

THE OHIO STATE UNIVERSITY

TOPIC: Fiscal Year 2026 Interim Financial Report – December 31, 2025

CONTEXT: The purpose of this report is to provide an update of financial results for the six months ending December 31, 2025.

FINANCIAL SUMMARY

The university's overall financial position remains strong. Operating revenues increased \$478 million in the first six months of fiscal year 2026 compared to the first six months of fiscal year 2025, driven primarily by strong growth in healthcare revenues. Specific impacts include:

- A \$474 million increase in healthcare revenues, driven by higher acuity with inpatient volumes and continued growth in outpatient services.
- A \$16 million increase in student tuition, due primarily to increases in enrollment and rates for Instructional Fees and the Non-Resident Surcharge.

The year-to-date increase in net position was \$879 million, up \$369 million compared to the prior year's increase in net position of \$510 million. The change relates primarily to a \$313 million increase in year-to-date net investment income, a \$29 million increase in endowment gifts and a \$19 million reduction in net operating loss. The reduction in net operating loss is primarily driven by faster growth of healthcare revenue compared to healthcare expenses. Additional details on university revenues, expenses, cash and investments, debt, and cash flows are provided below.

Revenues

Student tuition and fees, net - increased \$16 million or 3%, to \$604 million for the first six months of fiscal year 2026 compared to the first six months of fiscal year 2025, due primarily to an increase in gross tuition and other student fees of \$32 million, offset by an increase in scholarship allowances of \$15 million. The increases in gross tuition revenue and scholarship allowances are primarily driven by increases in enrollment and rates for Instructional fees and the Non-Resident Surcharge. Overall university Autumn enrollments increased 0.6%. For undergraduates in the AU25 Tuition Guarantee Group, Instructional and General fees increased 3% and Non-Resident Fees increased 7.5%. For graduate students, Instructional and General Fees increased 3% and Non-Resident Fees increased 4%.

Grants and contracts – increased \$7 million in the first six months of fiscal year 2026 compared to the first six months of fiscal year 2025 due primarily to increases in federal grants of \$5 million and private grants of \$8 million, which were partially offset by a decrease in state grants of \$5 million. The increase in federal grants and contracts relates primarily to increases from the Department of Agriculture.

Gifts – increased \$19 million over the prior year due primarily to an increase in endowment gifts of \$29 million, which was partially offset by decreases in current-use gifts (down \$4 million) and private capital gifts (down \$6 million).

Sales and services of auxiliary enterprises - decreased \$10 million over the prior year. Event revenues were down \$15 million, reflecting fewer Stadium shows. Housing and dining revenues were down \$6 million, due primarily to an increase in scholarship allowances associated with housing and dining (which reduce net revenues). Partially offsetting these decreases was a \$10 million increase in Athletics revenue, driven primarily by revenues from home football games and conference distributions.

Sales and services of the OSU Health System and OSU Physicians, Inc - increased \$474 million to \$3,713 million. Health System revenues increased \$407 million, driven by higher acuity with inpatient volumes and continued growth in outpatient services. Infusion activity, radiation treatments, imaging, cardiac volumes, and transplants continue to outpace the budget and the prior year. Specialty Outpatient Pharmacy activity has experienced higher volumes this year and continues to contribute to the strong operating margin. OSU Physicians revenues increased \$67 million due to continued investment in primary care and community outreach services, growth of specialty services, expansion in regional outpatient clinics, and increased surgical capacity with expansion of operating hours and investment in community anesthesia providers.

Expenses

University – expenses increased \$54 million to \$1,998 million in the first six months of fiscal year 2026. Salaries increased \$33 million, or 4%, primarily due to a 3.5% increase in faculty and staff salary guidelines and additional investments in human capital related to strategic investments in academic excellence and research and to address market wage pressures. Benefits increased \$20 million, reflecting increases in medical costs and higher retirement contributions due to an increasing salary base. Depreciation expenses were up \$10 million, reflecting increases in university capital assets. Scholarship expenses were up \$7 million, reflecting a combination of increases in university funded grants, scholarships funded by endowment distributions and Governor's Merit Scholarships. Supplies and services decreased \$14 million.

