# Helping people live better

## 2025 Annual Report

Extendicare

## Our Mission

**To provide people with the care they need, wherever they call home.**

## Our Vision

**Everyone in Canada has access to the care and support they need to live their best lives.**

## Our Values

**We embrace every person for the individual they are.**

**We care for each person as we would our own family.**

**We collaborate with others because we achieve more together.**

**We are relentless in our efforts to improve.**

**We respect the resources entrusted to us.**

# Helping people live better

**In this Report**

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# Letter to Shareholders

## Canada's population of seniors is growing at an unprecedented pace, with the number of people aged 85 and over increasing by approximately 4% each year.

As the population ages and pressures on the health system increase, the need for expanded capacity in long-term care and home health care has never been greater. This challenge is at the heart of Extendicare's mission: that everyone in Canada has access to the care and support they need to live their best lives. Last year, we took the most significant steps in our history to meet that growing demand.

Care at home with Nubia, a Personal Support Worker

With a continued focus on access to care, we further advanced our long-term care redevelopment program and expanded our home health care platform through organic growth and strategic acquisitions. We completed the acquisition of Closing the Gap Healthcare ("CTG"), acquired nine Revera long-term care homes, and reached agreement to acquire CBI Home Health ("CBI") – a transaction that will establish ParaMed as a leading national home care provider. These acquisitions, building on strong organic growth and improving margins in the underlying business, demonstrate the value creation potential of the strategic transformation we embarked on in 2022.

The benefits of that transformation are evident in our results. Adjusted EBITDA grew more than 21% in 2025, driven by improved performance across all segments. Our services segments – home health care and managed services – accounted for approximately 55% of net operating income, underscoring the value of our shift toward a higher margin, less capital-intensive business model. For the second consecutive year, we increased our monthly dividend by 5%, to $0.0441 per share effective March 2026. These increases were made possible by our sustained financial and operating performance, prospects for future growth and sound capital structure.

## A defining moment in home health care

Across Canada, provincial governments are recognizing the vital role that home health care plays in supporting the rest of the health care system. Provinces are investing in home-based care to take pressure off overburdened hospitals. Against that backdrop, our home health care operations delivered a record 13 million hours of care in 2025, an increase of more than 18% over the previous year. Organic growth accounted for more than 12% of that increase, reflecting the investments we made in recruitment, retention, training and technology. Enhanced scheduling algorithms improved our service reliability across the breadth of our operations in urban, rural and northern communities.

**14M**

**Home health care hours** 2H/25 annualized run rate

ParaMed

**The completion of the CTG acquisition in July 2025 added approximately 1,200 caregivers and expanded ParaMed's capabilities in allied health services, including physiotherapy, occupational therapy, speech language pathology, nutrition and social work.**

# 59

**Long-term care homes owned**

**Extendicare**

The CTG acquisition in July 2025 added approximately 1,200 caregivers and expanded ParaMed's capabilities in allied health services, to include physiotherapy, occupational therapy, speech language pathology, nutrition and social work. CTG extended our reach in Ontario and Nova Scotia, contributing beyond expectations to our results in the second half of the year.

In November, we announced an agreement to acquire CBI Home Health, which we expect to close in the second quarter of 2026. CBI's 8,500 dedicated team members delivered over 10 million hours of publicly funded home health care in 2024 across seven provinces. This acquisition will mark a transformative moment for Extendicare. When it closes, our annualized capacity will approach 23 million hours of service and add Specialized Community Services ("SCS") to our offerings. SCS is a new model of care that provides services in small residential care settings offering around-the-clock support to individuals with complex needs, further advancing our mission to provide people with the care they need, wherever they call home.

## Leveraging public markets to create a Canadian health care champion

In recent years, we have seen a number of Canadian health companies acquired by foreign owners. We are proud to have been successful in keeping CTG and CBI in Canadian hands while expanding public market participation in Extendicare ownership. We completed a $200 million private placement of 10,640,000 common shares in December, adding a number of new institutional shareholders. With the support of Axium Infrastructure ("Axium"), life insurance companies and a syndicate of Canadian banks, we have invested well over $1 billion in expanding access to care through the construction of new long-term care homes, the training of health care providers and the development of a technology platform that enables efficient and reliable delivery of our services. Extendicare's scale, focus on quality and unique technological capabilities will be critical as we expand capacity to support the aging population.

**Crossing Bridge**
**Stittsville, ON**

**BEDS:** 256
**OPENED:** Early 2025

## Long-term care redevelopment projects

### Operational Homes
(# of beds)

**256**
**Countryside**
(Sudbury)

**192**
**Limestone Ridge**
(Kingston)

**256**
**Crossing Bridge**
(Stittsville)

**128**
**Elmwood Place**
(London)

**128**
**Stoneridge Manor**
(Carleton Place)

### Homes under Construction
(# of beds)

**256**
**Forest Trail**
(Peterborough)

**320**
**Beauclaire**
(Ottawa)

**256**
**Garneau Park**
(Ottawa)

**256**
St. Catharines

**128**
Port Stanley

**192**
London

**320**
Sudbury

**Garneau Park**
**Orléans, ON**

**BEDS:** 256
**OPENS:** Q1 2027

Groundbreaking in London, ON

### Strengthened long-term care operations

Our long-term care operations saw further improvement in 2025, with average occupancy reaching 98.1% and net operating income returning to pre-pandemic levels. Reduced reliance on temporary agency staff has improved cost management, continuity of care, and resident and family satisfaction. In all three provinces in which we operate, funding increases supported higher staff-to-resident ratios, and we continue to allocate significant resources to improving quality of care and customer service.

In 2025, we opened Extendicare Crossing Bridge in Stittsville, bringing 256 new and upgraded beds into operation. We currently have seven projects under construction, comprising 1,728 new beds to replace 1,375 Class C beds, featuring modern private and semi-private rooms and enhanced common areas that improve resident comfort and provide dedicated space for families to connect. With our joint venture partner Axium, we continue to advance an off-balance sheet redevelopment model that generates development and management fees while recycling capital from the disposition of older homes into new projects.

**40**
**Homes under contract**

Extendicare ASSIST

# 154K

**Third-party and joint venture beds served**

SGP PURCHASING NETWORK

Virtual reality programming at Rouge Valley

The Ontario Government's new Long-Term Care Home Capital Funding Program, introduced in 2025, provides greater flexibility without time limits, giving operators more certainty for long-term redevelopment planning. We have an additional 17 projects in our pipeline for which we are acquiring land and advancing through the development process.

## Building an ecosystem to support the seniors care sector

Our managed services segment continues to play an important role in our strategy. Through our SGP Purchasing Network ("SGP"), we leverage our scale and purchasing power to provide the sector with access to the lowest-cost inputs, supporting long-term care and retirement operators across Canada. SGP now serves approximately 154,000 beds, an increase of 5% from the previous year. SGP aggregates demand and standardizes requirements and service levels, making the sector easier to serve for suppliers and lowering costs for all participants in the network.

Clinical training at ParaMed Skills Lab

Extendicare Assist provides management services to 40 long-term care homes (28 of them within our joint ventures with Axium), comprising over 6,200 beds, and consulting and other services to an additional 25 homes. As we open new redevelopment projects in the Axium joint ventures, they move into our managed services structure. This segment generates higher margin revenues in the 50-55% range that are accretive to shareholder value.

## Investing in technology, people and communities

Technology remains a strategic priority. In 2025, we appointed a Chief Data Analytics and Knowledge Officer with a mandate to deploy artificial intelligence and knowledge management tools across the organization. The expected benefits of new technology are scalable and far-reaching – from improved clinical documentation and customer service to enhanced efficiency, more impactful team member education and improved service reliability. These investments build on our cloud-based integrated technology platform and years of sustained investment in digital assets.

Ultimately, our success depends on the dedication and skill of our team members. We continue to invest in training and upskilling, such as regional skills labs that support professional development across our home health care workforce. Our ParaMed clinical teams are leading work focused on care quality and patient experience, including new projects that drive innovation in care delivery in collaboration with health system partners. We are proud that Extendicare's leadership in the appropriate prescription of anti-psychotic medications has contributed to the establishment of more ambitious nationwide targets to reduce their use in long-term care, reflecting our commitment to high-quality, evidence-based care.

Nursing team members at Tuxedo Villa

**We extend our deepest gratitude to our more than 28,000 team members – soon to be joined by CBI's 8,500 professionals – whose exceptional care is the foundation of everything we achieve.**

In 2025, we expanded our partnership with the Alzheimer Society of Canada through their Giving Tuesday matching campaign, which raised more than $460,000. We also rallied our communities in the fight against dementia with fundraising walks at Extendicare and ParaMed locations across the country. We are committed to continuing our work with the Alzheimer Society to reduce the burden of dementia in Canada.

## Positioned for sustained growth

We enter 2026 with significant momentum. Upon closing the CBI transaction, we will serve more communities in more provinces than ever before – operating at a scale across the country necessary to meet the access challenges facing our health care system.

Fundraising walk for the Alzheimer Society of Canada

Despite the political and economic uncertainty that continues to shape the current global environment, the demographic imperative facing Canada is undeniable. The demand for seniors' care will continue to grow for years to come, and Extendicare is committed to meeting that demand through innovation, collaboration and an unwavering dedication to helping people live better.

We extend our deepest gratitude to our more than 28,000 team members – soon to be joined by CBI's 8,500 professionals – whose exceptional care is the foundation of everything we achieve. We appreciate the ongoing support we receive from our advisors, partners and suppliers that have been key contributors to our success. We also thank our shareholders for your continued support and confidence in our future. We look forward to working with all of you as we build on this momentum in 2026 and beyond.

On behalf of the team,

**Dr. Michael Guerriere**
President and CEO

**Alan Torrie**
Chairman

# Management's Discussion and Analysis

## Year ended December 31, 2025

**Extendicare Inc.**
**Dated: February 26, 2026**

# Management's Discussion and Analysis

Year ended December 31, 2025
Dated: February 26, 2026

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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 year ended December 31, 2025. This MD&A should be read in conjunction with the Company's audited consolidated financial statements for the years ended December 31, 2025 and 2024, and the notes thereto (the "consolidated financial statements"), prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board ("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 February 26, 2026, 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 acquisition of CBI Home Health LP and CBI (GP) 3 Inc. and their respective subsidiaries (collectively, "CBI Home Health"), from CBI Health LP and CBI GP Holdco Inc., including the timing of the completion and anticipated benefits of the acquisition, the integration and anticipated post-acquisition synergies and the timing of those synergies, and the intended use of proceeds from the Company's "bought deal" private placement of common shares; statements relating to the acquisition of Closing the Gap Healthcare Group Inc. and certain affiliates (collectively, "Closing the Gap"), including anticipated synergies, new business revenue and earnout amounts; statements relating to 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, tariffs 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

## Dividend Increases

Concurrent with the release of its 2025 financial results on February 26, 2026, the Company announced a 5% increase to its monthly dividend, building on the 5% increase in March 2025. As a result, the monthly dividend will increase to 4.41 cents per share, effective with the dividend to be declared in March 2026. The increase reflects the sustained operating performance throughout 2025 and the Company's sound capital structure. Continued strong performance would give the Company the opportunity to consider further dividend increases. Refer to discussions under "Funds From Continuing Operations and Adjusted Funds From Operations – AFFO 2025 Financial Review", "Liquidity and Capital Resources" and "Risks and Uncertainties – Risks Related to the Common Shares – Cash Dividends are not Guaranteed".

## Completed $200 Million Private Placement of Common Shares

As announced on December 3, 2025, the Company completed a "bought deal" private placement (the "Private Placement"), of 10,640,000 Common Shares at an issue price of $18.80 per Common Share, for gross proceeds of approximately $200.0 million. The Company intends to use the proceeds, net of underwriters' fees and expenses, of approximately $191.5 million to partially fund the acquisition of CBI Home Health.

## Reached Agreement to Acquire CBI Home Health for $570 Million

As announced on November 19, 2025, the Company, through its wholly owned home health care subsidiary, ParaMed, has entered into an agreement to acquire CBI Home Health (the "CBI Acquisition"). The CBI Acquisition will accelerate the Company's service-focused growth strategy and strengthen its national leadership position in home health care.

The CBI Acquisition is anticipated to close in Q2 2026 for a cash purchase price of $570.0 million, subject to customary adjustments, plus approximately $13.6 million in estimated lease liabilities in accordance with IFRS 16 *Leases* ("IFRS 16"). To partially finance the CBI Acquisition, the Company secured a fully committed $264.5 million upsizing of its senior secured credit facility, which was subsequently reduced to $214.5 million due to the proceeds generated from the Private Placement (refer to "– Increased Senior Secured Credit Facility to Support Growth Initiatives").

The CBI Acquisition is subject to customary closing conditions, including receipt of consents from third parties, including Ontario Health atHome ("OHaH") and Assisted Living Alberta ("ALA"), and regulatory approval pursuant to the *Competition Act* (Canada), and is not conditional on financing or due diligence.

CBI Home Health provides services in seven provinces and delivered over 10 million hours of care in 2024, with average daily volume of approximately 28,000 hours. CBI Home Health's approximately 8,500 team members provide a comprehensive suite of publicly funded home health care services, including innovative care models such as hospital to home programs, integrated care provided by interdisciplinary teams and specialized community support services, in addition to more traditional provincially funded home health care services.

CBI Home Health's standalone financial performance for the twelve months ended July 31, 2025, generated revenue of approximately $477.9 million and Adjusted EBITDA[(1)] of approximately $61.9 million[(2)] (or approximately 12.9% Adjusted EBITDA margin[(1)]). Based on these results, the purchase price of $570.0 million and approximately $13.6 million in estimated lease liabilities in accordance with IFRS 16, represent an estimated purchase price multiple of 9.4x CBI Home Health's Adjusted EBITDA. The Company expects to realize annualized run-rate synergies of approximately $7.4 million related to the integration of IT platforms and other cost synergies over the two-year period following closing of the CBI Acquisition. Including the effect of these synergies, the implied purchase price multiple would be approximately 8.4x of CBI Home Health's Adjusted EBITDA.

Given the complementary nature of ParaMed's and CBI Home Health's operations, the Company expects to realize further annualized run-rate synergies of approximately $5.0 to $7.0 million over a longer period of time as the Company deploys enhanced technology solutions to drive productivity gains in areas such as automated scheduling and front-line employee experience once CBI Home Health's business has been fully integrated.

Assuming the CBI Acquisition was funded with $359.0 million of incremental revolver and delayed draw term loan debt bearing interest at an estimated rate of 4.8%, together with the net proceeds from the Private Placement and cash on hand, and after giving effect to the estimated run-rate synergies of $7.4 million, the CBI Acquisition would have resulted in estimated accretion to fully diluted AFFO per share of 20%[(2)].

## Expanded Home Health Care Segment With Acquisition of Closing the Gap

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 provides 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 will be in the range of $1.5 to $2.0 million, payable on the first anniversary of closing and based upon estimated new business revenue of $3.0 to $4.0 million. Additionally, the Company expects to generate approximately $1.1 million in annualized cost synergies in the first year as the operations are integrated.

In Q4 2025, the CTG Transaction contributed revenue and NOI of $26.6 million and $3.8 million, respectively. For the six months ended December 31, 2025, the CTG Transaction contributed revenue and NOI of $50.6 million and $6.9 million, respectively.

For more information on the CTG Transaction and related draw on existing senior secured credit facilities refer to "Liquidity and Capital Resources – Long-term Debt – Senior Secured Credit Facility" and *Notes 4 and 11* of the consolidated financial statements.

## 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. The purchase price of $46.2 million was funded from cash on hand of $41.9 million and an estimated $4.3 million to be paid upon the sale of the land and building from one of the acquired Class C LTC homes in Ontario after it is vacated following redevelopment, and includes the assumption of certain liabilities of $27.4 million.

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

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 (Beauclaire), which is owned by Axium JV II and 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 gives 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.

In Q4 2025, the LTC Acquisition contributed revenue and NOI of $35.2 million and $4.8 million, respectively. For the seven months ended December 31, 2025, the LTC Acquisition contributed revenue and NOI of $78.5 million and $9.3 million, respectively.

## Increased Senior Secured Credit Facility to Support Growth Initiatives

### $100 MILLION INCREASE IN MAY 2025 TO SUPPORT THE CTG TRANSACTION AND LTC ACQUISITION

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.

### $214.5 MILLION INCREASE IN DECEMBER 2025 TO SUPPORT THE CBI ACQUISITION

In December 2025, conditional on the closing of the CBI Acquisition, the Company arranged a fully committed $214.5 million upsizing of the Senior Secured Credit Facility, consisting of a $60.0 million increase to the Revolving Facility and a $154.5 million increase to the Delayed Draw Facility.

The Company intends to draw the full incremental Delayed Draw Facility and utilize a portion of the upsized Revolving Facility along with cash on hand, including the net proceeds from the Private Placement, to finance the CBI Acquisition.

For more information refer to "Liquidity and Capital Resources – Long-term Debt – Senior Secured Credit Facility" and *Note 11* of the consolidated financial statements.

## Ontario LTC Redevelopment Activities

As at February 26, 2026, the Company has seven LTC redevelopment projects under construction in Ontario within the Joint Ventures, comprising 1,728 new beds to replace 1,375 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") introduced the new Long-Term Care Home Capital Funding Program ("CFP"), to support the construction of new LTC homes in the province. The new CFP provides greater funding flexibility as it more effectively addresses regional variation in construction costs, expands eligible costs for funding support and provides increased funding compared to prior programs. Notably, the new CFP has made a meaningful effort to recognize the particular cost challenges inherent in building in the Greater Toronto Area. In addition, the new CFP is not time limited, providing greater certainty that funding support for redevelopment will be available over a longer time horizon.

We continue to advance 17 redevelopment projects not already under construction to make as many of these projects as possible economically feasible under the new CFP.

**COMMENCED CONSTRUCTION OF 320-BED LTC HOME IN SUDBURY IN Q4 2025**

In November 2025, the Company commenced preliminary construction activities for a 320-bed LTC home in Sudbury, Ontario, under the new CFP. The home is anticipated to open in Q1 2029 and will replace 278 Class C beds in an existing Extendicare home in the same city. The Company entered into a $91.5 million fixed-price construction agreement for the project, which is anticipated to be sold to Axium JV in Q1 2026, with Extendicare retaining a 15% managed interest, subject to customary closing conditions, including receipt of regulatory approvals from the MLTC.

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

In April 2025, the Company completed the sale of three 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 a gain of $12.5 million (before taxes of $1.4 million) (refer to *Note 17* of the consolidated financial statements).

**OPENED LTC HOME (256 BEDS) IN AXIUM JV AND RECYCLED CAPITAL FROM SALE OF VACATED CLASS C HOME**

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

Subsequent to December 31, 2025, the Company completed the sale of the vacated West End Villa Class C property for proceeds of $12.5 million, resulting in a gain of $10.6 million (before taxes, certain closing and other costs of $0.5 million). As part of the sale, the Company provided the purchaser with a secured $9.0 million interest-bearing vendor take-back mortgage, maturing on February 5, 2027 (refer to *Note 28* 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. The Company did not purchase any Common Shares under its NCIB program during 2025 or year-to-date through to February 25, 2026 (refer to the discussion under "Liquidity and Capital Resources – Normal Course Issuer Bid").

# BUSINESS OVERVIEW

As at December 31, 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) managed on behalf of 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, which represents approximately 153,600 beds across Canada, as at December 31, 2025.

The Company's home health care segment, operating under the ParaMed brand, delivered approximately 13.0 million hours of home health care services in 2025, in Ontario, Nova Scotia and Alberta, accounting for 93.1%, 3.7% and 3.2% of its 2025 volume, respectively. Based on the six months ended December 31, 2025, following the completion of the CTG Transaction, ParaMed delivered approximately 14.0 million annualized hours of home health care services, of which Ontario, Nova Scotia and Alberta accounted for 92.3%, 4.6% and 3.1% of 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 December 31, 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 in 2025 and 2024.

| | Year ended December 31, | | | |
|---|---|---|---|---|
| | 2025 | | 2024 | |
| **Operating Segments as % of** | **Revenue** | **NOI** | **Revenue** | **NOI** |
| Long-term care | **53.7 %** | **43.2 %** | 56.4 % | 49.5 % |
| Home health care | **42.2 %** | **41.2 %** | 38.6 % | 31.2 % |
| Managed services | **4.1 %** | **15.6 %** | 5.0 % | 19.3 % |
| **Total** | **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 in Alberta by ALA 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, Alberta and Manitoba.

#### ONTARIO LTC FUNDING CHANGES

Effective July 1, 2025, the MLTC implemented a 2.4% increase in preferred accommodation premiums paid 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.

#### ALBERTA LTC FUNDING CHANGES

In August 2025, ALA announced funding changes for operators of LTC and designated supportive living homes that increased the residents' portion of funding effective August 1, 2025 and government funding increases retroactive to April 1, 2025, as outlined below, resulting in the Company recognizing approximately $1.6 million of prior period funding in Q3 2025.

Effective August 1, 2025, ALA implemented a 2.8% annual inflationary increase to the residents' share of accommodation rates, a portion of which is currently being paid by ALA due to a resident deferral period to offset high inflation. This increase represents additional annual revenue for the Company of approximately $1.2 million.

Effective April 1, 2025, ALA implemented a 1.25% annual rate increase as well as certain acuity level funding adjustments resulting in increased funding for the Company to support residents with higher acuity levels in its care. The Company estimates that these funding enhancements will provide incremental annual revenue of approximately $6.1 million.

#### MANITOBA LTC FUNDING CHANGES

In August 2025, Manitoba Health announced funding changes for LTC operators that include a 2.0% annual inflationary increase and additional funding to support an increase in direct hours of care retroactive to April 1, 2025, as well as funding to support previously incurred union wage settlements retroactive to April 1, 2024. The Company estimates that these funding increases represent additional annual revenue of approximately $4.8 million. In Q3 2025, the Company recognized approximately $2.3 million of prior period funding related to 2024.

### 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 with service providers such as ParaMed to provide these services. 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 OHaH funding changes announced for home health care to date.

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 had 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.

In October 2025, the Ontario government announced $1.1 billion in funding over three years to increase home health care volumes across the province. No further bill rate increases for the home health care sector were announced by OHaH in 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. The management contracts category consists of two offerings: i) a fully managed service, providing management oversight of the day-to-day operations of the homes and ii) a back-office services only offering. The full-service management contract offering provides the full suite of back-office support services with oversight of the day-to-day operations of a home supported by our regional support and clinical quality management teams. The full suite of back-office support services includes human resources, labour relations, payroll and benefits administration, accounting and information technology expertise supported by our cloud-based integrated technology platform that provides all of the systems needed to operate a seniors' care home. The consulting and other services category covers a wide variety of offerings, including clinical improvement programs, operational reviews, financial performance advice and LTC home redevelopment services. We also offer an LTC operating policy subscription service that can be procured as a standalone service.

As at December 31, 2025, Extendicare Assist held management contracts for 40 LTC homes with capacity for 6,237 residents, including 28 LTC homes owned by the Joint Ventures. Extendicare Assist also provided a further 25 homes with consulting and other services. Some of the LTC homes under management contract include both funded LTC beds 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 and, to a lesser degree, other parties, such as daycares, hostels and clinics, for food, capital equipment, furnishings, cleaning and nursing supplies and office products. SGP negotiates long-term, high volume contracts with suppliers that provide members with preferred pricing, thereby providing a cost-effective means to secure quality national brand-name products, along with a range of innovative services. As at December 31, 2025, SGP provided services to third parties and joint ventures to which the Company is a party representing approximately 153,600 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** |
|---|---|---|---|---|---|---|---|---|---|---|
| **Average Occupancy**[(i)] ***(%)*** | **Q4** | **Q3** | **Q2** | **Q1** | **Year** | **Q4** | **Q3** | **Q2** | **Q1** | **Year** |
| Total LTC | **98.0%** | **98.5%** | **98.3%** | **97.5%** | **98.1%** | 98.0% | 98.4% | 97.8% | 97.5% | 97.9% |
| Change over prior year period (bps) | **—** | **10** | **50** | **—** | **20** | 20 | 60 | 60 | 90 | 50 |
| Sequential quarterly change (bps) | **(50)** | **20** | **80** | **(50)** | | (40) | 60 | 30 | (30) | |
| Ontario LTC | | | | | | | | | | |
| Total ON LTC | **98.5%** | **98.6%** | **98.6%** | **98.2%** | **98.5%** | 98.5% | 99.1% | 98.7% | 98.6% | 98.7% |
| Preferred Accommodation[(ii)] | | | | | | | | | | |
| "New" homes – private | **97.3%** | **97.6%** | **97.8%** | **96.8%** | **97.4%** | 95.9% | 96.2% | 95.4% | 94.0% | 95.4% |
| "C" homes – private | **94.6%** | **94.7%** | **94.6%** | **92.3%** | **94.3%** | 94.5% | 93.5% | 94.8% | 93.3% | 94.4% |
| "C" homes – semi-private | **76.6%** | **74.9%** | **75.2%** | **72.9%** | **74.9%** | 72.5% | 70.8% | 67.0% | 66.6% | 69.1% |

(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 Q4 2025; and 99 ward-style beds at the end of Q4 2024).

