Extendicare

2024 Annual Information Form

For the year ended December 31, 2024

Extendicare Inc.

Dated: February 27, 2025

Helping people
live better

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EXPLANATORY NOTES

The information in this AIF is as at December 31, 2024, unless otherwise indicated.

For an explanation of the capitalized terms used in this AIF and not defined in the text, please refer to the Glossary of Terms at the end of this AIF.

References to "Extendicare", the "Company", "we", "us" and "our" or similar terms in this AIF mean Extendicare Inc., either alone or together with its subsidiaries.

All dollar amounts in this AIF are stated in Canadian currency unless otherwise indicated.

CAUTIONARY NOTICE REGARDING FORWARD-LOOKING STATEMENTS

This AIF contains forward-looking statements within the meaning of applicable Canadian securities laws ("forward-looking statements" or "forward-looking information"). Statements other than statements of historical fact contained in this AIF may be forward-looking statements, including, without limitation, management's expectations, intentions and beliefs concerning anticipated future events, results, circumstances, economic performance or expectations with respect to the Company, including, without limitation: statements regarding dividend levels, its business operations, business strategy, growth strategy, results of operations and financial condition, including anticipated timelines and costs in respect of development projects; and statements relating to the agreements entered into with Revera, Axium and two limited partnership joint ventures with Axium in respect of the acquisition, disposition, ownership, operation and redevelopment of LTC homes in Ontario and Manitoba. Forward-looking statements can often be identified by the expressions "anticipate", "believe", "estimate", "expect", "intend", "objective", "plan", "project", "will", "may", "should" or other similar expressions or the negative thereof. These forward-looking statements reflect the Company's current expectations regarding future results, performance or achievements and are based upon information currently available to the Company and on assumptions that the Company believes are reasonable. Actual results and developments may differ materially from results and developments discussed in the forward-looking statements, as they are subject to a number of risks and uncertainties.

Although forward-looking statements are based upon estimates and assumptions that the Company believes are reasonable based upon information currently available, these statements are not representations or guarantees of future results, performance or achievements of the Company and are inherently subject to significant business, economic and competitive uncertainties and contingencies. In addition to the assumptions and other factors referred to specifically in connection with these forward-looking statements, the risks, uncertainties and other factors that could cause the actual results, performance or achievements of the Company to differ materially from those expressed or implied by the forward-looking statements, include, without limitation, those described under "Risk Factors" in this AIF and those other risks, uncertainties and other factors identified in the Company's other public filings with the Canadian securities regulators available on SEDAR+ at www.sedarplus.ca under the Company's issuer profile. These risks and uncertainties include the following: the occurrence of a pandemic, epidemic or outbreak of a contagious illness, such as COVID-19; changes in the overall health of the economy and changes in government, both domestic and foreign; the availability and ability of the Company to attract and retain qualified personnel; changes in the health care industry in general and the long-term care industry in particular because of political, legal and economic influences; inflationary pressures and supply chain interruptions, in particular as they impact redevelopment; changes in regulations governing the health care and long-term care industries and the compliance by the Company with such regulations; changes in government funding levels for health care services; the ability of the Company to comply with and renew its government licenses and customer and joint venture agreements; changes in labour relations, employee costs and pay equity; changes in tax laws; resident care and class action litigation, including the Company's exposure to punitive damage claims, increased insurance costs and other claims; the ability of the Company to maintain and increase resident occupancy levels and business volumes; changes in competition; changes in demographics; changes in interest rates; changes in the financial markets, which may affect the ability of the Company to refinance debt; and the availability and terms of capital to the Company to fund capital expenditures and acquisitions; changes in the anticipated outcome and benefits of proposed or actualized dispositions, acquisitions and development projects, including risks relating to the actual completion of proposed transactions.

The preceding reference to material factors or assumptions is not exhaustive. All forward-looking statements in this AIF are qualified in their entirety by this forward-looking disclaimer. Although forward-looking statements contained in this AIF are based upon what management believes are reasonable assumptions, there can be no assurance that actual results will be consistent with these forward-looking statements. Accordingly, readers should not place undue reliance on such forward-looking statements and assumptions as management cannot provide assurance that actual results or developments will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, the Company. The forward-looking statements speak only as of the date of this AIF. Except as required by applicable securities laws, the Company assumes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

ADDITIONAL INFORMATION

Additional information relating to the Company is available on SEDAR+ at www.sedarplus.ca and on the Company's website at www.extendicare.com.

Additional information, including the remuneration of the directors and executive officers of the Company, and securities authorized for issuance under equity compensation plans, is contained in the Company's management information and proxy circulars. The Company's most recent circular, dated April 11, 2024, was prepared in connection with the Company's annual meeting of Shareholders held on May 23, 2024. The Company's next proxy circular will be prepared in connection with the Company's annual meeting of Shareholders to be held on May 27, 2025.

Additional financial information is provided in the Company's consolidated financial statements and management's discussion and analysis for the financial year ended December 31, 2024, contained in the Company's 2024 Annual Report. Copies of such documents may be obtained from the sources set forth above.

CORPORATE STRUCTURE

NAME, ADDRESS AND INCORPORATION

Extendicare Inc. was originally incorporated in August 1968 and was continued under the CBCA by Articles of Continuance. On July 1, 2012, Extendicare amalgamated with 8067929 Canada Inc., Extendicare Holding General Partner Inc., and 8120404 Canada Inc. to continue as one corporation, under the name "Extendicare Inc.", and is the successor to Extendicare Real Estate Investment Trust. The registered and principal office of Extendicare Inc. is located at 3000 Steeles Avenue East, Suite 400, Markham, Ontario, Canada L3R 4T9.

SUBSIDIARIES

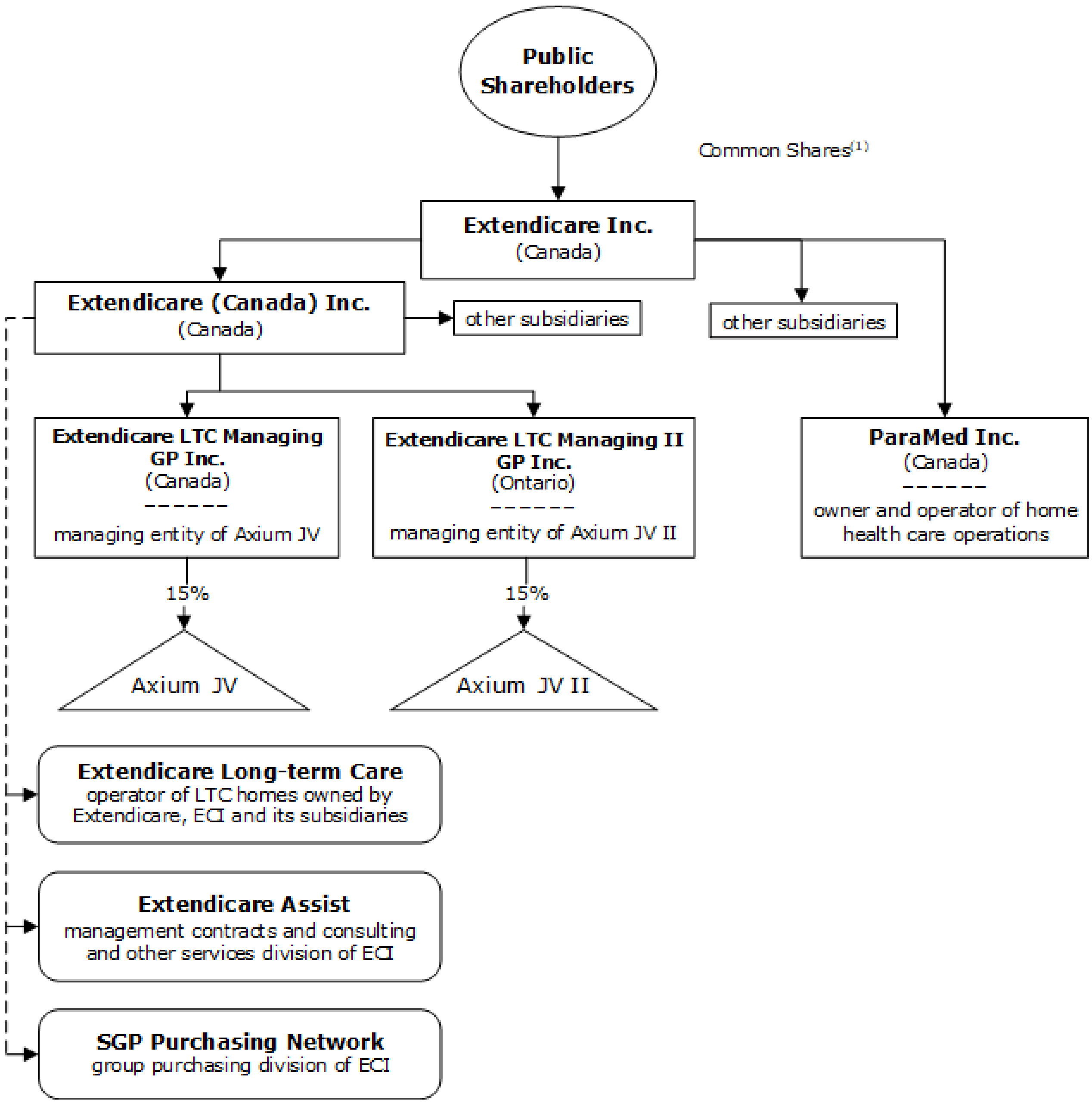
Extendicare's operations are carried on through its wholly owned subsidiaries, primarily Extendicare (Canada) Inc. and ParaMed Inc., both of which are incorporated under the CBCA. ECI conducts the Company's long-term care operations and managed services operations, the latter under its Extendicare Assist and SGP Purchasing Network divisions. The Company's home health care operations are conducted through ParaMed.

JOINT VENTURES

In addition, ECI holds a 15% managed interest in each of Axium JV and Axium JV II, each a limited partnership joint venture with Axium, which together own 31 LTC homes in Ontario and Manitoba.

ORGANIZATIONAL STRUCTURE OF EXTENDICARE

The following diagram illustrates, in simplified form, the organizational structure of the Company.



Note:

(1) As at February 27, 2025, there were 83,466,978 Common Shares issued and outstanding.

GENERAL DEVELOPMENT OF THE BUSINESS

The Company and its predecessors have been in operation since 1968. This section of the AIF provides a summary of the significant events that have influenced the Company's business over the past three years.

COVID-19 Pandemic

On March 11, 2020, the World Health Organization declared the outbreak of a strain of novel coronavirus disease, COVID-19, a global pandemic. During the pandemic, various measures were introduced by Canadian federal and provincial governments and other regulatory authorities affecting society generally and also specifically related to LTC homes. These measures were intended to mitigate the transmission of COVID-19 and included general lockdowns, vaccination programs and mandates, screening and testing requirements, social distancing recommendations, access and capacity restrictions, as well as self-isolation and masking requirements. Although most of these measures are no longer in effect in society in general, a number do remain in respect of LTC homes, particularly when a home is experiencing an outbreak.

As well, the pandemic exacerbated a tight labour market, resulting in widespread human resource shortages in the health care industry and forced sporadic service reductions across the health care system. Health care staffing challenges have impacted the Company, particularly in its home health care operations. The staffing shortages have also driven higher costs associated with the existing workforce, primarily associated with increased overtime, sick leave and travel costs, and at the same time, elevated employee turnover has resulted in higher recruiting, retention and training costs.

The pandemic, and the Company's investment in resources required to help protect its residents, clients and staff, significantly impacted the Company's operating and financial results from 2020 through to 2023. By the end of 2023, the Company's LTC occupancy levels and home health care service volumes had recovered from the effects of COVID-19 and returned to pre-pandemic levels.

While we believe that the financial impacts of COVID-19 on the Company have abated, there can be no assurance that this will continue to be the case. See "Cautionary Notice Regarding Forward-looking Statements", "Risk Factors – Risks Related to the Business – Risks Related to a Pandemic, Epidemic or Outbreak of a Contagious Illness, such as COVID-19", "Legal Proceedings and Regulatory Actions" and "Description of the Business – Government Regulations and Funding" in this AIF.

Acquisitions and Dispositions

Revera and Axium Transactions

Revera Transactions (2022)

On August 1, 2023 and pursuant to agreements entered into on March 1, 2022, the Company completed the previously announced transactions with Revera, in respect of the ownership, operation and redevelopment of LTC homes in Ontario and Manitoba. The transactions included the acquisition of a 15% managed interest in a joint venture between Revera and Axium, which owned 25 LTC homes, 19 in Ontario and six in Manitoba, consisting of approximately 3,100 government funded LTC beds (the "Revera Acquisition"). The remaining 85% interest is owned by Axium. Extendicare operates the homes for a customary management fee pursuant to a limited partnership agreement.

On closing the Revera Acquisition, the Company entered into management contracts with Revera to manage all of Revera's other LTC homes, which as of August 1, 2023 comprised 30 Class C homes located in Ontario and one personal care home located in Manitoba, and offered employment to Revera's head office LTC personnel. These 31 homes comprised approximately 3,000 government funded LTC beds (adjusted to exclude approximately 700 ward-style beds taken out of service, which are eligible to be reinstated upon redevelopment) and approximately 900 private pay assisted living and seniors living beds. The management agreements are on customary terms for agreements of this type. In addition, the Company has entered into development arrangement agreements with Revera in respect of the potential redevelopment of the Revera managed Class C homes in Ontario into new homes (collectively with the Revera Acquisition, the "Revera Transactions (2022)").

The aggregate cash consideration for the Revera Transactions (2022), net of holdbacks, was approximately \$32.6 million, plus the assumption of approximately \$37.1 million in debt (Extendicare's share of the joint venture partnership debt), subject to customary post-closing adjustments. Included in the purchase price, and recorded as intangible assets on the balance sheet, was \$20.8 million for the rights to manage the operations of Revera's 56 homes.

Pursuant to the development arrangement agreements, Revera has granted Extendicare (either alone or with Axium) a right to participate in any redevelopment of Revera's Class C homes in Ontario should Revera determine to pursue redevelopment of any of those homes into new LTC homes. If Extendicare determines, in its discretion, to participate in any such redevelopment project, Revera will act as development and construction manager and will be paid customary development and construction management fees. Upon completion of any approved redevelopment project, the home would be acquired by Extendicare (either alone or with Axium) and Extendicare would operate the homes on the same terms as it operates the homes acquired in the Revera Acquisition. The Company participated in one such project, a 320-bed LTC redevelopment project (Carlingview Manor) in Orleans (see "– Axium Transaction and Related Joint Venture Activity"). As discussed below under "– Revera LTC Acquisition and Related Transactions (2024)", Revera has entered into agreements to sell its Class C homes, and as a result, these development arrangement agreements will terminate upon closing of the transactions, in accordance with their terms.

Revera LTC Acquisition and Related Transactions (2024)

In November 2024, the Company entered into an agreement with Revera to acquire nine LTC homes (the "Acquired Homes"), eight of which are located in Ontario and the other in Manitoba, and one parcel of vacant land located in Ontario (the "LTC Acquisition").

The aggregate cash consideration for the LTC Acquisition is approximately $60.3 million, subject to customary and other adjustments, and is expected to be funded from cash on hand and credit facilities. The LTC Acquisition is anticipated to close in Q2 2025, subject to customary closing conditions, including receipt of regulatory approvals from the MLTC, the Ontario Retirement Homes Regulatory Authority, Manitoba Health and the Winnipeg Regional Health Authority, and is not conditional on financing or due diligence.

Relatedly, Revera advised the Company that it had entered into a sale agreement with a third party pursuant to which that party will acquire 21 of Revera's Class C LTC homes located in Ontario that are currently managed by the Company (the "Third-Party Sale"), subject to regulatory approval.

Upon closing of the two transactions, the Company's existing management agreements with Revera in respect of the 30 homes, as well as related development arrangement agreements, will terminate in accordance with their terms.

Acquisition Overview

The Acquired Homes encompass 1,396 beds in nine homes, including the 250-bed Class C Carlingview Manor home in Ontario that will soon be replaced by a new LTC home owned by Axium JV II that is currently under construction. The remaining seven homes in Ontario consist of a mix of 574 private pay retirement beds and 361 funded LTC Class C beds that the Company intends to redevelop. The LTC Acquisition will give the Company control of the redevelopment process for these seven Class C homes, adding six projects comprising a proposed 1,088 LTC beds to the Company's redevelopment pipeline. In addition, the Company believes it has the potential to recover most if not all of the purchase price for the LTC Acquisition from the eventual sale of the seven operational retirement homes once the LTC redevelopment is complete.

Axium Transaction and Related Joint Venture Activity

Concurrent with the entering into of agreements in respect of the Revera Transactions (2022), the Company entered into an agreement with Axium on March 1, 2022, in respect of the formation of Axium JV, to jointly redevelop certain of Extendicare's existing Ontario Class C homes (the "Axium Transaction" and, with the Revera Transactions (2022), the "Revera and Axium Transactions"). Axium owns an 85% interest in the joint venture and Extendicare has the remaining 15% managed interest. The Company will continue to undertake all development activities in respect of the joint venture homes and will operate the homes upon completion of construction.

As part of the Axium Transaction, Extendicare and Axium entered into a master development agreement pursuant to which Extendicare granted Axium a right, subject to regulatory approval, to participate in the redevelopment of five of Extendicare's Ontario Class C homes located in Sudbury (two homes), Kingston, Stittsville and Peterborough, Ontario. This development arrangement could also apply to additional redevelopment projects should the parties so choose. The Company continues to undertake all development activities in respect of the redevelopment projects for a customary fee and, once open, operates the homes for a customary management fee pursuant to a limited partnership agreement.

On September 13, 2023, Extendicare completed the sale of four of its redevelopment projects under construction, Sudbury, Kingston, Stittsville, and Peterborough (960 LTC beds), to Axium JV for an aggregate purchase price, net of Extendicare's 15% retained interest, of $147.3 million, before the assumption of debt of $72.3 million. The net book value was $135.8 million, resulting in a gain of $9.1 million (before taxes, certain closing costs and other costs of $0.4 million).

In April 2024, the Company completed the sale of its 256-bed LTC redevelopment project in Orleans, Ontario to Axium JV, for cash proceeds of $20.1 million, net of Extendicare's 15% retained interest, holdbacks and closing costs. The net book value of the project was $15.5 million, resulting in a gain of $2.9 million (before taxes of $0.2 million).

In January 2025, the Company entered into an agreement to sell its LTC redevelopment projects in St. Catharines, Port Stanley and London to Axium JV, with Extendicare retaining a 15% managed interest. Closing is anticipated in Q2 2025, subject to customary closing conditions, including receipt of regulatory approvals from the MLTC.

The Company continues to own and operate the legacy Class C LTC homes related to the redevelopment projects sold to Axium JV until such time as each new replacement home is completed, at which time the employees and residents of the corresponding Class C LTC home will transfer to the new home owned by the joint venture. As the new home commences operations, the Company's managed services segment will earn management fees pursuant to the limited partnership agreement, increasing the revenue and earnings of the managed services segment. In addition, the Company will record its 15% share of the earnings and losses from the joint venture in its consolidated statement of earnings. As each transition takes place, the revenue and NOI earned from the Class C LTC home will drop out of the consolidated financial results of Extendicare, as the ownership of the new home resides in the joint venture, which is accounted for using the equity method.

Once a legacy Class C LTC home closes, the Company will continue to own the building and underlying land, and will sell or repurpose the property for alternative uses to generate additional proceeds or additional sources of revenue.

Additionally, pursuant to the development arrangement agreements with Revera (see "– Acquisitions and Dispositions – Revera and Axium Transactions – Revera Transactions (2022)"), in November 2023 Axium JV II acquired a new 320-bed LTC redevelopment project (Carlingview Manor) in Orleans from Revera. Revera is responsible for the development and construction of the new home, pursuant to a development and construction management agreement.

