UofL Health

Louisville/Jefferson County Metro Government, Kentucky, Hospital Revenue Bonds (UofL Health Project), Series 2022A, $204,145,000, Dated: April 5, 2022

Louisville/Jefferson County Metro Government, Kentucky, Hospital Revenue Bonds (UofL Health Project), Series 2022B, $206,860,000, Dated: April 5, 2022

I hereby certify that the Quarterly Report filed on November 25, 2026 constitutes the quarterly financial information required by the Continuing Disclosure Agreement. I further certify that the information complies with the Continuing Disclosure Agreement and the Rule as required. DAC shall be entitled to rely on this certificate.



Kirk Strack

Chief Financial Officer

UofL Health, Inc.

SUMMARY HISTORICAL FINANCIAL INFORMATION

The following tables provide a summary of the consolidated financial information for UofL Health, Inc. The balance sheet as of June 30, 2026 is derived from UofL Health, Inc.'s audited consolidated financial statements and the information for the fiscal quarters ended September 30, 2026 and 2025 is derived from UofL Health, Inc.'s internal unaudited consolidated financial statements. The consolidated financial statements for UofL Health, Inc. include the financial position, results of operations and statements of cash flows.

UofL Health, Inc.
CONSOLIDATED BALANCE SHEETS

	Unaudited September 30, 2026	Audited June 30, 2026
Current assets		
Cash and cash equivalents	$ 74,343,161	$ 177,982,609
Investments	205,375,385	200,728,885
Restricted cash and cash equivalents	33,756,537	37,704,555
Patient accounts receivable	331,136,502	316,751,296
Related party receivable	15,871,935	20,048,859
Other accounts receivable	27,735,388	23,593,694
Prepaid expenses and other	26,542,671	26,757,939
Inventories	58,084,842	56,194,969
Current portion of estimated third-party payor settlements	231,526,641	219,150,723
Total current assets	1,004,373,062	1,078,913,529
Assets whose use is limited		
Trustee held cash equivalents	28,480	28,228
Total assets whose use is limited	28,480	28,228
Property and equipment, net	559,047,550	567,845,999
Operating lease, right-of-use assets, net	506,821,809	511,273,309
Estimated third-party payor settlements, net of current portion	53,684,612	35,793,590
Other noncurrent assets	12,095,497	12,075,134
Total noncurrent assets	1,131,677,948	1,127,016,260
Total assets	$ 2,136,051,010	$ 2,205,929,789
Current liabilities		
Accounts payable and accrued expenses	$ 226,463,253	$ 259,620,251
Accrued compensation and related accruals	102,806,651	96,329,637
Estimated third-party payor payable	1,854,688	1,877,219
Related party payable	89,356,527	70,238,684
Current portion of long-term debt	8,665,000	8,665,000
Current portion of finance lease liabilities	1,498,815	1,479,319
Current portion of operating lease liabilities	25,914,829	25,491,931
Line of credit	-	42,000,000
Unpaid losses and loss adjustment expenses	72,914,081	72,241,879
Other current liabilities	16,594,337	24,834,641
Total current liabilities	546,068,181	602,778,561
Long-term debt, net of current portion	399,770,674	399,828,673
Finance lease liabilities, net of current portion	16,297,837	16,679,712
Operating lease liabilities, net of current portion	486,536,436	491,357,224
Other noncurrent liabilities	2,610,582	2,738,957
Total liabilities	1,451,283,710	1,513,383,127
Net Assets		
Without donor restrictions		
Controlling interest	672,154,494	678,020,822
Non-controlling interest	4,991,527	4,728,757
With donor restrictions	7,621,279	9,797,083
Total net assets	684,767,300	692,546,662
Total liabilities and net assets	$ 2,136,051,010	$ 2,205,929,789

UofL Health, Inc.
CONSOLIDATED STATEMENTS OF OPERATIONS
AND CHANGES IN NET ASSETS
UNAUDITED FOR THE FISCAL YEAR TO DATE THROUGH SEPTEMBER 30, 2026 AND 2025

