Extendicare

Shareholders' Quarterly Report

Q2 2025

Extendicare Inc.
Dated: August 6, 2025

Helping people
live better

Management’s Discussion and Analysis

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Three and six months ended June 30, 2025
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BASIS OF PRESENTATION

This Management's Discussion and Analysis ("MD&A") provides information on Extendicare Inc. and its subsidiaries, and unless the context otherwise requires, references to "Extendicare", the "Company", "we", "us" and "our" or similar terms refer to Extendicare Inc., either alone or together with its subsidiaries. The Company's common shares (the "Common Shares") are listed on the Toronto Stock Exchange ("TSX") under the symbol "EXE". The registered office of Extendicare is located at 3000 Steeles Avenue East, Suite 400, Markham, Ontario, Canada, L3R 4T9.

Extendicare is a recognized leader in the delivery of quality health care services to Canadians, inspired by its mission to provide people with the care they need, wherever they call home. In operation since 1968, it is the largest private-sector owner and operator of long-term care ("LTC") homes in Canada and one of the largest private-sector providers of publicly funded home health care services in Canada through its wholly owned subsidiary ParaMed Inc. ("ParaMed"). 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 its group purchasing division, SGP Purchasing Network ("SGP").

The Company has a 15% managed interest in each of two limited partnership joint ventures with Axium LTC Limited Partnership (with its affiliates "Axium"). The limited partnership joint ventures, Axium Extendicare LTC LP ("Axium JV") and Axium Extendicare LTC II LP ("Axium JV II") (together, the "Joint Ventures"), are accounted for in the Company's consolidated financial statements as investments using the equity method.

In This MD&A

This MD&A has been prepared to provide information to current and prospective investors of the Company to assist them to understand the Company's financial results for the three and six months ended June 30, 2025. This MD&A should be read in conjunction with the Company's unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2025, and the notes thereto (the "consolidated financial statements"), together with the annual MD&A and the audited consolidated financial statements for the year ended December 31, 2024, and the notes thereto, prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board ("IASB"). The accompanying consolidated financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*, as issued by the IASB.

In this document, "Q1" refers to the three-month period ended March 31; "Q2" refers to the three-month period ended June 30; "Q3" refers to the three-month period ended September 30; and "Q4" refers to the three-month period ended December 31. Except as otherwise specified, references to years indicate the fiscal year ended December 31, 2025, or December 31 of the year referenced.

In this MD&A, the Company uses a number of performance measures and indicators to monitor and analyze the financial results that do not have standardized meanings prescribed by generally accepted accounting principles ("GAAP") and, therefore, may not be comparable to similar performance measures and indicators used by other issuers. Refer to the "Key Performance Indicators" and "Non-GAAP Measures" sections of this MD&A for details.

The annual and interim MD&A, financial statements and other materials are available on the Company's website at www.extendicare.com. All currencies are in Canadian dollars unless otherwise indicated.

This MD&A is dated as of August 6, 2025, the date this report was approved by the Company's board of directors (the "Board of Directors" or "Board"), and is based upon information available to management as of that date. This MD&A should not be considered all-inclusive, as it does not include all changes that may occur in general economic, political and environmental conditions. Additionally, other events may or may not occur, which could affect the Company in the future.

ADDITIONAL INFORMATION

Additional information about the Company, including its latest Annual Information Form, may be found on SEDAR+ at www.sedarplus.ca under the Company's issuer profile and on the Company's website at www.extendicare.com.

FORWARD-LOOKING STATEMENTS

This MD&A 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 MD&A 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; statements relating to the agreements entered into with Closing the Gap Healthcare Group Inc. and certain affiliates (collectively, "Closing the Gap"), including anticipated synergies, new business revenue and earnout amounts, and the agreements entered into with Revera Inc. and its affiliates (collectively, "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; and statements relating to expected future current income taxes and maintenance capex impacting AFFO. 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 "Risks and Uncertainties" in this MD&A 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 MD&A are qualified in their entirety by this forward-looking disclaimer. Although forward-looking statements contained in this MD&A 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 MD&A. 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.

SIGNIFICANT DEVELOPMENTS

Acquired Nine LTC Homes From Revera and Related Transactions

On June 1, 2025, the Company completed its previously announced acquisition of 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") from Revera effective June 1, 2025. The aggregate cash consideration for the LTC Acquisition was $41.9 million in cash and the assumption of certain liabilities of $27.4 million, including transaction costs and working capital adjustments.

Relatedly, on May 1, 2025, Revera completed a previously announced transaction to sell 21 of Revera's Class C LTC homes located in Ontario that were managed by Extendicare to a third party (the "Third-Party Sale").

Upon closing of these transactions, the Company's existing management agreements with Revera in respect of the 30 homes, as well as related development agreements, terminated 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 an estimated 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.

ESTIMATED EARNINGS IMPACT

The LTC Acquisition would add approximately $124.0 million and $13.0 million in annual revenue and NOI, respectively, to the Company's long-term care segment, based on the actual revenue and NOI generated from the Acquired Homes, adjusted for one-time items, for the nine months ended September 30, 2024. Also, the loss of management fees resulting from the LTC Acquisition and the Third-Party Sale would reduce the Company's managed services segment annual revenue and NOI by approximately $14.7 million and $6.2 million, respectively, based on actual revenue and NOI, adjusted for one-time impacts, for the nine months ended September 30, 2024. On a combined basis, the LTC Acquisition and Third-Party Sale would increase the Company's consolidated revenue and NOI(1) by approximately $109.3 million and $6.8 million, respectively.

On the same basis, if the LTC Acquisition had been funded from cash on hand, it would have added approximately $1.4 million to annual AFFO(1), increasing AFFO per basic share by $0.02.

Expanding Home Health Care Segment With Acquisition of Closing the Gap Healthcare Group

On July 1, 2025, the Company, through its wholly owned home health care subsidiary, ParaMed, completed the previously announced acquisition of all of the issued and outstanding shares of Closing the Gap (the "CTG Transaction").

Founded in 1990, Closing the Gap is a leading provider of integrated home and community-based healthcare services in Ontario and Nova Scotia, delivering adult and pediatric care services in patients' homes and community clinics. In addition to personal support and nursing services, Closing the Gap has deep expertise in allied health services, including physiotherapy, occupational therapy, speech language pathology, nutrition and social work. In the twelve months ended December 31, 2024, Closing the Gap's approximately 1,200 caregivers delivered over 1.1 million service hours and ADV of 3,109.

The aggregate cash consideration for the CTG Transaction was approximately $75.1 million on a debt-free, cash-free basis, subject to customary working capital and other adjustments. The purchase price was funded from cash on hand and a draw of $55.0 million on existing senior secured credit facilities.

The CTG Transaction includes an earnout tied to new business revenue generation in the twelve months after closing. The Company anticipates that the additional purchase price from the earnout would be in the range of $3.5 to $5.5 million, payable on the first anniversary of closing and based upon estimated new business revenue of $7.0 to $11.0 million. Additionally, the Company expects to generate approximately $1.1 million in annualized cost synergies in the first year as the operations are integrated.

Based on Closing the Gap's 2024 financial performance, the CTG Transaction would have added approximately $84.2 million in revenue to the Company's home health care segment for 2024, with NOI margins of 11.6%. The increase to AFFO(1), had the CTG Transaction been funded from cash on hand, would have been approximately $0.06 per basic share.

On a combined pro forma basis, had the CTG Transaction been in effect during 2024, the Company's home health care segment service volumes would have been approximately 12.1 million hours and ADV of 33,164.

Increased Senior Secured Credit Facility by $100.0 Million

In May 2025, the Company increased its senior secured credit facility by $100.0 million, bringing the total facility to $375.0 million (the "Senior Secured Credit Facility"), adding $45.0 million to the revolving credit facility (the "Revolving Facility"), increasing it to $190.0 million, and $55.0 million to the delayed draw term loan facility (the "Delayed Draw Facility), increasing it to $185.0 million. The Senior Secured Credit Facility is secured by 30 LTC homes and is subject to customary financial and non-financial covenants and other terms.

In July 2025, the Company drew the additional $55.0 million under the Delayed Draw Facility to partially fund the acquisition of Closing the Gap, as described above. For more information refer to "Liquidity and Capital Resources – Long-term Debt – Senior Secured Credit Facilities" and *Notes 7 and 17* of the consolidated financial statements

Ontario LTC Redevelopment Activities

As at August 6, 2025, the Company has six LTC redevelopment projects under construction in Ontario within the Joint Ventures, comprising 1,408 new beds to replace 1,097 Class C beds. The homes are being constructed with private and semi-private rooms, with substantial improvements in common areas used by the residents. For more information refer to "Key Performance Indicators – LTC Projects Under Construction".

In July 2025, the Ontario Ministry of Long-Term Care (the "MLTC") announced a *2025 Long-Term Care Home Capital Funding Policy* to support the construction of new long-term care homes in the province. The new program provides greater funding flexibility as it more effectively addresses regional variation in building costs, expands eligible costs for funding support and provides increased funding compared to prior programs. Notably, the new program has made a meaningful effort to recognize the particular cost challenges inherent in building in the Greater Toronto Area. In addition, the new program is not time limited, providing greater certainty that funding support for redevelopment will be available over a longer time horizon.

We continue to advance our 18 redevelopment projects not already under construction to make as many of these projects as possible economically feasible under the new program. Based on a preliminary assessment of our most advanced redevelopment projects under the new program, we are targeting to start one new project in 2025 and up to three new projects in 2026.

COMPLETED SALE OF THREE LTC REDEVELOPMENT PROJECTS (576 beds) TO AXIUM JV

In April 2025, the Company completed the sale of its Ontario LTC redevelopment projects in Port Stanley (128 beds), London (192 beds) and St. Catharines (256 beds) to Axium JV for cash proceeds of $56.3 million, net of Extendicare's 15% retained interest, holdbacks and closing costs. The net book value of the projects was $43.0 million, resulting in an estimated gain of $12.5 million (before taxes of $1.4 million), net of holdbacks, closing and other costs (refer to *Note 17* of the consolidated financial statements).

Normal Course Issuer Bid

In June 2025, the Company received approval to renew its normal course issuer bid ("NCIB") to purchase for cancellation up to 7,281,193 Common Shares, representing 10% of its public float, through the facilities of the TSX and/or through alternative Canadian trading systems. The NCIB commenced on July 2, 2025, and provides the Company with flexibility to purchase Common Shares for cancellation until July 1, 2026, or on such earlier date as the NCIB is complete. As at August 5, 2025, there were no purchases made under the Company's NCIB program during 2025 (refer to the discussion under "Liquidity and Capital Resources – Normal Course Issuer Bid").

BUSINESS OVERVIEW

As at June 30, 2025, the Company operated 99 LTC homes, composed of 59 homes (8,147 beds) wholly owned by the Company and 40 homes (6,237 beds) under management contracts with third parties through Extendicare Assist, including 28 LTC homes owned by the Joint Ventures, in which the Company holds a 15% managed interest. The Company's network of 99 LTC homes has capacity for 14,384 residents across three provinces in Canada, with Ontario, Manitoba and Alberta accounting for 75.9%, 13.6% and 10.5% of residents served, respectively.

In addition to providing procurement services to the LTC homes owned entirely by the Company, SGP supports third-party clients and the LTC homes owned by the Joint Ventures, representing approximately 149,300 beds across Canada, as at June 30, 2025.

The Company's home health care operations, ParaMed, delivered approximately 11.5 million hours of home health care services in the twelve months ended June 30, 2025. The majority of ParaMed's services are delivered in Ontario and Alberta, which accounted for 94% and 4% of the total volume, respectively.

Joint Ventures

Joint ventures are accounted for in the Company's consolidated financial statements as investments using the equity method, whereby the investment is initially recognized at cost, and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income or loss of the joint venture from the date of acquisition, increased by the Company's contributions and reduced by distributions received. The Company's share of joint venture profit or loss is included in the consolidated statements of earnings.

The following table summarizes the classification of the 34 properties (5,294 beds) that are owned through the Company's joint ventures as at June 30, 2025.

	# of Properties		# of Beds			
Joint Venture	**Operational**	**Under Construction**	**Operational**	**Under Construction**	**Extendicare Ownership**	**Accounting Treatment**
Axium Extendicare LTC II LP	25	1	3,182	320	15 %	Equity method
Axium Extendicare LTC LP	3	5	704	1,088	15 %	Equity method

Operating Segments

The Company reports on the following segments: i) long-term care; ii) home health care; iii) managed services, composed of the Extendicare Assist and SGP divisions; and iv) the corporate functions, including the Company's joint venture interests, and any intersegment eliminations as "corporate".

The following table summarizes the contribution of the business segments to the Company's consolidated revenue and NOI for the six months ended June 30, 2025 and 2024. The impact of COVID-19 affects the comparability of the contributions of the LTC and home health care business segments to the Company's consolidated revenue and NOI. Refer to "Select Quarterly Financial Information" and "2025 Six Month Financial Review" for additional details to understand the impacts on the business segments.

	Six months ended June 30,				Year ended December 31,	
	2025		2024		2024	
Operating Segments as % of	**Revenue**	**NOI**	**Revenue**	**NOI**	**Revenue**	**NOI**
Long-term care	**53.4 %**	**42.9 %**	56.0 %	52.2 %	56.4 %	49.5 %
Home health care	**41.8 %**	**38.5 %**	39.1 %	28.6 %	38.6 %	31.2 %
Managed services	**4.8 %**	**18.6 %**	4.9 %	19.2 %	5.0 %	19.3 %
Total	**100.0 %**	**100.0 %**	100.0 %	100.0 %	100.0 %	100.0 %

The following describes the operating segments of the Company.

Long-term Care

The homes owned entirely by the Company are reported under the long-term care operating segment and consist of 59 LTC homes with capacity for 8,147 residents, inclusive of 3,163 operational Class C LTC beds in Ontario that are eligible for redevelopment, a stand-alone funded designated supportive living home (140 suites) and a funded designated supportive living wing (60 suites) in Alberta, and 574 private pay retirement suites in seven mixed use homes and 76 private pay suites in retirement wings of two homes in Ontario. In addition, the Company has 224 ward-style beds in Ontario LTC homes that were taken out of service as a result of regulatory changes and which are eligible to be reinstated upon redevelopment of the Company's Class C LTC beds.

Provincial legislation and regulations closely control all aspects of the operation and funding of LTC homes and government-funded designated supportive living homes, 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. 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. Long-term care funding in Ontario is provided in four envelopes allocated to personal care, programming, nutritional support and other accommodation, respectively. The first three envelopes must be spent entirely on residents and are independently audited with any surplus funding returned to the government. In Alberta, designated supportive living homes provide an alternative setting for residents not yet requiring the needs of a more expensive LTC home. Such homes are licensed, regulated and funded by Alberta Health Services ("AHS") in a similar manner to LTC homes, including a government-determined fee structure.

In Ontario, long-term care operators have the opportunity to receive additional funding through higher accommodation rates charged to residents for private and semi-private accommodation, at maximum preferred accommodation rates that are fixed by the government. Long-term care operators are permitted to designate up to 60% of the resident capacity of a home as preferred accommodation and charge premiums that vary according to the structural classification of the LTC home.

The following summarizes the significant government funding changes implemented for LTC in 2025 in Ontario. As at August 6, 2025, there have been no significant government funding changes implemented for LTC in 2025 in Alberta and Manitoba.

ONTARIO LTC FUNDING CHANGES

Effective July 1, 2025, the MLTC implemented a 2.4% increase in preferred accommodation premiums paid for by residents to LTC providers for private and semi-private accommodation. For older LTC beds that are not classified as "New" or "A" beds, the maximum daily preferred accommodation premiums are $9.41 and $21.14 for semi-private and private rooms, respectively. For newer LTC beds that are classified as "New" or "A" beds, the maximum daily preferred accommodation premiums are $14.10 and $29.39 for semi-private and private rooms, respectively.

Effective April 1, 2025, the MLTC implemented a blended funding increase of approximately 2.3%, representing a 2.0% increase to the other accommodation envelope and 2.4% to the flow-through envelopes. In addition, flow-through funding for ward-style beds not in service ceased on April 1, 2025. The Company estimates these funding changes will result in net incremental annual revenue of approximately $9.8 million, of which $2.5 million is applicable to the non-flow through, other accommodation envelope.

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.

Provincial governments fund a wide range of home health care services and contract these services to 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.

HOME HEALTH CARE FUNDING CHANGES

The following summarizes Ontario Health atHome ("OHaH") funding changes announced for home health care to date that resulted in retroactive adjustments in Q4 2024 and Q1 2025.

