite- and indefinite-lived intangible assets other than goodwill, and prepaid retiree health costs. The net balances of definite-lived intangible assets include noncompete agreements, physician guarantees and other definite-lived intangible assets with finite lives amortized using the straight-line method over their estimated useful lives, which generally range from 2 to 12 years. Indefinite-lived intangible assets primarily include trade names, which are tested annually for impairment.

Short-Term Borrowings – Short-term borrowings include puttable variable-rate demand bonds supported by self-liquidity or liquidity facilities considered short-term in nature.

Other Long-Term Liabilities – Other long-term liabilities include deferred compensation, asset retirement obligations, interest rate swaps and deferred revenue from entrance fees. Deferred revenue from entrance fees are fees paid by residents of facilities for the elderly upon entering into continuing care contracts, which are amortized to income using the straight-line method over the estimated remaining life expectancy of the resident, net of the portion that is refundable to the resident.

Net Assets with Donor Restrictions – Net assets with donor restrictions are those whose use by the Corporation has been limited by donors to a specific time period or program. In addition, certain net assets have been restricted by donors to be maintained by the Corporation in perpetuity.

Net Patient Service Revenue – The Corporation reports patient service revenue at the amount that reflects the consideration it is expected to be entitled to in exchange for providing patient care. These amounts are due from patients, third-party payers (including commercial payers and government programs) and others and include variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, the Corporation bills patients and third-party payers several days after the services are performed or the patient is discharged from a facility.

The Corporation determines performance obligations based on the nature of the services provided. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected charges. The Corporation believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to patients in hospitals receiving inpatient acute care services, or receiving services in outpatient centers, or in their homes (home care).

The Corporation measures performance obligations from admission to the hospital, or the commencement of an outpatient service, to the point when it is no longer required to provide services to the patient, which is generally at the time of discharge or the completion of the outpatient services. Revenue for performance obligations satisfied at a point in time is generally recognized when goods are provided to our patients and customers in a retail setting (for example, pharmaceuticals and medical equipment) and the Corporation does not believe that it is required to provide additional goods and services related to that sale.

Because patient service performance obligations relate to contracts with a duration of less than one year, the Corporation has elected to apply the optional exemption provided in Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 606-10-50-14(a) and, therefore, the Corporation is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. The unsatisfied or partially unsatisfied performance obligations are primarily related to inpatient acute care services at the end of the reporting period. The performance obligations for these contracts are generally completed when the patients are discharged, which generally occurs within days or weeks from the end of the reporting period.

The Corporation has elected the practical expedient allowed under FASB ASC 606-10-32-18 and does not adjust the promised amount of consideration from patients and third-party payers for the effects of a significant financing component due to the Corporation’s expectation that the period between the time the service is provided to a patient and the time that the patient or a third-party payer pays for that service will be one year or less. However, the Corporation does, in certain instances, enter into payment agreements with patients that allow payments in excess of one year. For those cases, the financing component is not deemed to be significant to the contract.

The Corporation determines the transaction price based on standard charges for services provided, reduced by contractual adjustments provided to third-party payers, discounts provided to uninsured and underinsured patients in accordance with the Corporation’s policy, and implicit price concessions provided to uninsured patients, underinsured patients, and other payers. The Corporation determines its estimates of contractual adjustments and discounts based on contractual agreements, discount policies and historical experience. The estimate of implicit price concessions is based on historical collection experience with the various classes of patients using a portfolio approach as a practical expedient to account for patient contracts with similar characteristics, as collective groups rather than individually. The financial statement effect of using this practical expedient is not materially different from an individual contract approach.

Generally, patients who are covered by third-party payers are responsible for related deductibles and coinsurance, which vary in amount. The Corporation also provides services to uninsured and underinsured patients, and offers those uninsured and underinsured patients a discount, either by policy or law, from standard charges. The Corporation estimates the transaction price for patients with deductibles and coinsurance and for those who are uninsured and underinsured based on historical experience and current market conditions, using the portfolio approach. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions.

Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient service revenue in the period of the change. Subsequent changes that are determined to be the result of an adverse change in the payer's or patient's ability to pay are recorded as bad debt expense in other expenses in the statements of operations and changes in net assets. Agreements with third-party payers typically provide for payments at amounts less than established charges. A summary of the payment arrangements with major third-party payers is as follows:

Medicare (Parts A and B) – Acute inpatient and outpatient services rendered to Medicare program beneficiaries are paid primarily at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Certain items are reimbursed at a tentative rate with final settlement determined after submission of annual cost reports and audits thereof by the Medicare fiscal intermediaries.

Medicare Advantage (Part C) – Acute inpatient and outpatient services rendered to Medicare beneficiaries that chose an Advantage plan are paid primarily at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors.

Medicaid – Reimbursement for services rendered to Medicaid program beneficiaries includes prospectively determined rates per discharge, per diem payments, discounts from established charges, fee schedules and cost reimbursement methodologies with certain limitations. Cost reimbursable items are reimbursed at a tentative rate with final settlement determined after submission of annual cost reports and audits thereof by the Medicaid fiscal intermediaries.

Medicaid Health Maintenance Organization (“HMO”) – Reimbursement for services rendered to Medicaid program beneficiaries that chose an HMO program includes payments that are prospectively determined under rates per discharge, per diem payments, discounts from established charges, fee schedules and cost reimbursement methodologies with certain limitations.

Other – Reimbursement for services to certain patients is received from commercial insurance carriers, health maintenance organizations and preferred provider organizations. The basis for reimbursement includes prospectively determined rates per discharge, per diem payments and discounts from established charges.

Cost report settlements under these programs are subject to audit by Medicare and Medicaid auditors and administrative and judicial review, and it can take several years until final settlement of such matters is determined and completely resolved. Because the laws, regulations, instructions, and rule interpretations governing Medicare and Medicaid reimbursement are complex and change frequently, the estimates that have been recorded could change by material amounts.

Settlements with third-party payers for retroactive revenue adjustments due to audits, reviews or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payer, correspondence from the payer and historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations.

Financial Assistance – The Corporation provides services to all patients regardless of ability to pay. In accordance with the Corporation’s policy, a patient is classified as a financial assistance patient based on specific criteria, including income eligibility as established by the *Federal Poverty Guidelines*, as well as other financial resources and obligations.

