



Interim Condensed Consolidated Financial Statements

Q1 2026

Extendicare Inc.
Dated: May 7, 2026

Extendicare Inc.

Interim Condensed Consolidated Financial Statements

Three months ended March 31, 2026 and 2025

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

<i>(thousands of dollars)</i>	<i>notes</i>	March 31, 2026	December 31, 2025
Assets			
Current assets			
Cash and cash equivalents		320,893	347,937
Restricted cash		1,378	1,244
Accounts receivable		101,500	84,209
Income taxes recoverable		4,910	966
Other assets		32,375	17,578
Total current assets		461,056	451,934
Non-current assets			
Property and equipment	4	352,974	353,687
Goodwill and other intangible assets	5	192,625	195,300
Other assets		32,040	33,449
Deferred tax assets		6,871	7,673
Investment in joint ventures	6	25,685	24,472
Total non-current assets		610,195	614,581
Total assets		1,071,251	1,066,515
Liabilities and Equity			
Current liabilities			
Accounts payable and accrued liabilities		299,389	298,739
Income taxes payable		784	11,594
Current portion of long-term debt	7	19,543	19,847
Total current liabilities		319,716	330,180
Non-current liabilities			
Long-term debt	7	305,018	310,356
Provisions		9,356	9,869
Other long-term liabilities		31,260	31,314
Deferred tax liabilities		12,737	11,426
Total non-current liabilities		358,371	362,965
Total liabilities		678,087	693,145
Share capital	9	663,301	662,850
Contributed surplus	8	13,782	16,290
Accumulated deficit		(278,171)	(299,676)
Accumulated other comprehensive loss		(5,748)	(6,094)
Shareholders' equity		393,164	373,370
Total liabilities and equity		1,071,251	1,066,515

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

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

<i>(thousands of dollars except for per share amounts)</i>	<i>notes</i>	Three months ended March 31,	
		2026	2025
Revenue		465,224	374,654
Operating expenses		396,200	324,426
Administrative costs		16,166	14,622
Total expenses	10	412,366	339,048
Earnings before depreciation, amortization, and other		52,858	35,606
Depreciation and amortization	4, 5	10,100	8,273
Other (income) expense	11	(7,472)	3,170
Share of (profit) loss from investment in joint ventures	6	(344)	126
Earnings before net finance costs and income taxes		50,574	24,037
Net finance costs	12	1,204	5,118
Earnings before income taxes		49,370	18,919
Current income tax expense		6,763	6,329
Deferred income tax expense (recovery)		1,875	(2,441)
Total income tax expense		8,638	3,888
Net earnings		40,732	15,031
Basic Earnings per Share			
Net earnings		\$0.427	\$0.178
Diluted Earnings per Share			
Net earnings		\$0.422	\$0.176

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

Extendicare Inc.

Interim Condensed Consolidated Statements of Comprehensive Income

(Unaudited)

<i>(thousands of dollars)</i>	Three months ended March 31,	
	2026	2025
Net earnings	40,732	15,031
Other Comprehensive Income (Loss), Net of Taxes		
Items that will not be reclassified to profit or loss:		
Defined benefit plan actuarial gains (losses)	471	(91)
Tax (expense) recovery on changes in defined benefit plan	(125)	24
Other comprehensive income (loss), net of taxes	346	(67)
Total comprehensive income	41,078	14,964

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

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

<i>(thousands of dollars, except for number of shares)</i>	<i>notes</i>	<i>Number of Shares</i>	<i>Share Capital</i>	<i>Contributed Surplus</i>	<i>Accumulated Deficit</i>	<i>Accumulated Other Comprehensive Loss</i>	<i>Shareholders' Equity</i>
Balance at January 1, 2025		83,466,978	469,328	14,331	(352,546)	(6,761)	124,352
Share-based compensation	8	350,931	195	(3,785)	(322)	—	(3,912)
Net earnings		—	—	—	15,031	—	15,031
Dividends declared	9	—	—	—	(10,198)	—	(10,198)
Other comprehensive loss		—	—	—	—	(67)	(67)
Balance at March 31, 2025		83,817,909	469,523	10,546	(348,035)	(6,828)	125,206