(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 February 26, 2026.

| LTC Project | Owner[i] | Extendicare Ownership Interest | # of Class C Beds Replaced | # of New Beds | Construction Commenced | Expected Opening | Estimated Development Costs[ii] ($ millions) |
|---|---|---|---|---|---|---|---|
| Forest Trail (Peterborough) | Axium JV | 15.0 % | 172 | 256 | Q2-23 | Q3-26 | 104.9 |
| Beauclaire (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 | 103.3 |
| 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 |
| Sudbury | Extendicare | 100.0 % | 278 | 320 | Q4-25 | Q1-29 | 125.9 |
| | | | **1,375** | **1,728** | | | **692.3** |

(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. Furthermore, during 2025 the estimated development costs for certain projects were adjusted based on favourable changes to municipal development charges related to LTC and changes to the treatment of indirect taxes associated with new LTC developments. 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 Q4 2025, ADV increased to 39,440, up 27.3% from Q4 2024, or by 15.3% excluding the 3,700 ADV contributed by Closing the Gap. In 2025, total ADV increased by 18.2% from 2024, consisting of 12.1% organic growth augmented by ADV of 3,600 from Closing the Gap during the last two quarters of 2025. For more information refer to "Significant Developments – Expanded Home Health Care Segment With Acquisition of Closing the Gap Healthcare Group" and *Note 4* of the consolidated financial statements.

Our home health care operations have experienced sequential growth in ADV every quarter since Q3 2022. The pent-up demand for services following the COVID-19 pandemic and improvements in our recruiting and retention programs have driven volume growth and lessened the seasonality that has historically characterized our business, muting the seasonal softness in ADV typically experienced in the summer months. If demand growth slows, historical seasonal patterns may become more evident in the results.

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 |
|---|---|---|---|---|---|---|---|---|---|---|
| Service Volumes | Q4 | Q3 | Q2 | Q1 | Year | Q4 | Q3 | Q2 | Q1 | Year |
| Hours of service *(000's)* | **3,628.4** | **3,460.0** | **3,031.2** | **2,844.3** | **12,963.9** | 2,851.4 | 2,776.7 | 2,732.5 | 2,639.7 | 11,000.2 |
| ADV | **39,440** | **37,609** | **33,310** | **31,603** | **35,518** | 30,993 | 30,181 | 30,027 | 29,007 | 30,055 |
| Change over prior year period | **27.3 %** | **24.6 %** | **10.9 %** | **8.9 %** | **18.2 %** | 10.1 % | 10.2 % | 10.8 % | 11.4 % | 10.6 % |
| Sequential quarterly change | **4.9 %** | **12.9 %** | **5.4 %** | **2.0 %** | | 2.7 % | 0.5 % | 3.5 % | 3.0 % | |

## 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 homes and beds under our management contracts offering, excluding those homes that receive consulting and other services.

| | | | | 2025 | | | | 2024 |
|---|---|---|---|---|---|---|---|---|
| **Managed Services** | **Q4** | **Q3** | **Q2** | **Q1** | **Q4** | **Q3** | **Q2** | **Q1** |
| **Extendicare Assist Management Contracts** | | | | | | | | |
| Homes at period end | | | | | | | | |
| Third party | **12** | **12** | **12** | **44** | 44 | 44 | 45 | 45 |
| Joint Ventures | **28** | **28** | **28** | **28** | 27 | 26 | 26 | 26 |
| Total homes at period end | **40** | **40** | **40** | **72** | 71 | 70 | 71 | 71 |
| Resident capacity | | | | | | | | |
| Third party | **2,351** | **2,351** | **2,351** | **6,279** | 6,279 | 6,279 | 6,339 | 6,339 |
| Joint Ventures | **3,886** | **3,886** | **3,886** | **3,886** | 3,630 | 3,438 | 3,438 | 3,438 |
| Total resident capacity | **6,237** | **6,237** | **6,237** | **10,165** | 9,909 | 9,717 | 9,777 | 9,777 |
| Change over prior year period | **(37.1)%** | **(35.8)%** | **(36.2)%** | **4.0 %** | 1.3 % | (2.5)% | 64.1 % | 64.1 % |
| Sequential quarterly change | **— %** | **— %** | **(38.6)%** | **2.6 %** | 2.0 % | (0.6)% | — % | (0.1)% |
| **SGP Clients** | | | | | | | | |
| Third-party and joint-venture beds | **153,575** | **152,090** | **149,295** | **148,209** | 146,292 | 143,547 | 140,937 | 138,250 |
| Change over prior year period | **5.0 %** | **6.0 %** | **5.9 %** | **7.2 %** | 7.4 % | 11.4 % | 22.1 % | 23.7 % |
| Sequential quarterly change | **1.0 %** | **1.9 %** | **0.7 %** | **1.3 %** | 1.9 % | 1.9 % | 1.9 % | 1.5 % |

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 on June 1, 2025 (refer to "Significant Developments – Acquired Nine LTC Homes From Revera and Related Transactions" and *Note 4* of the consolidated financial statements). 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 December 31, 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 25 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 Q4 2025 by 5.0% from Q4 2024, and 1.0% from Q3 2025.

## SELECT ANNUAL INFORMATION

The following is a summary of selected annual financial information for each of the past three years.

| *(thousands of dollars unless otherwise noted)* | **2025** | **2024** | **2023** |
|---|---|---|---|
| **Financial Results** | | | |
| Revenue | **1,660,408** | 1,466,202 | 1,304,957 |
| Adjusted EBITDA[(1)] | **175,614** | 144,549 | 95,187 |
| Net earnings | **96,656** | 75,209 | 33,982 |
| per basic share *($)* | **1.132** | 0.893 | 0.400 |
| per diluted share *($)* | **1.113** | 0.859 | 0.400 |
| AFFO[(1)] | **103,669** | 92,805 | 61,216 |
| per basic share *($)* | **1.214** | 1.102 | 0.720 |
| per diluted share *($)* | **1.194** | 1.017 | 0.681 |
| Cash dividends declared | **42,328** | 40,033 | 40,404 |
| per share *($)* | **0.500** | 0.480 | 0.480 |
| **Financial Position *(at year end)*** | | | |
| Total assets | **1,066,515** | 719,788 | 672,731 |
| Total non-current liabilities | **362,965** | 302,553 | 358,425 |
| Long-term debt | **310,356** | 261,394 | 314,637 |
| Long-term debt, including current portion | **330,203** | 292,487 | 334,516 |

A comparison between the 2025 and 2024 financial results and financial position of the Company is provided in the discussion under the headings "2025 Financial Review" and "Liquidity and Capital Resources". The following discussion relates to the comparison of the 2024 and 2023 financial results and financial position of the Company.

**Financial Results** – The financial results for 2024 reflect an increase in net earnings of $41.2 million compared to 2023, primarily driven by a $49.4 million increase in Adjusted EBITDA, favourable other income of $5.1 million ($3.9 million net of tax), and a $1.9 million increase in share of profit from joint ventures, partially offset by higher depreciation and amortization. Adjusted EBITDA increased by $49.4 million, reflecting growth in NOI of $50.5 million, partially offset by a $1.1 million increase in administrative costs, mainly attributable to higher labour costs and professional fees, partially offset by lower technology costs. NOI improvements were realized across all business segments, driven primarily by LTC funding enhancements, higher occupancy, growth in home health care ADV of 10.6%, higher bill rates, and growth in managed services largely resulting from the Revera and Axium transactions completed during 2023 and growth in SGP clients.

**Financial Position** – Total assets increased by $47.1 million at the end of 2024 from 2023, largely due to an increase in cash and cash equivalents of $46.7 million, reflecting the improvement in earnings, the sale of a redevelopment project to Axium JV and the sale of two vacated Class C homes following the opening of newly redeveloped homes in Axium JV. The decline in non-current liabilities of $55.9 million at the end of 2024 from 2023 was largely due to a decrease in long-term debt. Long-term debt, including the current portion, decreased by $42.0 million, largely reflecting the settlement of $29.9 million in lease liabilities from the purchase of nine Ontario LTC homes formerly under 25-year lease agreements and regular debt and lease repayments of $18.9 million. As well, the Company redeemed its convertible unsecured subordinated debentures with a face value of $126.5 million using $130.0 million of its Senior Secured Credit Facility.

## SELECT QUARTERLY FINANCIAL INFORMATION

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

| | 2025 | | | | 2024 | | | |
|---|---|---|---|---|---|---|---|---|
| *(thousands of dollars unless otherwise noted)* | **Q4** | **Q3** | **Q2** | **Q1** | **Q4** | **Q3** | **Q2** | **Q1** |
| Revenue | **462,034** | **440,275** | **383,445** | **374,654** | 391,564 | 359,061 | 348,482 | 367,095 |
| Net operating income[1] | **65,736** | **65,902** | **54,972** | **50,228** | 53,822 | 50,117 | 52,807 | 44,743 |
| *NOI margin[1]* | ***14.2%*** | ***15.0%*** | ***14.3%*** | ***13.4%*** | *13.7%* | *14.0%* | *15.2%* | *12.2%* |
| Adjusted EBITDA[1] | **49,452** | **50,771** | **39,785** | **35,606** | 39,699 | 36,107 | 38,611 | 30,132 |
| *Adjusted EBITDA margin[1]* | ***10.7%*** | ***11.5%*** | ***10.4%*** | ***9.5%*** | *10.1%* | *10.1%* | *11.1%* | *8.2%* |
| Share of profit (loss) from investment in joint ventures | **924** | **846** | **210** | **(126)** | 107 | 431 | 265 | 1,130 |
| Net earnings | **25,579** | **24,119** | **31,927** | **15,031** | 19,928 | 16,295 | 25,890 | 13,096 |
| per basic share *($)* | **0.291** | **0.285** | **0.378** | **0.178** | 0.236 | 0.194 | 0.307 | 0.156 |
| per diluted share *($)* | **0.286** | **0.281** | **0.373** | **0.176** | 0.232 | 0.187 | 0.289 | 0.154 |
| AFFO[1] | **29,551** | **29,535** | **24,776** | **19,807** | 28,977 | 23,125 | 23,073 | 17,630 |
| per basic share *($)* | **0.337** | **0.349** | **0.293** | **0.235** | 0.344 | 0.274 | 0.274 | 0.210 |
| per diluted share *($)* | **0.331** | **0.345** | **0.290** | **0.232** | 0.318 | 0.253 | 0.254 | 0.197 |
| Maintenance capex (including 15% share of joint ventures) | **10,274** | **5,604** | **5,158** | **2,709** | 5,270 | 4,093 | 4,829 | 3,411 |
| Cash dividends declared | **11,008** | **10,561** | **10,561** | **10,198** | 10,016 | 10,016 | 10,013 | 9,988 |
| per share *($)* | **0.126** | **0.126** | **0.126** | **0.122** | 0.120 | 0.120 | 0.120 | 0.120 |
| Weighted Average Number of Shares *(000's)* | | | | | | | | |
| Basic | **88,005** | **84,626** | **84,599** | **84,345** | 84,269 | 84,237 | 84,305 | 84,062 |
| Diluted | **89,396** | **85,716** | **85,555** | **85,468** | 94,079 | 95,556 | 95,248 | 95,146 |

There are a number of factors affecting the trend of the Company's quarterly results from continuing operations.

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 |
|---|---|---|---|---|---|---|---|---|---|---|
| *(thousands of dollars)* | Q4 | Q3 | Q2 | Q1 | Year | Q4 | Q3 | Q2 | Q1 | Year |
| **Earnings before income taxes** | **35,393** | **34,379** | **41,412** | **18,919** | **130,103** | 26,719 | 22,657 | 32,892 | 17,593 | 99,861 |
| **Add (Deduct):** | | | | | | | | | | |
| Depreciation and amortization | **10,272** | **9,918** | **8,480** | **8,273** | **36,943** | 8,497 | 8,635 | 8,049 | 8,155 | 33,336 |
| Net finance costs | **1,991** | **5,300** | **2,013** | **5,118** | **14,422** | 4,336 | 4,164 | 3,627 | 3,608 | 15,735 |
| Other expense (income) | **2,720** | **2,020** | **(11,910)** | **3,170** | **(4,000)** | 254 | 1,082 | (5,692) | 1,906 | (2,450) |
| Share of (profit) loss from investment in joint ventures | **(924)** | **(846)** | **(210)** | **126** | **(1,854)** | (107) | (431) | (265) | (1,130) | (1,933) |
| **Adjusted EBITDA** | **49,452** | **50,771** | **39,785** | **35,606** | **175,614** | 39,699 | 36,107 | 38,611 | 30,132 | 144,549 |
| Administrative costs | **16,284** | **15,131** | **15,187** | **14,622** | **61,224** | 14,123 | 14,010 | 14,196 | 14,611 | 56,940 |
| **Net operating income** | **65,736** | **65,902** | **54,972** | **50,228** | **236,838** | 53,822 | 50,117 | 52,807 | 44,743 | 201,489 |

## STATEMENT OF EARNINGS

The following provides the consolidated statement of earnings for the periods ended December 31, 2025 and 2024.

| | Three months ended December 31, | | | Year ended December 31, | | |
|---|---|---|---|---|---|---|
| *(thousands of dollars unless otherwise noted)* | 2025 | 2024 | Change | 2025 | 2024 | Change |
| **Revenue** | **462,034** | 391,564 | 70,470 | **1,660,408** | 1,466,202 | 194,206 |
| Operating expenses | **396,298** | 337,742 | 58,556 | **1,423,570** | 1,264,713 | 158,857 |
| **Net operating income**[1] | **65,736** | 53,822 | 11,914 | **236,838** | 201,489 | 35,349 |
| Administrative costs | **16,284** | 14,123 | 2,161 | **61,224** | 56,940 | 4,284 |
| **Adjusted EBITDA**[1] | **49,452** | 39,699 | 9,753 | **175,614** | 144,549 | 31,065 |
| Depreciation and amortization | **10,272** | 8,497 | 1,775 | **36,943** | 33,336 | 3,607 |
| Other expense (income) | **2,720** | 254 | 2,466 | **(4,000)** | (2,450) | (1,550) |
| Share of profit from investment in joint ventures | **(924)** | (107) | (817) | **(1,854)** | (1,933) | 79 |
| **Earnings before net finance costs and income taxes** | **37,384** | 31,055 | 6,329 | **144,525** | 115,596 | 28,929 |
| Interest expense (net of capitalized interest) | **5,181** | 4,909 | 272 | **18,720** | 20,145 | (1,425) |
| Interest revenue | **(1,688)** | (1,801) | 113 | **(5,731)** | (7,039) | 1,308 |
| Accretion | **76** | 206 | (130) | **814** | 1,110 | (296) |
| Loss on early redemption of convertible debentures | **—** | 820 | (820) | **—** | 820 | (820) |
| Fair value adjustments | **(1,578)** | 202 | (1,780) | **619** | 699 | (80) |
| **Net finance costs** | **1,991** | 4,336 | (2,345) | **14,422** | 15,735 | (1,313) |
| **Earnings before income taxes** | **35,393** | 26,719 | 8,674 | **130,103** | 99,861 | 30,242 |
| Current income tax expense | **9,055** | 4,892 | 4,163 | **39,777** | 27,244 | 12,533 |
| Deferred income tax expense (recovery) | **759** | 1,899 | (1,140) | **(6,330)** | (2,592) | (3,738) |
| **Total income tax expense** | **9,814** | 6,791 | 3,023 | **33,447** | 24,652 | 8,795 |
| **Net earnings** | **25,579** | 19,928 | 5,651 | **96,656** | 75,209 | 21,447 |
| **Net earnings** | **25,579** | 19,928 | 5,651 | **96,656** | 75,209 | 21,447 |
| **Add (Deduct)**[i]**:** | | | | | | |
| Fair value adjustments | **(1,160)** | 149 | (1,309) | **455** | 514 | (59) |
| Other expense (income) | **2,396** | (339) | 2,735 | **(3,725)** | (3,961) | 236 |
| Loss on early redemption of convertible debentures | **—** | 603 | (603) | **—** | 603 | (603) |
| **Earnings before separately reported items, net of taxes**[1] | **26,815** | 20,341 | 6,474 | **93,386** | 72,365 | 21,021 |

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

## 2025 FOURTH QUARTER FINANCIAL REVIEW

The following is an analysis of the consolidated results from operations for Q4 2025, as compared to Q4 2024. The comparability of the results is impacted by, among other things, the LTC Acquisition and the CTG Transaction. For further information on these items, refer to the discussions under the heading "Significant Developments".

### Revenue

Revenue of $462.0 million increased by $70.5 million or 18.0% from $391.6 million in Q4 2024. Excluding out-of-period funding of $6.3 million recognized in Q4 2024 ($1.9 million in LTC and $4.4 million in home health care), revenue increased by $76.8 million or 19.9% to $462.0 million from $385.3 million, driven primarily by the LTC Acquisition, the CTG Transaction, LTC funding enhancements, timing of spend under flow-through care envelopes, organic growth in home health care ADV of 15.3% (27.3% including the impact of the CTG Transaction), and higher bill rates, partially offset by the closure of two Class C LTC homes in connection with the opening of new LTC homes in Axium JV.

### Operating Expenses

Operating expenses of $396.3 million increased by $58.6 million or 17.3% from Q4 2024. Excluding a net reduction in costs of $3.9 million from out-of-period items recognized in Q4 2025, operating expenses increased by $62.5 million or 18.5% to $400.2 million, largely driven by higher labour costs, due to higher home health care volumes, increased hours of care in LTC and labour rate increases, as well as the impacts of the LTC Acquisition and CTG Transaction, partially offset by the closure of Class C LTC homes that were redeveloped in Axium JV. The year-over-year impact of out-of-period items of $3.9 million related to $4.5 million in retroactive union wage adjustments in LTC, offset by workers' compensation rebates of $2.9 million in LTC and $5.5 million in home health care.

### Net Operating Income

Net operating income increased by $11.9 million or 22.1% to $65.7 million (14.2% of revenue) from $53.8 million (13.7% of revenue) in Q4 2024. Excluding a $2.4 million year-over-year reduction from out-of-period items ($3.9 million in Q4 2025 and $6.3 million in Q4 2024), NOI increased by $14.3 million to $61.8 million (13.4% of revenue) from $47.5 million (12.3% of revenue) in Q4 2024. The 30.2% increase in NOI reflects approximately $4.8 million from the LTC Acquisition, $3.8 million from the CTG Transaction, LTC funding enhancements, organic growth in home health care ADV of 15.3%, and higher bill rates, partially offset by higher operating costs and a reduction in NOI of approximately $0.5 million from the closure of Class C LTC homes that were replaced by redeveloped homes in Axium JV.

### Administrative Costs

Administrative costs increased by $2.2 million to $16.3 million in Q4 2025, primarily due to higher wages, benefits and technology costs.

### Adjusted EBITDA

Adjusted EBITDA increased by $9.8 million or 24.6% to $49.5 million (10.7% of revenue) from $39.7 million (10.1% of revenue) in Q4 2024, reflecting the increase in NOI, partially offset by higher administrative costs. Excluding the year-over-year reduction in NOI of $2.4 million related to out-of-period items, Adjusted EBITDA increased by $12.2 million or 36.4% to $45.6 million (9.9% of revenue) in Q4 2025 from $33.4 million (8.7% of revenue) in Q4 2024.

### Depreciation and Amortization

Depreciation and amortization costs increased by $1.8 million to $10.3 million related to the additional homes from the LTC Acquisition and the increase in intangible assets due to customer relationships from the CTG Transaction.

### Other Expense (Income)

Other expense was $2.7 million in Q4 2025, reflecting transaction-related professional fees and integration costs. Other expense of $0.3 million in Q4 2024 related to an impairment charge of $2.7 million in respect of operational entitlements and $1.2 million of strategic transformation costs in connection with the Revera and Axium transactions entered into in 2023, partially offset by a gain on sale of assets of $3.6 million. Refer to *Note 17* of the consolidated financial statements.

### Share of Profit From Investment in Joint Ventures

Share of profit from joint ventures was $0.9 million in Q4 2025, compared to $0.1 million in Q4 2024. The increase is primarily due to LTC funding enhancements, the opening of new LTC homes and the impact of a $0.3 million favourable fair value adjustment on interest rate swaps. Both periods were favourably impacted by $0.3 million of out-of-period items related to workers' compensation rebates in Q4 2025 and retroactive funding recognized in Q4 2024. Refer to *Note 9* of the consolidated financial statements.

### Net Finance Costs

Net finance costs decreased by $2.3 million in Q4 2025, primarily due to a favourable $1.8 million fair value adjustment on interest rate swaps and the impact in Q4 2024 of a $0.8 million loss on redemption of convertible debentures.

## Income Taxes

The income tax provision of $9.8 million for Q4 2025 represented an effective tax rate of 27.7%, compared to a tax provision of $6.8 million and an effective tax rate of 25.4% in Q4 2024. Excluding the impact of separately reported "other expense (income)", "fair value adjustments" and the "loss on early redemption of convertible debentures", the effective tax rate was 26.6% in Q4 2025, compared to 27.3% in Q4 2024.

## Net Earnings

The Company reported net earnings of $25.6 million ($0.291 per basic share) compared to $19.9 million ($0.236 per basic share) in Q4 2024. The 28.4% increase in net earnings of $5.7 million largely resulted from the increase in Adjusted EBITDA of $9.8 million, 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 December 31** *(thousands of dollars unless otherwise noted)* | **Long-term Care** | **Home Health Care** | **Managed Services** | **Total** |
|---|---|---|---|---|
| **2025** | | | | |
| Revenue | **249,296** | **197,468** | **15,270** | **462,034** |
| Operating expenses | **223,635** | **165,865** | **6,798** | **396,298** |
| Net operating income[1] | **25,661** | **31,603** | **8,472** | **65,736** |
| *NOI margin[1]* | ***10.3%*** | ***16.0%*** | ***55.5%*** | ***14.2%*** |
| **2024** | | | | |
| Revenue | 224,946 | 147,790 | 18,828 | 391,564 |
| Operating expenses | 200,709 | 128,490 | 8,543 | 337,742 |
| Net operating income[1] | 24,237 | 19,300 | 10,285 | 53,822 |
| *NOI margin[1]* | *10.8%* | *13.1%* | *54.6%* | *13.7%* |
| **Change** | | | | |
| Revenue | 24,350 | 49,678 | (3,558) | 70,470 |
| Operating expenses | 22,926 | 37,375 | (1,745) | 58,556 |
| Net operating income[1] | 1,424 | 12,303 | (1,813) | 11,914 |

**LONG-TERM CARE OPERATIONS**

Revenue from LTC operations increased by $24.4 million or 10.8% to $249.3 million in Q4 2025. Excluding out-of-period funding recognized in Q4 2024 of $1.9 million, revenue increased by $26.3 million, largely driven by approximately $35.2 million from homes added through the LTC Acquisition, funding increases, timing of spend and improved preferred occupancy, partially offset by a revenue reduction of approximately $7.6 million due to the closure of two Class C LTC homes that were replaced by newly opened LTC homes in Axium JV.

Net operating income from LTC operations increased by $1.4 million or 5.9% to $25.7 million (10.3% of revenue) in Q4 2025 compared to $24.2 million (10.8% of revenue) in Q4 2024. Excluding a $3.5 million reduction from out-of-period items, NOI improved by $4.9 million or 22.0% to $27.3 million (10.9% of revenue) in Q4 2025 from $22.3 million (10.0% of revenue) in the prior year period, reflecting approximately $4.8 million in NOI from the LTC Acquisition, funding enhancements, timing of spend, and improved preferred occupancy, partially offset by higher operating costs, and a reduction in NOI of approximately $0.5 million from the closure of Class C LTC homes that were replaced by newly opened LTC homes in Axium JV. The impact of out-of-period items of $3.5 million related to $1.6 million recognized in Q4 2025 associated with $4.5 million of union wage adjustments, partially offset by $2.9 million of workers' compensation rebates, compared to $1.9 million of retroactive funding recognized in Q4 2024.

**HOME HEALTH CARE OPERATIONS**

Revenue from home health care operations increased by $49.7 million or 33.6% to $197.5 million in Q4 2025 from $147.8 million in Q4 2024. Excluding retroactive funding of $4.4 million recognized in the prior year period, revenue increased by $54.1 million, primarily driven by a $26.6 million contribution from the CTG Transaction, 15.3% organic growth in ADV and bill rate increases.

