

AHS Hospital Corp.

**Consolidated Financial Statements
As of and for the six months ended
June 30, 2026 and 2025**

AHS Hospital Corp.

Consolidated Balance Sheets

As of June 30, 2026 and December 31, 2025

(in thousands)

	Unaudited June 30, 2026	Audited December 31, 2025
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 365,471	\$ 394,370
Assets limited as to use	61,092	61,443
Patient accounts receivable, net	516,544	469,763
Other current assets	276,149	286,746
Total current assets	1,219,256	1,212,322
Assets limited as to use, net of current portion	3,451,132	3,079,525
Long-term investments and other assets	666,278	650,356
Property, plant and equipment, net	1,505,537	1,552,311
Right of use assets, net	302,667	327,586
Total assets	\$ 7,144,870	\$ 6,822,100
LIABILITIES AND NET ASSETS		
Current liabilities:		
Current portion of long-term debt	\$ 13,485	\$ 13,485
Current portion of lease liability	50,122	51,294
Accounts payable and accrued expenses	594,019	601,300
Estimated amounts due to third party payers	60,233	63,020
Total current liabilities	717,859	729,099
Accrued employee benefits and other, net of current portion	281,769	278,149
Long-term debt, net of unamortized bond premium, debt issuance costs, and current portion	1,350,569	1,353,412
Long-term lease liability, net of current portion	264,062	287,461
Total liabilities	2,614,259	2,648,121
Net assets:		
Without donor restrictions controlled by the Hospital	4,289,858	3,939,389
Without donor restrictions attributable to noncontrolling interest	3,753	4,061
Without donor restrictions	4,293,611	3,943,450
With donor restrictions	237,000	230,529
Total net assets	4,530,611	4,173,979
Total liabilities and net assets	\$ 7,144,870	\$ 6,822,100

AHS Hospital Corp.

Consolidated Statements of Operations
For the six months ended June 30, 2026 and 2025
(in thousands)

	Unaudited June 30, 2026	Unaudited June 30, 2025
Revenues, gains and other support		
Net patient service revenue	\$ 2,506,530	\$ 2,325,156
Other revenue	27,506	25,406
Net assets released from restrictions	7,300	8,043
Total revenues, gains and other support	<u>2,541,336</u>	<u>2,358,605</u>
Expenses		
Salaries	1,116,915	1,057,898
Supplies and other expenses	942,386	892,223
Employee benefits	229,343	216,293
Depreciation	105,360	100,194
Interest	24,456	25,289
Total operating expenses	<u>2,418,460</u>	<u>2,291,897</u>
Operating income	<u>122,876</u>	<u>66,708</u>
Change in net unrealized loss	165,647	130,521
Investment income, net	54,637	47,555
Nonoperating (loss) gain, net	<u>(1,701)</u>	<u>(837)</u>
Excess of revenues over expenses	<u>341,459</u>	<u>243,947</u>
Other changes in net assets without donor restrictions		
Noncontrolling interest	(308)	(151)
Equity transfers to related parties	-	(5,159)
Net assets released from restrictions for capital purposes	9,010	7,971
Government grants used for capital purchases	<u>-</u>	<u>3,788</u>
Increase in net assets without donor restrictions	<u>\$ 350,161</u>	<u>\$ 250,396</u>

AHS Hospital Corp.

Consolidated Statements of Changes in Net Assets
For the six months ended June 30, 2026 and 2025
(in thousands)