<i>(thousands of dollars, except for number of shares)</i>	<i>notes</i>	<i>Number of Shares</i>	<i>Share Capital</i>	<i>Contributed Surplus</i>	<i>Accumulated Deficit</i>	<i>Accumulated Other Comprehensive Loss</i>	<i>Shareholders' Equity</i>
Balance at January 1, 2026		94,457,909	662,850	16,290	(299,676)	(6,094)	373,370
Share-based compensation	8	364,036	—	(2,508)	(6,660)	—	(9,168)
Net earnings		—	—	—	40,732	—	40,732
Dividends declared	9	—	—	—	(12,116)	—	(12,116)
Other comprehensive income		—	—	—	—	346	346
Reclassification		—	451	—	(451)	—	—
Balance at March 31, 2026		94,821,945	663,301	13,782	(278,171)	(5,748)	393,164

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

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

<i>(thousands of dollars)</i>	<i>notes</i>	Three months ended March 31,	
		2026	2025
Operating Activities			
Net earnings		40,732	15,031
Adjustments for:			
Share-based compensation		(9,168)	(3,912)
Depreciation and amortization	4, 5	10,100	8,273
Net finance costs	12	1,204	5,118
Current taxes		6,763	6,329
Deferred taxes		1,875	(2,441)
Defined benefit plan expenses		239	243
Defined benefit plan contributions		(422)	(436)
Gain on sale of Class C LTC assets	11	(10,023)	—
Share of (profit) loss from investment in joint ventures	6	(344)	126
		40,956	28,331
Net change in operating assets and liabilities			
Accounts receivable		(17,126)	2,614
Other assets		(3,997)	88
Accounts payable and accrued liabilities		(1,889)	16,542
		17,944	47,575
Interest paid, net		(1,553)	(2,370)
Income taxes paid, net		(21,135)	(26,784)
Net cash (used in) from operating activities		(4,744)	18,421
Investing Activities			
Purchase of property, equipment and other intangible assets	4, 5	(7,545)	(15,440)
Change in other assets		417	403
Proceeds from sale of Class C LTC assets	11	2,988	—
Investment in joint ventures	6	(1,207)	—
Distributions from investment in joint ventures	6	338	417
Net cash used in investing activities		(5,009)	(14,620)
Financing Activities			
Repayment of long-term debt and lease liabilities	7	(5,255)	(5,983)
Change in restricted cash		(134)	(133)
Dividends paid	9	(11,902)	(10,016)
Financing costs	7	—	(43)
Net cash used in financing activities		(17,291)	(16,175)
Decrease in cash and cash equivalents		(27,044)	(12,374)
Cash and cash equivalents at beginning of period		347,937	121,846
Cash and cash equivalents at end of period		320,893	109,472

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

1. GENERAL INFORMATION AND NATURE OF THE BUSINESS

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

2. BASIS OF PREPARATION

a) Statement of Compliance

The unaudited interim condensed consolidated financial statements (the "consolidated financial statements") have been prepared in accordance with IAS 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board ("IASB"), and were approved by the board of directors (the "Board") of the Company on May 7, 2026.

The consolidated financial statements do not include all of the information required for full annual consolidated financial statements, and should be read in conjunction with the Company's 2025 annual audited consolidated financial statements. These consolidated financial statements follow the same accounting policies and methods of application as the consolidated financial statements for the year ended December 31, 2025. Newly effective accounting standards or amendments for the three months ended March 31, 2026 have no material impact on the consolidated financial statements.

b) Basis of Measurement

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

c) Future Changes in Accounting Policies

PRESENTATION AND DISCLOSURE IN FINANCIAL STATEMENTS

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

3. SIGNIFICANT TRANSACTIONS

LTC Transaction

In the fourth quarter of 2024, the Company entered into an agreement with Revera Inc. and its affiliates (collectively, "Revera") to acquire nine Class C long-term care ("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 vacated following redevelopment. 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.

	<i>notes</i>	June 1, 2025
Accounts receivable		622
Other assets		190
Property and equipment ⁽¹⁾	4	72,713
Accounts payable and accrued liabilities		(27,367)
Net assets acquired		46,158

⁽¹⁾Includes transaction costs of \$1.7 million.

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

CTG Transaction

In the second quarter of 2025, the Company, through its wholly owned home health care subsidiary, ParaMed Inc. ("ParaMed"), entered into an agreement to acquire all of the issued and outstanding shares of Closing the Gap Healthcare Group Inc. and certain affiliates (collectively, "Closing the Gap") (the "CTG Transaction").

