



For release: August 4, 2023  
Contact: Brian F. Kidd, SVP/Chief Financial Officer  
Phone: (615) 890-2020

## NHC Reports Second Quarter 2023 Earnings

MURFREESBORO, Tenn. -- [National HealthCare Corporation](#) (NYSE American: **NHC**), the nation's oldest publicly traded senior health care company, announced today net operating revenues and grant income for the quarter ended June 30, 2023 totaled \$282,582,000 compared to \$271,359,000 for the quarter ended June 30, 2022, an increase of 4.1%. Excluding the government stimulus income and the seven skilled nursing facilities in Massachusetts and New Hampshire in which we ceased operations in September 2022, same-facility net operating revenues increased 11.5% during the second quarter of 2023 compared to the same period a year ago.

For the quarter ended June 30, 2023, the reported GAAP net income attributable to NHC was \$16,281,000 compared to \$3,203,000 for the same period in 2022. Excluding the unrealized gains or losses in our marketable equity securities portfolio and other non-GAAP adjustments, adjusted net income for the quarter ended June 30, 2023 was \$13,658,000 compared to \$7,172,000 for the same period in 2022 (\*). The increase in non-GAAP earnings for the quarter ended June 30, 2023 compared to the second quarter of 2022 was primarily due to the continued occupancy increase in our skilled nursing and assisted living facilities, skilled nursing per diem increases from some of our government payors, and the continued reduction of nurse agency staffing expense within our operations. The GAAP diluted earnings per share was \$1.06 for the quarter ended June 30, 2023 compared to \$0.21 for the quarter ended June 30, 2022. Adjusted diluted earnings per share were \$0.89 and \$0.46 for the quarters ended June 30, 2023 and 2022, respectively (\*).

(\*) - See the tables below that provide a reconciliation of GAAP to non-GAAP items.

### About NHC

NHC affiliates operate for themselves and third parties 68 skilled nursing facilities with 8,732 beds. NHC affiliates also operate 23 assisted living communities with 1,181 units, five independent living communities with 475 units, three behavioral health hospitals, 35 homecare agencies, and 30 hospice agencies. NHC's other services include Alzheimer's and memory care units, pharmacy services, a rehabilitation services company, and providing management and accounting services to third party post-acute operators. Other information about the company can be found on our web site at [www.nhccare.com](http://www.nhccare.com).

### Non-GAAP Financial Presentation

The Company is providing certain non-GAAP financial measures as the Company believes that these figures are helpful in allowing investors to more accurately assess the ongoing nature of the Company's operations and measure the Company's performance more consistently across periods. Therefore, the Company believes this information is meaningful in addition to the information contained in the GAAP presentation of financial information. The presentation of this additional non-GAAP financial information is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with GAAP.

### Forward-Looking Statements

Statements in this press release that are not historical facts are forward-looking statements. NHC cautions investors that any forward-looking statements made involve risks and uncertainties and are not guarantees of future performance. The risks and uncertainties are detailed from time to time in reports filed by NHC with the S.E.C., including Forms 8-K, 10-Q, and 10-K. All forward-looking statements represent NHC's best judgment as of the date of this release.