Net operating income from home health care operations increased by $12.3 million to $31.6 million (16.0% of revenue) in Q4 2025 from $19.3 million (13.1% of revenue) in Q4 2024. Excluding a year-over-year increase of $1.1 million related to out-of-period items, NOI increased by $11.2 million to $26.1 million (13.2% of revenue) in Q4 2025 from $14.9 million (10.4% of revenue) in the prior year period, reflecting a $3.8 million contribution from the CTG Transaction, 15.3% organic growth in ADV, and higher bill rates, partially offset by increased wages and benefits. The out-of-period items of $1.1 million related to workers' compensation rebates of $5.5 million recognized in Q4 2025, compared to $4.4 million of retroactive funding recognized in Q4 2024.

**MANAGED SERVICES**

Revenue from managed services decreased by $3.6 million or 18.9% to $15.3 million in Q4 2025 from $18.8 million in Q4 2024. Net operating income from managed services declined by $1.8 million or 17.6% to $8.5 million in Q4 2025 compared to $10.3 million in Q4 2024, with NOI margins of 55.5% and 54.6%, respectively. The declines in revenue and NOI were 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 changes in the mix of Extendicare Assist services, management fees from newly opened homes in the Joint Ventures and growth in the number of SGP clients.

# 2025 FINANCIAL REVIEW

The following is an analysis of the consolidated results from operations in 2025, as compared to 2024. The comparability of the results is impacted by, among other things, the LTC Acquisition and the CTG Transaction. For further information on these items, refer to the discussions under the heading "Significant Developments".

## Revenue

Revenue of $1,660.4 million increased by $194.2 million or 13.2% from $1,466.2 million in 2024. Excluding a net reduction in out-of-period funding of $15.6 million, revenue increased by $209.8 million or 14.6% to $1,647.1 million from $1,437.3 million, driven primarily by the LTC Acquisition, the CTG Transaction, LTC funding enhancements, timing of spend under flow-through care envelopes, organic growth in home health care ADV of 12.1% and higher bill rates, partially offset by the closure of three Class C LTC homes since the beginning of 2024 replaced by newly opened LTC homes in Axium JV. The reduction in out-of-period funding of $15.6 million related to a $13.0 million change in LTC retroactive funding ($2.3 million in 2025 compared to $15.3 million in 2024) and a $2.6 million change in home health care retroactive funding ($11.0 million in 2025 compared to $13.6 million in 2024).

## Operating Expenses

Operating expenses of $1,423.6 million increased by $158.9 million or 12.6% from $1,264.7 million in 2024. Excluding the impact of out-of-period costs of $15.3 million, operating expenses increased by $174.2 million or 13.9% to $1,425.3 million from $1,251.1 million, largely driven by higher labour costs due to higher home health care volumes, increased hours of care in LTC and labour rate increases, as well as the impacts of the LTC Acquisition and CTG Transaction, 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 $15.3 million related to workers' compensation rebates of $15.0 million recognized in 2025 and a reduction in one-time compensation for home health care staff supported by retroactive funding of $2.6 million, partially offset by $2.3 million in LTC retroactive union wage adjustments recognized in 2025.

## Net Operating Income

Net operating income increased by $35.3 million or 17.5% to $236.8 million (14.3% of revenue) in 2025. Excluding the net reduction in out-of-period items of $0.3 million ($15.0 million in 2025 and $15.3 million in 2024), NOI increased by $35.6 million to $221.8 million (13.5% of revenue) from $186.2 million (13.0% of revenue) in the prior year period. The 19.1% increase in NOI reflects approximately $6.9 million from the CTG Transaction, $9.3 million from the LTC Acquisition, LTC funding enhancements, organic growth in home health care ADV of 12.1%, and higher bill rates, partially offset by higher operating costs and a reduction in NOI of approximately $3.0 million from the closure of Class C LTC homes that were replaced by redeveloped homes in Axium JV.

## Administrative Costs

Administrative costs increased by $4.3 million or 7.5% to $61.2 million in 2025, primarily due to higher wages, benefits and technology costs.

## Adjusted EBITDA

Adjusted EBITDA increased by $31.1 million to $175.6 million (10.6% of revenue) from $144.5 million (9.9% of revenue) in 2024, reflecting the increase in NOI, partially offset by higher administrative costs. Excluding the year-over-year reduction in NOI of $0.3 million related to out-of-period items, Adjusted EBITDA increased by $31.4 million or 24.3% to $160.6 million (9.8% of revenue) in 2025, from $129.2 million (9.0% of revenue) in the prior year period.

## Depreciation and Amortization

Depreciation and amortization costs increased by $3.6 million to $36.9 million in 2025, largely related to the additional homes from the LTC Acquisition and the increase in intangible assets due to customer relationships from the CTG Transaction.

## Other Expense (Income)

Other income of $4.0 million in 2025 related to a gain on the sale of assets to Axium JV of $12.5 million, partially offset by transaction-related professional fees and integration costs of $5.4 million, and strategic transformation costs of $3.2 million in connection with the Revera and Axium transactions entered into in 2023. Other income of $2.5 million in 2024 related to a gain on the sale of assets of $11.2 million, partially offset by strategic transformation costs of $6.0 million in connection with the Revera and Axium transactions and an impairment charge of $2.7 million in respect of operational entitlements. Refer to *Note 17* of the consolidated financial statements.

## Share of Profit From Investment in Joint Ventures

Share of profit from joint ventures was $1.9 million in 2025, comparable to $1.9 million in the prior year period. Excluding out-of-period items of approximately $0.7 million recognized in 2025 and $1.0 million recognized in 2024, the increase of $0.3 million largely related to LTC funding enhancements and the opening of three new LTC homes since the beginning of 2024, partially offset by an increase in depreciation and amortization costs and higher net finance costs. Refer to *Note 9* of the consolidated financial statements.

## Net Finance Costs

Net finance costs decreased by $1.3 million in 2025, reflecting a loss on the early redemption of convertible debentures of $0.8 million recognized in 2024 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 $33.4 million in 2025, represented an effective tax rate of 25.7%, compared to a tax provision of $24.7 million and an effective tax rate of 24.7% in 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, "fair value adjustments" and the "loss on early redemption of convertible debentures", the effective tax rate was 26.3% in 2025, compared to 26.9% for the same 2024 period.

## Net Earnings

The Company reported net earnings of $96.7 million ($1.132 per basic share) in 2025, compared to $75.2 million ($0.893 per basic share) for the prior year period. The 28.5% increase in net earnings of $21.4 million largely resulted from the improvement in Adjusted EBITDA of $31.1 million, 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.

| **Year ended December 31** *(thousands of dollars unless otherwise noted)* | **Long-term Care** | **Home Health Care** | **Managed Services** | **Total** |
|---|---|---|---|---|
| **2025** | | | | |
| Revenue | **892,109** | **701,139** | **67,160** | **1,660,408** |
| Operating expenses | **789,731** | **603,619** | **30,220** | **1,423,570** |
| Net operating income(1) | **102,378** | **97,520** | **36,940** | **236,838** |
| *NOI margin(1)* | ***11.5%*** | ***13.9%*** | ***55.0%*** | ***14.3%*** |
| **2024** | | | | |
| Revenue | 827,448 | 566,046 | 72,708 | 1,466,202 |
| Operating expenses | 727,644 | 503,292 | 33,777 | 1,264,713 |
| Net operating income(1) | 99,804 | 62,754 | 38,931 | 201,489 |
| *NOI margin(1)* | *12.1%* | *11.1%* | *53.5%* | *13.7%* |
| **Change** | | | | |
| Revenue | 64,661 | 135,093 | (5,548) | 194,206 |
| Operating expenses | 62,087 | 100,327 | (3,557) | 158,857 |
| Net operating income(1) | 2,574 | 34,766 | (1,991) | 35,349 |

**LONG-TERM CARE OPERATIONS**

Revenue from LTC operations increased by $64.7 million or 7.8% to $892.1 million in 2025. Excluding out-of-period funding recognized in 2025 of $2.3 million and $15.3 million in 2024, revenue increased by $77.7 million, largely driven by approximately $78.5 million from homes related to the LTC Acquisition, funding increases, timing of spend and improved preferred occupancy, partially offset by a revenue reduction of approximately $33.0 million due to the closure of three Class C LTC homes replaced by newly opened LTC homes in Axium JV.

Net operating income from LTC operations increased by $2.6 million or 2.6% to $102.4 million (11.5% of revenue) in 2025, compared to $99.8 million (12.1% of revenue) in the prior year period. Excluding the reduction in out-of-period funding of $13.0 million and the impact of retroactive union wage adjustments of $2.3 million recognized in 2025, partially offset by workers' compensation rebates of $5.6 million recognized in 2025, NOI improved by $12.3 million or 14.5% to $96.8 million (10.9% of revenue) in 2025, from $84.5 million (10.4% of revenue) in the prior year period, reflecting NOI from the LTC Acquisition of approximately $9.3 million, funding enhancements, timing of spend, improved preferred occupancy, partially offset by higher operating costs and a reduction in NOI of approximately $3.0 million from the closure of Class C LTC homes that were replaced by newly opened LTC homes in Axium JV.

**HOME HEALTH CARE OPERATIONS**

Revenue from home health care operations increased by $135.1 million or 23.9% to $701.1 million in 2025, from $566.0 million in the prior year period. Excluding a reduction in retroactive funding of $2.6 million, revenue increased by $137.7 million or 24.9% to $690.1 million in 2025 from $552.4 million in the prior year period, largely driven by 12.1% organic growth in ADV, bill rate increases and a $50.6 million contribution from the CTG Transaction. 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.

Net operating income from home health care operations increased by $34.8 million to $97.5 million (13.9% of revenue) in 2025, from $62.8 million (11.1% of revenue) in the prior year period. Excluding workers' compensation rebates of $9.4 million recognized in 2025, NOI improved by $25.4 million or 40.4% to $88.1 million (12.8% of revenue) in 2025 from $62.8 million (11.4% of revenue) in the prior year period, reflecting 12.1% organic growth in ADV, rate increases, and a $6.9 million contribution from the CTG Transaction, partially offset by increased wages and benefits.

**MANAGED SERVICES**

Revenue from managed services decreased by $5.5 million or 7.6% to $67.2 million in 2025. Net operating income from managed services decreased by $2.0 million or 5.1% to $36.9 million in 2025 compared to the prior year period, with NOI margins of 55.0% and 53.5%, respectively. The declines in revenue and NOI were largely due to 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, partially offset by growth in SGP clients, management fees from newly opened homes in the Joint Ventures and changes in 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 December 31, | | | Year ended December 31, | | |
|---|---|---|---|---|---|---|
| *(thousands of dollars unless otherwise noted)* | **2025** | **2024** | **Change** | **2025** | **2024** | **Change** |
| **Net earnings** | **25,579** | 19,928 | 5,651 | **96,656** | 75,209 | 21,447 |
| **Add (Deduct):** | | | | | | |
| Depreciation and amortization | **10,272** | 8,497 | 1,775 | **36,943** | 33,336 | 3,607 |
| Depreciation for FFEC (maintenance capex) | **(2,171)** | (1,943) | (228) | **(8,042)** | (7,815) | (227) |
| Depreciation for office leases | **(722)** | (730) | 8 | **(3,025)** | (2,897) | (128) |
| Other expense (income) | **2,720** | 254 | 2,466 | **(4,000)** | (2,450) | (1,550) |
| Loss on early redemption of convertible debentures | **—** | 820 | (820) | **—** | 820 | (820) |
| Fair value adjustments | **(1,578)** | 202 | (1,780) | **619** | 699 | (80) |
| Current income tax expense (recovery) on other expense (income) and fair value adjustments | **(324)** | (114) | (210) | **(1,269)** | (1,032) | (237) |
| Deferred income tax expense (recovery) | **759** | 1,899 | (1,140) | **(6,330)** | (2,592) | (3,738) |
| FFO adjustments for joint ventures[(i)] | **108** | 755 | (647) | **2,164** | 2,037 | 127 |
| **FFO** | **34,643** | 29,568 | 5,075 | **113,716** | 95,315 | 18,401 |
| Amortization of deferred financing costs | **300** | 592 | (292) | **1,207** | 1,817 | (610) |
| Accretion costs | **76** | 206 | (130) | **814** | 1,110 | (296) |
| Non-cash share-based compensation | **1,571** | 1,268 | 303 | **696** | 1,889 | (1,193) |
| Principal portion of government capital funding | **414** | 398 | 16 | **1,632** | 1,653 | (21) |
| Additional maintenance capex | **(7,453)** | (2,930) | (4,523) | **(14,430)** | (8,527) | (5,903) |
| AFFO adjustments for joint ventures[(i)] | **—** | (125) | 125 | **34** | (452) | 486 |
| **AFFO** | **29,551** | 28,977 | 574 | **103,669** | 92,805 | 10,864 |
| **Per Basic Share** *($)* | | | | | | |
| FFO | **0.396** | 0.351 | 0.045 | **1.332** | 1.132 | 0.200 |
| AFFO | **0.337** | 0.344 | (0.007) | **1.214** | 1.102 | 0.112 |
| **Per Diluted Share** *($)* | | | | | | |
| FFO | **0.388** | 0.328 | 0.060 | **1.309** | 1.062 | 0.247 |
| AFFO | **0.331** | 0.318 | 0.013 | **1.194** | 1.017 | 0.177 |
| **Dividends** | | | | | | |
| Declared | **11,008** | 10,016 | 992 | **42,328** | 40,033 | 2,295 |
| Declared per share *($)* | **0.126** | 0.120 | 0.006 | **0.500** | 0.480 | 0.020 |
| **Weighted Average Number of Shares** | | | | | | |
| Basic *(000's)* | **88,005** | 84,269 | | **85,401** | 84,218 | |
| Diluted *(000's)* | **89,396** | 94,079 | | **86,843** | 95,362 | |
| **Current income tax expense included in FFO** | **9,379** | 5,006 | 4,373 | **41,046** | 28,276 | 12,770 |
| *FFO effective tax rate* | ***21.3 %*** | *14.5 %* | | ***26.5 %*** | *22.9 %* | |

(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 December 31, | | | Year ended December 31, | | |
|---|---|---|---|---|---|---|
| *(thousands of dollars)* | **2025** | **2024** | **Change** | **2025** | **2024** | **Change** |
| **Net cash from operating activities** | **28,357** | 17,550 | 10,807 | **163,592** | 143,639 | 19,953 |
| **Add (Deduct):** | | | | | | |
| Net change in operating assets and liabilities, including interest and taxes | **7,698** | 14,777 | (7,079) | **(47,364)** | (41,776) | (5,588) |
| Other expense | **2,720** | 1,232 | 1,488 | **8,523** | 6,042 | 2,481 |
| Current income tax on items excluded from AFFO | **(324)** | (114) | (210) | **(1,269)** | (1,032) | (237) |
| Depreciation for office leases | **(722)** | (730) | 8 | **(3,025)** | (2,897) | (128) |
| Depreciation for FFEC (maintenance capex)(i) | **(2,171)** | (1,943) | (228) | **(8,042)** | (7,815) | (227) |
| Additional maintenance capex(i) | **(7,453)** | (2,930) | (4,523) | **(14,430)** | (8,527) | (5,903) |
| Principal portion of government capital funding | **414** | 398 | 16 | **1,632** | 1,653 | (21) |
| AFFO for joint ventures(ii) | **1,032** | 737 | 295 | **4,052** | 3,518 | 534 |
| **AFFO** | **29,551** | 28,977 | 574 | **103,669** | 92,805 | 10,864 |
| **Total maintenance capex**(i) | **10,274** | 5,270 | 5,004 | **23,745** | 17,603 | 6,142 |

(i) Total maintenance capex represents the aggregate of the items classified as "depreciation for FFEC" and "additional maintenance capex", and includes $0.7 million and $1.3 million in respect of the Company's 15% managed interest in joint ventures for the three and twelve months ended December 31, 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 Fourth Quarter Financial Review

In Q4 2025, AFFO increased by $0.6 million to $29.6 million ($0.337 per basic share) from $29.0 million ($0.344 per basic share) in Q4 2024, largely reflecting the improvement in Adjusted EBITDA, partially offset by increased current income taxes and higher maintenance capex, in part due to the LTC Acquisition. Excluding the impact of out-of-period items recognized in both periods, AFFO improved by $2.5 million to $26.5 million ($0.301 per basic share) from $24.0 million ($0.284 per basic share) in the prior year period.

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

## AFFO 2025 Financial Review

In 2025, AFFO increased by $10.9 million to $103.7 million ($1.214 per basic share) from $92.8 million ($1.102 per basic share) in the prior year period, largely reflecting the improvement in Adjusted EBITDA, partially offset by increased current income taxes, higher maintenance capex, in part due to the LTC Acquisition, and an unfavourable change in the adjustment for non-cash share-based compensation. Excluding the impact of out-of-period items recognized in both periods, AFFO improved by $11.7 million to $92.2 million ($1.079 per basic share) from $80.5 million ($0.956 per basic share) in the prior year period.

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

Dividends declared as a percentage of AFFO in 2025 represented a payout ratio of 41%. On February 26, 2026, the Company announced its intention to increase its monthly dividend by 5% to $0.0441 per share, effective with the dividend to be declared in March 2026. Refer to the discussions under "Significant Developments – Dividend Increase" and "Liquidity and Capital Resources".

The current income tax expense included in AFFO was $41.0 million in 2025, compared to $28.3 million in the prior year period, representing effective tax rates on FFO of 26.5% and 22.9%, 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 2026, the Company expects the effective tax rate on FFO will be in the range of 24% to 27%.

Including the Company's 15% managed interest in joint ventures, maintenance capex was $10.3 million for Q4 2025 compared to $5.3 million for Q4 2024 and $5.6 million for Q3 2025, representing 2.1%, 1.3% and 1.2% of revenue, respectively. In 2025, maintenance capex was $23.7 million compared to $17.6 million in the prior year period, representing 1.4% and 1.2% of revenue, respectively. In addition to the impact of the nine homes acquired through the LTC Acquisition, these costs fluctuate on a quarterly and annual basis due to the timing of projects and seasonal factors. The Company expects to spend in the range of $20.0 to $22.0 million in maintenance capex in 2026, including approximately $1.6 million in connection with the Company's 15% managed interest in joint ventures.

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

| | Three months ended December 31, | | | Year ended December 31, | | |
|---|---|---|---|---|---|---|
| *(thousands of dollars)* | **2025** | **2024** | **Change** | **2025** | **2024** | **Change** |
| **Adjusted EBITDA** | **49,452** | 39,699 | 9,753 | **175,614** | 144,549 | 31,065 |
| **Add (Deduct):** | | | | | | |
| Depreciation for FFEC (maintenance capex) | **(2,171)** | (1,943) | (228) | **(8,042)** | (7,815) | (227) |
| Depreciation for office leases | **(722)** | (730) | 8 | **(3,025)** | (2,897) | (128) |
| Accretion costs | **(76)** | (206) | 130 | **(814)** | (1,110) | 296 |
| Interest expense | **(5,181)** | (4,909) | (272) | **(18,720)** | (20,145) | 1,425 |
| Interest revenue | **1,688** | 1,801 | (113) | **5,731** | 7,039 | (1,308) |
| FFO for joint ventures | **1,032** | 862 | 170 | **4,018** | 3,970 | 48 |
| | **44,022** | 34,574 | 9,448 | **154,762** | 123,591 | 31,171 |
| Current income tax expense | **9,379** | 5,006 | 4,373 | **41,046** | 28,276 | 12,770 |
| **FFO** | **34,643** | 29,568 | 5,075 | **113,716** | 95,315 | 18,401 |
| Amortization of deferred financing costs | **300** | 592 | (292) | **1,207** | 1,817 | (610) |
| Accretion costs | **76** | 206 | (130) | **814** | 1,110 | (296) |
| Non-cash share-based compensation | **1,571** | 1,268 | 303 | **696** | 1,889 | (1,193) |
| Principal portion of government capital funding | **414** | 398 | 16 | **1,632** | 1,653 | (21) |
| Additional maintenance capex | **(7,453)** | (2,930) | (4,523) | **(14,430)** | (8,527) | (5,903) |
| AFFO adjustments for joint ventures | **—** | (125) | 125 | **34** | (452) | 486 |
| **AFFO** | **29,551** | 28,977 | 574 | **103,669** | 92,805 | 10,864 |

## 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 December 31, | | | Year ended December 31, | | |
|---|---|---|---|---|---|---|
| *(thousands of dollars)* | **2025** | **2024** | **Change** | **2025** | **2024** | **Change** |
| **Share of profit from investment in joint ventures** | **924** | 107 | 817 | **1,854** | 1,933 | (79) |
| Depreciation and amortization | **716** | 829 | (113) | **2,659** | 2,357 | 302 |
| Depreciation for FFEC (maintenance capex) | **(415)** | (140) | (275) | **(547)** | (386) | (161) |
| Fair value adjustments | **(193)** | 66 | (259) | **52** | 66 | (14) |
| **FFO adjustments for joint ventures** | **108** | 755 | (647) | **2,164** | 2,037 | 127 |
| Amortization of deferred financing costs | **30** | — | 30 | **159** | — | 159 |
| Principal portion of government capital funding | **205** | 132 | 73 | **601** | 423 | 178 |
| Additional maintenance capex | **(235)** | (257) | 22 | **(726)** | (875) | 149 |
| **AFFO adjustments for joint ventures** | **—** | (125) | 125 | **34** | (452) | 486 |
| **AFFO for joint ventures** | **1,032** | 737 | 295 | **4,052** | 3,518 | 534 |

| | Three months ended December 31, | | | Year ended December 31, | | |
|---|---|---|---|---|---|---|
| *(thousands of dollars)* | **2025** | **2024** | **Change** | **2025** | **2024** | **Change** |
| **Adjusted EBITDA** | **1,911** | 1,417 | 494 | **6,504** | 6,017 | 487 |
| Depreciation for FFEC (maintenance capex) | **(415)** | (140) | (275) | **(547)** | (386) | (161) |
| Interest expense | **(722)** | (609) | (113) | **(2,949)** | (2,343) | (606) |
| Interest revenue | **258** | 194 | 64 | **1,010** | 682 | 328 |
| **FFO for joint ventures** | **1,032** | 862 | 170 | **4,018** | 3,970 | 48 |
| Amortization of deferred financing costs | **30** | — | 30 | **159** | — | 159 |
| Principal portion of government capital funding | **205** | 132 | 73 | **601** | 423 | 178 |
| Additional maintenance capex | **(235)** | (257) | 22 | **(726)** | (875) | 149 |
| **AFFO for joint ventures** | **1,032** | 737 | 295 | **4,052** | 3,518 | 534 |
| **Total maintenance capex for joint ventures** | **650** | 397 | 253 | **1,273** | 1,261 | 12 |

# LIQUIDITY AND CAPITAL RESOURCES

## Sources and Uses of Cash

The following summarizes the sources and uses of cash in 2025 and 2024.

| | Year ended December 31, | |
|---|---|---|
| *(thousands of dollars)* | **2025** | **2024** |
| **Net cash from operating activities** | **163,592** | 143,639 |
| **Net cash used in investing activities** | **(117,399)** | (9,111) |
| **Net cash from (used in) financing activities** | **179,898** | (87,866) |
| **Increase in cash and cash equivalents** | **226,091** | 46,662 |

As at December 31, 2025, the Company had cash and cash equivalents on hand of $347.9 million, reflecting an increase in cash of $226.1 million from the beginning of the year. Cash flow from operating activities of $163.6 million in 2025 was in excess of cash dividends paid of $41.7 million.

**Net cash from operating activities** was a source of cash of $163.6 million in 2025, up $20.0 million from a source of cash of $143.6 million in the prior year period, reflecting the increase in earnings and favourable changes in operating assets and liabilities between periods, partially offset by income taxes paid because of the improvement in earnings for the prior year period. 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 $117.4 million in 2025 compared to $9.1 million in the prior year period. The 2025 activity included $75.1 million in connection with the CTG Transaction, $41.9 million in connection with the LTC Acquisition, purchases of property, equipment and other intangible assets of $59.9 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 $1.6 million and distributions from investments in the Joint Ventures of $1.6 million. The 2024 activity included proceeds of $20.5 million from the sale of assets to Axium JV, proceeds of $9.0 million from the sale of the vacated LTC home in Sudbury, the collection of other assets of $1.7 million and distributions from investments in the Joint Ventures of $2.4 million, partially offset by purchases of property, equipment and other intangible assets of $42.0 million and investments in the Joint Ventures of $0.7 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.

| | Year ended December 31, | |
|---|---|---|
| *(thousands of dollars)* | **2025** | **2024** |
| **Growth capex** | **30,397** | 31,106 |
| **Maintenance capex** | **22,472** | 16,342 |
| | **52,869** | 47,448 |

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 2026 will be focused primarily on the LTC projects under construction, redevelopment activities, including acquisition of land, 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 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 source of cash of $179.9 million in 2025 compared to a use of cash of $87.9 million in the prior year period. The 2025 activity included net proceeds of $191.5 million from the Private Placement, a draw of $55.0 million under the senior secured credit facility, partially offset by cash dividends paid of $41.7 million, and debt and lease liability repayments of $21.6 million. The 2024 activity included cash dividends paid of $40.0 million, debt and lease liability repayments of $18.9 million, early redemption of the convertible debentures of $125.7 million using $130.0 million under the Delayed Draw Facility, and the repayment of lease liabilities of $29.9 million related to the purchase of nine Ontario LTC homes formerly under long-term leases.