For further details on the projects under construction and sale of legacy Class C LTC homes, refer to "– Development Activity – Projects under Construction".

Normal Course Issuer Bid

In June 2022 the Company launched an NCIB, which was renewed in each of 2023 and 2024, under which the Company has purchased for cancellation 6,760,311 Common Shares at a cost of $46.1 million, representing a weighted average price per share of $6.82 (see "Normal Course Issuer Bid"). The Company's board of directors authorized the NCIB because it believes that, from time to time, the market price of the Common Shares may be such that their purchase may be an attractive and appropriate use of corporate funds. Decisions regarding the timing of future purchases of Common Shares will be based on market conditions, share price and the outlook for capital needs, which includes the impact of the announced strategic transactions with Revera and Axium.

Sale of Retirement Living Portfolio

On May 16, 2022, the Company completed the previously announced sale of its retirement living operations composed of 11 retirement communities (1,050 suites), located in Ontario and Saskatchewan, to Sienna-Sabra LP, a partnership formed between Sienna Senior Living Inc. and SABRA Healthcare REIT, for an aggregate purchase price of $307.5 million (the "Retirement Living Sale"), pursuant to the terms of a definitive agreement entered into on February 3, 2022 (the "Retirement Sale Agreement"). Following the assumption and repayment of debt of the retirement communities, proceeds realized from the sale, net of taxes, certain closing adjustments and transactions costs, were approximately $128.0 million. The Company recorded a gain on sale of $67.9 million net of taxes, other adjustments and transaction costs, through discontinued operations. For the year ended December 31, 2022, the retirement living segment generated net earnings of $2.1 million prior to its disposal.

Sale of Saskatchewan LTC Homes

On October 9, 2022, the SHA and the Company completed the previously announced transition of operations of long-term care services at the Company's five LTC homes located in Saskatchewan (the "Saskatchewan LTC Homes") to the SHA, including the sale of the homes, certain other assets and assumption of certain liabilities by the SHA, for an aggregate purchase price of $13.1 million and recorded a gain on sale of $6.3 million, net of taxes, other adjustments and transaction costs, through discontinued operations. For the year ended December 31, 2022, the Saskatchewan LTC Homes generated a net loss of $2.3 million prior to its disposal.

DEVELOPMENT ACTIVITY

Under the Government of Ontario's LTC home capital development funding program introduced in 2020 (the "Capital Funding Program"), the Company was awarded 4,248 new or replacement beds across 20 redevelopment projects in the province, to replace all of its 3,285 Class C beds. As discussed below, the Company has completed construction of three of its projects and has another five under construction.

The Company continues to progress its remaining 12 redevelopment projects in Ontario, consisting of 2,456 beds that would replace 1,841 Class C beds, in anticipation of any future enhancements to the Capital Funding Program that may be made available (see "Ontario Funding for LTC Home Development" and "Redevelopment of Ontario LTC Homes" under the heading "Description of the Business – Government Regulations and Funding").

Projects Completed

During 2024, the Company opened two new Axium JV homes in Ontario, a 192-bed LTC home in Kingston (Limestone Ridge) and a 256-bed LTC home in Sudbury (Countryside). The new homes replaced two of the Company's Class C homes (406 Class C beds) in the same cities.

In February 2025, the Company opened Axium JV's new 256-bed Crossing Bridge LTC home in Stittsville, Ontario, replacing Extendicare West End Villa's 240 operational Class C beds in Ottawa and 16 Class C beds from other homes nearby, 8 of which were out-of-service ward-style beds.

Vacated Class C Homes Sold

In April 2024, the Company completed the sale of the vacated Falconbridge Class C LTC home for proceeds of $5.3 million, resulting in a gain of $4.7 million (before taxes, certain closing and other costs of $0.3 million).

In December 2024, the Company completed the sale of the vacated Kingston Class C LTC home for proceeds of $3.7 million, resulting in a gain of $3.6 million (before taxes, certain closing and other costs of $0.3 million).

The Company is initiating the sale process for the vacated West End Villa Class C LTC home.

Projects Under Construction

The following table summarizes the LTC development projects that are under construction as at February 27, 2025. Once open, the Company will provide management services to the homes through Extendicare Assist and SGP. In January 2025, the Company entered into an agreement to sell the three projects below currently owned 100% by Extendicare to Axium JV, with Extendicare retaining a 15% managed interest, subject to regulatory approval.

LTC Project	Owner	Extendicare Ownership Interest	# of Class C Beds Replaced	# of New Beds	Construction Commenced	Expected Opening	Estimated Development Costs *($ millions)*
Peterborough	Axium JV	15.0%	172	256	Q2-23	Q4-25	100.6
Orleans	Axium JV	15.0%	240	256	Q4-23	Q2-26	102.2
Carlingview Manor (Ottawa)	Axium JV II	15.0%	303	320	Q4-23	Q2-26	121.4
St. Catharines	Extendicare	100%	152	256	Q4-24	Q1-27	106.4
Port Stanley	Extendicare	100%	60	128	Q4-24	Q1-27	52.7
London	Extendicare	100%	170	192	Q4-24	Q2-27	77.7
			1,097	**1,408**			**566.1**

FINANCING ACTIVITY

$275 Million Senior Secured Credit Facility

In November 2024, the Company entered into a new senior secured credit facility for $275.0 million (the "Senior Secured Credit Facility") with a syndicate of Canadian chartered banks, for a term of three years. The Senior Secured Credit Facility is secured by 21 LTC homes in Ontario and is subject to customary financial and non-financial covenants and other terms. The Senior Secured Credit Facility consists of a revolving credit facility for up to $145.0 million (the "Revolving Facility"), which replaces the Company's former demand credit facilities of $112.3 million, and a delayed draw term loan facility in an amount up to $130.0 million (the "Delayed Draw Facility"). The Revolving Facility is available for working capital and general corporate purposes, including capital expenditures and acquisitions.

Exercise of Buy-out Under Long-term Lease Arrangement

In November 2024 and in connection with entering into the Senior Secured Credit Facility, the Company used $29.9 million of cash on hand to exercise its option to acquire nine Ontario LTC homes built between 2001 and 2003 that it had been operating under 25-year lease arrangements. The purchase price fully satisfied the balance of the remaining lease payments plus accrued interest and other costs.

Early Redemption of 2025 Debentures

In December 2024, the Company exercised its option to redeem all of the outstanding 2025 Debentures using funds from the Delayed Draw Facility (see "– $275 Million Senior Secured Credit Facility"). The 2025 Debentures were redeemed at par, plus accrued and unpaid interest up to but excluding the redemption cate, for a total of approximately $127.3 million. All interest on the 2025 Debentures ceased from and after the redemption date and the 2025 Debentures were delisted from the facilities of the TSX at the close of markets on December 16, 2024.

LTC Construction Financing

In September 2023, construction facilities in connection with the Sudbury, Kingston and Stittsville LTC redevelopment projects, with a balance drawn of $72.3 million, were assumed by Axium JV in connection with the sale of the three redevelopment projects to Axium JV*.* The Company continues to guarantee a portion of these construction facilities.

In April 2024, a $92.5 million construction facility in connection with its 256-bed LTC redevelopment project in Orleans, with no amount drawn, was assumed by Axium JV in connection with the sale of the redevelopment project to Axium JV. The Company continues to guarantee a portion of this construction facility.

Term Loan

In May 2022, the Company amended an existing term loan agreement to increase the principal amount by $5.4 million to $29.9 million and extend the term to April 2027. The loan is secured by nine LTC homes located in Alberta. The Company also entered into an interest rate swap contract to lock in the interest rate at a fixed rate of 5.40% per annum.

DESCRIPTION OF THE BUSINESS

COMPANY PROFILE

In operation since 1968, the Company is the largest private-sector operator of LTC homes in Canada and one of the largest private-sector providers of publicly funded home health care services in Canada through its ParaMed subsidiary. As well, the Company provides management, consulting and other services to LTC homes owned by third parties and joint ventures to which the Company is a party through its Extendicare Assist division and procurement services through SGP, its group purchasing division. Extendicare proudly employs approximately 24,000 qualified, highly trained and dedicated team members who are passionate about providing high-quality care and services to help people live better. The Company's operations are more fully described below.

Extendicare endeavors to be the leading provider of care and services to seniors in Canada. The Company's vision is for everyone in Canada to have access to the care and support they need. We strive to provide quality, person-centred care that enables seniors to stay independent at home as long as possible and, if their needs become more complex, supports them with enhanced 7x24 clinical, daily living and social services in a long-term care setting. This means offering the services Canadian seniors need as they age, wherever they need them as their care needs evolve – and to be an employer of choice in the communities in which we operate. An unwavering commitment to delivering quality customer-centred seniors' care and services is at the heart of everything that we do.

Strategic Repositioning

Through the Retirement Living Sale in 2022 and the Revera and Axium Transactions (see "General Development of the Business – Acquisitions and Dispositions – Revera and Axium Transactions"), the Company has repositioned itself to focus on the provision of long-term care and home health care services and deploy a less capital intensive and higher margin business model, leveraging its expertise and scale to drive growth through managed services and its Joint Ventures to redevelop its Class C LTC homes, thereby enabling it to deploy capital more efficiently and provide greater flexibility for growth initiatives, including acquisitions.

OPERATIONS

As at December 31, 2024, the Company operated 122 LTC homes, composed of 51 homes wholly owned by the Company and 71 homes under management contracts with third parties through Extendicare Assist, including 27 LTC homes owned by the Joint Ventures, in which the Company has a 15% managed interest. The Company's network of 122 LTC homes has capacity for 16,900 residents across three provinces in Canada, with Ontario, Manitoba and Alberta accounting for 79.5%, 11.5% and 9.0% of residents served, respectively.

In addition to providing procurement services to LTC homes owned entirely by the Company, SGP supports third-party clients and the LTC homes owned by the Joint Ventures, representing approximately 146,300 beds across Canada.

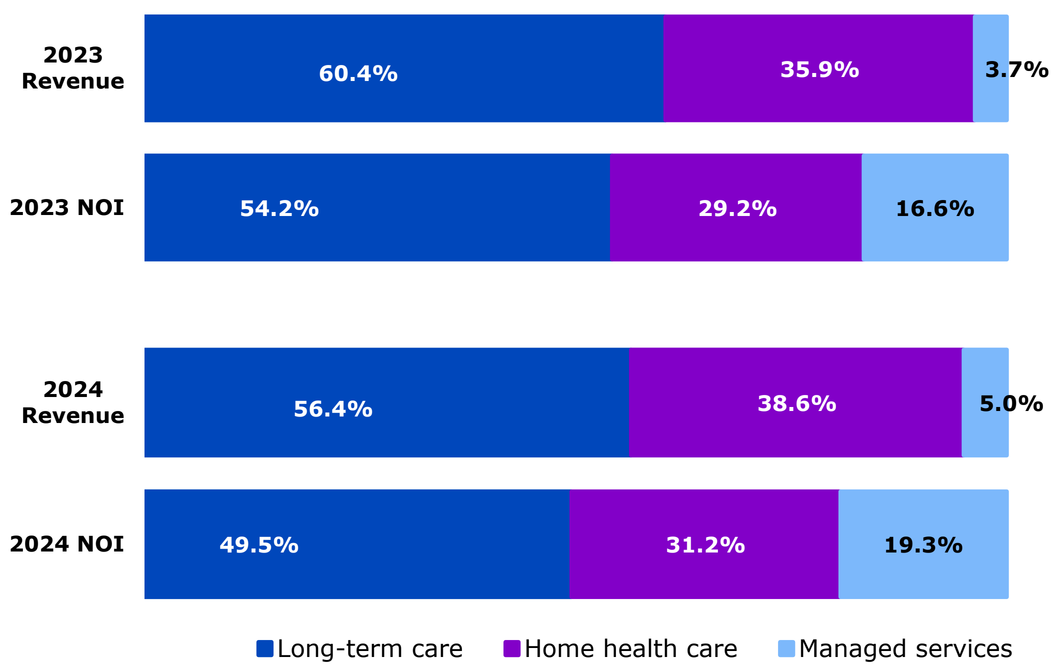
ParaMed, the Company's home health care operation, delivered approximately 11.0 million hours of home health care services in 2024. The majority of ParaMed's services are delivered in Ontario and Alberta, which accounted for 94% and 4% of the total volume, respectively, with the remaining volume from operations in Nova Scotia.

The Company's corporate office located in Markham, Ontario includes the senior management of its operating divisions along with the following head office support functions: human resources; payroll and benefits; legal; purchasing; development and engineering services; quality and risk management; finance and reporting; treasury; information technology and public affairs. Senior management is responsible for providing the overall strategic direction and management of the business, and seeking development and acquisition opportunities. The head office functions provide a resource for all operations and establish company-wide policies and procedures, standards, benchmarks and control procedures. In addition, staff located in regional offices are responsible for and support the respective local operations by overseeing policies and programs pertaining to resident care, employee hiring, training and retention, marketing initiatives, risk management and facility maintenance.

The table that follows summarizes the LTC homes operated by the Company, and whether they are owned by the Company, or operated under management contracts, as at December 31, 2024. Certain LTC homes also have private pay retirement beds as part of the facility. Resident capacity excludes ward-style beds that were taken out of service per regulatory changes.

	No. of	Bed Type		
Homes in Operation by Business Segment/Province	**Homes**	**Funded**	**Private**	**Total**
LTC Operations – owned/leased				
Ontario	32	4,639	76	4,715
Alberta	14	1,514	–	1,514
Manitoba	5	762	–	762
	51	**6,915**	**76**	**6,991**
Management Contracts – joint venture (15% managed interest)				
Ontario	21	2,794	26	2,820
Manitoba	6	810	–	810
	27	**3,604**	**26**	**3,182**
Management Contracts – third party				
Ontario	42	4,843	1,057	5,900
Manitoba	2	331	48	379
	44	**5,174**	**1,105**	**6,279**
Total	**122**	**15,693**	**1,207**	**16,900**

The following summarizes the contribution of each business segment to the Company's consolidated revenue and net operating income[(1)] ("NOI") for the years ended 2023 and 2024.



Note:

(1) NOI is a non-GAAP financial measure. Refer to the discussion under "Non-GAAP Measures" in the MD&A for the year ended December 31, 2024.

The following describes the services provided under each of the Company's operating segments.

Long-term Care

Under the Extendicare brand, the Company's LTC homes are designed for individuals, usually seniors, who cannot be safely cared for at home or in another setting, due to factors such as physical limitations and cognitive impairment, and who require professional nursing care on a daily basis and access to 24-hour supervision. In addition to providing accommodation and meals, residents receive assistance with activities of daily living and continuing care. Programs and services are offered to all residents and specialty programs are offered for those with behavioural needs. In Alberta, designated supportive living ("DSL") homes provide services similar to those provided by retirement communities, and were introduced by Alberta Health Services, or AHS, as an alternative setting for residents not yet requiring the needs of a more expensive LTC home.

The Company's LTC and DSL homes are under contract with and regulated by provincial governments and/or regional health authorities, and are funded by government-determined fee structures.

In 2021, Extendicare received Accreditation with Commendation by Accreditation Canada as part of a four-year cycle accreditation process that evaluates all of the Company's wholly owned homes.

Home Health Care

The Company provides home health care services through ParaMed, whose professionals and staff members are skilled in providing complex nursing care, occupational, physical and speech therapy and assistance with daily activities to accommodate clients of all ages living at home. Home health care alleviates the demand for in-hospital stays and seniors' care homes and allows seniors the independence and dignity of remaining at home for as long as possible. Home health care services are provided to individuals of all ages; however, seniors represent the largest group accessing these services. Provincial governments fund a wide range of home health care services and contract these to services providers such as ParaMed. ParaMed receives approximately 99% of its revenue from contracts tendered by locally administered provincial agencies, with the remainder coming from private clients.

In 2022, ParaMed received Accreditation with Exemplary Standing – the highest level of performance achievable by Accreditation Canada as part of a four-year cycle accreditation process.

Managed Services

The Company leverages its size, scale and operational expertise in the seniors' care industry to provide managed services to third parties and joint ventures to which the Company is a party through its Extendicare Assist and SGP divisions.

Management Contracts and Consulting and Other Services

Through its Extendicare Assist division, the Company provides management, consulting and other services to third parties and joint ventures to which the Company is a party, including not-for-profit and for-profit organizations, hospitals and municipalities. Extendicare Assist's business is classified into two categories: (i) management contracts and (ii) consulting and other services. The management contracts category consists of two offerings: (i) a fully managed service, providing management oversight over the day-to-day operations of the homes and (ii) a back-office services only offering. The full-service management contract offering provides the full suite of back-office support services with oversight of the day-to-day operations of a home supported by the Company's regional support and clinical quality management teams. The full suite of back-office support services includes human resources, labour relations, payroll and benefits administration, accounting and information technology expertise supported by the Company's cloud-based integrated technology platform that provides all systems needed to operate a seniors' care home. The consulting and other services category covers a wide variety of offerings, including clinical improvement programs, operational reviews, financial performance advice and LTC home redevelopment services. Extendicare Assist also offers an LTC operating policy subscription service that can be procured as a standalone service. As at December 31, 2024, Extendicare Assist has management contacts with 71 LTC homes with capacity for 9,909 residents including 1,131 private pay retirement beds, and provides a further 24 homes with consulting and other services. Some of the LTC homes under management contract have both funded and private pay retirement beds as part of the same mixed-use property.

As discussed under the heading "General Development of the Business – Acquisitions and Dispositions – Revera and Axium Transactions – Revera LTC Acquisition and Related Transactions (2024)", Revera has entered into agreements to sell 30 of its Class C homes that are currently operated by Extendicare Assist under management contracts. Nine of these homes are to be acquired by the Company and the remaining 21 by third parties. Upon closing of the two transactions, Extendicare Assist's existing management agreements with Revera in respect of the 30 homes, as well as related development arrangement agreements, will terminate in accordance with their terms.

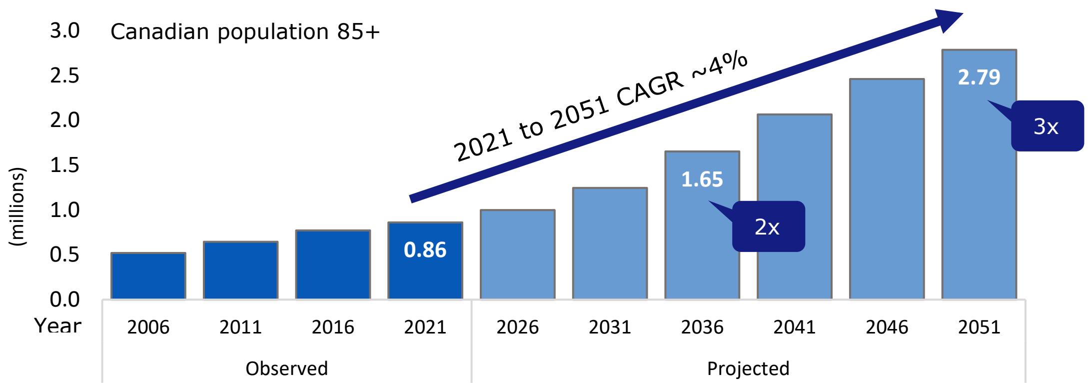
Group Purchasing Services

Through its SGP division, the Company offers cost-effective purchasing contracts to other seniors' care providers, as well as, to a lesser degree, other parties, such as daycares, hostels and clinics, for food, capital equipment, furnishings, cleaning and nursing supplies and office products. SGP negotiates long-term, high volume contracts with suppliers that provide members with preferred pricing, thereby providing a cost-effective means to secure quality national brand-name products, along with a range of innovative services. As at December 31, 2024, SGP provided services to third parties and joint ventures to which the Company is a party, representing approximately 146,300 beds across Canada.