-more-

**Consolidated Statements of Operations***(in thousands, except share and per share amounts)*

|   | Three Months Ended |                    | Six Months Ended   |            |
|---|--------------------|--------------------|--------------------|------------|
|   | June 30            |                    | June 30            |            |
|   | <b>2023</b>        | 2022               | <b>2023</b>        | 2022       |
|   | <i>(unaudited)</i> |                    | <i>(unaudited)</i> |            |
| Revenues and grant income:                                  |                    |                    |                    |            |
| Net patient revenues  | \$ 269,605         | \$ 260,077         | \$ 527,612         | \$ 516,414 |
| Other revenues  | 12,977             | 10,962             | 24,533             | 22,988     |
| Government stimulus income                                  | -                  | 320                | -                  | 10,940     |
| Net operating revenues and grant income                     | <b>282,582</b>     | 271,359            | <b>552,145</b>     | 550,342    |
| Costs and expenses:   |                    |                    |                    |            |
| Salaries, wages and benefits                                | 175,294            | 174,936            | 343,118            | 345,630    |
| Other operating   | 73,234             | 71,311             | 144,723            | 145,396    |
| Facility rent   | 9,901              | 10,411             | 19,993             | 20,476     |
| Depreciation and amortization                               | 10,083             | 10,001             | 20,131             | 19,758     |
| Interest  | 93                 | 149                | 191                | 314        |
| Total costs and expenses                                    | <b>268,605</b>     | 266,808            | <b>528,156</b>     | 531,574    |
| Income from operations                                      | 13,977             | 4,551              | 23,989             | 18,768     |
| Non-operating income  | 3,696              | 2,521              | 8,019              | 5,720      |
| Unrealized gains/(losses) on marketable equity securities   | 4,650              | (3,549)            | 6,036              | (423)      |
| Income before income taxes                                  | 22,323             | 3,523              | 38,044             | 24,065     |
| Income tax provision  | (6,406)            | (1,362)            | (10,842)           | (6,555)    |
| Net income  | 15,917             | 2,161              | 27,202             | 17,510     |
| Net loss attributable to noncontrolling interest            | 364                | 1,042              | 802                | 1,011      |
| Net income attributable to National HealthCare Corporation  | \$ 16,281          | \$ 3,203           | \$ 28,004          | \$ 18,521  |
| Net income per common share                                 |                    |                    |                    |            |
| Basic   | \$ 1.06            | \$ 0.21            | \$ 1.83            | \$ 1.20    |
| Diluted   | \$ 1.06            | \$ 0.21            | \$ 1.83            | \$ 1.20    |
| Weighted average common shares outstanding                  |                    |                    |                    |            |
| Basic   | 15,297,435         | 15,452,402         | 15,317,319         | 15,434,718 |
| Diluted   | 15,322,344         | 15,487,123         | 15,339,240         | 15,475,553 |
| Dividends declared per common share                         | \$ 0.59            | \$ 0.57            | \$ 1.16            | \$ 1.12    |
| <b>Balance Sheet Data</b>                                   | <b>June 30</b>     | <b>December 31</b> |                    |            |
| <i>(in thousands)</i>                                       | <b>2023</b>        | <b>2022</b>        |                    |            |
|   | <i>(unaudited)</i> |                    |                    |            |
| Cash, cash equivalents and marketable securities            | \$ 193,444         | \$ 182,589         |                    |            |
| Restricted cash, cash equivalents and marketable securities | 167,683            | 158,067            |                    |            |
| Current assets  | 368,734            | 353,932            |                    |            |
| Property and equipment, net                                 | 501,890            | 506,532            |                    |            |
| Total assets  | 1,280,684          | 1,275,450          |                    |            |
| Current liabilities   | 197,798            | 197,887            |                    |            |
| Stockholders' equity  | 886,358            | 877,514            |                    |            |

-more-

**Selected Operating Statistics**

|   | Three Months Ended<br>June 30 |                  | Six Months Ended<br>June 30 |                  |
|---|-------------------------------|------------------|-----------------------------|------------------|
|   | 2023                          | 2022             | 2023                        | 2022             |
|   | <i>(unaudited)</i>            |                  | <i>(unaudited)</i>          |                  |
| <b>Skilled Nursing Per Diems:</b>         |                               |                  |                             |                  |
| Medicare                                  | \$ 548.74                     | \$ 540.15        | \$ 552.38                   | \$ 542.48        |
| Managed Care                              | 445.00                        | 413.58           | 444.97                      | 423.56           |
| Medicaid                                  | 253.22                        | 226.40           | 245.12                      | 227.45           |
| Private Pay and Other                     | 275.11                        | 268.70           | 276.79                      | 269.42           |
| <b>Average Skilled Nursing Per Diem</b>   | <b>\$ 318.92</b>              | <b>\$ 297.63</b> | <b>\$ 317.38</b>            | <b>\$ 301.66</b> |
|   |                               | <sup>(1)</sup>   |                             | <sup>(1)</sup>   |
| <b>Skilled Nursing Patient Days:</b>      |                               |                  |                             |                  |
| Medicare                                  | 79,981                        | 85,438           | 164,013                     | 177,021          |
| Managed Care                              | 59,567                        | 55,230           | 118,013                     | 110,867          |
| Medicaid                                  | 284,681                       | 313,171          | 561,187                     | 617,431          |
| Private Pay and Other                     | 164,000                       | 166,454          | 321,422                     | 320,409          |
| <b>Total Skilled Nursing Patient Days</b> | <b>588,229</b>                | <b>620,293</b>   | <b>1,164,635</b>            | <b>1,225,728</b> |
|   |                               | <sup>(1)</sup>   |                             | <sup>(1)</sup>   |