As previously disclosed, in November 2024, OHaH confirmed a 4.0% bill rate increase for the sector retroactive to April 1, 2024. Similar to the rate increase received in Q4 2023, the government prescribed that the increase be directed towards eligible costs to support staff and delivery of services, of which 3.0% was to be directed towards wages and benefits for eligible staff, and the balance for eligible general costs, including training, recruitment and retention, technology investments and other operational costs.

Based on ParaMed's ADV and mix of services provided for the trailing twelve months ended March 31, 2025, the 4.0% rate increase represented incremental annual revenue of approximately $21.1 million to help support increased costs, some of which have already been incurred. As a result of the 4.0% increase, the Company recognized $4.4 million in revenue in Q4 2024, reflecting a recovery of prescribed eligible costs that were previously made by ParaMed retroactive to April 1, 2024. Further enhancements to the Company's compensation programs and ongoing investments in recruiting, retention and technology were made in Q1 2025 that resulted in the recognition of out-of-period revenue and expenses of $11.0 million, with no impact on NOI.

No funding increases for the home health care sector have been announced by OHaH for 2025.

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. Our 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. Our 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 our regional support and clinical quality management teams. Our full suite of back-office support services includes human resources, labour relations, payroll and benefits administration, accounting and information technology expertise supported by our cloud-based integrated technology platform that provides all of the systems needed to operate a seniors' care home. Our 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. We also offer an LTC operating policy subscription service that can be procured as a standalone service.

As at June 30, 2025, Extendicare Assist held management contracts for 40 LTC homes with capacity for 6,237 residents, including 254 private pay retirement beds, and provided 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.

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 June 30, 2025, SGP provided services to third parties and joint ventures to which the Company is a party representing approximately 149,300 beds across Canada.

KEY PERFORMANCE INDICATORS

In addition to those measures identified under "Non-GAAP Measures", management uses certain key performance indicators in order to compare the financial performance of the Company's operations between periods. Such performance indicators may not be comparable to similar indicators presented by other companies. Set forth below is an analysis of the key performance indicators and a discussion of significant trends when comparing the Company's financial results.

The following is a glossary of terms for some of the Company's key performance indicators:

"Average Daily Volume" or "ADV" in the context of the home health care operations, is measured as the number of hours of service provided divided by the number of days in the period; and

"Occupancy" is measured as the percentage of the number of earned resident days relative to the total available resident days. Total available resident days is the number of beds available for occupancy multiplied by the number of days in the period. The determination of earned and available resident days is adjusted for certain bed types that are excluded from the government's occupancy requirements for funding purposes.

Long-term Care

The following table provides the average occupancy levels of the LTC operations for the past eight quarters.

Long-term Care Homes		**2025**				**2024**		**2023**
Average Occupancy(i) ***(%)***	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**
Total LTC	**98.3%**	**97.5%**	98.0%	98.4%	97.8%	97.5%	97.8%	97.8%
Change over prior year period (bps)	**50**	**—**	20	60	60	90	330	430
Sequential quarterly change (bps)	**80**	**(50)**	(40)	60	30	(30)	—	60
Ontario LTC								
Total ON LTC	**98.6%**	**98.2%**	98.5%	99.1%	98.7%	98.6%	98.7%	98.9%
Preferred Accommodation(ii)								
"New" homes – private	**97.8%**	**96.8%**	95.9%	96.2%	95.4%	94.0%	91.9%	92.2%
"C" homes – private	**94.6%**	**92.3%**	94.5%	93.5%	94.8%	93.3%	92.7%	94.6%
"C" homes – semi-private	**75.2%**	**72.9%**	72.5%	70.8%	67.0%	66.6%	65.3%	63.4%

(i) Excludes private pay retirement suites in mixed use homes and ward-style beds in Ontario LTC homes that were taken out of service per regulatory changes, and which form part of the Company's Class C beds that are eligible to be reinstated upon redevelopment (224 ward-style beds at the end of Q2 2025; 99 ward-style beds at the end of Q4 2024; and 185 ward-style beds at the end of Q4 2023).

(ii) Average occupancy reported for the available private and semi-private rooms reflects the percentage of residents occupying those beds that pay the respective premium rates.

In Ontario, government funding is occupancy-based, but once the average occupancy level of 97% for the calendar year is achieved, operators are funded 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.

LTC Projects Under Construction

The following table summarizes the LTC development projects under construction as at August 6, 2025.

LTC Project	**Owner**(i)	**Extendicare Ownership Interest**	**# of Class C Beds Replaced**	**# of New Beds**	**Construction Commenced**	**Expected Opening**	**Estimated Development Costs**(ii) ***($ millions)***
Peterborough	Axium JV	15.0 %	172	256	Q2-23	Q1-26	103.5
Carlingview Manor (Ottawa)	Axium JV II	15.0 %	303	320	Q4-23	Q2-26	121.4
Orleans	Axium JV	15.0 %	240	256	Q4-23	Q1-27	107.3
St. Catharines	Axium JV	15.0 %	152	256	Q3-24	Q1-27	106.4
Port Stanley	Axium JV	15.0 %	60	128	Q4-24	Q1-27	52.7
London	Axium JV	15.0 %	170	192	Q4-24	Q2-27	77.7
			1,097	**1,408**			**569.0**

(i) For the projects owned by Axium JV II, Revera is responsible for the development and construction of the new home, pursuant to a development and construction management agreement.

(ii) Development costs are defined on a GAAP basis (which includes the cost of land, hard construction and soft development costs, furniture, fixtures and equipment, financing costs and capitalized interest costs during construction), net of any capital development government grant receivable on substantial completion of construction, if applicable.

Certain LTC development projects experienced unforeseen site conditions that impacted projected opening dates and, in some cases, increased costs beyond contingency levels included in the estimated development costs. We continue to work with our general contractors and construction partners to mitigate the impacts of these factors on schedules and costs.

Home Health Care

The table set out below provides the service volumes and ADV of the home health care operations for the past eight quarters. In Q2 2025, ADV increased to 33,310, up 10.9% from Q2 2024.

Our home health care operations have experienced sequential growth in ADV since 2022. The pent-up demand for services following the impact of COVID-19 and improvements in our recruiting and retention programs have driven volume recovery and lessened the seasonality that has historically characterized our business, muting the seasonal softness in ADV typically experienced in the summer months. As capacity comes in line with demand, historical seasonal patterns are expected to return.

Demand growth for home health care services continues to increase faster than the 4% annual increase in the over 75 age group. Expansion of LTC capacity lags the needs of the growing seniors demographic, driving higher demand for home health services as a means to fill the care gap.

Home Health Care	**2025**		**2024**				**2023**	
Service Volumes	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**
Hours of service *(000's)*	**3,031.2**	**2,844.3**	2,851.4	2,776.7	2,732.5	2,639.7	2,590.5	2,518.8
ADV	**33,310**	**31,603**	30,993	30,181	30,027	29,007	28,158	27,378
Change over prior year period	**10.9 %**	**8.9 %**	10.1 %	10.2 %	10.8 %	11.4 %	10.2 %	9.3 %
Sequential quarterly change	**5.4 %**	**2.0 %**	2.7 %	0.5 %	3.5 %	3.0 %	2.8 %	1.0 %

Managed Services

The table set out below provides information in respect of the third-party clients, including the Joint Ventures, receiving services from Extendicare Assist and SGP at the end of each period for the past eight quarters. For Extendicare Assist, the key performance indicators reflect those homes and beds under our management contracts offering, and exclude those homes that receive consulting and other services.

During Q2 2025, Revera completed the sale of 30 of its Class C homes operated by Extendicare Assist under management contracts, nine of which were acquired by the Company (refer to "Significant Developments – Acquired Nine LTC Homes From Revera and Related Transactions"). As a result of these transactions, the management agreements in respect of the 30 homes, as well as related development agreements, terminated in accordance with their terms. In addition, two LTC homes managed by Extendicare Assist moved to self-management or ceased operations during Q2 2025.

As at June 30, 2025, Extendicare Assist held management contacts with 40 LTC homes with capacity for 6,237 residents, including 254 private pay retirement beds, and provided a further 24 homes with consulting and other services. During Q1 2025, the Company opened Crossing Bridge (256 beds), a new LTC home within Axium JV, bringing the total LTC homes in operation in the Joint Ventures to 28.

SGP continues to grow its market share, increasing its third-party, including joint-venture, beds served at the end of Q2 2025 by 5.9% from Q2 2024, and 0.7% from Q1 2025.

	2025		**2024**				**2023**	
Managed Services	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**
Extendicare Assist Management Contracts								
Homes at period end								
Third party	**12**	**44**	44	44	45	45	47	48
Joint Ventures	**28**	**28**	27	26	26	26	25	25
Total homes at period end	**40**	**72**	71	70	71	71	72	73
Resident capacity								
Third party	**2,351**	**6,279**	6,279	6,279	6,339	6,339	6,601	6,780
Joint Ventures	**3,886**	**3,886**	3,630	3,438	3,438	3,438	3,182	3,182
Total resident capacity	**6,237**	**10,165**	9,909	9,717	9,777	9,777	9,783	9,962
Change over prior year period	**(36.2)%**	**4.0 %**	1.3 %	(2.5)%	64.1 %	64.1 %	64.2 %	59.1 %
Sequential quarterly change	**(38.6)%**	**2.6 %**	2.0 %	(0.6)%	— %	(0.1)%	(1.8)%	67.2 %
SGP Clients								
Third-party and joint-venture beds	**149,295**	**148,209**	146,292	143,547	140,937	138,250	136,164	128,901
Change over prior year period	**5.9 %**	**7.2 %**	7.4 %	11.4 %	22.1 %	23.7 %	24.1 %	20.5 %
Sequential quarterly change	**0.7 %**	**1.3 %**	1.9 %	1.9 %	1.9 %	1.5 %	5.6 %	11.6 %

SELECT QUARTERLY FINANCIAL INFORMATION

The following is a summary of select quarterly financial information for the past eight quarters.

	2025		2024				2023	
(thousands of dollars unless otherwise noted)	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**
Revenue	**383,445**	**374,654**	391,564	359,061	348,482	367,095	350,181	322,529
Net operating income(1)	**54,972**	**50,228**	53,822	50,117	52,807	44,743	42,778	35,210
NOI margin(1)	***14.3%***	***13.4%***	*13.7%*	*14.0%*	*15.2%*	*12.2%*	*12.2%*	*10.9%*
Adjusted EBITDA(1)	**39,785**	**35,606**	39,699	36,107	38,611	30,132	28,663	20,770
Adjusted EBITDA margin(1)	***10.4%***	***9.5%***	*10.1%*	*10.1%*	*11.1%*	*8.2%*	*8.2%*	*6.4%*
Share of profit (loss) from investment in joint ventures	**210**	**(126)**	107	431	265	1,130	(578)	598
Net earnings	**31,927**	**15,031**	19,928	16,295	25,890	13,096	8,620	11,831
per basic share *($)*	**0.378**	**0.178**	0.236	0.194	0.307	0.156	0.102	0.139
per diluted share *($)*	**0.373**	**0.176**	0.232	0.187	0.289	0.154	0.102	0.139
AFFO(1)	**24,776**	**19,807**	28,977	23,125	23,073	17,630	19,050	12,290
per basic share *($)*	**0.293**	**0.235**	0.344	0.274	0.274	0.210	0.225	0.145
per diluted share *($)*	**0.290**	**0.232**	0.318	0.253	0.254	0.197	0.211	0.140
Maintenance capex (including 15% share of joint ventures)	**5,158**	**2,709**	5,270	4,093	4,829	3,411	4,988	4,895
Cash dividends declared	**10,561**	**10,198**	10,016	10,016	10,013	9,988	10,000	10,122
per share *($)*	**0.126**	**0.122**	0.120	0.120	0.120	0.120	0.120	0.120
Weighted Average Number of Shares *(000's)*								
Basic	**84,599**	**84,345**	84,269	84,237	84,305	84,062	84,297	85,009
Diluted	**85,555**	**85,468**	94,079	95,556	95,248	95,146	95,507	95,870

There are a number of factors affecting the trend of the Company's quarterly results from continuing operations. The financial impacts of COVID-19 that had impacted the Company since Q1 2020 had largely abated by the end of 2023.

With respect to the core operations, while year-over-year quarterly comparisons will generally remain comparable, sequential quarters can vary materially for seasonal and other reasons. The significant factors that impact the results from period to period, are as follows:

- Ontario long-term care funding tied to flow-through funding envelopes requires revenue be deferred until it is matched with the related costs for resident care in the periods in which the costs are incurred, resulting in a fluctuation in revenue and operating expenses by quarter, with both generally being at their lowest in Q1 and at their highest in Q4;
- Ontario long-term care providers generally receive annual flow-through funding increases and case mix index adjustments effective April 1st and increases in preferred accommodation premiums effective July 1st; Alberta long-term care providers generally receive annual rate increases and acuity-based funding adjustments on April 1st and accommodation funding increases effective July 1st, and changes in home health care bill rates for Ontario and Alberta government contracts generally take effect April 1st;
- salary and wage increases for non-unionized staff are generally implemented on January 1st, with increases for unionized staff occurring throughout the year based on agreements in effect;
- home health care volumes are impacted by seasonal patterns with volumes in the summer months generally lower, impacting Q3 volumes; also, statutory holidays vary between quarters which can have an impact on the comparability of sequential quarterly NOI and NOI margins;
- maintenance capex spending, which impacts AFFO, fluctuates on a quarterly basis with the timing of projects and seasonality and is generally at its lowest in Q1 and its highest in Q4;
- utility costs are generally at their highest in Q1 and their lowest in Q2 and Q3; and
- certain line items that are reported separately due to their transitional nature that would otherwise distort the comparability of the historical trends, being "other income or expense" and "fair value adjustments".

Reconciliations of Adjusted EBITDA and Net Operating Income

The following table provides a reconciliation of "earnings before income taxes" to Adjusted EBITDA and "net operating income". Refer to the discussion under "Non-GAAP Measures".

	2025			2024					2023	
(thousands of dollars)	Q2	Q1	YTD Q2	Q4	Q3	Q2	Q1	YTD Q2	Q4	Q3
Earnings before income taxes	**41,412**	**18,919**	**60,331**	26,719	22,657	32,892	17,593	50,485	12,264	13,668
Add (Deduct):										
Depreciation and amortization	**8,480**	**8,273**	**16,753**	8,497	8,635	8,049	8,155	16,204	8,678	9,023
Net finance costs	**2,013**	**5,118**	**7,131**	4,336	4,164	3,627	3,608	7,235	4,429	3,725
Other (income) expense	**(11,910)**	**3,170**	**(8,740)**	254	1,082	(5,692)	1,906	(3,786)	2,714	(5,048)
Share of (profit) loss from investment in joint ventures	**(210)**	**126**	**(84)**	(107)	(431)	(265)	(1,130)	(1,395)	578	(598)
Adjusted EBITDA	**39,785**	**35,606**	**75,391**	39,699	36,107	38,611	30,132	68,743	28,663	20,770
Administrative costs	**15,187**	**14,622**	**29,809**	14,123	14,010	14,196	14,611	28,807	14,115	14,440
Net operating income	**54,972**	**50,228**	**105,200**	53,822	50,117	52,807	44,743	97,550	42,778	35,210

STATEMENT OF EARNINGS

The following provides the consolidated statement of earnings for the periods ended June 30, 2025 and 2024.