Charges for services to patients who meet the Corporation’s guidelines for financial assistance are not reported as net patient service revenue in the accompanying consolidated financial statements. Therefore, the Corporation has determined it has provided implicit price concessions to uninsured and underinsured patients and patients with other uninsured balances (for example, copays and deductibles). The implicit price concessions included in estimating the transaction price represent the difference between amounts billed to patients and the amounts the Corporation expects to collect based on its collection history with those patients.

Self-Insured Employee Health Benefits – The Corporation administers self-insured employee health benefit plans for employees. The majority of the Corporation’s employees participate in the programs. The provisions of the plans permit employees and their dependents to elect to receive medical care at either the Corporation’s Health Ministries or other health care providers. Patient service revenue has been reduced by an allowance for self-insured employee health benefits, which represents revenue attributable to medical services provided by the Corporation to its employees and dependents in such years.

Premium and Capitation Revenue – The Corporation has certain Health Ministries that arrange for the delivery of health care services to enrollees through various contracts with providers and common provider entities. Enrollee contracts are negotiated on a yearly basis. Premiums are due monthly and are recognized as revenue during the period in which the Corporation is obligated to provide services to enrollees. Premiums received prior to the period of coverage are recorded as deferred revenue and included in accounts payable and accrued expenses in the consolidated balance sheets.

Certain of the Corporation’s Health Ministries have entered into capitation arrangements whereby they accept the risk for the provision of certain health care services to health plan members. Under these agreements, the Corporation’s Health Ministries are financially responsible for services provided to the health plan members by other institutional health care providers. Capitation revenue is recognized during the period for which the Health Ministry is obligated to provide services to health plan enrollees under capitation contracts. Capitation receivables are included in other receivables in the consolidated balance sheets.

Reserves for incurred but not reported claims have been established to cover the unpaid costs of health care services covered under the premium and capitation arrangements. The premium and capitation arrangement reserves are included in accounts payable and accrued expenses in the consolidated balance sheets. The liability is estimated based on actuarial studies, historical reporting, and payment trends. Subsequent actual claim experience will differ from the estimated liability due to variances in estimated and actual utilization of health care services, the amount of charges and other factors. As settlements are made and estimates are revised, the differences are reflected in current operations.

Other Revenue – Other revenue is recorded at amounts the Corporation expects to collect in exchange for providing goods or services not directly associated with patient care and recorded over the time in which obligations to provide goods or services are satisfied. Other revenue includes revenue from the following sources: grants, retail pharmacy, operating investment income, professional services, assisted and independent living, equity in earnings of unconsolidated affiliates if the unconsolidated affiliate is operational and projected to make routine and regular cash distributions, incentive revenue, and gainshare recognized under alternative payment models and ancillary services.

Grant Revenue – Where grants are determined to be contributions, unconditional grants are recognized as revenue when received. Conditional grants are recognized as revenue when the Corporation has complied with and substantially met the conditions associated with the grant. For grants that are not contributions, the Corporation recognizes revenue at the amount that reflects the consideration it is expected to be entitled to in exchange for providing services under the term of the grant agreement.

Income Taxes – The Corporation and substantially all of its subsidiaries have been recognized as tax-exempt pursuant to Section 501(a) of the Internal Revenue Code. The Corporation also has taxable subsidiaries, which are included in the consolidated financial statements. The Corporation includes penalties and interest, if any, with its provision for income taxes in other nonoperating items in the consolidated statements of operations and changes in net assets.

Excess of Revenue Over Expenses – The consolidated statements of operations and changes in net assets includes excess of revenue over expenses. Changes in net assets without donor restrictions, which are excluded from excess of revenue over expenses, consistent with industry practice, include the effective portion of the change in market value of derivatives that meet hedge accounting requirements, permanent transfers of assets to and from affiliates for other than goods and services, contributions of long-lived assets received or gifted (including assets acquired using contributions, which by donor restriction were to be used for the purposes of acquiring such assets), net change in retirement plan related items, discontinued operations and cumulative effects of changes in accounting principles.

Adopted Accounting Pronouncements –

In October 2021, the FASB issued Accounting Standards Update (“ASU”) No. 2021-08, “*Business Combinations (Topic 805) – Accounting for Contract Assets and Contract Liabilities from Contracts with Customers*”. This guidance was issued to address the inconsistency in accounting related to recognition of an acquired contract liability and the payment terms and their effect on subsequent revenue by the acquirer. The amendments in this update require that the acquirer recognize and measure contract assets and contract liabilities acquired in a business combination in accordance with FASB Topic 606, as if it had originated the contracts, generally consistent with how they were recognized and measured in the acquiree’s financial statements. This guidance was effective for the Corporation beginning July 1, 2024. The adoption of this guidance had no impact on the Corporation’s financial position, or results of operations as of and for the three months ended September 30, 2025. The Corporation will continue to apply this guidance in consideration of any future business combinations.

In July 2025, the FASB issued ASU No. 2025-05, “*Measurement of Credit Losses for Accounts Receivable and Contract Assets*” which amends FASB Topic 326. This guidance provides a practical expedient, and an accounting policy election related to the estimation of expected credited losses for current accounts receivable and current contract assets that arise from transactions accounted for under FASB Topic 606. This guidance is effective for the Corporation beginning July 1, 2026, with early adoption allowable. The Corporation early adopted, and this guidance had no impact on the Corporation’s financial position, or results of operations as of and for the three months ended September 30, 2025.

Forthcoming Accounting Pronouncements –

In September 2025, the FASB issued ASU No. 2025-06, “*Targeted Improvements to the Accounting for Internal-Use Software*” which amends certain aspects of the accounting for the disclosure of software costs under FASB Topic 350. This guidance was issued to modernize the guidance to reflect the software development approaches currently used. This guidance is effective for the Corporation beginning July 1, 2028 with early adoption permitted. The Corporation is still evaluating the impact this guidance will have on its consolidated financial statements and results of operations.