## Capital Structure

### SHAREHOLDERS' EQUITY

Total shareholders' equity as at December 31, 2025, was $373.4 million as compared to $124.4 million at December 31, 2024, reflecting proceeds after taxes, underwriters' fees and expenses, of approximately $193.3 million from the Private Placement, and contributions from net earnings and comprehensive income, partially offset by dividends declared of $42.3 million.

As at December 31, 2025, the Company had 94,457,909 Common Shares issued and outstanding (carrying value – $662.9 million), as compared to 83,466,978 Common Shares (carrying value – $469.3 million) as at December 31, 2024, reflecting 10,640,000 Common Shares issued under the Private Placement, and 350,931 Common Shares issued under the Company's equity-based compensation plan.

For more information on the Private Placement, refer to "Significant Developments – Completed $200 Million Private Placement of Common Shares".

| **Share Information** *(000's)* | **February 25, 2026** | **December 31, 2025** | **December 31, 2024** |
|---|---|---|---|
| Common Shares (TSX symbol: EXE)(i) | **94,457.9** | **94,457.9** | 83,467.0 |

(i) Closing market value per TSX on February 25, 2026, was $24.49.

As at February 26, 2026, 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 2,337,219 performance share units and deferred share units outstanding as at December 31, 2025 (refer to *Note 13* of the consolidated financial statements).

#### *Dividends*

The Company declared cash dividends of $0.500 per share in 2025, compared with $0.480 per share in the same prior year period, representing $42.3 million and $40.0 million in each period, respectively. During 2025, the Company increased its monthly dividend by 5% to $0.042 per share, effective with the dividend declared in March 2025.

As announced on February 26, 2026, the Company intends to increase its monthly dividend by 5% to $0.0441 per share, effective with the dividend to be declared in March 2026.

#### *Normal Course Issuer Bid*

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. 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. The Company did not purchase any Common Shares under its NCIB program during 2025, or year-to-date through to February 25, 2026.

## Long-term Debt

Long-term debt totalled $330.2 million as at December 31, 2025, as compared to $292.5 million as at December 31, 2024, representing an increase of $37.7 million, largely reflecting a draw under the Delayed Draw Facility of $55.0 million and new lease liabilities of $3.2 million, partially offset by regular debt and lease liability repayments of $21.6 million. The current portion of long-term debt as at December 31, 2025 was $19.8 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 December 31, 2025. Details of the components, maturities dates, terms and conditions of long-term debt are provided in *Note 11* 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 FACILITY

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. In July 2025, the Company drew an 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. In July 2025, 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 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 December 31, 2025, the Company's fully utilized Delayed Draw Facility had a balance owing of $175.5 million. In addition, the Company had issued $36.5 million in letters of credit under the Revolving Facility, leaving $153.5 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, $11.8 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.

In December 2025, in connection with and conditional on the closing of the CBI Acquisition, the Company arranged a fully committed $214.5 million upsizing of the Senior Secured Credit Facility, consisting of a $60.0 million increase to the Revolving Facility and a $154.5 million increase to the Delayed Draw Facility.

The Company intends to draw the full incremental Delayed Draw Facility and utilize a portion of the upsized Revolving Facility and cash on hand, including the net proceeds from the Private Placement, to finance the CBI Acquisition.

For more information on the Senior Secured Credit Facility, CTG Transaction and CBI Acquisition, refer to "Significant Developments" and *Notes 11 and 28* of the consolidated financial statements.

## LONG-TERM DEBT KEY METRICS

The following table presents the principal, or notional, amounts and related weighted average interest rates by year of maturity, of the Company's long-term debt obligations as at December 31, 2025.

| *(millions of dollars unless otherwise noted)* | 2026 | 2027 | 2028 | 2029 | 2030 | After 2030 | Total |
|---|---|---|---|---|---|---|---|
| **Long-term Debt** | | | | | | | |
| Fixed rate (including fixed through swap) | 17.0 | 198.3 | 6.7 | 7.1 | 18.7 | 51.9 | **299.8** |
| Average interest rate | 5.15 % | 5.30 % | 5.14 % | 5.16 % | 5.10 % | 5.41 % | **5.29 %** |
| Variable rate | 0.9 | 18.2 | — | — | — | — | **19.1** |
| Average interest rate | 4.98 % | 4.98 % | — % | — % | — % | — % | **4.98 %** |
| **Lease Liabilities** | | | | | | | |
| Fixed rate | 3.3 | 2.9 | 2.2 | 1.8 | 1.5 | 5.2 | **16.8** |
| Average interest rate | 4.86 % | 4.92 % | 5.04 % | 5.08 % | 4.93 % | 4.85 % | **4.92 %** |

Management has limited the amount of debt that may be subject to changes in interest rates, with $19.1 million of mortgage debt at variable rates. The Company's $175.5 million borrowing under the Delayed Draw Facility and term loan of $26.7 million as at December 31, 2025, have effectively been converted to fixed-rate financings with interest rate swaps over the full respective terms. As at December 31, 2025, the interest rate swaps were classified as a liability of $1.2 million.

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

| | December 31, 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 | **5.3%** | | **5.3%** | 5.1% | | 5.3% |
| Weighted average term to maturity of long-term debt outstanding | **4.3 yrs** | | **7.4 yrs** | 5.5 yrs | | 7.3 yrs |
| Trailing twelve months consolidated interest coverage ratio[i] [1] | **10.0 X** | | **8.1 X** | 7.9 X | | 6.5 X |
| **Debt to Gross Book Value (GBV)** | | | | | | |
| Total assets (carrying value) | **1,066,515** | **132,317** | **1,198,832** | 719,788 | 96,573 | 816,361 |
| Accumulated depreciation on property and equipment | **303,949** | **5,964** | **309,913** | 286,699 | 3,795 | 290,494 |
| Accumulated amortization on other intangible assets | **58,495** | **1,540** | **60,035** | 52,875 | 1,225 | 54,100 |
| GBV | **1,428,959** | **139,821** | **1,568,780** | 1,059,362 | 101,593 | 1,160,955 |
| Debt[iii] | **335,704** | **106,968** | **442,672** | 296,388 | 75,963 | 372,351 |
| **Debt to GBV** | **23.5%** | | **28.2%** | 28.0% | | 32.1% |

(i) Capitalized interest included in the calculation of the interest coverage ratio before adjustments for joint ventures was nil in 2025. The calculation adjusted for joint ventures includes the Company’s 15% share of the joint ventures’ Adjusted EBITDA and interest expense of $6.5 million and $5.0 million, respectively, the latter of which is inclusive of $2.2 million of capitalized interest.

(ii) The adjustments to GBV represent the Company’s 15% share of the joint ventures’ GBV of $164.3 million less the Company’s carrying value in the joint ventures of $24.5 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 $347.9 million as at December 31, 2025, as compared with $121.8 million as at December 31, 2024, representing an increase of $226.1 million. In addition, the Company had access to a further $153.5 million under the Revolving Facility.

The Company had a working capital (current assets less current liabilities) of $121.8 million as at December 31, 2025, including the current portion of long-term debt of $19.8 million.

Funding for the CBI Acquisition, with a cash purchase price of $570.0 million, subject to customary adjustments, will be provided through draws on the Senior Secured Credit Facility, which includes a fully committed $214.5 million upsizing, as well as cash on hand. The CBI Acquisition is anticipated to close in Q2 2026, subject to customary closing conditions, including receipt of consents from third parties, including OHaH and ALA, and regulatory approval pursuant to the *Competition Act* (Canada), and is not conditional on financing or due diligence. Refer to the discussion under “Significant Developments – Reached Agreement to Acquire CBI Home Health for $570 Million” and to *Note 21* of the consolidated financial statements.

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 December 31, 2025, the Company had outstanding commitments of $100.7 million in connection with construction contracts for its Sudbury redevelopment project, including a $91.5 million fixed-price construction agreement. The Company also has outstanding commitments of $23.3 million in connection with various IT service and license agreements for IT cloud-based applications in support of the Company's growth initiatives (refer to *Note 21* of the consolidated financial statements).

The CBI Acquisition is anticipated to close in Q2 2026 for a cash purchase price of $570.0 million, subject to customary adjustments, plus approximately $13.6 million in estimated lease liabilities in accordance with IFRS 16. Closing is subject to customary closing conditions, including receipt of consents from third parties, including OHaH and ALA, and regulatory approval pursuant to the *Competition Act* (Canada), and is not conditional on financing or due diligence.

For further details on the above commitments, the CBI Acquisition and the Sudbury redevelopment project, refer to the discussions under "Reached Agreement to Acquire CBI Home Health for $570 Million" and "Ontario LTC Redevelopment Activities", under the heading "Significant Developments" and to *Note 21* 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 December 31, 2025, 28 LTC homes within the Joint Ventures have existing credit facilities available of up to $885.9 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 December 31, 2025, the Company has provided unsecured guarantees of $345.5 million in support of the credit facilities held by the Joint Ventures (refer to *Note 21* 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 December 31, 2025.

## Defined Benefit Pension Plan Obligations

The Company has benefit arrangements for certain of its executives, which include a registered defined benefit pension plan, as well as supplementary plans that provide pension benefits in excess of statutory limits and post-retirement health and dental benefits. These plans have been closed to new entrants for several years. The accrued benefit liability on the statement of financial position as at December 31, 2025, was $20.7 million (2024 – $22.5 million). The registered defined benefit plan was in an actuarial deficit of $0.4 million, with plan assets of $4.6 million and accrued benefit obligations of $5.1 million as at December 31, 2025 (2024 – an actuarial deficit of $1.0 million with plan assets of $4.2 million and accrued benefit obligations of $5.2 million). The accrued benefit obligations of the supplementary plans were $22.8 million as at December 31, 2025 (2024 – $24.0 million). The benefit obligations under the supplementary plans are secured by a $24.2 million letter of credit as at December 31, 2025 (2024 – $23.2 million) and plan assets of $2.5 million (2024 – $2.5 million). The letter of credit renews annually in May based on an actuarial valuation of the pension obligations. The annual benefit payments under the supplementary pension plan are funded from cash from operations and are expected to be in the range of $1.7 million to $1.9 million over the next five years. The annual contributions to the registered pension plan are less than $0.1 million. Since the majority of the accrued benefit obligations represent obligations under the non-registered supplementary plan, which is not required to be funded, changes in future market conditions are not expected to have a material adverse effect on the Company's cash flow requirements with respect to its pension obligations, or on its pension expense. Further details are provided in *Note 22* of the consolidated financial statements.

## 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 (refer to "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 is provided in *Note 3* of the consolidated financial statements, and under the headings "Accounting Standards Adopted During the Period" and "Future Changes in Accounting Policies" that follow this section.

Management considers an understanding of the Company's accounting policies to be essential to an understanding of its financial statements because their application requires significant judgment and reliance on estimations of matters that are inherently uncertain, which affect the application of the accounting policies and reported amounts. Estimates and underlying assumptions are reviewed on an ongoing basis giving consideration to past experience and other factors that management believes are reasonable under the circumstances. Accordingly, actual results could differ from those estimated. The estimates and assumptions, which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities, are discussed below.

### VALUATION OF CASH-GENERATING UNITS ("CGUs") AND IMPAIRMENT

Non-financial assets consist of property and equipment, intangible assets with finite lives and goodwill. Property and equipment represents approximately 33% of the Company's total assets as at December 31, 2025, and goodwill and other intangibles represent approximately 18%. A CGU is defined to be the smallest group of assets that generates cash inflows from continuing use that is largely independent of the cash inflows of other assets. The Company has identified the home health care segment and each individual LTC home as a CGU.

Goodwill is tested annually, except in the year of acquisition, and other assets are assessed for impairment when indicators of impairment exist. If any such indication exists, then the asset's recoverable amount is reassessed. For goodwill and intangible assets that are not yet available for use, the recoverable amount is estimated annually at the same time or more frequently if warranted. An impairment loss is recognized in net earnings if the carrying amount of an asset or its related CGU, or group of assets on the same basis as evaluated by management, exceeds its estimated recoverable amount.

The determination of recoverable amounts can be significantly impacted by estimates related to current market valuations, current and future economic conditions in the geographical markets of each CGU, and management's strategic plans within each of its markets. Estimates and assumptions used in the determination of any impairment loss are based upon information that is known at the time, along with future outlook. When impairment tests are performed, the estimated useful lives of the assets are reassessed, with any change accounted for prospectively. Actual results can differ from these estimates and can have either a positive or negative impact on the estimate, and impact whether an impairment situation exists.

During 2025 and 2024, the Company performed an impairment assessment of its operations and determined there were no impairments for any non-financial assets.

For additional details on impairment refer to *Note 17* of the consolidated financial statements.

## New Material Accounting Policy

During the year ended December 31, 2025, the Company applied the accounting policy related to  asset acquisitions in connection with the LTC Acquisition. A full disclosure and effect of the accounting policy is described in *Notes 3 and 4* 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.

## Disclosure Controls and Procedures

Management is responsible for establishing and maintaining a system of disclosure controls and procedures ("DC&P") to provide reasonable assurance that all material information relating to the Company is gathered and reported to senior management, including the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), on a timely basis so that appropriate decisions can be made regarding public disclosure.

An evaluation of the effectiveness of the DC&P was conducted as at December 31, 2025, by management under the supervision of the Company's CEO and CFO. Based on this evaluation, the CEO and CFO have concluded that the Company's disclosure controls and procedures, as defined by National Instrument 52-109, *Certification of Disclosures in Issuers' Annual and Interim Filings*, were effective as at December 31, 2025.

## Internal Control over Financial Reporting

Management is also responsible for establishing and maintaining adequate internal controls over financial reporting ("ICFR") to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial reports for external purposes in accordance with IFRS.

Management, under the supervision of the Company's CEO and CFO, has evaluated the effectiveness of our ICFR using the 2013 Integrated Control framework as published by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management has concluded that our ICFR were effective and that there were no material weaknesses in the Company's ICFR as at December 31, 2025.

In designing such controls, it should be recognized that due to inherent limitations, any controls, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives and may not prevent or detect misstatements. Additionally, management is required to use judgment in evaluating controls and procedures.

Except as noted below, there were no changes in the Company's ICFR during the fourth quarter of 2025 that have materially affected, or are reasonably likely to materially affect, the Company's ICFR.

In accordance with the provisions of National Instruments 52-109, *Certification of Disclosure in Issuers' Annual and Interim Filings*, management, including the CEO and CFO, have limited the scope of their design of the Company's DC&P and ICFR to exclude controls, policies and procedures of the home health care business acquired on July 1, 2025, referred to as the CTG Transaction.

The CTG Transaction's contribution to the Company's consolidated financial statements for the quarter and year ended December 31, 2025 is approximately 5.8% and 3.1% of consolidated revenue, respectively, and approximately 11.9% and 5.0% of consolidated net income, respectively. Additionally, at the time of the acquisition, the assets and liabilities of the acquired operations were approximately 6.4% and 3.0% of consolidated assets and liabilities, respectively.

The scope limitation is primarily based on the time required to assess the DC&P and ICFR of the operations of the CTG Transaction in a manner consistent with the Company's other operations. The assessment on the design effectiveness of DC&P and internal controls over financial reporting is on track for completion by the second quarter of 2026 and the assessment of operating effectiveness will be completed by fourth quarter of 2026. Further details related to the CTG Transaction are disclosed under "Significant Developments – Expanded Home Health Care Segment With Acquisition of Closing the Gap" and in *Note 4* of the audited 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, including the ones described below. The Company is exposed to a number of risks and uncertainties in the normal course of business that have the potential to affect operating performance. The Company has operating and risk management strategies and insurance programs to help minimize these operating risks and uncertainties, in addition to entity level controls and governance procedures, including a corporate code of business conduct, whistleblower policies and procedures, and detailed policies and procedures regarding the delegation of authority within the Company.

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

### General Business Risks

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

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

### Risks Related to Inflationary Pressures, Tariffs and Supply Chain Interruptions

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

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

### Risks Related to Growth, Acquisitions and Redevelopment

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

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

In Ontario, licenses for LTC homes are issued for a fixed term of not more than 30 years, after which the license may or may not be renewed. Long-term care operators are to be notified of license renewals at least three years prior to the maturity date. Approximately 44%, or 3,387 of the Company's wholly owned LTC beds are in Class C homes in Ontario that are subject to redevelopment requirements and whose license terms were set to expire in June 2025. The Company applied for and has received license extensions until June 2030 for all of its remaining Class C homes. It is expected that LTC projects currently under construction will, by March 2029, replace all but 2,012 of the Company's wholly owned Class C beds.

The Company continues to progress its remaining 17 redevelopment projects not already under construction to make as many of these projects as possible economically feasible under the new CFP that was introduced by the MLTC in July 2025. Given the significant backlog in demand for long-term care, the lack of alternative care environments, the government's current targets for upgrades by 2028, and license extension precedents to date, management is of the view that it is likely that licenses will be further extended until redevelopment can be completed; however, there can be no assurance that this will be the case. For more information on the redevelopment projects and associated risks, refer to the discussions under "Significant Developments – Ontario LTC Redevelopment Activities", "– Risks Related to Inflationary Pressures, Tariffs and Supply Chain Interruptions" and "– Risks Related to Joint Venture Interests". The extent to which such redevelopment plans are not implemented or proceed on significantly different timing, terms or government funding than currently anticipated, could have a material adverse effect on the business, results of operations and financial condition of the Company.

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

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

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

## Risks Related to the CBI Acquisition

### POSSIBLE FAILURE TO COMPLETE THE CBI ACQUISITION

The Company expects to complete the CBI Acquisition in the second quarter of 2026, subject to satisfaction of customary closing conditions, including receipt of consents from third parties, including OHaH and ALA, and regulatory approval pursuant to the *Competition Act* (Canada). The Company, however, has no control over whether or not all of the conditions to closing will be met and there can be no assurance as to when these conditions will be satisfied or waived, if at all, or that other events will not intervene to delay or result in the failure to complete the CBI Acquisition.

The Company and CBI Home Health have each agreed to, promptly following the execution of the definitive agreement with respect to the CBI Acquisition (the "CBI Acquisition Agreement"), prepare and file certain filings, submissions and notices and obtain consents, orders, authorizations and approvals necessary to complete the CBI Acquisition and the other transactions contemplated by the CBI Acquisition Agreement. No assurance can be given that the required consents, orders, authorizations and approvals will be obtained or that the required conditions to the completion of the CBI Acquisition will be satisfied and an adverse development in either party's regulatory standing or other factors could result in an inability to obtain one or more of the required regulatory approvals or authorizations or delay receipt of required approvals or authorizations. Even if all such consents, orders, authorizations and approvals are obtained and such conditions are satisfied, no assurance can be given as to the terms, conditions and timing of such consents, orders, authorizations and approvals. For example, these consents, orders, authorizations and approvals may impose conditions on or require divestitures relating to the divisions, operations or assets of CBI Home Health and the Company or may impose requirements, limitations or costs or place restrictions on the conduct of CBI Home Health's or the Company' business, and

if such consents, orders, authorizations or approvals require an extended period of time to be obtained, such extended period of time could increase the chance that a material adverse event occurs with respect to CBI Home Health or the Company. Such extended period of time also may increase the chance that other adverse effects with respect to CBI Home Health or the Company could occur. Each party's obligation to complete the CBI Acquisition is also subject to the accuracy of the representations and warranties of the other party (subject to certain qualifications and exceptions) and the performance in all material respects of the other party's covenants under the CBI Acquisition Agreement. As a result of these conditions, the Company cannot provide assurance that the CBI Acquisition will be completed on the terms or timeline currently contemplated, or at all.

If the CBI Acquisition does not take place as contemplated, the proceeds of the Private Placement will not be refunded, and the Company will use the proceeds that otherwise would have been used for the CBI Acquisition to reduce its outstanding indebtedness, finance future growth opportunities, including acquisitions, and for general corporate purposes. Furthermore, if the CBI Acquisition is not consummated, the Company will not realize the benefits of the CBI Acquisition and could suffer adverse consequences. The price of the Common Shares may decline to the extent that the relevant current market price reflects a market assumption that the CBI Acquisition will be completed, and certain costs related to the CBI Acquisition, such as legal, accounting and consulting fees, must be paid even if the CBI Acquisition is not completed. If the CBI Acquisition fails to close, the Company may be unable to identify other investments offering financial returns comparable to those of the CBI Acquisition.

**INTEGRATION OF CBI HOME HEALTH**

The success of the CBI Acquisition will depend, to a certain extent, on the ability of the Company to realize the anticipated benefits and synergies from the integration of CBI Home Health. The integration of CBI Home Health may result in certain challenges, and management may be unable to accomplish the integration smoothly, successfully, in a timely manner or without unforeseen costs. The challenges involved in the integration may include, among other things, retaining key personnel during the period between execution of the CBI Acquisition Agreement and the closing and post-closing of the CBI Acquisition; integrating information technology systems and resources; regulatory restraints or restrictive undertakings agreed to in the context of obtaining regulatory approvals for the CBI Acquisition; integrating CBI Home Health into the Company's accounting system and adjusting the Company's internal control environment to cover CBI Home Health's operations; and unforeseen expenses or delays associated with the CBI Acquisition and unplanned costs required to integrate the businesses. It is possible that the integration process could result in the loss of clients and/or key employees, the disruption of the ongoing businesses of the Company and/or CBI Home Health or inconsistencies in standards, controls, procedures and policies that adversely affect the ability of management to maintain relationships with business partners, clients, suppliers and/or employees or to achieve the anticipated benefits of the CBI Acquisition. The integration of CBI Home Health will also require the dedication of time and resources on the part of management, which may divert management's focus and resources from other strategic opportunities and from operational matters during this process.

**FAILURE TO REALIZE ANTICIPATED BENEFITS OF THE CBI ACQUISITION**

The Company believes that the CBI Acquisition will provide certain benefits to the Company and its shareholders. There is, however, a risk that some or all of the expected benefits of the CBI Acquisition may fail to materialize, or may not occur within the time periods anticipated by the Company. The realization of such benefits may be affected by a number of factors, including the failure to retain key personnel or clients and the Company's ability to retain and attract new business, achieve synergies and maintain market position arising from successful integration plans relating to the CBI Acquisition, many of which are beyond the control of the Company. In addition, changes in laws or regulations, including tax laws, in the jurisdictions in which the Company, CBI Home Health and their subsidiaries operate could have a negative effect on their respective businesses, financial condition and results of operations, or on the ability of the Company to achieve the anticipated benefits from the CBI Acquisition. If the CBI Acquisition fails to provide the results that the Company anticipates, the CBI Acquisition could materially and adversely affect the Company and its financial results.

**UNEXPECTED COSTS OR LIABILITIES RELATED TO THE CBI ACQUISITION**

Although the Company has conducted what it believes to be a prudent and thorough level of investigation in connection with the CBI Acquisition, the Company may discover, following closing of the CBI Acquisition, that it has acquired substantial undisclosed liabilities or liabilities that it was unable to quantify accurately. While the Company has estimated these potential liabilities for the purposes of making its decision to enter into the CBI Acquisition Agreement, there can be no assurance that any resulting liability will not exceed the Company's estimates. In addition, the Company may be unable to retain CBI Home Health's clients or employees following the CBI Acquisition. The continuing and collaborative efforts of CBI Home Health's senior management and employees are important to its success and its business would be harmed if it were to lose their services. CBI Home Health is also a party to agreements that contain change of control, anti-assignment and/or termination for convenience provisions, which may be triggered following or as a result of completing the CBI Acquisition and the transactions contemplated in connection therewith. The operation of these change of control, anti-assignment or termination provisions, if triggered, could result in unanticipated expenses and/or cash payments following the consummation of the CBI Acquisition or adversely affect CBI Home Health's results of operations and financial condition. The existence of undisclosed liabilities, the Company's inability to retain CBI Home Health's clients or employees or the triggering of change of control, anti-assignment or termination provisions could have an adverse impact on the Company's business, financial condition and results of operations.

Although the CBI Acquisition Agreement contains covenants on the part of CBI Home Health regarding the operation of its business prior to the closing of the CBI Acquisition, the Company will not control CBI Home Health until the completion of the CBI Acquisition and CBI Home Health's business and results of operations may be adversely affected by events that are outside the Company's control during the period prior to closing of the CBI Acquisition.

