Management’s Discussion and Analysis

Q1 2026

Extendicare Inc.
Dated: May 7, 2026

Management's Discussion and Analysis

Three months ended March 31, 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 the largest private-sector provider of publicly funded home health care services in Canada through its wholly owned subsidiary ParaMed Inc. ("ParaMed"). As well, the Company provides management, consulting and other services to LTC homes owned by third parties and joint ventures to which the Company is a party through its Extendicare Assist division and procurement services through its group purchasing division, SGP Purchasing Network ("SGP").

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

In This MD&A

This MD&A has been prepared to provide information to current and prospective investors of the Company to assist them to understand the Company's financial results for the three months ended March 31, 2026. This MD&A should be read in conjunction with the Company's unaudited interim condensed consolidated financial statements for the three months ended March 31, 2026, and the notes thereto (the "consolidated financial statements"), together with the annual MD&A and the audited consolidated financial statements for the year ended December 31, 2025, and the notes thereto, prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board ("IASB"). The accompanying consolidated financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*, as issued by the IASB.

In this document, "Q1" refers to the three-month period ended March 31; "Q2" refers to the three-month period ended June 30; "Q3" refers to the three-month period ended September 30; and "Q4" refers to the three-month period ended December 31. Except as otherwise specified, references to years indicate the fiscal year ended December 31, 2026, 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 May 7, 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 agreements entered into with 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

Acquired CBI Home Health for $570 Million

On April 1, 2026, the Company, through its wholly owned home health care subsidiary, ParaMed, completed 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. (the "CBI Acquisition") for a cash purchase price of $570.0 million, subject to customary adjustments, plus approximately $17.3 million in estimated lease liabilities in accordance with IFRS 16 *Leases* ("IFRS 16"). 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 (the "Senior Secured Credit Facility"), ($154.5 million delayed draw term facility and $153.7 million revolving credit facility), and cash on hand.

The CBI Acquisition accelerates the Company's service-focused growth strategy and strengthens its national leadership position in home health care. 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.

Completed $450 million Inaugural Offering of Investment Grade Senior Unsecured Notes and Amended Credit Facility

On April 14, 2026, the Company completed its offering of $450.0 million aggregate principal amount of 4.345% senior unsecured notes due April 14, 2031 (the "2031 Notes"). The 2031 Notes have been assigned a final rating of BBB, with a stable trend, by Morningstar DBRS. 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, with the balance to be used for working capital and other general corporate purposes, including the repayment of other existing indebtedness.

In conjunction with the debt repayment, the 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 equally and *pari passu* with the 2031 Notes.

For more information refer to "Liquidity and Capital Resources – Long-term Debt – Senior Secured Credit Facility" and *Note 17* of the consolidated financial statements.

Ontario LTC Redevelopment Activities

As at May 7, 2026, the Company has seven LTC redevelopment projects under construction in Ontario, 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.

RECYCLED CAPITAL FROM SALE OF VACATED CLASS C HOME

In February 2026, the Company completed the sale of the vacated West End Villa Class C property for proceeds of $12.1 million, resulting in a pre-tax gain of $10.0 million ($9.8 million after tax). 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 11* of the consolidated financial statements).

Dividend Increase

The Company increased its monthly dividend by 5% to $0.0441 per share, effective with the dividend 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 Operations and Adjusted Funds From Operations – AFFO 2025 First Quarter Financial Review", "Liquidity and Capital Resources" and "Risks and Uncertainties".

BUSINESS OVERVIEW

As at March 31, 2026, 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 157,100 beds across Canada, as at March 31, 2026.

The Company's home health care segment, operating under the ParaMed brand, delivered approximately 13.9 million hours of home health care services in the twelve months ended March 31, 2026, in Ontario, Nova Scotia and Alberta, accounting for 92.7%, 4.2% and 3.1% of its 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 March 31, 2026.

	# 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

Environmental, Social and Governance ("ESG") Responsibility

Extendicare's mission is to provide people with the care they need, wherever they call home. Extendicare remains focused on supporting the health system across the continuum of care, from long-term care to care in the community, by helping to increase access to care and address capacity pressures. Extendicare's commitment to ESG and its application of a sustainability-focused lens has long been embedded in its strategy and operations, including through its enterprise-wide approach to risk management, ongoing investments in supports for team members and the diversity of its workforce.

The Human Resources, Governance and Sustainability Committee oversees ESG with support from the Board and management, and the Audit Committee oversees ESG-related financial disclosure. In 2025, an ESG Working Group comprised of senior leaders was struck to enhance the progression of the Company's ESG strategy and refine its approach to reporting.

In May 2026, Extendicare published its 2025 ESG Insights report, which outlines how the Company's mission informs its sustainability efforts and highlights priorities including quality of care, workforce, responsible stewardship of resources, effective governance and long-term operational resilience. The report is available at www.extendicare.com under the "ESG" section.

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, as "corporate".

The following table summarizes the contribution of the business segments to the Company's consolidated revenue and NOI for the three months ended March 31, 2026 and 2025.

	Three months ended March 31,				Year ended December 31,	
	2026		2025		2025	
Operating Segments as % of	**Revenue**	**NOI**	**Revenue**	**NOI**	**Revenue**	**NOI**
Long-term care	**52.3 %**	**46.7 %**	52.8 %	42.2 %	53.7 %	43.2 %
Home health care	**44.2 %**	**40.5 %**	42.2 %	38.0 %	42.2 %	41.2 %
Managed services	**3.5 %**	**12.8 %**	5.0 %	19.8 %	4.1 %	15.6 %
Total	**100.0 %**	**100.0 %**	100.0 %	100.0 %	100.0 %	100.0 %

The following describes the operating segments of the Company.

