



Unaudited Quarterly Disclosure

For the Period Ended December 31, 2022

Investor Relations Contact:

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Introduction

Quarterly Disclosure – December 31, 2022

This Quarterly Disclosure Report presents the unaudited results of operations and financial position of ProMedica Health System, Inc., and its subsidiaries (collectively “ProMedica”) for the three month period and year ended December 31, 2022. Certain reclassification adjustments were made to current and prior period financial statements in accordance with the accounting treatment for discontinued operations. Refer to *Management Discussion* and the notes on the skilled nursing transaction for further details. This report should be read in conjunction with the audited ProMedica Health System and Subsidiaries Consolidated Financial Report for the year ended December 31, 2022.

Obligated Group

ProMedica has established an “Obligated Group” structure wherein ProMedica Health System, Inc. is either the sole member or exercises control over the sole member of each Obligated Group member. ProMedica Health System, Inc. is not a member of the Obligated Group. Only those entities defined as Obligated Group members are obligated to make payments under the Master Trust Indenture. Refer to *Organizational Structure* for further details. The following disclosure report includes the unaudited results of operations and financial position of the Obligated Group, but unless otherwise indicated, all discussion and analysis that follows is based on ProMedica Health System’s consolidated results. The Obligated Group accounted for approximately 49% of total operating revenue from continuing operations for the year ended December 31, 2022.

Outstanding Bond CUSIPS

Bond Series	CUSIP
2015A	889184AA5
2015B	549310VIL1

Bond Series	CUSIP
2018A	549310WD8 549310WE6
2018B	889184AC1 889184AD9 889184AE7

Financial Statements

Balance Sheets

(\$ in thousands, unaudited)

	December 31, 2022		December 31, 2021	
	Obligated Group	Consolidated ProMedica	Obligated Group	Consolidated ProMedica
Assets				(as restated)
Current Assets				
Cash and cash equivalents	\$ 148,901	\$ 408,253	\$ 110,795	\$ 569,151
Marketable securities	6,683	99,621	6,643	262,271
Assets limited as to use or restricted	108,977	168,126	-	14,120
Accounts receivable, net	249,260	592,416	273,372	610,649
Estimated third-party payor receivable	9,654	18,279	16,009	26,438
Supplies	29,799	38,854	30,754	40,670
Assets held for sale	-	-	-	6,085
Pension	-	14,335	-	-
Other current assets	10,907	82,202	16,925	252,083
Total Current Assets	564,181	1,422,086	454,498	1,781,467
Noncurrent Assets Limited as to Use or Restricted -				
Net of amount required to meet current obligations	237,500	699,294	968,914	1,494,652
Property and equipment, net	1,102,633	1,483,944	1,123,576	1,517,184
Right-of-use operating lease assets	28,469	483,439	28,896	635,220
Other Assets				
Goodwill	728,449	782,458	1,046,298	1,102,452
Intangible assets	41,316	85,862	75,539	121,506
Pension	-	-	-	50,563
Investments in affiliated companies	121,781	208,212	118,235	252,680
Other	507	45,026	532	64,231
Assets held for sale - long term	-	-	452,561	2,015,032
Total Other Assets	892,053	1,121,558	1,693,165	3,606,464
Total Assets	\$ 2,824,836	\$ 5,210,321	\$ 4,269,049	\$ 9,034,987

Balance Sheets (continued)

(\$ in thousands, unaudited)

	December 31, 2022		December 31, 2021	
	Obligated Group	Consolidated ProMedica	Obligated Group	Consolidated ProMedica (as restated)
Liabilities and Net Assets				
Current Liabilities				
Accounts payable and accrued expenses	\$ 117,582	\$ 465,275	\$ 91,168	\$ 669,287
Contractual current installments of long-term debt	455,140	456,236	20,706	21,404
Contingent current installments of long-term debt	-	-	386,022	400,441
Estimated third-party payor settlements	37,872	106,148	27,644	88,102
Current portion of lease liabilities - Financing	5,173	6,606	2,610	4,020
Current portion of lease liabilities - Operating	6,101	40,444	5,829	48,613
Liabilities held for sale	-	-	-	84,690
Accrued liabilities and other:				
Compensation and benefits	56,708	353,471	58,666	348,317
Professional liability and workers' compensation	-	99,038	-	101,545
Claims expense	67	33,120	38	160,044
Other current liabilities	282,559	9,464	457,416	187,062
Total Current Liabilities	961,202	1,569,802	1,050,099	2,113,525
Long-term debt, less current installments	1,779,461	1,810,958	1,844,216	1,851,734
Lease Liabilities - Financing	5,362	19,414	7,986	23,590
Lease Liabilities - Operating	22,121	473,670	22,394	716,878
Other Liabilities				
Accrued professional liabilities and workers' compensation, less current portion	-	263,568	-	261,233
Deferred compensation	3,913	49,628	4,555	58,181
Pension	128	128	157	157
Liabilities held for sale	-	-	-	1,382,019
Other	20,825	50,094	19,747	51,576
Total Other Liabilities	24,866	363,418	24,459	1,753,166
Total Liabilities	2,793,012	4,237,262	2,949,154	6,458,893
Net Assets				
Without donor restrictions:				
Controlling interest	28,701	821,739	1,316,935	2,401,044
Noncontrolling interest	-	11,155	-	14,645
Total without donor restrictions	28,701	832,894	1,316,935	2,415,689
With donor restrictions	3,123	140,165	2,960	160,405
Total Net Assets	31,824	973,059	1,319,895	2,576,094
Total Liabilities and Net Assets	\$ 2,824,836	\$ 5,210,321	\$ 4,269,049	\$ 9,034,987

Statements of Operations

(\$ in thousands, unaudited)

	Three Months Ended December 31, 2022		Three Months Ended December 31, 2021	
	Obligated Group	Consolidated ProMedica	Obligated Group	Consolidated ProMedica
Unrestricted revenue, gains, and other support:				(as restated)
Net patient service revenue	\$ 499,528	\$ 878,349	\$ 507,475	\$ 802,699
Premium revenue	-	89,965	-	497,855
Other	14,740	68,627	33,368	65,801
Net assets released for use in operations	2,691	6,681	2,892	5,894
Total unrestricted revenue, gains, and other support	516,959	1,043,622	543,735	1,372,249
Expenses:				
Salaries, wages, and employee benefits	165,236	456,144	171,849	501,060
Food and drugs	37,572	72,142	38,274	68,741
Medical expenses	-	111,722	-	354,008
Contracted fees	71,620	160,597	80,826	160,645
Supplies	57,882	69,396	36,189	60,520
Insurance	3,854	7,607	7,972	23,861
Utilities	4,431	12,110	4,149	12,678
Other	103,077	69,060	106,326	94,844
Total expenses	443,672	958,778	445,585	1,276,357
Operating income before depreciation, amortization, and impairment expense	73,287	84,844	98,150	95,892
Depreciation, amortization, and impairment	375,627	431,212	26,634	43,166
Operating (loss) income	(302,340)	(346,368)	71,516	52,726
Other (loss) income:				
Interest expense	(27,616)	(30,706)	(26,415)	(28,740)
Investment income	5,447	28,951	16,036	19,845
Income tax expense	-	1,739	-	(281)
Pension and other	(159)	(139,522)	2,076	6,311
Total other (loss) income, net	(22,328)	(139,538)	(8,303)	(2,865)
Excess of revenue (under) over expenses before unusual items	(324,668)	(485,906)	63,213	49,861
Restructuring, severance, and acquisition costs	-	(12,083)	-	-
Excess of revenue (under) over expenses	\$ (324,668)	\$ (497,989)	\$ 63,213	\$ 49,861

Statements of Operations

(\$ in thousands, unaudited)

	Year Ended December 31, 2022		Year Ended December 31, 2021	
	Obligated Group	Consolidated ProMedica	Obligated Group	Consolidated ProMedica
Unrestricted revenue, gains, and other support:				<i>(as restated)</i>
Net patient service revenue	\$ 1,926,740	\$ 3,137,682	\$ 1,864,848	\$ 3,057,525
Premium revenue	-	610,439	-	1,979,927
Other	56,073	327,554	82,839	192,609
Net assets released for use in operations	6,587	14,751	5,605	13,763
Total unrestricted revenue, gains, and other support	1,989,400	4,090,426	1,953,292	5,243,824
Expenses:				
Salaries, wages, and employee benefits	661,518	1,969,333	637,816	1,999,342
Food and drugs	142,762	275,686	139,221	256,917
Medical expenses	-	373,877	-	1,374,115
Contracted fees	335,710	696,737	244,847	607,204
Supplies	210,490	275,126	176,453	261,353
Insurance	11,837	34,527	15,094	46,826
Utilities	19,118	50,837	17,119	51,854
Other	424,365	256,497	387,031	334,529
Total expenses	1,805,800	3,932,620	1,617,581	4,932,140
Operating income before depreciation, amortization, and impairment expense	183,600	157,806	335,711	311,684
Depreciation, amortization, and impairment	455,415	557,628	108,956	170,250
Operating (loss) income	(271,815)	(399,822)	226,755	141,434
Other (loss) income:				
Interest expense	(108,378)	(118,525)	(108,293)	(116,996)
Investment (loss) income	(79,328)	(139,751)	66,054	100,489
Income tax expense	-	(1,755)	-	(4,089)
Pension and other	(1,983)	(146,186)	8,027	9,386
Total other (loss) income, net	(189,689)	(406,217)	(34,212)	(11,210)
Excess of revenue (under) over expenses before unusual items	(461,504)	(806,039)	192,543	130,224
Restructuring, severance, and acquisition costs	-	(37,512)	-	-
Excess of revenue (under) over expenses	\$ (461,504)	\$ (843,551)	\$ 192,543	\$ 130,224

Statements of Changes in Net Assets

(\$ in thousands, unaudited)