	Three months ended June 30,			Six months ended June 30,		
(thousands of dollars unless otherwise noted)	2025	2024	Change	2025	2024	Change
Revenue	**383,445**	348,482	34,963	**758,099**	715,577	42,522
Operating expenses	**328,473**	295,675	32,798	**652,899**	618,027	34,872
Net operating income(1)	**54,972**	52,807	2,165	**105,200**	97,550	7,650
Administrative costs	**15,187**	14,196	991	**29,809**	28,807	1,002
Adjusted EBITDA(1)	**39,785**	38,611	1,174	**75,391**	68,743	6,648
Depreciation and amortization	**8,480**	8,049	431	**16,753**	16,204	549
Other income	**(11,910)**	(5,692)	(6,218)	**(8,740)**	(3,786)	(4,954)
Share of profit from investment in joint ventures	**(210)**	(265)	55	**(84)**	(1,395)	1,311
Earnings before net finance costs and income taxes	**43,425**	36,519	6,906	**67,462**	57,720	9,742
Interest expense (net of capitalized interest)	**4,304**	5,228	(924)	**8,518**	10,216	(1,698)
Interest revenue	**(1,358)**	(1,922)	564	**(2,735)**	(3,375)	640
Accretion	**76**	205	(129)	**661**	598	63
Fair value adjustments	**(1,009)**	116	(1,125)	**687**	(204)	891
Net finance costs	**2,013**	3,627	(1,614)	**7,131**	7,235	(104)
Earnings before income taxes	**41,412**	32,892	8,520	**60,331**	50,485	9,846
Current income tax expense	**9,171**	8,785	386	**15,500**	14,558	942
Deferred income tax expense (recovery)	**314**	(1,783)	2,097	**(2,127)**	(3,059)	932
Total income tax expense	**9,485**	7,002	2,483	**13,373**	11,499	1,874
Net earnings	**31,927**	25,890	6,037	**46,958**	38,986	7,972
Net earnings	**31,927**	25,890	6,037	**46,958**	38,986	7,972
Add (Deduct)(i)**:**						
Fair value adjustments	**(742)**	85	(827)	**505**	(150)	655
Other income	**(10,468)**	(5,818)	(4,650)	**(8,141)**	(4,417)	(3,724)
Earnings before separately reported items, net of taxes(1)	**20,717**	20,157	560	**39,322**	34,419	4,903

(i) The separately reported items being added to or deducted from earnings are net of income taxes.

2025 SECOND QUARTER FINANCIAL REVIEW

The following is an analysis of the consolidated results from operations for Q2 2025, as compared to Q2 2024.

Revenue

Revenue of $383.4 million increased by $35.0 million or 10.0% from $348.5 million in Q2 2024. Excluding the impact of $4.1 million in out-of-period LTC funding recognized in Q2 2024, revenue increased by $39.1 million or 11.4% to $383.4 million from $344.4 million, driven primarily by the LTC Acquisition, LTC funding enhancements, timing of spend under flow-through care envelopes, growth in home health care ADV of 10.9%, and higher bill rates, partially offset by the closure of two Class C LTC homes since the end of Q1 2024 in connection with the opening of new LTC homes in Axium JV.

Operating Expenses

Operating expenses of $328.5 million increased by $32.8 million or 11.1% from Q2 2024, largely driven by higher labour costs across the business segments, reflecting staffing increases to support higher home health care volumes and increased hours of care in LTC, labour rate increases, and one additional statutory holiday in Q2 2025 compared to Q2 2024, as well as the impact of the LTC Acquisition, partially offset by the closure of Class C LTC homes that were redeveloped in Axium JV.

Net Operating Income

Net operating income increased by $2.2 million or 4.1% to $55.0 million (14.3% of revenue) from $52.8 million (15.2% of revenue) in Q2 2024. Excluding the impact of the $4.1 million out-of-period funding in Q2 2024, NOI increased by $6.3 million to $55.0 million (14.3% of revenue) from $48.7 million (14.1% of revenue) in Q2 2024. The 12.9% increase in NOI reflects the LTC Acquisition of approximately $1.3 million, LTC funding enhancements, growth in home health care ADV of 10.9%, and higher bill rates, partially offset by higher operating costs across all business segments and a reduction in NOI of approximately $0.9 million from the closure of Class C LTC homes that were replaced by redeveloped homes in Axium JV.

Administrative Costs

Administrative costs increased by $1.0 million to $15.2 million in Q2 2025, primarily due to higher labour and technology costs.

Adjusted EBITDA

Adjusted EBITDA increased by $1.2 million or 3.0% to $39.8 million (10.4% of revenue) from $38.6 million (11.1% of revenue) in Q2 2024, reflecting the increase in NOI, partially offset by higher administrative costs. Excluding the impact of out-of-period items of $4.1 million in the prior year period, Adjusted EBITDA increased by $5.3 million or 15.4% to $39.8 million (10.4% of revenue) in Q2 2025 from $34.5 million (10.0% of revenue) in Q2 2024.

Depreciation and Amortization

Depreciation and amortization costs increased by $0.4 million to $8.5 million related to the additional homes from the LTC Acquisition.

Other Income

Other income of $11.9 million in Q2 2025 related to the gain on the sale of assets of $12.5 million to Axium JV, partially offset by acquisition-related transaction costs of $0.6 million. Other income of $5.7 million in Q2 2024 related to the gain on the sale of assets of $7.5 million, partially offset by strategic transformation costs of $1.8 million in connection with the Revera and Axium transactions entered into in 2023. Refer to *Note 11* of the consolidated financial statements.

Share of Profit From Investment in Joint Ventures

Share of profit from joint ventures was $0.2 million in Q2 2025, compared to $0.3 million in Q2 2024. The decrease is primarily as a result of an increase in depreciation and amortization costs and elevated operating costs associated with the opening of new LTC homes. Refer to *Note 6* of the consolidated financial statements.

Net Finance Costs

Net finance costs decreased by $1.6 million in Q2 2025, reflecting a favourable adjustment in the fair value of interest rate swaps of $1.1 million and lower interest expense due to a decline in long-term debt, partially offset by lower interest revenue from cash on hand.

Income Taxes

The income tax provision of $9.5 million for Q2 2025 represented an effective tax rate of 22.9%, as compared to a tax provision of $7.0 million and an effective tax rate of 21.3% in Q2 2024. Excluding the impact of separately reported "other (income) expense" and "fair value adjustments", the effective tax rate was 27.3% in Q2 2025, compared to 26.2% in Q2 2024.

Net Earnings

The Company reported net earnings of $31.9 million ($0.378 per basic share) compared to $25.9 million ($0.307 per basic share) in Q2 2024. The increase in net earnings of $6.0 million largely resulted from the contribution from other income of $6.2 million ($4.7 million net of tax), the increase in Adjusted EBITDA of $1.2 million and lower net finance costs, partially offset by higher depreciation and amortization costs.

Summary of Results of Operations by Segment

The following summarizes the Company's segmented "revenue", "operating expenses" and "net operating income", followed by an analysis of the operating performance of each of the Company's operating segments.

Three months ended June 30 *(thousands of dollars unless otherwise noted)*	**Long-term Care**	**Home Health Care**	**Managed Services**	**Total**
2025				
Revenue	**207,147**	**158,606**	**17,692**	**383,445**
Operating expenses	**183,201**	**137,188**	**8,084**	**328,473**
Net operating income(1)	**23,946**	**21,418**	**9,608**	**54,972**
NOI margin(1)	***11.6%***	***13.5%***	***54.3%***	***14.3%***
2024				
Revenue	194,203	136,299	17,980	348,482
Operating expenses	168,593	119,180	7,902	295,675
Net operating income(1)	25,610	17,119	10,078	52,807
NOI margin(1)	*13.2%*	*12.6%*	*56.1%*	*15.2%*
Change				
Revenue	12,944	22,307	(288)	34,963
Operating expenses	14,608	18,008	182	32,798
Net operating income(1)	(1,664)	4,299	(470)	2,165

LONG-TERM CARE OPERATIONS

Revenue from LTC operations increased by $12.9 million to $207.1 million in Q2 2025. Excluding $4.1 million in out-of-period funding recognized in Q2 2024, revenue increased by $17.1 million, largely driven by approximately $10.2 million from homes added through the LTC Acquisition, funding increases, timing of spend and improved preferred occupancy, partially offset by lower revenue of approximately $7.7 million due to the closure of two Class C LTC homes since the end of Q1 2024 that were replaced by newly developed LTC homes in Axium JV. For further details on the LTC Acquisition, refer to the discussion under "Significant Developments – Acquired Nine LTC Homes From Revera and Related Transactions".

Net operating income from LTC operations declined by $1.7 million to $23.9 million (11.6% of revenue) in Q2 2025 as compared to $25.6 million (13.2% of revenue) in Q2 2024. Excluding out-of-period funding of $4.1 million recognized in Q2 2024, NOI improved by $2.5 million or 11.4% to $23.9 million (11.6% of revenue) in Q2 2025 from $21.5 million (11.3% of revenue) in the prior year period, reflecting the NOI from the LTC Acquisition of approximately $1.3 million, funding enhancements, timing of spend, and improved preferred occupancy, partially offset by higher operating costs, a reduction in NOI of approximately $0.9 million from the closure of Class C LTC homes that were replaced by redeveloped homes in Axium JV, and the impact of one additional statutory holiday this quarter (approximately $0.9 million).

HOME HEALTH CARE OPERATIONS

Revenue from home health care operations increased by $22.3 million or 16.4% to $158.6 million in Q2 2025 from $136.3 million in Q2 2024, largely driven by 10.9% growth in ADV and bill rate increases.

Net operating income from home health care operations increased by $4.3 million to $21.4 million (13.5% of revenue) in Q2 2025 from $17.1 million (12.6% of revenue) in Q2 2024, reflecting a 10.9% increase in ADV and rate increases, partially offset by increased wages and benefits, and one additional statutory holiday this quarter (approximately $1.8 million).

MANAGED SERVICES

Revenue from managed services decreased by $0.3 million or 1.6% to $17.7 million in Q2 2025 compared to Q2 2024, largely due to the sale by Revera of 30 Class C LTC homes that had been operated by Extendicare Assist under management contracts, nine of which were acquired by the Company, partially offset by growth in SGP clients, changes in the mix of Extendicare Assist services, and management fees from newly opened homes in the Joint Ventures. Refer to the discussions under "Significant Developments – Acquired Nine LTC Homes From Revera and Related Transactions" and "Key Performance Indicators – Managed Services".

Net operating income from managed services declined by $0.5 million or 4.7% to $9.6 million in Q2 2025 compared to Q2 2024, with NOI margins of 54.3% and 56.1%, respectively, reflecting the decrease in revenue and higher operating expenses to support clients served and changes in the mix of Extendicare Assist services.

2025 SIX MONTH FINANCIAL REVIEW

The following is an analysis of the consolidated results from operations for the six months ended June 30, 2025, as compared to 2024.

Revenue

Revenue of $758.1 million increased by $42.5 million or 5.9% from $715.6 million for the six months ended June 30, 2024. Excluding a net reduction in out-of-period funding of $16.5 million, revenue increased by $59.0 million or 8.6% to $747.1 million, driven primarily by the LTC Acquisition, LTC funding enhancements, timing of spend under flow-through care envelopes, growth in home health care ADV of 10.0%, higher bill rates, and growth in managed services, partially offset by the closure of three Class C LTC homes since the beginning of 2024 replaced by newly developed LTC homes in Axium JV. The reduction in out-of-period funding of $16.5 million ($11.0 million in 2025 compared to $27.5 million in 2024) related to $13.9 million recognized by the LTC operations in 2024 and a $2.6 million change in home health care retroactive funding ($11.0 million in 2025 compared to $13.6 in 2024).

Operating Expenses

Operating expenses of $652.9 million increased by $34.9 million or 5.6% from $618.0 million for the six months ended June 30, 2024. Excluding the impact of out-of-period costs of $9.2 million, operating expenses increased by $44.1 million or 7.3% to $648.5 million from $604.4 million, largely driven by higher labour costs across the business segments, reflecting staffing increases to support higher home health care volumes and increased hours of care in LTC, labour rate increases, and the impact of the LTC Acquisition, partially offset by the closure of Class C LTC homes that were redeveloped in Axium JV. The year-over-year change in out-of-period costs of $9.2 million related to workers compensation rebates of $6.6 million recognized in 2025 and the reduction in one-time compensation for home health care staff supported by retroactive funding of $2.6 million.

Net Operating Income

Net operating income increased by $7.7 million or 7.8% to $105.2 million (13.9% of revenue) for the six months ended June 30, 2025. Excluding the net reduction in out-of-period items of $7.3 million, NOI increased by $15.0 million to $98.6 million (13.2% of revenue) from $83.6 million (12.2% of revenue) in the prior year period. The 17.9% increase in NOI reflects NOI from the LTC Acquisition of approximately $1.3 million, LTC funding enhancements, growth in home health care ADV of 10.0%, higher bill rates, and growth in managed services, partially offset by higher operating costs across all business segments and a reduction in NOI of approximately $1.9 million from the closure of Class C LTC homes that were replaced by redeveloped homes in Axium JV.

Administrative Costs

Administrative costs increased by $1.0 million or 3.5% to $29.8 million for the six months ended June 30, 2025, primarily due to higher labour inflation and technology costs.

Adjusted EBITDA

Adjusted EBITDA increased by $6.6 million to $75.4 million (9.9% of revenue) from $68.7 million (9.6% of revenue) for the six months ended June 30, 2024, reflecting the increase in NOI, partially offset by higher administrative costs. Excluding the year-over-year reduction in NOI of $7.3 million related to out-of-period items, Adjusted EBITDA increased to $68.8 million (9.2% of revenue) for the six months ended June 30, 2025, from $54.8 million (8.0% of revenue) in the prior year period.

Depreciation and Amortization

Depreciation and amortization costs increased by $0.5 million to $16.8 million for the six months ended June 30, 2025.

Other Income

Other income of $8.7 million for the six months ended June 30, 2025 related to gain on the sale of assets of $12.5 million to Axium JV, partially offset by strategic transformation costs of $3.2 million in connection with the Revera and Axium transactions entered into in 2023, and acquisition-related transaction costs of $0.6 million. Other income of $3.8 million for the six months ended June 30, 2024 related to gain on the sale of assets of $7.5 million, partially offset by strategic transformation costs of $3.7 million in connection with the Revera and Axium transactions. Refer to *Note 11* of the consolidated financial statements.

Share of Profit From Investment in Joint Ventures

Share of profit from joint ventures was $0.1 million for the six months ended June 30, 2025, compared to $1.4 million in the prior year period. Excluding out-of-period items of approximately $0.7 million recognized in 2024, the decline of $0.6 million largely related to an increase in depreciation and amortization costs and higher net finance costs following the opening of three new LTC homes since the beginning of 2024 and elevated operating costs associated with the opening of the new homes. Refer to *Note 6* of the consolidated financial statements.

Net Finance Costs

Net finance costs decreased by $0.1 million for the six months ended June 30, 2025, reflecting lower interest expense due to a decline in long-term debt, partially offset by lower interest revenue and an unfavourable adjustment in the fair value of interest rate swaps of $0.9 million.

Income Taxes

The income tax provision of $13.4 million for the six months ended June 30, 2025, represented an effective tax rate of 22.2%, as compared to a tax provision of $11.5 million and an effective tax rate of 22.8% for the six months ended June 30, 2024. Excluding the impact of separately reported "other (income) expense", which included capital gains largely sheltered by capital losses that had not been tax benefited, and "fair value adjustments", the effective tax rate was 24.8% for the six months ended June 30, 2025, compared to 26.0% for the same 2024 period.

Net Earnings

The Company reported net earnings of $47.0 million ($0.556 per basic share) for the six months ended June 30, 2025, as compared to $39.0 million ($0.463 per basic share) for the prior year period. The increase in net earnings of $8.0 million largely resulted from the improvement in Adjusted EBITDA of $6.6 million and contribution from other income of $5.0 million ($3.7 million net of tax), partially offset by a $1.3 million reduction in the share of profit from joint ventures and higher depreciation and amortization costs.

Summary of Results of Operations by Segment

The following summarizes the Company's segmented "revenue", "operating expenses" and "net operating income", followed by an analysis of the operating performance of each of the Company's operating segments.

Six months ended June 30 *(thousands of dollars unless otherwise noted)*	**Long-term Care**	**Home Health Care**	**Managed Services**	**Total**
2025				
Revenue	**404,900**	**316,864**	**36,335**	**758,099**
Operating expenses	**359,754**	**276,380**	**16,765**	**652,899**
Net operating income(1)	**45,146**	**40,484**	**19,570**	**105,200**
NOI margin(1)	***11.1%***	***12.8%***	***53.9%***	***13.9%***
2024				
Revenue	400,692	279,830	35,055	715,577
Operating expenses	349,753	251,958	16,316	618,027
Net operating income(1)	50,939	27,872	18,739	97,550
NOI margin(1)	*12.7%*	*10.0%*	*53.5%*	*13.6%*
Change				
Revenue	4,208	37,034	1,280	42,522
Operating expenses	10,001	24,422	449	34,872
Net operating income(1)	(5,793)	12,612	831	7,650

LONG-TERM CARE OPERATIONS

Revenue from LTC operations increased by $4.2 million or 1.1% to $404.9 million for the six months ended June 30, 2025. Excluding $13.9 million in out-of-period funding recognized in 2024, revenue increased by $18.1 million, largely driven by approximately $10.2 million from homes related to the LTC Acquisition, funding increases, timing of spend and improved preferred occupancy, partially offset by lower revenue of approximately $17.5 million due to the closure of three Class C LTC homes replaced by newly developed LTC homes in Axium JV. For further details on the LTC Acquisition, refer to the discussion under "Significant Developments – Acquired Nine LTC Homes From Revera and Related Transactions".