SENIORS' CARE INDUSTRY

Aging Population

The demographic wave of the aging population is driving accelerating demand for seniors' care services. According to Statistics Canada, the population of those aged 85 and over is projected to grow at a compound annual rate of approximately 4% over the next 30 years, more than four times the rate of growth of the overall population, doubling by 2036 and tripling to close to three million by 2051.



Source: Statistics Canada, *A Portrait of Canada's Growing Population Aged 85 and Older From the 2021 Census*

As the number of seniors and life expectancy in Canada rises, those entering LTC homes are older and frailer, resulting in not only a need for increased capacity, but the need for more specialty and complex care services. Demand is rising faster than supply, driving the need for home health care services that enable seniors to be cared for at home longer. According to data published by the Canadian Institute for Health Information ("CIHI"), the average age of residents in LTC homes in Canada in fiscal 2021/2022 was 83, and over 52% were aged 85 and older. In addition, CIHI data suggests that 1 in 10 newly admitted LTC residents potentially could have been cared for at home if appropriate home health care services had been available. Source: CIHI, *Profile of Residents in Residential and Hospital-Based Continuing Care, 2021-2022* (September 2022), and CIHI, 2021.

Supply/Demand Imbalance

Seniors' care needs are projected to outpace supply growth in the coming years. Provincial governments license LTC beds taking into account local demand, budget limitations and the availability of alternative care options, such as home health care services. In Ontario for example, the number of LTC beds increased by less than 2% between 2011 and 2021, while the population of Ontarians aged 75 and over increased by more than 30% over that same period. This has resulted in a waitlist of more than 48,000 for access to a LTC bed in Ontario as of September 2024, according to the Ontario Long Term Care Home Association. In recognition of the growing need for LTC beds, the Ontario government announced a capital development funding program in 2020 aimed at addressing both the need to replace older LTC homes and to increase capacity across the province (see "– Government Regulations and Funding – Ontario Funding for LTC Home Development").

The chronic shortage of LTC beds, rapidly growing demand for home health care services and Canada's aging population all point to long-term opportunities for sustainable growth in LTC and home health care services. According to the Conference Board of Canada's 2017 report, *Sizing up the Challenge*, an additional 200,000 new LTC beds and a major increase in home health care capacity will be needed by 2035. In a study conducted by Campaign Research Inc. in October 2021 on behalf of Home Care Ontario, 86% of seniors believe the pandemic has made Ontario's home health care system more important than ever, with more than 90% of the respondents indicating a preference to stay at home as long as possible.

Cost Containment Pressures

With the aging demographics, longer life expectancies and increased care requirements, health care costs are expected to rise faster than the availability of resources from government-sponsored health care programs. Likewise, government funding for health care services continues to rise and represent a growing proportion of total government spending. In response to such rising costs, governmental and private-pay sources have adopted cost containment measures that encourage reduced lengths of stay in acute care hospitals. As a result, many patients are discharged despite a continuing need for nursing or specialty health care services. Governments recognize that both home health care and long-term care services are now supporting an increasingly complex client base that requires more assistance than ever before. Such care can be provided at home or in LTC homes at a significantly lower cost than in traditional acute care and rehabilitation hospitals.

Changing Family Dynamics

Families have traditionally been the primary source of caregiving for seniors. A 2018 study conducted in Canada reported 25% of those aged 15 and older had, in the past year, cared for or helped someone who had a long-term health condition, or physical or mental disability, or problems related to aging (source: Statistics Canada Study: *Insights on Canadian Society, 2018*, released January 2020). However, with the growing number of two-income families, family members as the primary source of care for seniors are becoming a diminishing resource. At the same time, two-income families are better able to provide financial support for elderly parents, enabling them to receive the care they need, either with in-home support or in alternative care settings.

Competition

The seniors' care industry is, by its nature, a local and community focused industry. Extendicare's competitors include both private and public-sector operators. While there has been some consolidation over the years, the long-term care sector remains highly fragmented. Historically, there have been few transactions involving the transfer of ownership of LTC homes. However, there has been an increase in ownership change activity since 2022, including the Company's Revera and Axium Transactions, as well as other pending or closed transactions in Ontario and Western Canada as certain operators have decided to divest of their LTC operations. Extendicare is the largest private-sector operator of LTC homes in Canada, representing approximately 8% of the Canadian market.

Likewise, the home health care sector is also highly fragmented with only a few large operators, and predominately smaller regional service providers, both investor-owned and not-for-profit. ParaMed is one of the largest providers of publicly funded home health care in Canada, and the largest in Ontario, based on service hours provided. In Ontario, government-funded business is currently conducted through evergreen contracts, and as such, opportunities for growth in the government-funded space is expected to result from the award of additional hours to existing providers meeting specified service standards, or through acquisition.

In addition, Extendicare's managed services businesses, Extendicare Assist and SGP, compete with other similar operators in the health care and hospitality industries.

COMPETITIVE STRENGTHS

Leading Provider of Long-term Care and Home Health Care Services

As the largest private-sector operator of LTC homes and one of the largest providers of publicly funded home health care in Canada, Extendicare is committed to delivering high-quality services to meet the needs of a growing seniors' population. In Ontario, the Company is the largest private-sector operator of LTC, operating approximately 16% of the provinces' LTC beds, and the largest publicly funded home health care provider in terms of service hours. While, in Alberta, the Company operates approximately 5% of the LTC/DSL beds in the province, and in Manitoba approximately 20% of the LTC beds in the province.

The scope of Extendicare's core LTC and home health care operations enables the Company, along with its managed services third-party clients, to benefit from the economies of scale that come from sharing the operations management, purchasing and information technology support services across a larger base of operations.

Experienced Operator with Strong Management Team

Members of the Company's senior leadership team bring a diverse mix of expertise and experiences to their leadership of the Company. Their experiences span across the broader healthcare sector, with an average of 19 years of industry experience. Team members also have experience within publicly traded and privately held organizations across a range of other industries, including technology, telecommunications, professional services, energy, logistics, retail, and manufacturing. The team is well equipped to lead the development and implementation of the Company's strategy, while at the same time overseeing operational effectiveness and efficiencies necessary to remain competitive in the industry. Our leadership team will continue to add considerable value and play an important role in shaping the future direction of seniors' care within federal and provincial associations and in developing strategic partnerships within the health care business.

Management Focus on Key Performance Metrics

The Company has developed and established systems to report on and monitor key business metrics involving the quality of services, effectiveness of its operations and financial performance of its portfolio. Senior management is proficient at focusing the team on key metrics and driving continuous improvement throughout its operations.

QUALITY OF CARE

Extendicare and ParaMed have Quality and Risk Management teams that are exclusively focused on improving resident and patient safety, and the achievement of quality indicator goals. As a multidisciplinary team, subject matter experts work on improving quality in areas such as skin and wound care, infection prevention and control, medication management, nutrition, dementia care and palliative care. Developing programs, policies and tools, and regularly monitoring and implementing quality and safety initiatives, the teams share innovative strategies and successes across the organization.

The Company is committed to continuously measuring, improving and publicly sharing the results of its performance. The Company's Quality Improvement Plan highlights many of its key accomplishments in long-term care, the most recent copy of which is available on its website at https://www.extendicare.com/about-extendicare/commitment-to-quality/.

Under the direction of Extendicare's Chief Medical Officer, Extendicare has focused on strengthening clinical programs, and building stronger relationships between health system partners and physicians and our LTC homes. ParaMed's Chief Nursing Executive is furthering the same mission, leading advancement of clinical quality in home health care.

During the pandemic, our team members worked tirelessly to protect those in our care and in doing so implemented new strategies to advance the Company's clinical programs. In addition, new funding from the Government of Ontario is enabling further evolution of our clinical model of care, team member education, and investments in new technologies in the field.

The Company has embraced calls within the sector for increased accountability and transparency. In most provinces, the results of audits and inspection reports are posted online. The Company takes steps to resolve any compliance issues promptly and it shares this information with residents, families and other stakeholders. The Company also works with regional health authorities, quality councils and researchers on initiatives to improve safety, care and quality of life.

All of the LTC homes owned by the Company and its ParaMed operations are surveyed by Accreditation Canada for compliance with quality standards. As well, all of the LTC homes owned by the Joint Ventures are currently surveyed by either the Commission on Accreditation of Rehabilitation Facilities Canada or Accreditation Canada. The Company's commitment to excellence emphasizes the corporate philosophy of treating residents and clients with dignity and respect. The Company conducts satisfaction surveys of its residents, clients and their families and maintains a whistleblower program. In our home health care operations, a random selection of clients is called to conduct quality reviews and solicit feedback. In addition, each of our homes regularly engages with residents and their families through virtual town hall meetings to share information and receive feedback. Resident and family councils at each of our LTC homes facilitate effective communication between all parties and have a voice in decisions involving the quality of care and services for our residents.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG") INSIGHTS

In keeping with its objective to help people live better, Extendicare has a long tradition of advancing ESG strategies to improve its practices in the communities where it operates. Extendicare's ESG Insights report highlights actions undertaken across the Company over the past year. A copy of the ESG Insights report is available on its website at https://www.extendicare.com/investors/corporate-governance/.

Our approach is focused on people, driven by our ongoing commitment to improve our care programs for those we serve today, and to strengthen the sector in which we operate to meet the increasing needs of those who will need our care in the years to come.

Ongoing ESG priorities underway across Extendicare include:

Environmental

- Building environmentally sustainable communities
- Redeveloping our older LTC homes
- Investing in energy-efficient retrofits to existing LTC homes
- Investing in technology and digital solutions to limit paper waste

Social

- Commitment to improving care every day as part of our national, multi-year plan
- Supporting the success and skills development of our teams, while growing the workforce
- Engaging residents and families as partners in care and organizational change
- Building partnerships across the health system, and investing in new care models to lead innovation
- Giving back to our communities

Governance

- Strong and diverse leadership team, including recognition by the Globe and Mail as one of the top Canadian companies for representation of women in leadership roles
- Code of Business Conduct that guides ethical operations organization-wide
- Robust enterprise-wide risk management approach
- Board comprised of independent directors (with the exception of the President and CEO)

Supported by its Board of Directors, the Company's senior leadership team will build on these initiatives to advance the Company's ESG journey.

PROPERTIES

The following tables list the LTC homes operated by Extendicare that it wholly owns. Two of the LTC homes in Ontario include retirement wings with a total of 76 private pay beds. In addition, Alberta's designated supportive living beds are government funded and regulated. Resident capacity excludes 99 ward-style beds that were taken out of service per regulatory changes and which are eligible to be reinstated upon redevelopment.

			Composition of Beds/Suites				
			Preferred		Short Stay or Conva-lescent		
Name of Owned Home	**Location**	**Year Built**	**Private**	**Semi-Private**		**Basic**	**Total**
Ontario LTC "New" Homes							
1 Extendicare Brampton	Brampton	2001	90	-	12	48	150
2 Extendicare Cobourg	Cobourg	2002	41	-	-	28	69
3 Extendicare Halton Hills	Georgetown	2003	78	-	-	52	130
4 Extendicare Hamilton	Hamilton	2002	96	-	-	64	160
5 Extendicare Kawartha Lakes	Lindsay	2001	38	-	-	26	64
6 Extendicare Lakefield	Lakefield	2001	60	-	-	40	100
7 Extendicare Maple View	Sault Ste. Marie	2013	154	-	-	102	256
8 Extendicare Mississauga	Mississauga	2003	84	-	-	56	140
9 Extendicare Port Hope	Port Hope	2004	76	-	-	52	128
10 Extendicare Rouge Valley	Toronto	2003	114	-	-	78	192
11 Extendicare Southwood Lakes	Windsor	2001	90	-	-	60	150
12 Extendicare Tecumseh	Tecumseh	2003	77	-	-	51	128
13 Extendicare Timmins	Timmins	2013	108	-	-	72	180
13 Ontario LTC "New" Homes			**1,106**	**-**	**12**	**729**	**1,847**
			59.9%	-	0.6%	39.5%	100.0%
Ontario LTC "C" Homes							
1 Extendicare Bayview	North York	1970	46	74	-	84	204
2 Extendicare Guildwood	Westhill	1967	15	86	2	58	161
3 Extendicare Haliburton	Haliburton	1976	10	18	-	16	44
4 Extendicare Kapuskasing	Kapuskasing	1974	4	30	1	21	56
5 Extendicare Kirkland Lake	Kirkland Lake	1977	16	40	3	39	98
6 Extendicare Laurier Manor	Gloucester	1970	50	94	4	86	234
7 Extendicare London	London	1970	36	66	1	67	170
8 Extendicare Medex	Ottawa	1973	5	111	-	77	193
9 Extendicare New Orchard Lodge	Ottawa	1965	15	52	-	42	109
10 Extendicare Oshawa	Oshawa	1973	7	87	18	59	171
11 Extendicare Peterborough	Peterborough	1972	34	60	13	65	172
12 Extendicare Port Stanley	Port Stanley	1977	8	20	1	15	44
13 Extendicare Scarborough	Scarborough	1970	3	64	15	68	150
14 Extendicare St. Catharines	St. Catharines	1971	12	78	-	46	136
15 Extendicare Starwood	Nepean	1971	20	96	-	64	180
16 Extendicare Tri-Town	Haileybury	1974	6	30	1	19	56
17 Extendicare Van Daele	Sault Ste. Marie	1979	20	32	14	30	96
18 Extendicare West End Villa	Ottawa	1982	86	48	2	104	240
19 Extendicare York	Sudbury	1973	50	116	26	86	278
19 Ontario LTC "C" Homes			**443**	**1,202**	**101**	**1,046**	**2,792**
			15.9%	43.1%	3.6%	37.5%	100.0%
32 Ontario LTC Homes			**1,549**	**1,202**	**113**	**1,775**	**4,639**
			33.4%	25.9%	2.4%	38.3%	100.0%
- Assisted living wings at Cobourg & Lindsay			**76**	**-**	**-**	**-**	**76**
32 Total Ontario LTC Homes			**1,625**	**1,202**	**113**	**1,775**	**4,715**

Name of Owned Home		Location	Year Built	Composition of Beds/Suites Private	Semi-Private	Total
Alberta LTC Homes						
1	Extendicare Athabasca	Athabasca	1967	22	28	50
2	Extendicare Bonnyville	Bonnyville	1966	28	22	50
3	Extendicare Cedars Villa	Calgary	1964	41	202	243
4	Extendicare Eaux Claires	Edmonton	2011	204	-	204
5	Extendicare Fort MacLeod	Fort MacLeod	1966	20	30	50
6	Extendicare Hillcrest	Calgary	1965	20	92	112
7	Extendicare Holyrood	Edmonton	1965	20	54	74
8	Extendicare Leduc	Leduc	1965	21	58	79
9	Extendicare Michener Hill	Red Deer	2010	208	12	220
10	Extendicare Mayerthorpe	Mayerthorpe	1966	22	28	50
11	Extendicare St. Paul	St. Paul	1966	30	46	76
12	Extendicare Viking	Viking	1965	36	24	60
13	Extendicare Vulcan	Vulcan	1965	28	18	46
13	**Alberta LTC Homes**			**700**	**614**	**1,314**
Alberta Designated Supportive Living						
-	Extendicare Michener Hill (wing)	Red Deer	2010	60	-	60
1	Extendicare Fairmont Park	Lethbridge	2010	140	-	140
1	**Alberta DSL Homes**			**200**	-	**200**
14	**Total Alberta Homes**			**900**	**614**	**1,514**
Manitoba LTC Homes						
1	Hillcrest Place	Brandon	1972	20	80	100
2	Oakview Place	Winnipeg	1970	37	208	245
3	Red River Place	Selkirk	1982	94	10	104
4	Tuxedo Villa	Winnipeg	1971	41	172	213
5	Vista Park Lodge	Winnipeg	1982	90	10	100
5	**Manitoba LTC Homes**			**282**	**480**	**762**
Total Extendicare Owned Homes						
50	Long-term care					6,715
-	Private-pay assisted living wings					76
1	Government-funded supportive living					200
51	**Total Extendicare Owned Homes**					**6,991**

GOVERNMENT REGULATIONS AND FUNDING

Long-term Care and Home Health Care

Provincial legislation and regulations closely control all aspects of the operation and funding of LTC homes, government-funded supportive living homes, and publicly funded home health care services, including the fee structure, subsidies, the adequacy of physical homes, standards of care and accommodation, equipment and personnel. A substantial portion of the fees paid to providers of these services are funded by provincial programs, with a significantly smaller portion to be paid by the resident or client. No individual is refused access to long-term care due to an inability to pay, as a government subsidy for basic accommodation, generally based on an income test, is available for LTC residents who are unable to afford the resident co-payment. Each province has a different system for managing the services provided. In some provinces, the government has delegated responsibility for the funding and administration of health care programs, such as long-term care and home health care, to regional health authorities. As a result, there can be significant variability in the regulations governing the provision of and reimbursement for care from location to location.

The federal government primarily funds long-term care through health care funding transfers to the provinces. The provincial governments then allocate that funding to health care programs at their discretion. There has also been targeted funding directly tied to long-term care (and other related priorities), such as through the "Ageing with Dignity" bilateral agreements between the federal government and the provinces. These agreements, finalized throughout 2023 and 2024 and subsequently updated, focus on supporting care close to home, such as through home care and long-term care services. In some provinces such as Ontario, this dedicated funding is negotiated as part of the overall health care funding transfer from the federal government.

In December 2020, the federal government announced its intention to collaborate with the provinces to advance national standards for long-term care and provide specific funding to enhance elder care. Complementary national standards for long-term care were released by the CSA Group in December 2022 and HSO in January 2023. The CSA Group standards focus on creating safer physical environments in LTC homes. The HSO standards consist of high-level objectives and guidelines to support governments and LTC homes in developing policies and procedures, and avoids taking a highly prescriptive approach. In January 2023, the Government of Canada clarified that the CSA Group and HSO standards were not mandatory.

The Company is unable to predict the extent to which governments will adopt changes in their funding or regulatory programs, including as a result of the COVID-19 pandemic, and the impact of such changes on the Company's business, results of operations and financial condition. Also, the Company cannot predict the impact, if any, that any new legislation will have on the Company's business, results of operations and financial condition. See "Risk Factors – Risks Related to the Business – Risks Related to Government Oversight, Funding and Regulatory Changes".

In most provinces, a license must be obtained from the applicable provincial ministry in order to operate LTC homes. In Ontario, licenses for LTC homes are issued for a fixed term of not more than 30 years, after which a license may or may not be renewed. In Alberta, as a result of recent legislation, licenses for LTC and DSL homes are issued for a duration of up to four years and may be renewed upon successful application 30 days prior to expiry. In general, the issuance of new licenses for LTC beds is infrequent because of the funding implications for the provincial governments. In addition to, or in some provinces in place of, the license procedure, long-term care operators in Alberta, Manitoba and Ontario are required to sign service contracts that incorporate service expectations with the applicable provincial health authority. A failure of the Company's operating licenses or contracts to be renewed or conditionally renewed may have a material adverse impact on the business, results of operations and financial condition of the Company. See "Risk Factors – Risks Related to the Business – Risks Related to Growth, Acquisitions and Redevelopment".

Ontario Long-term Care – General

In Ontario, all LTC homes are governed by the FLTCA, which came into effect on April 11, 2022. Various regulations pursuant thereto have since been enacted. The FLTCA replaces the *Long-Term Care Homes Act, 2007* and emphasizes improving staffing and care; protecting residents through better accountability, enforcement and transparency; and building modern, safe comfortable homes for seniors. The FLTCA, along with its accompanying regulations, provides for, among other things: licensing procedures based on standards for license review (including public consultation); fixed license terms of up to 30 years, after which the license may or may not be renewed; duties imposed on licensees; defined expectations and requirements for key services to be provided; requirements for the qualification, training and orientation of staff; unannounced annual inspections; and the revocation of a license for continued non-compliance. In addition, approvals are required to transfer a license to a new owner and to appoint a third-party manager to operate a LTC home.