	Unaudited June 30, 2026	Unaudited June 30, 2025
Net assets without donor restrictions		
Excess of revenues over expenses	\$ 341,459	\$ 243,947
Equity transfers to related parties	-	(5,159)
Noncontrolling interest	(308)	(151)
Net assets released from restrictions for capital purposes	9,010	7,971
Government grants used for capital purchases	-	3,788
Increase in net assets without donor restrictions	<u>350,161</u>	<u>250,396</u>
Net asset with donor restrictions		
Contributions	17,852	15,297
Investment income	749	2,928
Change in net unrealized loss	4,180	814
Net assets released from restrictions for operations	(7,300)	(8,043)
Net assets released from restrictions for capital purposes	(9,010)	(7,971)
Increase in net assets with donor restrictions	<u>6,471</u>	<u>3,025</u>
Increase in net assets	356,632	253,421
Net assets		
Beginning of year	<u>4,173,979</u>	<u>3,688,402</u>
End of period	<u>\$ 4,530,611</u>	<u>\$ 3,941,823</u>

AHS Hospital Corp.

Consolidated Statements of Cash Flows
For the six months ended June 30, 2026 and 2025

(in thousands)

	Unaudited June 30, 2026	Unaudited June 30, 2025
Cash flows from operating activities		
Change in net assets	\$ 356,632	\$ 253,421
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Equity transfers to related parties	-	5,159
Depreciation	105,360	100,194
Loss on disposal of property, plant & equipment	2,829	-
Noncontrolling interest	(308)	(151)
Net realized and unrealized loss on investments	(183,394)	(147,217)
Gain in value of swap agreements	(84)	(410)
Amortization of deferred financing costs and bond premium/discounts	(1,176)	(1,176)
Amortization of right of use assets	29,530	26,005
Contributions restricted for capital and permanent investments	(9,659)	(11,166)
Changes in assets and liabilities		
Increase in net patient accounts receivable	(46,781)	(1,158)
Decrease in other assets	5,753	49,575
Decrease in accounts payable, accrued expenses, est. amounts due from third party payers, lease liability, and other liabilities	(33,258)	(113,466)
Net cash provided by operating activities	<u>225,444</u>	<u>159,610</u>
Cash flows from investing activities		
Purchases of investments	(1,191,782)	(675,723)
Proceeds from sales of investments	931,457	682,681
Repayment of loans to AHSIC	2,375	3,368
Contributions to venture capital private equity funds	(11,331)	(8,868)
Acquisition of Advanced Care Oncology and Hematology Associates, net of cash acquired	(1,463)	(2,195)
Additions to property, plant and equipment	(62,239)	(137,749)
Net cash used in investing activities	<u>(332,983)</u>	<u>(138,486)</u>
Cash flows from financing activities		
Principal payments on long-term debt	(1,667)	(1,667)
Equity transfers to related parties	-	(5,159)
Contributions restricted for capital purposes and permanent investments	5,307	11,628
Net cash provided by financing activities	<u>3,640</u>	<u>4,802</u>
Decrease in cash and cash equivalents	(103,899)	25,926
Cash and cash equivalents, beginning of year	469,370	244,580
Cash and cash equivalents, end of the period	<u>\$ 365,471</u>	<u>\$ 270,506</u>

AHS Hospital Corp.
For the six months ended June 30, 2026 and 2025

		Period Ended June 30,	
		2026	2025
Licensed Beds (1)			
MMC		759	759
OMC		513	513
NMC		148	148
CMC		260	260
HMC		111	111
Total Acute Care		1,791	1,791
Admissions			
MMC		24,345	23,329
OMC		11,902	11,138
NMC		4,201	4,047
CMC		5,263	4,970
HMC		1,993	2,068
Total Acute Care		47,704	45,552
Observations			
MMC		6,700	5,115
OMC		3,428	3,292
NMC		1,202	992
CMC		2,148	1,830
HMC		607	559
		14,085	11,788
Admissions + Observations			
MMC		31,045	28,444
OMC		15,330	14,430
NMC		5,403	5,039
CMC		7,411	6,800
HMC		2,600	2,627
		61,789	57,340