3. INVESTMENTS IN UNCONSOLIDATED AFFILIATES, BUSINESS ACQUISITIONS AND DIVESTITURES

Investments in Unconsolidated Affiliates – The Corporation and certain of its Health Ministries have investments in entities that are recorded under the cost and equity methods of accounting. The Corporation’s share of equity earnings or losses from entities accounted for under the equity method and the classification on the consolidated statements of operations and changes in net assets for the three months ended September 30 are as follows (in thousands):

	<u>2025</u>	<u>2024</u>
Other revenue	\$ 22,843	\$ 18,494
Nonoperating items	<u>(633)</u>	<u>21,891</u>
Total equity in earnings of unconsolidated affiliates	<u>\$ 22,210</u>	<u>\$ 40,385</u>

Emory Healthcare/St. Joseph’s Health System– The Corporation held a 49% interest in Emory Healthcare/St. Joseph’s Health System (“EH/SJHS”). EH/SJHS operates several organizations, including two acute care hospitals, St. Joseph’s Hospital of Atlanta, and John’s Creek Hospital. As of September 30, 2025 and June 30, 2025, the Corporation’s investment in EH/SJHS totaled \$0.

On March 12, 2025, Trinity Health signed a Membership Purchase Agreement effectively transferring its shares and terminating its 49% interest in EH/SJHS. Pursuant to the agreement, EH/SJHS transferred corporate assets in the amount of \$300 million, which included cash of \$150 million and a promissory note of \$150 million to be paid with interest on a quarterly basis for a period of two years from the effective date of the agreement. The first two scheduled payments on the promissory note of \$17.9 million and \$18.2 million were received on June 30, 2025 and September 30, 2025, respectively. As a result of the transfer, the Corporation recorded a reduction to investments in unconsolidated affiliates in the consolidated balance sheet and a \$20.6 million loss in non-operating items equity in earnings of unconsolidated affiliates and other loss, and a pension settlement loss of \$55.9 million in non-operating items other net periodic retirement costs in the consolidated statement of operations and changes in net assets as of June 30, 2025.

Divestiture:

MercyOne Siouxland Medical Center, Sioux City Iowa (“MercyOne Siouxland”) – On September 1, 2025, the Corporation, through its subsidiary Mercy Health Services – Iowa, Corp., sold certain assets related to the operations of MercyOne Siouxland Medical Center, including working capital and the assumption of certain liabilities, to UnityPoint Health System, and received cash of \$3.5 million. As a result of this transaction, a gain of \$2.0 million was recorded in the Corporation’s consolidated statements of operations and changes in net assets.

For the three months ended September 30, 2025 and 2024, the Corporation’s consolidated statements of operations and changes in net assets included operating revenue of \$40.2 million and \$50.1 million, respectively, and deficiency of revenue over expenses of \$7.7 million and \$13.8 million respectively, related to the operations of MercyOne Siouxland.

4. PROPERTY AND EQUIPMENT

A summary of property and equipment is as follows (in thousands):

	September 30, 2025	June 30, 2025
Land	\$ 450,346	\$ 450,723
Buildings and improvements	12,094,316	12,005,320
Equipment	7,772,138	7,712,761
Finance lease right-of-use assets	100,022	98,625
Total	20,416,822	20,267,429
Accumulated depreciation and amortization	(12,005,953)	(11,788,180)
Construction in progress	635,268	560,424
Property and equipment - net	<u>\$ 9,046,137</u>	<u>\$ 9,039,673</u>

In conjunction with the March 1, 2023 acquisition of Genesis Health System (“Genesis”), the Corporation and Mercy Health Network, d/b/a MercyOne, committed to allocate not less than \$450 million of capital to Genesis over seven years with the commitment period ending March 1, 2030. The capital commitment period may be extended up to 18 months under certain circumstances. The Corporation’s related capital spending for Genesis through September 30, 2025 is \$110.8 million.

5. LONG-TERM DEBT AND OTHER FINANCING ARRANGEMENTS

Obligated Group and Other Requirements – The Corporation has debt outstanding under a master trust indenture dated October 3, 2013, as amended and supplemented, the amended and restated master indenture (“ARMI”). The ARMI permits the Corporation to issue obligations to finance certain activities. Obligations issued under the ARMI are joint and several obligations of the obligated group established thereunder (the “Obligated Group,” which currently consists of the Corporation). Proceeds from tax-exempt bonds and refunding bonds are to be used to finance the construction, acquisition and equipping of capital improvements. Proceeds from taxable bonds are to be used to finance corporate purposes or advance refund tax-exempt bonds. Certain Health Ministries of the Corporation constitute designated affiliates and the Corporation covenants to cause each designated affiliate to pay, loan or otherwise transfer to the Obligated Group such amounts necessary to pay the amounts due on all obligations issued under the ARMI. The Obligated Group and the designated affiliates are referred to as the Trinity Health Credit Group.

Pursuant to the ARMI, the Obligated Group agent (which is the Corporation) has caused the designated affiliates representing, when combined with the Obligated Group members, at least 85% of the consolidated net revenues of the Trinity Health Credit Group to grant to the master trustee security interests in their pledged property which security interests secure all obligations issued under the ARMI. There are several conditions and covenants required by the ARMI with which the Corporation must comply, including covenants that require the Corporation to maintain a minimum historical debt-service coverage and limitations on liens or security interests in property, except for certain permitted encumbrances, affecting the property of the Corporation or any material designated affiliate (a designated affiliate whose total revenues for the most recent fiscal year exceed 5% of the combined total revenues of the Corporation for the most recent fiscal year). Long-term debt outstanding as of September 30, 2025 and June 30, 2025, which has not been secured under the ARMI is generally collateralized by certain property and equipment.

Commercial Paper – The Corporation’s commercial paper program is authorized for borrowings up to \$600 million. As of September 30, 2025, and June 30, 2025, the total amount of commercial paper outstanding was \$99.3 million. Proceeds from this program are to be used for general purposes of the Corporation. The notes are payable from the proceeds of subsequently issued notes and from other funds available to the Corporation, including funds derived from the liquidation of securities held by the Corporation in its investment portfolio.

Liquidity Facilities – On June 30, 2025, the Corporation renewed its revolving credit agreement (“RCAI”) and reduced it from \$600 million to \$400 million, by and among the Corporation and U.S. Bank National Association, which acts as an administrative agent for a group of lenders under RCAI. RCAI establishes a revolving credit facility for the Corporation, under which that group of lenders agree to lend to the Corporation amounts that may fluctuate from time to time. Amounts drawn under RCAI can only be used to support the Corporation’s obligation to pay the purchase price of bonds that are subject to tender and that have not been successfully remarketed, and the maturing principal of and interest on commercial paper notes. Of the \$400 million available balance, the first tranche of \$200 million expires on September 25, 2028 and the second tranche of \$200 million expires on September 25, 2029. As of September 30, 2025 and June 30, 2025, there were no amounts outstanding under RCAI.