OSU Health System and OSU Physicians – expenses, including depreciation and interest expenses, increased \$392 million to \$3,521 million in the first six months of fiscal year 2026. The Health System continues to focus on throughput, workforce retention, and recruiting in preparation for the opening of the new University Hospital. The Health System's expenses and labor management was strong and in line with volumes through the first half of FY2026. OSU Physicians increased \$64 million, primarily due to higher provider expenses associated with investment in patient care services growth and access improvement.

Auxiliary – expenses increased \$10 million to \$270 million in the first six months of fiscal year 2026, primarily reflecting increases in salaries (up \$5 million), benefits (up \$1 million) and supplies and services (up \$5 million, primarily driven by increases in Athletics expenses).

Cash and Investments

For the six months ending December 31, 2025, total university cash and investments increased \$732 million to \$13,054 million compared to June 30, 2025, primarily due to increases in temporary investments (up \$105 million), Long-Term Investment Pool (up \$521 million) and securities lending assets (up \$76 million). Additional details for the Long-Term Investment Pool and temporary investments are provided below.

Long-Term Investment Pool and Temporary Investments

For the six months ending December 31, 2025, the fair value of the university's Long-Term Investment Pool increased by \$521 million to \$9,141 million. Changes in total valuation compared to the prior year are summarized below:

| | 2026 | 2025 |
|-----------------------------|---------------------|---------------------|
| Market Value at July 1 | \$ 8,619,921 | \$ 7,931,714 |
| Net Principal Additions | 86,189 | 60,356 |
| Change in Market Value | 585,832 | 260,134 |
| Income Earned | 101,250 | 112,990 |
| Distributions | (168,600) | (158,300) |
| Expenses | (83,201) | (75,742) |
| Market Value at December 31 | <u>\$ 9,141,391</u> | <u>\$ 8,131,152</u> |

Net principal additions include new endowment gifts (\$76.2 million), reinvestment of unused endowment distributions (\$11.6 million), and other net transfers of university monies (-\$5.7 million). Change in fair value includes realized gains (losses) on the sale of investment assets and unrealized gains (losses) associated with assets held in the pool on December 31, 2025. Income earned includes interest and dividends and is used primarily to help fund distributions. Expenses include investment management expenses (\$47.9 million), University Development related expenses (\$30.9 million), and other administrative-related expenses (\$0.4 million).

LTIP Investment Returns

For the six months ending December 31, 2025, the LTIP earned a return, net of investment fees, of 7.47%. The comparable six months ending December 31, 2024, saw a net investment return of 4.19%. The rolling 1-year return as of December 31, 2025, is 15.32%.

Temporary Investments

For the six months ending December 31, 2025, the Tier 1 Investments earned a return of 2.29%, outperforming the Bank of America ML 90-day T-Bill (1.95%) by 0.34%. Tier 2 Investments earned 2.74%, outperforming the blended benchmark of ICE Bofa US Corp & Govt 1-3 Years, BBG US Govt/Credit 1-5 Years, BBG US Ag Govt/Cr Intrmd, and ICE Bofa US Treasury 1-10 (2.42%) by 0.32%.

For the comparable six months ending December 31, 2024, the Tier 1 Investments earned a return of 2.67%. Tier 2 Investments returned 3.08% for the same period.

Other Assets and Liabilities

Accounts receivable increased \$615 million, to \$1,866 million at December 31, 2025, driven primarily by increases in receivables for tuition (up \$465 million), housing and dining (up \$80 million), and Health System patient care receivables (up \$111 million), which were partially offset by decreases in grant and contract receivables (down \$41 million) and Athletics receivables (down \$12 million). Inventories, prepaid expenses and other current assets increased \$59 million, to \$279 million at December 31, 2025, due primarily to increases in scholarships and fee authorizations for graduate associates (up \$32 million) and Health System prepaid expenses (up \$34 million), which were partially offset by a \$13 million decrease in OhioLink prepaid expenses. The prepaid scholarships and fee authorizations are recognized as expense over the course of the semester. Securities lending assets and liabilities increased \$76 million, reflecting increases in securities lending activity for operating and LTIP investments. Capital assets increased \$171 million, to \$9,615 million at December 31, 2025, driven primarily by major Health System capital projects including the new Inpatient Tower and the Outpatient Powell Ambulatory location. Deposits and advance payments for goods and services were up \$725 million, to \$1,138 million at December 31, 2025, primarily due to increases of \$629 million for tuition and fees and \$114 million in Student Life Housing and Dining receipts for spring semester. These amounts will be recognized as revenue over the course of the semester.