	Unaudited Quarter Ended September 30, 2026	Unaudited Quarter Ended September 30, 2025
Operating revenue		
Patient care service revenue	$ 662,068,581	$ 641,804,881
Federal grants	1,419,025	49,839
Retail pharmacy revenue	10,336,597	8,349,252
340b pharmacy revenue	36,544,813	27,404,904
Other operating revenue	31,258,070	19,381,821
Total operating revenues	741,627,086	696,990,697
Operating expenses		
Salaries and wages	281,045,377	283,943,385
Employee benefits	62,891,783	57,262,648
Operating supplies	174,365,432	167,309,597
Professional services	14,967,122	42,037,199
Purchased services	59,134,994	69,452,384
Depreciation and amortization	15,420,175	13,540,962
Rental and maintenance	32,094,398	29,286,361
Utilities	7,567,797	6,393,737
Provider tax	5,231,309	5,230,469
Interest	5,212,440	3,109,883
University of Louisville MSA expense	47,665,154	1,875,000
Other operating expense	42,634,181	45,928,544
Total operating expenses	748,230,162	725,370,169
Operating loss	(6,603,076)	(28,379,472)
Non-operating income (expenses)		
Investment income (loss), net	(1,814,588)	5,406,947
Other income (loss)	316,911	27,621
Total non-operating income	(1,497,677)	5,434,568
Excess (deficit) of revenues over (under) expenses	(8,100,753)	(22,944,904)
Other changes in net assets without donor restrictions		
Contributions of long-lived assets	2,800,300	3,969,678
Distributions	(303,106)	(594,980)
Total	2,497,194	3,374,698
Change in net assets without donor restrictions before effect of non-controlling interest	(5,603,559)	(19,570,206)
Less amount attributed to non-controlling interest	262,772	(508,298)
Change in net assets without donor restrictions, non-controlling interest	262,772	(508,298)
Change in net assets without donor restrictions, controlling interest	(5,866,331)	(19,061,908)
Change in net assets with donor restrictions		
Net assets released from restriction	(2,175,803)	(3,285,584)
Change in net assets with donor restrictions	(2,175,803)	(3,285,584)
Change in net assets	(7,779,362)	(22,855,790)
Net assets - beginning of period	692,546,662	669,158,970
Net assets - end of period	$ 684,767,300	$ 646,303,180

UofL Health, Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Unaudited Year to Date September 30, 2026	Unaudited Year to Date September 30, 2025
Cash flows from operating activities		
Change in total net assets	$ (7,779,362)	$ (22,855,790)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization	15,420,175	13,540,962
Net realized and unrealized (gain) loss on investments	5,134,984	(3,876,237)
Gain on disposal of property and equipment	10,564	-
Amortization of bond issuance costs	84,424	84,424
Accretion of bond premium	(147,101)	(141,053)
Distributions paid	303,106	594,980
Changes in operating assets and liabilities:		
Patient accounts receivable	(14,385,206)	16,648,277
Related party receivable	4,176,924	(10,850,277)
Other accounts receivable	(4,141,694)	(415,687)
Prepaid expenses and other	215,268	1,984,671
Inventories	(1,889,873)	(1,494,454)
Operating lease right-of-use assets, net	4,451,500	6,242,505
Operating lease liabilities	(4,397,890)	(6,398,393)
Other noncurrent assets	(20,363)	(159,760)
Accounts payable and accrued expenses	(33,156,998)	(26,337,505)
Accrued compensation and related accruals	6,477,014	21,878,015
Related party payable	19,117,843	(1,235,454)
Unpaid losses and loss adjustment expenses	672,202	7,455,538
Other current liabilities	(8,240,304)	(7,495,336)
Other noncurrent liabilities	(123,697)	30,205
Estimated third-party payor settlements	(30,289,471)	(11,673,534)
Net cash from operating activities	(48,507,955)	(24,473,903)
Cash flows from investing activities		
Net purchases and sales on investments	(9,781,484)	55,349,987
Purchases of property and equipment	(6,632,290)	(19,585,459)
Net cash from investing activities	(16,413,774)	35,764,528
Cash flows from financing activities		
Distributions paid	(303,106)	(594,980)
Payments on line of credit	(42,000,000)	-
Payments of finance lease obligations	(362,379)	(62,692)
Net cash from financing activities	(42,665,485)	(657,672)
Net change in cash, cash equivalents, and restricted cash	(107,587,214)	10,632,953
Cash, cash equivalents, and restricted cash		
Beginning of period	215,715,392	55,291,486
End of period	$ 108,128,178	$ 65,924,439
Supplemental disclosure of cash flow information		
Cash paid for interest	601,134	612,980
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	4,012,573	15,070,311
Operating cash flows from finance leases	86,302	590,730
Financing cash flows from finance leases	119,647	6,225
Right-of-use assets obtained in exchange for operating lease liabilities	-	2,458,690

UTILIZATION AND PAYOR MIX

Utilization

The following table presents selected inpatient, outpatient, and ancillary service utilization and other data for UofL Health, Inc. for the three months ended September 30, 2026 and 2025.