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 \$2.2 million and \$2.7 million, and is expected to be funded from cash on hand and the Company's existing Senior Secured Credit Facility. There has been an increase of \$0.7 million in the estimated fair value of the earnout as of March 31, 2026, recorded in profit and loss.

The following table summarizes the acquisition date fair value of each class of consideration transferred:

	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.

	<i>notes</i>	July 1, 2025
Cash and cash equivalents		1,954
Accounts receivable ⁽ⁱ⁾		5,729
Other assets		232
Property and equipment	4	3,000
Customer relationships	5	38,705
Accounts payable and accrued liabilities		(6,206)
Deferred tax liabilities		(10,257)
Lease liabilities	4, 7	(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:

	<i>notes</i>	July 1, 2025
Consideration transferred		76,866
Less: Fair value of identifiable net assets		(30,490)
Goodwill	5	46,376

4. PROPERTY AND EQUIPMENT

	Land & Land Improvements	Buildings & Leasehold Improvements	Right-of-use Assets	Furniture & Equipment	Construction in Progress ("CIP")	Projects in Progress ("PIP")	Total
Cost							
January 1, 2025	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	—	—	—	—	(43,985)	—	(43,985)
Acquisition of LTC assets (Note 3)	24,906	44,198	—	1,981	1,628	—	72,713
Acquisition of home health care business (Note 3)	—	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
Additions	—	16	193	242	5,712	3,143	9,306
Derecognition	—	(35)	(292)	(1,003)	—	—	(1,330)
Sale of Class C LTC assets (Note 11)	(318)	(9,122)	—	(1,309)	—	—	(10,749)
Transfers	11	635	—	789	—	(1,435)	—
March 31, 2026	63,930	439,222	30,278	84,385	30,972	6,076	654,863
Accumulated Depreciation and Impairment Losses							
January 1, 2025	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
Depreciation	144	4,201	963	2,147	—	—	7,455
Derecognition	—	(35)	(204)	(1,003)	—	—	(1,242)
Sale of Class C LTC assets (Note 11)	(172)	(7,254)	—	(847)	—	—	(8,273)
March 31, 2026	7,568	229,513	16,825	47,983	—	—	301,889
Carrying Amounts							
December 31, 2025	56,641	215,127	14,311	37,980	25,260	4,368	353,687
March 31, 2026	56,362	209,709	13,453	36,402	30,972	6,076	352,974

5. GOODWILL AND OTHER INTANGIBLE ASSETS

	Goodwill	Operational Entitlements	Customer Relationships	Software and Other Intangible Assets	Total
Cost					
January 1, 2025	45,850	20,809	39,100	68,023	173,782
Additions	—	—	—	951	951
Derecognition (Note 3)	—	(5,423)	—	—	(5,423)
Write-offs	—	—	—	(596)	(596)
Acquisition of home health care business (Note 3)	46,376	—	38,705	—	85,081
December 31, 2025	92,226	15,386	77,805	68,378	253,795
Write-offs	—	—	—	(30)	(30)
March 31, 2026	92,226	15,386	77,805	68,348	253,765
Accumulated Amortization					
January 1, 2025	—	4,477	26,298	22,100	52,875
Amortization	—	682	3,454	5,280	9,416
Derecognition (Note 3)	—	(3,796)	—	—	(3,796)
December 31, 2025	—	1,363	29,752	27,380	58,495
Amortization	—	151	1,127	1,367	2,645
March 31, 2026	—	1,514	30,879	28,747	61,140
Carrying Amounts					
December 31, 2025	92,226	14,023	48,053	40,998	195,300
March 31, 2026	92,226	13,872	46,926	39,601	192,625

6. JOINT VENTURES

Axium Extencicare LTC LP

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

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

Axium Extencicare LTC II LP

Axium Extencicare 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. Extencicare 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:

	March 31, 2026	December 31, 2025
Interest in Axium JV - 15% ownership	8,991	8,994
Interest in Axium JV II - 15% ownership	16,694	15,478
Total	25,685	24,472

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

	March 31, 2026	December 31, 2025
Current assets (including cash and cash equivalents - \$39,163)	64,238	70,739
Non-current assets	1,014,523	974,522
Total assets	1,078,761	1,045,261
Current liabilities (Current portion of long-term debt - \$198,905)	347,243	342,594
Long-term debt (<i>Note 13</i>)	543,509	521,139
Other long-term liabilities	16,317	17,925
Total liabilities	907,069	881,658
Total net assets (100%)	171,692	163,603
Company share of net assets (15%)	25,685	24,472
Carrying amount of investment in joint ventures	25,685	24,472