Debt

Total university debt decreased \$77 million, to \$4,288 million at December 31, 2025, primarily reflecting principal payments. On January 6, 2026, the university issued \$561 million of tax-exempt fixed rate General Receipts Refunding Bonds, Series 2026A. The Series 2026A Bonds are structured with a single maturity due in 2035. The interest rate coupon on the Series 2026A Bonds is 5.00%. The proceeds of the 2026A Bonds were used to refund all the outstanding General Receipt Bonds, Series 2010C and to pay the cost of issuance of the 2026A Bonds.

Cash Flows

University cash and cash equivalents increased \$19 million in the first six months of fiscal year 2026. Net cash used by operating activities was \$24 million, compared to net cash provided by operating activities of \$171 million in the first six months of the prior year. The decrease in operating cashflows relates primarily to a decrease in tuition receipts (due to a shift in timing of due dates for spring semester tuition and fees) and an increase in payments made to employees and vendors, which were partially offset by increases in receipts from sales and services. Net cash provided by noncapital financing activities was stable, increasing \$16 million to \$519 million. Net cash used by capital financing activities increased \$41 million, to \$584 million in the first six months of fiscal year 2026, primarily reflecting capital expenditures. Net cash provided by investing activities was \$108 million, primarily reflecting investment income.

THE OHIO STATE UNIVERSITY
CONSOLIDATED STATEMENTS OF NET POSITION - UNAUDITED
December 31, 2025 and June 30, 2025
(in thousands)