	Three Months Ended December 31, 2022		Three Months Ended December 31, 2021	
	Obligated Group	Consolidated ProMedica	Obligated Group	Consolidated ProMedica
Net Assets without Donor Restrictions				<i>(as restated)</i>
Excess of revenue (under) over expenses	\$ (324,668)	\$ (497,989)	\$ 63,213	\$ 49,861
Net assets released from restrictions	1,873	1,891	2,370	2,789
Capital contributions (to) from				
non-obligated group affiliates, net	(89,194)	-	(31,106)	(7)
Distributions paid to non-controlling interests	-	(292)	-	(508)
Pension and other post-retirement adjustments	(70)	103,605	91	(4,694)
Loss from discontinued operations	(306,472)	(547,921)	-	(87,301)
Other	-	(112)	-	-
(Decrease) increase in Net Assets without Donor Restrictions	(718,531)	(940,818)	34,568	(39,860)
Net Assets with Donor Restrictions				
Contributions	1,148	3,849	1,701	5,110
Investment return	-	(3,561)	-	4,761
Net assets released from restriction	(1,762)	(8,572)	(1,734)	(8,840)
(Decrease) increase in Net Assets with Donor Restrictions	(614)	(8,284)	(33)	1,031
 (Decrease) increase in Net Assets	 \$ (719,145)	 \$ (949,102)	 \$ 34,535	 \$ (38,829)
Net Assets at beginning of period	750,969	1,922,161	1,285,360	2,614,923
Net Assets at end of period	\$ 31,824	\$ 973,059	\$ 1,319,895	\$ 2,576,094

Statements of Changes in Net Assets

(\$ in thousands, unaudited)

	Year Ended December 31, 2022		Year Ended December 31, 2021	
	Obligated Group	Consolidated ProMedica	Obligated Group	Consolidated ProMedica <i>(as restated)</i>
Net Assets without Donor Restrictions				
Excess of revenue (under) over expenses	\$ (461,504)	\$ (843,551)	\$ 192,543	\$ 130,224
Net assets released from restrictions	4,124	5,092	3,128	3,572
Capital contributions (to) from non-obligated group affiliates, net	(524,312)	-	(483,784)	-
Distributions paid to non-controlling interests	-	(1,355)	-	(1,441)
Pension and other post-retirement adjustments	(70)	103,605	91	(4,628)
Loss from discontinued operations	(306,472)	(852,983)	-	(277,424)
Other	-	6,397	-	-
Decrease in Net Assets without Donor Restrictions	(1,288,234)	(1,582,795)	(288,022)	(149,697)
Net Assets with Donor Restrictions				
Contributions	4,693	17,376	3,850	18,142
Investment return	-	(17,773)	-	9,249
Net assets released from restriction	(4,530)	(19,843)	(3,230)	(17,335)
Increase (decrease) in Net Assets with Donor Restrictions	163	(20,240)	620	10,056
Decrease in Net Assets	\$ (1,288,071)	\$ (1,603,035)	\$ (287,402)	\$ (139,641)
Net Assets at beginning of period	1,319,895	2,576,094	1,607,297	2,715,735
Net Assets at end of period	\$ 31,824	\$ 973,059	\$ 1,319,895	\$ 2,576,094

ProMedica Overview

ProMedica is a mission-based, not-for-profit integrated healthcare organization headquartered in Toledo, Ohio, serving communities in 26 states, and employing over 23,000 people in its continuing operations. ProMedica operates a health plan, a physician group, 11 hospitals (and one joint venture hospital), and continues to operate 188 senior care locations including hospice and home health care agencies, assisted living and memory care facilities, and skilled nursing and rehabilitation centers.

Driven by its Mission to improve your health and well-being, ProMedica has been nationally recognized for its advocacy programs and efforts to address social determinants of health. ProMedica also has numerous joint ventures, co-management agreements and other affiliations, including a long-term academic affiliation with The University of Toledo College of Medicine and Life Sciences.

Since its inception in 1986, ProMedica has maintained a steadfast commitment to operating as a fully integrated health system. ProMedica's legacy hospital, ProMedica Toledo Hospital, opened in 1874 and serves as the System's tertiary care facility and academic medical center. In 1988, ProMedica formed Paramount, its health insurance company; in 1992, ProMedica Physicians. In 2018, ProMedica acquired HCR ManorCare, now known as ProMedica Senior Care, a national network of skilled nursing and rehabilitation centers, assisted living communities, and hospice and home health agencies. In 2022, ProMedica announced plans to exit the skilled nursing business, beginning with the transfer of 147 properties formerly subject to the Amended and Restated Master Lease (as amended, the "Master Lease"), between Well PM Properties, LLC (a joint venture, controlled by Welltower, Inc., which includes HCR ManorCare, Inc.), as landlord, and an affiliate of HCR ManorCare, Inc., as tenant. ProMedica is a nationally recognized organization that operates the region's largest health system.

Who ProMedica is

Proven Integrated Delivery System

as of 12/31/2022	Total
Staff (continuing operations)	23,000
Locations	350+
States with (continuing) Operations	26
Hospitals	11
Physicians & Providers (employed and affiliated)	2,800
Skilled Nursing Facilities - continuing operations	9
Assisted Living Facilities	59
Hospice / Home Health Locations	120
Paramount Health Members	88,000
Paramount Dental Members	304,000

MISSION

Our Mission is to
improve your health and
well-being.

Values

Compassion – We treat our patients and each other with respect, integrity, and dignity.

Innovation – We continually search to find a better way forward.

Teamwork – We collaborate with others because we are better together than apart.

Excellence – We strive to be the best in all we do.

Learning – We continuously pursue knowledge and education to enhance our organizational and personal capabilities.



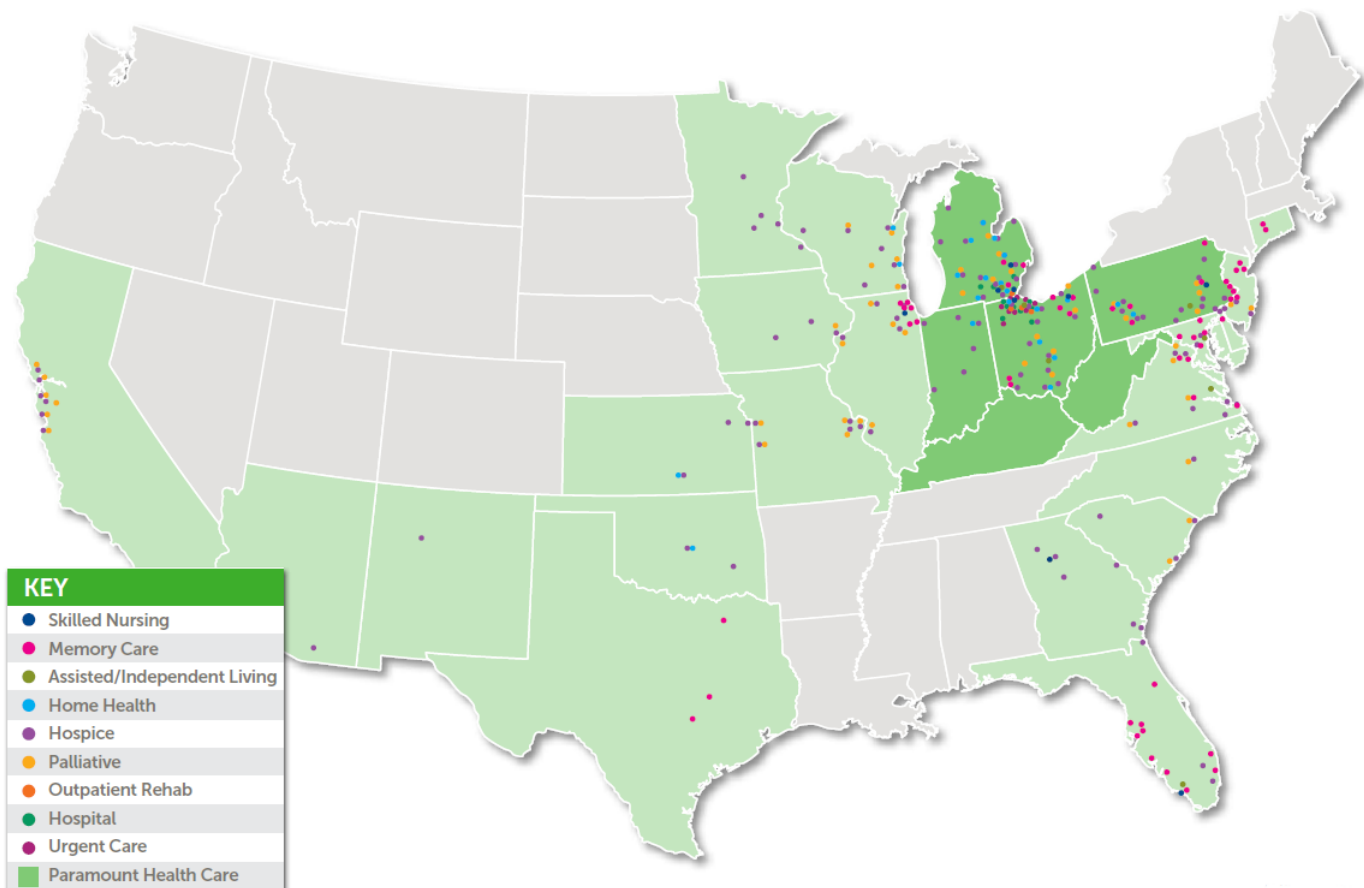
Community Benefit

In 2021, ProMedica contributed \$259.4 million in community benefit through community benefit expenditures, financial assistance, and government-sponsored, means-tested health care (income and capital “means” are below specified limits). These expenditures significantly exceed the estimated taxes ProMedica would pay as a taxable organization. Even as a tax exempt organization, ProMedica paid nearly \$36.0 million in federal, state, and local taxes in 2021. These numbers not only indicate ProMedica’s long-standing commitment to the community, but also fulfill our not-for-profit status and Mission to improve the health and well-being of the residents in the communities we serve. As a leading advocate for the health and well-being of others, ProMedica provides and promotes community wellness, collaborating with approximately 300 local nonprofit agencies and organizations in 2021.

ProMedica goes beyond industry standards in meeting the goal of providing care to everyone, regardless of their ability to pay. ProMedica hospitals provide free and discounted services in support of their mission and in compliance with 501(r) regulations set forth as part of the Affordable Care Act. Medically necessary services are provided at no cost to patients living at or below 200% of federal poverty levels. Medically necessary services are provided at discounted rates based on a sliding scale depending on income level and insurance status.