AHS Hospital Corp.
For the six months ended June 30, 2026 and 2025

		Period Ended June 30,	
		2026	2025
Patient Days			
MMC		126,546	128,497
OMC		55,641	54,315
NMC		22,259	23,206
CMC		25,314	24,439
HMC		10,094	11,448
Total Acute Care		239,854	241,905
Average Length of Stay			
Acute Avg LOS		5.0	5.3
Inpatient Surgeries			
MMC		6,349	6,511
OMC		1,946	2,011
NMC		282	308
CMC		730	691
HMC		209	278
		9,516	9,799
Outpatient Surgeries			
MMC (2)		13,121	12,951
OMC		7,256	6,980
NMC		963	1,091
CMC		2,284	2,295
HMC		652	692
		24,276	24,009
Total Surgeries			
MMC		19,470	19,462
OMC		9,202	8,991
NMC		1,245	1,399
CMC		3,014	2,986
HMC		861	970
		33,792	33,808

AHS Hospital Corp.
For the six months ended June 30, 2026 and 2025

		Period Ended June 30,	
		2026	2025
Outpatient Visits			
MMC		452,836	431,448
OMC		173,286	170,703
NMC		56,364	53,948
CMC		74,033	69,248
HMC		38,848	38,797
		795,367	764,144
Emergency Room Visits (3)			
MMC		55,142	54,048
OMC (4)		53,181	54,654
NMC		19,242	19,637
CMC		23,595	23,691
HMC		11,748	11,848
		162,908	163,878
Deliveries (5)			
MMC		2,760	2,860
OMC		1,198	1,002
NMC		233	217
CMC		349	348
		4,540	4,427
HomeCare Visits		119,925	122,040
Full time equivalents (6) Hospital divisions, AVN, and AMG		19,034	18,529

Notes:

- (1) Excludes newborn bassinets.
- (2) Includes outpatient surgeries from 111 Madison Ave and Rockaway.
- (3) Includes visits resulting in admission.
- (4) Includes ER Visits from Union.
- (5) Includes multiple births.
- (6) Calculation of FTE is as of period end and assumes 37.5-hour work week.

AHS Hospital Corp.

Notes to Consolidated Financial Statements (Dollar amounts in thousands)

(Unaudited)

1. Organization

AHS Hospital Corp. and subsidiaries (the “Hospital”) is a New Jersey not-for-profit entity comprised of five hospital facilities, the Atlantic Health Morristown Medical Center (“AHMMC”), the Atlantic Health Overlook Medical Center (“AHOMC”), the Atlantic Health Newton Medical Center (“AHNMC”), the Atlantic Health Chilton Medical Center (“AHCMC”), and the Atlantic Health Hackettstown Medical Center (“AHHMC”). Atlantic Visiting Nurse (“AVN”), which provides comprehensive home health and hospice and palliative care services as well as adult day care services and various community health services, is also included within the Hospital. Each of the above operate as divisions within AHS Hospital Corp. and not as separate corporations. Also, included in the Hospital is the Foundation for the Morristown Medical Center (“MMCF”), a wholly owned subsidiary and not-for-profit fundraising organization. The Hospital is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

The Hospital provides regional health care services including a broad range of adult, pediatric, obstetrical/gynecological, psychiatric, oncology, intensive care, cardiac care and newborn acute care services to patients from the counties of Morris, Essex, Passaic, Sussex, Bergen, Hunterdon, Union, Warren and Somerset in New Jersey, Pike County in Pennsylvania and southern Orange County in New York. The Hospital is also a regional health trauma center that provides tri-state coverage and provides numerous outpatient ambulatory services, rehabilitation and skilled care and emergency care.

Also included in the Hospital is Practice Associates Medical Group doing business as Atlantic Medical Group, P.A. (“AMG”), the captive physician practice serving all of the Hospital divisions. It is a nonprofit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code. Originally formed to provide billing and collection services for fees generated by physicians employed by the hospital divisions, AMG now serves as a physician-governed group practice entity with over 1,700 providers. AMG supports the Hospital by improving consistency, enhancing collaboration among those delivering care and optimizing care system operations.