Under the terms of the CBI Acquisition Agreement, the representations and warranties provided by CBI Home Health will not survive and will expire and terminate at the closing of the CBI Acquisition. Following closing of the CBI Acquisition, the Company will not have any recourse against, and/or benefit from any indemnification from, CBI Home Health, for any inaccuracy in the representations and warranties provided by CBI Home Health in the CBI Acquisition Agreement. While the Company has purchased representation and warranty insurance in connection with the CBI Acquisition, such insurance is subject to certain customary restrictions, payment maximums and scope limitations.

## Risks Related to Joint Venture Interests

The Company is a party to two limited partnership joint ventures with Axium in which the Company has a 15% managed interest. On a combined basis, the Joint Ventures own 34 LTC homes, of which 28 were operational as at December 31, 2025, with the balance under construction in Ontario. Of the 34 LTC homes, 28 are located in Ontario and six are located in Manitoba. Through these joint venture arrangements, the Company benefits from sharing the risks associated with the development, ownership and management of such homes, including those risks described herein. The Company may, however, be exposed to adverse developments, including a possible change in control, in the business and affairs of its joint venture partners which could have a significant impact on the Company's interests in the Joint Ventures and could affect the value of the Joint Ventures. In addition, there are risks which arise from the joint venture arrangements themselves, including but not limited to: the risk that the other joint venturer may, as a result of financial difficulties or otherwise, default on its obligations (refer to in particular "– Risks related to Financing – Debt Financing"); the risk that the other joint venturer may exercise buy-sell, put or other sale or purchase rights which could obligate the Company to sell its interest or buy the other joint venturer's interest at a price which may not be favourable to the Company or at a time which may not be advantageous to the Company; the risk that the other joint venturer may be in a position to take action contrary to the Company's interests; the risk that the other joint venturer may, through its activities on behalf of or in the name of the joint venture or partnership, expose or subject the Company to liability or reputational risks; or the need to obtain the other joint venturer's consent with respect to major decisions or the inability to have any decision making authority, any of which may have a material adverse effect on the business, results of operations and financial condition of the Company.

## Risks Related to Occupancy and Business Volumes

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

## Risks Related to Government Oversight, Funding and Regulatory Changes

The Company's earnings are highly reliant on government funding and reimbursement programs, and the effective management of staffing and other costs of operations, which are strictly monitored by government regulatory authorities. Given that the Company operates in a labour-intensive industry, where labour costs account for a significant portion of the Company's operating costs (approximately 90% in 2025), government funding constraints, or funding enhancements that are not commensurate with increased costs, could have a significant adverse effect on the Company's results of operations and cash flows (refer to pay equity related litigation under "Other Contractual Obligations and Contingencies – Legal Proceedings and Regulatory Action"). The Company is unable to predict the extent to which governments will adopt changes in their funding and regulatory programs, and the impact of such changes on the Company's business, results of operations and financial condition. Also, the Company cannot predict the impact, if any, that any new legislation will have on the Company's business, results of operations and financial condition.

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

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

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

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

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

For the six months ended December 31, 2025, following the CTG Transaction, approximately 92% of ParaMed's service volumes were generated in Ontario, with Nova Scotia and Alberta contributing 5% and 3%, respectively. In Nova Scotia and Alberta, government contracts have specified termination dates and/or renewal periods, following which they are put out to tender. Since 2012, ParaMed's government-funded business in Ontario has been obtained through contracts that are annually renewed. A service provider's ability to retain its existing government-funded business in Ontario is evaluated based on, among other things, an established set of quality indicators. Under this regime, all of ParaMed's government contracts in Ontario have remained in effect. In June 2024, the Government of Ontario's *Convenient Care of Home Act, 2023* came into force and the 14 Home and Community Care Support Services organizations were amalgamated to form a single new service organization named "Ontario Health atHome". The government has proposed that as Ontario Health Teams, created pursuant to the *People's Health Care Act, 2019*, mature, the responsibility for providing home care would be transitioned to designated Ontario Health Teams ("OHTs") and/or health service providers working within designated OHTs, and that Ontario Health atHome's role would shift to providing designated OHTs with back-office and care coordination supports. Currently, the OHTs are only operating a limited number of two-year pilot projects, which launched in early 2025. While any change in home care contracting and associated government operating models would represent a significant change, the underlying market demand and government guiding principles, such as continuity of care between patients and caregivers, make it unlikely that there would be any material disruption to ParaMed's business; however, the Company is unable to predict the nature and extent such changes will have on the Company's business, results of operations and financial condition.

## Risks Related to Dependence on Key Personnel

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

### CONFLICTS OF INTEREST

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

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

The occurrence of a pandemic, epidemic, or other outbreak of an infectious illness or other public health crisis in areas in which we operate could have a material adverse effect on the business, results of operations and financial condition of the Company. Federal, provincial or local health agencies may, or we may choose to, ban or limit admissions to LTC homes and retirement communities and/or suspend or limit the home health care services the Company provides as a precautionary measure in a crisis to avoid the spread of a contagious illness or other public health crisis, resulting in reduced occupancy and service volumes, on both a short and long term basis. Even in the absence of any such ban, limit or suspension, our clients may postpone or refuse services or delay residency in an attempt to avoid possible exposure. Also, enhanced procedures, protocols and care put in place to assist in reducing the likelihood of exposure or address actual illness in LTC homes and retirement communities or in respect of home health care clients (for example, enhanced screening and use of personal protective equipment) may result in increased costs. In addition, a pandemic, epidemic or other outbreak might adversely impact our operations by causing staffing and supply shortages (refer to in particular "– Risks Related to Labour Intensive Business – Availability and Cost of Personnel"). Although continued or enhanced government funding or assistance may mitigate some of these impacts, there is no certainty regarding the extent to which that will be the case or that any such funding or assistance will remain in place. In addition, outbreaks cause our facilities and our management to spend considerable time planning for and addressing such events, which diverts their attention from other business concerns. Also, to the extent a pandemic, epidemic or other outbreak results in adverse outcomes for the Company's residents, clients or employees, the likelihood of claims being brought against the Company in respect of such adverse outcomes as well as

adverse regulatory changes being instituted increases, and the ability and cost of insuring against such claims may become more challenging (refer to "Other Contractual Obligations and Contingencies – Legal Proceedings and Regulatory Actions"). Further, such outbreaks may impact the overall economy so that credit markets are adversely affected, which may make it more difficult for the Company to access the credit markets or, if able to do so, at a higher cost or less advantageous terms, potentially impacting, among other things, re-financings and our development plans and timelines.

The COVID-19 pandemic caused a number of the foregoing events to transpire (refer to "Other Contractual Obligation and Contingencies – Legal Proceedings and Regulatory Actions" for further details), and while we believe that the financial impacts of COVID-19 on the Company have abated, there can be no assurance that this will continue to be the case or that any other pandemic, epidemic or outbreak will not have a material adverse effect on the business, results of operations and financial condition of the Company.

## Risks Related to Labour Intensive Business

### AVAILABILITY AND COST OF PERSONNEL

The seniors' care industry is labour intensive, with approximately 90% of the Company's operating costs represented by labour costs. The Company competes with other health care providers in attracting and retaining qualified and skilled personnel to manage and operate its businesses. The health care industry has historically been afflicted with shortages of qualified personnel, such as nurses, certified nurse's assistants, nurse's aides, therapists and PSWs, particularly in non-urban settings, which were amplified by the COVID-19 pandemic and may be further amplified in the event of another pandemic, epidemic, or other outbreak of an infectious illness. Although the Company has taken steps to reduce its reliance on staffing agencies, disruptions in the labour market could necessitate increased use of staffing agencies to meet its staffing needs, resulting in higher operating costs. Furthermore, general inflationary pressures may require the Company to enhance its pay and benefits package to compete effectively for qualified personnel. The Company may not be able to recover such added costs through increased government funding and reimbursement programs, or through increased rates charged to residents and clients. In addition, the Company has contracted out select dietary and housekeeping services provided in some of its homes. Should the Company become dissatisfied with the quality or cost of such contracted services, it may need to terminate the related contracts and recruit replacement staff at an incremental cost and potential business disruption. The inability to retain and/or attract qualified personnel and meet minimum staffing levels may result in: a reduction in occupancy levels and volume of services provided; the increased use of staffing agencies at added costs; an increased risk in the inability to provide continuity of care between the Company's staff and its residents and clients; and an increased risk of the Company being subject to fines and penalties. An increase in personnel costs, including pursuant to the pay equity related litigation under "Other Contractual Obligations – Legal Proceedings and Regulatory Actions", or a failure to attract, train and retain qualified and skilled personnel could adversely affect the business, results of operations and financial condition of the Company.

### IMMIGRATION

The shortage of qualified healthcare personnel could be further exacerbated by changes to federal or provincial immigration policies and programs, especially those that reduce the availability of temporary foreign workers. In addition, failure to comply with the appropriate legislative requirements related to temporary foreign workers could result in penalties and reputational harm to the Company and thus have a material adverse effect on the business, results of operations and financial condition of the Company.

### WORKPLACE HEALTH AND SAFETY

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

### LABOUR RELATIONS

Approximately 69% of the Company's employees are represented by labour unions. Labour relations with the unions are governed by numerous collective bargaining agreements with different unions. Upon expiration of the collective bargaining agreements, the Company may not be able to negotiate collective agreements on satisfactory terms. There can be no assurance that the Company will not at any time, whether in connection with the renegotiation of a collective bargaining agreement or otherwise, experience strikes, other labour disruptions or any other type of conflict with unions or employees, which could have a material adverse effect on the Company's business, operating results and financial condition. The LTC homes that the Company operates are generally subject to legislation that prohibits both strikes and lock-outs, and requires compulsory arbitration to settle labour disputes. In jurisdictions where strikes and lockouts are permitted, certain essential services regulations apply which provide for the continuation of resident care and most services.

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

## Risks Related to Liability and Insurance

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

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

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

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

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

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

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

## Risks Related to Tax Rules and Regulations

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

## Risks Related to Financing

### DEBT FINANCING

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

The Company's $375.0 million Senior Secured Credit Facility, of which $153.5 million was available as at December 31, 2025, is secured by 30 LTC homes. The Senior Secured Credit Facility is subject to customary financial and non-financial covenants and other terms, including periodic re-appraisals of the homes that could limit the maximum level of the line of credit and other restrictions on the Company's subsidiaries making certain payments, investments, loans and guarantees. A demand for repayment of amounts drawn on the lines of credit could inhibit the flow of cash dividends by the Company on a temporary basis until alternative financing is obtained.

In addition, the Company provides unsecured guarantees related to certain credit facilities held by the Joint Ventures; namely, construction loans and letter of credit facilities in support of ongoing construction of joint venture LTC redevelopment projects and term loans and lease-up credit facilities for operating joint venture LTC homes. As at December 31, 2025, 28 LTC homes within the Joint Ventures have existing credit facilities available of up to $885.9 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 December 31, 2025, the Company has provided unsecured guarantees of $345.5 million in support of the credit facilities held by the Joint Ventures (refer to *Note 21* of the consolidated financial statements). A demand for payment pursuant to such guarantees and/or a failure by a joint venture partner to meet its obligations to the Company in respect of such guarantees, could have a material adverse effect on the business, results of operations and financial condition of the Company (refer to "– Risks Related to Joint Venture Interests").

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

### DEBT COVENANTS

The Company and its subsidiaries are in compliance with all of their respective financial covenants as at December 31, 2025. However, there can be no assurance that future covenant requirements will be met. The Company's bank lines and other debt may be affected by its ability to remain in compliance. If the Company does not remain in compliance with its financial covenants and it is unable to amend the covenants, obtain waivers or refinance its debt when needed or on satisfactory terms, it could have a material adverse effect on the business, results of operations and financial condition of the Company.

### INTEREST RATES

The Company has limited the amount of debt that may be subject to changes in interest rates, with $19.1 million of mortgage debt at variable rates as at December 31, 2025. The Company primarily finances its properties through fixed-rate mortgages and considers securing interest rate swap agreements for any variable-rate debt to mitigate exposure to interest rate changes. The Company's variable-rate borrowing under the Senior Secured Credit Facility of $175.5 million and term loan of $26.7 million as at December 31, 2025, have effectively been converted to fixed-rate financings with interest rate swaps over the full respective terms. The Company maintains risk management control systems to monitor interest rate risk attributable to its outstanding or forecasted debt obligations as well as any offsetting hedge positions. The Company does not enter into financial instruments for trading or speculative purposes.

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

## Risks Related to Real Property Ownership

### REAL PROPERTY OWNERSHIP

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

As at December 31, 2025, the Company wholly owns 59 LTC homes and has one under construction. The Company also owns a 15% managed interest in 34 LTC homes through the Joint Ventures, six of which are under construction. LTC homes are often limited in terms of alternative uses; therefore, their values are directly driven by the cash flow from operations. The value of the real property depends, in part, on government funding, license terms, and reimbursement programs. Moreover, certain significant expenditures relating to real property ownership, such as real estate taxes, maintenance costs and mortgage payments, represent liabilities that must be met regardless of whether the property is producing sufficient income.

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

### CAPITAL INTENSIVE INDUSTRY

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

## Risks Related to Environmental, Health and Safety Laws

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

With respect to the Company's pre-1980 properties, management has determined that future costs could be incurred for possible asbestos remediation at these sites. Appropriate remediation procedures may be required to remove potential asbestos-containing materials, consisting primarily of floor and ceiling tiles, in connection with any major renovation or demolition. Based upon current assumptions, the estimated fair value of the decommissioning provision related to the asbestos remediation was approximately $11.3 million undiscounted, or $9.9 million discounted, as at December 31, 2025 (refer to *Note 10* of the consolidated financial statements).

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

## Risks Related to Climate Change

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

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

## Risks Related to the Common Shares

### UNPREDICTABILITY AND VOLATILITY OF THE COMMON SHARE PRICE

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

### CASH DIVIDENDS ARE NOT GUARANTEED

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

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

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

### COMPANY STRUCTURE

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

### FUTURE ISSUES OF COMMON SHARES AND PREFERRED SHARES AND DILUTION

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

### LEVERAGE AND RESTRICTIVE COVENANTS IN CURRENT AND FUTURE INDEBTEDNESS

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

### CHANGES IN THE COMPANY'S CREDITWORTHINESS MAY AFFECT THE VALUE OF THE COMPANY'S SECURITIES

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

| Endnotes | |
|---|---|
| (1) | This is a non-GAAP financial measure. Refer to the discussion under "Non-GAAP Measures". |
| (2) | Based on CBI Home Health's trailing twelve months ended July 31, 2025 Adjusted EBITDA of $61.9 million, including adjustments for lease accounting policy alignment adjustments to EBITDA ($5.5 million) and lease liability ($13.6 million) related to facilities leases, net of Extendicare Quality of Earnings EBITDA adjustments of $3.3 million. |

# Consolidated Financial Statements and Notes

## Year ended December 31, 2025

**Extendicare Inc.**
**Dated: February 26, 2026**

# Extendicare Inc.
## Consolidated Financial Statements

**Years ended December 31, 2025 and 2024**


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# Management's Responsibility for Consolidated Financial Statements

The accompanying consolidated financial statements of Extendicare Inc. ("Extendicare" or the "Company") and other financial information contained in this Annual Report are the responsibility of management. The consolidated financial statements have been prepared in conformity with IFRS® Accounting Standards as issued by the International Accounting Standards Board, using management's best estimates and judgments, where appropriate. In the opinion of management, these consolidated financial statements reflect fairly the financial position, results of operations and cash flows of Extendicare within reasonable limits of materiality. The financial information contained elsewhere in this report has been reviewed to ensure consistency with that in the consolidated financial statements.

A system of internal accounting and administrative controls is maintained by management to provide reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition and that financial records are properly maintained to provide accurate and reliable consolidated financial statements.

The board of directors of Extendicare (the "Board of Directors" or the "Board") is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal controls. The Board of Directors carries out this responsibility principally through its independent Audit Committee comprised of unrelated and outside directors. The Audit Committee meets regularly during the year to review significant accounting and auditing matters with management and the independent auditors and to review and approve the interim and annual consolidated financial statements of Extendicare.

The consolidated financial statements have been audited by KPMG LLP, which has full and unrestricted access to the Audit Committee. KPMG's report on the consolidated financial statements follows.

**MICHAEL GUERRIERE**

President and Chief Executive Officer

**DAVID BACON**

Executive Vice President and Chief Financial Officer

February 26, 2026

KPMG LLP
100 New Park Place, Suite 1400
Vaughan, ON L4K 0J3
Canada
Tel 905 265 5900
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# INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Extendicare Inc.

## *Opinion*

We have audited the consolidated financial statements of Extendicare Inc. (the Entity), which comprise:

- the consolidated statements of financial position as at December 31, 2025 and December 31, 2024
- the consolidated statements of earnings for the years then ended
- the consolidated statements of comprehensive income for the years then ended
- the consolidated statements of changes in equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of material accounting policy information

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2025 and December 31, 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

## *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the ***"Auditor's Responsibilities for the Audit of the Financial Statements"*** section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

KPMG LLP, an Ontario limited liability partnership and member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Canada provides services to KPMG LLP.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## *Key Audit Matters*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2025. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matter described below to be the key audit matter to be communicated in our auditor's report.

### *Evaluation of the impairment assessment of long-term care homes non-financial assets*

#### *Description of the matter*

We draw attention to Notes 2(c), 3(c), 3(g), 6, and 17 to the financial statements. Property and equipment is a significant portion of the non-financial assets, being $353,687 thousand, and is primarily comprised of long-term care homes, each property being a cash-generating unit ("CGU"). The Entity recognizes impairment losses in net earnings if the carrying amount of an asset or its related CGU exceeds its estimated recoverable amount. The recoverable amount of an asset or a CGU is the greater of its value in use and its fair value less costs to sell.

Significant assumptions in determining the recoverable amount of CGUs include:

- the estimated market capitalization or discount rate
- estimated normalized net operating income ("NOI") after adjusting for management fees and capital maintenance, or forecasted cash flows.

During the year ended December 31, 2025, the Company did not record any impairment charges.

#### *Why the matter is a key audit matter*

We identified the evaluation of the impairment assessment of long-term care homes non-financial assets as a key audit matter. This matter represented an area of significant risk of material misstatement given the magnitude of long-term care homes non-financial assets and the high degree of estimation uncertainty in determining the recoverable amount of long-term care homes non-financial assets. In addition, significant auditor judgment and specialized skills and knowledge were required in evaluating the results of our audit procedures due to the sensitivity of the Entity's determination of recoverable amount to minor changes to significant assumptions.

***How the matter was addressed in the audit***

The following are the primary procedures we performed to address this key audit matter:

For a selection of CGUs, we evaluated the appropriateness of the normalized NOI assumptions by comparing respective assumptions used in the determination of the recoverable amount of the CGUs to actual historical NOI of such CGUs. We took into account changes in conditions and events affecting the CGU to assess the adjustments or lack of adjustments made in arriving at the normalized NOI for such CGUs.

For one CGU, we evaluated the appropriateness of the forecasted cash flow assumption by comparing the forecasted cash flows used in the determination of the recoverable amount of the CGU to actual historical cash flows of a comparable CGU. We took into account expected changes in conditions and events affecting the CGU to assess the adjustments made in arriving at the forecasted cash flows for this CGU.

For a selection of CGUs, we involved valuations professionals with specialized skills and knowledge, who assisted in evaluating the appropriateness of the capitalization or discount rate assumptions by comparing the capitalization or discount rate against published reports of real estate industry commentators for long-term care homes.

## *Other Information*

Management is responsible for the other information. Other information comprises:

- the information included in Management's Discussion and Analysis.
- the information, other than the financial statements and the auditor's report thereon, included in a document likely to be entitled "Annual Report".

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

The information, other than the financial statements and the auditor's report thereon, included in a document likely to be entitled "Annual Report" is expected to be made available to us after the date of this auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

The engagement partner on the audit resulting in this auditor's report is W. G. Andrew Smith

Vaughan, Canada

February 26, 2026

# Extendicare Inc.
## Consolidated Statements of Financial Position
**As at December 31**

| *(thousands of dollars)* | ***notes*** | **2025** | **2024** |
|---|---|---|---|
| **Assets** | | | |
| Current assets | | | |
| Cash and cash equivalents | | **347,937** | 121,846 |
| Restricted cash | | **1,244** | 710 |
| Accounts receivable | ***5*** | **84,209** | 92,324 |
| Income taxes recoverable | ***20*** | **966** | — |
| Other assets | ***8*** | **17,578** | 28,819 |
| Total current assets | | **451,934** | 243,699 |
| Non-current assets | | | |
| Property and equipment | ***6*** | **353,687** | 295,231 |
| Goodwill and other intangible assets | ***7*** | **195,300** | 120,907 |
| Other assets | ***8*** | **33,449** | 29,433 |
| Deferred tax assets | ***20*** | **7,673** | 5,772 |
| Investment in joint ventures | ***9*** | **24,472** | 24,746 |
| Total non-current assets | | **614,581** | 476,089 |
| **Total assets** | | **1,066,515** | 719,788 |
| **Liabilities and Equity** | | | |
| Current liabilities | | | |
| Accounts payable and accrued liabilities | | **298,739** | 241,497 |
| Income taxes payable | ***20*** | **11,594** | 20,293 |
| Current portion of long-term debt | ***11*** | **19,847** | 31,093 |
| Total current liabilities | | **330,180** | 292,883 |
| Non-current liabilities | | | |
| Long-term debt | ***11*** | **310,356** | 261,394 |
| Provisions | ***10*** | **9,869** | 9,055 |
| Other long-term liabilities | ***12*** | **31,314** | 24,943 |
| Deferred tax liabilities | ***20*** | **11,426** | 7,161 |
| Total non-current liabilities | | **362,965** | 302,553 |
| **Total liabilities** | | **693,145** | 595,436 |
| Share capital | ***14*** | **662,850** | 469,328 |
| Contributed surplus | ***13*** | **16,290** | 14,331 |
| Accumulated deficit | | **(299,676)** | (352,546) |
| Accumulated other comprehensive loss | | **(6,094)** | (6,761) |
| **Shareholders' equity** | | **373,370** | 124,352 |
| **Total liabilities and equity** | | **1,066,515** | 719,788 |

See accompanying notes to the consolidated financial statements.
Commitments and Contingencies (*Note 21)*, Subsequent Event *(Note 28).*

**Alan D. Torrie**
Chairman

**Michael Guerriere**
President and Chief Executive Officer

# Extendicare Inc.
## Consolidated Statements of Earnings
**Years ended December 31**

| *(thousands of dollars except for per share amounts)* | ***notes*** | **2025** | **2024** |
|---|---|---|---|
| **Revenue** | ***15*** | **1,660,408** | 1,466,202 |
| Operating expenses | | **1,423,570** | 1,264,713 |
| Administrative costs | | **61,224** | 56,940 |
| **Total expenses** | ***16*** | **1,484,794** | 1,321,653 |
| **Earnings before depreciation, amortization, and other** | | **175,614** | 144,549 |
| Depreciation and amortization | ***6, 7*** | **36,943** | 33,336 |
| Other income | ***17*** | **(4,000)** | (2,450) |
| Share of profit from investment in joint ventures | ***9*** | **(1,854)** | (1,933) |
| **Earnings before net finance costs and income taxes** | | **144,525** | 115,596 |
| Net finance costs | ***18*** | **14,422** | 15,735 |
| **Earnings before income taxes** | | **130,103** | 99,861 |
| Current income tax expense | | **39,777** | 27,244 |
| Deferred income tax recovery | | **(6,330)** | (2,592) |
| **Total income tax expense** | ***20*** | **33,447** | 24,652 |
| **Net earnings** | | **96,656** | 75,209 |
| | | | |
| **Basic Earnings per Share** | | | |
| Net earnings | ***19*** | **$1.132** | $0.893 |
| **Diluted Earnings per Share** | | | |
| Net earnings | ***19*** | **$1.113** | $0.859 |

See accompanying notes to the consolidated financial statements.

# Extendicare Inc.
## Consolidated Statements of Comprehensive Income
**Years ended December 31**

| *(thousands of dollars)* | **2025** | **2024** |
|---|---|---|
| **Net earnings** | **96,656** | 75,209 |
| **Other Comprehensive Income (Loss), Net of Taxes** | | |
| Items that will not be reclassified to profit or loss: | | |
| Defined benefit plan actuarial gains (losses) | **908** | (861) |
| Tax (expense) recovery on changes in defined benefit plan | **(241)** | 228 |
| Other comprehensive income (loss), net of taxes | **667** | (633) |
| **Total comprehensive income** | **97,323** | 74,576 |

See accompanying notes to the consolidated financial statements.