Statistic	Quarter Ended September 30, 2026	Quarter Ended September 30, 2025
Total Discharges	10,450	12,642
Total Acute Discharges [(1)]	8,023	9,997
Total Patient Days	77,106	87,233
Observation Days	10,256	6,779
Acute Case Mix ("*CMI*") [(1)]	2.17	2.16
Acute Average Length of Stay ("*ALOS*") [(1)]	6.40	6.06
CMI Adjusted Acute ALOS	2.95	2.81
Deliveries	516	574
Licensed Beds	1,765	1,765
Staffed Beds	1,090	1,213
Occupancy	87.1%	84.2%
Inpatient surgeries	3,349	3,889
Outpatient surgeries	7,396	6,867
Total ED Visits	52,905	52,803

(1) Excludes newborns and all related inpatient services, inpatient behavioral health, and inpatient rehabilitation
Source: UofL Health internal records

Payor Mix

Payments on behalf of certain patients are made to UofL Health, Inc. by the federal government under the Medicare program, by the Commonwealth of Kentucky, by commercial insurance carriers, by managed care entities such as health maintenance organizations and preferred provider organizations and through private payment. The following is a summary of gross patient service revenue by payor source for UofL Health, Inc.

Payor	Quarter Ended September 30, 2026	Quarter Ended September 30, 2025
Medicare	20.5%	21.0%
Medicare Managed Care	24.2%	23.7%
Medicaid	1.2%	1.7%
Medicaid Managed Care	20.6%	20.7%
Managed Care & Commercial	24.5%	25.1%
Other	6.4%	5.5%
Self-Pay	2.6%	2.3%
Total	**100.0%**	**100.0%**

Source: UofL Health internal records

Substantially all Medicaid recipients in the Commonwealth are enrolled in Medicaid managed care. There is a supplemental funding program through the Medicaid Managed Care Organizations ("*MCOs*"). Managed care contracts are mainly with Anthem, Humana, United, Cigna and Aetna. For the quarters ended September 30, 2026 and 2025, Anthem is UofL Health's largest commercial payor. Anthem agreements have annual renewals with negotiated payment updates.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF HISTORICAL FINANCIAL INFORMATION

Quarters Ended September 30, 2026 and September 30, 2025

The following discussion and analysis provides information that management believes is relevant to an assessment and understanding of UofL Health's consolidated financial results of operations.

UofL Health, Inc. incurred an operating loss of $6.6 million for the quarter ended September 30, 2026 compared to an operating loss of $28.4 million for the quarter ended September 30, 2025, an improvement of $21.8 million. Operating margin was a loss of 0.9% for the quarter ended September 30, 2026, compared to a loss of 4.1% for the prior year quarter. Operating revenue for the quarter ended September 30, 2026 of $741.6 million grew $44.6 million or 6.4% from the prior year quarter revenue of $697.0 million. Total operating expenses for the first quarter of fiscal 2027 were $748.2 million, an increase of $22.9 million or 3.2% compared to the prior year quarter.

The following table presents summary income statement data broken out between the Healthcare Entities and Kentuckiana Medical Reciprocal Risk Retention Group ("KMRRRG"). The Healthcare Entities include University Medical Center, Inc., UofL Health – Louisville, Inc., UofL Health – Shelbyville, Inc., University of Louisville Physicians, Inc. ("ULP"), Rehabilitation Hospital of Louisville East, LLC (51.0% owned joint venture) and UofL Health Ambulatory Surgery Center, LLC. (51.0% owned joint venture). KMRRRG is a reciprocal risk retention group that provides general and professional liability coverage to its subscribers which includes all of the Healthcare Entities, except for the two joint ventures.