MMCF solicits funds in its general appeal to primarily support the AHMMC and the community as MMCF’s Board may deem appropriate. The by-laws of MMCF were amended on November 19, 2015, to provide that funds received by MMCF after the date of the amendment may be used for the benefit of Atlantic Health System, Inc. (“Atlantic Health”) and the Hospital, including all subsidiaries, upon approval of the Executive Committee of the Board of MMCF.

In June 2019, Atlantic Rehabilitation Institute (“ARI”) began operations under a joint venture between the Hospital and Lifepoint Health (“Lifepoint”) (formerly Kindred Healthcare). ARI is a two-story, 38-bed rehabilitation facility, located in Madison, NJ and provides patient-focused rehabilitation dedicated to the treatment and recovery of individuals through intensive specialized rehabilitation services for patients who have experienced a loss of function from an injury or illness. The Hospital contributed the existing rehabilitation business for a 55% ownership investment. The Hospital consolidates the joint venture’s operations and records an adjustment for the noncontrolling interest within other changes in net assets without donor restrictions on the consolidated statements of operations and separates Kindred’s equity as noncontrolling interest within net assets without donor restrictions on the consolidated balance sheets.

The Hospital is a wholly controlled subsidiary of Atlantic Health, a not-for-profit organization.

AHS Hospital Corp.

Notes to Consolidated Financial Statements (Dollar amounts in thousands)

(Unaudited)

Atlantic Health wholly owns the following for-profit entities; Atlantic Health Management Corp., a for-profit holding company, which owns AHS Investment Corporation and Subsidiaries (“AHSIC”); AHS Insurance Company, Ltd. (the “Captive”), a for-profit insurance company licensed under the provisions of the Cayman Islands Insurance Law; Atlantic Health Organization, LLC and AHS Health Network LLC, for-profit companies established to provide a vehicle to report risk contracting under the requirements of the banking and insurance regulations; Primary Care Partners, LLC, Atlantic Health Partners, LLC, and Atlantic Brain and Spine, LLC, for-profit physician practice entities; AHS ACO, LLC, Care Better ACO LLC and Premier Health ACO, LLC, for-profit limited liability companies established for the purpose of participating in the Medicare Shared Savings Program under the Patient Protection and Affordable and Accountable Care Act of 2010 as well as participating in shared savings programs with certain commercial carriers; and several urgent care and advanced urgent care centers located within the Hospital’s geographic regions. AHSIC holds real estate interests and manages health care businesses including magnetic resonance imaging, durable medical equipment and private duty home care services. The Captive’s principal activity is to provide for professional and commercial general liability insurance to Atlantic Health and its subsidiaries beginning January 1, 2002. In addition, Atlantic Health wholly owns the following not-for-profit entities: Atlantic Ambulance Corp., a not-for-profit company established to provide emergency and nonemergency medical transportation to Atlantic Health and its subsidiaries; North Jersey Health Care Properties which owns commercial buildings; Prime Care, Inc. which provides various wellness, health education and other health services; and Newton Medical Center Foundation, Inc. and the Chilton Medical Center Foundation, Inc., both not-for-profit fund raising organizations for the benefit of their respective Hospital Divisions.

The Overlook Foundation and the Foundation for the Hackettstown Medical Center are not-for-profit fundraising organizations affiliated with the AHOMC and AHHMC, respectively, however, they are not controlled subsidiaries of Atlantic Health or the Hospital.

Effective January 1, 2022, Atlantic Health and CentraState Healthcare System (“CentraState”), a nonprofit health system with a continuum of care operating one acute care hospital in Freehold, New Jersey in Monmouth County, completed their newly expanded partnership, creating a unique model for health system co-ownership under which Atlantic Health became the 51% majority corporate member in CentraState and CentraState joined the System’s network of care. The partnership is structured to deliver benefits to patients, physicians, and caregivers in CentraState’s communities by strengthening its integrated clinical services, physician network and infrastructure through capital investments.