| | <u>As of December</u> <u>2025</u> | <u>As of June</u> <u>2025</u> | <u>Increase/(Decrease)</u> | |
|--|--------------------------------------|----------------------------------|----------------------------|--------------|
| | | | Dollars | % |
| ASSETS: | | | | |
| Current Assets: | | | | |
| Cash and cash equivalents | \$ 744,385 | \$ 724,747 | \$ 19,638 | 2.7% |
| Temporary investments | 2,762,553 | 2,656,861 | 105,692 | 4.0% |
| Accounts receivable, net | 1,865,545 | 1,250,771 | 614,774 | 49.2% |
| Notes receivable - current portion, net | 6,456 | 6,456 | - | 0.0% |
| Pledges receivable - current portion, net | 59,981 | 60,106 | (125) | -0.2% |
| Accrued interest receivable | 24,740 | 24,781 | (41) | -0.2% |
| Inventories, prepaid expenses, and other assets | 278,765 | 219,721 | 59,044 | 26.9% |
| Investments held under securities lending program | 76,960 | 925 | 76,035 | 100.0% |
| Total Current Assets | <u>5,819,385</u> | <u>4,944,368</u> | <u>875,017</u> | <u>17.7%</u> |
| Noncurrent Assets: | | | | |
| Unexpended bond proceeds | 53,909 | 54,375 | (466) | -0.9% |
| Notes receivable, net | 18,607 | 23,741 | (5,134) | -21.6% |
| Pledges receivable, net | 174,476 | 174,476 | - | 0.0% |
| Net other post-employment benefit asset | 357,668 | 357,668 | - | 0.0% |
| Long-term investment pool | 9,141,391 | 8,619,921 | 521,470 | 6.0% |
| Other long-term investments | 274,376 | 264,581 | 9,795 | 3.7% |
| Leases receivable, net | 66,000 | 66,001 | (1) | 0.0% |
| Other noncurrent assets | 359,955 | 359,955 | - | 0.0% |
| Capital assets, net | 9,615,444 | 9,444,618 | 170,826 | 1.8% |
| Total Noncurrent Assets | <u>20,061,826</u> | <u>19,365,336</u> | <u>696,490</u> | <u>3.6%</u> |
| Total Assets | <u>25,881,211</u> | <u>24,309,704</u> | <u>1,571,507</u> | <u>6.5%</u> |
| Deferred Outflows: | | | | |
| Pension | 718,996 | 718,996 | - | 0.0% |
| Other post-employment benefits | 17,543 | 17,543 | - | 0.0% |
| Other deferred outflows | 42,776 | 43,298 | (522) | -1.2% |
| Total Assets and Deferred Outflows | <u>\$ 26,660,526</u> | <u>\$ 25,089,541</u> | <u>\$ 1,570,985</u> | <u>6.3%</u> |
| LIABILITIES AND NET POSITION: | | | | |
| Current Liabilities: | | | | |
| Accounts payable and accrued expenses | \$ 1,028,436 | \$ 1,035,604 | \$ (7,168) | -0.7% |
| Deposits and advance payments for goods and services | 1,137,754 | 412,505 | 725,249 | 175.8% |
| Current portion of bonds, notes and leases payable | 126,432 | 126,414 | 18 | 0.0% |
| Long-term bonds payable, subject to remarketing | 603,820 | 603,820 | - | 0.0% |
| Liability under securities lending program | 76,960 | 925 | 76,035 | 100.0% |
| Other current liabilities | 118,736 | 126,809 | (8,073) | -6.4% |
| Total Current Liabilities | <u>3,092,138</u> | <u>2,306,077</u> | <u>786,061</u> | <u>34.1%</u> |
| Noncurrent Liabilities: | | | | |
| Bonds, notes and leases payable | 3,089,323 | 3,152,608 | (63,285) | -2.0% |
| Concessionaire payable | 468,560 | 482,717 | (14,157) | -2.9% |
| Net pension liability | 3,688,568 | 3,688,568 | - | 0.0% |
| Net other post-employment benefit liability | 22,317 | 22,317 | - | 0.0% |
| Compensated absences | 263,604 | 253,423 | 10,181 | 4.0% |
| Self-insurance accruals | 97,979 | 107,571 | (9,592) | -8.9% |
| Amounts due to third-party payors - Ohio State Health System | 63,857 | 63,857 | - | 0.0% |
| Irrevocable split-interest agreements | 36,694 | 36,269 | 425 | 1.2% |
| Refundable advances for Federal Perkins loans | 15,166 | 15,362 | (196) | -1.3% |
| Advance from concessionaire | 910,209 | 920,533 | (10,324) | -1.1% |
| Other noncurrent liabilities | 413,235 | 413,487 | (252) | -0.1% |
| Total Noncurrent Liabilities | <u>9,069,512</u> | <u>9,156,712</u> | <u>(87,200)</u> | <u>-1.0%</u> |
| Total Liabilities | <u>12,161,650</u> | <u>11,462,789</u> | <u>698,861</u> | <u>6.1%</u> |
| Deferred Inflows: | | | | |
| Parking service concession arrangement | 421,180 | 426,917 | (5,737) | -1.3% |
| Pension | 124,296 | 124,296 | - | 0.0% |
| Other post-employment benefits | 107,893 | 107,893 | - | 0.0% |
| Other deferred inflows | 456,918 | 458,079 | (1,161) | -0.3% |
| Total Deferred Inflows | <u>1,110,287</u> | <u>1,117,185</u> | <u>(6,898)</u> | <u>-0.6%</u> |
| Total Net Position | <u>13,388,589</u> | <u>12,509,567</u> | <u>879,022</u> | <u>7.0%</u> |
| Total Liabilities, Deferred Inflows, and Net Position | <u>\$ 26,660,526</u> | <u>\$ 25,089,541</u> | <u>\$ 1,570,985</u> | <u>6.3%</u> |