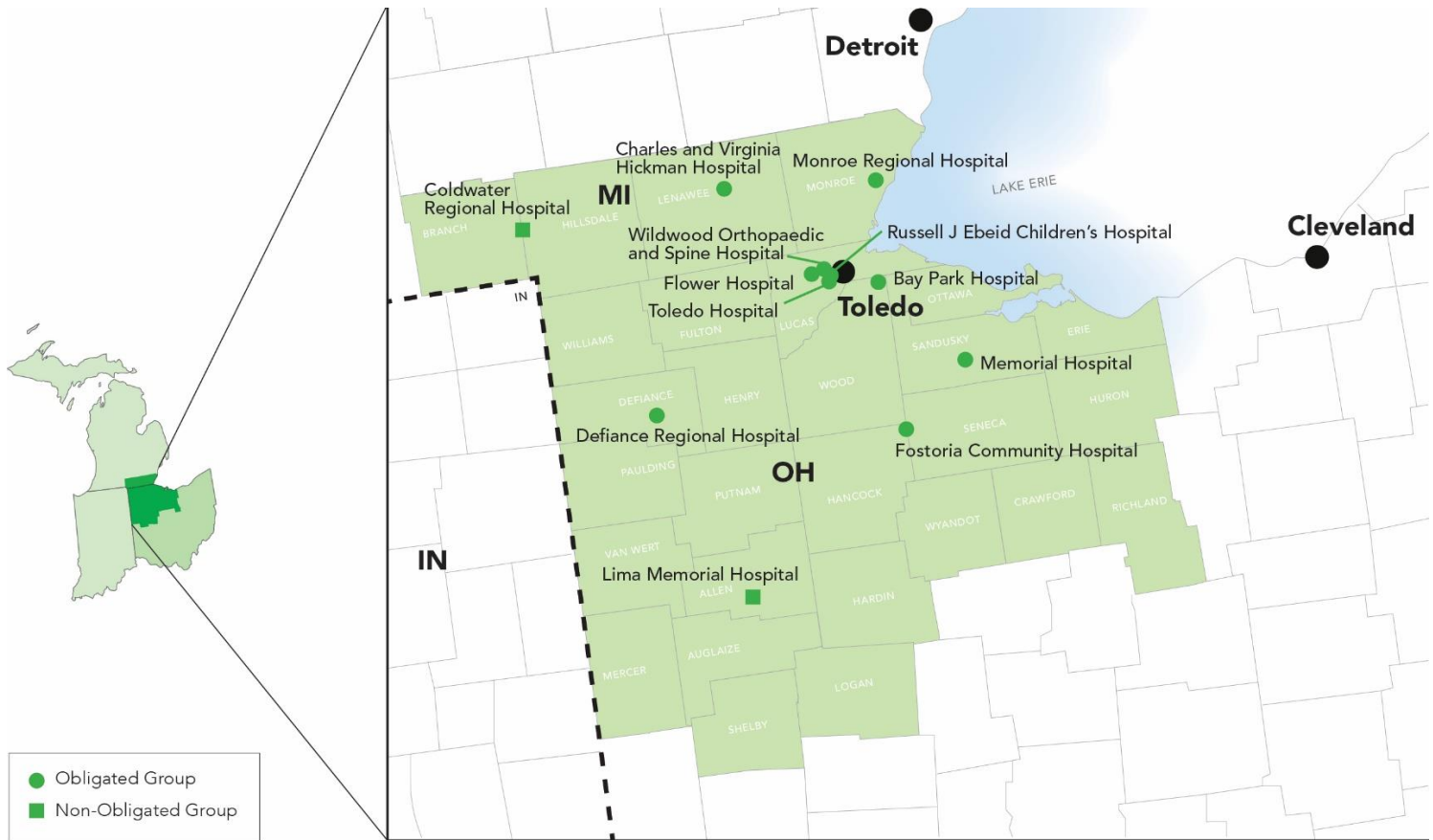
Service Area and Operating Divisions

ProMedica is headquartered in Toledo, Ohio and serves communities in 26 states through its three primary operating divisions: Provider, Senior Care, and Paramount (Insurance).



Provider

Acute and ambulatory care facilities and providers serve a 28-county area in northwest Ohio and southeast Michigan and includes 11 owned hospitals and one affiliated hospital (Lima).



ProMedica Physician Group, Inc., and its subsidiary limited liability companies (collectively, “PPG”) is a comprehensive provider network consisting of 1,315 employed providers, including 638 primary care and specialty physicians, as well as 677 advanced practice providers. PPG handled approximately 2,467,000 patient encounters in 2022. PPG is not a member of the Obligated Group.

PPG providers are engaged in achieving quality outcomes by targeting preventative healthcare, with special emphasis on cardiovascular diseases and cancer. Members of the physician network provide leadership to ProMedica through participation on boards, councils, and membership in co-management companies.



Senior Care

The Senior Care division of ProMedica is a leading provider of short-term, post-hospital services and long-term care with decades of experience helping patients, residents, and their families. Effective December 22, 2022, ProMedica and certain of its affiliates transferred their leasehold interest in the real estate relating to, and the operations (inclusive of fixed assets, management, bed-rights, and licenses) of, 147 skilled nursing facilities (the “Transferred Skilled Nursing Facilities”) and exited operations of those Transferred Skilled Nursing Facilities. For more information regarding the transfer of the Transferred Skilled Nursing Facilities, see the discussion under the caption “Recent Significant Developments – Transfer of Skilled Nursing Joint Venture” herein.

ProMedica Senior Care continues to operate in 24 states as it provides hospice and home health care in 120 markets, operates 59 assisted living and memory care communities, and operates nine Medicare and Medicaid-certified skilled nursing and rehabilitation centers. These locations primarily operate under the names of ProMedica Home Health and Hospice, ProMedica Palliative, Arden Courts ProMedica Memory Care Community, and ProMedica Skilled Nursing and Rehabilitation.

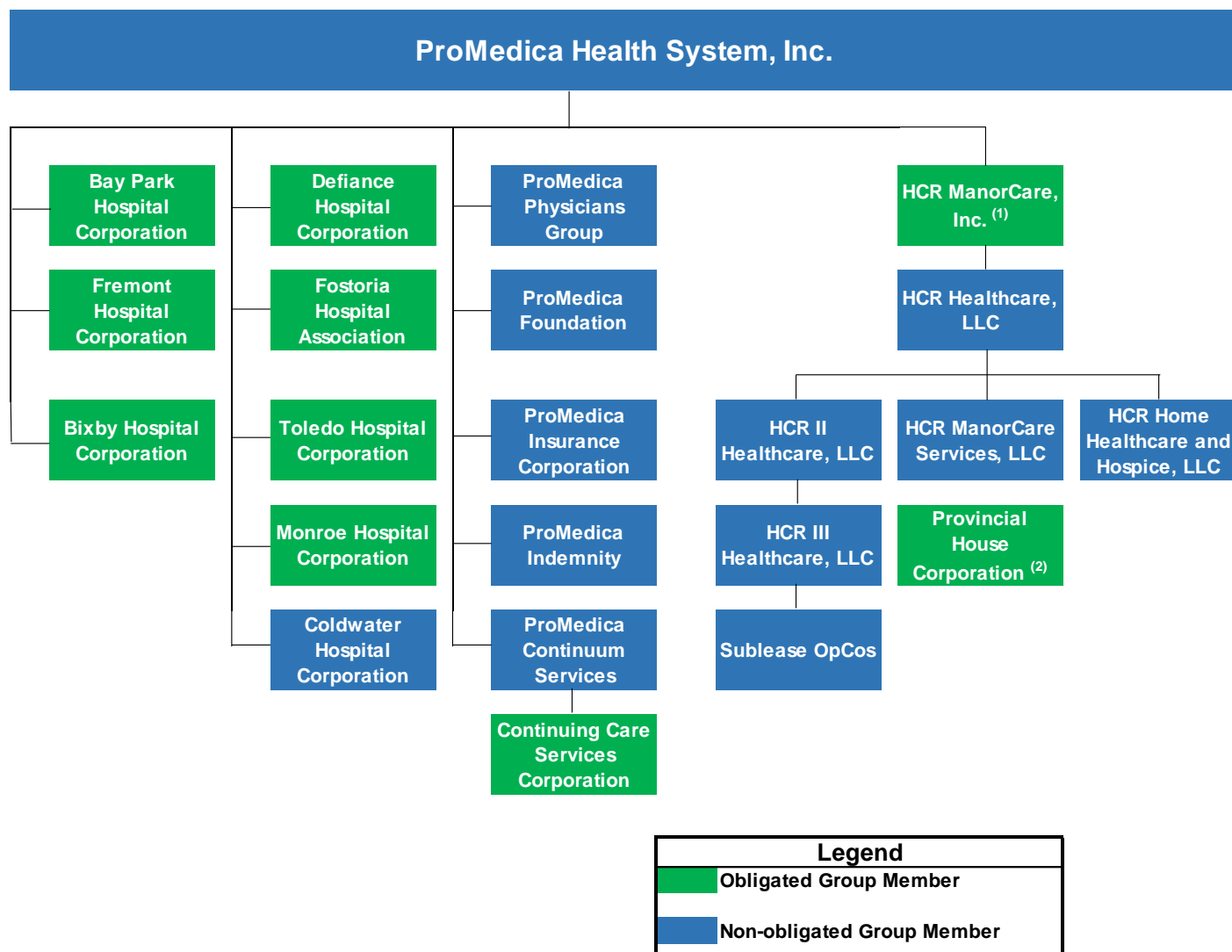
Paramount

Paramount’s insurance subsidiaries provide products that cover approximately 392,000 unique members in Ohio, Michigan, Indiana, Kentucky, Pennsylvania, and West Virginia. Paramount’s key product lines include:

- **Commercial: Paramount** - Established in 1988. Offers health insurance products for employers of any size in northwest Ohio and southeast Michigan. It serves approximately 71,000 members.
- **Medicare: Paramount Elite** - Established in 1994. Offers eligible adults, including those age 65 and older, a wide range of Medicare plan options for any budget or health need. Its approximately 15,000 members live in 36 counties in Ohio, Michigan, and Indiana.
- **Workers’ Compensation** - Works with more than 23,000 employers in Michigan, Ohio, Pennsylvania, and West Virginia, and has assisted employers with vocational rehabilitation, life-care planning, absence management, and managed care and third-party administration for workers’ compensation since 1997.
- **Health Insurance Marketplace** - Individuals and families can purchase their own health insurance directly from Paramount. Paramount joined the marketplace in 2015 and has over 2,000 members.
- **Dental: Paramount Dental** – Provides dental plans for employer groups and their employees and Paramount Medicare members. It has over 304,000 members in Indiana, Kentucky, Michigan, and Ohio.