AHS Hospital Corp.

Notes to Consolidated Financial Statements (Dollar amounts in thousands)

(Unaudited)

2. Basis of Presentation

The consolidated financial statements included herein are unaudited and include all adjustments (consisting of normal recurring adjustments), which are, in the opinion of management, necessary for a fair presentation of the financial position and results of operations. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been omitted. These financial statements should be read in conjunction with the Hospital's audited financial statements for the year ended December 31, 2025.

3. Net Patient Service Revenue

The components of net patient service revenue for the Hospital (including AVN and AMG) for the six months ended June 30, 2026 and 2025 are as follows:

	June 30, 2026	June 30, 2025
Gross charges		
Inpatient	\$ 5,603,711	\$ 5,306,568
Outpatient	6,151,769	5,607,014
Physician Practices	1,168,377	866,961
Total gross charges	<u>12,923,857</u>	<u>11,780,543</u>
Net additions (deductions) from gross charges		
Contractual discounts and implicit price concessions	(10,318,236)	(9,370,772)
Charity care discount	(129,380)	(94,748)
State subsidies	30,289	10,133
	<u>(10,417,327)</u>	<u>(9,455,387)</u>
Net patient service revenue	<u>\$ 2,506,530</u>	<u>\$ 2,325,156</u>

AHS Hospital Corp.

Notes to Consolidated Financial Statements (Dollar amounts in thousands)

(Unaudited)

The mix of Hospital net patient service revenue (excluding net revenue recorded by AMG), net of contractual discounts and implicit price concessions by payer for the six months ended June 30, 2026 and 2025 is as follows:

	June 30, 2026	June 30, 2025
Medicare	20.9 %	21.2 %
Medicaid	0.9	0.8
Managed care and other third party payers	76.6	76.4
Self pay	0.2	1.1
State subsidies	1.4	0.5
	<u>100.0 %</u>	<u>100.0 %</u>

Net patient service revenue recorded by AMG's physician practices amounted to \$352,709 and \$313,010 for the six months ended June 30, 2026 and 2025, respectively. AMG's net patient service revenue by payer for the six months ended June 30, 2026 and 2025, is as follows:

	June 30, 2026	June 30, 2025
Medicare	26.6 %	22.8 %
Medicaid	0.3	0.4
Managed Care and other third party payers	73.0	76.7
Self Pay	0.1	0.1
	<u>100.0 %</u>	<u>100.0 %</u>

4. Pension Plan Contribution

The Hospital contributed \$11,000 and \$10,000 to the cash balance pension plan during the six months ended June 30, 2026 and 2025, respectively. The service cost component of annual pension expense for the year ended December 31, 2026 is expected to be \$33,818, as compared to \$32,856 for the year ended December 31, 2025.

AHS Hospital Corp.

Notes to Consolidated Financial Statements (Dollar amounts in thousands)

(Unaudited)

5. Assets Limited as to Use

Assets limited as to use at June 30, 2026 and December 31, 2025, consist of the following:

	June 30, 2026	December 31, 2025
Board designated		
Cash held for investments	\$ -	\$ 75,000
Short-term investments including money market funds	324,969	223,409
Equity securities	443,737	413,232
Fixed income funds	805,225	740,000
Mutual funds	1,745,329	1,499,935
Investments measured at net asset value	181,598	181,833
	<u>3,500,858</u>	<u>3,133,409</u>
Under bond indenture agreements		
Short-term investments including money market funds		
Interest account	2,837	2,850
Principal account	7,887	4,063
Debt service reserve fund	642	646
	<u>11,366</u>	<u>7,559</u>
Total assets whose use is limited	3,512,224	3,140,968
Less, assets limited as to use and are required for current liabilities	<u>61,092</u>	<u>61,443</u>
Noncurrent assets limited as to use	<u>\$ 3,451,132</u>	<u>\$ 3,079,525</u>

Assets limited as to use under bond indenture agreements represent certain funds that are controlled by trustees for as long as any of the bonds remain outstanding. These funds, including interest income, are held by bank trustees who administer the trusts as required under the bond indenture agreements.