As well, the FLTCA establishes a target to increase average hours of direct care per resident per day to four hours by March 31, 2025, with phased-in funding that started in November 2021, doubles fines as a financial deterrent for non-compliance and allows the Director of Long-Term Care to establish policy that would be used in lieu of individual licensing determinations, thus streamlining the approval process.

Admission of residents into LTC homes in Ontario is managed by placement coordinators that are designated by the MLTC, pursuant to admission requirements outlined in the FLTCA. Funding for LTC homes in Ontario is based on reimbursement for the level of care assessed to be required by the residents, in accordance with scheduled rates. The MLTC allocates funds through "funding envelopes", namely: nursing and personal care ("NPC"); program and support services ("PSS"); nutritional support ("NS") and other accommodation ("OA"). The funding for the NPC and PSS envelopes is generally adjusted annually based on the acuity of residents as determined by a classification assessment of resident care needs. The NPC, PSS and NS envelopes are "flow-through" envelopes, whereby any deviation in actual costs from scheduled rates is either absorbed by the provider (if actual costs exceed funding allocations) or is returned to the MLTC (if actual costs are below funding allocations). With respect to the OA envelope, providers retain any excess funding received over costs incurred. As well, the MLTC provides supplementary funds for accreditation of LTC homes, care and support programs, pay equity obligations, and minor capital funding based on specified criteria. The province sets the rates for basic accommodation, as well as the maximum premiums that providers can charge and retain for semi-private and private accommodation, otherwise referred to as "preferred accommodation", and these premiums vary according to the structural classification of the LTC home. Long-term care providers are permitted to designate up to 60% of the resident capacity of a home as preferred accommodation. The accommodation rates are substantially paid for by the resident; however, the province guarantees funding for beds designated as basic accommodation through government subsidies.

The following summarizes the composition of the Company's wholly owned LTC homes in Ontario, as well as the maximum preferred differential rates per diem for each classification of bed. Upon redevelopment of a Class C home, residents in preferred accommodation are transferred to the New LTC home at grandfathered rates.

		Composition of Beds				
Ontario Wholly Owned	**No. of Homes**	**Private $28.70 premium**	**Private $20.65 premium**	**Semi-private $9.19 premium**	**Basic/Other**	**Total**
New	13	1,106	–	–	741	1,847
Class C	19	–	443	1,202	1,146(1)	2,791
	32	1,106	443	1,202	1,887	4,638

Note:

(1) Excludes 99 ward-style beds in Ontario LTC homes that were taken out of service per regulatory changes and which are eligible to be reinstated upon redevelopment.

Overall government funding is occupancy-based, but once the average occupancy level of 97% for the calendar year is achieved, operators receive government funding based on 100% occupancy. In the event of closure to admissions related to an outbreak, which is not unusual during the winter months, full funding is preserved in Ontario, otherwise referred to as occupancy protection funding. However, occupancy protection does not compensate for the loss of preferred accommodation premiums from private and semi-private room vacancies.

Prior to the onset of COVID-19 in 2020, the Company's Ontario LTC homes generally operated above the 97% occupancy threshold, with all but one having done so in 2019. In response to financial pressures caused by the impacts of COVID-19 on occupancy levels, the Government of Ontario provided basic occupancy protection funding for all LTC homes for 2020 and through to the end of January 2022, including for third and fourth beds in ward-style rooms taken out of service and beds kept empty for isolation purposes. Occupancy targets were reinstated on February 1, 2022, requiring LTC homes to achieve average occupancy of 97%, adjusted to exclude ward-style beds taken out of service and isolation beds, in order to maintain full funding. The continued prevalence of LTC outbreaks throughout 2022 slowed the Company's occupancy recovery, with all but six of the Company's Ontario LTC homes having achieved the required 97% occupancy for the 11 months ended December 31, 2022. Beginning in 2023, occupancy targets were no longer adjusted for isolation beds and by the end of 2023, the Company's LTC homes had returned to pre-pandemic occupancy levels.

In April 2022, the MLTC confirmed that ward-style rooms would not be reopening and announced that flow-through funding for such beds would be phased out over a three-year period beginning on April 1, 2023, while preserving 100% of the OA funding until April 1, 2025. In December 2024, the MLTC confirmed that the OA funding for ward-style beds will continue to the end of March 31, 2026. As at December 31, 2024, the Company had 99 ward-style beds in its wholly owned Ontario LTC homes that are eligible to be reinstated upon redevelopment.

Ontario Funding for LTC Home Development

As part of the MLTC's capital renewal initiative for LTC homes, the government provides a capital construction funding subsidy ("CFS") for qualifying newly constructed or renovated homes. As outlined in the table under "– Operations – Properties", 13 of the Company's wholly owned LTC homes in Ontario, consisting of 1,847 beds, are designated as New, having been built between 2001 and 2013 under the MTLC's design standards at that time. Eleven of the New LTC homes (1,411 beds) were built between 2001 and 2004, of which 1,337 beds qualified for a CFS per diem of $10.35 per bed over 20 years, with the balance of the 74 beds eligible for minor capital funding. The Company's other two New LTC homes (collectively 436 beds) were built in 2013, of which 287 beds qualified for a CFS per diem of $17.65 per bed over 25 years and 149 beds qualified for $14.30 per bed over 25 years.

Since the introduction of the Capital Funding Program in 2020, the MLTC has awarded more than 58,000 new and replacement beds to address the aging infrastructure within long-term care and improve access to care for the growing numbers of seniors that require it. The Capital Funding Program provides for base CFS per diems ranging from $20.53 to $23.78 per bed, depending on the size and geography of the LTC home. The CFS is payable over 25 years following completion of the project. The Capital Funding Program also introduces a capital development grant of between 10% and 17% of total eligible project costs, up to an applicable maximum grant amount based on the geographic location of the project, payable upon substantial completion of the project.

In November 2022, the MLTC introduced new time-limited supplemental funding to help offset rising construction costs and interest rates that have made it challenging to begin construction on new LTC homes. The first supplement, which added $35.00 per bed per day to the base CFS noted above, expired in August 2023. A second supplement for the same amount was introduced in March 2024 and expired on November 30, 2024. All of the Company's LTC redevelopment projects that commenced construction during 2023 and 2024 qualified for these CFS supplements. Since its expiration in November 2024, no further funding enhancements have been announced.

Redevelopment of Ontario LTC Homes

The Company is in the process of redeveloping its Class C homes in Ontario under the province's Capital Funding Program. As at December 31, 2024, the Company had 19 Class C homes in Ontario, consisting of 2,891 beds, including 99 ward-style beds taken out of service, whose license terms were set to expire in June 2025. The Company applied for and has received license extensions to June 2030 for all of its remaining Class C homes. LTC projects under construction will replace all but 1,841 of the Company's wholly owned Class C beds by mid-2027. The Company continues to progress its remaining 12 redevelopment projects consisting of 2,456 new and replacement beds in anticipation of any future enhancements to the Capital Funding Program that may be made available. The Company is working collaboratively with industry partners and the government to make as many of these projects as possible economically feasible, including the need to address the particular challenges faced by projects in the Greater Toronto Area and in smaller rural markets. Given the significant backlog in demand for long-term care, the lack of alternative care environments, the government's current targets for upgrades by 2028, and license extension precedents to date, management is of the view that it is likely that licenses will be extended until redevelopment can be completed; however, there can be no assurance that this will be the case. For further details of the Company's redevelopment activities, refer to "General Development of the Business – Development Activity").

Each of the Company's projects under the Capital Funding Program is unique and focused on the construction of a new home. Prior to proceeding with construction, each project is carefully appraised to ensure strong economic fundamentals. Factors such as construction costs, adequacy of the government capital funding subsidies and grants, availability of financing and the timing of project approvals will affect the extent, sequencing and duration of the redevelopment program.

Once completed, redeveloped homes are expected to realize the benefit of improved performance and extended license terms. The extent to which such redevelopment plans are not implemented or proceed on significantly different timing, terms or government funding than currently anticipated, could have a material adverse effect on the business, results of operations and financial condition of the Company. Refer to the discussions under "Risk Factors – Risks Related the Business", "Risks Related to Government Oversight, Funding and Regulatory Changes", "Risks Related to Growth, Acquisitions and Redevelopment", "Risks Related to Joint Venture Interests" and "Risks Related to a Pandemic, Epidemic or Outbreak of a Contagious Illness, such as COVID-19".

Alberta Long-term Care and Designated Supportive Living

In Alberta, The *Continuing Care Health Service Standards* and the *Continuing Care Accommodation Standards* set standards applicable to all publicly funded providers of long-term care and designated supportive living. Operating standards cover requirements for such things as, accommodation and care services, qualification, training and orientation of staff, and resident safety and security. Homes are subject to periodic inspection to ensure compliance and licenses may be revoked for non-compliance. AHS employs an activity-based funding system for continuing care homes that includes the measurement of a resident's acuity through the use of RAI-MDS to determine the resident's level of care and resources required.

The Government of Alberta's CCA and its accompanying regulations came into effect in April 2024. The CCA replaced the multiple pieces of legislation that governed home care, facility-based care (which includes designated supportive living and long-term care) and palliative end-of-life care services, introduced a licensing framework for continuing care home operators and enhances administrative penalties and fines for contravention of the act and its regulations. Under the new licensing regime, licenses are issued for a duration of up to four years and may be renewed upon successful application 30 days prior to expiry. Regulations related to administrative penalties and fines come into force on April 1, 2025.

In 2024, the Government of Alberta initiated a comprehensive restructuring of its health care system. AHS, formerly the primary entity responsible for health care across the province, will transition to a service provider role. This restructuring led to the establishment of four new provincial organizations responsible for: primary care; acute care; continuing care; and mental health and addiction.

Assisted Living Alberta is expected to be fully operational by Fall 2025, at which time it will become the new organization overseeing continuing care services for both seniors in long-term care and those at home. Existing operators will continue their service delivery under the oversight of Assisted Living Alberta. The continuing care portfolio has been shifted from the Ministry of Health to the Ministry of Seniors, Community, and Social Services, although coordination and integration across the entire health care system remain the responsibility of the Ministry of Health.

The Company is unable to predict the impact, if any, such regulatory changes will have on the Company's business, results of operations and financial condition. See "Risk Factors – Risks Related to the Business – Risks Related to Government Oversight, Funding and Regulatory Changes".

Manitoba Long-term Care

Funding for LTC homes in Manitoba varies by health region, with support provided to residents who are unable to afford the resident co-payment based on an income test. As well, in Manitoba, the province provides per diem funding for each LTC home based on occupancy, with accountability requirements regarding minimum hours of care to be provided, proportion of professional staff hours, occupancy levels and minimum expenses related to repairs and maintenance.

As part of the Government of Manitoba's initiatives to support the recommendations to strengthen and enhance Manitoba's long-term care system outlined in the *Maples Personal Care Home COVID-19 Outbreak: External Review Final Report, January 2021*, a series of government-funded initiatives were introduced to support incremental costs to expand staffing and training, enhance infection prevention and control, housekeeping, allied health and technology in LTC homes.

Home Health Care

The majority of ParaMed's business is funded through government contracts at rates set by the government. Ontario is ParaMed's largest market, representing approximately 94% of its annual service volumes. ParaMed's government-funded business in Ontario is currently obtained through evergreen contracts, wherein a service provider's ability to retain its existing business is evaluated based on, among other things, an established set of quality indicators.

On May 1, 2022, the Government of Ontario's *Connecting People to Home and Community Care Act, 2020* and accompanying regulations came into force. This act repealed the 1994 legislative framework and seeks to provide a modernized framework for the delivery of home and community care services within an integrated health care system under Ontario Health.

In April 2021, ParaMed's Ontario government-funded contracts with the LHINs were assumed by HCCSS without change, pending a planned restructuring to reflect the dissolution of the LHINs. In June 2024, when the Government of Ontario's CCHA came into force the 14 HCCSS organizations were amalgamated to form a single new service organization named "Ontario Health atHome", a subsidiary of Ontario Health. The government has proposed that as Ontario Health Teams, created pursuant to the *People's Health Care Act, 2019*, mature, the responsibility for providing home care would be transitioned to designated Ontario Health Teams (and/or health service providers working within designated OHTs) and Ontario Health atHome's role would shift to providing designated OHTs with back-office and care coordination supports. Thus far, no significant home care services are being contracted through OHTs, although two-year pilot projects are launching in early 2025, with ParaMed participating in two of them. Although the ultimate treatment of these contracts is not yet known, ParaMed may be adversely impacted by such HCCSS restructuring. While any change in home care contracting and associated government operating models would represent a significant change, underlying market demand and government guiding principles, such as continuity of the care relationship between patients and caregivers, make it unlikely that there would be any material disruption to ParaMed's business; however, the Company is unable to predict the nature and extent of the impact such changes will have on the Company's business, results of operations and financial condition.

Alberta is ParaMed's second largest market, representing approximately 4% of its annual service volumes through government contracts with AHS. Such contracts have specified termination dates and/or renewal periods, following which the contracts are put out to tender. As noted above under "– Alberta Long-term Care and Designated Supportive Living", home care is under the purview of the Government of Alberta's CCA that came into force on April 1, 2024.

Retirement Living

Following the Retirement Living Sale, the Company does not currently operate any standalone retirement communities; however, some of the LTC homes the Company operates have private pay retirement beds as part of the facility (refer to the table summarizing the LTC homes operated under "Description of the Business – Operations").

Private-pay retirement communities are typically subject to regulation by provincial and local health and social services agencies, and other regulatory bodies, although such regulations are less extensive and prescriptive than those governing LTC homes. In most provinces, a license must be obtained from the applicable provincial ministry in order to operate retirement communities. The issuance of licenses for retirement communities is less restrictive than in respect of LTC homes as the funding for these services is generally private pay.

In Ontario, the RHA is designed to protect seniors living in retirement communities and requires that all forms of retirement communities be licensed under the RHRA. The RHA defines a retirement community as a residential complex containing rental units that is occupied primarily by individuals aged 65 and older, and whose operator provides at least two of the care services specified in the act, directly or indirectly, to its residents. Care services specified under the RHA range from assistance with feeding and bathing, to the provision of skin care, wound care and dementia programs. Licenses granted under the RHA are not transferable and may be revoked for non-compliance with the RHA. Other measures outlined in the RHA include, among other things, standards for care, including infection control procedures, standards for maintenance of accommodations, and inspections that may lead to financial penalties.

EMPLOYEES

As at December 31, 2024, Extendicare employed approximately 24,000 individuals, of whom approximately 77% were represented by labour unions. Labour relations with the unions are governed by numerous collective bargaining agreements with different unions. The LTC homes that the Company operates are generally subject to legislation that prohibits both strikes and lock-outs, and requires compulsory arbitration to settle labour disputes. In jurisdictions where strikes and lockouts may be permitted, certain essential services regulations apply which provide for the continuation of resident care and most services. Our other businesses are generally not considered essential services and therefore are subject to standard labour laws and practices. The Company sponsors educational and training programs to attract talent into the seniors' care sector, as well as ongoing training and development opportunities to new hires and existing employees. Training and educational needs are regularly assessed to support solid foundational understanding of all aspects of operations including clinical, management and business operations, in order to improve and maintain quality services.

RISK FACTORS

There are certain risks inherent in an investment in securities and activities of the Company, including the ones described below. The Company is exposed to a number of risks and uncertainties in the normal course of business that have the potential to affect operating performance. The Company has operating and risk management strategies and insurance programs to help minimize these operating risks and uncertainties, in addition to entity level controls and governance procedures, including a corporate code of business conduct, whistleblower policies and procedures, and detailed policies and procedures regarding the delegation of authority within the Company.

The risks and uncertainties described below could adversely affect the business, results of operations and financial condition of the Company, cause the trading price of the Company's securities to decline and cause the actual outcome of matters to differ materially from the expectations of the Company regarding future results, performance or achievements reflected in the information in this AIF and other information provided by the Company from time to time. The risks and uncertainties described below, which is not an exhaustive description of the risks and uncertainties faced by the Company, should be carefully considered by investors.

RISKS RELATED TO THE BUSINESS

General Business Risks

The Company is subject to general business risks inherent in the seniors' care industry, including: changes in government regulation and oversight; changing consumer preferences; fluctuations in occupancy levels and business volumes; the availability and ability of the Company to attract and retain qualified personnel; the ability of the Company to retain or renew its government licenses and customer contracts; changes in government funding and reimbursement programs, including the ability to achieve adequate government funding increases; changes in labour relations, employee costs and pay equity (see pay equity related litigation under "Legal Proceedings and Regulatory Action"); increases in other operating costs; competition from other seniors' care providers; changes in neighbourhood or location conditions and general economic conditions; health related risks, including disease outbreaks (for example, COVID-19) and control risks; changes in accounting principles and policies; the imposition of increased taxes or new taxes; capital expenditure requirements; and changes in the availability and cost of both short- and long-term financing, which may render refinancing of long-term debt difficult or unattractive. Any one of, or a combination of, these factors may adversely affect the business, results of operations and financial condition of the Company.

In addition, there are inherent legal, reputational and other risks involved in providing accommodation and health care services to seniors. The vulnerability and limited mobility of some seniors enhances such risks. Such risks include disease outbreaks (including COVID-19), fires or other catastrophic events at a Company location which may result in injury or death, negligent or inappropriate acts by employees or others who come into contact with the residents and clients, and unforeseen events at locations at which the Company operates that result in damage to the Company's brand or reputation or to the industry as a whole, particularly in respect of Extendicare Assist clients where the Company has limited direct operational control and where onsite staff are not Extendicare employees.

Risks Related to Inflationary Pressures and Supply Chain Interruptions

Labour and supply expenses make up a substantial portion of our cost of services. Those expenses can be subject to increases in periods of rising inflation and when labour shortages occur in the marketplace. Although historically the Company has generally been able to implement cost control measures and proactive human resource and procurement practices and/or obtain increases in government funding sufficient to substantially offset increases in these expenses, there can be no assurance that it will be able to anticipate fully or otherwise respond to any inflationary pressures or receive such increased funding, which may have a material adverse effect on the business, results of operations and financial condition of the Company. Similarly, such inflationary pressures, as well as changes in tariffs, both domestic and foreign and strengthening economic conditions and competition for materials and services, may result in significant increases in redevelopment costs such that, in the absence of increased funding, redevelopment projects may no longer be economically viable or, if viable, provide a return on investment lower than initially anticipated.

The Company relies on certain key suppliers to provide it with certain medical and personal protective equipment and other supplies. A shortage of such equipment, due to pandemic-related or other supply chain disruptions, including as a result of changes in tariffs, both domestic and foreign, could have a material adverse impact on the Company's business, especially if it is unable to find reasonable alternatives or secure such equipment at reasonable prices. The Company's ability to secure sufficient equipment is affected by many factors beyond its control. A shortage or disruption of equipment and parts that are critical to the Company's operations could have a material adverse effect on the business, results of operations and financial condition of the Company.

Risks Related to Growth, Acquisitions and Redevelopment

The Company expects that it will continue to have opportunities to acquire businesses and properties, develop properties, redevelop or expand existing LTC homes, and grow its home health care and managed services businesses, but there can be no assurance that this will be the case.

The number of licensed LTC beds are restricted by the provinces and any new licenses are awarded through a request for proposal process. The provinces also regulate the manner in which LTC homes are developed and redeveloped. If regulatory approvals are required in order to expand operations (via development or otherwise) or redevelop operations of the Company, the inability of the Company to obtain the necessary approvals, changes in standards applicable to such approvals and possible delays and expenses associated with obtaining such approvals could adversely affect the ability of the Company to expand or redevelop, which could have a material adverse effect on the business, results of operations, and financial condition of the Company.