On June 30, 2025, the Corporation renewed its three-year general-purpose credit facility (“RCAII”) and increased the amount from \$600 million to \$800 million, with a maturity date of September 25, 2028. The agreement is by and among the Corporation and U.S. Bank National Association, which acts as an administrative agent for a group of lenders under RCAII and establishes a revolving credit facility for the Corporation, under which that group of lenders agree to lend to the Corporation amounts that may fluctuate from time to time. Amounts drawn under RCAII can be used for general corporate purposes and working capital needs. As of September 30, 2025, and June 30, 2025, there were no amounts outstanding under RCAII.

Each financial institution providing liquidity support under RCAI and RCAII is secured by an obligation under the ARMI.

Standby Letters of Credit – The Corporation maintains an arrangement for multiple standby letters of credit with a financial institution with a capacity available of \$65.0 million as of September 30, 2025 and June 30, 2025. The arrangement supports multiple insurance, unemployment, and other risk liabilities that total \$50.3 million and \$50.5 million as of September 30, 2025 and June 30, 2025, respectively. As of September 30, 2025, and June 30, 2025, there were no draws on the letters of credit.

In addition, the Corporation maintains a two-year arrangement for standby letters of credit with an additional financial institution in the amount of \$50.0 million. The arrangement is for letters of credit that can relate to multiple insurance, unemployment, and other risk liabilities. There were no letters of credit issued under this arrangement as of September 30, 2025, and June 30, 2025. As of September 30, 2025 and June 30, 2025 there were no draws on the letters of credit.

The banks providing standby letters of credit are not secured by an obligation under the ARMI.

Transactions – In November 2024, the Corporation refinanced \$50.0 million of direct placement bonds that were scheduled for mandatory tender in November 2024, extending the mandatory tender to December 2029.

In December 2024, the Corporation refinanced \$75.0 million private placement bonds that were scheduled for mandatory tender in December 2024, extending the mandatory tender to December 2027.

In December 2024, the Corporation refinanced \$75.0 million direct placement bonds that were scheduled for mandatory tender in December 2024; the bonds were remarketed as a private placement, extending the mandatory tender to December 2029.

In February 2025, the Corporation refinanced \$100.0 million of publicly issued bonds that were scheduled for mandatory tender in February 2025; the bonds were remarketed as a private placement, extending the mandatory tender to February 2028.

Each series of the referenced bonds are secured by an obligation issued under the ARMI.

6. PROFESSIONAL AND GENERAL LIABILITY PROGRAMS

The Corporation operates a wholly owned insurance company, Trinity Assurance, Ltd. (“TAL”). TAL qualifies as a captive insurance company and provides certain insurance coverage to the Corporation’s Health Ministries under a centralized program. The Corporation is self-insured for certain levels of general and professional liability, workers’ compensation, and certain other claims. The Corporation has limited its liability by purchasing other coverages from unrelated third-party commercial insurers. TAL has also limited its liability through commercial reinsurance arrangements.

The Corporation’s current self-insurance program includes \$25 million per occurrence with an additional \$5 million (\$10 million aggregate) layer for the professional liability and \$15 million per occurrence for general liability as well as \$10 million per occurrence for hospital government liability, \$5 million per occurrence for miscellaneous errors and omissions liability, network security and privacy liability, and management liability (directors’ and officers’ and employment practices), and certain other coverages. In addition, through TAL and its various commercial reinsurers, the Corporation maintains integrated excess liability coverage with separate annual aggregate limits for professional/general liability and management liability. The Corporation self-insures \$750,000 per occurrence for workers’ compensation in most states, with commercial insurance providing coverage up to the statutory limits and self-insures up to \$500,000 per occurrence for first-party property damage with commercial insurance providing additional coverage. Privacy and network security coverage in excess of the self-insurance is also commercially insured.

TAL reinsures a portion of its risks in order to limit its exposure to losses. This reinsurance coverage is in excess of various attachment points. Reinsurance contracts do not relieve TAL from its obligations to policyholders. Failure of reinsurers to honor their obligations could result in losses to TAL. Consequently, TAL evaluates the financial condition of its reinsurers and monitors concentrations of credit risk arising from similar geographic regions, activities, or economic characteristics of the reinsurers to minimize exposure to significant losses from reinsurer insolvencies.

TAL’s reinsurance contracts are placed with 21 commercial third party reinsurers with A.M. Best ratings of A- or better. Credit risk is minimized by TAL by monitoring counterparty creditworthiness. TAL manages credit risk on the reinsurance recoverable by dealing only with reinsurers with good credit ratings.

The liability for self-insurance reserves represents estimates of the ultimate net cost of all losses and loss adjustment expenses, which are incurred but unpaid at the consolidated balance sheet date. The reserves are based on the loss and loss adjustment expense factors inherent in the Corporation’s premium structure. Independent consulting actuaries determined these factors from estimates of the Corporation’s expenses and available industry-wide data.

The Corporation discounts the reserves to their present value and used a discount rate of 3.0% as of both September 30, 2025 and June 30, 2025. The reserves include estimates of future trends in claim severity and frequency. Although considerable variability is inherent in such estimates, management believes that the liability for unpaid claims and related adjustment expenses is adequate based on the loss experience of the Corporation. The estimates are continually reviewed and adjusted as necessary. The changes to the estimated self-insurance reserves were determined based upon the annual independent actuarial analyses.

Claims in excess of certain insurance coverage and the recorded self-insurance liability have been asserted against the Corporation by various claimants. The claims are in various stages of processing, and some may ultimately be brought to trial. There are known incidents occurring through September 30, 2025, that may result in the assertion of additional claims and other claims may be asserted arising from services provided

in the past. While it is possible that settlement of asserted claims and claims which may be asserted in the future could result in liabilities in excess of amounts for which the Corporation has provided, management, based upon the advice of legal counsel, believes that the excess liability, if any, should not materially affect the consolidated financial statements of the Corporation.

7. PENSION AND OTHER BENEFIT PLANS

Deferred Compensation – The Corporation has nonqualified deferred compensation plans at certain Health Ministries that permit eligible employees to defer a portion of their compensation. The deferred amounts are distributable in cash after retirement or termination of employment. As of September 30, 2025, and June 30, 2025, the assets under these plans totaled \$574.9 million and \$539.6 million, respectively, and liabilities totaled \$587.0 million and \$547.5 million, respectively, which are included in self-insurance, benefit plans and other assets and other long-term liabilities in the consolidated balance sheets.