AHS Hospital Corp.

Notes to Consolidated Financial Statements (Dollar amounts in thousands)

(Unaudited)

6. Long-Term Investments and Other Assets

Long-term investments and other assets at June 30, 2026 and December 31, 2025 are as follows:

	June 30, 2026	December 31, 2025
Long-term investments		
Short term investments including money market funds	\$ 4,044	\$ 9,613
Mutual funds	99,488	88,844
Alternative investments - equity	8,497	8,534
	<u>112,029</u>	<u>106,991</u>
Other assets		
AHSIC related party loans	104,946	107,407
Professional and general liability insurance recoveries	116,680	116,680
CentraState related party loan	113,816	113,816
Workers compensation liability insurance recoveries	11,300	11,300
Accrued employee benefit asset	43,200	43,200
Due from Overlook Medical Center Foundation	40,902	40,336
Due from Newton Medical Center Foundation	1,962	3,864
Due from Chilton Medical Center Foundation	6,743	7,009
Due from the Foundation for Hackettstown Medical Center	2,588	2,621
Venture capital private equity funds	28,958	27,627
Equity method investments	13,875	4,153
Beneficial interest in trusts	3,003	3,003
Goodwill	44,321	44,321
Life interest in real estate	9,775	9,775
Other	12,180	8,253
	<u>554,249</u>	<u>543,365</u>
Total long-term investments and other assets	<u>\$ 666,278</u>	<u>\$ 650,356</u>

On August 17, 2022, the Hospital entered into a secured loan agreement with CentraState in the amount of \$103,497, whereby the proceeds were utilized by CentraState to pay off or legally defease all of its financed obligations as of that date. CentraState will pay interest to the Hospital monthly at a fixed rate of 3.21% with the full principal amount due to the Hospital on May 31, 2037. The loan is collateralized by the gross receipts of CentraState as well as its owned properties. In addition, certain financial covenants must be maintained by CentraState. On July 1, 2024, CentraState sold the Center for Aging, Inc. d/b/a Applewood, its wholly owned subsidiary to an unrelated entity. Upon sale, CentraState transferred \$19,681 to the Hospital to pay off the portion of the secured loan related to Applewood.

On August 31, 2023, the Hospital entered into a revolving credit loan agreement with CentraState in the amount of \$30,000, whereby drawdowns were utilized by CentraState to pay working capital requirements to meet its obligations. CentraState will pay interest to the Hospital monthly at a fixed

AHS Hospital Corp.

Notes to Consolidated Financial Statements (Dollar amounts in thousands)

(Unaudited)

annual rate of 5% with the full principal amount due to the Hospital on August 31, 2028. At June 30, 2026 and December 31, 2025, CentraState's outstanding draw down on the revolving credit loan, was \$30,000.

On February 5, 2024, Advanced Care Oncology & Hematology Associates physician practice and oral pharmacy was acquired. There was an initial payment made to the sellers on the closing date and three subsequent annual installment payments to be made on the anniversary of the closing date subject to the practice maintaining or exceeding annual aggregate productivity thresholds. The total purchase price represents the fair market value of the purchased interest which was validated by an independent, third-party appraisal. The related goodwill was recorded in long-term investments and other assets.

The Hospital accrues an estimate of the ultimate cost of claims under all insurance policies whether the policy is fully insured or a self-insurance policy, with any insurance recoverable under such policies recorded as a receivable. As of June 30, 2026 and December 31, 2025, the Hospital has recorded a corresponding liability for professional and general liability insurance claims within accounts payable and accrued expenses in the consolidated balance sheets. As of June 30, 2026 and December 31, 2025, the Hospital recorded liabilities related to estimated gross workers compensation claims totaling \$29,150 and \$29,300, respectively, within accounts payable and accrued expenses in the consolidated balance sheets.