In Ontario, licenses for LTC homes are issued for a fixed term of not more than 30 years, after which the license may or may not be renewed. Long-term care operators are to be notified of license renewals at least three years prior to the maturity date. Approximately 41%, or 2,891 of the Company's wholly owned LTC beds are in Class C homes in Ontario that are subject to redevelopment requirements and whose license terms were set to expire in June 2025. The Company applied for and has received license extensions until June 2030 for all of its remaining Class C homes. It is expected that LTC projects currently under construction will replace by mid-2027 all but 1,841 of the Company's wholly owned Class C beds.

The Company continues to progress its remaining 12 redevelopment projects consisting of 2,456 new and replacement beds in anticipation of any future enhancements to the Capital Funding Program that may be made available. Given the significant backlog in demand for long-term care, the lack of alternative care environments, the government's current targets for upgrades by 2028, and license extension precedents to date, management is of the view that it is likely that licenses will be extended until redevelopment can be completed; however, there can be no assurance that this will be the case. For more information on the redevelopment projects and associated risks, refer to the discussions under "General Development of the Business – Development Activity", "Description of the Business – Government Regulations and Funding – Redevelopment of Ontario LTC Homes", "– Risks Related to Inflationary Pressures and Supply Chain Interruptions" and "– Risks Related to Joint Venture Interests". The extent to which such redevelopment plans are not implemented or proceed on significantly different timing, terms or government funding than currently anticipated, could have a material adverse effect on the business, results of operations and financial condition of the Company.

The success of the business acquisition and development activities of the Company will be determined by numerous factors, including the ability of the Company to identify suitable acquisition targets, competition for acquisition and development opportunities, purchase price, ability to obtain external sources of funding or adequate financing on reasonable terms, the ability to obtain regulatory approvals for acquisitions in a timely manner and on terms acceptable to the Company, the financial performance of the businesses or homes after acquisition or development, and the ability of the Company to effectively integrate and operate the acquired businesses or homes. Acquired businesses or homes, and development projects, may not meet financial or operational expectations due to the possibility that the Company has insufficient management expertise to engage in such activities profitably or without incurring inappropriate amounts of risk, unexpected costs or delays associated with their acquisition or development, such as in respect of construction, as well as the general investment risks inherent in any real estate investment and development, or business acquisition. Moreover, new acquisitions may require significant management attention, place additional demands on the Company's resources, systems, procedures and controls, and capital expenditures that would otherwise be allocated by the Company in a different manner to existing businesses. Any failure by the Company to identify suitable candidates for acquisition, successfully complete development projects, secure financing, or operate the new businesses effectively may have a material adverse effect on the business, results of operations and financial condition of the Company.

Furthermore, agreements to acquire, sell and develop properties entered into with third parties may be subject to unknown, unexpected or undisclosed liabilities which could have a material adverse effect on the business, results of operations and financial condition of the Company. Representations and warranties given by such third parties to the Company may not adequately protect against these liabilities and any recourse against third parties may be limited by the financial capacity of such third parties (see "– Risks Related to Joint Venture Interests").

The success of the Company's ability to grow its home health care and managed services businesses will be determined by numerous factors, including the ability of the Company to retain, renew and secure new contracts, identify suitable markets, develop competitive services and marketing and pricing strategies, attract and retain residents and clients, and hire, retain and motivate key personnel. Changes in government funding policies and regulatory changes, the risks related to which are described below under "– Risks Related to Government Oversight, Funding and Regulatory Changes", in addition to the financial performance of these businesses, also impact the Company's growth potential. Any failure by the Company to grow or operate its businesses effectively may have a material adverse effect on the business, results of operations and financial condition of the Company.

Risks Related to Joint Venture Interests

The Company is a party to two limited partnership joint ventures with Axium in which the Company has a 15% managed interest. On a combined basis, the Joint Ventures own 31 LTC homes, of which 27 were operational as at December 31, 2024, with the balance under construction in Ontario. Of the 31 LTC homes, 25 are located in Ontario and six are located in Manitoba. Through these joint venture arrangements the Company has the benefit of sharing the risks associated with the development, ownership and management of such homes, including those risks described herein. The Company may, however, be exposed to adverse developments, including a possible change in control, in the business and affairs of its joint venture partners which could have a significant impact on the Company's interests in the Joint Ventures and could affect the value of the Joint Ventures. In addition, there are risks which arise from the joint venture arrangements themselves, including but not limited to: the risk that a co-venturer may, as a result of financial difficulties or otherwise, default on its obligations (see in particular "– Risks related to Financing – Debt Financing"); the risk that the other joint venturer may exercise buy-sell, put or other sale or purchase rights which could obligate the Company to sell its interest or buy the other joint venturer's interest at a price which may not be favourable to the Company or at a time which may not be advantageous to the Company; the risk that the other joint venturer may be in a position to take action contrary to the Company's interests; the risk that the other joint venturer may, through its activities on behalf of or in the name of the joint venture or partnership, expose or subject the Company to liability or reputational risks; or the need to obtain a co-venturer's consent with respect to major decisions or the inability to have any decision making authority, any of which may have a material adverse effect on the business, results of operations and financial condition of the Company.

Risks Related to Occupancy and Business Volumes

Seniors' care providers compete primarily on a local and regional basis with many other health care, long-term care and retirement living providers, including large publicly held companies, privately held companies, not-for-profit organizations, hospital-based LTC units, rehabilitation hospitals, home health care agencies, and rehabilitative therapy providers. The Company's ability to compete successfully varies from location to location and depends on a number of factors, including the number of competitors in the local market, the types of services available, the Company's local reputation for quality care, the commitment and expertise of its staff, the Company's local service offerings, the cost of care in each locality, and the physical appearance, location, age and condition of its residences. Increased competition could limit the Company's ability to attract and retain residents and clients and thus maintain or increase occupancy levels and business volumes. An inability to continue to attract residents and clients could have a material adverse effect on the business, results of operations and financial condition of the Company.

Risks Related to Government Oversight, Funding and Regulatory Changes

The Company's earnings are highly reliant on government funding and reimbursement programs, and the effective management of staffing and other costs of operations, which are strictly monitored by government regulatory authorities (see "Description of the Business – Government Regulations and Funding"). Given that the Company operates in a labour-intensive industry, where labour costs account for a significant portion of the Company's operating costs (approximately 88% in 2024), government funding constraints, or funding enhancements that are not commensurate with increased costs, could have a significant adverse effect on the Company's results from operations and cash flows (see pay equity related litigation under "Legal Proceedings and Regulatory Action"). The Company is unable to predict the extent to which governments will adopt changes in their funding and regulatory programs, and the impact of such changes on the Company's business, results of operations and financial condition. Also, the Company cannot predict the impact, if any, that any new legislation will have on the Company's business, results of operations and financial condition.

Health care providers are subject to surveys, inspections, audits and investigations by government authorities to ensure compliance with applicable laws and licensure requirements of the various government funding programs. Long-term care operators and publicly funded home health care providers must comply with applicable regulations that, depending on the jurisdiction in which they operate, may relate to such matters as staffing levels, client care related operating standards, occupational health and safety, client confidentiality, billing and reimbursement, along with environmental and other standards. The government review process is intended to determine compliance with survey and certification requirements, and other applicable laws. Remedies for survey deficiencies can be levied based upon the scope and severity of the cited deficiencies and range from notices of deficiencies to revocation of licenses or termination of contracts. The revocation of a license by authorities or the cancellation of a service contract due to inadequate performance by the operator has been historically infrequent and is usually preceded by a series of warnings, notices and other sanctions. Also refer to the discussion regarding license expiry under "– Risks Related to Growth, Acquisitions and Redevelopment". To a lesser degree, private pay retirement beds, whether part of a mixed-use LTC home or a separate retirement community, are also subject to government regulation and oversight, licensure requirements and the potential for regulatory change.

Non-compliance with applicable laws and licensure requirements could result in adverse consequences, including severe penalties, which may include criminal sanctions and fines, civil monetary penalties and fines, administrative and other sanctions, including reimbursement of government funding or exclusion from participation in government-funded programs, or one or more third-party payor networks, and reputational damage to the Company. These penalties could have a material adverse effect on the business, results of operations and financial condition of the Company.

The Company accrues for costs that may result from investigations, or any possible related litigation, to the extent that an outflow of funds is probable and a reliable estimate of the amount of associated costs can be made; however, there can be no assurance that such accruals are accurate or sufficient.

In addition, reconciliations of funding versus actual expenses are performed annually, based on previous calendar years. From time to time, the reconciliations will result in current year adjustments made in respect of prior years. These "prior period adjustments" can have either a favourable or unfavourable impact on NOI generally related to differences identified in the reconciliation attributable to occupancy days, regulatory accountabilities, allocations between funding envelopes, where applicable, special circumstances and differences between projected and actual property tax.

With respect to home health care services, approximately 99% of ParaMed's revenue is from contracts tendered by locally administered provincial agencies, at specified bill rates and, among other things, quality operating and performance standards. Home health care service providers must ensure their key performance indicators are meeting or exceeding provincial targets in order to continue to receive their allocated funding volumes and/or retain their contracts. Contracts with qualified service providers are generally awarded through a competitive bidding model. Any failure by ParaMed to retain its government contracts, including in connection with any regulatory or other funding changes, may have a material adverse effect on the business, results of operations and financial condition of the Company.

The majority of ParaMed's volumes are generated in Ontario and Alberta, representing 94% and 4%, respectively, based on volumes delivered in 2024. In Alberta, government contracts have specified termination dates and/or renewal periods, following which they are put out to tender. Since 2012, ParaMed's government-funded business in Ontario has been obtained through evergreen contracts. A service provider's ability to retain its existing business is evaluated based on, among other things, an established set of quality indicators. Under this regime, all of ParaMed's government contracts in Ontario have remained in effect. In April 2021, HCCSS assumed the home health care contracts, including those in respect of ParaMed, from the LHINs without change, pending a planned restructuring to reflect the dissolution of the LHINs. In June 2024, the Government of Ontario's CCHA came into force and the 14 HCCSS organizations were amalgamated to form a single new service organization named "Ontario Health atHome". Although the ultimate treatment of the home health care contracts to reflect this amalgamation is not yet known, ParaMed may be adversely impacted by such HCCSS restructuring. While any change in home care contracting and associated government operating models would represent a significant change, the underlying market demand and government guiding principles, such as continuity of care between patients and caregivers, make it unlikely that there would be any material disruption to ParaMed's business; however, the Company is unable to predict the nature and extent such changes will have on the Company's business, results of operations and financial condition.

Risks Related to Dependence on Key Personnel

The success of the Company depends, to a significant extent, on the efforts and abilities of its executive officers and other members of management, as well as its ability to attract and retain qualified personnel to manage existing operations and future growth. Although the Company has entered into employment agreements with its key employees, it cannot be certain that any of these individuals will not voluntarily terminate their employment with the Company. The loss of an executive officer or other key employee could negatively affect the Company's ability to develop and pursue its business strategy, which could have a material adverse effect on the business, results of operations and financial condition of the Company.

Conflicts of Interest

The Company's Board of Directors may, from time to time, in their individual capacities deal with parties with whom the Company may be dealing, or may be seeking investments similar to those desired by the Company. The relevant constating documents of the Company contain conflict of interest provisions requiring the Directors to disclose material interests in material contracts and transactions and to refrain from voting thereon.

Risks Related to a Pandemic, Epidemic or Outbreak of a Contagious Illness, such as COVID-19

The occurrence of a pandemic, epidemic, or other outbreak of an infectious illness or other public health crisis in areas in which we operate could have a material adverse effect on the business, results of operations and financial condition of the Company. Federal, provincial or local health agencies may, or we may choose to, ban or limit admissions to LTC homes and retirement communities and/or suspend or limit the home health care services the Company provides as a precautionary measure in a crisis to avoid the spread of a contagious illness or other public health crisis, resulting in reduced occupancy and service volumes, on both a short and long term basis. Even in the absence of any such ban, limit or suspension, our clients may postpone or refuse services or delay residency in an attempt to avoid possible exposure. Also, enhanced procedures, protocols and care put in place to assist in reducing the likelihood of exposure or address actual illness in LTC homes and retirement communities or in respect of home health care clients (for example, enhanced screening and protective equipment) may result in increased costs. In addition, a pandemic, epidemic or other outbreak might adversely impact our operations by causing staffing and supply shortages (see in particular "– Risks Related to Labour Intensive Business – Availability and Cost of Personnel"). Although continued or enhanced government funding or assistance may mitigate some of these impacts, there is no certainty regarding the extent to which that will be the case or that any such funding or assistance will remain in place. In addition, outbreaks cause our facilities and our management to spend considerable time planning for and addressing such events, which diverts their attention from other business concerns. Also, to the extent a pandemic, epidemic or other outbreak results in adverse outcomes for the Company's residents, clients or employees, the likelihood of claims being brought against the Company in respect of such adverse outcomes as well as adverse regulatory changes being instituted increases, and the ability and cost of insuring against such claims may become more challenging (see "Legal Proceedings and Regulatory Actions"). Further, such outbreaks may impact the overall economy so that credit markets are adversely affected, which may make it more difficult for the Company to access the credit markets or, if able to do so, at a higher cost or less advantageous terms, potentially impacting, among other things, re-financings and our development plans and timelines.

The COVID-19 pandemic resulted in a number of the foregoing events to transpire (see "Legal Proceedings and Regulatory Actions" and "Description of the Business – Government Regulations and Funding" in this AIF), and while we believe that the financial impacts of COVID-19 on the Company have abated, there can be no assurance that this will continue to be the case or that any other pandemic, epidemic or outbreak will not have a material adverse effect on the business, results of operations and financial condition of the Company.

Risks Related to Labour Intensive Business

Availability and Cost of Personnel

The seniors' care industry is labour intensive, with approximately 88% of the Company's operating costs represented by labour costs. The Company competes with other health care providers in attracting and retaining qualified and skilled personnel to manage and operate its businesses. The health care industry has historically been afflicted with shortages of qualified personnel, such as nurses, certified nurse's assistants, nurse's aides, therapists and PSWs, particularly in non-urban settings, which were amplified by the COVID-19 pandemic and may be further amplified in the event of another pandemic, epidemic, or other outbreak of an infectious illness. The ongoing shortage of qualified personnel has necessitated that the Company use staffing agencies to meet its staffing needs, which, in turn, has increased the Company's operating costs. Furthermore, this shortage along with general inflationary pressures may require the Company to enhance its pay and benefits package to compete effectively for qualified personnel. The Company may not be able to recover such added costs through increased government funding and reimbursement programs, or through increased rates charged to residents and clients. In addition, the Company has contracted out select dietary and housekeeping services provided in some of its homes. Should the Company become dissatisfied with the quality or cost of such contracted services, it may need to terminate the related contracts and recruit replacement staff at an incremental cost and potential business disruption. The inability to retain and/or attract qualified personnel and meet minimum staffing levels may result in: a reduction in occupancy levels and volume of services provided; the increased use of staffing agencies at added costs; an increased risk in the inability to provide continuity of care between the Company's staff and its residents and clients; and an increased risk of the Company being subject to fines and penalties. An increase in personnel costs, including pursuant to the pay equity related litigation under

"Legal Proceedings and Regulatory Actions", or a failure to attract, train and retain qualified and skilled personnel could adversely affect the business, results of operations and financial condition of the Company.

Workplace Health and Safety

Failure to comply with appropriate and established workplace health and safety policies and procedures or applicable legislative requirements could result in increased workplace injury-related liability and penalties and reputational harm to the Company and thus have a material adverse effect on the business, results of operations and financial condition of the Company.

Labour Relations

Approximately 77% of the Company's employees are represented by labour unions. Labour relations with the unions are governed by numerous collective bargaining agreements with different unions. Upon expiration of the collective bargaining agreements, the Company may not be able to negotiate collective agreements on satisfactory terms. There can be no assurance that the Company will not at any time, whether in connection with the renegotiation of a collective bargaining agreement or otherwise, experience strikes, other labour disruptions or any other type of conflict with unions or employees which could have a material adverse effect on the Company's business, operating results and financial condition. The LTC homes that the Company operates are generally subject to legislation that prohibits both strikes and lock-outs, and requires compulsory arbitration to settle labour disputes. In jurisdictions where strikes and lockouts are permitted, certain essential services regulations apply which provide for the continuation of resident care and most services.

There can be no assurance that employees who are not currently unionized will not, in the future, become unionized, the result of which could increase the Company's labour costs, which could have a material adverse effect on the business, results of operations and financial condition of the Company.

Risks Related to Liability and Insurance

Operating in the seniors' care industry exposes the Company to an inherent risk of claims of wrongful death, personal injury, professional malpractice and other potential claims being brought by the Company's residents, clients, and employees. From time to time, the Company is subject to lawsuits alleging, among other claims, that the Company did not properly treat or care for a client or resident, that the Company failed to follow internal or external procedures that resulted in harm to a client or resident, or that the Company's employees mistreated the Company's residents or clients resulting in harm. In addition, attempts to advance class action lawsuits have become prevalent in the Canadian marketplace, including in respect of seniors' care and as a result of the COVID-19 pandemic. There can be no assurance that the Company will not continue to face risks of this nature (see "Legal Proceedings and Regulatory Actions").

The Company maintains business and property insurance policies in amounts and with such coverage and deductibles as it deems appropriate, based on the nature and risks of the business, historical experience, industry standards and availability of insurance. There can be no assurance, however, that claims in excess of the insurance coverage, or in excess of the Company's reserves, or claims not covered by the insurance coverage will not arise or that the liability coverage will continue to be available on acceptable terms, including as a result of the COVID-19 pandemic. Furthermore, there are certain types of risks, generally of a catastrophic nature, such as war, non-certified acts of terrorism, environmental contamination, and more recently infectious diseases, such as COVID-19, which are either uninsurable or are not insurable on an economically viable basis. A successful claim against the Company not covered by, or in excess of, such insurance, or in excess of the Company's reserves for self-insured retention levels, could have a material adverse effect on the business, results of operations and financial condition of the Company. Claims against the Company, regardless of their merit or eventual outcome, may also have a material adverse effect on the ability of the Company to attract residents and clients, or maintain favourable standings with regulatory authorities.

Risks Related to Privacy of Client Information, Cybersecurity and Information Technology

As a custodian of a large amount of personal information, including health information, relating to its residents, clients and employees, the Company is exposed to the potential loss, misuse or theft of any such information. If the Company were found to be in violation of federal and provincial laws protecting the confidentiality of patient health information, it could be subject to sanctions and civil or criminal penalties, which could increase its liabilities, harm its reputation and have a material adverse effect on the business, results of operations and financial condition of the Company. In addition, cyber attacks against large organizations, including but not limited to, malware, phishing and ransomware attacks, are increasing in sophistication and are often focused on financial fraud, compromising sensitive data for inappropriate use or disrupting business operations. The Company mitigates this risk by deploying appropriate information technology systems, including controls around logical access, physical access and data management, and training its employees relating to safeguarding of sensitive information. In addition, the Company maintains cybersecurity insurance in amounts and with such coverage as deemed appropriate based on the nature and risks of the business.

The Company has deployed operational technology solutions enabling process automation, electronic health record data collection and automated business intelligence. Technology deployments also present security and privacy risks that must be managed proactively and effectively to prevent breaches that can have a material adverse impact on the Company's reputation and results of operations. To counter internet-based and internal security threats, the Company invests in cyber defence technologies to identify risks to its network, software and hardware systems. The Company partners with leading technology security firms to mitigate identified risks and develop contingency plans. As security threats to the Company's financial, client and employee data increase and evolve, the Company adjusts and adopts new countermeasures in an effort to ensure it maintains high privacy and security standards. However, the Company's risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As cyber threats continue to evolve, the Company may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

Although to date the Company has not experienced any material losses relating to cyber attacks or other information security breaches, there can be no assurance that the Company will not incur such losses in the future and any such losses may have a material adverse effect on the business, results of operations and financial condition of the Company.