Organizational Structure

The chart below summarizes ProMedica's current structure. Certain members may control one or more non-obligated group members that are not listed in the chart.



(1) HCR ManorCare, Inc. is a holding company with no operations. Through a transfer agreement with HCR and its subsidiaries, consolidated cash on hand in excess of 14 days of operating expenses is transferred monthly to the Obligated Group.

(2) Indirect subsidiary of HCR Healthcare, LLC.

Executive Leadership and Governance

Executive Leadership

The Executive System Team listed below plans and administers the strategic plans of ProMedica and its subsidiaries, subject to the policies and authority of the ProMedica Board of Trustees.

Name	Title	Years with ProMedica	Years in Healthcare
Arturo Polizzi	President & Chief Executive Officer	22	24
Louis Robichaux	Chief Financial Officer (interim)	1	30
Gary Cates	Chief Philanthropy Officer	26	26
Angela Brandt	President, ProMedica Senior Care	9	26
Lori Johnston	President, ProMedica Insurance Corp	27	40
Robin Whitney	Chief Supply Chain, Construction & Real Estate Officer	9	9
Steve Sadowski	Chief Legal Officer & General Counsel	10	23
John Pigott, MD	Chief Innovations Officer	33	39
Dawn Buskey	President, Acute Care	30	34
Kent Bishop, MD	Chief Medical Officer, President, ProMedica Physicians	28	33
Debi Brobst	Chief Information Officer, Providers, Acute & Ambulatory Care	21	21
Kathleen McCreery Merrill	Chief Marketing Officer	15	15

Governance

ProMedica has 219 volunteer board members serving on 25 boards, committees, councils, and foundations.

The ProMedica Board of Trustees, listed below, is comprised of 13 members, three of which are chairs of the various Subsidiary Boards, four are chairs of ProMedica's standing committees, one is the President & CEO, and the remainder are at-large members.

Members on the ProMedica Board of Trustees may serve up to three, three-year terms. In addition, the ProMedica Board has established standing committees. Members appointed to these committees serve one-year terms for up to ten years.

The Subsidiary Boards exercise the powers delegated to them in their respective Code of Regulations or Bylaws and granted to them by statutory authority. The ProMedica Board appoints or approves all members to the Subsidiary Boards.

ProMedica Committees

- Audit & Compliance
- Compensation & Leadership
- Finance
- Enterprise Risk

ProMedica Board of Trustees

Name	Professional Affiliation
Kurt Darrow	Retired, former Chairman, President & CEO / La-Z-Boy Incorporated
Lisa Hawker	President, Employee Benefits / Hylant
Jim Hoffman	Market President, Michigan & Northwest Ohio / KeyBank
Robert LaClair	Retired, former President & CEO / Fifth Third Bank Northwestern Ohio
Lisa McDuffie	President & CEO / YWCA of Northwest Ohio
Arturo Polizzi	President & CEO / ProMedica
Kevin Sauder	President & CEO / Sauder Woodworking Company
Stephen Staelin	Senior Partner (Retired) / Ernst & Young
James F. White, Jr.	Counsel / Shumaker, Loop & Kendrick, LLP
Thomas Winston	President & CEO / Toledo-Lucas County Port Authority
Maryjane Wurth	Retired, former COO / American Hospital Association
Ravi Narra, MD	ProMedica Physician Group
Mark Wagoner	Lawyer / Shumaker, Loop & Kendrick, LLP

Officers:

Chairman - Robert LaClair; Treasurer - Louis Robichaux; Secretary - Steve Sadowski

Management Discussion and Analysis

Operational Performance

For accounting purposes, the operations of the Transferred Skilled Nursing Facilities that closed on December 22, 2022 have been classified as held for sale and discontinued operations. The operating results from those facilities have been reclassified as discontinued operations in the statements of income for all periods presented. Therefore, the following discussion and analysis reflects comparative results from continuing operations for the Senior Care division and System Consolidated. Although management intends to fully exit the skilled nursing business, nine skilled nursing facilities were not under contract for transfer as of December 31, 2022 and are included in ProMedica's results from continuing operations.

Key Operating Metrics

Three Months Ended December 31, 2022

	Senior			
	Provider	Care	Paramount	System
EBITDAR				
Margin	4.5%	10.9%	14.3%	9.3%
EBITDA				
Margin	4.5%	5.8%	14.3%	8.1%
Operating				
Income				
Margin	-0.5%	-141.0%	13.0%	-33.2%

Refer to Appendix A4 for a reconciliation and discussion of the non-GAAP measures referenced above.

Three Months Ended December 31

System Consolidated – continuing operations

ProMedica reported an operating loss of \$346.4 million for the three months ended December 31, 2022 compared with operating income of \$52.7 million in the prior year. The decline in operating income for the quarter was related to non-cash impairment charges of \$381.2 million, primarily in the Senior Care division, and the runoff of the Paramount Advantage business.

Total operating revenue of \$1.0 billion for the fourth quarter decreased 23.9% compared with the prior year, primarily driven by reduced revenues in the Insurance division after the sale of the Paramount Advantage Medicaid business. Net patient service revenue for the fourth quarter of 2022 increased 9.4% compared with the prior year. ProMedica recorded \$1.9 million of CARES Act and other government stimulus income in other revenue during the fourth quarter, compared with \$30.6 million in the prior year.

Provider

For the fourth quarter of 2022, the Provider division generated an operating loss of \$3.3 million compared with operating income of \$34.7 million in the prior year. Net patient service revenue decreased by \$18.4 million, or 2.8%, compared with the prior year. Operating expenses also decreased by \$14.3 million, or 2.3%, compared with the prior year quarter, driven by improvements in labor and agency costs. The Provider division recorded \$1.0 million of CARES Act and other government stimulus funding as other revenue compared with \$28.3 million in the prior year quarter.

Senior Care – continuing operations

Senior Care division continuing operations reported an operating loss of \$338.0 million for the fourth quarter of 2022, compared with an operating loss of \$5.8 million in the prior year. The loss for 2022 included a non-cash impairment charge of \$346.2 million. Senior Care net patient service revenue of \$230.7 million for the quarter decreased by \$6.8 million, or 2.9%, compared with the fourth quarter of 2021 driven by a decline in hospice patient volume. Expenses decreased by \$22.2 million, or 8.9%, compared with the prior year driven by lower labor and agency costs. The Senior Care division recorded \$0.9 million of CARES Act and other government stimulus funding as other revenue during the fourth quarter of 2022 compared with \$2.2 million in the prior year.

Paramount

Fourth quarter operating income of \$17.1 million decreased by \$13.5 million compared with the prior year. Membership revenues decreased by \$407.6 million and medical expenses decreased by \$339.2 million, primarily related to the sale of the Paramount Advantage Medicaid business that closed early in the first quarter of this year.

Operational Performance

Year Ended December 31

System Consolidated – continuing operations

ProMedica reported an operating loss of \$399.8 million for the year ended December 31, 2022 compared with operating income of \$141.4 million in the prior year. Current year operating income was reduced due to impairment charges of \$381.2 million, predominantly in the Senior Care division, and the runoff of the Paramount Advantage business. Industry-wide workforce shortages during the year contributed to increased amounts of agency staffing and labor costs in the Provider division.

Total operating revenue of \$4.1 billion for 2022 decreased 22.0% compared with the prior year, primarily driven by reduced revenues in the Insurance division after the Paramount Advantage transaction. Net patient service revenue for 2022 increased by \$80.2 million, or 2.6%, compared with the prior year as patient volume continued to recover in the Provider division. A one-time gain of \$50.0 million related to the sale of the Paramount Advantage insurance product early in the first quarter was included in other revenue. ProMedica recorded \$31.2 million of CARES Act and other government stimulus income in other revenue during 2022, compared with \$47.7 million in the prior year.

Key Operating Metrics

Year Ended December 31, 2022

	Senior			
	Provider	Care	Paramount	System
EBITDAR				
Margin	1.0%	6.5%	8.5%	5.0%
EBITDA				
Margin	1.0%	1.8%	8.5%	3.9%
Operating				
Income				
Margin	-3.5%	-36.0%	7.4%	-9.8%

Refer to Appendix A5 for a reconciliation and discussion of the non-GAAP measures referenced above.

Provider

For 2022, the Provider division generated an operating loss of \$87.3 million compared with operating income of \$92.2 million in the prior year. As patient volume continued to recover, net patient service revenue increased by \$65.7 million, or 2.8%, compared with the prior year. Provider operating expenses for 2022 increased by \$216.1 million, or 9.5%, compared with the prior year, driven by increased labor and benefits costs and higher agency costs. The Provider division also recorded \$17.6 million of CARES Act and other government stimulus funding as other revenue during 2022 compared with \$40.1 million in the prior year.

Senior Care – continuing operations

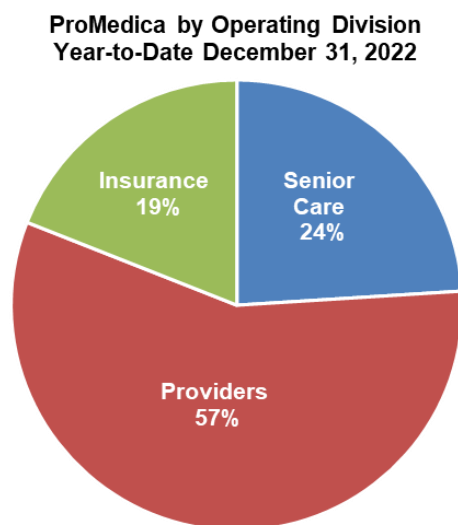
The Senior Care division operating loss of \$349.5 million for 2022 compared unfavorably with operating income of \$2.1 million in the prior year. The loss for 2022 included a non-cash impairment charge of \$346.2 million. Senior Care net patient service revenue of \$925.8 million decreased by \$90.7 million, or 8.9%, compared with the prior year driven by decreased patient volume in the hospice business. Expenses decreased by \$88.9 million, or 8.5%, compared with the prior year, driven by improvements in labor and agency costs. The Senior Care division recorded \$13.6 million of CARES Act and other government stimulus funding as other revenue during 2022, compared with \$7.6 million in the prior year.