Net operating income from LTC operations declined by $5.8 million or 11.4% to $45.1 million (11.1% of revenue) for the six months ended June 30, 2025, as compared to $50.9 million (12.7% of revenue) in the prior year period. Excluding workers' compensation rebates of $2.7 million recognized in Q1 2025 and out-of-period funding of $13.9 million recognized in 2024, NOI improved by $5.4 million or 14.7% to $42.4 million (10.5% of revenue) for the six months ended June 30, 2025, from $37.0 million (9.6% of revenue) in the prior year period, reflecting NOI from the LTC Acquisition of approximately $1.3 million, funding enhancements, timing of spend, improved preferred occupancy, partially offset by higher operating costs and a reduction in NOI of approximately $1.9 million from the closure of Class C LTC homes that were replaced by redeveloped homes in Axium JV.

HOME HEALTH CARE OPERATIONS

Revenue from home health care operations increased by $37.0 million or 13.2% to $316.9 million for the six months ended June 30, 2025, from $279.8 million in the prior year period. Excluding a reduction in retroactive funding of $2.6 million, revenue increased by $39.6 million or 14.9% to $305.9 million for the six months ended June 30, 2025 from $266.2 in the prior year period, largely driven by 10.0% growth in ADV and bill rate increases. The reduction in retroactive funding of $2.6 million ($11.0 million in Q1 2025 compared to $13.6 million in Q1 2024) related to changes in the recovery of increased wages and benefits and operating and technology costs. Refer to the discussion under "Home Health Care Funding Changes" under the heading "Business Overview – Home Health Care".

Net operating income from home health care operations increased by $12.6 million to $40.5 million (12.8% of revenue) for the six months ended June 30, 2025, from $27.9 million (10.0% of revenue) in the prior year period. Excluding workers compensation rebates of $3.9 million recognized in Q1 2025 and the reduction in retroactive funding of $2.6 million, NOI improved by $8.7 million or 31.3% to $36.6 million (12.0% of revenue) for the six months ended June 30, 2025 from $27.9 million (10.5% of revenue) in the prior year period, reflecting a 10.0% increase in ADV and rate increases, partially offset by increased wages and benefits.

MANAGED SERVICES

Revenue from managed services increased by $1.3 million or 3.7% to $36.3 million for the six months ended June 30, 2025, largely due to growth in SGP clients, changes in mix of Extendicare Assist services, and management fees from newly opened homes in the Joint Ventures, partially offset by the sale by Revera of its Class C LTC homes that had been operated by Extendicare Assist under management contracts, nine of which were acquired by the Company. Refer to the discussions under "Significant Developments – Acquired Nine LTC Homes From Revera and Related Transactions" and "Key Performance Indicators – Managed Services".

Net operating income from managed services increased by $0.8 million or 4.4% to $19.6 million for the six months ended June 30, 2025 compared to the prior year period, with NOI margins of 53.9% and 53.5%, respectively, reflecting revenue growth, partially offset by higher operating expenses to support clients served and changes in the mix of Extendicare Assist services.

FUNDS FROM OPERATIONS AND ADJUSTED FUNDS FROM OPERATIONS

Reconciliations of FFO to Net Earnings

The following table provides a reconciliation of "net earnings" to FFO, which the Company believes is the most comparable GAAP measure to FFO. In addition, the table includes a reconciliation from FFO to AFFO as supplemental information. Refer to the discussion under "Non-GAAP Measures".

	Three months ended June 30,			**Six months ended June 30,**		
(thousands of dollars unless otherwise noted)	**2025**	**2024**	**Change**	**2025**	**2024**	**Change**
Net earnings	**31,927**	25,890	6,037	**46,958**	38,986	7,972
Add (Deduct):						
Depreciation and amortization	**8,480**	8,049	431	**16,753**	16,204	549
Depreciation for FFEC (maintenance capex)	**(1,939)**	(1,957)	18	**(3,827)**	(3,913)	86
Depreciation for office leases	**(756)**	(689)	(67)	**(1,488)**	(1,426)	(62)
Other expense	**(11,910)**	(5,692)	(6,218)	**(8,740)**	(3,786)	(4,954)
Fair value adjustments	**(1,009)**	116	(1,125)	**687**	(204)	891
Current income tax recovery on other expense and fair value adjustments	**(102)**	(126)	24	**(945)**	(631)	(314)
Deferred income tax recovery	**314**	(1,783)	2,097	**(2,127)**	(3,059)	932
FFO adjustments for joint ventures(i)	**426**	456	(30)	**1,113**	859	254
FFO	**25,431**	24,264	1,167	**48,384**	43,030	5,354
Amortization of deferred financing costs	**314**	409	(95)	**603**	692	(89)
Accretion costs	**76**	205	(129)	**661**	598	63
Non-cash share-based compensation	**1,418**	509	909	**(2,494)**	(461)	(2,033)
Principal portion of government capital funding	**405**	391	14	**808**	859	(51)
Additional maintenance capex	**(3,030)**	(2,488)	(542)	**(3,727)**	(3,734)	7
AFFO adjustments for joint ventures(i)	**162**	(217)	379	**348**	(281)	629
AFFO	**24,776**	23,073	1,703	**44,583**	40,703	3,880
Per Basic Share *($)*						
FFO	**0.301**	0.288	0.013	**0.573**	0.511	0.062
AFFO	**0.293**	0.274	0.019	**0.528**	0.484	0.044
Per Diluted Share *($)*						
FFO	**0.297**	0.271	0.026	**0.565**	0.485	0.080
AFFO	**0.290**	0.254	0.036	**0.521**	0.450	0.071
Dividends						
Declared	**10,561**	10,013	548	**20,759**	20,001	758
Declared per share *($)*	**0.126**	0.120	0.006	**0.248**	0.240	0.008
Weighted Average Number of Shares						
Basic *(000's)*	**84,599**	84,305		**84,472**	84,184	
Diluted *(000's)*	**85,555**	95,248		**85,614**	95,229	
Current income tax expense included in FFO	**9,273**	8,911	362	**16,445**	15,189	1,256
FFO effective tax rate	***26.7 %***	*26.9 %*		***25.4 %***	*26.1 %*	

(i) Refer to the additional information provided under "FFO and AFFO Adjustments for Joint Ventures".

Reconciliations of AFFO to Net Cash From Operating Activities

The following table provides a reconciliation of AFFO to "net cash from operating activities", which the Company believes is the most comparable GAAP measure to AFFO. Refer to the discussion under "Non-GAAP Measures".

	Three months ended June 30,			Six months ended June 30,		
(thousands of dollars)	**2025**	**2024**	**Change**	**2025**	**2024**	**Change**
Net cash from operating activities	**52,936**	44,155	8,781	**71,357**	83,571	(12,214)
Add (Deduct):						
Net change in operating assets and liabilities, including interest and taxes	**(24,149)**	(18,539)	(5,610)	**(22,923)**	(39,724)	16,801
Other expense	**613**	1,822	(1,209)	**3,783**	3,728	55
Current income tax on items excluded from AFFO	**(102)**	(126)	24	**(945)**	(631)	(314)
Depreciation for office leases	**(756)**	(689)	(67)	**(1,488)**	(1,426)	(62)
Depreciation for FFEC (maintenance capex)[i]	**(1,939)**	(1,957)	18	**(3,827)**	(3,913)	86
Additional maintenance capex[i]	**(3,030)**	(2,488)	(542)	**(3,727)**	(3,734)	7
Principal portion of government capital funding	**405**	391	14	**808**	859	(51)
Adjustments for joint ventures[ii]	**798**	504	294	**1,545**	1,973	(428)
AFFO	**24,776**	23,073	1,703	**44,583**	40,703	3,880
Total maintenance capex[i]	**5,158**	4,829	329	**7,867**	8,240	(373)

(i) Total maintenance capex represents the aggregate of the items classified as "depreciation for FFEC" and "additional maintenance capex", and includes $0.2 million and $0.3 million in respect of the Company's 15% managed interest in joint ventures for the three and six months ended June 30, 2025, respectively. An amount equivalent to depreciation for FFEC, or furniture, fixtures, equipment and computers, is deducted in determining FFO, and the difference from the actual total maintenance capex incurred is adjusted for in determining AFFO.

(ii) Refer to the additional information provided under "FFO and AFFO Adjustments for Joint Ventures".

AFFO 2025 Second Quarter Financial Review

In Q2 2025, AFFO increased by $1.7 million to $24.8 million ($0.293 per basic share) from $23.1 million ($0.274 per basic share) in Q2 2024, largely reflecting the improvement in Adjusted EBITDA, the impact of non-cash share-based compensation, and reduced net interest costs, partially offset by increased current income taxes and higher maintenance capex. Excluding the impact of out-of-period items recognized in Q2 2024, AFFO improved by $4.7 million to $24.8 million ($0.293 per basic share) from $20.0 million ($0.238 per basic share) in the prior year period.

A discussion of the factors impacting net earnings and Adjusted EBITDA can be found under "2025 Second Quarter Financial Review".

AFFO 2025 Six Month Financial Review

For the six months ended June 30, 2025, AFFO increased by $3.9 million to $44.6 million ($0.528 per basic share) from $40.7 million ($0.484 per basic share) in the prior year period, largely reflecting the improvement in Adjusted EBITDA, reduced net interest costs and lower maintenance capex, partially offset by increased current income taxes, an unfavourable change in the adjustment for non-cash share-based compensation and share of loss from joint ventures. Excluding the impact of out-of-period items in both periods, AFFO increased by $9.9 million to $39.7 million ($0.470 per basic share) from $29.8 million ($0.354 per basic share) in the prior year period.

A discussion of the factors impacting net earnings and Adjusted EBITDA can be found under "2025 Six Month Financial Review".

Dividends declared as a percentage of AFFO for the six months ended June 30, 2025 represented a payout ratio of 47%. The Company increased its dividend by 5.0% to $0.042 per month effective with the dividend declared in March 2025. In addition to cash on hand of $72.6 million as at June 30, 2025, and ongoing cash generated from operations, the Company had $152.2 million available under its Revolving Facility as at June 30, 2025. Refer to the discussion under "Liquidity and Capital Resources".

The current income tax expense included in AFFO was $16.4 million for the six months ended June 30, 2025, compared to $15.2 million in the prior year period, representing effective tax rates on FFO of 25.4% and 26.1%, respectively. The determination of FFO includes a deduction for current income tax expense and does not include deferred income tax expense. As a result, the effective tax rates on FFO can be impacted by: adjustments to estimates of annual deferred timing differences, particularly when dealing with cash-based tax items versus accounting accruals; changes in the proportion of earnings between taxable and non-taxable entities; book-to-file adjustments for prior year filings; and the ability to utilize loss carryforwards. For 2025, the Company expects the effective tax rate on FFO will be in the range of 23% to 26%.

Including the Company's 15% managed interest in joint ventures, maintenance capex was $5.2 million for Q2 2025 compared to $4.8 million for Q2 2024 and $2.7 million for Q1 2025, representing 1.3%, 1.3% and 0.7% of revenue, respectively. For the six months ended June 30, 2025, maintenance capex was $7.9 million compared to $8.2 million in the prior year period, representing 1.0% and 1.1% of revenue, respectively. These costs fluctuate on a quarterly and annual basis with the timing of projects and seasonality. With the addition of nine homes from the LTC Acquisition, the Company expects to spend in the range of $20.0 to $22.0 million in maintenance capex, including approximately $1.2 million in connection with the Company's 15% managed interest in joint ventures, in 2025.

The following provides a reconciliation of "Adjusted EBITDA" to AFFO as supplemental information. Refer to the discussion under "Non-GAAP Measures".

	Three months ended June 30,			Six months ended June 30,		
(thousands of dollars)	**2025**	**2024**	**Change**	**2025**	**2024**	**Change**
Adjusted EBITDA	**39,785**	38,611	1,174	**75,391**	68,743	6,648
Add (Deduct):						
Depreciation for FFEC (maintenance capex)	**(1,939)**	(1,957)	18	**(3,827)**	(3,913)	86
Depreciation for office leases	**(756)**	(689)	(67)	**(1,488)**	(1,426)	(62)
Accretion costs	**(76)**	(205)	129	**(661)**	(598)	(63)
Interest expense	**(4,304)**	(5,228)	924	**(8,518)**	(10,216)	1,698
Interest revenue	**1,358**	1,922	(564)	**2,735**	3,375	(640)
FFO adjustments for joint ventures	**636**	721	(85)	**1,197**	2,254	(1,057)
	34,704	33,175	1,529	**64,829**	58,219	6,610
Current income tax expense	**9,273**	8,911	362	**16,445**	15,189	1,256
FFO	**25,431**	24,264	1,167	**48,384**	43,030	5,354
Amortization of deferred financing costs	**314**	409	(95)	**603**	692	(89)
Accretion costs	**76**	205	(129)	**661**	598	63
Non-cash share-based compensation	**1,418**	509	909	**(2,494)**	(461)	(2,033)
Principal portion of government capital funding	**405**	391	14	**808**	859	(51)
Additional maintenance capex	**(3,030)**	(2,488)	(542)	**(3,727)**	(3,734)	7
AFFO adjustments for joint ventures	**162**	(217)	379	**348**	(281)	629
AFFO	**24,776**	23,073	1,703	**44,583**	40,703	3,880

FFO and AFFO Adjustments for Joint Ventures

The following tables provide additional information in respect of the adjustments to FFO and AFFO for joint ventures. Refer to the discussion under "Non-GAAP Measures".

	Three months ended June 30,			Six months ended June 30,		
(thousands of dollars)	**2025**	**2024**	**Change**	**2025**	**2024**	**Change**
Depreciation and amortization	**675**	546	129	**1,348**	1,018	330
Depreciation for FFEC (maintenance capex)	**(153)**	(90)	(63)	**(289)**	(159)	(130)
Fair value adjustments	**(96)**	—	(96)	**54**	—	54
FFO adjustments for joint ventures	**426**	456	(30)	**1,113**	859	254
Amortization of deferred financing costs	**45**	—	45	**84**	—	84
Principal portion of government capital funding	**153**	77	76	**288**	153	135
Additional maintenance capex	**(36)**	(294)	258	**(24)**	(434)	410
AFFO adjustments for joint ventures	**162**	(217)	379	**348**	(281)	629

	Three months ended June 30,			Six months ended June 30,		
(thousands of dollars)	**2025**	**2024**	**Change**	**2025**	**2024**	**Change**
Net cash from operating activities	**1,296**	1,336	(40)	**2,503**	3,306	(803)
Net change in operating assets and liabilities, including interest and taxes	**(462)**	(525)	63	**(933)**	(893)	(40)
Depreciation for FFEC (maintenance capex)	**(153)**	(90)	(63)	**(289)**	(159)	(130)
Additional maintenance capex	**(36)**	(294)	258	**(24)**	(434)	410
Principal portion of government capital funding	**153**	77	76	**288**	153	135
Adjustments for joint ventures	**798**	504	294	**1,545**	1,973	(428)
Total maintenance capex for joint ventures	**189**	384	(195)	**313**	593	(280)

	Three months ended June 30,			Six months ended June 30,		
(thousands of dollars)	**2025**	**2024**	**Change**	**2025**	**2024**	**Change**
Adjusted EBITDA	**1,296**	1,336	(40)	**2,503**	3,306	(803)
Depreciation for FFEC (maintenance capex)	**(153)**	(90)	(63)	**(289)**	(159)	(130)
Interest expense	**(762)**	(657)	(105)	**(1,497)**	(1,134)	(363)
Interest revenue	**255**	132	123	**480**	241	239
FFO adjustments for joint ventures	**636**	721	(85)	**1,197**	2,254	(1,057)
Amortization of deferred financing costs	**45**	—	45	**84**	—	84
Principal portion of government capital funding	**153**	77	76	**288**	153	135
Additional maintenance capex	**(36)**	(294)	258	**(24)**	(434)	410
AFFO adjustments for joint ventures	**162**	(217)	379	**348**	(281)	629

LIQUIDITY AND CAPITAL RESOURCES

Sources and Uses of Cash

The following summarizes the sources and uses of cash for the six months ended June 30, 2025 and 2024.