Furthermore, the Company is reliant on information technology systems in the operation of its business and any prolonged disruption to the availability of such systems or difficulties in integrating systems following changes, upgrades or other enhancements may have a material adverse effect on the business, results of operations and financial condition of the Company. The Company's operations also depend on the timely maintenance, upgrade and replacement of systems and software, as well as preemptive expenses to mitigate the risk of failures. Any of these and other events could result in information technology system failures and/or an increase in capital expenditure. The failure of such systems could, depending on the nature of any such failure, adversely impact the Company's reputation and may have a material adverse impact on the business, results of operations and financial condition of the Company.

Risks Related to Tax Rules and Regulations

The Company is subject to audits from federal and provincial tax jurisdictions and is therefore subject to risk in the interpretation of tax legislation and regulations. Tax rules and regulations are complex and require careful review by the Company's tax management and its external tax consultants. Differences in interpretation of tax rules and regulations, including in respect of the Canada Emergency Wage Subsidy, could result in tax assessments and penalties for the untimely payment of the determined tax liability, which could have a material adverse effect on the business, results of operations and financial condition of the Company.

Risks Related to Financing

Debt Financing

Due to the level of real property ownership by the Company, a significant portion of the consolidated cash flow of the Company is devoted to servicing debt, including mortgages, credit facilities and lease liabilities, and there can be no assurance that the Company will continue to generate sufficient cash flow from operations to meet required interest and principal payments. If the Company were unable to meet its required interest or principal payments, it could be required to seek renegotiation of such payments or obtain additional equity, debt or other financing.

The Company's $275.0 million Senior Secured Credit Facility is secured by 21 LTC homes in Ontario, of which $108.5 million was available as at December 31, 2024. The Senior Secured Credit Facility is subject to customary financial and non-financial covenants and other terms, including periodic re-appraisals of the homes that could limit the maximum level of the line of credit and other restrictions on the Company's subsidiaries making certain payments, investments, loans and guarantees. A demand for repayment of amounts drawn on the lines of credit could inhibit the flow of cash dividends by the Company on a temporary basis until alternative financing is obtained.

In addition, the Company provides unsecured guarantees related to certain credit facilities held by the Joint Ventures; namely, construction loans and letter of credit facilities in support of ongoing construction of joint venture LTC redevelopment projects and term loans and lease-up credit facilities for operating joint venture LTC homes. As at December 31, 2024, 25 LTC homes within the Joint Ventures have existing credit facilities available of up to $691.4 million. The guarantees provided by the Company vary depending upon the joint venture and the project, but are typically either on a joint and several basis for 50% of the loan amount or on a several basis for 15% of the loan amount or some lesser portion thereof. The amount of the guarantees vary as borrowings increase on projects under construction and reduce as homes become operational when guarantee requirements are generally lower. As at December 31, 2024, the Company has provided unsecured guarantees of $219.9 million in support of the credit facilities held by the Joint Ventures (refer to *Note 20* of the audited consolidated financial statements for the year ended December 31, 2024). A demand for payment pursuant to such guarantees and/or a failure by a joint venture partner to meet its obligations to the Company in respect of such guarantees, could have a material adverse effect on the business, results of operations and financial condition of the Company (see "– Risks Related to Joint Venture Interests").

The Company cannot predict whether future financing will be available, what the terms of such future financing will be (including, whether it will result in a higher cost of borrowing – see "Interest Rates" below) or whether its existing debt agreements will allow for the timely arrangement and implementation of such future financing. If the Company was unable to obtain additional financing or refinancing when needed or on satisfactory terms, it could have a material adverse effect on the business, results of operations and financial condition of the Company.

Debt Covenants

The Company and its subsidiaries are in compliance with all of their respective financial covenants as at December 31, 2024. However, there can be no assurance that future covenant requirements will be met. The Company's bank lines and other debt may be affected by its ability to remain in compliance. If the Company does not remain in compliance with its financial covenants and it is unable to amend the covenants, obtain waivers or refinance its debt when needed or on satisfactory terms, it could have a material adverse effect on the business, results of operations and financial condition of the Company.

Interest Rates

The Company has limited the amount of debt that may be subject to changes in interest rates, with $19.9 million of mortgage debt at variable rates as at December 31, 2024. The Company primarily finances its properties through fixed-rate mortgages and considers securing interest rate swap agreements for any variable-rate debt to mitigate exposure to interest rate changes. The Company's variable-rate borrowing under the Senior Secured Credit Facility of $130.0 million and term loan of $27.7 million as at December 31, 2024, have effectively been converted to fixed-rate financings with interest rate swaps over the full respective terms. The Company maintains risk management control systems to monitor interest rate risk attributable to its outstanding or forecasted debt obligations as well as any offsetting hedge positions. The Company does not enter into financial instruments for trading or speculative purposes.

Increases in interest rates and principal repayments required under the Company's mortgages and credit facilities, on renewal or otherwise, could result in significant changes in the amount required to be applied to debt service and, as a result it could have a material adverse effect on the business, results of operations and financial condition of the Company.

Risks Related to Real Property Ownership

Real Property Ownership

All real property investments are subject to a degree of risk. They are affected by various factors, including geographic concentration, changes in general economic conditions (such as the availability of mortgage financing) and in local conditions (such as an oversupply of space or a reduction in demand for real estate in the area), the attractiveness of the properties to residents, competition from other available space and various other factors.

As at December 31, 2024, the Company wholly owns 51 LTC homes and has three under construction. The Company also owns a 15% managed interest in 31 LTC homes through the Joint Ventures, four of which are under construction. LTC homes are often limited in terms of alternative uses; therefore, their values are directly driven by the cash flow from operations. The value of the real property depends, in part, on government funding, license terms, and reimbursement programs. Moreover, certain significant expenditures relating to real property ownership, such as real estate taxes, maintenance costs and mortgage payments, represent liabilities that must be met regardless of whether the property is producing sufficient income.

Real property investments are relatively illiquid, thereby limiting the ability of the Company to vary its portfolio in a timely manner in response to changed economic or investment conditions. By focusing principally in LTC homes, the Company is exposed to adverse effects on that segment of the real estate market. There is a risk that the Company would not be able to sell its real property investments or that it may realize sale proceeds below their current carrying value.

Capital Intensive Industry

The Company must commit a substantial portion of its funds to maintain and enhance its property and equipment to meet regulatory standards, operate efficiently and remain competitive in its markets. In addition to recurring maintenance capex, the Company invests in enhancements of existing properties aimed at earnings growth and improved profitability, including redevelopment of LTC homes under provincial programs. See "– Risks Related to Growth, Acquisitions and Redevelopment". These, as well as other future capital requirements, could adversely impact the amount of cash available to the Company and have a material adverse effect on the business, results of operations and financial condition of the Company.

Risks Related to Environmental, Health and Safety Laws

The Company is subject to various environmental, health and safety laws and regulations, both as an owner of real property and as a provider of health care services, governing the storage, handling, use, and disposal of equipment, materials and waste products. The Company may become liable for the costs of removal or remediation of certain hazardous, toxic, or regulated substances present at, released on or disposed of from its properties or other service locations, regardless of whether or not the Company knew of, or was responsible for, their presence, release or disposal. The failure to remove, remediate, or otherwise address such substances, if any, may adversely affect operations or the ability to sell such properties or to borrow using such properties as collateral, and could potentially result in claims by public or private parties, including by way of civil action, and could have a material adverse effect on the business, results of operations and financial condition of the Company.

With respect to the Company's pre-1980 properties, management has determined that future costs could be incurred for possible asbestos remediation at these sites. Appropriate remediation procedures may be required to remove potential asbestos-containing materials, consisting primarily of floor and ceiling tiles, in connection with any major renovation or demolition. Based upon current assumptions, the estimated fair value of the decommissioning provision related to the asbestos remediation was approximately $11.0 million undiscounted, or $9.1 million discounted, as at December 31, 2024.

Environmental, health and safety laws may change and the Company may become subject to more stringent laws in the future. Compliance with more stringent environmental, health and safety laws, which may be more rigorously enforced, could have a material adverse effect on the business, results of operations and financial condition of the Company.

Risks Related to Climate Change

As the owner of real property, the Company is exposed to climate change risk from natural disasters and severe weather, such as floods, ice storms, windstorms, earthquakes, wildfires or other severe weather that may result in damage or loss to its properties, as well as to those properties to which it provides managed services. These adverse weather and natural events could cause substantial damage, resulting in increased costs and/or revenue losses. There can be no assurance that damages or losses caused by these adverse weather and natural events will not exceed the Company's insurance coverage. Climate change may also have indirect effects on our business by increasing the cost of, or making unavailable, certain insurance coverage.

Over time, climate change may also affect the Company's operational expenses, including utilities and preventative maintenance expenses, as temperatures fluctuate. In addition, changes in federal, provincial or local legislation and regulation on climate change could result in increased capital expenditures to improve the energy efficiency of our existing properties and could also require the Company to spend more on its new development properties without a corresponding increase in funding or revenue.

RISKS RELATED TO THE COMMON SHARES

Unpredictability and Volatility of the Common Share Price

A publicly traded company does not necessarily trade at values determined by reference to the underlying value of its business. The prices at which the Common Shares will trade cannot be predicted. The market price of the Common Shares could be subject to significant fluctuations in response to variations in quarterly operating results, dividends and other factors beyond the control of the Company. The annual yield on the Common Shares, represented as the ratio of annual dividend to the market price per Common Share, as compared to the annual yield on other financial instruments, may also influence the price of the Common Shares in the public trading markets. In addition, the securities markets have experienced significant price and volume fluctuations from time to time in recent years that often have been unrelated or disproportionate to the operating performance of particular issuers. These broad fluctuations may adversely affect the market price of the Common Shares.

Cash Dividends Are Not Guaranteed

The declaration and payment of dividends by the Company is at the discretion of the Board as to the amount and timing of dividends to be declared and paid, after consideration of a number of factors, including results of operations, requirements for capital expenditures and working capital, future financial prospects of the Company, debt covenants and obligations and any other factors deemed relevant by the Board. All of these factors are susceptible to a number of risks and other factors beyond the control of the Company. The amount of funds available for distribution will fluctuate with the performance of the Company. If the Board determines that it would be in the Company's best interests, it may reduce the amount and frequency of dividends to be distributed to Shareholders and such reductions may significantly effect the market value of the Common Shares.

A high dividend yield results in a higher cost of capital incurred by the Company in raising capital through the issue of Common Shares to fund future growth and equally can inhibit the ability of the Company to grow through acquisition or new developments. Therefore, the Board also has to balance the dividend yield relative to its growth plans and need to raise capital.

Funds available for dividends are driven by cash generated from operations and may be dependent upon the Company's plan for growth-based capital expenditures or other investments in its business, including development and acquisition activities. The timing and amount of capital expenditures and other investments will directly affect the amount of cash available for dividends to Shareholders. Dividend payments to Shareholders may be reduced, or even eliminated, at times when the Company cannot access the capital markets for raising cash and/or when the Board deems it necessary to make significant capital or other expenditures. The Company may be required to reduce dividends or access the capital markets in order to accommodate these items. There can be no assurance that sufficient capital will be available on acceptable terms to the Company for necessary or desirable capital expenditures or other investments.

Company Structure

The Company does not carry on business directly, but does so indirectly through its subsidiaries. The Company has no major assets of its own, other than the LTC homes that it leases to ECI and the direct and indirect interests it has in its subsidiaries (including ECI and ParaMed), all of which are separate legal entities. The Company is therefore financially dependent on lease payments that it receives from ECI and dividends and other distributions it receives from all of its subsidiaries.

Future Issues of Common Shares and Preferred Shares and Dilution

The Company's articles permit the issuance of an unlimited number of Common Shares and Preferred Shares, issuable in series, equal to 50% of the number of Common Shares that are issued and outstanding, for the consideration and on the terms and conditions that the Board may determine without Shareholder approval. Shareholders have no preemptive rights in connection with such future issues. Future issues of Common Shares and/or Preferred Shares could be dilutive to the interests of Shareholders and could adversely affect the prevailing market price of the Common Shares.

Leverage and Restrictive Covenants in Current and Future Indebtedness

The ability of the Company to pay dividends is subject to applicable laws and contractual restrictions contained in the instruments governing any indebtedness of the Company (including its subsidiaries). The degree to which the Company is leveraged could have important consequences to Shareholders, including: (i) that the Company's ability to obtain additional financing in the future for working capital, capital expenditures or acquisitions may be limited; (ii) that a significant portion of the Company's cash flow from operations may be dedicated to the payment of the principal of, and interest on, its indebtedness; (iii) that certain of the Company's borrowings could be financed at variable rates of interest, which exposes the Company to the risk of increased interest rates; and (iv) that the Company may be more vulnerable to economic downturns and be limited in its ability to withstand competitive pressures. These factors may reduce funds available for the Company to pay dividends.

Changes in the Company's Creditworthiness May Affect the Value of the Company's Securities

The perceived creditworthiness of the Company may affect the market price or value and the liquidity of the Common Shares.

DIVIDENDS

DIVIDEND POLICY

The declaration and payment of dividends by the Company is at the discretion of the Board as to the amount and timing of dividends to be declared and paid, after consideration of a number of factors, including results of operations, requirements for capital expenditures and working capital, future financial prospects of the Company, debt covenants and obligations and any other factors deemed relevant by the Board. If the Board determines that it would be in the Company's best interests, it may modify the amount and frequency of dividends to be distributed to Shareholders. The current dividend policy of the Board is to pay a monthly dividend on its Common Share. Dividends in respect of a given month are paid on or about the 15th day of the following month to Shareholders of record at the close of business on the last day of the given month. There is no guarantee that the Board will maintain this dividend policy. See "Risk Factors – Risks Related to the Common Shares – Cash Dividends Are Not Guaranteed".

DIVIDENDS DECLARED AND PAID

For the three most recently completed financial years, the Company has declared and paid monthly dividends in the amount of $0.04 per share.

DIVIDEND REINVESTMENT PLAN

On March 19, 2020, the Company announced the suspension of its Dividend Reinvestment Plan ("DRIP") in respect of any future declared dividends until further notice. Accordingly, the dividend paid on April 15, 2020 to shareholders of record on March 31, 2020, was the last dividend payment eligible for reinvestment by participating shareholders under the DRIP. Dividends are being paid only in cash. Upon reinstatement of the DRIP, plan participants enrolled in the DRIP at the time of its suspension who remain enrolled at the time of its reinstatement will automatically resume participation in the DRIP.

The Company's DRIP, when active, permits Shareholders who are residents in Canada to elect to reinvest their cash dividends in additional Common Shares on the dividend payment date, at a price equal to 97% of the volume-weighted average trading price of the Common Shares on the TSX for the five trading days immediately preceding the corresponding dividend payment date.

DESCRIPTION OF CAPITAL STRUCTURE

Extendicare is authorized to issue an unlimited number of Common Shares and that number of Preferred Shares, issuable in series, equal to 50% of the number of Common Shares that are issued and outstanding at the time of the issuance of any series of Preferred Shares. The following is a summary of the rights, privileges, restrictions and conditions attaching to the share capital of the Company.

COMMON SHARES

The holders of the Common Shares are entitled to receive notice of and to attend all meetings of Shareholders and to one vote in respect of each Common Share held at all such meetings (except meetings at which only holders of another specified class or series of shares are entitled to vote, pursuant to the provisions of the CBCA). Subject to the prior rights, privileges, restrictions and conditions attaching to the Preferred Shares and to any other class of shares ranking senior to the Common Shares, the holders of the Common Shares shall be entitled to receive dividends, if, as and when declared by the Board of Directors out of assets of the Company properly applicable to the payment of dividends in such amounts and payable in such manner as the Board of Directors may determine. In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or any other distribution of assets of the Company among its Shareholders for the purpose of winding-up its affairs, subject to the rights, privileges, restrictions and conditions attaching to the Preferred Shares and to any other class of shares ranking senior to the Common Shares, the holders of the Common Shares shall be entitled to receive the remaining property of the Company.

As at February 27, 2025, there were 83,466,978 Common Shares issued and outstanding.

PREFERRED SHARES

The Preferred Shares may at any time and from time to time be issued in one or more series. The Board of Directors shall, by resolution, duly passed before the issuance of the Preferred Shares of each series, fix the number of the Preferred Shares in such series and determine the designation, rights, privileges, restrictions and conditions attaching to the Preferred Shares of such series, including, but without in any way limiting or restricting the generality of the foregoing, the rate or rates, amount or method or methods of calculation of preferential dividends, whether cumulative or non-cumulative or partially cumulative, and whether such rate(s), amount or method(s) of calculation shall be subject to change or adjustment in the future, the currency or currencies of payment, the date or dates and place or places of payment thereof and the date or dates from which such preferential dividends shall accrue, the redemption price and terms and conditions of redemption (if any), the rights of retraction (if any), and the prices and other terms and conditions of any rights of retraction, voting rights (if any) and conversion or exchange rights (if any) and any sinking fund, purchase fund or other provisions attaching thereto, the whole subject to filing with the Director under the CBCA (or successor legislation thereto) of articles of amendment setting forth the number, designation, rights, privileges, restrictions and conditions to be attached to the Preferred Shares of such series and the issuance of a certificate of amendment in respect thereof.

The number of Preferred Shares of all series that the Corporation is authorized to issue, at any time and from time to time, is limited to that number equal to 50% of the number of Common Shares that are issued and outstanding at the time of the issuance of any series of Preferred Shares.

As at February 27, 2025, there were no Preferred Shares of any series issued and outstanding.

SHAREHOLDER RIGHTS PLAN

Extendicare's shareholder rights plan expired in accordance with its terms on May 27, 2024.

NORMAL COURSE ISSUER BID

In June 2024, the Company received approval from the TSX to renew its NCIB to purchase for cancellation up to 7,159,997 Common Shares, representing 10% of its public float, through the facilities of the TSX and/or through alternative Canadian trading systems, in accordance with TSX rules. The NCIB commenced on July 2, 2024, and provides the Company with flexibility to purchase Common Shares for cancellation until July 1, 2025, or on such earlier date as the NCIB is complete. The actual number of Common Shares purchased under the NCIB and the timing of any such purchases will be at the Company's discretion. Subject to the TSX's block purchase exception, daily purchases will be limited to 33,143 Common Shares. The Company has entered into an automatic purchase plan with its designated broker in connection with its NCIB to facilitate the purchase of Common Shares during times when the Company would ordinarily not be active in the market. As at February 27, 2025, the Company had not acquired any Common Shares under the current NCIB (refer to "General Development of the Business – Normal Course Issuer Bid").

Under its prior NCIB that commenced on June 30, 2023, and expired on June 29, 2024, the Company purchased for cancellation 1,121,631 Common Shares at a cost of $7.0 million, representing a weighted average price per share of $6.23, all of which were acquired during 2023.

Under its prior NCIB that commenced on June 30, 2022, and expired on June 29, 2023, the Company purchased for cancellation 5,638,680 Common Shares at a cost of $39.1 million, representing a weighted average price per share of $6.94, of which 627,500 were acquired during 2023 at a cost of $4.1 million.

MARKET FOR SECURITIES

TRADING PRICE AND VOLUME

The Common Shares trade on the TSX under the symbol "EXE". The following table sets forth the reported high and low prices and the volume traded for each month during 2024.

Common Shares (TSX: EXE)			
Month	**High ($)**	**Low ($)**	**Volume Traded**
January 2024	7.37	7.01	1,824,132
February 2024	7.12	6.68	1,991,243
March 2024	7.90	6.63	3,808,473
April 2024	7.64	7.20	2,284,441
May 2024	8.04	7.20	4,327,882
June 2024	7.63	7.19	1,715,969
July 2024	7.96	7.10	2,043,246
August 2024	8.78	7.44	3,622,433
September 2024	9.52	8.62	4,078,731
October 2024	9.52	9.02	1,914,143
November 2024	10.68	8.96	4,016,711
December 2024	10.89	9.98	2,350,426

DIRECTORS AND OFFICERS

The following table sets forth information relating to each of the Directors and Officers of Extendicare Inc. as at February 27, 2025, and includes the following: name, province or state, and country of residence, current positions held and principal occupations during the past five years; and for Directors, the date he or she first became a Director of Extendicare Inc. Each Director is elected annually to hold office for a term expiring not later than the close of business at the next annual meeting, or until he or she vacates his or her office or his or her successor is appointed.