Paramount

Operating income of \$56.2 million for 2022 decreased by \$37.6 million compared with the prior year. Membership revenues decreased by \$1.4 billion and medical expenses decreased by \$1.1 billion, primarily related to the sale of the Paramount Advantage Medicaid business that closed early in the first quarter. Transaction proceeds of \$50.0 million were recorded as a gain to the parent company during the first quarter of 2022 and are included in other revenue in the Consolidated Statement of Operations.

Sources of Revenue

For the year ended December 31, 2022, 57% of total System operating revenue was provided by the Provider division, 24% by the Senior Care division, and 19% by the Insurance division. Insurance division revenues declined after the Paramount Advantage transaction that was completed in the first quarter. Senior Care revenues represent continuing operations and were primarily from hospice and memory care services.



Uncompensated Care

(\$ in thousands)	Three Months Ended December 31,		Year Ended December 31,	
	2022	2021	2022	2021
Charity care	\$ 16,208	\$ 11,744	\$ 59,779	\$ 53,698
Bad debt	2,414	21,235	62,998	100,647
Total uncompensated care	\$ 18,622	\$ 32,979	\$ 122,777	\$ 154,345
% of Total operating revenue	1.8%	2.4%	3.0%	2.9%

Non-operating Income

Interest expense was \$118.5 million for 2022, which increased by \$1.5 million compared with the prior year. Total net investment losses were \$139.8 million for 2022, which included unrealized losses of \$206.6 million. Total investment income was \$100.5 million in the prior year and included unrealized gains of \$17.7 million. Other non-operating income also includes a pension settlement charge of \$136.5 million recorded in the fourth quarter of 2022.

Loss from Discontinued Operations

The \$853.0 million loss from discontinued operations recorded in the Statements of Changes in Net Assets for the year ended December 31, 2022 consisted of the following: \$370.7 million of year-to-date operating losses and other adjustments related to the Transferred Skilled Nursing Facilities, \$291.7 million related to the revised valuation of related joint venture investments, a write-off of the \$147.9 million carrying value of the fixed assets and certificates of need, and a net loss of \$42.7 million related to a termination fee and gain on the restructuring of the Master Lease. Year-to-date operating losses of \$277.4 million were also reclassified and presented as a loss from discontinued operations for the year ended December 31, 2021 in accordance with the accounting treatment for discontinued operations.

Liquidity

Cash and Investments

As of December 31, 2022, ProMedica had \$937.0 million of unrestricted cash and investments to fund operational and capital expenditures. This equates to 87.0 days cash on hand as of December 31, 2022, as compared with 108.6 days as of December 31, 2021.

ProMedica received proceeds of \$187.4 million from the Welltower and Paramount Advantage Medicaid sale transactions completed in the first quarter and has repaid \$125.9 million of Medicare advance payments during 2022. The remaining deferred payroll taxes of \$49.6 million were also repaid during the fourth quarter of 2022.

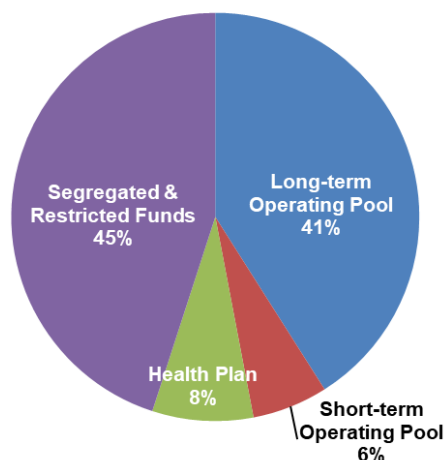
The credit ratings downgrades during the third quarter triggered certain covenants in the supplemental bondholder agreements, continuing covenant agreements, and in agreements for standby letters of credit, and surety bonds. The ProMedica Obligated Group has deposited collateral of \$154.9 million with the related financial institutions in satisfaction of the requirements of the agreements and related waivers. These restricted funds are recorded on the balance sheet in current "Assets limited as to use or restricted" and are excluded from total unrestricted cash and investments used in covenant calculations.

Total unrestricted cash and investments for ProMedica were as follows:

(\$ in thousands)	December 31, 2022		December 31, 2021	
Cash and cash equivalents	\$	408,253	44%	\$ 569,151 28%
Marketable securities		99,621	10%	262,271 13%
Unrestricted long-term investments		429,155	46%	1,214,334 59%
Total unrestricted cash and investments	\$	937,029	100%	\$ 2,045,756 100%

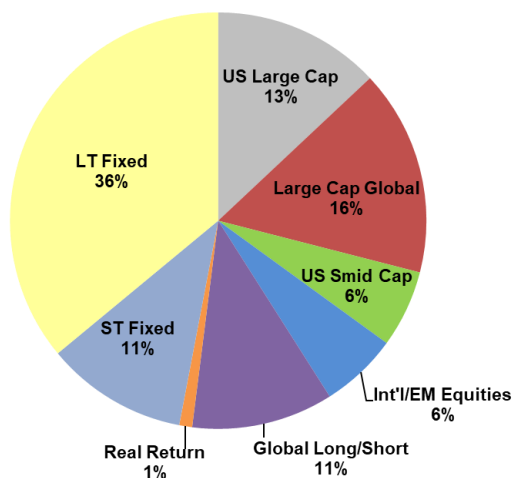
ProMedica centralizes the management of cash and investments. ProMedica's investments are primarily pooled in a master trust arrangement with custody provided by BNY Mellon. Investments held outside of the pooled trusts are done so due to regulatory requirements or other purposes. Governance of all investments is provided by the ProMedica Investment Subcommittee - a subcommittee of the ProMedica Finance Committee.

A summary of the investment portfolios is as follows:

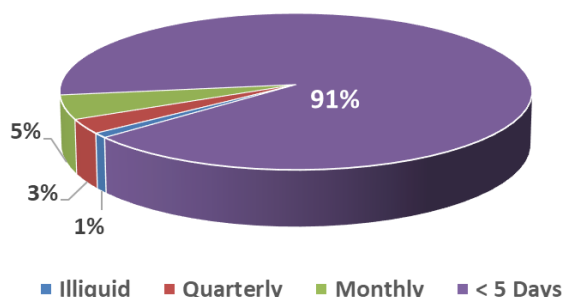


ProMedica's investment program is structured to maintain adequate liquidity levels, while maximizing long-term growth. ProMedica utilizes ongoing cash forecasting to ensure proper allocations between operating, short-term, and long-term funds. Portfolios are monitored quarterly to ensure compliance with the investment policy as part of detailed portfolio reviews.

Operating Pool assets of \$553.8 million as of December 31, 2022 were invested as follows:



ProMedica maintains a high level of liquidity within the investment portfolio. Approximately \$52.6 million or 4% of investments have liquidity provisions that may restrict their ability to be liquidated in 30 days or less and approximately \$14.1 million, or 1% of investments, have liquidity provisions greater than one year.



Valuations

ProMedica's investment portfolio is primarily composed of level-I and level-II securities with limited exposure to level-III investments. The value of level-III investments as of December 31, 2022 was \$41.1 million, or 4% of the portfolio, which was comprised of land and buildings held for investment, the foundation's beneficial interests in funded perpetuities, and an allocation to private capital.

Capital Expenditures

ProMedica capital expenditures were \$37.2 million and \$122.2 million for the three months and year ended December 31, 2022, respectively, compared with \$56.9 million and \$134.2 million for the same periods in the prior year.

Debt

Total debt, including finance leases, was \$2.3 billion at both December 31, 2022 and December 31, 2021. As of December 31, 2022, the total outstanding debt was 96% fixed and 4% variable.

ProMedica's outstanding debt, net of unamortized bond discount, premium, and debt issuance costs, as of December 31, 2022, is summarized below (\$ in thousands):

Series	Par Outstanding	Product	Final Maturity	Average Coupon	Tax Status
Series 2015A	\$ 270,857	Fixed Rate	11/15/2045	4.98%	Taxable
Series 2015B	45,450	Fixed Rate	11/15/2045	4.00%	Tax-Exempt
Series 2015D	3,745	Direct Loan	11/15/2025	Variable	Taxable
Series 2015E	25,243	Direct Loan	11/15/2025	Variable	Taxable
Series 2017A	54,710	Direct Loan	11/15/2040	3.46%	Tax-Exempt
Series 2017B	117,625	Direct Loan	11/15/2041	3.46%	Tax-Exempt
Series 2017C	83,295	Direct Loan	11/15/2041	3.49%	Tax-Exempt
Series 2017D	38,938	Direct Loan	11/15/2029	3.49%	Tax-Exempt
Series 2017F	62,500	Direct Loan	11/15/2034	Variable	Tax-Exempt
Series 2018A	249,489	Fixed Rate	11/15/2048	5.14%	Tax-Exempt
Series 2018B	1,204,992	Fixed Rate	11/15/2048	5.55%	Taxable
Series 2020E	7,215	Direct Loan	11/15/2040	2.69%	Tax-Exempt
Series 2021A,B,C	66,942	Direct Loan	11/15/2029	2.61%-2.75%	Tax-Exempt
Coldwater 2012A	3,965	Fixed Rate	9/1/2031	3.44%	Tax-Exempt
Jobs Ohio Revitalization Loan	2,878	Direct Loan	6/1/2033	1.00%	Tax-Exempt
Other notes and loans	29,350				
Total Debt	\$ 2,267,194				
Lease Liabilities - Financing	26,020				
Total Debt and Financing Lease Liabilities	\$ 2,293,214				

The Master Trust Indenture and related loan agreements and leases along with certain supplemental bondholder agreements and continuing covenant agreements related to privately placed debt require compliance with certain financial covenants each year by the Obligated Group and the System. As of the December 31, 2022 measurement period, the System did not comply with the debt to capitalization covenant specific to certain privately placed debt issuances (series 2015D and E, 2017A, B, C, D and F, and Series 2021A,B,C). The System has obtained a waiver from the financial institutions related to the covenant violation effective as of December 31, 2022 and continuing through June 30, 2023. As part of the waiver agreement, the System has committed to use a portion of the proceeds from the proposed sale of a majority of the Hospice and Homecare division sale (along with funds already posted as collateral with the financial institutions) to repay these outstanding obligations of \$453.0 million by August 17, 2023. If the Hospice and Homecare division sale agreement is terminated or fails to close by August 17, 2023, the Obligated Group will be in violation of the waiver agreement, and the waiver provided by the financial institutions will be rescinded. The \$453.0 million of outstanding liabilities under these agreements are reflected as current liabilities as of December 31, 2022. The Obligated Group has complied with the remaining requirements of the financial covenants each year. For more information regarding the Hospice and Homecare division sale, see the discussion under the caption “Developments Subsequent to the End of the Quarter” herein.