	Six months ended June 30,	
(thousands of dollars)	**2025**	**2024**
Net cash from operating activities	**71,357**	83,571
Net cash (used in) from investing activities	**(88,642)**	7,902
Net cash used in financing activities	**(31,946)**	(30,254)
(Decrease) increase in cash and cash equivalents	**(49,231)**	61,219

As at June 30, 2025, the Company had cash and cash equivalents on hand of $72.6 million, reflecting a decrease in cash of $49.2 million from the beginning of the year. Cash flow from operating activities of $71.4 million for the six months ended June 30, 2025 was in excess of cash dividends paid of $20.6 million.

Net cash from operating activities was a source of cash of $71.4 million for the six months ended June 30, 2025, down $12.2 million from a source of cash of $83.6 million in the prior year period, reflecting income taxes paid for a favourable increase in earnings for the prior year period, partially offset by favourable changes in operating assets and liabilities between periods. Fluctuations in operating assets and liabilities between periods are primarily attributable to the volatility and timing of cash receipts related to funding changes and flow-through funding, and the timing of payroll cycles.

Net cash used in investing activities was a use of cash of $88.6 million for the six months ended June 30, 2025 as compared to a source of cash of $7.9 million in the prior year period. The 2025 activity included an increase in restricted cash of $75.1 million in connection with the CTG Transaction that closed on July 1, 2025, $41.9 million in connection with the LTC Acquisition, purchases of property, equipment and other intangible assets of $29.3 million, of which $12.3 million related to construction costs associated with the three LTC projects sold to Axium JV in May 2025, and investments in the Joint Ventures of $1.1 million. This was partially offset by proceeds of $57.4 million from the sale of the three redevelopment projects to Axium JV, the collection of other assets of $0.8 million and distributions from investments in the Joint Ventures of $0.6 million. The 2024 activity included proceeds of $20.5 million from the sale of assets to Axium JV, proceeds of $5.3 million from the sale of the vacated LTC home in Sudbury, the collection of other assets of $0.9 million and distributions from investments in the Joint Ventures of $0.5 million, partially offset by purchases of property, equipment and other intangible assets of $18.8 million and investments in the Joint Ventures of $0.4 million.

The table that follows summarizes the additions to property, equipment and other intangibles, allocated between growth and maintenance capex. Growth capex relates to the LTC redevelopment projects, building improvements, investments in transitioning key IT platforms to cloud-based solutions, or other capital projects, all of which are aimed at earnings growth. Maintenance capex relates to the capital additions incurred to sustain and upgrade existing property and equipment.

	Six months ended June 30,	
(thousands of dollars)	**2025**	**2024**
Growth capex	**17,537**	9,011
Maintenance capex	**7,554**	7,647
	25,091	16,658

Management monitors and prioritizes the capital expenditure requirements of its properties throughout the year, taking into account the urgency and necessity of the expenditure. Growth capex in 2025 will be focused primarily on the LTC projects under construction, redevelopment activities and continued investments in technology to support growth initiatives (refer to "Other Contractual Obligations and Contingencies – Commitments"). The level of future growth capex will primarily be impacted by the timing of redevelopment projects advancing to construction, which is dependent on future enhancements to the Capital Funding Program in Ontario, any potential redevelopment programs that are introduced in Alberta and Manitoba, and whether such projects are sold to Axium JV.

Net cash used in financing activities was a use of cash of $31.9 million for the six months ended June 30, 2025, an increase of $1.7 million from a use of cash of $30.3 million in the prior year period. The 2025 activity included cash dividends paid of $20.6 million, and debt and lease liability repayments of $10.4 million. The 2024 activity included cash dividends paid of $20.0 million and debt and lease liability repayments of $9.7 million.

Capital Structure

SHAREHOLDERS' EQUITY

Total shareholders' equity as at June 30, 2025, was $148.9 million as compared to $124.4 million at December 31, 2024, reflecting the contributions from net earnings and comprehensive income, offset by dividends declared of $20.8 million.

As at June 30, 2025, the Company had 83,817,909 Common Shares issued and outstanding (carrying value – $469.5 million), as compared to 83,466,978 Common Shares (carrying value – $469.3 million) as at December 31, 2024, reflecting 350,931 Common Shares issued under the Company's equity-based compensation plan.

Share Information *(000's)*	**August 5, 2025**	**June 30, 2025**	**December 31, 2024**
Common Shares (TSX symbol: EXE)(i)	**83,817.9**	**83,817.9**	83,467.0

(i) Closing market value per TSX on August 5, 2025, was $12.69.

As at August 6, 2025, the Company had an aggregate of 3,225,017 Common Shares reserved and available for issuance pursuant to the Company's long-term incentive plan, of which there were in aggregate 2,282,574 performance share units and deferred share units outstanding as at June 30, 2025 (refer to *Note 8* of the consolidated financial statements).

Dividends

The Company declared cash dividends of $0.248 per share in the six months ended June 30, 2025, compared with $0.240 per share in the same prior year period, representing $20.8 million and $20.0 million in each period, respectively.

As announced on February 27, 2025, the Company increased its dividend by 5.0% to $0.042 per month effective with the dividend to be declared in March 2025.

Normal Course Issuer Bid

In June 2025, the Company received approval from the TSX to renew its NCIB to purchase for cancellation up to 7,281,193 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, 2025, and provides the Company with flexibility to purchase Common Shares for cancellation until July 1, 2026, 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 44,803 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. The Board 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 quantity and timing of purchases of Common Shares are based on market conditions, share price and the outlook for capital needs, including LTC redevelopment needs and other factors. As at August 5, 2025, there were no purchases made under the Company's NCIB program during 2025.

Long-term Debt

Long-term debt totalled $284.1 million as at June 30, 2025, as compared to $292.5 million as at December 31, 2024, representing a decrease of $8.4 million, largely reflecting regular debt and lease liability repayments of $10.4 million. The current portion of long-term debt as at June 30, 2025 was $16.9 million.

The Company is subject to debt service coverage covenants on its $375.0 million Senior Secured Credit Facility, and certain of its loans and was in compliance with all covenants as at June 30, 2025. Details of the components, maturities dates, terms and conditions of long-term debt are provided in *Note 7* of the consolidated financial statements.

NON-CMHC MORTGAGES

In March 2025, the Company renewed three of its mortgages. These renewed mortgages each have a maturity date of April 1, 2030 and a fixed interest rate of 5.05%.

SENIOR SECURED CREDIT FACILITIES

In May 2025, the Company increased the Senior Secured Credit Facility by $100.0 million, bringing the total facility to $375.0 million, adding $45.0 million to the Revolving Facility, increasing it to $190.0 million, and $55.0 million to the Delayed Draw Facility, increasing it to $185.0 million. In Q4 2024, the Company had fully utilized the $130.0 million available under the Delayed Draw Facility. In July 2025, the Company drew the additional $55.0 million under the Delayed Draw Facility to partially fund the CTG Transaction.

The Senior Secured Credit Facility is secured by 30 LTC homes and is subject to customary financial and non-financial covenants and other terms. The Revolving Facility is available for working capital and general corporate purposes, including capital expenditures and acquisitions. The Senior Secured Credit Facility includes provisions for consecutive one-year extensions of the initial three-year term, and the ability to increase the Revolving Facility by up to an additional $75.0 million, subject in each case to satisfying certain conditions and lender approval.

Borrowings under the Senior Secured Credit Facility can take place by way of direct borrowings at either the prime rate plus an applicable margin ranging from 0.70% to 1.95%, or the Canadian Overnight Repo Rate Average ("CORRA") plus an applicable margin ranging from 1.70% to 2.95%, or through letters of credit. Concurrent with the $55.0 million draw under the Delayed Draw Facility, the Company amended its existing swap contracts with a syndicate of Canadian chartered banks for the total remaining amount owing under the Delayed Draw Facility of $180.1 million to fix the CORRA portion of the interest rate of the credit facility at a rate of 2.80%, maturing in November 2029.

As at June 30, 2025, the Company had issued $37.8 million in letters of credit under the Revolving Facility, leaving $152.2 million of undrawn capacity under the Revolving Facility. The letters of credit consisted of $24.2 million to secure the Company's legacy defined benefit pension plan obligations, $13.1 million to secure the Company's obligation to fund capital contributions to the Joint Ventures in connection with construction of LTC redevelopment projects within the Joint Ventures, and $0.5 million to secure obligations relating to LTC homes.

For more information on the Senior Secured Credit Facility and CTG Transaction, refer to "Significant Developments" and *Notes 7 and 17* of the consolidated financial statements.

LONG-TERM DEBT KEY METRICS

Management has limited the amount of debt that may be subject to changes in interest rates, with $19.5 million of mortgage debt at variable rates. The Company's $125.1 million borrowing under the Delayed Draw Facility and term loan of $27.2 million as at June 30, 2025, have effectively been converted to fixed-rate financings with interest rate swaps over the full respective terms. As at June 30, 2025, the interest rate swaps were classified as a liability of $1.3 million.

The following summarizes key metrics of consolidated long-term debt as at June 30, 2025, and December 31, 2024.

	June 30, 2025			**December 31, 2024**		
(thousands of dollars unless otherwise noted)	**Before Adjustments for Joint Ventures**	**Adjustments for Joint Ventures**(ii)	**Adjusted for Joint Ventures**	**Before Adjustments for Joint Ventures**	**Adjustments for Joint Ventures**(ii)	**Adjusted for Joint Ventures**
Weighted average interest rate of long-term debt outstanding	**5.1%**		**5.2%**	5.1%		5.3%
Weighted average term to maturity of long-term debt outstanding	**5.3 yrs**		**8.0 yrs**	5.5 yrs		7.3 yrs
Trailing twelve months consolidated interest coverage ratio(i) (1)	**9.0 X**		**7.4 X**	7.9 X		6.5 X
Debt to Gross Book Value (GBV)						
Total assets (carrying value)	**777,830**	**120,838**	**898,668**	719,788	96,573	816,361
Accumulated depreciation on property and equipment	**299,269**	**4,899**	**304,168**	286,699	3,795	290,494
Accumulated amortization on other intangible assets	**53,203**	**1,391**	**54,594**	52,875	1,225	54,100
GBV	**1,130,302**	**127,128**	**1,257,430**	1,059,362	101,593	1,160,955
Debt(iii)	**288,140**	**94,077**	**382,217**	296,388	75,963	372,351
Debt to GBV	**25.5%**		**30.4%**	28.0%		32.1%

(i) Capitalized interest included in the calculation of the interest coverage ratio before adjustments for joint ventures was nil for the trailing twelve months ended June 30, 2025 (nil for the six months ended June 30, 2025). The calculation adjusted for joint ventures includes the Company's 15% share of the joint ventures' Adjusted EBITDA and interest expense of $5.3 million and $4.4 million, respectively, the latter of which is inclusive of $1.8 million of capitalized interest ($0.8 million for the six months ended June 30, 2025).

(ii) The adjustments to GBV represent the Company's 15% share of the joint ventures' GBV of $150.9 million less the Company's carrying value in the joint ventures of $23.7 million. The adjustment for debt represents the Company's 15% share of the joint ventures' mortgages at carrying amount, excluding deferred financing costs.

(iii) Debt excludes deferred financing costs.

Future Liquidity and Capital Resources

The Company's consolidated cash and cash equivalents on hand, excluding restricted cash, was $72.6 million as at June 30, 2025, as compared with $121.8 million as at December 31, 2024, representing a decrease of $49.2 million. In addition, the Company had access to a further $152.2 million under the Revolving Facility. Restricted cash of $76.1 million as at June 30, 2025, included $75.1 million held in trust in connection with the CTG Transaction that closed on July 1, 2025 (refer to "Significant Developments" and to *Note 17* of the consolidated financial statements). In July 2025, the Company drew an additional $55.0 million under the Delayed Draw Facility to partially fund the CTG Transaction, adding to its cash and cash equivalents on hand.

The Company had a working capital deficiency (current liabilities less current assets) of $48.5 million as at June 30, 2025, including the current portion of long-term debt of $16.9 million.

Management believes that the current cash and cash equivalents on hand, cash from operating activities, available funds from credit facilities and future debt financings will be sufficient to support the Company's ongoing business operations, including required working capital, maintenance capex and debt repayment obligations and the Company's share of capital requirements, in partnership with Axium, to support our long-term care redevelopment program. Growth through redevelopment of LTC homes over the next few years, strategic acquisitions and developments may necessitate the raising of funds through debt, equity financings and/or other means. Decisions will be made on a specific transaction basis and will depend on market and economic conditions at the time.

Inflationary impacts on operating costs, changes in interest rates such that capital and credit markets and industry sentiment are adversely affected, ongoing pressures of funding and rate increases not keeping pace with cost increases, health care staffing constraints and the potential for another pandemic, epidemic or outbreak may make it more difficult for the Company to access the necessary capital or credit markets or if able to do so, at a higher cost or less advantageous terms than existing borrowings. In addition, reduced revenue and higher operating costs due to inflationary impacts and rising interest rates may result in reductions or early prepayments of existing financings if covenants are unable to be met (refer to "Risks and Uncertainties").

OTHER CONTRACTUAL OBLIGATIONS AND CONTINGENCIES

Commitments

As at June 30, 2025, the Company had outstanding commitments of $28.0 million, primarily related to various IT service and license agreements for IT cloud-based applications in support of the Company's growth initiatives.

The Company completed the CTG Transaction on July 1, 2025, for cash consideration of approximately $75.1 million, subject to customary working capital and other adjustments. The CTG Transaction includes an earnout tied to new business revenue generation in the twelve months after closing. The additional purchase price from the earnout is estimated to be in the range of $3.5 to $5.5 million, payable on the first anniversary of closing.

For further details on the above commitments and the CTG Transaction, refer to "Significant Developments" and to *Note 13* of the consolidated financial statements.

Guarantees

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 June 30, 2025, 28 LTC homes within the Joint Ventures have existing credit facilities available of up to $910.9 million. The guarantees provided by the Company vary depending upon 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 will vary as borrowings increase on projects under construction and reduce as homes become operational, when guarantee requirements are generally lower. As at June 30, 2025, the Company has provided unsecured guarantees of $287.9 million in support of the credit facilities held by the Joint Ventures (refer to *Note 13* of the consolidated financial statements).

The Joint Ventures are subject to debt service coverage covenants on certain of their respective credit facilities. The Joint Ventures were in compliance with the covenants as at June 30, 2025.

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 "Risks and Uncertainties").

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.

ACCOUNTING POLICIES AND ESTIMATES

Critical Accounting Policies and Estimates

A full discussion of the Company's critical accounting policies and estimates was provided in the MD&A and the accompanying notes to the audited consolidated financial statements for the year ended December 31, 2024, contained in the Company's 2024 Annual Report. The disclosures in such report have not materially changed since that report was filed, and to the extent there have been any changes in management's estimates, they are discussed under "Significant Developments".

New Material Accounting Policy

During the six months ended June 30, 2025, the Company applied the accounting policy related to business combinations and asset acquisitions in connection with the LTC Transaction (refer to "Significant Developments – Acquired Nine LTC Homes From Revera and Related Transactions"). A full disclosure and effect of the accounting policy is described in *Note 2* of the consolidated financial statements.

Future Changes in Accounting Policies

PRESENTATION AND DISCLOSURE IN FINANCIAL STATEMENTS

In April 2024, the IASB published its new standard IFRS 18 *Presentation and Disclosure in Financial Statements*. This standard will replace IAS 1 *Presentation of Financial Statements* and introduce new presentation and disclosure requirements, including updates to the statement of earnings and disclosures relating to performance measures. The new standard will be effective January 1, 2027 onwards. The Company is currently assessing the potential impact of this standard on its consolidated financial statements.

NON-GAAP MEASURES

Certain measures used in this MD&A listed below, including any related per share amounts, used by management to measure, compare and explain the operating results and financial performance of the Company, are not measures recognized under GAAP and do not have standardized meanings prescribed by GAAP. These measures may differ from similar computations as reported by other issuers and, accordingly, may not be comparable to similarly titled measures as reported by such issuers. These measures are not intended to replace earnings (loss) from continuing operations, net earnings (loss), cash flow, or other measures of financial performance and liquidity reported in accordance with GAAP. Such measures are presented in this document because management believes that they are relevant measures of Extendicare's operating performance and ability to pay cash dividends.

Management uses these measures to exclude the impact of certain items, because it believes doing so provides investors a more effective analysis of underlying operating and financial performance and improves comparability of underlying financial performance between periods. The exclusion of certain items does not imply that they are non-recurring or not useful to investors.

These measures are defined below and reconciliations to the most comparable GAAP measure are referenced, as applicable.

"**Net operating income**", or "**NOI**", is defined as revenue less operating expenses, and this value represents the underlying performance of the operating business segments.

"**NOI margin**" is defined as NOI as a percentage of revenue.