Name/Residence/Director Since	Current Positions/Principal Occupation for Past Five Years
Alan D. Torrie Ontario, Canada **Director since:** January 22, 2016 **Committees:** HRG&S	Mr. Torrie was appointed Chairman of the Board of Extendicare on May 25, 2017. He served as President and CEO of Morneau Shepell Inc. (a predecessor of LifeWorks Inc. (TSX: LWRK)) from 2008 until May 2017, and as a member of its board from 2005 until 2017. Mr. Torrie also served as the President and CEO of Discovery Air Inc. from August 2017 until September 2018. Mr. Torrie has over 30 years of experience as a senior executive leader in health care and life sciences, including as Chief Operating Officer of Retirement Residences REIT ("RRR") from 2005 until 2007 (a predecessor of Revera Inc.), and in a number of senior executive positions at MDS Inc. (a predecessor of Nordion Inc.) from 1987 until 2005, including as President and CEO of MDS Diagnostics and MDS Laboratories. Mr. Torrie has served on numerous corporate and community boards, and is currently a director and Chair of the Audit Committee of Flow Capital Corp. (TSXV: FW) and Chair of Green Shield Canada.
Norma Beauchamp Ontario, Canada **Director since:** May 30, 2019 **Committees:** QR	Ms. Beauchamp is a corporate director with over 30 years of healthcare experience in corporate and non-profit organizations, including executive positions at Bayer Healthcare (Canada and Global) and Sanofi Canada. Most recently, she served as the President and CEO of Cystic Fibrosis Canada (2014 to 2017). Ms. Beauchamp currently serves on the respective TSX-listed boards of Aurora Cannabis Inc., as Chair of its Nominating and Corporate Governance Committee and a member of its Audit Committee, and HLS Therapeutics Inc., a pharmaceutical company. Ms. Beauchamp gives back to her community and serves as a member of the National Research Council of Canada and as a Regional Ambassador with Women Get on Board where she connects with women aspiring to serve on boards.
Michael Guerriere Ontario, Canada **Director since:** March 12, 2018	Dr. Guerriere was appointed the President and CEO of Extendicare on October 22, 2018. He has a diverse background with over 25 years of experience in medical practice, hospital operations, management consulting and health technology. Dr. Guerriere was Chief Strategy Officer at TELUS Health, a provider of technology services to clinical professionals, hospitals, government agencies, health authorities, pharmacies and consumers across Canada, from May 2011 until October 2018. Dr. Guerriere was a founding partner of Courtyard Group, an international health care consultancy, from 2000 until it was acquired by TELUS Health. Dr. Guerriere also served 10 years as an executive in university teaching hospitals, including as Executive Vice President and Chief Operating Officer at the University Health Network. Dr. Guerriere chairs the Health and Life Sciences Advisory Board at the University of Toronto's Rotman School of Management where he teaches a graduate course on Digital Health and has served on numerous boards, including Toronto Metropolitan University (Chair), MediSolution Ltd. (member of its Audit Committee), Canada Health Infoway (Chair of its Finance Committee), the Canadian Institute for Health Information, and the Institute of Clinical Evaluative Sciences.

Name/Residence/Director Since	Current Positions/Principal Occupation for Past Five Years
Sandra L. Hanington, M.S.C. Ontario, Canada **Director since:** August 5, 2014 **Committees:** Audit, HRG&S	Ms. Hanington is a corporate director and advisor, and is a former President and CEO of the Royal Canadian Mint (February 2015 to July 2018). From 1999 until 2011, she held a number of progressively senior executive roles in the financial services sector in North America, culminating as Executive Vice-President and a member of the Management Committee of BMO Financial Group. Ms. Hanington currently serves on the board of The Descartes Systems Group Inc. (TSX: DSG) and as Vice-Chair of the Governing Council of the University of Toronto. Ms. Hanington is the co-founder and a director of Jack.org, promoting mental health and wellness for youth in Canada since 2010.
Brent Houlden Ontario, Canada **Director since:** May 28, 2020 **Committees:** Audit, INV, QR	Mr. Houlden is a corporate director, advisor and interim manager. Most of Mr. Houlden's career has been spent consulting in the area of strategy and operations, and as a financial advisor on urgent business critical transactions. He is an operator and strategist with a wide breadth of management skills and consulting expertise. After retiring as a senior Deloitte partner in November 2014, Mr. Houlden has held various management roles including being the CEO of Dealnet Capital (October 2017 to December 2020). Mr. Houlden currently serves on the boards of Corus Orthodontists Inc. (a private company) and the Mount Pleasant Group of Cemeteries. He has previously served on a number of other boards including that of Dealnet Capital for five years and Deloitte for six years.
Donna E. Kingelin Ontario, Canada **Director since:** January 6, 2016 **Committees:** QR	Ms. Kingelin is a corporate director and consultant, and is the retired owner and managing partner of Kingswood Consulting, a partnership that specialized in providing comprehensive services for seniors' housing companies (2012 to 2017). Prior to that, Ms. Kingelin held several senior executive positions, including Managing Director at Holiday Corporation, a private independent retirement living company (June 2010 to June 2012), and as a senior executive at Revera Inc. (1997 to 2010), a seniors' housing company wholly owned by the Public Service Pension Investment Board (formerly TSX: RRR). She holds board positions at Oshawa Power and Utilities Corporation; Pallium Canada; Kinark Child and Family Services (Chair of its Quality Committee); and the Kinark Foundation.
Samir Manji British Columbia, Canada **Director since:** May 30, 2019 **Committees:** HRG&S, INV	Mr. Manji is the President and CEO of Artis Real Estate Investment Trust ("Artis") (TSX: AX.UN) (since March 2021) as well as a Trustee of Artis (since January 2021). Mr. Manji is the founder and CEO of Sandpiper Group, a Vancouver-based real estate private equity firm established in 2016. Mr. Manji has been involved in over $3 billion in hospitality, seniors' housing and multifamily residential real estate transactions and has over 25 years of experience in real estate and seniors' housing. Mr. Manji was the founder, Chairman and CEO of Amica Mature Lifestyles Inc. ("Amica"), a TSX-listed company from 1997 until its sale to the Ontario Teachers' Pension Plan in 2015. He is a member of the Young Presidents' Organization, a member of the Chief Executives Organization and serves as the Chair of Focus Humanitarian Assistance.

Name/Residence/Director Since	Current Positions/Principal Occupation for Past Five Years
Al Mawani Ontario, Canada **Director since:** December 1, 2017 **Committees:** Audit, INV	Mr. Mawani is the Principal of Exponent Capital Partners Inc., a private equity investor and real estate advisory firm. He has over 35 years of experience in the commercial real estate industry, including 15 years of c-suite experience as SVP/EVP & CFO of Oxford Properties Group Inc. (1989 to 2001), President and CEO of Calloway/SmartCentres Real Estate Investment Trust (2011 to 2013), and President & CEO of privately-owned Rodenbury Investments Limited (2015 and 2016). Mr. Mawani has been an independent board member of national and North American firms across multiple asset classes, including private-pay retirement living operations. He currently serves on the TSX-listed boards of First Capital Real Estate Investment Trust, as Chair of its Governance & Sustainability Committee and member of its Audit Committee (previously Chair); and Granite Real Estate Investment Trust, as a member of its Audit Committee.
David Bacon Executive Vice President, Chief Financial Officer Ontario, Canada	Mr. Bacon was appointed Executive Vice President, Chief Financial Officer in February 2025. He had previously been Senior Vice President, Chief Financial Officer of the Company (April 2019 to February 2025). Prior to joining the Company, he held a variety of senior executive roles across a variety of industries, ranging from environmental services, logistics, renewable energy and telecommunications. Prior to joining the Company, Mr. Bacon served as the Executive Vice President, CFO of GFL Environmental Inc. (2017 to 2018), and the Executive Vice President, CFO of Canada Cartage System (2010 to 2017). He is a CPA, CA with a Bachelor of Arts degree from the University of Western Ontario and MBA from the Schulich School of Business at York University and holds the ICD.D designation.
John Toffoletto Senior Vice President, Chief Legal Officer and Corporate Secretary Ontario, Canada	Mr. Toffoletto joined the Company in his current role in November 2019. Prior to joining the Company, he served as an executive of Enercare Inc. from January 2009 until January 2019, most recently as Senior Vice President, Chief Legal Officer and Corporate Secretary, where he managed a diverse portfolio, including human resources, labour relations, government relations and divisional oversight, in addition to the legal function. Mr. Toffoletto practiced law at Torys LLP (2001 to 2008) and holds a Bachelor of Arts Honours Degree and a Bachelor of Laws Degree (with Honours) from the University of Toronto.
Steve Paraskevopoulos Senior Vice President, ParaMed and Chief Technology Officer Ontario, Canada	Mr. Paraskevopoulos joined the Company in his current role in September 2022. He has a broad leadership career of more than 25 years spent in the seniors' living, life science and telecom industries. Prior to joining the Company, Mr. Paraskevopoulos served as an executive of Revera Inc. (January 2011 to August 2022), most recently as Chief Technology Officer. Mr. Paraskevopoulos holds a Bachelor of Science (Honours) degree in Physics from McMaster University.

Name/Residence/Director Since	Current Positions/Principal Occupation for Past Five Years
Katie LeMoyne Senior Vice President, Chief Human Resources Officer Ontario, Canada	Ms. LeMoyne was appointed Senior Vice President, Chief Human Resources Officer in September 2023. She had previously been Vice President, Information Technology for ECI (November 2020 to September 2023). Ms. LeMoyne joined the Company in October 2019, as Director, ParaMed Business Transformation. Prior to joining the Company, Ms. LeMoyne was with TELUS Health (October 2015 to October 2019), most recently as a Principal, leading large scale health systems integration projects. Ms. LeMoyne also spent several years in healthcare consulting in Canada, the United States and Bahamas. Ms. LeMoyne has a BSc in Health Information Science from the University of Victoria and an MBA from the Kellogg School of Management at Northwestern University.
Mark Trenholm Senior Vice President, Finance Ontario, Canada	Mr. Trenholm was appointed Senior Vice President, Finance in February 2025. He had previously been Vice President, Finance of Extendicare (Canada) Inc. (February 2020 to February 2025). Prior to joining the Company in February 2020, Mr. Trenholm was Director of Financial Reporting of Martinrea International Inc. and prior to that, he served a variety of private and public company clients as a Senior Manager in the Assurance practice of PwC Canada. Mr. Trenholm is a CPA, CA with a Bachelor of Business Administration degree from the University of Windsor.
Joe Belinsky Vice President, Information Technology and Chief Information Officer Ontario, Canada	Mr. Belinsky joined the Company in his current role in January 2024. Prior to joining the Company, Mr. Belinsky served as an executive of Revera Inc. (June 2020 to January 2024), most recently as Chief Information Officer, and as Vice President, Infrastructure Services at Moneris (2012 to 2019). Mr. Belinsky holds a Bachelor of Science from the University of Redlands and an MBA from the University of Wales.
Kathryn Bradley Vice President, Corporate Development Ontario, Canada	Ms. Bradley was appointed Vice President, Corporate Development in August 2023. She had previously been Vice President, Strategy & Performance of the Company (January 2022 to August 2023). Ms. Bradley joined the Company as Director Strategy & Performance Management in 2019. Prior to joining the Company, Ms. Bradley was a management consultant at KPMG LLP (2010-2019), most recently as a Director in the Deal Advisory practice. Ms. Bradley is a CPA, CMA with an MBA from the DeGroote School of Business at McMaster University and a Bachelor of Arts (Honours) degree from Queen’s University.
Elaine E. Everson Vice President, Redevelopment Ontario, Canada	Ms. Everson was appointed Vice President, Redevelopment in August 2023. She joined the Company in 1985 as a member of the financial reporting department and has held a number of executive positions, most recently as Vice President, Corporate Development (April 2019 to August 2023), Vice President and Chief Financial Officer (May 2015 to April 2019), and as Vice President and Controller (2006 to May 2015). Ms. Everson is a CPA, CA, and holds a Bachelor of Mathematics degree from the University of Waterloo.
Jillian E. Fountain Vice President, Investor Relations Ontario, Canada	Ms. Fountain was appointed Vice President, Investor Relations in May 2018. She joined Extendicare in 1988 as a member of the financial reporting department and served as Corporate Secretary from 1999 until May 2018. Ms. Fountain is a CPA, CA, and holds a Bachelor of Mathematics degree from the University of Waterloo.

Name/Residence/Director Since	Current Positions/Principal Occupation for Past Five Years
Danielle Parr Vice President, Public Affairs Ontario, Canada	Ms. Parr joined the Company in her current role in June 2024. Prior to joining the Company, she served as a Managing Principal of Navigator Ltd. (March 2014 to June 2024). She was previously the Executive Director of the Entertainment Software Association of Canada (October 2004 to July 2012), where she led government relations and public affairs on behalf of the country's video game publishers, and prior to that, she held roles in communications and public affairs at both General Motors and Investors Group. Ms. Parr studied political science at Carleton University.
Audit: Audit Committee INV: Investment Committee QR: Quality and Risk Committee	HRG&S: Human Resources, Governance and Sustainability Committee

As at February 27, 2025, there were 83,466,978 Common Shares issued and outstanding, of which the Directors and officers of Extendicare as a group, beneficially owned, or controlled or directed, directly or indirectly, 11,490,305, or 13.8%, of the Common Shares.

Mr. Torrie served as President and CEO of Discovery Air Inc. from August 2017 to September 2018, which commenced restructuring proceedings under the *Companies' Creditors Arrangement Act* (Canada) on March 21, 2018 and bankruptcy proceedings under the *Bankruptcy and Insolvency Act* (Canada) on September 4, 2018.

Mr. Houlden was named Interim CFO of Danier Leather Inc. on July 2, 2015, to help with its restructuring, a position he held until leaving the company in April 2016. The company announced on February 4, 2016, that it had filed a Notice of Intention to Make a Proposal under the *Bankruptcy and Insolvency Act* (Canada). In addition, on November 7, 2022, Mr. Houlden's appointment as the sole director of Datatax Business Services Limited ("Datatax") was approved by the Ontario Superior Court and on August 14, 2023, Datatax filed a Notice of Intention to Make a Proposal under the *Bankruptcy and Insolvency Act* (Canada) with a stalking horse bidder. The sale of Datatax's assets closed on October 14, 2023 with the secured lenders recovering their loans.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

In the ordinary course of business, the Company is involved in and potentially subject to legal proceedings brought against it from time to time in connection with its operations. The COVID-19 pandemic has increased the risk that litigation or other legal proceedings, regardless of merit, will be commenced against the Company.

In April 2021, the Company was served with a statement of claim filed in the Court of Queen's Bench for Saskatchewan alleging negligence, breach of fiduciary duty, breach of contract and breach of the required standard of care by the Company and certain unnamed defendants in respect of all residents of Company LTC homes and retirement communities located in Saskatchewan as well as their family members. The claim seeks an order certifying the action as a class action and unspecified damages.

In January 2022, four active class actions against the Company in Ontario were consolidated into one action pursuant to the *Class Proceedings Act* (Ontario). The consolidated claim is in respect of all Ontario LTC homes owned, operated, licensed and/or managed by the Company and its affiliates and names as defendants the Company, certain of its affiliates and the owners of any such managed LTC homes and alleges negligence, gross negligence, breach of fiduciary duty, breach of contract, unjust enrichment, wrongful death in respect of all persons who contracted COVID-19 at the residence or subsequently contracted COVID-19 from such persons and breach of section 7 of the *Canadian Charter of Rights and Freedoms*. The consolidated claim seeks damages in the aggregate of $110.0 million. On March 7, 2024, the consolidated claim was certified against the Company in respect of owned and managed homes with a gross negligence cause of action.

The Company is vigorously defending itself against these claims, and these claims are subject to insurance coverage maintained by the Company. However, given the status of the proceedings, the Company is unable to assess their potential outcome and they could have a materially adverse impact on the Company's business, results of operations and financial condition (see "Risk Factors").

In December 2020, the Government of Ontario passed Bill 218, *Supporting Ontario's Recovery Act* (Ontario), which provides targeted liability protection against COVID-19 exposure-related claims against any individual, corporation, or other entity that made a "good faith" or "honest" effort to act in accordance with public health guidance and laws relating to COVID-19 and did not otherwise act with "gross negligence”. The protection under Bill 218 is retroactive to March 17, 2020, when Ontario first implemented emergency measures as part of its response to the COVID-19 pandemic. Similar legislation has been passed in other provincial jurisdictions, including Saskatchewan.

In October 2021, the Supreme Court of Canada dismissed an application for leave to appeal by the Attorney General of Ontario which sought to challenge the decision issued by the previous presiding court that ruled in favour of certain unions in respect of a legal challenge to a 2016 Pay Equity Tribunal decision. The unions argued that new pay equity adjustments were required in order to maintain pay equity with municipal LTC homes where PSWs and other direct care workers in other industries are included in determining pay equity. The matter has now been referred back to the Pay Equity Tribunal to settle the matter between the participating LTC homes, unions and the Government and establish a framework for pay equity suitable for the sector. The Company, along with other participants in the LTC sector, including the Government of Ontario, are working to resolve the matter. Given the uncertainty of the matter and the various stakeholders involved, and as a result the wide range of possible settlement outcomes and related funding changes the Company is unable to determine a reliable estimate of the potential outcome and it could have a materially adverse impact on the Company’s business, results of operations and financial condition.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as set out below, there were no material interests, direct or indirect, of the Directors or executive officers of Extendicare or its subsidiaries, any Shareholder who beneficially owns, or controls or directs, directly or indirectly, more than 10% of the Common Shares, or any known associate or affiliate of such persons, in any transaction within the three most recently completed financial years or during the current financial year, or any proposed transaction, which has materially affected or is reasonably expected to materially affect the Company or any of its subsidiaries.

MATERIAL CONTRACTS

The Retirement Sale Agreement is the only material contract entered into by the Company that is still in effect, other than material contracts entered into in the ordinary course of business that are not required to be filed under National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

This material contract is disclosed elsewhere in this AIF and a copy has been filed on SEDAR+ and is available at www.sedarplus.ca.

TRANSFER AGENT AND REGISTRAR

Computershare Trust Company of Canada, located in Toronto, Ontario, is the transfer agent and registrar of the Common Shares.

INTERESTS OF EXPERTS

KPMG LLP (“KPMG”), the Company’s external auditors, have reported on the consolidated financial statements of the Company, which comprise the consolidated statements of financial position as at December 31, 2024 and December 31, 2023, and the consolidated statements of earnings, comprehensive income, changes in equity, and cash flows for the years then ended. KPMG have advised that they are independent with respect to the Company within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulation.

AUDIT COMMITTEE INFORMATION

AUDIT COMMITTEE CHARTER

Extendicare maintains an audit committee (the “Audit Committee”) that operates within a written mandate, approved by the Board of Directors of Extendicare. The full text of the Audit Committee Charter, which describes the Audit Committee’s objectives and responsibilities, is attached as Appendix A to this AIF.

COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee is currently composed of the following three Directors: Brent Houlden (Chair), Sandra L. Hanington, and Al Mawani. The Board of Directors has determined each member of the Audit Committee to be “independent” and “financially literate” under National Instrument 52-110 – Audit Committees of the Canadian Securities Administrators, and has made this determination based on the education and experience of each member.