# Extendicare Inc.

## Consolidated Statements of Changes in Equity

**Years ended December 31**

| *(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 | *13* | *308,663* | 1,981 | — | 1,244 | (1,336) | — | 1,889 |
| Net earnings | | — | — | — | — | 75,209 | — | 75,209 |
| Dividends declared | *14* | — | — | — | — | (40,033) | — | (40,033) |
| Other comprehensive loss | | — | — | — | — | — | (633) | (633) |
| Redemption of convertible debentures | | — | — | (7,085) | — | 7,085 | — | — |
| Balance at December 31, 2024 | | *83,466,978* | 469,328 | — | 14,331 | (352,546) | (6,761) | 124,352 |

| *(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** |
| Issuance of common shares | ***14*** | ***10,640,000*** | **193,327** | **—** | **—** | **—** | **—** | **193,327** |
| Share-based compensation | ***13*** | ***350,931*** | **195** | **—** | **1,959** | **(1,458)** | **—** | **696** |
| Net earnings | | **—** | **—** | **—** | **—** | **96,656** | **—** | **96,656** |
| Dividends declared | ***14*** | **—** | **—** | **—** | **—** | **(42,328)** | **—** | **(42,328)** |
| Other comprehensive income | | **—** | **—** | **—** | **—** | **—** | **667** | **667** |
| **Balance at December 31, 2025** | | ***94,457,909*** | **662,850** | **—** | **16,290** | **(299,676)** | **(6,094)** | **373,370** |

See accompanying notes to the consolidated financial statements.

# Extendicare Inc.
## Consolidated Statements of Cash Flows
**Years ended December 31**

| *(thousands of dollars)* | *notes* | 2025 | 2024 |
|---|---|---|---|
| **Operating Activities** | | | |
| Net earnings | | **96,656** | 75,209 |
| Adjustments for: | | | |
| Share-based compensation | | **696** | 1,889 |
| Depreciation and amortization | *6, 7* | **36,943** | 33,336 |
| Net finance costs | *18* | **14,422** | 15,735 |
| Current taxes | *20* | **39,872** | 26,675 |
| Deferred taxes | *20* | **(7,867)** | (2,818) |
| Defined benefit plan expenses | *22* | **973** | 996 |
| Defined benefit plan contributions | *22* | **(1,854)** | (1,864) |
| Gain on sale of assets to joint venture, net of tax | *17* | **(11,081)** | (2,707) |
| Gain on sale of Class C LTC assets, net of tax | *17* | **—** | (7,651) |
| Share of profit from investment in joint ventures | *9* | **(1,854)** | (1,933) |
| Other income and expense | *17* | **—** | 2,661 |
| | | **166,906** | 139,528 |
| Net change in operating assets and liabilities | | | |
| Accounts receivable | | **18,559** | (3,583) |
| Other assets | | **13,215** | (5,479) |
| Accounts payable and accrued liabilities | | **25,244** | 31,916 |
| | | **223,924** | 162,382 |
| Interest paid, net | | **(10,893)** | (11,203) |
| Income taxes paid, net | | **(49,439)** | (7,540) |
| **Net cash from operating activities** | | **163,592** | 143,639 |
| **Investing Activities** | | | |
| Purchase of property, equipment and other intangible assets | *6, 7* | **(59,904)** | (41,950) |
| Change in other assets | *8* | **1,632** | 1,653 |
| Proceeds from sale of assets to joint venture | | **57,360** | 20,482 |
| Proceeds from sale of Class C LTC assets | | **—** | 8,990 |
| Investment in joint ventures | *9* | **(1,080)** | (718) |
| Distributions from investment in joint ventures | *9* | **1,617** | 2,432 |
| Acquisition of home health care business | *4* | **(75,116)** | — |
| Acquisition of LTC assets | *4* | **(41,908)** | — |
| **Net cash used in investing activities** | | **(117,399)** | (9,111) |
| **Financing Activities** | | | |
| Issuance of common shares | *14* | **191,524** | — |
| Issuance of long-term debt | *11* | **55,000** | 130,000 |
| Repayment of long-term debt and lease liabilities | *11* | **(21,586)** | (18,936) |
| Payment of lease liabilities related to purchase of LTC assets from lessor | *11* | **—** | (29,918) |
| Redemption of convertible debentures | *11* | **—** | (125,680) |
| Change in restricted cash | | **(534)** | 19 |
| Dividends paid | *14* | **(41,699)** | (40,020) |
| Financing costs | *11* | **(2,807)** | (3,331) |
| **Net cash from (used in) financing activities** | | **179,898** | (87,866) |
| Increase in cash and cash equivalents | | **226,091** | 46,662 |
| Cash and cash equivalents at beginning of year | | **121,846** | 75,184 |
| **Cash and cash equivalents at end of year** | | **347,937** | 121,846 |

See accompanying notes to the consolidated financial statements.

## 1. GENERAL INFORMATION AND NATURE OF THE BUSINESS

The common shares (the "Common Shares") of Extendicare Inc. 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.

In 2025, the Company completed the acquisition of nine Class C long-term care homes located in Ontario and Manitoba and one parcel of vacant land located in Ontario. The Company also completed the acquisition of a Canadian home health care business (*Note 4*). In the fourth quarter of 2025, the Company announced the acquisition of another Canadian home health care business expected to close in 2026 (*Note 21*).

## 2. BASIS OF PREPARATION

### a) Statement of Compliance

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB"). These consolidated financial statements were approved by the Board on February 26, 2026.

### b) Basis of Measurement

The consolidated financial statements have been prepared on the historical cost basis except for financial assets and liabilities classified at fair value through profit or loss.

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) Use of Estimates and Judgment

The preparation of consolidated financial statements in conformity with IFRS Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Information about the significant judgments, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses are discussed below. The recorded amounts for such items are based on management's best available information and are subject to assumptions and judgment, which may change as time progresses; accordingly, actual results could differ from estimates.

A more subjective estimate is the determination of the recoverable amount of cash-generating units ("CGUs") subject to an impairment test in accordance with IAS 36 *Impairment of Assets*. In addition, the assessment of contingencies and provisions are subject to judgment, the gain on sale of assets to the joint ventures includes variable consideration, and the measurement of variable consideration is subject to judgment.

## 3. MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

### a) Basis of Consolidation

The consolidated financial statements include the accounts of Extendicare and its wholly owned subsidiaries. All intercompany transactions and balances have been eliminated. The financial statements of Extendicare's subsidiaries are included within the Company's consolidated financial statements from the date that control commences until the date that control ceases, and are prepared for the same reporting period as the Company, using consistent accounting policies. The Company accounts for business combinations under the acquisition method (see section 'New Material Accounting Policy'*)*.

### b) Cash and Cash Equivalents

Cash and cash equivalents include unrestricted cash and short-term investments less bank overdraft and outstanding cheques. Short-term investments, comprised of money market instruments, have a maturity of 90 days or less from their date of purchase.

## c) Property and Equipment

Property and equipment is stated at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition or development of the asset. Homes that are constructed or under construction include all incurred expenditures for the development and other direct costs related to the acquisition of land, development and construction of the homes, including borrowing costs of assets meeting certain criteria that are capitalized until the home is completed for its intended use.

Property and equipment, primarily related to long-term care ("LTC") homes, are classified into components when parts of an item have different useful lives. The cost of replacing a component of an item is recognized in the carrying amount of the item if there is future economic benefit and its cost can be measured reliably. Any undepreciated carrying value of the assets being replaced will be derecognized and charged to net earnings upon replacement. The costs of the day-to-day maintenance of property and equipment are recognized in net earnings as incurred.

Depreciation and amortization are computed on a straight-line basis based on the useful lives of each component of property and equipment. Depreciation of LTC homes under construction commences when the home is available for its intended use based upon the useful life of the asset, as outlined in the following table. Land and Construction in Progress are not depreciated. Depreciation methods, useful lives and residual values are reviewed at least annually, and adjusted if appropriate.

| | |
|---|---|
| Land improvements | 20 years |
| Buildings: | |
| Building components: | |
| Structure and sprinklers systems | 15 to 50 years |
| Roof, windows and elevators | 25 years |
| HVAC and building systems | 10 to 20 years |
| Flooring and interior upgrades | 15 years |
| Building improvements and extensions | 3 to 10 years |
| Furniture and equipment: | |
| Furniture and equipment | 5 to 15 years |
| Computer equipment | 3 years |
| Leasehold improvements | Term of the lease and renewal that is reasonably certain to be exercised |

## d) Government Grants

Government grants are recognized depending on the purpose and form of the payment from the government.

Forgivable loans issued by the government are accounted for as government grants if there is reasonable assurance the Company will meet the terms for forgiveness of the loan. Forgivable loans granted by a provincial or health authority body for the construction of a senior care centre, where the grants are received throughout the duration of the construction project, are netted with the cost of property and equipment to which they relate when such payments are received.

Capital funding payments for the development of a senior care centre that are received from a provincial body subsequent to construction over extended periods of time are present valued and are recorded as notes and amounts receivable included in other assets, with an offset to the cost of property and equipment upon inception; as these grants are received over time, the accretion of the receivable is recognized in interest revenue as part of net finance costs within net earnings.

Government grants are recognized only when there is reasonable assurance that the Company will comply with the conditions attached to the grants and they will be received. Government grants are recognized in net earnings as a deduction from the related expense, systematically over the periods in which the grants are intended to compensate.

## e) Leases

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. Lease payments for assets that are exempt through the short-term or low-value exemptions and variable payments not based on an index or rate are recognized in operating expenses or administrative costs on a systematic basis.

The lease liability is subsequently increased by the interest cost through accretion and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Company has applied judgment to determine the lease term for leases that include renewal options. The assessment of whether there is reasonable certainty to exercise such options impacts the lease term, which significantly affects the amount of right-of-use assets and lease liabilities recognized.

## f) Goodwill and Other Intangible Assets

**GOODWILL**

Goodwill represents the excess amount of consideration given over the fair value of the underlying net assets acquired in a business combination and is measured at cost less accumulated impairment losses. Goodwill is not amortized but is tested for impairment on an annual basis or more frequently if there are indicators that goodwill may be impaired.

**OTHER INTANGIBLE ASSETS**

Other intangible assets that are acquired are recorded at fair value determined upon acquisition, and if the assets have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses.

Intangible assets with finite lives are amortized on a straight-line basis, based on cost. Cost includes expenditures that are directly attributable to the acquisition or development of the asset, as well as the preparation of the asset to be capable of operating in the manner intended by management. Subsequent expenditures are capitalized only if future benefit exists. All other expenditures, including expenditures on internally generated goodwill, are recognized in net earnings as incurred.

Amortization methods and useful lives are reviewed at least annually and are adjusted when appropriate.

| | |
|---|---|
| Customer relationships | 8 to 20 years |
| Operational entitlements | 3 to 30 years |
| Computer software licences | 5 to 7 years |
| Internal development costs for software | 10 years |

## g) Impairment

Impairment of financial and non-financial assets is assessed on a regular basis. All impairment losses are charged to other expense as part of net earnings before net finance costs and income taxes.

**NON-FINANCIAL ASSETS**

Non-financial assets consist of property and equipment, intangible assets with finite lives and goodwill.

The carrying amounts of non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated to determine the extent of the impairment, if any. For goodwill and intangible assets that are not yet available for use, the recoverable amount is estimated annually at the same time or more frequently if warranted. An impairment loss is recognized in net earnings if the carrying amount of an asset or its related CGU, or group of assets on the same basis as evaluated by management, exceeds its estimated recoverable amount. A CGU is defined to be the smallest group of assets that generates cash inflows from continuing use that is largely independent of the cash inflows of other assets. The Company has identified the home health care segment and each individual LTC home as a CGU.

The determination of recoverable amount can be significantly impacted by estimates related to current market valuations, current and future economic conditions in the geographical markets of each CGU, and management's strategic plans within each of its markets. The significant assumptions used in the determination of the recoverable amount of the home health care segment CGU including the related goodwill include normalized earnings before interest, depreciation and amortization and the earnings multiple. The significant assumptions used in the determination of the recoverable amount for a LTC home CGU include normalized net operating income, after adjusting for management fees and capital maintenance, or forecasted cash flows, and estimated market capitalization or discount rate.

Goodwill is allocated to its respective CGUs for the purpose of impairment testing. Corporate assets that do not generate separate cash flows and are utilized by more than one CGU are allocated to each CGU for the purpose of impairment testing and are not tested for impairment separately.

Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to reduce the carrying amounts of the assets in the CGU on a pro rata basis. Impairment losses on goodwill cannot be reversed. In respect of other non-financial assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

**FINANCIAL ASSETS**

Financial assets are reviewed at each reporting date using the expected credit loss ("ECL") impairment model which applies to all financial assets except for investments in equity securities.

The Company has elected to use the simplified approach and calculates impairment loss on accounts receivable when there has been a significant increase in credit risk of lifetime ECL. The other ECL models applied to other financial assets also

require judgment, assumptions and estimations for changes in credit risks, forecasts of future economic conditions and historical information of the credit quality of the financial asset.

Impairment losses are recorded in operating expenses in the consolidated statements of earnings with the carrying amount of the financial asset reduced through the use of impairment allowance accounts.

## h) Employee Benefits

**DEFINED BENEFIT PLANS**

Defined benefit plans are post-employment plans with a defined obligation to employees in return for the services rendered during the term of their employment with the Company. The net obligation of these plans is calculated separately for each plan by estimating the present value of future benefit that employees have earned in return for their service in the current and prior periods. Past service costs are recognized during the period in which they are incurred, and the fair value of any plan assets are deducted. The discount rate used in deriving the present value is the yield at the reporting date on AA credit-rated corporate bonds that have maturity dates approximating the Company's obligations and are denominated in the same currency in which the benefits are expected to be paid.

The calculation of the future benefit of the plan is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the plan, the recognized asset is limited to the present value of economic benefits available in the form of reductions in future contributions to the plan.

All actuarial gains and losses arising from defined benefit plans are recognized in other comprehensive income ("OCI") during the period in which they are incurred.

**DEFINED CONTRIBUTION PLANS**

The Company has corporate specific and multi-employer defined benefit pension plans. Multi-employer defined benefit pension plans are accounted for as defined contribution plans as the liability per employer is not available. Defined contribution plans are post-employment plans where the costs are fixed and there are no legal or constructive obligations to pay further amounts. Obligations for such contributions are recognized as employee benefit expense in net earnings during the periods in which services are rendered by employees.

**SHORT-TERM EMPLOYEE BENEFITS**

The Company has vacation, paid sick leave and short-term disability plans along with other health, drug and welfare plans for its employees. These employee benefit obligations are measured on an undiscounted basis and are expensed as the related services are rendered.

## i) Share-based Compensation

**EQUITY-SETTLED LONG-TERM INCENTIVE PLANS**

Awards for deferred share units ("DSUs") and performance share units ("PSUs") are a share-based component of director and executive compensation, which are accounted for based on the intended form of settlement. Under a long-term incentive plan ("LTIP"), the Board has the discretion to settle the DSU and PSU awards in cash, market-purchased Common Shares, or Common Shares issued from treasury. Based on the Board's intention to settle the awards in Common Shares issued from treasury, the PSU and DSU awards are accounted for as equity-settled awards. Settlement of the DSUs and PSUs are net of any applicable taxes and other source deductions required to be withheld by the Company, which amounts are anticipated to approximate 50% of the fair value of the award on the redemption date. The compensation expense for these equity-settled awards is prorated over the vesting or performance period, with a corresponding increase to contributed surplus. The fair value of each award is measured at the grant date. Forfeitures are estimated at the grant date and are revised to reflect changes in expected or actual forfeitures. In addition, PSU and DSU participants are credited with dividend equivalents in the form of additional units when dividends are paid on Common Shares in the ordinary course of business.

## j) Provisions

Provisions comprise estimated decommissioning provisions. A provision is recognized when there is a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and that obligation can be measured reliably. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. Any increase in the provision due to passage of time is recognized as accretion expense and recognized as part of net finance costs. Provisions are reviewed on a regular basis and adjusted to reflect management's best current estimates. Due to the judgmental nature of these items, future settlements may differ from amounts recognized.

**DECOMMISSIONING PROVISIONS**

Management has determined that future costs could be incurred for possible asbestos remediation for certain of the Company's pre-1980 constructed homes. Although asbestos is currently not a health hazard in any of these homes, appropriate remediation procedures may be required to remove potential asbestos-containing materials, consisting primarily of floor and ceiling tiles, in connection with any major renovation or demolition.

The fair value of the decommissioning provisions related to asbestos remediation is estimated by computing the present value of the estimated future costs of remediation based on estimated expected dates of remediation. The computation is

based on a number of assumptions, which may vary in the future depending upon the availability of new information, changes in technology and in costs of remediation, and other factors.

## k) Fair Value Measurement

The Company measures certain financial instruments at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either: in the principal market for the asset or liability; or in the absence of a principal market, in the most advantageous market for the asset or liability.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the following fair value hierarchy:

Level 1 – quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); or

Level 3 – unobservable inputs such as inputs for the asset or liability that are not based on observable market data.

Each type of fair value is categorized based on the lowest level input that is significant to the fair value measurement in its entirety, categorization of which is re-assessed at the end of each reporting period. For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

## l) Financial Instruments

**FINANCIAL ASSETS AND LIABILITIES**

Financial assets are classified as measured at fair value through profit and loss (“FVTPL”), fair value through other comprehensive income (“FVOCI”), or amortized cost. The classification depends on the Company’s business model for managing its financial instruments and the characteristics of the contractual cash flows associated with the instruments.

Financial assets and liabilities classified as measured at amortized cost are initially recognized at fair value (net of any transaction costs) and are subsequently measured at amortized cost using the effective interest method less allowance for credit losses for financial assets.

Financial assets classified as measured at FVOCI are initially recognized at fair value and transaction costs are recognized in net earnings. Subsequently, unrealized gains and losses are recognized in other comprehensive income. Upon derecognition, realized gains and losses are reclassified from other comprehensive income and are recognized in net earnings for debt instruments and remain in other comprehensive income for equity investments. Interest income, foreign exchange gains/losses and impairments from debt instruments as well as dividends from equity investments are recognized in net earnings.

Financial assets and liabilities classified as measured at FVTPL are initially recognized at fair value and transaction costs are recognized in net finance costs in net earnings, along with gains and losses arising from changes in fair value.

Financial liabilities are measured as FVTPL if they are classified as held for trading or are designated as such. Other non-derivative financial liabilities are classified as amortized cost. Derivative financial liabilities are classified as FVTPL.

**DERIVATIVE FINANCIAL INSTRUMENTS**

Derivative financial instruments are used to manage risks from fluctuations in interest rates. All derivative instruments, including embedded derivatives that must be separately accounted for, are valued at their respective fair values in the consolidated financial statements.

The Company currently does not have any fair value, cash flow or net investment hedges.

## m) Revenue

The Company recognizes revenue for the transfer of goods or services to customers at an amount that reflects the consideration expected to be received for those goods or services. The Company generates revenue primarily from the provision of services to LTC residents, home health care services and managed services.

**LONG-TERM CARE**

Services provided to residents include the provision of accommodation and meals, assistance with activities of daily living and continuing care. Programs and services are offered to all residents and specialty programs are offered for those with cognitive needs. Revenue from the LTC segment is regulated by provincial authorities and provincial programs fund a substantial portion of these fees with a co-payment for accommodation being paid by the residents. Accommodation and services are delivered as a bundle and revenue is recognized over time, typically on a monthly basis, which reflects when the services are provided. The frequency that funding is received depends on the jurisdiction in which the LTC home operates and varies between a monthly or more frequent basis; and payments from residents are typically due at the beginning of each month.

In some cases, the Company's funding is based on occupancy levels achieved or certain policy conditions being met such as spending or staffing hour requirements. In these cases, the Company estimates the amount of funding that it expects to be entitled to for the services provided.

**HOME HEALTH CARE**

Home health care services provided include complex nursing care, occupational, physical and speech therapy and assistance with daily activities to accommodate clients of all ages living at home. Revenue from the home health care segment is also regulated by provincial authorities. Revenue is derived from both government and private-pay clients. Performance obligations are satisfied as services are delivered and revenue is therefore recognized over time, typically as the services are provided to the customer. Private-pay services are invoiced at the end of each month based on the services provided, and the billing frequency of government-funded services varies between monthly and bi-weekly depending on the jurisdiction in which the Company operates.

**MANAGED SERVICES**

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. Rates are contractual, and these contracts are typically accounted for as a single performance obligation because goods or services are delivered concurrently. Revenue is recognized over time, typically on a monthly basis, which reflects when the services are provided.

## n) Finance Costs, Finance Income, and Deferred Financing Costs

Finance costs include: interest expense on long-term debt; accretion of the discount on decommissioning provisions; losses on the change in fair value of financial assets and liabilities designated as FVTPL; and losses in foreign exchange on non-Canadian dollar-based monetary items.

Finance income includes interest income on funds invested, gains on the change in fair value of financial assets and liabilities designated as FVTPL, accretion on deferred consideration and gains in foreign exchange on non-Canadian based monetary items.

Deferred financing costs are deducted against long-term debt and are amortized using the effective interest rate method over the term of the debt.

## o) Income Taxes

The Company and its subsidiaries are subject to income taxes as imposed by the jurisdictions in which they operate, in accordance with the relevant tax laws of such jurisdictions. The provision for income taxes for the period comprises current and deferred tax.

Current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the jurisdictions in which the Company operates. Deferred income tax is calculated using tax rates anticipated to apply in the periods that the temporary differences are expected to reverse.

The income tax rates used to measure deferred tax assets and liabilities are those rates enacted or substantially enacted at the reporting date and are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Current and deferred income tax assets and liabilities are offset when there is a legally enforceable right of offset; and the income taxes are levied by the same taxation authority on either the same taxable entity or different taxable entities, which intend either to settle current tax liabilities and assets on a net basis or to realize the assets and settle the liabilities simultaneously, for each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

The ultimate realization of deferred tax assets is dependent upon if the generation of future taxable income is probable during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment.

## p) Segmented Reporting

The Company operates solely within Canada, hence, no geographical segment disclosures are presented. Segmented information is presented in respect of business segments, based on management's internal reporting structure.

## q) 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.

Unrealized gains and losses arising from transactions with the joint ventures are eliminated to the extent of the Company's interest in the joint ventures; unrealized losses are eliminated to the extent that there is no evidence of impairment.

## r) 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 consideration transferred. 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.

## s) 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.

# 4. SIGNIFICANT TRANSACTIONS

## LTC Transaction

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 "LTC Transaction").

On June 1, 2025, Extendicare completed the LTC Transaction. The purchase price of $46.2 million was funded from cash on hand of $41.9 million, plus an estimated $4.3 million to be paid upon the sale of the land and building from one of the acquired Class C LTC homes in Ontario after it is vacated following redevelopment (*Note 12*). Upon closing of the LTC 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 LTC 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)] | ***6*** | 72,713 |
| Accounts payable and accrued liabilities | | (27,367) |
| **Net assets acquired** | | **46,158** |

[(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 7*).

## CTG Transaction

In the second quarter of 2025, the Company, through its wholly owned home health care subsidiary, ParaMed Inc., 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").

On July 1, 2025, the Company completed the CTG Transaction. The aggregate cash consideration for the CTG Transaction was $75.1 million, subject to customary and other adjustments and was funded from cash on hand. The CTG Transaction includes an earnout tied to new business revenue generation in the twelve months after closing. The estimated contingent consideration from the earnout is between $1.5 million and $2.0 million, and is expected to be funded from cash on hand and the Company's existing Senior Secured Credit Facility.

The following table summarizes the acquisition date fair value of each class of consideration transferred. There was no change in the estimated fair value of the earnout as of December 31, 2025.

| | **July 1, 2025** |
|---|---|
| Cash | 75,116 |
| Contingent consideration | 1,750 |
| **Consideration transferred** | **76,866** |

The Company accounted for the CTG Transaction as a business combination in accordance with IFRS 3 *Business Combinations* and recognized the following identifiable net assets. Any adjustments will be reflected retrospectively in accordance with IFRS 3.

| | ***notes*** | **July 1, 2025** |
|---|---|---|
| Cash and cash equivalents | | 1,954 |
| Accounts receivable[i] | | 5,729 |
| Other assets | | 232 |
| Property and equipment | ***6*** | 3,000 |
| Customer relationships | ***7*** | 38,705 |
| Accounts payable and accrued liabilities | | (6,206) |
| Deferred tax liabilities | | (10,257) |
| Lease liabilities | ***6, 11*** | (2,667) |
| **Net assets acquired** | | **30,490** |

[i]Represents gross contractual amounts.

Goodwill has been recognized as follows, and arises from the expanded platform, future growth opportunities, and access to further opportunities in existing provinces:

| | ***notes*** | **July 1, 2025** |
|---|---|---|
| Consideration transferred | | 76,866 |
| Less: Fair value of identifiable net assets | | (30,490) |
| **Goodwill** | ***7*** | **46,376** |

None of the goodwill recognized is expected to be deductible for tax purposes.