Current Debt Ratings and Recent Updates

	S&P	Moody's	Fitch
Current Rating	BB	Ba2	BB+
Outlook	Negative	Negative	Negative

On January 6, 2023, S&P removed ProMedica Healthcare Obligated Group from credit watch and affirmed its credit rating of BB with a negative outlook.

On November 17, 2022, Moody's concluded its rating review on the ProMedica Healthcare Obligated Group and affirmed the Ba2 rating with a negative outlook.


On May 13, 2022, Fitch lowered its rating to BB+ from BBB- on the ProMedica Healthcare Obligated Group and revised the outlook to negative from stable.

Contractual Obligations

Master Lease

In connection with the closing of the transaction for the Transferred Skilled Nursing Facilities on December 22, 2022, ProMedica and Welltower, Inc. (NYSE: WELL) agreed to an amended and restated triple-net master lease (the “Amended Master Lease”) for the 58 assisted living facilities remaining from the previous portfolio. The lease modification was accounted for as a partial termination, with the lease liability being measured at the newly reduced cash flow and the right-of-use asset being proportionately reduced. A gain of \$134.1 million was recognized in discontinued operations related to the lease modification.

The initial term of the Amended Master Lease is 10 years and may be renewed at the option of the tenant for two five-year terms and a four-year, 11-month term. The Amended Master Lease also waived certain collateral posting provisions from the original Master Lease until December 22, 2027. Other terms of the Amended Master Lease were substantially the same as the previous original Master Lease. The new initial annual base rent payable is \$50.6 million and includes annual escalators of 3.75%. Base rent for any renewal periods is to be reset to the then-current market value taking into consideration specific factors set forth in the Amended Master Lease.



The Amended Master Lease is accounted for as an operating lease, with rent expense recognized on a straight-line basis over each year of the initial lease term. The right-of-use asset and lease liability on the balance sheet represent the present value of minimum lease payments, which was approximately \$430.0 million as of December 31, 2022.

Rent expense from continuing operations related to the original Master Lease and the Amended Master Lease was \$16.7 million and \$16.1 million for the three months ended December 31, 2022 and 2021, respectively, and is recorded in Other operating expenses in the Statements of Operations. Rent expense from continuing operations was \$68.0 million and \$68.2 million for the year ended December 31, 2022 and 2021, respectively.

Joint Venture with Welltower

Effective December 22, 2022, and as a condition of the skilled nursing facility transfer agreement and lease restructuring, ProMedica surrendered its 15% share of the skilled nursing portion of the senior care real estate joint venture to Welltower for zero proceeds. The related loss of \$269.6 million was recorded in discontinued operations. ProMedica continues to hold a 15% share of the joint venture with Welltower that holds the real estate of the remaining assisted living facilities. ProMedica accounts for this joint venture using the equity method. The Welltower joint venture income (generated under the old joint venture and lease agreements) was \$5.7 million and \$7.0 million for the three months ended December 31, 2022 and 2021, respectively, and is recorded in Other revenue in the Statements of Operations. Joint venture income was \$26.2 million and \$37.3 million for the year ended December 31, 2022 and 2021, respectively.

Pension Obligations

ProMedica Health System provides retirement plans covering a large portion of its employees. The System contributes to the plans annually based upon actuarially determined funding guidelines. In March 2022, ProMedica communicated its intent to terminate its defined-benefit pension plans, which has substantially been completed as of December 31, 2022. A related pension settlement charge of \$136.5 million was recorded in other non-operating income during the fourth quarter of 2022.


Recent Significant Developments

Leadership Changes to Executive System Team

Arturo Polizzi was appointed President and Chief Executive Officer (CEO) of ProMedica Health System effective November 1, 2022. Mr. Polizzi is an experienced executive with a demonstrated history of working in the hospital and health care industry. He is highly skilled in nonprofit organizations, strategy, operations, team building, and business development. He started his career in 1998 at ProMedica as an in-house attorney. Over the past 20 years, he has served in various strategic and operational roles at the organization, including Associate General Counsel, Chief Human Resources Officer, and President of the Metro Toledo ProMedica hospitals. Prior to returning to ProMedica as the Chief Operating Officer in 2020, Mr. Polizzi served as President and CEO of Christ Hospital Health Network in Cincinnati, Ohio.

Transfer of Skilled Nursing Joint Venture

The transfer of the 147 Transferred Skilled Nursing Facilities closed on December 22, 2022 (the “Closing”). At Closing, ProMedica funded an operating reserve for the Transferred Skilled Nursing Facilities in consideration of (i) being relieved from all further financial obligations for the Transferred Skilled Nursing Facilities (except for the Post-Closing Transferred Facilities as described below), and (ii) the termination of ProMedica’s lease obligations for the Transferred Skilled Nursing Facilities, in both cases ((i) and (ii)) from and after the Closing. For the year ended December 31, 2022 and the two preceding fiscal years, the operations of the Transferred Skilled Nursing Facilities produced operating losses.



The transfer of seven skilled nursing facilities in California (the “Post-Closing Transferred Facilities”) is still in process with negotiations with potential new owners/operators ongoing. A portion of the operating reserve has been earmarked for funding the operations of the Post-Closing Transferred Facilities for a six month period following Closing. While ProMedica management believes that the earmarked amount will be sufficient to cover any operating losses during this six month period based on historical financial results, no guarantee can be made that the earmarked amount will be sufficient to cover all operating losses if future results are materially different. If the Post Closing Transferred Facilities have not been transferred after the initial six month post-Closing period, ProMedica is obligated to fund 50% of any operating loss during the following six month period.

Affiliates of HCR ManorCare, Inc. continue to operate the 58 memory care communities that continue to be subject to the Amended Master Lease and ProMedica continues to own a 15% interest in the joint venture that is the landlord under the Amended Master Lease (the “Welltower Joint Venture”) relating to the 58 assisted living/memory care facilities retained by the Welltower Joint Venture. Obligated Group Member Lenawee Long Term Care (d/b/a Provincial House of Adrian) continues to operate “Provincial House,” an assisted living facility in Adrian, Michigan. Other affiliates of ProMedica, who are not members of the Obligated Group, also continue to own and operate the senior care facilities in Adrian and Monroe, Michigan, the skilled nursing, and memory care facilities located at the Flower Hospital campus in Sylvania, Ohio, four additional skilled nursing facilities which are ground-leased in Pennsylvania, Illinois, Florida, and Michigan, and the system’s home health and hospice operations. ProMedica is actively marketing the facilities in Pennsylvania, Illinois, and Michigan for sale.


Paramount Advantage - Ohio Medicaid Contract Transaction

Paramount Advantage was not awarded the Medicaid contract for the plan years 2022-2027 by the Ohio Department of Medicaid. Premium revenue related to this contract totaled \$1.57 billion and \$1.53 billion, in fiscal 2021 and 2020, respectively. As a result, effective February 11, 2022, Paramount Advantage entered into an agreement with Community Insurance Company, d/b/a Anthem Blue Cross Blue Shield of Ohio, whereby Paramount Advantage sold certain assets, with a net book value of \$0, related to its prior Ohio Medicaid Contract for a selling price of \$50.0 million. In conjunction with this agreement, the parties entered into a transition services agreement under which Paramount Advantage continued to provide all services under the prior Ohio Medicaid Contract up to the cutover date (February 1, 2023), which is the date the 2022 Ohio Medicaid Contract became effective and is currently being paid an administrative fee for these services. In addition, Paramount Advantage will provide certain data migration and run-out services for a period of 17 months. ProMedica may be entitled to additional contingent consideration, payable mid-2023, based on how many former Paramount members are ultimately retained by Anthem.

COVID-19 Pandemic and Relief Funding

The COVID-19 pandemic that began near the end of the first quarter of 2020 has continued to adversely impact the System’s revenue and operating results throughout 2021 and into 2022. Patient volume in the Provider division has nearly recovered, but expenditures remain elevated. The Senior Care division’s recovery is ongoing and is expected to take longer due to industry-wide COVID-related admission volume declines coupled with elevated expense levels and reduced levels of government stimulus funds available.

The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) made \$100 billion in Federal reimbursement available to hospitals and other health care providers for COVID-19 related expenses and lost revenue. These funds are administered by the U.S. Department of Health and Human Services (HHS) and distributed by the Health Resources and Services Administration (HRSA) under the CARES Act Provider Relief Fund program. Other federal agencies and various state governments have also provided stimulus and relief funding, with the majority being received during the third quarter of 2020. The stimulus funding received during 2021 and 2022 has been limited in comparison to amounts received in 2020. ProMedica received new funding



related to continuing operations of \$31 million in 2022 compared with \$48 million in the prior year (all recognized in revenue).

The CARES Act also provided additional one-time relief funding in the form of Medicare advance payments, which were required to be repaid at various dates through 2022. These funds were repaid through scheduled reductions of Medicare payments (25% for the first 11 months and 50% for the next 6 months) beginning one year after receipt of the advance payments. ProMedica started repaying these funds in April 2021 and has repaid them in full as of December 31, 2022, including the final \$125.9 million during 2022.

Under the CARES Act, employers were also eligible to defer payment of FICA taxes owed from March 27 through December 31, 2020. Repayment of 50% was required by December 31, 2021 with the remaining 50% due by December 31, 2022. ProMedica repaid \$43.3 million of its deferred FICA taxes in December 2021, and \$49.6 million in the fourth quarter of 2022.