Relevant Education and Experience

The Board believes that the members of the Audit Committee have significant experience and a level of financial literacy that is relevant to the performance of their responsibilities as a member of the Audit Committee. The following is a description of the education and experience of each member of the Audit Committee.

Name of Independent Director (member of Audit Committee since)	**Education and Experience**
Brent Houlden (Chair) May 2020 **Financially literate:** Yes	Former senior Deloitte partner (retired in 2014 after 36 years) and former Interim CFO of Danier Leather Inc. (July 2015 to April 2016); a CPA, CA and LIT (retired), an MBA from Queen's University; and an ICD.D.
Sandra L. Hanington, M.S.C. August 2014 **Financially literate:** Yes	Former President and CEO of the Royal Canadian Mint and former senior executive of BMO Financial Group; a BASc from the University of Waterloo; an MBA from the Rotman School of Management; and an ICD.D.
Al Mawani December 2017 **Financially literate:** Yes	Principal of Exponent Capital Partners Inc., a private equity investor real estate advisory firm; 11 years as SVP/EVP & CFO of then TSX-listed Oxford Properties Group Inc.; has served on many TSX-listed boards including as chair of audit committees; a CPA, CA, has a Master of Laws from York University and an MBA from the University of Toronto.

External Auditor Service Fees

Fees billed by the independent external auditors of the Company, KPMG, during fiscal 2023 and 2024, and the nature of such fees, are outlined in the table below, followed by a description of the fees.

Fee Category	Year ended 2024	Year ended 2023
Audit	$1,387,000	$1,369,000
Audit fees related to prior year	91,000	24,000
Other	–	11,000
Total	**$1,478,000**	**$1,404,000**

Audit fees were for professional services rendered by KPMG in respect of audit services and interim reviews of the consolidated financial statements of the Company, including separate audits of and reviews of certain of its wholly owned subsidiaries. In addition, services during both years were provided by KPMG in respect of other regulatory-required auditor attest functions associated with government audit reports for the long-term care homes and home health care operations.

Other fees were for services rendered by KPMG in respect of education and training provided to the Company.

Pre-approval Policies and Procedures

The Audit Committee has adopted policies and procedures for the pre-approval of services performed by its external auditors, with the objective of maintaining the independence of the external auditors. The policy requires that the Audit Committee pre-approve all audit, audit-related, tax and other permissible non-audit services to be performed by the external auditors, including all engagements of the external auditors with respect to the Company's subsidiaries. The Audit Committee pre-approved all such fees and services in 2024 in accordance with the policy. The policy sets out the details of the permissible non-audit services consistent with the independence requirements of the Canadian independence standards for auditors. The procedures require the CFO to present the details of any proposed assignments of the external auditor for consideration by the Audit Committee. The procedures do not allow delegation of the Audit Committee's responsibilities to management.

GLOSSARY OF TERMS

The following is a glossary of certain terms used in this Annual Information Form:

"**2025 Debentures**" means the convertible unsecured subordinated debentures issued by the Company in April 2019, and due April 30, 2025, bearing interest at an annual rate of 5.00%, payable semi-annually in arrears on April 30th and October 31st in each year, and which were redeemed by the Company on December 16, 2024;

"**AHS**" means Alberta Health Services, the provincial health authority responsible for overseeing the planning and delivery of health care services in Alberta;

"**Annual Information Form**" or "**AIF**" means this annual information form for the year ended December 31, 2024 of Extendicare dated February 27, 2025;

"**Axium**" means Axium Infrastructure Inc. and its affiliates;

"**Axium JV**" means Axium Extendicare LTC LP, a limited partnership formed under the laws of the Province of Ontario;

"**Axium JV II**" means Axium Extendicare LTC II LP, a limited partnership formed under the laws of the Province of Ontario;

"**Axium Transaction**" has the meaning given to such term in this AIF under "General Development of the Business – Acquisitions and Dispositions – Revera and Axium Transactions";

"**Board**", "**Board of Directors**", or "**Directors**" means at any time the individuals who are the directors of Extendicare;

"**CBCA**" means the *Canada Business Corporations Act*, R.S.C. 1985 c.C-44, and the regulations thereunder, in either case, as amended;

"**CCA**" means the *Continuing Care Act, 2022* (Alberta) and the regulations thereunder, in either case, as amended;

"**CCHA**" means the *Convenient Care at Home Act, 2023* (Ontario) and the regulations thereunder, in either case, as amended;

"**CEO**" means Chief Executive Officer;

"**CFO**" means Chief Financial Officer;

"**Class B**", "**Class C**" or "**New**" home or bed means the MLTC's categorization based on whether or not an LTC home or bed meets or exceeds certain structural design guidelines, as follows:

- "New" homes are those that were built after 1998 to the design standards published by the MLTC dated May 1999, as amended;
- "A" homes are those that were built prior to 1998 and almost meet the 1999 design standards, as amended;
- "B" homes are those that have been upgraded from the 1972 design standards but do not meet the 1999 design standards, as amended; and
- "C" homes are those that meet the 1972 design standards;

"**CMHC**" means Canada Mortgage and Housing Corporation;

"**Common Shares**" means the common shares in the capital of Extendicare;

"**CSA Group**" means Canadian Standards Association;

"**Dividend Reinvestment Plan**" means the dividend reinvestment plan established by the Company as described under "Dividends – Dividend Reinvestment Plan";

"**ECI**" means Extendicare (Canada) Inc., a corporation amalgamated under the laws of Canada and a subsidiary of Extendicare; and references to ECI in this AIF mean ECI alone or together with its subsidiaries, as the context requires;

"**Extendicare**" or the "**Company**" means the corporation known as "Extendicare Inc.", which continued as one corporation as a result of the amalgamation of 8067929 Canada Inc., Extendicare Holding General Partner Inc., 8120404 Canada Inc. and Extendicare Inc. effective July 1, 2012, and which is the successor to Extendicare Real Estate Investment Trust; references to Extendicare or the Company in this AIF mean Extendicare Inc., either alone or together with its subsidiaries, as the context requires;

"**Extendicare Assist**" means Extendicare Assist, the Company's management contracts and consulting and other services division;

"**FLTCA**" means the *Fixing Long-Term Care Act, 2021* (Ontario) and the regulations thereunder, in either case, as amended;

"**HCCSS**" means Home and Community Care Support Services, which is the provincial health agency in Ontario responsible for regional administration of in-home and community-based care services in Ontario, and which is the successor to the LHINs;

"**HSO**" means Health Standards Organization;

"**Independent**" has the meaning given to that term in National Instrument 52-110 – *Audit Committees* of the Canadian Securities Administrators;

"**Joint Ventures**" means collectively Axium JV and Axium JV II;

"**LHIN**" means the Local Health Integration Network, which was the local health authority responsible for regional administration of public health care services in Ontario, and which is the predecessor to HCCSS;

"**LTC**" means long-term care, as it relates to the type of care and services provided in a residential home that is designed for individuals, usually seniors, that cannot live independently and require professional nursing care on a daily basis and 24-hour supervision;

"**MLTC**" means the Ministry of Long-Term Care (Ontario);

"**Ontario Health**" means the Crown agency of the Government of Ontario established in June 2019 to oversee health care delivery;

"**Ontario Health Teams**" or "**OHTs**" means the groups of health care providers and organizations that, at maturity, will be clinically and fiscally accountable for delivering a full and coordinated continuum of care to a defined population;

"**ParaMed**" means ParaMed Inc., a corporation incorporated under the laws of Canada and a subsidiary of the Company, which provides home health care services in Canada under the business name ParaMed Home Health Care;

"**Preferred Shares**" means the preferred shares in the capital of Extendicare;

"**RAI-MDS**" means resident assessment instrument – minimum data set; a tool used to assess clinical and functional characteristics of residents in long-term care settings in order to measure and assess a resident's level of care needs;

"**Retirement Living Sale**" and "**Retirement Sale Agreement**" have the meaning given to such terms in this AIF under "General Development of the Business – Acquisitions and Dispositions – Sale of Retirement Living Portfolio";

"**Revera**" means Revera Inc. and its affiliates;

"**Revera Acquisition**", "**Revera Transactions (2022)**" and "**Revera and Axium Transactions**" have the meanings given to such terms in this AIF under "General Development of the Business – Acquisitions and Dispositions –Revera and Axium Transactions";

"**RHA**" means the *Retirement Homes Act, 2010* (Ontario) and the regulations thereunder, in either case, as amended;

"**RHRA**" means the Retirement Homes Regulatory Authority established under the RHA;

"**Saskatchewan LTC Homes**" has the meaning given to such term in this AIF under "General Development of the Business – Acquisitions and Dispositions – Sale of Saskatchewan LTC Homes";

"**SGP**" means SGP Purchasing Network, the Company's group purchasing division;

"**SHA**" means the Saskatchewan Health Authority, the provincial health authority responsible for overseeing the planning and delivery of health care services in Saskatchewan;

"**Shareholders**" means the holders of Common Shares from time to time; and

"**TSX**" means the Toronto Stock Exchange.

APPENDIX A

EXTENDICARE INC.

(“Extendicare” or the “Company”)

AUDIT COMMITTEE CHARTER

(1) Purpose

The Audit Committee is a committee of the board of directors of Extendicare (the “Board”). The primary function of the Audit Committee shall be to assist the Board in fulfilling its responsibilities for oversight of (1) the quality and integrity of the Company’s consolidated financial statements, (2) the Company’s compliance with legal and regulatory requirements, (3) the external auditors’ qualifications and independence, (4) the performance of the Company’s external auditors and internal audit function, (5) the accounting and financial reporting processes of the Company and its internal controls over financial reporting, and (6) reviewing progress on enterprise risks and management mitigation plans for risks allocated by the Board for oversight to the Audit Committee. The Audit Committee is also responsible for preparing any reports required to be prepared by it under the rules and regulations of applicable regulatory authorities.

The Audit Committee is directly responsible for the (1) recommendation for appointment of the external auditors by the Company’s shareholders, (2) compensation and oversight of the external auditors, and (3) resolution of disagreements between management and the external auditors regarding financial reporting. The external auditors are ultimately accountable to (and shall directly report to) the Audit Committee, as representatives of the shareholders.

The Audit Committee has final authority and responsibility for the performance of the internal audit function, including, if applicable, the appointment, and assignment of duties of the internal auditor. The Audit Committee shall direct that the internal auditor be authorized to have full, free and unrestricted access to all of the functions, records, property and personnel of the Company in order to carry out the duties prescribed by the Audit Committee.

The activities enumerated in Section 4 of this Charter are designed to promote the Audit Committee’s fulfillment of its functions, as well as to facilitate communications between the Board, management, the internal auditors and external auditors on significant accounting judgments, estimates, principles, practices and policies. Notwithstanding the Audit Committee’s role in oversight of the Company’s consolidated financial reporting process and financial statements, it is acknowledged that the Company’s management ultimately has responsibility for that process and the Company’s consolidated financial statements.

(2) Composition

(a) The Audit Committee shall be comprised of not fewer than three (3) nor more than six (6) directors of the Company. The members of the Audit Committee shall be appointed annually. Unless a Chair is elected by the Board, the members of the Audit Committee may designate a Chair by majority vote of the full Audit Committee.

(b) Each member shall satisfy the independence and experience requirements of applicable regulatory authorities. The Board will exercise their business judgment to determine an individual’s eligibility to be a member of the Audit Committee including a determination regarding his or her independence and experience.

(c) The Audit Committee shall consist of at least one member who shall have “Accounting or Related Financial Expertise”. The designation of such a member shall not impose any duties, obligations or liabilities on such member greater than the regular duties, obligations and liabilities as a member of the Audit Committee.

(d) The Chair of the Audit Committee and the other members of the Audit Committee shall:

(i) be “Financially Literate”, as this qualification is interpreted by the Board in their business judgment, or must become “Financially Literate” within a reasonable period of time after appointment to the Audit Committee;

(ii) be “Independent” and no member shall have a material relationship with Extendicare which could, in the view of the Board, be reasonably expected to interfere with the exercise of a member’s independent judgment;

(iii) not be an officer or employee of Extendicare, nor a compensated officer or employee of a subsidiary of Extendicare, nor have been such within the three-year period preceding his or her appointment as a member of the Audit Committee; and

(iv) not receive, either directly or indirectly, compensation from Extendicare or any subsidiary of Extendicare, other than in the member's capacity as a member of the Board.

(3) Meetings and Procedures

(a) The Audit Committee shall meet as often as it deems appropriate to discharge its responsibilities and in any event at least four (4) times per year. A majority of the members of the Audit Committee shall constitute a quorum for the transaction of business. The meetings will be scheduled so as to permit timely review and consideration of the interim and annual financial statements as well as allowing sufficient time to consider and review the audit plan with management and the external auditors. Additional meetings may be held as deemed necessary by the Chair of the Audit Committee or as requested by any member of the Audit Committee or the external auditors.

(b) As part of its job to foster communication, the Audit Committee shall meet periodically in separate executive sessions with members of management, the internal auditors, and the independent auditors to discuss any matter that the Audit Committee believes should be discussed privately.

(c) The minutes of all meetings of the Audit Committee shall be provided to the Board. Oral reports by the Chair of the Audit Committee on matters that have not been recorded in the minutes of the Audit Committee shall be provided to the Board at the next meeting of the Board following the meeting of the Audit Committee and as otherwise requested by the Board.

(d) The Audit Committee, as it deems necessary in the exercise of its business judgment, may conduct or authorize investigations into any matters within the Audit Committee's scope of responsibilities. The Audit Committee is authorized to retain and determine funding for independent professionals to assist in the conduct of any investigation.

(4) Responsibilities and Duties

The following are activities of the Audit Committee designed to promote the fulfillment of its functions as described in this Charter (these functions are set forth as a guide with the understanding that the Audit Committee may diverge from this guide as appropriate given the circumstances).

(a) **Financial Reporting Process and Documents Review**

Review and report to the Board before release to the public, where appropriate, all public disclosure documents (including related news releases) containing audited or unaudited financial information, including any prospectus, interim and annual financial statements, management's discussion and analysis, the annual report, the annual information form, any report on corporate responsibility or sustainability, and any certification, report, opinion, or review rendered by the external auditor. Such review shall include discussions with management and where appropriate the external auditors, and shall specifically include:

(i) all critical accounting estimates and judgments including how policies were chosen among alternatives, the methodology of applying those estimates and policies, and the assumptions made, and the impact of changes in those estimates and policies, both qualitatively and quantitatively;

(ii) any material off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships of the Company with unconsolidated entities or other persons, that may have a material current or future effect on the Company's consolidated financial statements, financial condition, changes in financial condition, results of operations, liquidity, capital resources, capital reserves or significant components of revenues or expenses;

(iii) all material related-party transactions;

(iv) obtaining an explanation from management of all significant variances between comparative reporting periods and an explanation for items which vary from expected or budgeted amounts;

(v) internal control procedures, programs and policies, and assessment of the adequacy and effectiveness of internal controls over the accounting and financial reporting systems and other identified business risks;

(vi) all post-audit or management letters, containing the recommendations of the external auditor, and management's response and subsequent follow-up to any identified weaknesses or significant comments;

(vii) all certifications of management with respect to financial information, as well as the existence and performance of internal controls;

(viii) all issues of operational risk management, including insurance coverages maintained by the Company or any subsidiary of the Company, legal exposure, including legal claims or other contingencies as well as tax assessments that could have a material effect upon the consolidated financial position or operating results of the Company, management compliance with regulatory requirements, conflicts of interest, and other related matters, in the exercise of its business judgment that it considers as having or tending to have a material impact on the financial position of the Company; and

(ix) any allegations of fraud, or other impropriety, whether or not material, that involves management or other employees who have a significant role in internal controls.

(b) **Independent External Auditors and Approval of Audit and Non-audit Services**
Possess the ultimate authority and responsibility to (1) recommend annually or more frequently as required the appointment or reappointment of the independent external auditors by the Company's shareholders, (2) evaluate, and where appropriate, replace the external auditors, and (3) determine the appropriate compensation to the external auditors. Such responsibility shall include:

(i) reviewing and approving the terms of the external auditors' engagement, the appropriateness and reasonableness of the proposed audit plan, audit fees and any unpaid fees;

(ii) establishing and maintaining procedures for pre-approval by the Audit Committee of all proposed non-audit services to be provided by the external auditors or its affiliates, together with estimated fees, and considering the impact of these on the independence of the external auditors;

(iii) the authority to delegate to one or more members the authority to grant the approvals required by the preceding paragraph; with a report of any such approvals to be presented to the full Audit Committee at its next regularly scheduled meeting;

(iv) reviewing and evaluating the performance of the external auditors annually or more frequently as required, including any problems experienced by the external auditors in performing their duties, any restrictions imposed by management, or significant accounting issues with which there was a disagreement with management;

(v) reviewing the evaluation of internal controls by the external auditors, together with management's response;

(vi) obtaining from the external auditors on a periodic basis, a formal written statement delineating all relationships between the external auditor and the Company, actively engaging in a dialogue with the external auditor with respect to any disclosed relationships or services that may impact the objectivity and independence of the external auditors, and for recommending that the Board take appropriate action in response to the external auditors' report to satisfy itself of the external auditors' independence; and

(vii) reviewing all issues related to any change of external auditors, including the information to be included in the notice of change of auditor and the planned steps for an orderly transition.

(c) **Internal Audit Function**

(d) Possess the ultimate authority and responsibility to review and report to the Board on the appointment, replacement, reassignment or dismissal of the internal auditor; and the internal audit functions. Such responsibility shall include:

(i) reviewing and approving management's decisions related to the need for internal auditing;

(ii) reviewing the mandate, budget, plan, changes in plan, activities, organizational structure, and qualifications of the internal audit department, as needed;

(iii) reviewing the appointment, performance, and replacement of the senior internal audit executive; and

(iv) reviewing significant reports prepared by the internal auditors together with management's response and follow-up to these reports.

(e) **Reports of the Audit Committee**
Prepare an annual Audit Committee report or other proxy statement disclosure about the activities of the Audit Committee in accordance with rules and regulations of applicable regulatory authorities.

(f) **Other Duties**

(i) review the appointment of the chief financial officer and of any key financial executive involved in the financial reporting process or any changes in any of these positions, with a policy that the Company or any of its subsidiaries will not hire employees and former employees of the external auditors if their status as employees would cause the external auditors to cease being independent;

(ii) establish procedures for (a) the receipt, retention and treatment of complaints received by the Company or any of its subsidiaries regarding accounting, internal accounting controls or auditing matters; and (b) the confidential, anonymous submission by employees of the Company or any of its subsidiaries of concerns regarding questionable accounting or auditing matters;

(iii) annually, review and reassess the adequacy of the Audit Committee Charter and report thereon to the Board; and

(iv) annually, review and evaluate the performance of the Audit Committee's duties.

(5) General Provisions

While the Audit Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company's consolidated financial statements are complete and accurate. This is the responsibility of management. Nor is it the duty of the Audit Committee to conduct investigations, or to assure compliance with laws and regulations.

The Audit Committee is by this Charter delegated the powers of the Board necessary to carry out its purposes, responsibilities and duties provided in this Charter or reasonably related to those purposes, responsibilities and duties.

The Audit Committee may form and delegate authority to subcommittees of one or more members when appropriate. Any subcommittee shall be subject to this Charter. The decisions of any subcommittees to which authority is delegated under this paragraph shall be presented to the full Audit Committee at its next regularly scheduled meeting.

This Charter amends in its entirety and replaces the charter of the Audit Committee as heretofore in effect.

(6) Definitions

"Accounting or Related Financial Expertise" means the ability to analyze and interpret a full set of financial statements, including the notes attached thereto, in accordance with applicable generally accepted accounting principles.

"Financially Literate" means the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's consolidated financial statements.

"Independent" means a member who meets the independence criteria as set out by the Canadian Securities Administrators in section 1.4 of National Instrument 52-110.

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