For the year ended December 31, 2025, Closing the Gap contributed revenue of $50.6 million and net earnings of $4.8 million to the Company. If the acquisition had occurred on January 1, 2025, estimated revenue on a consolidated basis would have been $1,708.8 million, and estimated net earnings on a consolidated basis would have been $102.0 million, for the year ended December 31, 2025.

## 5. ACCOUNTS RECEIVABLE

| | 2025 | 2024[i] |
|---|---|---|
| Trade receivables | **78,377** | 90,352 |
| Other receivables | **10,520** | 4,829 |
| **Accounts receivable** | **88,897** | 95,181 |
| Less: trade receivable allowance | **(4,688)** | (2,857) |
| **Accounts receivable, net of allowance** | **84,209** | 92,324 |

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

## 6. 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 | — | — | — | — | (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 | **—** | **548** | **3,235** | **865** | **26,501** | **24,004** | **55,153** |
| Derecognition | **—** | **(552)** | **(1,032)** | **(9,591)** | **—** | **—** | **(11,175)** |
| Sale of assets to joint venture *(Note 17)* | **—** | **—** | **—** | **—** | **(43,985)** | **—** | **(43,985)** |
| Acquisition of LTC assets *(Note 4)* | **24,906** | **44,198** | **—** | **1,981** | **1,628** | **—** | **72,713** |
| Acquisition of home health care business *(Note 4)* | **—** | **96** | **2,667** | **195** | **—** | **42** | **3,000** |
| Transfers | **484** | **13,440** | **(85)** | **10,743** | **—** | **(24,582)** | **—** |
| **December 31, 2025** | **64,237** | **447,728** | **30,377** | **85,666** | **25,260** | **4,368** | **657,636** |

| | 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 | **591** | **15,845** | **2,928** | **8,163** | **—** | **—** | **27,527** |
| Derecognition | **—** | **(552)** | **(134)** | **(9,591)** | **—** | **—** | **(10,277)** |
| **December 31, 2025** | **7,596** | **232,601** | **16,066** | **47,686** | **—** | **—** | **303,949** |
| **Carrying Amounts** | | | | | | | |
| December 31, 2024 | 31,842 | 172,690 | 12,320 | 32,359 | 41,116 | 4,904 | 295,231 |
| **December 31, 2025** | **56,641** | **215,127** | **14,311** | **37,980** | **25,260** | **4,368** | **353,687** |

## 7. GOODWILL AND OTHER INTANGIBLE ASSETS

| | Goodwill | Operational Entitlements | Customer Relationships[i] | Software and Other Intangible Assets[i] | Total |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| January 1, 2024 | 45,850 | 20,809 | 39,100 | 60,362 | 166,121 |
| Additions | — | — | — | 7,661 | 7,661 |
| December 31, 2024 | 45,850 | 20,809 | 39,100 | 68,023 | 173,782 |
| Additions | **—** | **—** | **—** | **951** | **951** |
| Derecognition (*Note 4*) | **—** | **(5,423)** | **—** | **—** | **(5,423)** |
| Write-offs | **—** | **—** | **—** | **(596)** | **(596)** |
| Acquisition of home health care business *(Note 4)* | **46,376** | **—** | **38,705** | **—** | **85,081** |
| **December 31, 2025** | **92,226** | **15,386** | **77,805** | **68,378** | **253,795** |

| | Goodwill | Operational Entitlements | Customer Relationships[i] | Software and Other Intangible Assets[i] | Total |
|---|---|---|---|---|---|
| **Accumulated Amortization** | | | | | |
| January 1, 2024 | — | 550 | 23,898 | 17,366 | 41,814 |
| Amortization | — | 1,266 | 2,400 | 4,734 | 8,400 |
| Impairment | — | 2,661 | — | — | 2,661 |
| December 31, 2024 | — | 4,477 | 26,298 | 22,100 | 52,875 |
| Amortization | **—** | **682** | **3,454** | **5,280** | **9,416** |
| Derecognition (*Note 4*) | **—** | **(3,796)** | **—** | **—** | **(3,796)** |
| **December 31, 2025** | **—** | **1,363** | **29,752** | **27,380** | **58,495** |
| **Carrying Amounts** | | | | | |
| December 31, 2024 | 45,850 | 16,332 | 12,802 | 45,923 | 120,907 |
| **December 31, 2025** | **92,226** | **14,023** | **48,053** | **40,998** | **195,300** |

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

## 8. OTHER ASSETS

| | 2025 | 2024 |
|---|---|---|
| Construction funding subsidy receivable | **26,317** | 27,949 |
| Supply inventory | **4,702** | 4,671 |
| Prepayments and other | **20,008** | 25,632 |
| **Total other assets** | **51,027** | 58,252 |
| Less: current portion | **(17,578)** | (28,819) |
| **Other assets, non-current portion** | **33,449** | 29,433 |

### Construction Funding Subsidy Receivable

Construction funding subsidy receivable represents discounted amounts receivable from the Government of Ontario with respect to construction funding subsidies for LTC homes. As at December 31, 2025, the current portion of construction funding subsidy receivable was $1.7 million (December 31, 2024 – $1.6 million). These subsidies represent funding for a portion of LTC home construction costs over a 20-year to 25-year period. The weighted average remaining term of this funding is 13 years.

## 9. 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 for a customary development fee in respect of the joint venture homes and will operate the homes upon completion of construction for a customary management fee.

Axium JV owns three new LTC homes located in Ontario consisting of approximately 700 funded LTC beds, and five LTC home under construction in Ontario.

### Axium Extendicare LTC II LP

Axium Extendicare LTC II LP (“Axium JV II”) owns 19 new 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:

| | 2025 | 2024 |
|---|---|---|
| Interest in Axium JV - 15% ownership | **8,994** | 8,420 |
| Interest in Axium JV II - 15% ownership | **15,478** | 16,326 |
| **Total** | **24,472** | 24,746 |

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

| | 2025 | 2024 |
|---|---|---|
| Current assets (including cash and cash equivalents - $42,895) | **70,739** | 57,593 |
| Non-current assets | **974,522** | 751,203 |
| **Total assets** | **1,045,261** | 808,796 |
| Current liabilities (Current portion of long-term debt - $191,824) | **342,594** | 274,786 |
| Long-term debt *(Note 21)* | **521,139** | 369,721 |
| Other long-term liabilities | **17,925** | 7,648 |
| **Total liabilities** | **881,658** | 652,155 |
| **Total net assets (100%)** | **163,603** | 156,641 |
| Company share of net assets (15%) | **24,472** | 23,467 |
| Difference between investment carrying amount and underlying equity in net assets[(i)] | **—** | 1,279 |
| **Carrying amount of investment in joint ventures** | **24,472** | 24,746 |

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

| | 2025 | 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 | **(1,617)** | (2,432) |
| Share of profit from investment in joint ventures | **1,854** | 1,933 |
| Other adjustments[(i)] | **(1,591)** | — |
| **Investment in joint ventures as at end of year** | **24,472** | 24,746 |

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

Financial information of the joint ventures are as follows:

| | 2025 | 2024 |
|---|---|---|
| **Revenue** | **474,191** | 407,858 |
| Operating expenses | **430,582** | 366,698 |
| Administrative costs | **232** | 241 |
| **Earnings before depreciation, amortization, and net finance costs** | **43,377** | 40,919 |
| Depreciation and amortization | **17,737** | 16,538 |
| Net finance costs | **13,286** | 11,502 |
| **Net income (100%)** | **12,354** | 12,879 |
| **Company share of net income (15%)** | **1,854** | 1,933 |

## 10. PROVISIONS

| | Decommissioning Provisions |
|---|---|
| January 1, 2024 | 10,343 |
| Provisions released | (856) |
| Accretion | 158 |
| Change in measurement | (590) |
| December 31, 2024 | 9,055 |
| Accretion | **305** |
| Change in measurement | **509** |
| **December 31, 2025** | **9,869** |

### Decommissioning Provisions

The decommissioning provisions relate to possible asbestos remediation for certain of the Company's pre-1980 constructed homes. An estimated undiscounted cash flow amount of approximately $11.3 million (December 31, 2024 – $11.0 million) was discounted using a rate of 2.95% (December 31, 2024 – 3.05%) over an average estimated time to settle of 5 years.

## 11. LONG-TERM DEBT

| | Interest Rate | Year of Maturity | 2025 | 2024 |
|---|---|---|---|---|
| CMHC mortgages, fixed rate | 2.65% - 7.70% | 2026 - 2037 | **33,664** | 36,771 |
| CMHC mortgage, variable rate | Variable | 2027 | **19,082** | 19,878 |
| Non-CMHC mortgages and loans | 5.05% - 5.64% | 2027 - 2038 | **90,620** | 95,003 |
| Lease liabilities(i) | 4.27% - 5.50% | 2026 - 2033 | **16,838** | 14,736 |
| Senior secured credit facility, term loan(ii) | 5.30% | 2027 | **175,500** | 130,000 |
| Total debt | | | **335,704** | 296,388 |
| Deferred financing costs | | | **(5,501)** | (3,901) |
| Total debt, net of deferred financing costs | | | **330,203** | 292,487 |
| Less: current portion | | | **(19,847)** | (31,093) |
| **Long-term debt** | | | **310,356** | 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 |
| 2026 | 8,660 | — | 4,111 | 9,250 | 22,021 |
| 2027 | 7,150 | 43,116 | 3,577 | 166,250 | 220,093 |
| 2028 | 6,747 | — | 2,787 | — | 9,534 |
| 2029 | 7,099 | — | 2,272 | — | 9,371 |
| 2030 | 6,607 | 12,098 | 1,870 | — | 20,575 |
| Thereafter | 44,016 | 7,873 | 5,838 | — | 57,727 |
| **Total debt principal and lease liability repayments** | 80,279 | 63,087 | 20,455 | 175,500 | 339,321 |
| Interest on lease liabilities | — | — | (3,617) | — | (3,617) |
| **Principal and lease liabilities, after interest** | 80,279 | 63,087 | 16,838 | 175,500 | 335,704 |

## Long-term Debt Continuity

| | 2025 | 2024 |
|---|---|---|
| As at January 1 | **292,487** | 334,516 |
| Issuance of long-term debt | **55,000** | 130,000 |
| New lease liabilities | **3,235** | 2,911 |
| Lease liabilities from acquisition of home health care business *(Note 4)* | **2,667** | — |
| Accretion and other | **—** | 1,108 |
| Repayments of long-term debt | **(17,786)** | (8,232) |
| Payment of lease liabilities | **(3,800)** | (2,514) |
| Payment of lease liabilities related to purchased LTC assets from lessor | **—** | (8,190) |
| Increase in deferred financing costs | **(2,807)** | (3,331) |
| Amortization of deferred financing costs and other | **1,207** | 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 year** | **330,203** | 292,487 |

## CMHC Mortgages

The Company has various mortgages insured through the Canada Mortgage and Housing Corporation ("CMHC") program. The fixed rate CMHC mortgages are secured by several Canadian financial institutions at rates ranging from 2.65% to 7.70% with maturity dates through to 2037. The Company has one variable rate mortgage, insured through the 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

The Company has a number of conventional mortgages and loans on certain LTC homes, at rates ranging from 5.05% to 5.64%.

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%.

## Lease Liabilities

Lease liabilities include head office and district office leases. The liabilities associated with the head and district office leases contain remaining initial non-cancellable lease terms of up to 8 years. Some leases provide the Company with options to extend at the end of the term.

During the year ended December 31, 2025, the Company has recognized new and renewed district office lease liabilities of $3.2 million (December 31, 2024 – $2.9 million).

In the third quarter of 2025, the Company acquired $2.7 million in lease liabilities as part of the CTG Transaction (*Note 4*).

## 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*, *18*).

In the third 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 CTG Transaction (*Note 4*). 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 December 31, 2025, $24.2 million of the Revolving Facility secures the Company's defined benefit pension plan obligations (December 31, 2024 – $23.2 million), $11.8 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 $153.5 million unutilized (December 31, 2024 – $108.5 million).

### Interest Rates

The weighted average interest rate of all long-term debt as at December 31, 2025, was approximately 5.26% (December 31, 2024 – 5.12%).

### 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 December 31, 2025.

## 12. OTHER LONG-TERM LIABILITIES

| | 2025 | 2024 |
|---|---|---|
| Accrued pension and benefits obligation *(Note 22)* | **18,782** | 20,508 |
| Interest rate swaps | **1,182** | 563 |
| Other long-term liabilities related to unrealized gain and deferred revenue (*Note 25*) | **7,100** | 3,872 |
| Amount due to seller on LTC Transaction (*Note 4*) | **4,250** | — |
| **Other long-term liabilities** | **31,314** | 24,943 |

### Interest Rate Swaps

Interest rate swaps include a swap contract relating to a loan with a notional amount of $26.7 million (December 31, 2024 – $27.7 million), to lock in a rate of 5.40% for the full term of the loan, maturing in April 2027.

Interest rate swaps also include swap contracts relating to the Delayed Draw Facility with a notional amount of $175.5 million (December 31, 2024 – $130.0 million). The swaps fix the CORRA portion of the interest rate of the credit facility at a rate of 2.80%, and mature in November 2029.

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. Changes in fair value are recorded in net finance costs.

As at December 31, 2025, the interest rate swaps were classified as a liability of $1.2 million (December 31, 2024 – a liability of $0.6 million).

## 13. SHARE-BASED COMPENSATION

### Equity-settled Long-term Incentive Plan

The Company's 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 DSUs for non-employee directors and 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 | |
|---|---|---|
| *(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 year** | **750,588** | 655,318 |

During the year ended December 31, 2025, the Company's DSUs and PSUs were an expense of $5.9 million (December 31, 2024 – $4.5 million), 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:

| | 2025 | 2024 |
|---|---|---|
| Contributed surplus – DSUs | **7,054** | 6,132 |
| Contributed surplus – PSUs | **9,236** | 8,199 |
| **Total** | **16,290** | 14,331 |

As at December 31, 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)* | **2025** | **2024** | **2025** | **2024** |
| Units outstanding, beginning of year | **825,011** | 857,813 | **1,623,854** | 1,486,841 |
| Granted | **73,182** | 97,145 | **415,839** | 564,584 |
| Reinvested dividend equivalents | **29,208** | 49,267 | **55,240** | 92,223 |
| Change due to performance and forfeiture | **—** | — | **65,473** | (43,690) |
| Settled | **(79,506)** | (179,214) | **(671,082)** | (476,104) |
| **Units outstanding, end of year** | **847,895** | 825,011 | **1,489,324** | 1,623,854 |
| Weighted average fair value of units granted during the period at grant date | **$15.14** | $8.49 | **$14.63** | $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:

| | 2025 | | | 2024[(i)] | | |
|---|---|---|---|---|---|---|
| Grant date | **Dec 12, 2025** | **Aug 15, 2025** | **Mar 10, 2025** | Nov 22, 2024 | Aug 22, 2024 | Mar 19, 2024 |
| Vesting date | **Mar 10, 2028** | **Mar 10, 2028** | **Mar 10, 2028** | Mar 19, 2027 | Mar 19, 2027 | Mar 19, 2027 |
| PSUs granted | **5,526** | **30,598** | **379,715** | 37,671 | 28,065 | 498,848 |
| Fair value of AFFO component | **$11.12** | **$6.74** | **$6.52** | $5.17 | $4.29 | $3.81 |
| Fair value of TSR component | **$14.36** | **$7.50** | **$7.98** | $6.28 | $4.75 | $4.09 |
| Grant date fair value | **$25.48** | **$14.24** | **$14.50** | $11.45 | $9.04 | $7.90 |
| Expected volatility of the Company's Common Shares | **24.74 %** | **23.44 %** | **21.77 %** | 21.39 % | 20.66 % | 18.43 % |
| Expected volatility of the Index | **15.08 %** | **14.05 %** | **15.06 %** | 12.99 % | 16.17 % | 15.85 % |
| Risk-free rate | **2.60 %** | **2.70 %** | **2.51 %** | 3.34 % | 3.24 % | 3.94 % |
| Dividend yield | **nil** | **nil** | **nil** | nil | nil | nil |

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

## 14. 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 year ended December 31, 2025, the Company declared cash dividends of $0.500 per share (December 31, 2024 – $0.480 per share).

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 year ended December 31, 2025.

In the fourth quarter of 2025, the Company issued an aggregate of 10,640,000 Common Shares at an issue price of $18.80 per share (2024 – nil) for aggregate gross proceeds of $200.0 million. Transaction costs of $6.7 million, net of taxes of $1.8 million, were recorded against shareholder's equity.

## 15. REVENUE

Funding for the Company's LTC homes and home health care services is regulated by provincial authorities. Revenue from provincial programs represented approximately 77% of the Company's LTC revenue (December 31, 2024 – 78%), and approximately 99% of the home health care revenue for 2025 (December 31, 2024 – 99%).

## 16. EXPENSES BY NATURE

| | 2025 | 2024[i] |
|---|---|---|
| Employee wages and benefits | **1,302,551** | 1,143,796 |
| Food, drugs, supplies and other variable costs | **64,684** | 64,685 |
| Property based and leases | **55,324** | 54,288 |
| Other | **62,235** | 58,884 |
| **Total operating expenses and administrative costs** | **1,484,794** | 1,321,653 |

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

## 17. OTHER INCOME AND EXPENSE

| | 2025 | 2024 |
|---|---|---|
| Impairment *(Note 7)* | **—** | 2,661 |
| Strategic transformation costs | **3,182** | 6,042 |
| Gain on sale of assets to joint venture | **(12,523)** | (2,922) |
| Gain on sale of Class C LTC assets | **—** | (8,231) |
| Integration and transaction costs | **5,404** | — |
| Other | **(63)** | — |
| **Total other income** | **(4,000)** | (2,450) |

## Impairment

### GOODWILL AND OTHER INTANGIBLE ASSETS

The Company completed its annual impairment assessment of the carrying value of goodwill. There was no impairment of goodwill during the years ended December 31, 2025 and December 31, 2024.

In 2024, the Company recorded an impairment charge of $2.7 million, in respect of its operational entitlement contracts with Revera Inc. and its affiliates ("Revera") due to the anticipated sale of 30 LTC homes to the Company and a third party that will result in the Company's existing management agreements with Revera in respect of the 30 LTC homes terminating in accordance with their terms upon closing of the two transactions (*Note 4*).

### PROPERTY AND EQUIPMENT

During the years ended December 31, 2025 and December 31, 2024, the Company did not record any impairment charges.

The Company completes the assessment of the recoverable amount of its CGUs as follows:

Each LTC home is a CGU and is assessed by comparing the recoverable amount (in this case the value in use) of each CGU, determined using the direct capitalization method, to their carrying values. The direct capitalization method divides the estimated normalized net operating income, after adjusting for management fees and capital maintenance using an estimated market capitalization rate of 7.1%, derived from a combination of third-party information and industry trends.

In the case of one Alberta LTC home, this was assessed by comparing the recoverable amount (in this case the value in use) determined using the discounted cash flow method, to its carrying value. The discounted cash flow method takes into account forecasted cash flows using an estimated pre-tax discount rate of 17.1%, derived from third-party information and adjusted for cash-flow specific risks.

### 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 $3.2 million (December 31, 2024 – $6.0 million).

### Gain on Sale of Assets to Joint Venture

In the second quarter of 2025, the Company completed the sale to Axium JV of three 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.

### Integration and Transaction Costs

During the year ended December 31, 2025, the Company incurred transaction-related professional fees and integration costs.

## 18. NET FINANCE COSTS

| | **2025** | **2024** |
|---|---|---|
| Interest expense | **18,720** | 20,145 |
| Interest revenue | **(5,731)** | (7,039) |
| Accretion | **814** | 1,110 |
| Loss on redemption of convertible debentures | **—** | 820 |
| Fair value adjustments | **619** | 699 |
| **Net finance costs** | **14,422** | 15,735 |

### Fair Value Adjustments

Fair value adjustments related to interest rate swap contracts for the year ended December 31, 2025 were a loss of $0.6 million (December 31, 2024 – loss of $0.7 million).

## 19. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net earnings for the period by the weighted average number of shares outstanding during the period, including vested DSUs awarded that have not settled. Diluted earnings per share is calculated by adjusting the net earnings and the weighted average number of shares outstanding for the effects of all dilutive instruments.

The Company's potentially dilutive instruments include equity-settled compensation arrangements, and included convertible debentures in 2024. The number of shares included with respect to the PSUs is computed using the treasury stock method. The calculation of diluted earnings per share does not assume conversion, exercise, or other issue of potential ordinary shares that would have an antidilutive effect on earnings per share.

The following table reconciles the numerator and denominator of the basic and diluted earnings per share computation.

| | 2025 | 2024 |
|---|---|---|
| **Numerator for Basic and Diluted Earnings per Share** | | |
| ***Net earnings*** | | |
| Net earnings for basic earnings per share | **96,656** | 75,209 |
| Add: after-tax interest on convertible debt | **—** | 6,661 |
| Net earnings for diluted earnings per share | **96,656** | 81,870 |
| **Denominator for Basic and Diluted Earnings per Share** | | |
| Actual weighted average number of shares | **84,591,650** | 83,389,426 |
| Actual weighted average number of DSUs | **809,754** | 829,062 |
| Weighted average number of shares for basic earnings per share | **85,401,404** | 84,218,488 |
| Shares issued if all convertible debt was converted | **—** | 9,889,205 |
| PSUs | **1,441,755** | 1,254,367 |
| Total for diluted earnings per share | **86,843,159** | 95,362,060 |
| **Basic Earnings per Share (*in dollars*)** | | |
| Net earnings | **$1.132** | $0.893 |
| **Diluted Earnings per Share (*in dollars*)** | | |
| Net earnings | **$1.113** | $0.859 |

## 20. INCOME TAXES

### Effective Tax Rate

The major factors that caused variations from the expected combined Canadian federal and provincial statutory income tax rates were as follows:

| | 2025 | 2024 |
|---|---|---|
| Earnings before income taxes | **130,103** | 99,861 |
| Tax rate | **26.5 %** | 26.5 % |
| Income taxes at statutory rates of 26.5% | **34,477** | 26,463 |
| Income tax effect relating to the following items: | | |
| Non-deductible items | **1,001** | 649 |
| Non-taxable income | **(1,877)** | (2,150) |
| Other items | **(154)** | (310) |
| **Income tax expense** | **33,447** | 24,652 |

### Summary of Operating and Capital Loss Carryforwards

The Company and its subsidiaries have nominal operating loss carryforwards available as at December 31, 2025 (December 31, 2024 – nominal), which are recognized in deferred tax assets. Capital loss carryforwards of $16.9 million (December 31, 2024 – $60.0 million) which have not been tax benefited, are available indefinitely to apply against future capital gains.

### Recognized Deferred Tax Assets and Liabilities

Deferred income taxes are provided for temporary differences between the carrying values of assets and liabilities and their respective tax values as well as available tax loss carryforwards. Management believes it is more likely than not that the Company's corporate subsidiaries will realize the benefits of these deductible differences.

Net deferred tax liabilities changed in 2025 to $3.8 million (deferred tax liabilities of $11.4 million net of deferred tax assets of $7.7 million) from a net deferred tax liability position of $1.4 million (deferred tax liabilities of $7.2 million net of deferred tax assets of $5.8 million) at December 31, 2024.

The significant components of deferred income tax assets and liabilities and the movement in these balances during the year were as follows:

| | Balance January 1, 2025 | Recognized in Net Earnings | Recognized in Other Comprehensive Income | Recognized in Share Capital | Arising from Business Acquisition | Balance December 31, 2025 |
|---|---|---|---|---|---|---|
| Property and equipment, goodwill and other intangible assets | **22,015** | **(2,452)** | **—** | **—** | **10,257** | **29,820** |
| Provisions | **(2,580)** | **(199)** | **—** | **—** | **—** | **(2,779)** |
| Accrued pension and benefits obligation | **(5,959)** | **6** | **241** | **—** | **—** | **(5,712)** |
| Other | **(12,087)** | **(3,685)** | **—** | **(1,804)** | **—** | **(17,576)** |
| **Deferred tax liabilities/ (assets), net** | **1,389** | **(6,330)** | **241** | **(1,804)** | **10,257** | **3,753** |

| | Balance January 1, 2024 | Recognized in Net Earnings | Recognized in Other Comprehensive Income | Recognized in Share Capital | Other | Balance December 31, 2024 |
|---|---|---|---|---|---|---|
| Property and equipment, goodwill and other intangible assets | 24,520 | (2,505) | — | — | — | 22,015 |
| Provisions | (2,911) | 331 | — | — | — | (2,580) |
| Accrued pension and benefits obligation | (5,961) | 230 | (228) | — | — | (5,959) |
| Other | (11,439) | (647) | — | — | (1) | (12,087) |
| Deferred tax liabilities/ (assets), net | 4,209 | (2,591) | (228) | — | (1) | 1,389 |

## 21. COMMITMENTS AND CONTINGENCIES

### Commitments

As at December 31, 2025, the Company has outstanding commitments of $124.0 million, primarily related to construction contracts for its LTC redevelopment projects and 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:

| | Construction Commitments | Technology Commitments | Total |
|---|---|---|---|
| 2026 | 36,246 | 9,893 | 46,139 |
| 2027 | 39,665 | 6,710 | 46,375 |
| 2028 and thereafter | 24,745 | 6,725 | 31,470 |
| **Total** | 100,656 | 23,328 | 123,984 |

In the fourth quarter of 2025, the Company entered into a $91.5 million (before taxes) fixed-price construction agreement in connection with the construction of a new 320-bed LTC home in Sudbury, Ontario.