Developments Subsequent to the End of the Quarter

Hospice Transaction

On February 17, 2023, ProMedica entered into a definitive agreement to sell the majority of its Hospice and Homecare division for a gross purchase price of \$710.0 million. The parties expect the transaction to close by mid-2023. The closing of the transaction is subject to standard closing conditions including, but not limited to, a working capital adjustment and regulatory approvals for the transfer. As discussed above, ProMedica expects to use a portion of the net sale proceeds to retire the private placement bank debt and use the remaining funds for general operating purposes.

Selected Statistics

Provider

Facilities and Beds

	as of: 12/31/2022	12/31/2021	12/31/2020
<u>Facilities</u>			
Hospitals *	11	11	11
<u>Beds</u>			
Hospitals *	1,759	1,759	1,759

* Includes Coldwater hospital (87 beds), which is not a member of the Obligated Group. Excludes Lima affiliation.

	Year-to-Date December 31,		
	2022	2021	2020
Utilization			
Acute discharges	54,102	53,599	51,644
Newborn discharges	6,199	6,024	6,288
Outpatient surgeries	49,436	42,764	37,805
Emergency room visits	269,708	262,640	226,575
ALOS - acute	5.3	5.4	5.2
% of staffed beds (acute care)	75%	75%	69%

Provider Payor Mix

Medicare ⁽¹⁾	46.8%	45.3%	45.4%
Medicaid ⁽¹⁾	19.9%	20.2%	19.9%
Other	32.3%	33.3%	33.4%
Self-pay	1.0%	1.2%	1.3%

(1) Includes Medicare and Medicaid HMOs.

Senior Care

Facilities and Beds

	as of: 12/31/2022	12/31/2021	12/31/2020
<u>Senior Care Facilities</u>			
Skilled nursing facilities - continuing operations	9	8	8
Assisted living facilities	59	59	57
Hospice and home health offices	120	116	111
	<u>188</u>	<u>183</u>	<u>176</u>
<u>Senior Care Beds</u>			
Skilled nursing facilities	1,051	955	955
Assisted living facilities	3,833	3,833	3,665
	<u>4,884</u>	<u>4,788</u>	<u>4,620</u>

Facility and bed data for all periods excludes divested and the 147 SNF (20,792 beds) held for sale.

Senior Care Census and Revenue Statistics

	Year-to-Date December 31,		
<u>Skilled Nursing - continuing operations:</u>	2022	2021	2020
Occupancy	76%	71%	73%
<u>Average Daily Census (ADC):</u>			
Medicare	83	82	83
Managed Care	98	82	60
Medicaid	454	410	461
Private/Other	78	69	67
	713	643	671
<u>Patient Revenue Allocation:</u>			
Quality Mix	52%	54%	48%
Post-acute Mix	41%	43%	39%
Medicaid	48%	46%	52%
<u>Per Diems:</u>			
Medicare	\$ 556.36	\$ 565.51	\$ 567.12
Managed Care	470.12	480.63	514.06
Medicaid	240.95	229.43	231.18
Private/Other	309.89	292.97	274.42
<u>Patient Revenues (in thousands):</u>			
Medicare	\$ 17,171	\$ 17,417	\$ 17,891
Managed Care	16,888	14,427	11,323
Medicaid	39,935	34,299	39,007
Private/Other	9,335	7,897	7,107
Total	\$ 83,329	\$ 74,040	\$ 75,328
<u>Assisted Living:</u>			
Occupancy	68%	63%	71%
Private/Other ADC	2,555	2,343	2,556
Private/Other Per Diem	\$ 214.89	\$ 209.58	\$ 201.17
Private/Other Patient Revenues	\$ 204,548	\$ 182,755	\$ 192,288
<u>Hospice and Home Health:</u>			
Hospice average daily census (w/ IPU)	9,413	10,014	10,836
Home health admissions	14,604	19,316	20,788
Home care visits	260,228	348,833	375,801

Skilled nursing data for all periods excludes divested and the 147 SNF held for sale.



Appendix

Debt Covenant Calculations

ProMedica Health Care Obligated Group

(\$ in thousands)

Debt Service Coverage Ratio	December 31, 2022	December 31, 2021
Excess of revenue (under) over expenses	\$ (461,504)	\$ 192,543
ADJUSTED BY:		
Provision for depreciation, amortization, and impairment	455,415	108,956
Interest	108,378	108,293
(Gain) loss on sale of equipment	(121)	1,067
Capitalized interest	-	233
Unrealized losses (gains) on investments	127,218	(11,647)
Net income available for debt service	<u>\$ 229,386</u>	<u>\$ 399,445</u>
Maximum annual debt service	\$ 155,442	\$ 152,638
Debt Service Coverage Ratio	1.48	2.62
Requirement	1.10	1.10

ProMedica Health System

(\$ in thousands)

Days Cash on Hand	December 31, 2022	December 31, 2021
Cash and cash equivalents	\$ 408,253	\$ 569,151
Marketable securities	99,621	262,271
Unrestricted long-term investments	429,155	1,214,334
Total unrestricted cash and investments	<u>\$ 937,029</u>	<u>\$ 2,045,756</u>
Total expenses (excluding depreciation and amortization)	\$ 3,932,620	\$ 6,875,031
Days Cash on Hand	87.0	108.6
Requirement - Greater than	45.0	45.0

Prior year calculation is shown as previously reported.

Supplemental Schedules

PROMEDICA
CONSOLIDATED STATEMENT OF REVENUE AND EXPENSES
BY BUSINESS LINE
(\$ in thousands, unaudited)

	Provider		Senior Care		Paramount		Other		ProMedica Consolidated	
	Three Months Ended December 31,		Three Months Ended December 31,		Three Months Ended December 31,		Three Months Ended December 31,		Three Months Ended December 31,	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Unrestricted Revenue, Gains and Other Support										
Net patient service revenue	\$ 629,676	\$ 648,123	\$ 230,746	\$ 237,579	\$ -	\$ -	\$ 17,927	\$ (83,047)	\$ 878,349	\$ 802,655
Premium revenue	-	-	-	-	91,707	499,305	(1,742)	(1,406)	89,965	497,899
Welltower JV income	-	-	5,638	7,000	-	-	-	-	5,638	7,000
Other	16,460	46,214	3,402	3,343	40,101	8,436	3,026	808	62,989	58,801
Net assets released for use in operations	3,053	2,922	-	146	-	-	3,628	2,826	6,681	5,894
Total unrestricted revenue, gains and other support	649,189	697,259	239,786	248,068	131,808	507,741	22,839	(80,819)	1,043,622	1,372,249
Expenses										
Salaries, wages and employee benefits	301,045	303,742	150,040	162,589	16,357	17,383	(11,298)	17,346	456,144	501,060
Food and drugs	63,407	59,456	8,834	8,908	-	-	(99)	377	72,142	68,741
Medical expenses	-	-	-	-	75,801	414,952	35,921	(60,937)	111,722	354,015
Contracted fees	83,131	97,467	20,012	19,756	14,804	5,899	42,650	37,523	160,597	160,645
Supplies	63,057	49,021	5,755	10,354	535	304	49	834	69,396	60,513
Insurance	7,038	16,688	4,080	3,140	-	-	(3,511)	4,033	7,607	23,861
Utilities	4,831	4,738	4,971	5,357	32	54	2,276	2,529	12,110	12,678
Welltower rent expense	-	-	16,714	16,153	-	-	-	-	16,714	16,153
Other	97,744	103,448	15,444	21,774	5,449	37,011	(66,291)	(83,542)	52,346	78,691
Total Expenses	620,253	634,560	225,850	248,031	112,978	475,603	(303)	(81,837)	958,778	1,276,357
Operating Income before Depreciation, Amortization and Impairment Expense (EBITDA)	28,936	62,699	13,936	37	18,830	32,138	23,142	1,018	84,844	95,892
Depreciation, Amortization and Impairment Expense	32,202	28,046	351,981	5,792	1,733	1,587	45,296	7,741	431,212	43,166
Operating Income (EBIT)	(3,266)	34,653	(338,045)	(5,755)	17,097	30,551	(22,154)	(6,723)	(346,368)	52,726
Other (Loss) Income										
Interest	(10,743)	(9,551)	(17,518)	(17,410)	-	-	(2,445)	(1,779)	(30,706)	(28,740)
Investment income (loss)	5,301	15,779	1,194	3,592	6,564	495	15,892	(21)	28,951	19,845
Income tax expense	421	343	565	(37)	752	(587)	1	-	1,739	(281)
Other	(484)	1,746	2	7	(14)	64	(139,026)	4,494	(139,522)	6,311
Total other income (loss) - Net	(5,505)	8,317	(15,757)	(13,848)	7,302	(28)	(125,578)	2,694	(139,538)	(2,865)
Excess of Revenue Over (Under) Expenses before Unusual Items	(8,771)	42,970	(353,802)	(19,603)	24,399	30,523	(147,732)	(4,029)	(485,906)	49,861
Restructuring, Severance and Acquisition Costs	-	-	-	-	467	-	(12,550)	-	(12,083)	-
Excess of Revenue Over (Under) Expenses	\$ (8,771)	\$ 42,970	\$ (353,802)	\$ (19,603)	\$ 24,866	\$ 30,523	\$ (160,282)	\$ (4,029)	\$ (497,989)	\$ 49,861
Contributions and other										
Net assets released from restrictions for fixed assets	1,872	2,820	19	-	-	-	-	(31)	1,891	2,789
Transfers Between Entities	(158,706)	(45,945)	15,714	(6,151)	(246,400)	-	389,392	52,089	-	(7)
Loss on discontinued operations	-	-	(547,921)	(87,304)	-	-	-	-	(547,921)	(87,301)
Other Non-Operating Income	(265)	(380)	-	-	-	-	103,466	(4,822)	103,201	(5,202)
Total other non-operating (loss) income	(157,099)	(43,505)	(532,188)	(93,455)	(246,400)	-	492,858	47,236	(442,829)	(89,724)
Increase (decrease) in net assets	\$ (165,870)	\$ (535)	\$ (885,990)	\$ (113,058)	\$ (221,534)	\$ 30,523	\$ 332,576	\$ 43,210	\$ (940,818)	\$ (39,860)

Supplemental Schedules

PROMEDICA CONSOLIDATED STATEMENT OF REVENUE AND EXPENSES BY BUSINESS LINE (\$ in thousands, unaudited)