	Quarters Ended September 30,	
Summary Income Statement ($000s)	**2026**	**2025**
Operating revenues		
Healthcare Entities	$741,627	$696,991
KMRRRG	5,557	4,181
Eliminations	(5,557)	(4,181)
Total operating revenues	$741,627	$696,991
Operating expenses		
Healthcare Entities	$748,385	$718,809
KMRRRG	5,401	10,742
Eliminations	(5,557)	(4,181)
Total operating expenses	$748,230	$725,370
Operating income (loss)		
Healthcare Entities	($6,758)	($21,818)
KMRRRG	155	(6,561)
Eliminations	-	-
Total operating loss	($6,603)	($28,379)
Excess (deficit) of revenues over (under) expenses		
Healthcare Entities	($8,101)	($22,945)
KMRRRG	844	(4,816)
Eliminations	(844)	4,816
Total excess (deficit) of revenues over (under) expenses	($8,101)	($22,945)

The Obligated Group

The Obligated Group is comprised of (i) UofL Health, Inc., (ii) UofL Health – Louisville, Inc. and (iii) University Medical Center, Inc.

University of Louisville Physicians, Inc., UofL Health – Shelbyville, Inc. and Kentuckiana Medical Reciprocal Risk Retention Group are not members of the Obligated Group established under the Master Indenture.

Healthcare Entities

For the quarter ended September 30, 2026, the Healthcare Entities reported an operating loss of $6.8 million compared to the operating loss for the prior year quarter ended September 30, 2025 of $21.8 million, an improvement of $15.1 million. Total operating revenues increased from the prior year quarter by 6.4%, while total operating expenses grew 4.1% for the same period.

Total operating revenues for the quarter ended September 30, 2026 were $741.6 million which was $44.6 million more than the prior year quarter. Patient care service revenue increased $20.3 million or 3.2% to $662.1 million, mostly due to an increase in Enhanced payment revenue. Retail pharmacy revenue of $10.3 million for the quarter ended September 30, 2026 increased from the prior year quarter by $2.0 million and 340b pharmacy revenue of $36.5 million was $9.1 million or 33.4% more than due to increased volume. Other operating revenue of $31.3 million for the quarter ended September 30, 2026 increased by $11.9 million from the prior year period mostly due to an increase in income from the University of Louisville related to Medicaid.

Total operating expenses for the quarter ended September 30, 2026 of $748.4 million increased by $29.6 million or 4.1% compared to the prior year. Salaries for the current fiscal year quarter of $281.0 million decreased by $2.9 million or 1.0% compared to the same quarter of fiscal 2026, due to productivity improvements implemented during fiscal 2026. Employee benefits expense of $62.9 million for the quarter ended September 30, 2026 increased by $5.6 million, or 9.8% from the prior year quarter mostly due to recent high-cost medical claims, for which the System expects to receive stop loss reimbursement payments.

Operating supplies including pharmacy supplies for the quarter ended September 30, 2026 of $174.4 million increased $7.1 million or 4.2% from the prior year. Pharmacy supplies of $86.4 million increased $15.6 million or 22.0% from the prior year quarter due to an increase in pharmacy volume. Other supplies expense of $88.0 million for the first quarter of fiscal 2027 decreased by $8.5 million or 8.9% from the prior year quarter, driven mostly by reductions in surgical volumes using high-cost implants.

Professional services of $15.0 million for the quarter ended September 30, 2026 were $27.1 million or 64.4% less than the prior year quarter for two reasons. First, contract labor expense of $8.1 million for the first quarter of fiscal 2027 was $7.1 million less than prior year quarter expense of $15.2 million, due to clinical labor productivity initiatives implemented in fiscal 2026. The second component of Professional Services expense, Medical Professional fees, decreased from $26.8 million for the quarter ended September 30, 2025 to $6.9 million for the first quarter of the current fiscal year. This decrease was related to the elimination of certain contracts with the University of Louisville that were previously for medical services provided by University physicians to a new contract for general academic support, which is included in the University of Louisville Master Services Agreement expenses.

Purchased services expenses of $59.1 million for the quarter ended September 30, 2026 decreased by $10.3 million or 14.9% mostly due to consulting expenses incurred in fiscal 2026.

Other operating expenses of $42.8 million for the quarter ended September 30, 2026 were $3.4 million or 8.7% more than the prior year quarter expense of $39.4 million. Approximately half of the $3.4 million increase was from higher liability insurance premiums of $1.8 million or 23.8% compared to the prior year due to unfavorable market conditions.

KMRRRG

KMRRRG's Operating income for the quarter ended September 30, 2026 of $155 thousand improved $6.7 million from the operating loss of $6.6 million for the prior year quarter. The improved results were driven by a reduction in loss reserve expenses for the current year quarter.