Defined Contribution Benefits – The Corporation sponsors defined contribution pension plans covering substantially all its employees. These programs are funded by employee voluntary contributions, subject to legal limitations. Employer contributions to the majority of these plans are a matching contribution that provides a 100% match on the first 3% of eligible compensation plus a 50% match on the next 7% of eligible compensation. The employees direct their voluntary contributions and employer contributions among a variety of investment options. Contribution expense under the plans totaled \$114.1 million and \$109.1 million for the three-month periods ended September 30, 2025 and 2024, respectively, which is included in employee benefits in the consolidated statements of operations and changes in net assets.

Noncontributory Defined Benefit Pension Plans (“Pension Plans”) – The Corporation maintains qualified Pension Plans that are closed to new participants, and under which benefit accruals are frozen. Certain nonqualified, supplemental plan arrangements also provide retirement benefits to specified groups of participants. One of the plans is subject to the provisions of ERISA. The remainder of the plans sponsored by the Corporation are intended to be “Church Plans,” as defined in the Code Section 414(e) and Section 3(33) of the ERISA, as amended, which have not made an election under Section 410(d) of the Code to be subject to ERISA. The Corporation’s adopted funding policy for its qualified church plans, which is reviewed annually, is to fund the current service cost based on the accumulated benefit obligations and amortization of any under or over funding.

Postretirement Health Care and Life Insurance Benefits (“Postretirement Plans”) – The Corporation sponsors both funded and unfunded contributory plans to provide health care benefits to certain of its retirees. All of the Postretirement Plans are closed to new participants. The Postretirement Plans cover certain hourly and salaried employees who retire from certain Health Ministries. Medical benefits for these retirees are subject to deductibles and cost sharing provisions. The funded plans provide benefits to certain retirees at fixed dollar amounts in health reimbursement account arrangements for Medicare eligible participants.

Components of net periodic benefit expense (income) for the three-month periods ended September 30 consisted of the following (in thousands):

	Pension Plans		Postretirement Plans	
	2025	2024	2025	2024
Interest cost	\$ 66,508	\$ 71,898	\$ 782	\$ 870
Expected return on assets	(67,259)	(72,223)	(3,328)	(3,023)
Amortization of prior service cost	(1,226)	(1,226)	(39)	(39)
Recognized net actuarial loss (gain)	17,179	17,879	(1,952)	(1,835)
Net periodic benefit expense (income)	<u>\$ 15,202</u>	<u>\$ 16,328</u>	<u>\$ (4,537)</u>	<u>\$ (4,027)</u>

8. COMMITMENTS AND CONTINGENCIES

Litigation and Settlements – The Corporation is, from time to time, involved in litigation and regulatory investigations that may result in litigation or settlement, arising in the ordinary course of doing business. After consultation with legal counsel, management believes that these matters will be resolved without material adverse effect on the Corporation’s future consolidated financial position or results of operations.

Health Care Regulatory Environment – The health care industry is subject to numerous and complex federal, state and local government laws and regulations. These laws and regulations include, but are not limited to, matters such as licensure, accreditation, data privacy and security, government health care program participation requirements, government reimbursement rules for patient services, government rules for receipt and use of federal funding programs, fraud and abuse prevention requirements, Executive Orders, and requirements for tax-exempt organizations. Laws and regulations concerning government programs, including Medicare, Medicaid, and Medicare Advantage, are subject to varying regulatory and judicial interpretation. Compliance with such laws and regulations is nuanced and can be subject to future government and judicial review and interpretation as well as significant regulatory enforcement actions, including fines, penalties, and potential exclusion from government health care programs such as Medicare and Medicaid.

The Corporation and its Health Ministries periodically receive requests for information and notices of investigations regarding potential noncompliance with those laws and regulations, billing, payment, or other reimbursement matters; or indicating the existence of whistleblower litigation which, in some instances, have resulted in the Corporation entering into significant settlement agreements. There can be no assurance that regulatory authorities will not challenge the Corporation’s compliance with these laws and regulations. In addition, the contracts the Corporation has with commercial payers also provide for retroactive audit and review of claims.

The health care industry in general is experiencing an increase in these activities as federal and state governments increase their enforcement activities and institute new programs and tools designed to identify potential fraud, waste and abuse, irregularities in reimbursement, or quality of patient care. Based on the information received to date, management does not believe the ultimate resolution of these matters will have a material adverse effect on the Corporation’s future consolidated financial position or results of operations. Trinity Health monitors its business activities for compliance with applicable laws and regulations and operates a values-based ethics and compliance program that is designed to meet or exceed applicable federal guidelines and industry standards.

9. SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 19, 2025, the date the quarterly report was issued. There were no subsequent events requiring adjustment to or disclosure in the consolidated financial statements.

Discussion and Analysis of Financial Condition and Results of Operations for Trinity Health

September 30, 2025



Introduction to Management's Discussion & Analysis

Trinity Health Corporation, an Indiana nonprofit corporation headquartered in Livonia, Michigan, and its subsidiaries ("Trinity Health" or the "Corporation"), controls one of the largest health care systems in the United States.

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management of the Corporation to make assumptions, estimates and judgments that affect the amounts reported in the financial statements, including the notes thereto, and related disclosures of commitments and contingencies, if any. The Corporation considers critical accounting policies to be those that require more significant judgments and estimates in the preparation of its financial statements, including the following: recognition of net patient service revenue, which includes explicit and implicit price concessions; recorded values of investments and derivatives; evaluation of long-lived assets and goodwill for impairment; reserves for losses and expenses related to health care professional, general, and health plan liabilities; and risks and assumptions for measurement of pension and retiree health prepaid assets and liabilities. Management relies on historical experience and other assumptions, believed to be reasonable under the circumstances, in making its judgments and estimates. Actual results could differ materially from those estimates.

The Corporation uses operating cash flow as a measure of performance. The Corporation believes aggregate operating cash flow is important because it provides additional information about the Corporation's ability to incur and service debt and make capital contributions. Operating cash flow consists of operating income before depreciation and amortization, and interest expense. Operating cash flow is not a measurement of financial performance or liquidity under generally accepted accounting principles. It should not be considered in isolation or as a substitute for revenue over expenses, operating income, cash flows from operating activities or financing activities, or any other measure calculated in accordance with generally accepted accounting principles.