	March 31, 2026	December 31, 2025
Investment in joint ventures as at January 1	24,472	24,746
Investment in joint ventures	1,207	1,080
Distributions from investment in joint ventures	(338)	(1,617)
Share of profit from investment in joint ventures	344	1,854
Other adjustments ⁽ⁱ⁾	—	(1,591)
Investment in joint ventures as at end of period	25,685	24,472

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

Financial information of the joint ventures are as follows:

	Three months ended March 31,	
	2026	2025
Revenue	121,847	108,241
Operating expenses	112,495	100,173
Administrative costs	126	20
Earnings before depreciation, amortization, and net finance costs	9,226	8,048
Depreciation and amortization	4,629	4,489
Net finance costs	2,305	4,401
Net income (loss) (100%)	2,292	(842)
Company share of net income (loss) (15%)	344	(126)

7. LONG-TERM DEBT

	Interest Rate	Year of Maturity	March 31, 2026	December 31, 2025
CMHC mortgages, fixed rate	2.65% - 7.70%	2026 - 2037	32,867	33,664
CMHC mortgage, variable rate	Variable	2027	18,860	19,082
Non-CMHC mortgages and loans	5.05% - 5.64%	2027 - 2038	89,496	90,620
Lease liabilities ⁽ⁱ⁾	4.27% - 5.50%	2026 - 2033	16,141	16,838
Senior secured credit facility, term loan ⁽ⁱⁱ⁾	5.30%	2027	173,188	175,500
Total debt			330,552	335,704
Deferred financing costs			(5,991)	(5,501)
Total debt, net of deferred financing costs			324,561	330,203
Less: current portion			(19,543)	(19,847)
Long-term debt			305,018	310,356

⁽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 ⁽ⁱ⁾		Lease Liabilities	Credit Facility ⁽ⁱ⁾	Total
	Regular	Maturity			
2026 remaining	6,509	—	3,097	6,938	16,544
2027	7,141	43,133	3,643	166,250	220,167
2028	6,747	—	2,774	—	9,521
2029	7,099	—	2,255	—	9,354
2030	6,607	12,098	1,878	—	20,583
Thereafter	44,016	7,873	5,886	—	57,775
Total debt principal and lease liability repayments	78,119	63,104	19,533	173,188	333,944
Interest on lease liabilities	—	—	(3,392)	—	(3,392)
Principal and lease liabilities, after interest	78,119	63,104	16,141	173,188	330,552

⁽ⁱ⁾ Excludes netting of deferred financing costs.

Long-term Debt Continuity

	March 31, 2026	December 31, 2025
As at January 1	330,203	292,487
Issuance of long-term debt	—	55,000
New lease liabilities	193	3,235
Lease liabilities from acquisition of home health care business (Note 3)	—	2,667
Repayments of long-term debt	(4,455)	(17,786)
Payment of lease liabilities	(800)	(2,896)
Derecognition of lease liabilities	(90)	(904)
Increase in deferred financing costs	(818)	(2,807)
Amortization of deferred financing costs and other	328	1,207
As at end of period	324,561	330,203

CMHC Variable Rate Mortgage

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

Senior Secured Credit Facility

As at March 31, 2026, the Company's existing senior secured credit facility (the "Senior Secured Credit Facility") consisted of a revolving credit facility of up to \$190.0 million and a fully utilized delayed draw term facility of 185.0 million, was secured by 30 LTC homes, and was subject to certain customary financial and non-financial covenants and other terms.

Borrowings under the Senior Secured Credit Facility took 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 term facility that fix the CORRA portion of the interest rate of the credit facility at a rate of 2.80%, and mature in November 2029 (*Note 12*).

As at March 31, 2026, \$24.2 million of the revolving credit facility secures the Company's defined benefit pension plan obligations (December 31, 2025 – \$24.2 million), \$10.9 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, 2025 – \$11.8 million), and \$0.5 million was used in connection with obligations relating to LTC homes (December 31, 2025 – \$0.5 million), leaving \$154.4 million unutilized (December 31, 2025 – \$153.5 million).