Due from Overlook, Newton, Chilton and Hackettstown Medical Center Foundations relate to the amounts due from the Foundations for contributions received by the Foundations on behalf of AHOMC, AHNMC, AHCMC and AHHMC. The Foundations solicit funds in their general appeal to support the Hospital and for other health care purposes as the respective Foundation's individual Board of Trustees may deem appropriate. In the absence of donor restrictions, the Foundations have discretionary control over the amounts to be distributed to the providers of health care services, the timing of such distributions, and the purposes for which such funds are used. The assets held at the affiliated foundations are comprised primarily of cash and cash equivalents, marketable equity securities and debt securities.

7. Long-Term Debt and Interest Rate Swaps

The Hospital is the sole member of the obligated group as defined in and established under the Master Trust Indenture. Neither Atlantic Health nor any of its affiliates is liable to make any payment with respect to the bonds or any other obligations under the Master Indentures. Under the terms of the Master Trust Indenture, the Hospital is required to maintain certain deposits with a trustee, which are included with assets limited as to use in the consolidated balance sheets. The Master Trust Indenture also contain provisions whereby certain financial ratios are to be maintained and permit additional borrowings subject to the maintenance of specific financial ratios. The most restrictive covenant is for the Hospital to maintain a debt service coverage ratio in each year of at least 1.2 times the debt service requirement on all long-term debt in that year. The Hospital is compliant with its financial covenants at June 30, 2026 and December 31, 2025.

AHS Hospital Corp.

Notes to Consolidated Financial Statements (Dollar amounts in thousands)

(Unaudited)

Long-term debt at June 30, 2026 and December 31, 2025 consists of the following:

	June 30, 2026	December 31, 2025
\$100,000 JP Morgan Chase Taxable Term Loan maturing on May 31, 2037. Principal is payable quarterly as is interest at an annual interest rate of 3.21%. The loan is collateralized by the Hospital's gross receipts.	\$ 86,666	\$ 88,333
\$450,000 Series 2021 Taxable Bonds (Fixed Rate) maturing on July 1, 2051. Interest is payable each January 1 and July 1 at an annual interest rate of 2.78%. The bonds are collateralized by the Hospital's gross receipts.	450,000	450,000
\$224,800 New Jersey Health Care Facilities Financing Authority ("NJHCFFA"), AHS Hospital Corporation, Series 2016 Refunding Bonds (Fixed Rate), in varying maturities through 2041 at annual interest rates varying between 3.00% and 5.00%. Interest is payable each January 1 and July 1 and principal is payable each July 1 commencing in 2017. As of June 30, 2026, the average interest rate on the bonds was 4.10%. The bonds are collateralized by the Hospital's gross receipts.	134,055	134,055
\$425,000 Series 2015 Taxable Bonds (Fixed Rate) maturing on July 1, 2045. Interest is payable each January 1 and July 1 at an annual interest rate of 5.02%. The bonds are collateralized by the Hospital's gross receipts.	425,000	425,000
\$50,000 Bank of America Taxable Term Loan maturing on December 1, 2028. Interest is payable monthly at an annual interest rate of 5.6%. The loan is collateralized by the Hospital's gross receipts under the Master Trust Indenture.	50,000	50,000
\$177,110 NJHCFFA AHS Hospital Corporation, Series 2008A Revenue Bonds (Fixed Rate), in varying maturities through 2027 at annual interest rates varying between 4.88% and 5.00%. Interest is payable each January 1 and July 1 and principal is payable each July 1 commencing in 2009. As of June 30, 2026, the average interest rate on the bonds was 5.00%. The bonds are collateralized by the Hospital's gross receipts.	935	935
\$177,110 NJHCFFA AHS Hospital Corporation, Series 2008B and 2008C Revenue Bonds (Variable Rate), in varying maturities commencing in 2027 through 2036 at annual interest rate of 3.08%. The interest on the bonds is payable monthly and principal will be payable each July 1. As of June 30, 2026, the average interest rate on the bonds was 2.29%. The bonds are collateralized by the Hospital's gross receipts.	177,110	177,110
Total long-term debt	1,323,766	1,325,433
Unamortized bond premium	45,312	46,615
Deferred financing fees	(5,024)	(5,151)
	1,364,054	1,366,897
Less: Current portion of long-term debt	13,485	13,485
Long-term debt, net of unamortized bond premium, debt issuance costs, and current portion	\$ 1,350,569	\$ 1,353,412