"**EBITDA**" is defined as earnings (loss) from continuing operations before net finance costs, income taxes, depreciation and amortization.

"**Adjusted EBITDA**" is defined as EBITDA adjusted to exclude the line items "share of profit from investment in joint ventures" and "other (income) expense", and as a result, is equivalent to the line item "earnings before depreciation, amortization, and other" reported on the consolidated statements of earnings. Management believes that certain lenders, investors and analysts use EBITDA, Adjusted EBITDA and Adjusted EBITDA margin to measure a company's ability to service debt and meet other payment obligations, and as a common valuation measurement.

"**Adjusted EBITDA Margin**" is defined as Adjusted EBITDA as a percentage of revenue.

Reconciliations of "net operating income" and "Adjusted EBITDA" to "earnings (loss) from continuing operations before income taxes" are provided under "Select Quarterly Financial Information – Reconciliations of Adjusted EBITDA and Net Operating Income".

"**Earnings (loss) before separately reported items, net of tax**" is defined as earnings (loss) from continuing operations, excluding the following separately reported line items: "fair value adjustments", "other (income) expense" and "loss on early redemption of convertible debentures". These line items are reported separately and excluded from certain performance measures, because they are transitional in nature and would otherwise distort historical trends. "Fair value adjustments" relate to the change in the fair value of or gains and losses on interest rate agreements. "Other (income) expense" relates to gains or losses on the disposal or impairment of assets, transaction and integration costs in connection with acquisitions, restructuring and transformation charges, and proxy related costs. The above separately reported line items are reported on a pre-tax and on an after-tax basis as a means of deriving earnings (loss) from operations and related earnings per share excluding such items.

Reconciliations of "earnings (loss) from continuing operations before separately reported items" to "earnings (loss) from continuing operations" are provided under "Statement of Earnings".

"**Funds From Operations**", or "**FFO**", is defined as net earnings before income taxes, depreciation and amortization and fair value adjustments, and the line item "other (income) expense", less depreciation for furniture, fixtures, equipment and computers, or "depreciation for FFEC", depreciation for office leases, accretion costs, net interest expense and current income taxes (excluding current income taxes in respect of "fair value adjustments" and "other (income) expense" that are not otherwise included in FFO). The Company determines and includes its 15% share of FFO from its joint ventures on this same basis. Depreciation for FFEC is considered representative of the amount of maintenance (non-growth) capital expenditures, or "maintenance capex", to be used in determining FFO, as the depreciation term is generally in line with the life of these assets. FFO is a recognized earnings measure that is widely used by public real estate entities, particularly by those entities that own and/operate income-producing properties. Management believes that certain investors and analysts use FFO, and as such has included FFO to assist with their understanding of the Company's operating results.

Reconciliations of FFO to "earnings from continuing operations" are provided under "Funds From Operations and Adjusted Funds From Operations – Reconciliations of FFO to Net Earnings".

"**Adjusted Funds From Operations**", or "**AFFO**", is defined as FFO plus: i) the reversal of non-cash deferred financing and accretion costs; ii) the reversal of non-cash share-based compensation; iii) the principal portion of government capital funding; iv) amounts received from income support arrangements; and v) the reversal of income or loss of the captive insurance company that was included in the determination of FFO, as those operations were funded through investments held for the former U.S. self-insured liabilities, which are not included in the Company's reported cash and cash equivalents. In addition, AFFO is further adjusted to account for the difference in total maintenance capex incurred from the amount deducted in the determination of FFO. Since the Company's actual maintenance capex spending fluctuates on a quarterly basis with the timing of projects and seasonality, the adjustment to AFFO for these expenditures from the amount of depreciation for FFEC already deducted in determining FFO, may result in an increase to AFFO in the interim periods reported. The Company determines and includes its 15% share of AFFO from its joint ventures on this same basis. Management considers AFFO a relevant measure of the ability of the Company to earn cash and pay cash dividends to shareholders.

"**Payout ratio**" is defined as the ratio of dividends declared to AFFO. Management considers this a useful metric to evaluate the Company's dividend capacity.

Both FFO and AFFO are subject to other adjustments, as determined by management in its discretion, that are not representative of the Company's operating performance.

Reconciliations of "net cash from operating activities" to "AFFO" are provided under "Funds From Operations and Adjusted Funds From Operations – Reconciliations of AFFO to Net Cash From Operating Activities".

"**Interest coverage ratio**" and "**net interest coverage ratio**" are defined as the ratio of Adjusted EBITDA to interest expense, including interest capitalized and excluding financing prepayment costs and the amortization of deferred financing costs, and in the case of 'net interest', including interest revenue. Management considers these relevant measures as they indicate the Company's ability to meet its interest cost obligations on a trailing twelve-month basis.

RISKS AND UNCERTAINTIES

There are certain risks inherent in an investment in securities and activities of the Company, which investors should carefully consider before investing in the Company. Risks and uncertainties are disclosed in the Company's 2024 Annual Information Form, including without limitation, "Risks Related to Inflationary Pressures and Supply Chain Interruptions", "Risks Related to Liability and Insurance", "Risks Related to Government Oversight, Funding and Regulatory Changes", and "Risks Related to a Pandemic, Epidemic or Outbreak of a Contagious Illness, such as COVID-19", found under the section "Risk Factors – Risks Related to the Business" and "Cash Dividends Are Not Guaranteed", found under the section "Risk Factors – Risks Related to the Common Shares". To the extent there have been any changes to those risks or uncertainties as of the date of this MD&A, they are discussed under "Forward-looking Statements" and "Significant Developments".

Endnote

(1) This is a non-GAAP financial measure. Refer to the discussion under "Non-GAAP Measures".

Interim Condensed Consolidated Financial Statements

Q2 2025

Extendicare Inc.
Dated: August 6, 2025

Extendicare Inc.
Interim Condensed Consolidated Financial Statements

Three and six months ended June 30, 2025 and 2024

Extendicare Inc.
Interim Condensed Consolidated Statements of Financial Position
(Unaudited)

(thousands of dollars)	***notes***	**June 30, 2025**	**December 31, 2024**
Assets			
Current assets			
Cash and cash equivalents		**72,615**	121,846
Restricted cash	***17***	**76,061**	710
Accounts receivable		**95,647**	92,324
Income taxes recoverable		**1,142**	—
Other assets		**22,577**	28,819
Total current assets		**268,042**	243,699
Non-current assets			
Property and equipment	***4***	**330,759**	295,231
Goodwill and other intangible assets	***5***	**115,928**	120,907
Other assets		**33,588**	29,433
Deferred tax assets		**5,791**	5,772
Investment in joint ventures	***6***	**23,722**	24,746
Total non-current assets		**509,788**	476,089
Total assets		**777,830**	719,788
Liabilities and Equity			
Current liabilities			
Accounts payable and accrued liabilities		**296,790**	241,497
Income taxes payable		**2,869**	20,293
Current portion of long-term debt	***7***	**16,861**	31,093
Total current liabilities		**316,520**	292,883
Non-current liabilities			
Long-term debt	***7***	**267,254**	261,394
Provisions		**9,716**	9,055
Other long-term liabilities		**30,073**	24,943
Deferred tax liabilities		**5,359**	7,161
Total non-current liabilities		**312,402**	302,553
Total liabilities		**628,922**	595,436
Share capital	***9***	**469,523**	469,328
Contributed surplus	***8***	**12,330**	14,331
Accumulated deficit		**(327,035)**	(352,546)
Accumulated other comprehensive loss		**(5,910)**	(6,761)
Shareholders' equity		**148,908**	124,352
Total liabilities and equity		**777,830**	719,788

See accompanying notes to the unaudited interim condensed consolidated financial statements.
Commitments and Contingencies (*Note 13)*, Subsequent Events *(Notes 7, 17).*

Extendicare Inc.
Interim Condensed Consolidated Statements of Earnings
(Unaudited)

		Three months ended June 30,		Six months ended June 30,	
(thousands of dollars except for per share amounts)	***notes***	**2025**	**2024**	**2025**	**2024**
Revenue		**383,445**	348,482	**758,099**	715,577
Operating expenses		**328,473**	295,675	**652,899**	618,027
Administrative costs		**15,187**	14,196	**29,809**	28,807
Total expenses	***10***	**343,660**	309,871	**682,708**	646,834
Earnings before depreciation, amortization, and other		**39,785**	38,611	**75,391**	68,743
Depreciation and amortization	***4, 5***	**8,480**	8,049	**16,753**	16,204
Other income	***11***	**(11,910)**	(5,692)	**(8,740)**	(3,786)
Share of profit from investment in joint ventures	***6***	**(210)**	(265)	**(84)**	(1,395)
Earnings before net finance costs and income taxes		**43,425**	36,519	**67,462**	57,720
Net finance costs	***12***	**2,013**	3,627	**7,131**	7,235
Earnings before income taxes		**41,412**	32,892	**60,331**	50,485
Current income tax expense		**9,171**	8,785	**15,500**	14,558
Deferred income tax expense (recovery)		**314**	(1,783)	**(2,127)**	(3,059)
Total income tax expense		**9,485**	7,002	**13,373**	11,499
Net earnings		**31,927**	25,890	**46,958**	38,986
Basic Earnings per Share					
Net earnings		**$0.378**	$0.307	**$0.556**	$0.463
Diluted Earnings per Share					
Net earnings		**$0.373**	$0.289	**$0.548**	$0.443

See accompanying notes to the unaudited interim condensed consolidated financial statements.

Extendicare Inc.
Interim Condensed Consolidated Statements of Comprehensive Income
(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
(thousands of dollars)	**2025**	**2024**	**2025**	**2024**
Net earnings	**31,927**	25,890	**46,958**	38,986
Other Comprehensive Income, Net of Taxes				
Items that will not be reclassified to profit or loss:				
Defined benefit plan actuarial gains	**1,249**	62	**1,158**	342
Tax expense on changes in defined benefit plan	**(331)**	(17)	**(307)**	(91)
Other comprehensive income, net of taxes	**918**	45	**851**	251
Total comprehensive income	**32,845**	25,935	**47,809**	39,237

See accompanying notes to the unaudited interim condensed consolidated financial statements.

Extendicare Inc.
Interim Condensed Consolidated Statements of Changes in Equity
(Unaudited)

(thousands of dollars, except for number of shares)	***notes***	***Number of Shares***	**Share Capital**	**Equity Portion of Convertible Debentures**	**Contributed Surplus**	**Accumulated Deficit**	**Accumulated Other Comprehensive Loss**	**Shareholders' Equity**
Balance at January 1, 2024		*83,158,315*	467,347	7,085	13,087	(393,471)	(6,128)	87,920
Share-based compensation	*8*	*308,663*	1,981	—	(1,916)	(526)	—	(461)
Net earnings		—	—	—	—	38,986	—	38,986
Dividends declared	*9*	—	—	—	—	(20,001)	—	(20,001)
Other comprehensive income		—	—	—	—	—	251	251
Balance at June 30, 2024		*83,466,978*	469,328	7,085	11,171	(375,012)	(5,877)	106,695

(thousands of dollars, except for number of shares)	***notes***	***Number of Shares***	**Share Capital**	**Equity Portion of Convertible Debentures**	**Contributed Surplus**	**Accumulated Deficit**	**Accumulated Other Comprehensive Loss**	**Shareholders' Equity**
Balance at January 1, 2025		***83,466,978***	**469,328**	**—**	**14,331**	**(352,546)**	**(6,761)**	**124,352**
Share-based compensation	***8***	***350,931***	**195**	**—**	**(2,001)**	**(688)**	**—**	**(2,494)**
Net earnings		**—**	**—**	**—**	**—**	**46,958**	**—**	**46,958**
Dividends declared	***9***	**—**	**—**	**—**	**—**	**(20,759)**	**—**	**(20,759)**
Other comprehensive income		**—**	**—**	**—**	**—**	**—**	**851**	**851**
Balance at June 30, 2025		***83,817,909***	**469,523**	**—**	**12,330**	**(327,035)**	**(5,910)**	**148,908**

See accompanying notes to the unaudited interim condensed consolidated financial statements.

Extendicare Inc.
Interim Condensed Consolidated Statements of Cash Flows
(Unaudited)

		Three months ended June 30,		Six months ended June 30,	
(thousands of dollars)	***notes***	**2025**	**2024**	**2025**	**2024**
Operating Activities					
Net earnings		**31,927**	25,890	**46,958**	38,986
Adjustments for:					
Share-based compensation		**1,418**	509	**(2,494)**	(461)
Depreciation and amortization	***4, 5***	**8,480**	8,049	**16,753**	16,204
Net finance costs	***12***	**2,013**	3,627	**7,131**	7,235
Current taxes		**9,266**	8,428	**15,595**	14,201
Deferred taxes		**(1,223)**	(1,783)	**(3,664)**	(3,059)
Defined benefit plan expenses		**244**	249	**487**	498
Defined benefit plan contributions		**(501)**	(561)	**(937)**	(1,002)
Gain on sale of assets to joint venture, net of tax	***11***	**(11,081)**	(2,707)	**(11,081)**	(2,707)
Gain on sale of Class C LTC assets, net of tax	***11***	**—**	(4,450)	**—**	(4,450)
Share of profit from investment in joint ventures	***6***	**(210)**	(265)	**(84)**	(1,395)
		40,333	36,986	**68,664**	64,050
Net change in operating assets and liabilities					
Accounts receivable		**(1,222)**	19,914	**1,392**	6,819
Other assets		**8,581**	1,388	**8,669**	2,249
Accounts payable and accrued liabilities		**14,987**	(8,345)	**31,529**	22,135
		62,679	49,943	**110,254**	95,253
Interest paid, net		**(2,462)**	(3,906)	**(4,832)**	(5,169)
Income taxes paid, net		**(7,281)**	(1,882)	**(34,065)**	(6,513)
Net cash from operating activities		**52,936**	44,155	**71,357**	83,571
Investing Activities					
Purchase of property, equipment and other intangible assets	***4, 5***	**(13,894)**	(9,432)	**(29,334)**	(18,791)
Change in other assets		**405**	391	**808**	859
Proceeds from sale of assets to joint venture		**57,360**	20,482	**57,360**	20,482
Proceeds from sale of Class C LTC assets		**—**	5,337	**—**	5,337
Investment in joint ventures	***6***	**(1,080)**	(435)	**(1,080)**	(435)
Distributions from investment in joint ventures	***6***	**180**	225	**597**	450
Change in restricted cash	***17***	**(75,085)**	—	**(75,085)**	—
Acquisition of LTC assets	***3***	**(41,908)**	—	**(41,908)**	—
Net cash (used in) from investing activities		**(74,022)**	16,568	**(88,642)**	7,902
Financing Activities					
Repayment of long-term debt and lease liabilities	***7***	**(4,393)**	(4,558)	**(10,376)**	(9,704)
Change in restricted cash		**(133)**	(204)	**(266)**	(263)
Dividends paid	***9***	**(10,561)**	(10,000)	**(20,577)**	(19,988)
Financing costs	***7***	**(684)**	(104)	**(727)**	(299)
Net cash used in financing activities		**(15,771)**	(14,866)	**(31,946)**	(30,254)
(Decrease) increase in cash and cash equivalents		**(36,857)**	45,857	**(49,231)**	61,219
Cash and cash equivalents at beginning of period		**109,472**	90,546	**121,846**	75,184
Cash and cash equivalents at end of period		**72,615**	136,403	**72,615**	136,403

See accompanying notes to the unaudited interim condensed consolidated financial statements.

1. GENERAL INFORMATION AND NATURE OF THE BUSINESS

The common shares (the "Common Shares") of Extendicare Inc. ("Extendicare" or the "Company") are listed on the Toronto Stock Exchange ("TSX") under the symbol "EXE". The Company and its predecessors have been in operation since 1968. The Company is a leading provider of care and services for seniors across Canada, operating under the Extendicare, ParaMed, Extendicare Assist and SGP Purchasing Network ("SGP") brands and is committed to delivering quality care to meet the needs of a growing seniors' population, inspired by its mission to provide people with the care they need, wherever they call home. The registered office of the Company is located at 3000 Steeles Avenue East, Suite 400, Markham, Ontario, Canada, L3R 4T9.

2. BASIS OF PREPARATION

a) Statement of Compliance

The unaudited interim condensed consolidated financial statements (the "consolidated financial statements") have been prepared in accordance with IAS 34 *Interim Financial Reportin*g as issued by the International Accounting Standards Board ("IASB"), and were approved by the board of directors (the "Board") of the Company on August 6, 2025.