Subsequent to the first quarter of 2026, the Company amended its existing senior secured credit facility agreement (*Note 17*).

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 March 31, 2026.

8. SHARE-BASED COMPENSATION

Equity-settled Long-term Incentive Plan

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

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

<i>(number of units)</i>	DSUs and PSUs	
	Three months ended March 31,	
	2026	2025
Settled in Common Shares issued from treasury	364,036	350,931
Settled in cash	409,923	399,657
DSUs and PSUs settled during the period	773,959	750,588

During the three months ended March 31, 2026, the Company's DSUs and PSUs were an expense of \$1.7 million (March 31, 2025 – \$1.3 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:

	March 31, 2026	December 31, 2025
Contributed surplus – DSUs	7,433	7,054
Contributed surplus – PSUs	6,349	9,236
Total	13,782	16,290

As at March 31, 2026, an aggregate of 2,860,981 (December 31, 2025 – 3,225,017) Common Shares were reserved and available for issuance pursuant to the LTIP.

DSU and PSU activity was as follows:

<i>(number of units)</i>	DSUs		PSUs	
	Three months ended March 31, 2026	Year ended December 31, 2025	Three months ended March 31, 2026	Year ended December 31, 2025
Units outstanding, beginning of year	847,895	825,011	1,489,324	1,623,854
Granted	10,543	73,182	203,135	415,839
Reinvested dividend equivalents	4,439	29,208	7,760	55,240
Change due to performance and forfeiture	—	—	239,196	65,473
Settled	—	(79,506)	(773,959)	(671,082)
Units outstanding, end of period	862,877	847,895	1,165,456	1,489,324
Weighted average fair value of units granted during the period at grant date	\$25.84	\$15.14	\$28.54	\$14.63

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 earnings-based component and total shareholder return ("TSR"). The fair values of the earnings-based 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:

	Three months ended March 31, 2026	Year ended December 31, 2025		
Grant date	Mar 9, 2026	Dec 12, 2025	Aug 15, 2025	Mar 10, 2025
Vesting date	Mar 9, 2029	Mar 10, 2028	Mar 10, 2028	Mar 10, 2028
PSUs granted	203,135	5,526	30,598	379,715
Fair value of earnings-based component	\$13.15	\$11.12	\$6.74	\$6.52
Fair value of TSR component	\$15.39	\$14.36	\$7.50	\$7.98
Grant date fair value	\$28.54	\$25.48	\$14.24	\$14.50
Expected volatility of the Company's Common Shares	24.72 %	24.74 %	23.44 %	21.77 %
Expected volatility of the Index	15.77 %	15.08 %	14.05 %	15.06 %
Risk-free rate	2.66 %	2.60 %	2.70 %	2.51 %
Dividend yield	nil	nil	nil	nil

9. SHARE CAPITAL

Extencicare is authorized to issue an unlimited number of Common Shares, without nominal or par value, and that number of preferred shares of Extencicare, issuable in series, equal to 50% of the number of Common Shares that are issued and outstanding at the time of the issuance of any series of preferred shares, without nominal or par value.

Each Common Share is transferable, represents an equal and undivided beneficial interest in the assets of the Company and entitles the holder to one vote at all meetings of shareholders of the Company. Shareholders are entitled to receive dividends from the Company when declared by the Board. During the three months ended March 31, 2026, the Company declared cash dividends of \$0.1281 per share (March 31, 2025 – \$0.1220 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 three months ended March 31, 2026.

10. EXPENSES BY NATURE

	Three months ended March 31,	
	2026	2025
Employee wages and benefits	365,197	296,725
Food, drugs, supplies and other variable costs	15,608	13,097
Property based and leases	13,992	13,068
Other	17,569	16,158
Total operating expenses and administrative costs	412,366	339,048

11. OTHER INCOME AND EXPENSE

	Three months ended March 31,	
	2026	2025
Gain on sale of Class C LTC assets	(10,023)	—
Integration and transaction costs	2,568	—
Strategic transformation costs	—	3,182
Other	(17)	(12)
Total other (income) expense	(7,472)	3,170

Strategic Transformation Costs

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

Gain on Sale of Class C LTC Assets

In the first quarter of 2026, the Company completed the sale of the land and building associated with its vacated Ottawa (West End Villa) Class C LTC home for proceeds of \$12.1 million. The net book value of the net assets was \$2.0 million, resulting in a pre-tax gain of \$10.0 million (\$9.8 million after tax), after certain closing and other costs. 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, recorded in other assets.