THE OHIO STATE UNIVERSITY
CONSOLIDATED STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION - UNAUDITED
For the Six Months Ended December 31, 2025 and December 31, 2024
(in thousands)

| | December | | Increase/(Decrease) | |
|---|------------------|------------------|---------------------|--------------|
| | 2025 | 2024 | Dollars | % |
| Operating Revenues: | | | | |
| Student tuition and fees, net | \$ 604,463 | \$ 588,239 | \$ 16,224 | 2.8% |
| Federal grants and contracts | 277,831 | 272,550 | 5,281 | 1.9% |
| State grants and contracts | 50,541 | 55,411 | (4,870) | -8.8% |
| Local grants and contracts | 13,297 | 15,212 | (1,915) | -12.6% |
| Private grants and contracts | 215,990 | 207,920 | 8,070 | 3.9% |
| Sales and services of educational departments | 117,062 | 121,530 | (4,468) | -3.7% |
| Sales and services of auxiliary enterprises | 258,328 | 268,457 | (10,129) | -3.8% |
| Sales and services of the Ohio State Health System, net | 3,064,515 | 2,657,636 | 406,879 | 15.3% |
| Sales and services of Ohio State University Physicians, Inc., net | 648,419 | 581,679 | 66,740 | 11.5% |
| Other operating revenues | 61,750 | 65,198 | (3,448) | -5.3% |
| Total Operating Revenues | 5,312,196 | 4,833,832 | 478,364 | 9.9% |
| Operating Expenses: | | | | |
| Educational and General: | | | | |
| Instruction and departmental research | 725,069 | 687,478 | 37,591 | 5.5% |
| Separately budgeted research | 356,389 | 346,289 | 10,100 | 2.9% |
| Public service | 109,519 | 103,238 | 6,281 | 6.1% |
| Academic support | 186,877 | 166,978 | 19,899 | 11.9% |
| Student services | 68,125 | 65,373 | 2,752 | 4.2% |
| Institutional support | 180,708 | 207,511 | (26,803) | -12.9% |
| Operation and maintenance of plant | 64,015 | 75,566 | (11,551) | -15.3% |
| Scholarships and fellowships | 75,293 | 66,655 | 8,638 | 13.0% |
| Auxiliary enterprises | 270,318 | 260,815 | 9,503 | 3.6% |
| Ohio State Health System | 2,722,591 | 2,397,822 | 324,769 | 13.5% |
| Ohio State University Physicians, Inc. | 637,551 | 573,119 | 64,432 | 11.2% |
| Depreciation | 308,057 | 293,871 | 14,186 | 4.8% |
| Total Operating Expenses | 5,704,512 | 5,244,715 | 459,797 | 8.8% |
| Operating Loss | (392,316) | (410,883) | 18,567 | -4.5% |
| Non-operating Revenues (Expenses): | | | | |
| State share of instruction and line-item appropriations | 275,339 | 272,910 | 2,429 | 0.9% |
| Federal subsidies for Build America Bonds interest | 5,661 | 5,661 | - | 0.0% |
| Federal non-exchange grants | 50,589 | 50,177 | 412 | 0.8% |
| State non-exchange grants | 26,510 | 26,171 | 339 | 1.3% |
| Gifts | 101,903 | 106,154 | (4,251) | -4.0% |
| Net investment income (loss) | 744,506 | 431,496 | 313,010 | 72.5% |
| Interest expense | (84,906) | (89,158) | 4,252 | -4.8% |
| Other non-operating revenues (expenses) | (5,091) | (1,095) | (3,996) | 364.9% |
| Net Non-operating Revenues (Expenses) | 1,114,511 | 802,316 | 312,195 | 38.9% |
| Income (loss) before changes in net position | 722,195 | 391,433 | 330,762 | 84.5% |
| Changes in Net Position | | | | |
| State capital appropriations | 54,429 | 39,113 | 15,316 | 39.2% |
| Private capital gifts | 26,199 | 31,774 | (5,575) | -17.5% |
| Additions to permanent endowments | 76,214 | 47,235 | 28,979 | 61.4% |
| Total Changes in Net Position | 156,842 | 118,122 | 38,720 | 32.8% |
| Increase (decrease) in Net Position | 879,037 | 509,555 | \$ 369,482 | 72.5% |
| Net Position - Beginning of Year | 12,509,552 | 11,143,206 | | |
| Net Position - End of Period | \$ 13,388,589 | \$ 11,652,761 | | |