### CBI Acquisition

In the fourth quarter of 2025, the Company, through its wholly owned home health care subsidiary, ParaMed, entered into an agreement to acquire all of the equity interests of CBI Home Health LP and CBI (GP) 3 Inc. and their respective subsidiaries (collectively, "CBI Home Health") (the "CBI Acquisition"). The CBI Acquisition will be completed for a cash purchase price of $570.0 million, subject to customary adjustments. In the fourth quarter of 2025, the Company entered into an agreement to amend the existing senior secured credit facility agreement to increase the Revolving Facility by $60.0 million to $250.0 million and the Delayed Draw Facility by $154.5 million to $339.5 million, contingent upon the closing of the CBI Acquisition (*Note 11*).

The CBI Acquisition is subject to customary closing conditions, including receipt of consents from third parties, including Ontario Health atHome and Assisted Living Alberta, and regulatory approval pursuant to the *Competition Act* (Canada), and is not conditional on financing or due diligence.

## 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 December 31, 2025, 28 LTC homes within the joint ventures have existing credit facilities available of up to $885.9 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 December 31, 2025, the Company has provided unsecured guarantees of $345.5 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 December 31, 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 December 31, 2025. This matter could have a materially adverse impact on the Company’s business, results of operations and financial condition.

# 22. EMPLOYEE BENEFITS

Retirement compensation arrangements are maintained for certain employee groups as described below.

## Defined Benefit Plans

The Company has benefit arrangements for certain of its executives, which include a registered defined benefit pension plan, as well as supplementary plans that provide pension benefits in excess of statutory limits and post-retirement health and dental benefits. These plans have been closed to new entrants for several years. The plans are exposed to various risks, including longevity risk, currency risk, interest rate risk and market risks.

The different types of defined benefit plans of the Company are listed below.

| | Defined Benefit Plan | | Supplementary Defined Benefit Plans | | Total | |
|---|---|---|---|---|---|---|
| | **2025** | **2024** | **2025** | **2024** | **2025** | **2024** |
| Fair value of plan assets | **4,622** | 4,238 | **2,545** | 2,545 | **7,167** | 6,783 |
| Present value of obligations | **5,059** | 5,231 | **22,806** | 24,039 | **27,865** | 29,270 |
| **Deficit** | **(437)** | (993) | **(20,261)** | (21,494) | **(20,698)** | (22,487) |

**DEFINED BENEFIT PLAN**

As required by law, the registered defined benefit pension plan is funded through a trust, and the Company is responsible for meeting the statutory obligations for funding this plan. The funding requirement for past service is determined based on separate actuarial valuations for funding purposes, which are completed every three years. The last actuarial review was performed effective October 1, 2024 and completed in early 2025. During 2026, the Company expects to contribute nominal amounts (2025 - contributed $0.1 million) to its Defined Benefit Plan. The actual amount of contributions may vary from the estimate depending on the filing of any actuarial valuations, any new regulatory requirements, or other factors related to its Defined Benefit Plan.

**SUPPLEMENTARY DEFINED BENEFIT PLANS**

The supplementary defined benefit pension plan is funded through a retirement compensation arrangement and secured through a letter of credit that is renewed annually.

The supplementary health and dental benefit plan is unfunded. The Company does not set aside other assets for this plan and the benefit payments are funded from cash generated from operations.

**DEFINED BENEFIT OBLIGATIONS**

| | **2025** | **2024** |
|---|---|---|
| **Present Value of Defined Benefit Obligations** | | |
| Accrued benefit obligations | | |
| Balance at beginning of year | **29,270** | 29,036 |
| Current service cost | **5** | 5 |
| Benefits paid | **(2,046)** | (2,140) |
| Interest costs | **1,267** | 1,285 |
| Actuarial (gain) loss | **(631)** | 1,084 |
| Balance at end of year | **27,865** | 29,270 |
| Plan assets | | |
| Fair value at beginning of year | **6,783** | 6,542 |
| Employer contributions | **127** | 54 |
| Actual gain on plan assets | **277** | 223 |
| Interest income on plan assets | **299** | 294 |
| Benefits paid | **(319)** | (330) |
| Fair value at end of year | **7,167** | 6,783 |
| **Defined benefit obligations** | **20,698** | 22,487 |

The Company’s defined benefit obligations are recorded in the consolidated statements of financial position as follows:

| | **2025** | **2024** |
|---|---|---|
| Accounts payable and accrued liabilities | **1,916** | 1,979 |
| Other long-term liabilities *(Note 12)* | **18,782** | 20,508 |
| **Defined benefit obligations, end of year** | **20,698** | 22,487 |

**EFFECT OF CHANGES TO DEFINED BENEFIT OBLIGATIONS**

| | 2025 | 2024 |
|---|---|---|
| **Expenses Recognized in Net Earnings** | | |
| Annual benefit plan expenses | | |
| Current service cost | **5** | 5 |
| Interest costs | **968** | 991 |
| **Defined benefit plan expenses included in administrative costs** | **973** | 996 |
| **Actuarial Loss Recognized in Other Comprehensive Income** | | |
| Amount in accumulated deficit at January 1 | **(6,710)** | (6,077) |
| Actuarial gain (loss) arising from changes in liability experience and assumption changes | **631** | (1,084) |
| Gain on assets | **277** | 223 |
| Income tax (expense) recovery on actuarial adjustments | **(241)** | 228 |
| **Amount in accumulated deficit at December 31** | **(6,043)** | (6,710) |

**PLAN ASSETS**

| | 2025 | 2024 |
|---|---|---|
| Equities | **62 %** | 58 % |
| Fixed income securities | **32 %** | 36 % |
| Real estate / commercial mortgage | **6 %** | 6 % |
| | **100 %** | 100 % |

**ACTUARIAL ASSUMPTIONS**

| | 2025 | 2024 |
|---|---|---|
| Discount rate for accrued obligation at end of year | **4.60 %** | 4.50 % |
| Discount rate for plan expenses | **4.50 %** | 4.60 % |
| Rate of compensation increase | **— %** | — % |
| Income Tax Act limit increase | **3.00 %** | 3.00 % |
| Average remaining service years of active employees | **2** | 2 |
| Mortality table | **CPM2014Publ w/ MI-2017** | CPM2014Publ w/ MI-2017 |

The present value of the pension and benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension and benefit obligations.

The Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Company considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and those that have terms to maturity approximating the terms of the related pension liability.

Changes to the following actuarial assumptions, while holding the other assumptions constant, would have affected the defined benefit obligation and related expense for 2025 by the amounts shown below.

| | Increase (Decrease) in Benefit Obligation | Increase (Decrease) in Net Earnings |
|---|---|---|
| Discount rate | | |
| 1% increase | (1,952) | 80 |
| 1% decrease | 2,235 | (110) |
| Mortality rate | | |
| 10% increase | (677) | (30) |
| 10% decrease | 742 | 34 |

## Defined Contribution Plans

The Company maintains registered savings and defined contribution plans and matches up to 120% of the employees' contributions according to seniority, subject to a maximum based on the salary of the plan participants. Contributions to these various plans in December 31, 2025 were $19.6 million (December 31, 2024 – $14.6 million).

# 23. MANAGEMENT OF RISKS AND FINANCIAL INSTRUMENTS

## a) Management of Risks

**LIQUIDITY RISK**

Liquidity risk is the risk that the Company will encounter difficulty in meeting its contractual obligations. The Company manages its liquidity risk through the use of budgets and forecasts. Cash requirements are monitored regularly based on actual financial results and actual cash flows to ensure that there are sufficient resources to meet operational requirements.

In addition, since there is a risk that current borrowings and long-term debt may not be refinanced or may not be refinanced on as favourable terms or with interest rates as favourable as those of the existing debt, the Company attempts to appropriately structure the timing of contractual long-term debt renewal obligations and exposures.

The following are the contractual maturities of financial liabilities, including estimated interest payments:

| As at December 31, 2025 | Carrying Amount | Contractual Cash Flows | Less than 1 Year | 1-2 Years | 2-5 Years | More than 5 Years |
|---|---|---|---|---|---|---|
| CMHC mortgages, fixed rate | **33,664** | **42,669** | 4,744 | 4,106 | 12,317 | 21,502 |
| CMHC mortgages, variable rate | **19,082** | **20,451** | 1,819 | 18,632 | — | — |
| Non-CMHC mortgages and loans | **90,620** | **114,604** | 9,367 | 33,033 | 31,579 | 40,625 |
| Lease liabilities | **16,838** | **20,455** | 4,111 | 3,577 | 6,929 | 5,838 |
| Senior secured credit facility, term loan | **175,500** | **207,932** | 18,358 | 189,574 | — | — |
| Accounts payable and accrued liabilities | **298,739** | **298,739** | 298,739 | — | — | — |
| Income taxes payable | **11,594** | **11,594** | 11,594 | — | — | — |
| | **646,037** | **716,444** | **348,732** | **248,922** | **50,825** | **67,965** |

The gross outflows presented above represent the contractual undiscounted cash flows.

In addition to cash generated from its operations and cash on hand as at December 31, 2025, the Company has available undrawn credit facilities totalling $153.5 million (December 31, 2024 – $108.5 million).

**CREDIT RISK**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the Company by failing to discharge its obligation. The nature and maximum exposure to credit risk as at December 31 was:

| | Carrying Amount | |
|---|---|---|
| | **2025** | **2024** |
| Cash and cash equivalents | **347,937** | 121,846 |
| Restricted cash | **1,244** | 710 |
| Accounts receivable, net of allowance | **84,209** | 92,324 |
| Construction funding subsidy receivable | **26,317** | 27,949 |
| Interest rate swap contracts | **(1,182)** | (563) |
| | **458,525** | 242,266 |

***Cash and Cash Equivalents***

Cash and cash equivalents are held with highly-rated financial institutions in Canada.

***Restricted Cash***

Restricted cash is cash held mainly on account of lender capital reserves with highly-rated financial institutions in Canada, and minimal credit risk.

***Accounts Receivable, Net of Allowance***

The Company evaluates the adequacy of its provision for expected credit losses on trade and other receivables by conducting a specific account review of amounts in excess of predefined target amounts and aging thresholds, and are considered based upon historical credit loss experiences for each payor type and age of the receivables, adjusted for current

and forecasted future economic conditions. Accounts receivable that are specifically estimated to be uncollectible, based upon the above process, are fully reserved for in the provision for receivable impairment until they are written off or collected.

Receivables from government agencies represent the only concentrated group of accounts receivable for the Company, which is primarily from provincial government agencies. Management does not believe there is any credit risk associated with these government agencies other than possible funding delays. Accounts receivable other than from government agencies consist of private individuals that are subject to different economic conditions, none of which represents any concentrated credit risk to the Company.

As at December 31, 2025, receivables from government agencies represented approximately 60% of the total receivables (December 31, 2024 – 57%). Management continuously monitors reports from trade associations or notes from provincial or federal agencies that announce possible delays that are rare to occur and usually associated with changes of fiscal intermediaries or changes in information technology or forms.

The aging analysis of these trade receivables is as follows:

| | 2025 | 2024[(i)] |
|---|---|---|
| Current | **57,334** | 66,605 |
| Between 30 and 90 days | **15,568** | 16,731 |
| Over 90 days | **5,475** | 7,016 |
| Less: provision for receivable impairment | **(4,688)** | (2,857) |
| | **73,689** | 87,495 |

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

Any change in provision for receivables impairment has been included in operating expenses in net earnings. In general, amounts charged to the provision for impairment of trade receivables are written off when there is no expectation of recovering additional cash.

***Construction Funding Subsidy Receivable***

Included in construction funding subsidy receivable were $26.3 million (December 31, 2024 – $27.9 million) of discounted amounts receivable due from government agencies. These represent amounts funded by the Ontario government for a portion of LTC home construction costs over a 20-year or 25-year period *(Note 8)*. The Company does not believe there is any credit exposure for these amounts due from government agencies.

***Interest Rate Swap Contracts***

Interest rate swap contracts are entered with highly-rated financial institutions in Canada.

**INTEREST RATE RISK**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

To mitigate interest rate risk, the Company's debt portfolio includes fixed-rate debt and variable-rate debt with interest rate swaps in place. At December 31, 2025, CMHC variable-rate mortgages of $19.1 million (December 31, 2024 – $19.9 million) are variable-rate debt, which do not have interest rate swaps in place. The Company's Senior Secured Credit Facility, and future borrowings, may be at variable rates which would expose the Company to the risk of interest rate volatility (*Note 11*).

Although the majority of the Company's long-term debt is effectively at fixed rates, there can be no assurance that as debt matures, renewal rates will not significantly impact future income and cash flow. The Company does not account for any fixed-rate liabilities at FVTPL; consequently, changes in interest rates have no impact on the Company's fixed-rate debt, including the Senior Secured Credit Facility, and therefore, would not impact net earnings.

Below is the interest rate profile of the Company's interest-bearing financial instruments, which reflects the impact of the interest rate swaps:

| | 2025 | | 2024 | |
|---|---|---|---|---|
| | **Percentage of Total Debt** | **Carrying Amount** | **Percentage of Total Debt** | **Carrying Amount** |
| Fixed-rate long-term debt[(i)(ii)] | **94.3 %** | **316,622** | 93.3 % | 276,510 |
| Variable-rate long-term debt[(i)] | **5.7 %** | **19,082** | 6.7 % | 19,878 |
| **Total** | **100.0 %** | **335,704** | 100.0 % | 296,388 |

[(i)] Includes current portion and excludes netting of deferred financing costs.
[(ii)] Includes Senior Secured Credit Facility.

***Fair Value Sensitivity Analysis for Variable-rate Instruments***

All long-term debt with variable rates are classified as other financial liabilities, which are measured at amortized cost using the effective interest method of amortization; therefore, changes in interest rates would not affect OCI or net earnings with respect to variable-rate debt. The value of the interest rate swaps is subject to fluctuations in interest rates, and changes in fair value of these swaps are recognized in net earnings.

***Cash Flow Sensitivity Analysis for Variable-rate Instruments***

An increase of 100 basis points in interest rates would have decreased net earnings by $0.1 million and a decrease of 100 basis points in interest rates would have increased net earnings by $0.1 million. This analysis assumes that all other variables, in particular foreign currency rates, remains constant, and excludes variable interest rate debt that is locked in through interest rate swaps.

## b) Fair Values of Financial Instruments

Financial Instruments are comprised of cash and cash equivalents, restricted cash, accounts receivable, construction funding receivable, accounts payable and accrued liabilities, long-term debt, and interest rate swap contracts.

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 December 31, 2025** | **Carrying Amount** | **Fair Value** | **Fair Value Hierarchy** |
|---|---|---|---|
| Financial assets | | | |
| Construction funding subsidy receivable[(i)] | **26,317** | **24,866** | Level 2 |
| | **26,317** | **24,866** | |
| Financial liabilities | | | |
| Long-term debt[(i)(ii)] | **143,366** | **141,888** | Level 2 |
| Senior secured credit facility, term loan | **175,500** | **161,158** | Level 2 |
| | **318,866** | **303,046** | |

| **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 |
| Convertible unsecured subordinated debentures | 130,000 | 111,731 | Level 1 |
| | 281,652 | 262,039 | |

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

**BASIS FOR DETERMINING FAIR VALUES**

The following summarizes the significant methods and assumptions used in estimating the fair values of financial instruments reflected in the previous table.

The fair values of convertible debentures are based on the closing price of the publicly traded convertible debentures on each reporting date, and the fair values of mortgages and other debt are estimated based on discounted future cash flows using discount rates that reflect current market conditions for instruments with similar terms and risks.

## 24. CAPITAL MANAGEMENT

The Company accesses the capital markets periodically to fund acquisitions, growth capital expenditures and certain other expenditures. The Company monitors the capital markets to assess the conditions for changes in capital and the cost of such capital relative to the return on any acquisitions or growth capital projects. Funds raised in the capital markets that are not deployed in acquisitions or growth projects are held in high-quality investments with surplus cash held in secure institutions. The Company manages the cash position and prepare monthly cash flow projections over the remaining and future fiscal periods, and continuously monitors the level, nature and maturity dates of debt and level of leverage and interest coverage ratios to ensure compliance with debt covenants. The Company provides information to the Board on a regular basis in order to carefully evaluate any significant cash flow decisions.

### Capital Structure

The Company defines its capital structure to include long-term debt, net of cash and cash equivalents, and share capital.

| | 2025 | 2024 |
|---|---|---|
| Current portion of long-term debt[(i)] | **19,847** | 31,093 |
| Long-term debt[(i)] | **310,356** | 261,394 |
| Total debt | **330,203** | 292,487 |
| Less: cash and cash equivalents | **(347,937)** | (121,846) |
| Net (cash position) debt | **(17,734)** | 170,641 |
| Share capital | **662,850** | 469,328 |
| **Total capital structure** | **645,116** | 639,969 |

[(i)] Net of deferred financing costs.

## 25. RELATED PARTY TRANSACTIONS

### Compensation of Key Management Personnel

The remuneration of directors and key management personnel of the Company was as follows:

| | 2025 | 2024 |
|---|---|---|
| Salaries and short-term benefits | **4,704** | 4,535 |
| Share-based compensation | **3,823** | 3,233 |
| **Total compensation** | **8,527** | 7,768 |

### Transactions with Joint Ventures

Related party transactions between the Company and its joint ventures occur in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties (*Note 9*). Except as disclosed elsewhere in these consolidated financial statements, the related party balances are included in accounts receivable, accounts payable, other long-term liabilities, 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 17*).

The Company's assets, liabilities and distributions related to its joint ventures are as follows:

| | 2025 | 2024[(i)] |
|---|---|---|
| Accounts receivable | **4,183** | 1,859 |
| Other assets | **11,625** | 7,191 |
| Accounts payable and accrued liabilities | **506** | 779 |
| Other long-term liabilities related to unrealized gain and deferred revenue (*Note 12*) | **7,100** | 3,872 |
| Distributions from investment in joint ventures (*Note 9*) | **1,617** | 2,432 |

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

Other long-term liabilities related to unrealized gain and deferred revenue is related to LTC homes under construction sold to Axium JV in prior periods.

The Company's revenue related to its joint ventures consists of development and management fees as follows (*Note 9*):

| | 2025 | 2024[(i)] |
|---|---|---|
| Revenue | **19,608** | 16,093 |

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

## 26. SIGNIFICANT SUBSIDIARIES

The following is a list of the significant subsidiaries as at December 31, 2025, all of which are 100% directly or indirectly owned by the Company.

| | Jurisdiction of Incorporation |
|---|---|
| Extendicare (Canada) Inc. | Canada |
| ParaMed Inc. | Canada |

## 27. SEGMENTED INFORMATION

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

The LTC segment represents the 59 LTC 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.

| | | | | | 2025 |
|---|---|---|---|---|---|
| | Long-term Care | Home Health Care | Managed Services | Corporate | Total |
| **Revenue** | **892,109** | **701,139** | **67,160** | **—** | **1,660,408** |
| Operating expenses | **789,731** | **603,619** | **30,220** | **—** | **1,423,570** |
| **Net operating income** | **102,378** | **97,520** | **36,940** | **—** | **236,838** |
| Administrative costs | | | | **61,224** | **61,224** |
| **Earnings before depreciation, amortization, and other** | | | | | **175,614** |
| Depreciation and amortization | | | | **36,943** | **36,943** |
| Other income | | | | **(4,000)** | **(4,000)** |
| Share of profit from investment in joint ventures | | | | **(1,854)** | **(1,854)** |
| **Earnings before net finance costs and income taxes** | | | | | **144,525** |
| Net finance costs | | | | **14,422** | **14,422** |
| **Earnings before income taxes** | | | | | **130,103** |
| Current income tax expense | | | | **39,777** | **39,777** |
| Deferred income tax recovery | | | | **(6,330)** | **(6,330)** |
| Total income tax expense | | | | **33,447** | **33,447** |
| **Net earnings** | | | | | **96,656** |

| | | | | | 2024 |
|---|---|---|---|---|---|
| | Long-term Care | Home Health Care | Managed Services | Corporate | Total |
| **Revenue** | 827,448 | 566,046 | 72,708 | — | 1,466,202 |
| Operating expenses | 727,644 | 503,292 | 33,777 | — | 1,264,713 |
| **Net operating income** | 99,804 | 62,754 | 38,931 | — | 201,489 |
| Administrative costs | | | | 56,940 | 56,940 |
| **Earnings before depreciation, amortization, and other** | | | | | 144,549 |
| Depreciation and amortization | | | | 33,336 | 33,336 |
| Other income | | | | (2,450) | (2,450) |
| Share of profit from investment in joint ventures | | | | (1,933) | (1,933) |
| **Earnings before net finance costs and income taxes** | | | | | 115,596 |
| Net finance costs | | | | 15,735 | 15,735 |
| **Earnings before income taxes** | | | | | 99,861 |
| Current income tax expense | | | | 27,244 | 27,244 |
| Deferred income tax recovery | | | | (2,592) | (2,592) |
| Total income tax expense | | | | 24,652 | 24,652 |
| **Net earnings** | | | | | 75,209 |

## 28. SUBSEQUENT EVENT

Subsequent to the fourth quarter of 2025, the Company completed the sale of the land and building associated with a vacated Class C LTC home for proceeds of $12.5 million. The book value of the net assets was $1.9 million, resulting in a gain, before taxes, certain closing and other costs of $0.5 million, of $10.6 million. As part of the sale, the Company provided the purchaser with a secured $9.0 million interest-bearing vendor take-back mortgage, maturing on February 5, 2027.

# Shareholder & Investor Information

## About Extendicare

Extendicare is a leading provider of care and services for seniors across Canada, operating under the Extendicare, ParaMed, Extendicare Assist, and SGP Purchasing Network brands. We are committed to delivering quality care to meet the needs of the growing seniors population, inspired by our mission to provide people with the care they need, wherever they call home. We operate a network of 99 long-term care homes (59 owned, 40 under management contracts), deliver approximately 14 million hours of home health care services annually, and provide group purchasing services to third parties representing approximately 153,600 beds across Canada. Extendicare proudly employs approximately 23,000 individuals and manages an additional 5,000 joint venture employees, all of whom are highly qualified, trained and dedicated team members, and passionate about providing high-quality care and services to help people live better.

## Head Office

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3000 Steeles Avenue East
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T 905.470.4000
info@extendicare.com

## Stock Exchange Listing and Symbol

Toronto Stock Exchange  Symbol: EXE

## Investor Relations

Additional information about Extendicare, including this report, is available for viewing or printing on its website, in addition to news releases, quarterly reports and other filings with the securities commissions. Printed copies are available upon request. Please contact investor.relations@extendicare.com

**Investors page**
extendicare.com/investors/overview/

**Investor Events & Presentation page**
extendicare.com/investors/events-presentations/

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## Board of Directors

**Alan D. Torrie**
Non-executive Chairman

**Norma Beauchamp** [HRG&S, QR]

**Donald E. Clow** [A, I]
Chair of the Investment Committee

**Dr. Michael Guerriere**
President and Chief Executive Officer

**Sandra L. Hanington** [A, HRG&S]
Chair of the Human Resources, Governance and Sustainability Committee

**Brent Houlden** [A, I]
Chair of the Audit Committee

**Heather-Anne Irwin** [HRG&S, QR]

**Donna E. Kingelin** [QR]
Chair of the Quality and Risk Committee

**Samir Manji** [I]

**Committees**
A: Audit
HRG&S: Human Resources, Governance and Sustainability
I: Investment
QR: Quality and Risk

## Leadership

**Dr. Michael Guerriere**
President and Chief Executive Officer

**David Bacon**
Executive Vice President and Chief Financial Officer

**John Toffoletto**
Senior Vice President, Chief Legal Officer and Corporate Secretary

**Steve Paraskevopoulos**
Senior Vice President, ParaMed and Chief Technology Officer

**Katie LeMoyne**
Senior Vice President and Chief Human Resources Officer

**Mark Trenholm**
Senior Vice President, Finance

**Kathryn Bradley**
Senior Vice President, Corporate Development

**Dr. Matthew Morgan**
Chief Medical Officer

**Lee Geyer**
Chief Data, Analytics and Knowledge Officer

**Danielle Parr**
Vice President, Public Affairs

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