Integration and Transaction Costs

In the first quarter of 2026, the Company incurred integration costs and transaction-related professional fees.

12. NET FINANCE COSTS

	Three months ended March 31,	
	2026	2025
Interest expense	5,017	4,214
Interest revenue	(2,937)	(1,377)
Accretion	59	585
Fair value adjustments	(935)	1,696
Net finance costs	1,204	5,118

Fair Value Adjustments

Fair value adjustments related to interest rate swap contracts for the three months ended March 31, 2026 were a gain of \$0.9 million (three months ended March 31, 2025 – loss of \$1.7 million). The interest rate swaps changed from a liability of \$1.2 million as at December 31, 2025 to a liability of \$0.3 million as at March 31, 2026. All interest rate swap contracts are measured at FVTPL and are categorized as Level 2 on the fair value hierarchy, and hedge accounting has not been applied (Note 7).

13. COMMITMENTS AND CONTINGENCIES

Commitments

As at March 31, 2026, the Company has outstanding commitments of \$147.7 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	31,312	9,421	40,733
2027	39,772	13,775	53,547
2028 and thereafter	25,490	27,923	53,413
Total	96,574	51,119	147,693

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") 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 credit facility by \$60.0 million to \$250.0 million and the delayed draw term facility by \$154.5 million to \$339.5 million, contingent upon the closing of the CBI Acquisition (*Note 7*).

Subsequent to the first quarter of 2026, the Company completed the CBI Acquisition (*Note 17*).

Guarantees

The Company provides unsecured guarantees related to certain credit facilities held by its joint ventures; namely, construction loans and letter of credit facilities in support of ongoing construction of joint venture LTC redevelopment projects and term loans and lease-up credit facilities for operating joint venture LTC homes. As at March 31, 2026, 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 March 31, 2026, the Company has provided unsecured guarantees of \$361.1 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 March 31, 2026.

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 March 31, 2026. This matter could have a materially adverse impact on the Company's business, results of operations and financial condition.

14. FINANCIAL INSTRUMENTS

Fair Values of Financial Instruments

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

As at March 31, 2026	Carrying Amount	Fair Value	Fair Value Hierarchy
Financial assets			
Construction funding subsidy receivable ⁽ⁱ⁾	25,900	24,516	Level 2
	25,900	24,516	
Financial liabilities			
Long-term debt ⁽ⁱ⁾⁽ⁱⁱ⁾	141,223	139,448	Level 2
Senior secured credit facility, term loan	173,188	172,540	Level 2
	314,411	311,988	
As at December 31, 2025			
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	

⁽ⁱ⁾ Includes current portion.

⁽ⁱⁱ⁾ Excludes leases, credit facility and netting of deferred financing costs.

15. RELATED PARTY TRANSACTIONS

Transactions with Joint Ventures

Related party transactions 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 6). 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.

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

	March 31, 2026	December 31, 2025
Accounts receivable	5,919	4,183
Other assets	10,649	11,625
Accounts payable and accrued liabilities	531	506
Other long-term liabilities related to unrealized gain and deferred revenue	6,850	7,100
Distributions from investment in joint ventures (Note 6)	338	1,617

The Company's revenue related to its joint ventures are as follows:

	Three months ended March 31,	
	2026	2025 ⁽¹⁾
Revenue	5,243	3,969

⁽¹⁾Certain comparative information has been reclassified to conform to the current year presentation.

16. SEGMENTED INFORMATION

The Company reports on the following segments: i) LTC; ii) home health care; iii) managed services, composed of its Extencicare 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. The Company's home health care operations are carried on through its wholly owned subsidiary, ParaMed, which provides 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 Extencicare Assist division, the Company provides management, consulting and other services to third parties and joint ventures to which the Company is a party; and through the SGP division, the Company offers cost-effective purchasing contracts to other senior care providers for food, capital equipment, furnishings, cleaning and nursing supplies, and office products.