The consolidated financial statements do not include all of the information required for full annual consolidated financial statements, and should be read in conjunction with the Company's 2024 annual audited consolidated financial statements. These consolidated financial statements follow the same accounting policies and methods of application as the consolidated financial statements for the year ended December 31, 2024, other than the new material accounting policy outlined below.

b) Basis of Measurement

The consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency. All financial information presented in dollars has been rounded to the nearest thousand, unless otherwise noted.

c) New Material Accounting Policy

BUSINESS COMBINATIONS AND ASSET ACQUISITIONS

The Company accounts for business combinations under the acquisition method in accordance with IFRS 3 *Business Combinations* when the acquired set of activities and assets meets the definition of a business and control is transferred. In determining whether a particular set of activities and assets is a business, the Company assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs. The Company also uses the optional fair value concentration test when determining whether a transaction is to be accounted for as an asset acquisition or a business combination.

The cost of a business combination is measured at the fair value of consideration transferred at the acquisition date. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair value at the date of acquisition. The Company recognizes assets or liabilities, if any, resulting from a contingent consideration arrangement at their acquisition date fair value and such amounts form part of the cost of the asset acquisition. Subsequent changes in the fair value of contingent consideration arrangements are recognized in profit and loss.

When an acquisition does not meet the criteria for business combination accounting treatment, it is accounted for as an acquisition of a group of assets and liabilities, the cost of which includes transaction costs that are allocated upon initial recognition to the assets and liabilities acquired based upon their relative fair values. In determining the fair values that drive such analysis, the Company estimates the fair value of each component using a number of sources including independent appraisals, internal analysis of recently acquired or developed properties, existing comparable properties and other market data.

d) Future Changes in Accounting Policies

PRESENTATION AND DISCLOSURE IN FINANCIAL STATEMENTS

In April 2024, the IASB published its new standard IFRS 18 *Presentation and Disclosure in Financial Statements*. This standard will replace IAS 1 *Presentation of Financial Statements* and introduce new presentation and disclosure requirements, including updates to the statement of earnings and disclosures relating to performance measures. The new standard will be effective January 1, 2027 onwards. The Company is currently assessing the potential impact of this standard on its consolidated financial statements.

3. SIGNIFICANT TRANSACTIONS

In the fourth quarter of 2024, the Company entered into an agreement with Revera Inc. (with its affiliates, "Revera") to acquire nine Class C LTC homes located in Ontario and Manitoba and one parcel of vacant land located in Ontario (the "Transaction").

On June 1, 2025, Extendicare completed the Transaction. The purchase price of $41.9 million was funded from cash on hand. Upon closing of the Transaction, the Company's existing management agreements with Revera in respect of the nine homes, as well as related development arrangement agreements, terminated in accordance with their terms.

The Company applied the optional concentration test in accordance with IFRS 3 *Business Combinations* and accounted for the Transaction as an acquisition of a group of assets and liabilities.

	notes	June 1, 2025
Accounts receivable		622
Other assets		190
Property and equipment[(i)]	*4*	68,463
Accounts payable and accrued liabilities		(27,367)
Net assets acquired		**41,908**

[(i)]Includes transaction costs of $1.7 million.

Relatedly, Revera completed a previously announced transaction to sell 21 of Revera's Class C LTC homes located in Ontario that were managed by Extendicare to a third party. Upon closing of the transaction on May 1, 2025, the Company's existing management agreements with Revera in respect of the 21 homes, as well as related development agreements, terminated in accordance with their terms. In connection with the termination of the management agreements, the Company was reimbursed an amount of $1.6 million by Revera related to amounts previously paid toward operational entitlement rights (*Note 5*).

4. PROPERTY AND EQUIPMENT

	Land & Land Improve-ments	Buildings & Leasehold Improvements	Right-of-use Assets	Furniture & Equipment	Construction in Progress ("CIP")	Projects in Progress ("PIP")	Total
Cost							
January 1, 2024	38,764	344,301	106,440	78,838	33,043	7,417	608,803
Additions	—	236	2,911	1,164	22,090	16,297	42,698
Derecognition	—	—	(1,178)	—	—	—	(1,178)
Write-offs	—	—	—	—	(479)	—	(479)
Sale of assets to joint venture *(Note 6)*	—	—	—	—	(16,059)	(257)	(16,316)
Sale of Class C LTC assets	(616)	(4,692)	—	(2,420)	—	—	(7,728)
Purchase of LTC assets from lessor	—	38,711	(82,581)	—	—	—	(43,870)
Transfers	699	11,442	—	3,891	2,521	(18,553)	—
December 31, 2024	38,847	389,998	25,592	81,473	41,116	4,904	581,930
Additions	**—**	**156**	**2,128**	**395**	**15,273**	**8,495**	**26,447**
Derecognition	**—**	**—**	**—**	**(69)**	**—**	**—**	**(69)**
Sale of assets to joint venture *(Note 6)*	**—**	**—**	**—**	**—**	**(46,743)**	**—**	**(46,743)**
Acquisition of LTC assets *(Note 3)*	**24,906**	**39,948**	**—**	**1,981**	**1,628**	**—**	**68,463**
Transfers	**34**	**2,348**	**(85)**	**2,756**	**—**	**(5,053)**	**—**
June 30, 2025	**63,787**	**432,450**	**27,635**	**86,536**	**11,274**	**8,346**	**630,028**

	Land & Land Improve-ments	Buildings & Leasehold Improvements	Right-of-use Assets	Furniture & Equipment	CIP	PIP	Total
Accumulated Depreciation and Impairment Losses							
January 1, 2024	6,612	210,062	53,573	42,659	—	—	312,906
Depreciation	607	11,557	5,380	7,824	—	—	25,368
Derecognition	—	—	(767)	—	—	—	(767)
Sale of Class C LTC assets	(214)	(4,311)	—	(1,369)	—	—	(5,894)
Purchase of LTC assets from lessor	—	—	(44,914)	—	—	—	(44,914)
December 31, 2024	7,005	217,308	13,272	49,114	—	—	286,699
Depreciation	**304**	**7,282**	**1,235**	**3,808**	**—**	**—**	**12,629**
Derecognition	**—**	**—**	**—**	**(59)**	**—**	**—**	**(59)**
June 30, 2025	**7,309**	**224,590**	**14,507**	**52,863**	**—**	**—**	**299,269**
Carrying Amounts							
December 31, 2024	31,842	172,690	12,320	32,359	41,116	4,904	295,231
June 30, 2025	**56,478**	**207,860**	**13,128**	**33,673**	**11,274**	**8,346**	**330,759**

5. GOODWILL AND OTHER INTANGIBLE ASSETS

	Goodwill	Operational Entitlements	Software and Other Intangible Assets	Total
Cost				
January 1, 2024	45,850	20,809	99,462	166,121
Additions	—	—	7,661	7,661
December 31, 2024	45,850	20,809	107,123	173,782
Additions	**—**	**—**	**772**	**772**
Derecognition (*Note 3*)	**—**	**(5,423)**	**—**	**(5,423)**
June 30, 2025	**45,850**	**15,386**	**107,895**	**169,131**

	Goodwill	Operational Entitlements	Software and Other Intangible Assets	Total
Accumulated Amortization				
January 1, 2024	—	550	41,264	41,814
Amortization	—	1,266	7,134	8,400
Impairment	—	2,661	—	2,661
December 31, 2024	—	4,477	48,398	52,875
Amortization	**—**	**380**	**3,744**	**4,124**
Derecognition (*Note 3*)	**—**	**(3,796)**	**—**	**(3,796)**
June 30, 2025	**—**	**1,061**	**52,142**	**53,203**
Carrying Amounts				
December 31, 2024	45,850	16,332	58,725	120,907
June 30, 2025	**45,850**	**14,325**	**55,753**	**115,928**

6. JOINT VENTURES

Axium Extendicare LTC LP

Axium Extendicare LTC LP ("Axium JV") is jointly redeveloping certain of Extendicare's existing Ontario Class C homes. Axium LTC Limited Partnership (with its affiliates, "Axium") owns an 85% interest and Extendicare has the remaining 15% managed interest. The Company has undertaken all development activities in respect of the joint venture homes and will operate the homes upon completion of construction for a customary management fee.

In the second quarter of 2025, the Company completed the sale of three LTC homes currently under construction to Axium JV (*Note 11*). Upon completion of the transaction, Axium JV owns eight LTC homes located in Ontario, three of which are operational and five of which are under construction.

Axium Extendicare LTC II LP

Axium Extendicare LTC II LP ("Axium JV II") owns 19 Class A LTC homes located in Ontario and six homes in Manitoba, consisting of approximately 3,000 funded LTC beds, and one LTC home under construction in Ontario. The Company has a 15% managed interest in the joint venture, with the remaining 85% interest owned by Axium. Extendicare is operating the homes in consideration for a customary management fee.

The Company accounts for its investments in the joint ventures above using the equity method:

	June 30, 2025	December 31, 2024
Interest in Axium JV - 15% ownership	**8,955**	8,420
Interest in Axium JV II - 15% ownership	**14,767**	16,326
Total	**23,722**	24,746

The assets and liabilities of the joint ventures for the periods below including a reconciliation to the carrying amount of Extendicare's interest are as follows:

	June 30, 2025	December 31, 2024
Current assets (including cash and cash equivalents - $47,515)	**88,472**	57,593
Non-current assets	**875,263**	751,203
Total assets	**963,735**	808,796
Current liabilities (Current portion of long-term debt - $204,634)	**365,858**	274,786
Long-term debt	**422,048**	369,721
Other long-term liabilities	**17,223**	7,648
Total liabilities	**805,129**	652,155
Total net assets (100%)	**158,606**	156,641
Company share of net assets (15%)	**23,722**	23,467
Difference between investment carrying amount and underlying equity in net assets(i)	**—**	1,279
Carrying amount of investment in joint ventures	**23,722**	24,746

(i)Related primarily to provincial land transfer taxes and losses not attributable to Extendicare.

	June 30, 2025	December 31, 2024
Investment in joint ventures as at January 1	**24,746**	24,527
Investment in joint ventures	**1,080**	718
Distributions from investment in joint ventures	**(597)**	(2,432)
Share of profit from investment in joint ventures	**84**	1,933
Other adjustments(i)	**(1,591)**	—
Investment in joint ventures as at end of period	**23,722**	24,746

(i)Related primarily to provincial land transfer taxes and losses not attributable to Extendicare.

Financial information of the joint ventures for the period are as follows:

	Three months ended June 30,		Six months ended June 30,	
	2025	**2024**	**2025**	**2024**
Revenue	**113,844**	93,930	**222,085**	190,166
Operating expenses	**105,095**	84,848	**205,268**	167,897
Administrative costs	**110**	167	**130**	236
Earnings before depreciation, amortization, and net finance costs	**8,639**	8,915	**16,687**	22,033
Depreciation and amortization	**4,495**	3,662	**8,984**	6,806
Net finance costs	**2,745**	3,487	**7,146**	5,930
Net income (100%)	**1,399**	1,766	**557**	9,297
Company share of net income (15%)	**210**	265	**84**	1,395

7. LONG-TERM DEBT

	Interest Rate	Year of Maturity	June 30, 2025	December 31, 2024
CMHC mortgages, fixed rate	2.65% - 7.70%	2026 - 2037	**35,234**	36,771
CMHC mortgage, variable rate	Variable	2027	**19,500**	19,878
Non-CMHC mortgages and loans	5.05% - 5.64%	2027 - 2038	**92,822**	95,003
Lease liabilities(i)	4.27% - 5.50%	2025 - 2030	**15,459**	14,736
Senior secured credit facility, term loan(ii)	4.99%	2027	**125,125**	130,000
Total debt			**288,140**	296,388
Deferred financing costs			**(4,025)**	(3,901)
Total debt, net of deferred financing costs			**284,115**	292,487
Less: current portion			**(16,861)**	(31,093)
Long-term debt			**267,254**	261,394

(i) 'Year of Maturity' excludes options to extend the lease term at the end of the non-cancellable lease term.
(ii) Further discussion on interest rate in the Senior Secured Credit Facility section below.

Principal Repayments

	Mortgages and Loans		Lease	Credit	
	Regular	**Maturity**	**Liabilities**	**Facility**	**Total**
2025 remaining	4,186	—	1,825	3,250	9,261
2026	8,639	—	3,529	6,500	18,668
2027	7,140	43,151	2,936	115,375	168,602
2028	6,747	—	2,189	—	8,936
2029	7,099	—	1,773	—	8,872
Thereafter	50,623	19,971	6,221	—	76,815
Total debt principal and lease liability repayments	84,434	63,122	18,473	125,125	291,154
Interest on lease liabilities	—	—	(3,014)	—	(3,014)
Principal and lease liabilities, after interest	84,434	63,122	15,459	125,125	288,140

Long-term Debt Continuity

	June 30, 2025	December 31, 2024
As at January 1	**292,487**	334,516
Issuance of long-term debt	**—**	130,000
New lease liabilities	**2,128**	2,911
Accretion and other	**—**	1,108
Repayments of long-term debt	**(8,971)**	(8,232)
Payment of lease liabilities	**(1,405)**	(2,514)
Payment of lease liabilities related to purchased LTC assets from lessor	**—**	(8,190)
Increase in deferred financing costs	**(727)**	(3,331)
Amortization of deferred financing costs and other	**603**	1,817
Redemption of convertible debentures	**—**	(125,680)
Release of lease liabilities related to purchase of LTC assets from lessor	**—**	(29,918)
As at end of period	**284,115**	292,487

CMHC Variable Rate Mortgage

The Company has one variable rate mortgage, insured through the Canada Mortgage and Housing Corporation ("CMHC") program, that is secured by a Canadian financial institution at a variable rate based on the lender's cost of funds plus 225 basis points.

Non-CMHC Mortgages and Loans

In the first quarter of 2025, the Company renewed three of its mortgages. These renewed mortgages each have a maturity date of April 1, 2030 and a fixed interest rate of 5.05%.

Senior Secured Credit Facility

In the second quarter of 2025, the Company amended the existing senior secured credit facility agreement to increase the revolving credit facility by $45.0 million for up to $190.0 million (the "Revolving Facility") and the delayed draw term loan facility by $55.0 million in an amount up to $185.0 million (the "Delayed Draw Facility"), for a total of $375.0 million (the "Senior Secured Credit Facility"). The Senior Secured Credit Facility is secured by 30 LTC homes and is subject to certain customary financial and non-financial covenants and other terms. The Company utilized $130.0 million of the Delayed Draw Facility in the fourth quarter of 2024.

Borrowings under the Senior Secured Credit Facility can take place by way of direct borrowings at either the prime rate plus an applicable margin ranging from 0.70% to 1.95%, or the Canadian Overnight Repo Rate Average ("CORRA") plus an applicable margin ranging from 1.70% to 2.95%, or through letters of credit. The Company has swap contracts with a syndicate of Canadian chartered banks for the Delayed Draw Facility that fix the CORRA portion of the interest rate of the credit facility at a rate of 2.74%, and mature in November 2029 (*Note 12*).

Subsequent to the second quarter of 2025, the Company utilized the remaining $55.0 million of its Delayed Draw Facility to fund part of the purchase price related to the acquisition of Closing the Gap Healthcare Group Inc. (*Note 17*). The Company also then amended its existing swap contracts with a syndicate of Canadian chartered banks for the total remaining amount owing under the Delayed Draw Facility of $180.1 million to fix the CORRA portion of the interest rate of the credit facility at a rate of 2.80%, maturing in November 2029.

As at June 30, 2025, $24.2 million of the Revolving Facility secures the Company's defined benefit pension plan obligations (December 31, 2024 – $23.2 million), $13.1 million secures the Company's obligation to fund capital contributions to the joint ventures in connection with construction of LTC redevelopment projects within the joint ventures (December 31, 2024 – $10.9 million), and $0.5 million was used in connection with obligations relating to LTC homes (December 31, 2024 – $2.4 million), leaving $152.2 million unutilized (December 31, 2024 – $108.5 million).

Financial Covenants

The Company is subject to debt service coverage covenants on certain of its loans and its Senior Secured Credit Facility. The Company was in compliance with all of these covenants as at June 30, 2025.

8. SHARE-BASED COMPENSATION

Equity-settled Long-term Incentive Plan

The Company's long-term incentive plan ("LTIP") provides for a share-based component of executive and director compensation designed to encourage a greater alignment of the interests of the Company's executives and directors with its shareholders, in the form of deferred share units ("DSUs") for non-employee directors and preferred share units ("PSUs") for employees.