AHS Hospital Corp.

Notes to Consolidated Financial Statements (Dollar amounts in thousands)

(Unaudited)

On April 9, 2008, the Hospital unwound and reissued two new barrier swaps: the 2008 Swap and the 2004 Swap. The 2008 Swap was reissued in place of the 2006A Swap when the Series 2006A Revenue Bonds were redeemed. This was a noncash transaction. The original notional amount of the swap was \$91,550 subject to reduction in the principal amortization of a portion of the Hospital's Series 2008 variable rate debt and will expire on July 1, 2036, with an annual fee of 0.51%. The notional amount of the swap was \$87,400 at June 30, 2026 and December 31, 2025. Under the terms of the swap agreement, if the Securities Industry and Financial Markets Association ("SIFMA"), formerly known as the Bond Market Association, Municipal Swap Index, exceeds 4.05% for 90 days, the Hospital will pay a fixed rate of 4.00% in addition to the annual fee of 0.51%. The Hospital will then receive 68% of SOFR and pay the counterparty 4.00%. Currently the swap is treated as an ineffective swap for accounting purposes until SIFMA exceeds 4.05% for 90 days, at that time the swap will be tested to determine if it qualifies as a cash flow hedge.

The 2004 Swap was reissued in place of the original 2004 Swap when the Series 2003 and 2004 Revenue Bonds were redeemed. This was a noncash transaction and there were no changes to the terms of the swap. The notional amount of the swap was \$97,525, subject to reduction in the principal amortization of a portion of the Hospital's Series 2008 variable rate debt with an annual fee of 0.52%. The swap expired on July 1, 2025.

As of June 30, 2026 and December 31, 2025, the swap liability for the 2008 Swap, recorded in accrued employee benefits and other, net of current portion, was \$3,459 and \$3,543, respectively.

The following table sets forth the effect of the interest rate swap agreements on the consolidated statements of operations for the six months ended June 30, 2026 and 2025:

	Amount of gain recognized in the performance indicator	
	June 30, 2026	June 30, 2025
Derivative in Non-Hedging Relationship		
Non operating gain, net		
2008 interest rate swap	\$ 84	\$ 396
2004 interest rate swap	-	14

In accordance with the above swap agreements, the Hospital is required to fund a cash collateral account if the market value of the combined swaps exceeds the trigger amount of \$15,000. As of June 30, 2026 and December 31, 2025, the combined market value of the swaps was below the trigger and as such, no collateral was required by the counterparty.

8. Commitments and Contingencies

The Hospital is subject to complaints, subpoenas, claims and litigation which have risen in the normal course of business. In addition, the Hospital is subject to reviews and investigation by various federal and state government agencies to assure compliance with applicable laws, some of which are subject to different interpretations. While the outcome of such matters cannot be

AHS Hospital Corp.

Notes to Consolidated Financial Statements (Dollar amounts in thousands)

(Unaudited)

determined based upon information available at this time, management, based on advice from legal counsel, believes that any loss which may arise from these actions will not have a material adverse effect on the financial position or results of operations of the Hospital.

9. Subsequent Events

The Hospital performed an evaluation of subsequent events through July 31, 2026, the date that these unaudited consolidated financial statements were issued.