The items excluded from operating cash flow are significant components in understanding and evaluating financial performance.

Certain statements constitute "forward-looking statements." Such statements generally are identifiable by the terminology used such as "plan," "expect," "predict," "estimate," "anticipate," "forecast" or similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties, and other factors, many of which the Corporation is unable to predict or control, that may cause actual results, performance, or achievements to be materially different from those expressed or implied by forward-looking statements.

Economic Impacts and Industry Trends

Patient Behavioral Trends – The Corporation is experiencing the following trends seen in the U.S. Health Care industry that continue to challenge and shape its health care services including: a sustained shift from acute inpatient care to ambulatory, home health, PACE, urgent care, specialty pharmacy and digital telehealth services; Rising consumerism and demand for personalized, outcome-driven care are accelerating the transition to value-based models; Additionally, increased use of digital tools, AI and access to care are influencing service utilization and care coordination.

Labor and Inflationary Trends – The Corporation's operating results show improvement over the prior year. However, the Corporation continues to endure negative impacts from changes in service and payer mix, evolving patient behaviors, and broad economic factors. Elevated labor and supply costs, driven by staffing shortages and inflation, continue to impact operations. Increased reliance on contract labor and locum tenens staff and higher costs for medical supplies and pharmaceuticals remain key disruptors.

Economic Policy – In July 2025, the One Big Beautiful Bill Act ("OBBBA"), was enacted into law, introducing sweeping reforms to the U.S. healthcare policy. Although the most significant healthcare provisions are scheduled to take effect beginning after December 31, 2026, the legislation includes new eligibility criteria and administrative requirements for Medicaid and the

Affordable Care Act (“ACA”), as well as substantial changes to Medicaid financing mechanisms. Certain key provisions of the OBBBA include implementation of work requirements for certain Medicaid recipients; enhanced income verification procedures for ACA subsidies; reductions in federal support for state Medicaid programs; and restrictions on provider tax arrangements, including a prohibition on new provider taxes and limitations on existing tax structures. These changes are expected to significantly affect Medicaid enrollment and funding, potentially increasing the number of uninsured and self-pay patients. The Corporation anticipates that these developments will adversely impact revenue and financial results, particularly in markets with high Medicaid utilization.

In addition, certain provisions that expanded ACA coverage, such as extended enrollment periods, broader income eligibility, and reduced premium caps for subsidies, are scheduled to expire at the end of 2025. The potential lapse of enhanced subsidies introduces uncertainty around coverage levels and reimbursement. The Corporation is actively monitoring these developments and preparing for potential impacts on patient volumes and financial performance.

At this time, the impact of recent legislative policy remains uncertain. The Corporation is actively working to identify repositioning actions designed to build resiliency, enhance operational efficiency, manage cost structures, and maintain access to care for vulnerable populations.

Strategies and Response – The Corporation continues to utilize the execution framework “Run, Evolve and Transform” to identify repositioning actions in fiscal year 2026, to mitigate the impact on operations from negative ongoing industry trends and evolving legislative pressure, and focus on the critical priorities that sustain the Mission and serve communities best across the System including the following:

- Redesign and reposition clinical service lines, ministry portfolios and administrative services using a zero-based methodology;
- Optimize existing service lines and invest in prioritized clinical programs and services such as ambulatory surgery centers, imaging, robotics, and the non-acute community division, with an emphasis on primary care, to elevate member/patient experience and outcomes;

- Create exceptional member/patient experience by improving access to care and care coordination;
- Advance strategic priorities and care delivery models by leveraging innovative technologies, including AI and data-driven solutions, and optimize the current TogetherCare platform to streamline workflows and enhance operational efficiency;
- Identify and target high value opportunities through strategic capital investments and growth initiatives informed by data analytics to pursue service lines and markets that align with evolving demand and long-term value creation;
- Improve supply chain efficiency and workforce productivity by leveraging technology to mitigate against the rising cost of inflation and supply chain volatility;
- Prioritize physician recruitment and strengthen relationships with existing clinicians to reduce reliance on temporary providers and minimize locum subsidies;
- Improve commercial payer mix by prioritizing medical group access and growing outpatient services and elective surgical care;

Recent Developments

The Corporation continually evaluates potential opportunities for strategic growth as part of the overall strategic plan. In addition to pursuing growth through strategic capital investment and organically, at our ministries, the Corporation’s approach to strategic growth includes pursuing prudent mergers, acquisitions, joint ventures, and portfolio management transactions. As further described in Note 3 of the September 30, 2025 unaudited financial statements, the following material transactions were undertaken.

Emory Healthcare/St. Joseph’s Health System – The Corporation held a 49% interest in Emory Healthcare/St. Joseph’s Health System (“EH/SJHS”). EH/SJHS operates several organizations, including two acute care hospitals, St. Joseph’s Hospital of Atlanta, and John’s Creek Hospital.

On March 12, 2025, the Corporation and its affiliates signed a Membership Purchase Agreement effectively transferring its shares and terminating its 49% membership interest in EH/SJHS. As of September 30, 2025, and June 30, 2025 the Corporation’s investment in EH/SJHS totaled \$0.

As part of the Agreement, the Corporation received cash in the amount of \$150 million and a promissory note of \$150 million to be paid with interest on a quarterly basis for a period of two years from the effective date of the Agreement. The first two scheduled payments on the promissory note of \$17.9 million and \$18.2 million were received on June 30, 2025 and September 30, 2025. As a result of the transfer, the Corporation recorded a reduction to investments in unconsolidated affiliates in the consolidated balance sheet and a \$20.6 million loss in non-operating items equity in earnings of unconsolidated affiliates and other loss, and a pension settlement loss of \$55.9 million in non-operating items other net periodic retirement costs in the consolidated statement of operations and changes in net assets at June 30, 2025.

MercyOne Siouxland Medical Center, Sioux City Iowa (“MercyOne Siouxland”) – On September 1, 2025, the Corporation, through its subsidiary Mercy Health Services – Iowa, Corp., sold certain assets related to the operations of MercyOne Siouxland Medical Center, including working capital and the assumption of certain liabilities, to UnityPoint Health System (“UnityPoint”), and received cash of \$3.5 million. As a result of this transaction, a gain of \$2.0 million was recorded in the Corporation’s consolidated statements of operations and changes in net assets.