	Provider		Senior Care		Paramount		Other		ProMedica Consolidated	
	Year Ended December 31,		Year Ended December 31,		Year Ended December 31,		Year Ended December 31,		Year Ended December 31,	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Unrestricted Revenue, Gains and Other Support										
Net patient service revenue	\$ 2,442,213	\$ 2,376,489	\$ 925,796	\$ 1,016,536	\$ -	\$ -	\$ (230,327)	\$ (335,500)	\$ 3,137,682	\$ 3,057,525
Premium revenue	-	-	-	-	617,521	1,985,559	(7,082)	(5,632)	610,439	1,979,927
Welltower JV income	-	-	26,161	37,327	-	-	-	-	26,161	37,327
Other	78,567	106,899	19,528	12,689	145,931	32,755	57,367	2,939	301,393	155,282
Net assets released for use in operations	7,113	5,782	317	380	-	-	7,321	7,601	14,751	13,763
Total unrestricted revenue, gains and other support	2,527,893	2,489,170	971,802	1,066,932	763,452	2,018,314	(172,721)	(330,592)	4,090,426	5,243,824
Expenses										
Salaries, wages and employee benefits	1,195,917	1,137,117	641,238	688,297	65,856	67,760	66,322	106,168	1,969,333	1,999,342
Food and drugs	241,405	218,846	34,886	38,184	5	-	(610)	(113)	275,686	256,917
Medical expenses	-	-	-	-	530,951	1,637,686	(157,074)	(263,571)	373,877	1,374,115
Contracted fees	387,710	297,595	81,786	106,390	64,880	74,918	162,361	128,301	696,737	607,204
Supplies	242,228	219,926	31,394	39,888	1,251	817	253	722	275,126	261,353
Insurance	23,405	31,412	12,090	12,121	1	3	(969)	3,290	34,527	46,826
Utilities	21,059	19,435	19,908	22,701	178	203	9,692	9,515	50,837	51,854
Welltower rent expense	-	-	67,975	68,188	-	-	-	-	67,975	68,188
Other	390,244	361,564	64,861	67,226	35,477	137,546	(302,060)	(299,995)	188,522	266,341
Total Expenses	2,501,968	2,285,895	954,138	1,042,995	698,599	1,918,933	(222,085)	(315,683)	3,932,620	4,932,140
Operating Income before Depreciation, Amortization and Impairment Expense (EBITDA)	25,925	203,275	17,664	23,937	64,853	99,381	49,364	(14,909)	157,806	311,684
Depreciation, Amortization and Impairment Expense	113,263	111,099	367,121	21,804	8,608	5,569	68,636	31,778	557,628	170,250
Operating Income (EBIT)	(87,338)	92,176	(349,457)	2,133	56,245	93,812	(19,272)	(46,687)	(399,822)	141,434
Other (Loss) Income										
Interest	(40,953)	(40,791)	(69,783)	(69,533)	-	-	(7,789)	(6,672)	(118,525)	(116,996)
Investment income (loss)	(78,574)	65,455	4,307	6,177	(14,455)	2,304	(51,029)	26,553	(139,751)	100,489
Income tax expense	(120)	28	797	320	(2,433)	(4,437)	1	-	(1,755)	(4,089)
Other	(2,012)	7,861	3	8	(62)	125	(144,115)	1,392	(146,186)	9,386
Total other income (loss) - Net	(121,659)	32,553	(64,676)	(63,028)	(16,950)	(2,008)	(202,932)	21,273	(406,217)	(11,210)
Excess of Revenue Over (Under) Expenses before Unusual Items	(208,997)	124,729	(414,133)	(60,895)	39,295	91,804	(222,204)	(25,411)	(806,039)	130,224
Restructuring, Severance and Acquisition Costs	-	-	-	-	(2,909)	-	(34,603)	-	(37,512)	-
Excess of Revenue Over (Under) Expenses	\$ (208,997)	\$ 124,729	\$ (414,133)	\$ (60,895)	\$ 36,386	\$ 91,804	\$ (256,807)	\$ (25,411)	\$ (843,551)	\$ 130,224
Contributions and other										
Net assets released from restrictions for fixed assets	4,173	3,701	19	-	-	-	900	(129)	5,092	3,572
Net asset transfers	(266,559)	(460,973)	(69,545)	151,705	(246,400)	-	582,504	309,268	-	0
Loss on discontinued operations	-	-	(852,983)	(277,427)	-	-	-	-	(852,983)	(277,424)
Other Non-Operating Income	56	(1,215)	-	66	-	-	108,591	(4,920)	108,647	(6,069)
Total other non-operating (loss) income	(262,330)	(458,487)	(922,509)	(125,656)	(246,400)	-	691,995	304,219	(739,244)	(279,924)
Increase (decrease) in net assets	\$ (471,327)	\$ (333,758)	\$ (1,336,642)	\$ (186,551)	\$ (210,014)	\$ 91,804	\$ 435,188	\$ 278,808	\$ (1,582,795)	\$ (149,697)

Non-GAAP Measures

ProMedica's management utilizes certain additional non-GAAP measures in its regular analysis of financial performance. These measures are defined as follows:

- **EBITDAR** – Earnings (from continuing operations) before Interest, Taxes, Depreciation, Amortization, and Rent, where Rent is defined as only the Welltower base Rent expense, net of the related Welltower JV income. The Senior Care division leases, rather than owns, essentially all its operating entities. Therefore, management believes this is a key operating metric for the Senior Care division and the overall System.
- **EBITDA** – Earnings (from continuing operations) before Interest, Taxes, Depreciation, and Amortization (or “Operating income before depreciation, amortization, and impairment expense” from the Statements of Operations on pages 4 and 5).
- **EBIT** – Earnings (from continuing operations) before Interest, and Taxes (or “Operating income (loss)” from the Statements of Operations on pages 4 and 5). This operating income measure has historically been a key metric used by the System.
- **Margin %** - Calculated as operating metric (EBITDAR, etc.) divided by “Total unrestricted revenue, gains, and other support.”

The following table reconciles EBITDAR to “Excess of revenue over (under) expenses” (from continuing operations) in the Statements of Operations found on pages 4 and 5 and on the Supplemental Schedules on A2 and A3:

	Three Months Ended December 31, 2022		Three Months Ended December 31, 2021	
	Senior Care	Consolidated ProMedica	Senior Care	Consolidated ProMedica
Excess of revenue (under) over expenses	\$(353,802)	\$ (497,989)	\$ (19,603)	\$ 49,861
Restructuring, severance, acquisition costs	-	12,083	-	-
Total other loss (income), net	15,757	139,538	13,848	2,865
EBIT	(338,045)	(346,368)	(5,755)	52,726
Margin %	-141.0%	-33.2%	-2.3%	3.8%
Depreciation, amortization, impairment	351,981	431,212	5,792	43,166
EBITDA	13,936	84,844	37	95,892
Margin %	5.8%	8.1%	0.0%	7.0%
Plus Welltower rent expense	16,714	16,714	16,153	16,153
Less Welltower JV income	(5,638)	(5,638)	(7,000)	(7,000)
Plus CVS JV income *	1,066	1,066	3,413	3,413
EBITDAR	\$ 26,078	\$ 96,986	\$ 12,603	\$ 108,458
Margin %	10.9%	9.3%	5.1%	7.9%

* Recorded in investment income (loss)



	Year Ended December 31, 2022		Year Ended December 31, 2021	
	Senior Care	Consolidated ProMedica	Senior Care	Consolidated ProMedica
Excess of revenue (under) over expenses	\$ (414,133)	\$ (843,551)	\$ (60,895)	\$ 130,224
Restructuring, severance, acquisition costs	-	37,512	-	-
Total other loss (income), net	64,676	406,217	63,028	11,210
EBIT	(349,457)	(399,822)	2,133	141,434
Margin %	-36.0%	-9.8%	0.2%	2.7%
Depreciation, amortization, impairment	367,121	557,628	21,804	170,250
EBITDA	17,664	157,806	23,937	311,684
Margin %	1.8%	3.9%	2.2%	5.9%
Plus Welltower rent expense	67,975	67,975	68,188	68,188
Less Welltower JV income	(26,161)	(26,161)	(37,327)	(37,327)
Plus CVS JV income *	4,029	4,029	5,855	5,855
EBITDAR	<u>\$ 63,507</u>	<u>\$ 203,649</u>	<u>\$ 60,653</u>	<u>\$ 348,400</u>
Margin %	6.5%	5.0%	5.7%	6.6%

* Recorded in investment income (loss)



ProMedica Acute Care Hospitals



- **ProMedica Bay Park Hospital**
- **Oregon, Ohio**
- Licensed Beds: 91
- Year Established: 2001



- **ProMedica Memorial Hospital**
- **Fremont, Ohio**
- Licensed Beds: 43
- Year Affiliated: 2014



- **ProMedica Defiance Regional Hospital**
- **Defiance, Ohio**
- Licensed Beds: 51
- Year Affiliated: 1999



- **ProMedica Monroe Regional Hospital**
- **Monroe, Michigan**
- Licensed Beds: 238
- Year Affiliated: 2015



- **ProMedica Flower Hospital**
(a division of ProMedica Toledo Hospital)
- **Sylvania, Ohio**
- Licensed Beds: 315
- Year Affiliated: 1996



- **ProMedica Toledo Hospital**
- **Toledo, Ohio**
- Licensed Beds: 640
- Year Affiliated: Legacy



- **ProMedica Fostoria Hospital**
- **Fostoria, Ohio**
- Licensed Beds: 25
- Year Affiliated: 2000



- **ProMedica Russell J. Ebeid Children's Hospital** (a division of ProMedica Toledo Hospital)
- **Toledo, Ohio**
- Licensed Beds: 169
- Year Established: 1994



- **ProMedica Charles and Virginia Hickman Hospital**
- **Adrian, Michigan**
- Licensed Beds: 58
- Year Established: 2020



- **ProMedica Wildwood Orthopaedic & Spine** (a division of ProMedica Toledo Hospital)
- **Toledo, Ohio**
- Licensed Beds: 42
- Year Established: 2011



- **ProMedica Coldwater Regional Hospital**
- **Coldwater, Michigan**
- Licensed Beds: 87
- Year Acquired: 2018