	Three months ended March 31, 2026				
	Long-term Care	Home Health Care	Managed Services	Corporate	Total
Revenue	243,547	205,435	16,242	—	465,224
Operating expenses	211,330	177,499	7,371	—	396,200
Net operating income	32,217	27,936	8,871	—	69,024
Administrative costs				16,166	16,166
Earnings before depreciation, amortization, and other					52,858
Depreciation and amortization				10,100	10,100
Other income				(7,472)	(7,472)
Share of profit from investment in joint ventures				(344)	(344)
Earnings before net finance costs and income taxes					50,574
Net finance costs				1,204	1,204
Earnings before income taxes					49,370
Current income tax expense				6,763	6,763
Deferred income tax expense				1,875	1,875
Total income tax expense				8,638	8,638
Net earnings					40,732

	Three months ended March 31, 2025				
	Long-term Care	Home Health Care	Managed Services	Corporate	Total
Revenue	197,753	158,258	18,643	—	374,654
Operating expenses	176,553	139,192	8,681	—	324,426
Net operating income	21,200	19,066	9,962	—	50,228
Administrative costs				14,622	14,622
Earnings before depreciation, amortization, and other					35,606
Depreciation and amortization				8,273	8,273
Other expense				3,170	3,170
Share of loss from investment in joint ventures				126	126
Earnings before net finance costs and income taxes					24,037
Net finance costs				5,118	5,118
Earnings before income taxes					18,919
Current income tax expense				6,329	6,329
Deferred income tax recovery				(2,441)	(2,441)
Total income tax expense				3,888	3,888
Net earnings					15,031

17. SUBSEQUENT EVENTS

CBI Acquisition

Subsequent to the first quarter of 2026, the Company amended its existing senior secured credit facility agreement to increase the revolving credit facility by \$60.0 million to \$250.0 million and the delayed draw term facility by \$154.5 million to \$339.5 million (*Note 13*).

On April 1, 2026, the Company completed the CBI Acquisition for a cash purchase price of \$572.6 million, plus approximately \$17.3 million in estimated lease liabilities in accordance with IFRS 16 *Leases*. The CBI Acquisition was funded using a combination of the net proceeds of approximately \$191.5 million from the Company's private placement of Common Shares that was completed on December 3, 2025, aggregate draws of approximately \$308.2 million under the Company's then existing senior secured credit facility (\$153.7 million revolving credit facility and \$154.5 million delayed draw term facility), and cash on hand. Transaction-related costs incurred in the three months ended March 31, 2026 of \$1.9 million were recorded in profit and loss.

The Company will account for the CBI Acquisition as a business combination in accordance with IFRS 3 *Business Combinations*. The following is a preliminary fair value estimate of the identifiable assets acquired and liabilities assumed by the Company in connection with the CBI Acquisition.

	April 1, 2026
Cash and cash equivalents	1,000
Accounts receivable	30,506
Other assets	827
Property and equipment, including right of use assets	22,325
Customer relationships	294,400
Accounts payable and accrued liabilities	(29,737)
Deferred tax liabilities	(78,016)
Lease liabilities	(17,274)
Net assets acquired	224,031

Goodwill is not expected to be deductible for tax purposes, and is expected to arise from the expanded platform, future growth, and access to further opportunities in existing provinces and is estimated as follows:

	April 1, 2026
Consideration transferred	572,596
Less: Fair value of identifiable net assets	(224,031)
Goodwill	348,565

Net cash outflows related to the CBI Acquisition are estimated to be as follows:

	April 1, 2026
Consideration transferred	(572,596)
Cash and cash equivalents acquired	1,000
Net cash outflows	(571,596)

Issuance of Senior Unsecured Notes and Unsecured Revolving Credit Facility

Subsequent to the first quarter of 2026, the Company issued \$450.0 million aggregate principal amount of 4.345% senior unsecured notes due April 14, 2031 (the "2031 Notes"). The Company used approximately \$427.7 million of the net proceeds of the offering to repay in full the indebtedness owing under its delayed draw term facility, and a portion of the indebtedness owing under its revolving credit facility.

In conjunction with the debt repayments, the Company's existing senior secured credit facilities were amended and restated to reflect an investment grade credit rating structure, including the release of all security previously granted to the lenders, such that the Company's remaining \$250.0 million revolving credit facility (the "Unsecured Revolving Facility") is senior unsecured debt that ranks *pari passu* with the 2031 Notes. Borrowings under the Unsecured Revolving Facility can take place by way of direct borrowings at either the prime rate plus an applicable margin ranging from 0.45% to 1.45%, or the CORRA plus an applicable margin ranging from 1.45% to 2.45%, or through letters of credit.