For the three months ended September 30, 2025 and 2024, the Corporation’s consolidated statements of operations and changes in net assets included operating revenue of \$40.2 million and \$50.1 million, respectively, and deficiency of revenue over expenses of \$7.7 million and \$13.8 million respectively, related to the operations of MercyOne Siouxland.

Results from Operations

For the three months ended September 30,		
(dollars in millions)	FY25	FY26
Operating Income	\$36.7	\$77.4
Operating Revenue	\$6,200	\$6,572
Operating Margin	0.6%	1.2%
Operating Cash Flow Margin	5.2%	5.7%

Operating Income

Trinity Health reported improvements in operating performance with operating income of \$77.4 million (operating margin of 1.2 percent) for the three months ended September 30, 2025. Operating income grew \$40.7 million from operating income of \$36.7 million (operating

margin of 0.6 percent) for the three months ended September 30, 2024. During the three months ended September 30, 2025, operating cash flow of \$372.8 million (operating cash flow margin of 5.7 percent) grew \$48.5 million, or 14.9 percent compared to \$324.3 million (operating cash flow margin of 5.2 percent) for the same period of the prior fiscal year. Improvements were achieved in payment rates, patient care volumes, payer mix and other revenue. These improvements were offset by unfavorable service mix driven by lower surgical volume. In addition, there were several revenue and cost management initiatives that improved operations as described above in “*Economic Impacts and Industry Trends – Strategies and Response*” and subsequently in “*Revenue.*” Expense growth was contained through a focused effort to manage operating costs while strategically addressing industry-wide staffing shortages and continued inflation in wages, supplies and purchased services.

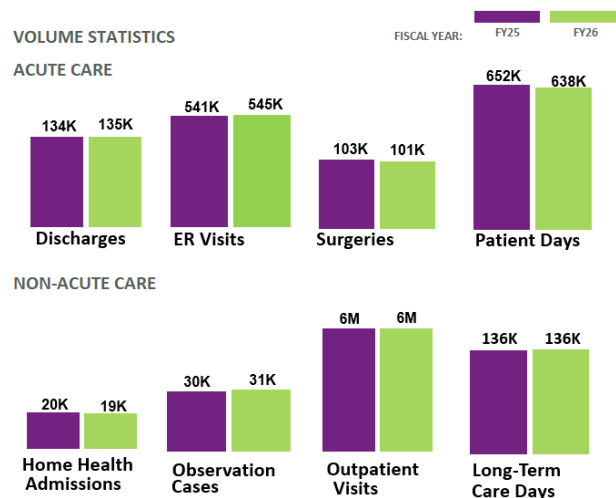
Volumes as measured by case mix adjusted equivalent discharges (“CMAEDs”), increased 3.2 percent, during the three months ended September 30, 2025, compared to the same period in the prior fiscal year.

Revenue

Total operating revenue of \$6.6 billion increased \$371.6 million, or 6.0 percent, for the three months ended September 30, 2025 compared to the same period in the prior fiscal year. Net patient service revenue grew \$196.5 million, or 3.7 percent primarily due to improvements in payment rates and patient care volumes. Net patient service revenue per case, as measured by CMAEDs increased 0.9 percent as compared to the prior fiscal year.

Other revenue in fiscal year 2026 increased \$114.4 million, or 23.1 percent, compared to the same period of the prior fiscal year, primarily driven by \$63.0 million of pharmacy revenue, \$19.1M receipt of FEMA funds, \$18.9M indemnity settlement at MercyOne (offsetting expense of \$5.6M recorded in other expenses), \$17.0 million Change Healthcare cyber settlement and \$9.6M revenue received for MercyOne Siouxland colleagues leased to UnityPoint. Premium and capitation revenue increased \$57.9 million or 19.5 percent, primarily within the Corporation’s health plans and PACE programs. The majority of the Corporation’s revenue is comprised of outpatient and other non-patient revenue, and the Corporation continues to diversify its business segments

to gain better position for balanced performance when individual segments are challenged.



Expenses

Total operating expenses of \$6.5 billion increased by \$330.9 million, or 5.4 percent, for the three months ended September 30, 2025, compared to the same period in the prior fiscal year. Adjusted operating costs per case, as measured by CMAEDs, increased 1.6 percent compared to the same period in the prior fiscal year, significantly below the medical rate of inflation, as the Corporation continues to tightly manage operating costs. Salaries, wages and employee benefits rose \$105.4 million, or 3.2 percent, with a 0.5 percent increase in FTEs and a 3.5 percent increase in salary rates. In addition, contract labor rose \$9.0M or 14.3%, with contract labor FTEs increasing 3.7%, as the Corporation continues to implement repositioning actions to address industry wide staffing shortages and wage inflation.

Supply costs increased \$97.1 million, or 8.6 percent, driven by rate increases, primarily related to retail pharmacy, drugs, implants, surgical supplies, and increased volumes. Supplies as a percent of net patient service revenue, increased 1.6% compared to same period of the prior fiscal year. Purchased services and medical claims increased \$73.5 million largely attributed to higher physician subsidies and locum utilization and higher health plan claims due to increased membership. Increases were also reported in other expenses and occupancy driven by higher repairs and maintenance and utilities, and increased provider tax expenses (partially offset by increased provider tax revenue.)

Nonoperating Items

The Corporation reported non-operating income of \$645.1 million for the three months ended September 30, 2025 compared to non-operating income of \$572.6 million for the three months ended September 30, 2024. The increase is primarily driven by investment earnings of \$657.5 billion, or 4.8 percent for the three months ended September 30 30, 2025, compared to earnings of \$580.8 million or 4.6 percent for the same period in the previous fiscal year. In addition, The Corporation also saw an increase in non-operating derivatives of \$14.9M compared to the same period in the prior fiscal year. These increases were partially offset by equity in earnings of unconsolidated affiliates, which decreased \$22.5 million, or 102.9 percent in fiscal year 2026, largely due to the sale of interest in EH/SJHS in FY25.

Excess of Revenue over Expenses

Excess of revenue over expenses of \$697.1 million (net margin of 9.6 percent) for the three months ended September 30, 2025, compared to excess of revenue over expenses of \$586.9 million, (net margin of 8.7 percent) for the same period in the prior fiscal year. The significant year-over-year growth was driven by a \$76.7 million increase in investment earnings as well as \$14.9M increase in non-operating derivatives, compared to the same period in the prior fiscal year.