<sup>(1)</sup> For the three and six months ended June 30, 2022, the skilled nursing per diems and patient days listed above include the seven skilled nursing facilities that were located in Massachusetts and New Hampshire. NHC exited these seven skilled nursing facilities on September 1, 2022. For the three months ended June 30, 2022, the exited Massachusetts and New Hampshire skilled nursing facilities had an average skilled nursing per diem of \$297.02 and 52,320 total patient days. For the six months ended June 30, 2022, the exited Massachusetts and New Hampshire skilled nursing facilities had an average skilled nursing per diem of \$294.20 and 104,486 total patient days.

The tables below provide reconciliations of GAAP to non-GAAP items (*in thousands, except per share amounts*):

|   | Three Months Ended<br>June 30 |                 | Six Months Ended<br>June 30 |                  |
|---|-------------------------------|-----------------|-----------------------------|------------------|
|   | 2023                          | 2022            | 2023                        | 2022             |
|   | <i>(unaudited)</i>            |                 | <i>(unaudited)</i>          |                  |
| <b>Net income attributable to National Healthcare Corporation</b>                 | <b>\$ 16,281</b>              | <b>\$ 3,203</b> | <b>\$ 28,004</b>            | <b>\$ 18,521</b> |
| Non-GAAP adjustments  |                               |                 |                             |                  |
| Unrealized (gains)/losses on marketable equity securities                         | (4,650)                       | 3,549           | (6,036)                     | 423              |
| Operating results for newly opened operations not at full capacity <sup>(2)</sup> | 333                           | 1,185           | 1,550                       | 1,928            |
| Stock-based compensation expense  | 772                           | 629             | 1,411                       | 1,341            |
| Income tax (benefit)/provision on non-GAAP adjustments                            | 922                           | (1,394)         | 800                         | (960)            |
| <b>Non-GAAP Net income</b>  | <b>\$ 13,658</b>              | <b>\$ 7,172</b> | <b>\$ 25,729</b>            | <b>\$ 21,253</b> |
| <b>GAAP diluted earnings per share</b>  | <b>\$ 1.06</b>                | <b>\$ 0.21</b>  | <b>\$ 1.83</b>              | <b>\$ 1.20</b>   |
| Non-GAAP adjustments  |                               |                 |                             |                  |
| Unrealized (gains)/losses on marketable equity securities                         | (0.23)                        | 0.16            | (0.29)                      | 0.02             |
| Operating results for newly opened operations not at full capacity <sup>(2)</sup> | 0.02                          | 0.06            | 0.07                        | 0.09             |
| Stock-based compensation expense  | 0.04                          | 0.03            | 0.07                        | 0.06             |
| <b>Non-GAAP diluted earnings per share</b>  | <b>\$ 0.89</b>                | <b>\$ 0.46</b>  | <b>\$ 1.68</b>              | <b>\$ 1.37</b>   |

<sup>(2)</sup> The newly opened operations not at full capacity for the 2023 periods presented consisted of operations opened from 2021 through 2023. This consisted of two behavioral health hospitals, two homecare agencies, and two hospice agencies. The newly opened operations for the 2022 periods presented consisted of operations opened from 2020 through 2022. This consisted of two behavioral health hospitals, one homecare agency, and one hospice agency.

###