DSUs and PSUs granted under the LTIP do not carry any voting rights. DSUs vest immediately upon grant and PSUs vest with a term of not less than 24 months and not more than 36 months from the date of grant. The Company settled DSUs and PSUs as follows:

	DSUs and PSUs	
	Six months ended June 30,	
(number of units)	**2025**	**2024**
Settled in Common Shares issued from treasury	**350,931**	308,663
Settled in cash	**399,657**	346,655
DSUs and PSUs settled during the period	**750,588**	655,318

During the three and six months ended June 30, 2025, the Company's DSUs and PSUs were an expense of $1.4 million and $2.7 million, respectively (June 30, 2024 – $1.3 million and $2.1 million, respectively), recorded in administrative costs.

The carrying amounts of the Company's DSUs and PSUs are recorded in the consolidated statements of financial position as follows:

	June 30, 2025	December 31, 2024
Contributed surplus – DSUs	**6,305**	6,132
Contributed surplus – PSUs	**6,025**	8,199
Total	**12,330**	14,331

As at June 30, 2025, an aggregate of 3,225,017 (December 31, 2024 – 3,575,948) Common Shares were reserved and available for issuance pursuant to the LTIP.

DSU and PSU activity was as follows:

	DSUs		PSUs	
(number of units)	**Six months ended June 30, 2025**	**Year ended December 31, 2024**	**Six months ended June 30, 2025**	**Year ended December 31, 2024**
Units outstanding, beginning of period	**825,011**	857,813	**1,623,854**	1,486,841
Granted	**42,451**	97,145	**379,715**	564,584
Reinvested dividend equivalents	**15,742**	49,267	**30,698**	92,223
Change due to performance and forfeiture	**—**	—	**115,691**	(43,690)
Settled	**(79,506)**	(179,214)	**(671,082)**	(476,104)
Units outstanding, end of period	**803,698**	825,011	**1,478,876**	1,623,854
Weighted average fair value of units granted during the period at grant date	**$13.31**	$8.49	**$14.50**	$8.19

DSUs are fair valued at the date of grant using the previous day's closing trading price of the Common Shares. The grant date values of PSUs awarded were based on the fair values of one award comprised of two equal components being the adjusted funds from operations ("AFFO") and total shareholder return ("TSR"). The fair values of the AFFO component were measured using the previous day's closing trading price of the Common Shares. The fair values of the TSR component were measured using the Monte Carlo simulation method.

PSUs granted and the assumptions used to determine the grant date values are as follows:

	Six months ended June 30, 2025		Year ended December 31, 2024	
Grant date	**Mar 10, 2025**	Nov 22, 2024	Aug 22, 2024	Mar 19, 2024
Vesting date	**Mar 10, 2028**	Mar 19, 2027	Mar 19, 2027	Mar 19, 2027
PSUs granted	**379,715**	37,671	28,065	498,848
Fair value of AFFO component	**$6.52**	$5.17	$4.29	$3.81
Fair value of TSR component	**$7.98**	$6.28	$4.75	$4.09
Grant date fair value	**$14.50**	$11.45	$9.04	$7.90
Expected volatility of the Company's Common Shares	**21.77 %**	21.39 %	20.66 %	18.43 %
Expected volatility of the Index	**15.06 %**	12.99 %	16.17 %	15.85 %
Risk-free rate	**2.51 %**	3.34 %	3.24 %	3.94 %
Dividend yield	**nil**	nil	nil	nil

9. SHARE CAPITAL

Common Shares

Each Common Share is transferable, represents an equal and undivided beneficial interest in the assets of the Company and entitles the holder to one vote at all meetings of shareholders of the Company. Shareholders are entitled to receive dividends from the Company when declared by the Board. During the three and six months ended June 30, 2025, the Company declared cash dividends of $0.126 per share and $0.248 per share, respectively (June 30, 2024 – $0.120 per share and $0.240 per share, respectively).

In June 2025, the Company received approval from the TSX to renew its normal course issuer bid ("NCIB") to purchase for cancellation up to 7,281,193 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, 2025, and provides the Company with flexibility to purchase Common Shares for cancellation until July 1, 2026, 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 44,803 Common Shares. There were no purchases under the Company's NCIB program during the three and six months ended June 30, 2025.

10. EXPENSES BY NATURE

	Three months ended June 30,		Six months ended June 30,	
	2025	**2024**[(i)]	**2025**	**2024**[(i)]
Employee wages and benefits	**306,212**	271,130	**602,937**	564,417
Food, drugs, supplies and other variable costs	**14,571**	14,899	**27,668**	29,812
Property based and leases	**11,162**	11,149	**24,230**	24,207
Other	**11,715**	12,693	**27,873**	28,398
Total operating expenses and administrative costs	**343,660**	309,871	**682,708**	646,834

[(i)]Certain comparative information has been reclassified to conform to the current year presentation.

11. OTHER INCOME AND EXPENSE

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	**2025**	2024
Strategic transformation costs	**—**	1,822	**3,182**	3,728
Gain on sale of assets to joint venture	**(12,523)**	(2,862)	**(12,523)**	(2,862)
Gain on sale of Class C LTC assets	**—**	(4,652)	**—**	(4,652)
Transaction costs	**632**	—	**632**	—
Other	**(19)**	—	**(31)**	—
Total other income	**(11,910)**	(5,692)	**(8,740)**	(3,786)

Strategic Transformation Costs

In the first quarter of 2025, the Company incurred transaction, legal, regulatory, IT integration and management transition costs related to the strategic transformation of the Company.

Gain on Sale of Assets to Joint Venture

In the second quarter of 2025, the Company completed the sale to Axium JV of its LTC homes currently under construction in St. Catharines, Ontario (256 beds), Port Stanley, Ontario (128 beds), and London, Ontario (192 beds) for cash proceeds of $56.3 million, net of Extendicare's 15% retained interest, holdbacks and closing costs. The net book value of the projects was $43.0 million, resulting in a gain, before taxes of $1.4 million, of $12.5 million.

Transaction Costs

During the three and six months ended June 30, 2025, the Company incurred transaction and legal costs related to the acquisition of Closing the Gap Healthcare Group Inc. (*Notes 13, 17)*.

12. NET FINANCE COSTS

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	**2025**	2024
Interest expense	**4,304**	5,228	**8,518**	10,216
Interest revenue	**(1,358)**	(1,922)	**(2,735)**	(3,375)
Accretion	**76**	205	**661**	598
Fair value adjustments	**(1,009)**	116	**687**	(204)
Net finance costs	**2,013**	3,627	**7,131**	7,235

Fair Value Adjustments

Fair value adjustments related to interest rate swap contracts for the three and six months ended June 30, 2025 were a gain of $1.0 million and a loss of $0.7 million, respectively (June 30, 2024 – loss of $0.1 million and gain of $0.2, respectively). The interest rate swaps changed from a liability of $0.6 million as at December 31, 2024 to a liability of $1.3 million as at June 30, 2025. All interest rate swap contracts are measured at FVTPL and are categorized as Level 2 on the fair value hierarchy, and hedge accounting has not been applied (*Note 7*).

13. COMMITMENTS AND CONTINGENCIES

Commitments

As at June 30, 2025, the Company has outstanding commitments of $28.0 million, primarily related to various IT service and licence agreements for IT cloud-based applications in support of the Company's growth initiatives. The expected payments towards those obligations are due as follows:

	Total
2025	3,891
2026	10,436
2027 and thereafter	13,668
Total	27,995

In the third quarter and the fourth quarter of 2024, the Company entered into fixed-price construction agreements totalling $183 million, in connection with the constructions of new homes in St, Catharines, Port Stanley, and London, Ontario. In the second quarter of 2025, the Company sold the aforementioned LTC homes currently under construction to Axium JV, with Extendicare retaining a 15% managed interest. The aforementioned fixed-price construction agreements were assumed by Axium JV upon sale of the redevelopment projects by the Company to Axium JV in the second quarter of 2025.

In the second quarter of 2025, the Company, through its wholly owned home health care subsidiary, ParaMed, entered into an agreement to acquire all of the issued and outstanding shares of Closing the Gap Healthcare Group Inc. and certain affiliates (collectively, "Closing the Gap") (the "CTG Transaction"). The CTG Transaction includes an earnout tied to new business revenue generation in the twelve months after closing. The estimated additional purchase price from the earnout is between $3.5 million to $5.5 million, and is expected to be funded from cash on hand and the Company's existing Senior Secured Credit Facility.

Subsequent to the second quarter of 2025, the Company completed the CTG Transaction (*Note 17*).

Guarantees

The Company provides unsecured guarantees related to certain credit facilities held by its 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 June 30, 2025, 28 LTC homes within the joint ventures have existing credit facilities available of up to $910.9 million. The guarantees provided by the Company vary depending upon 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 will vary as borrowings increase on projects under construction and reduce as homes become operational, when guarantee requirements are generally lower. As at June 30, 2025, the Company has provided unsecured guarantees of $287.9 million in support of the credit facilities held by its joint ventures.

The joint ventures are subject to debt service coverage covenants on certain of its credit facilities. The joint ventures were in compliance with the covenants as at June 30, 2025.

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.

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 personal support workers 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. Therefore, the Company did not record a provision with respect to this matter as at June 30, 2025. This matter could have a materially adverse impact on the Company's business, results of operations and financial condition.

14. FINANCIAL INSTRUMENTS

Fair Values of Financial Instruments

The following table presents the fair value and fair value hierarchy of the Company's financial instruments and excludes financial instruments measured at amortized cost that are short-term in nature. The carrying amounts of the Company's financial instruments approximate their fair values except for items presented below.

As at June 30, 2025	**Carrying Amount**	**Fair Value**	**Fair Value Hierarchy**
Financial assets			
Construction funding subsidy receivable(i)	**27,141**	**25,985**	Level 2
	27,141	**25,985**	
Financial liabilities			
Long-term debt(i)(ii)	**147,556**	**147,078**	Level 2
Senior secured credit facility, term loan	**125,125**	**111,998**	Level 2
	272,681	**259,076**	

As at December 31, 2024	**Carrying Amount**	**Fair Value**	**Fair Value Hierarchy**
Financial assets			
Construction funding subsidy receivable(i)	27,949	26,826	Level 2
	27,949	26,826	
Financial liabilities			
Long-term debt(i)(ii)	151,652	150,308	Level 2
Senior secured credit facility, term loan	130,000	111,731	Level 2
	281,652	262,039	

(i) Includes current portion.
(ii) Excludes leases, credit facility and netting of deferred financing costs.

15. RELATED PARTY TRANSACTIONS

Transactions with Joint Ventures

Related party transactions occur between the Company and its joint ventures. These related party transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to between the related parties. Except as disclosed elsewhere in these consolidated financial statements, the related party balances are included in accounts receivable and accounts payable, revenue, and other income, as applicable.

In the second quarter of 2025, the Company completed the sale to Axium JV of three LTC homes currently under construction (*Note 11*).

As at June 30, 2025, $1.3 million (December 31, 2024 – $1.9 million) of the Company's accounts receivable is related to its joint ventures, $10.9 million (December 31, 2024 – $7.2 million) of the Company's other assets is related to receivables from its joint ventures, $4.2 million (December 31, 2024 – $2.0 million) of the Company's accounts payable and accrued liabilities is related to payables to its joint ventures, and $9.0 million (December 31, 2024 – $3.9 million) of the Company's other long-term liabilities is related to unrealized gain and deferred revenue. For the three and six months ended June 30, 2025, $5.5 million and $10.1 million, respectively (June 30, 2024 – $3.9 million and $7.0 million, respectively) of its revenue related to the joint ventures.

As at June 30, 2025, there were distributions of $0.6 million from the joint ventures to the Company (December 31, 2024 – $2.4 million).

16. SEGMENTED INFORMATION

The Company reports on the following segments: i) long-term care; ii) home health care; iii) managed services, composed of our Extendicare Assist and SGP divisions; and iv) the corporate functions, including the Company's joint venture interests, and any intersegment eliminations as "corporate".

The long-term care segment represents the 59 long-term care homes that the Company owns and operates in Canada. Through the Company's wholly owned subsidiary ParaMed, ParaMed's home health care operations provide complex nursing care, occupational, physical and speech therapy, and assistance with daily activities to accommodate those living at home.

The Company's managed services are composed of its management, consulting and group purchasing divisions. Through the Extendicare Assist division, the Company provides management, consulting and other services to third parties and joint ventures to which the Company is a party; and through the SGP division, the Company offers cost-effective purchasing contracts to other senior care providers for food, capital equipment, furnishings, cleaning and nursing supplies, and office products.

	Three months ended June 30, 2025				
	Long-term Care	**Home Health Care**	**Managed Services**	**Corporate**	**Total**
Revenue	**207,147**	**158,606**	**17,692**	**—**	**383,445**
Operating expenses	**183,201**	**137,188**	**8,084**	**—**	**328,473**
Net operating income	**23,946**	**21,418**	**9,608**	**—**	**54,972**
Administrative costs				**15,187**	**15,187**
Earnings before depreciation, amortization, and other					**39,785**
Depreciation and amortization				**8,480**	**8,480**
Other income				**(11,910)**	**(11,910)**
Share of profit from investment in joint ventures				**(210)**	**(210)**
Earnings before net finance costs and income taxes					**43,425**
Net finance costs				**2,013**	**2,013**
Earnings before income taxes					**41,412**
Current income tax expense				**9,171**	**9,171**
Deferred income tax expense				**314**	**314**
Total income tax expense				**9,485**	**9,485**
Net earnings					**31,927**

	Three months ended June 30, 2024				
	Long-term Care	**Home Health Care**	**Managed Services**	**Corporate**	**Total**
Revenue	194,203	136,299	17,980	—	348,482
Operating expenses	168,593	119,180	7,902	—	295,675
Net operating income	25,610	17,119	10,078	—	52,807
Administrative costs				14,196	14,196
Earnings before depreciation, amortization, and other					38,611
Depreciation and amortization				8,049	8,049
Other income				(5,692)	(5,692)
Share of profit from investment in joint ventures				(265)	(265)
Earnings before net finance costs and income taxes					36,519
Net finance costs				3,627	3,627
Earnings before income taxes					32,892
Current income tax expense				8,785	8,785
Deferred income tax recovery				(1,783)	(1,783)
Total income tax expense				7,002	7,002
Net earnings					25,890

	Six months ended June 30, 2025				
	Long-term Care	**Home Health Care**	**Managed Services**	**Corporate**	**Total**
Revenue	**404,900**	**316,864**	**36,335**	**—**	**758,099**
Operating expenses	**359,754**	**276,380**	**16,765**	**—**	**652,899**
Net operating income	**45,146**	**40,484**	**19,570**	**—**	**105,200**
Administrative costs				**29,809**	**29,809**
Earnings before depreciation, amortization, and other					**75,391**
Depreciation and amortization				**16,753**	**16,753**
Other income				**(8,740)**	**(8,740)**
Share of profit from investment in joint ventures				**(84)**	**(84)**
Earnings before net finance costs and income taxes					**67,462**
Net finance costs				**7,131**	**7,131**
Earnings before income taxes					**60,331**
Current income tax expense				**15,500**	**15,500**
Deferred income tax recovery				**(2,127)**	**(2,127)**
Total income tax expense				**13,373**	**13,373**
Net earnings					**46,958**

	Six months ended June 30, 2024				
	Long-term Care	**Home Health Care**	**Managed Services**	**Corporate**	**Total**
Revenue	400,692	279,830	35,055	—	715,577
Operating expenses	349,753	251,958	16,316	—	618,027
Net operating income	50,939	27,872	18,739	—	97,550
Administrative costs				28,807	28,807
Earnings before depreciation, amortization, and other					68,743
Depreciation and amortization				16,204	16,204
Other income				(3,786)	(3,786)
Share of profit from investment in joint ventures				(1,395)	(1,395)
Earnings before net finance costs and income taxes					57,720
Net finance costs				7,235	7,235
Earnings before income taxes					50,485
Current income tax expense				14,558	14,558
Deferred income tax recovery				(3,059)	(3,059)
Total income tax expense				11,499	11,499
Net earnings					38,986

17. SUBSEQUENT EVENT

On July 1, 2025, the Company completed the CTG Transaction (*Note 13*). The aggregate cash consideration for the CTG Transaction is approximately $75.1 million, subject to customary and other adjustments. As at June 30, 2025, the cash proceeds were deposited in trust and therefore recognized as restricted cash as at June 30, 2025. The purchase price was funded from cash on hand. The Company expects to account for the CTG Transaction as a business combination under IFRS 3 *Business Combinations*, and expects the net assets acquired will primarily comprise net working capital, intangible assets and goodwill.