Operating income also improved \$40.7 million over the same period in the prior fiscal year, reflecting continued progress in core business operations. These increases were partially offset by equity in earnings of unconsolidated affiliates, which decreased \$22.5 million, or 102.9 percent in fiscal year 2026, largely due to the sale of interest in EH/SJHS in FY25.

Balance Sheet

The Corporation's balance sheet remains strong with stable cash and investment balances and continued capacity for accretive investments. The Corporation reported total assets of \$35.8 billion as of September 30, 2025, an increase of \$1.1 billion, or 3.0 percent compared to June 30, 2025. This growth includes a \$197.2 million increase in security lending collateral, \$142.7 million increase in receivables from third party payors mainly due to provider tax revenue, \$137.9 million increase in prepaid expense and other assets for prepaid software maintenance costs, and \$76.6 million increase in net patient accounts receivable mainly due to rate increases

and higher volumes. The increases were partially offset by a reduction in other long-term assets of \$20.6 million due to a \$18.2 million payment received from Emory related to the sale of EH/SJHS.

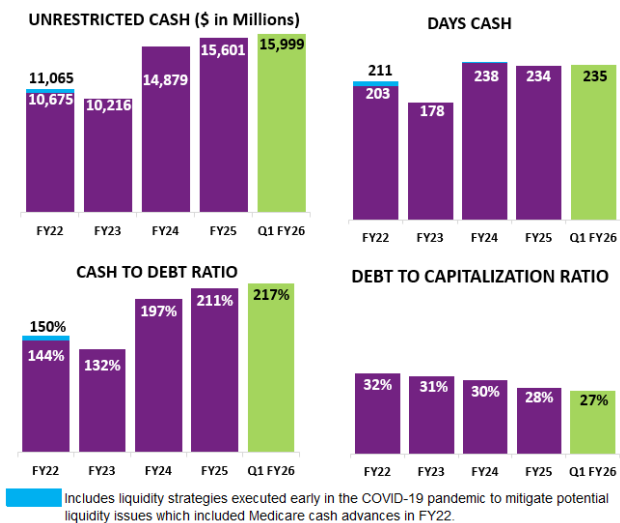
Unrestricted cash and investments totaled \$16.0 billion, or 235 days cash on hand, as of September 30, 2025, compared to \$15.6 billion, or 234 days, as of June 30, 2025. The increase in days cash was driven by investment earnings of \$0.7 billion; partially offset by capital expenditures of \$0.2 billion. Net days in accounts receivable increased by 0.5 days to 46.2 days from June 30, 2025 to September 30, 2025.

Total liabilities of \$14.7 billion increased \$314.0 million or 2.2 percent compared to June 30, 2025. The payable under security lending agreements increased \$197.2 million, and accounts payable and accrued expenses increased \$126.0 million. This increase was partially offset by a \$23.9 million decrease in total debt mainly due to principal payments. Debt to capitalization was 27.1 percent as of September 30, 2025, compared to 27.9 percent as of June 30, 2025. Cash to debt increased from 211 percent as of June 30, 2025 to 217.1 percent as of September 30, 2025.

Statement of Cash Flows

Cash, cash equivalents and restricted cash decreased \$52.5 million during the three months ended September 30, 2025. Operating activities provided \$145.3 million of cash, while investing activities used \$160.8 million of cash, including \$277.3 million for purchases of property and equipment offset by \$89.1 million net sales of investments. Financing activities used \$37.0 million of cash, driven by \$26.9M in dividends paid and \$17.6 million in debt repayments, net of debt issued.

Balance Sheet Metrics



TRINITY HEALTH
Liquidity Reporting
September 30, 2025

(\$ in millions)
(unaudited)

ASSETS

Daily Liquidity

Money Market Funds (Moody's rated Aaa)	\$	506
Checking and Deposit Accounts (at P-1 rated bank)		248
Repurchase Agreements		-
U.S. Treasuries & Aaa-rated Agencies		-
Dedicated Bank Lines		400
Subtotal Daily Liquidity (Cash & Securities)	\$	1,154

Undrawn Portion of \$600 Million Taxable Commercial Paper Program		500
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Subtotal Daily Liquidity Including Taxable Commercial Paper Program \$ 1,654

Weekly Liquidity

Exchange Traded Equity	\$	5,195
Publicly Traded Fixed Income Securities Rated at least Aa3 and Bond Funds		4,878
Equity Funds		969
Other		242
Subtotal Weekly Liquidity		11,284

TOTAL DAILY AND WEEKLY LIQUIDITY \$ 12,938

Longer-Term Liquidity

Funds, vehicles, investments that allow withdrawals with less than one-month notice		-
Funds, vehicles, investments that allow withdrawals with one-month notice or longer		3,960
Total Longer-Term Liquidity		\$ 3,960

LIABILITIES (Self-liquidity Variable Rate Demand Bonds & Commercial Paper)

Weekly Put Bonds

VRDO Bonds (7-day)	\$	150
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Long-Mode Put Bonds

VRDO Bonds (Commercial Paper Mode)		125
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<u>Taxable Commercial Paper Outstanding</u>		100
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TOTAL SELF-LIQUIDITY DEBT AND COMMERCIAL PAPER \$ 375

Ratio of Daily and Weekly Liquidity to Self-Liquidity Debt and Commercial Paper 34.50

Trinity Health
Financial Ratios and Statistics (Unaudited)

	September 30, 2025	September 30, 2024
<u>Financial Indicators</u>		
Liquidity Ratios (as of September 30)		
Days Cash on Hand	235	234
Days in Accounts Receivable, Net	46.2	47.1
Leverage Ratios (as of September 30)		
Debt to Capitalization	27.1%	29%
Cash to Debt	217.1%	200%
Profitability Ratios (For the three months ended September 30)		
Operating Margin	1.2%	0.6%
Operating Cash Flow Margin	5.7%	5.2%
<u>Statistical Indicators (For the three months ended September 30)</u>		
(Rounded to nearest thousand)		
Discharges	135,000	134,000
Patient Days	638,000	652,000
Outpatient Visits	5,606,000	5,631,000
Emergency Room Visits	545,000	541,000
Observation Cases	31,000	30,000
<u>Continuing Care</u>		
Home Health Admissions	19,000	20,000
Long-term Care Patient Days	136,000	136,000