THE OHIO STATE UNIVERSITY
STATEMENTS OF CASH FLOWS - UNAUDITED
For the Six Months Ended December 31, 2025 and December 31, 2024
(in thousands)

| | December 2025 | December 2024 | Increase/(Decrease) | |
|---|--------------------------|--------------------------|----------------------------|----------------|
| | | | Dollars | % |
| Cash Flows from Operating Activities: | | | | |
| Tuition and fee receipts | \$ 658,791 | \$ 813,697 | \$ (154,906) | -19.0% |
| Grant and contract receipts | 602,510 | 535,237 | 67,273 | 12.6% |
| Receipts for sales and services | 3,989,216 | 3,765,007 | 224,209 | 6.0% |
| Payments to or on behalf of employees | (2,503,904) | (2,356,370) | (147,534) | -6.3% |
| University employee benefit payments | (706,654) | (660,800) | (45,854) | -6.9% |
| Payments to vendors for supplies and services | (2,031,040) | (1,934,548) | (96,492) | -5.0% |
| Payments to students and fellows | (91,835) | (57,840) | (33,995) | -58.8% |
| Student loans issued | (1,992) | (1,662) | (330) | -19.9% |
| Student loans collected | 3,116 | 4,320 | (1,204) | -27.9% |
| Student loan interest and fees collected | 938 | 1,125 | (187) | -16.6% |
| Other receipts | 57,183 | 62,926 | (5,743) | -9.1% |
| Net cash provided (used) by operating activities | <u>(23,671)</u> | <u>171,092</u> | <u>(194,763)</u> | <u>-113.8%</u> |
| Cash Flows from Noncapital Financing Activities: | | | | |
| State share of instruction and line-item appropriations | 275,118 | 272,910 | 2,208 | 0.8% |
| Non-exchange grant receipts | 77,099 | 76,348 | 751 | 1.0% |
| Gift receipts for current use | 102,028 | 106,154 | (4,126) | -3.9% |
| Additions to permanent endowments | 76,214 | 47,235 | 28,979 | 61.4% |
| Drawdowns of federal direct loan proceeds | 145,436 | 264,050 | (118,614) | -44.9% |
| Disbursements of federal direct loans to students | (156,880) | (264,050) | 107,170 | 40.6% |
| Amounts received from irrevocable split-interest agreements | 1,224 | 472 | 752 | 159.3% |
| Amounts paid to annuitants and life beneficiaries | (799) | (862) | 63 | 7.3% |
| Agency funds receipts | 3,221 | 6,276 | (3,055) | -48.7% |
| Agency funds disbursements | (2,974) | (5,742) | 2,768 | 48.2% |
| Other receipts (payments) | (1,080) | - | (1,080) | 100.0% |
| Net cash provided by noncapital financing activities | <u>518,607</u> | <u>502,791</u> | <u>15,816</u> | <u>3.1%</u> |
| Cash Flows from Capital Financing Activities: | | | | |
| Gift receipts for capital projects | 26,199 | 31,774 | (5,575) | -17.5% |
| Payments for purchase or construction of capital assets | (456,570) | (409,915) | (46,655) | -11.4% |
| Principal payments on capital debt and leases | (69,596) | (67,604) | (1,992) | -2.9% |
| Interest payments on capital debt and leases | (94,276) | (102,163) | 7,887 | 7.7% |
| Federal subsidies for Build America Bonds interest | 10,734 | 5,469 | 5,265 | 96.3% |
| Net cash provided (used) by capital financing activities | <u>(583,509)</u> | <u>(542,439)</u> | <u>(41,070)</u> | <u>-7.6%</u> |
| Cash Flows from Investing Activities: | | | | |
| Purchases of investments | (3,324,869) | (7,356,593) | 4,031,724 | 54.8% |
| Proceeds from sales and maturities of investments | 3,299,218 | 7,020,464 | (3,721,246) | -53.0% |
| Investment income | 133,396 | 152,491 | (19,095) | -12.5% |
| Net cash provided (used) by investing activities | <u>107,745</u> | <u>(183,638)</u> | <u>291,383</u> | <u>158.7%</u> |
| Net Increase (Decrease) in Cash | 19,172 | (52,194) | \$ 71,366 | 136.7% |
| Cash and Cash Equivalents - Beginning of Year | <u>779,122</u> | <u>1,166,632</u> | | |
| Cash and Cash Equivalents - End of Period | <u>\$ 798,294</u> | <u>\$ 1,114,438</u> | | |