Long-term Care

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

Provincial legislation and regulations closely control all aspects of the operation and funding of LTC homes and government-funded designated supportive living homes, including the fee structure, subsidies, the adequacy of physical homes, standards of care and accommodation, equipment and personnel. A substantial portion of the fees paid to providers of these services are funded by provincial programs, with a significantly smaller portion to be paid by the resident. No individual is refused access to long-term care due to an inability to pay, as a government subsidy for basic accommodation, generally based on an income test, is available for LTC residents who are unable to afford the resident co-payment. Long-term care funding in Ontario is provided in four envelopes allocated to personal care, programming, nutritional support and other

accommodation, respectively. The first three envelopes must be spent entirely on residents and are independently audited with any surplus funding returned to the government. In Alberta, designated supportive living homes provide an alternative setting for residents not yet requiring the needs of a more expensive LTC home. Such homes are licensed, regulated and funded in Alberta by Assisted Living Alberta ("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 announced for LTC in 2026 in Alberta.

ALBERTA LTC FUNDING CHANGES

In March 2026, ALA notified continuing care operators of a retroactive increase to funded rates to reflect recently ratified collective bargaining agreements and related market adjustments outlined in Alberta's 2026 budget. The previously communicated 1.25% rate increase for fiscal 2025/2026 was revised upward by 6% to 7.25%, resulting in additional revenue of approximately $6.9 million recognized in Q1 2026, of which approximately $5.2 million related to prior periods retroactive to April 1, 2025.

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 funding changes announcements for home health care to date.

As a result of ALA's retroactive increase to funded rates for continuing care operators implemented in March 2026, the Company's home health care operations recognized additional revenue of approximately $1.0 million in Q1 2026, of which approximately $0.8 million related to prior periods retroactive to April 1, 2025.

In April 2026, as part of the Ontario government's 2026 budget, the government announced an additional $1.1 billion investment over three years to support patients through expanded home and community care services. This investment builds on the $1.1 billion over three years announced in October 2025 as part of the *2025 Ontario Economic Outlook and Fiscal Review*. While program details have not yet been released, these investments are intended to increase home health care service volumes across the province. It remains uncertain whether rate increases will result from the increased funding. To date, Ontario Health atHome has not announced any bill rate increases for the home health care sector for 2026.

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 March 31, 2026, 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 27 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 March 31, 2026, SGP provided services to third parties and joint ventures to which the Company is a party representing approximately 157,100 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	**2026**				**2025**			**2024**
Average Occupancy(i) ***(%)***	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**
Total LTC	**97.5%**	98.0%	98.5%	98.3%	97.5%	98.0%	98.4%	97.8%
Change over prior year period (bps)	**—**	—	10	50	—	20	60	60
Sequential quarterly change (bps)	**(50)**	(50)	20	80	(50)	(40)	60	30
Ontario LTC								
Total ON LTC	**98.2%**	98.5%	98.6%	98.6%	98.2%	98.5%	99.1%	98.7%
Preferred Accommodation(ii)								
"New" homes – private	**97.0%**	97.3%	97.6%	97.8%	96.8%	95.9%	96.2%	95.4%
"C" homes – private	**96.0%**	94.6%	94.7%	94.6%	92.3%	94.5%	93.5%	94.8%
"C" homes – semi-private	**76.8%**	76.6%	74.9%	75.2%	72.9%	72.5%	70.8%	67.0%

(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 Q1 2026).

(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 May 7, 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[iii]	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 Inc. and/or its affiliates (collectively, "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.

(iii) The Sudbury LTC redevelopment project (320 beds) is anticipated to be sold to Axium JV in Q2 2026, with Extendicare retaining a 15% managed interest, subject to customary closing conditions, including receipt of regulatory approvals from the MLTC.

Certain LTC development projects experienced unforeseen site conditions that impacted projected opening dates. In addition, certain projects have experienced construction delays that have also impacted costs and 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 Q1 2026, ADV increased to 41,936, up 32.7% from Q1 2025, driven by organic growth and the acquisition of Closing the Gap Healthcare Group Inc. and certain affiliates (collectively, "Closing the Gap") in July 2025.

Our home health care operations have experienced sequential growth in ADV every quarter since Q3 2022, which has lessened the seasonality that has historically characterized our business, masking the seasonal softness in ADV typically experienced in the summer months. If demand growth slows, 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 population over age 75. 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 resulting care gap.

Home Health Care	**2026**				**2025**			**2024**
Service Volumes	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**
Hours of service *(000's)*	**3,774.2**	3,628.4	3,460.0	3,031.2	2,844.3	2,851.4	2,776.7	2,732.5
ADV	**41,936**	39,440	37,609	33,310	31,603	30,993	30,181	30,027
Change over prior year period	**32.7 %**	27.3 %	24.6 %	10.9 %	8.9 %	10.1 %	10.2 %	10.8 %
Sequential quarterly change	**6.3 %**	4.9 %	12.9 %	5.4 %	2.0 %	2.7 %	0.5 %	3.5 %

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.

	2026				2025			2024
Managed Services	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**
Extendicare Assist Management Contracts								
Homes at period end								
Third party	**12**	12	12	12	44	44	44	45
Joint Ventures	**28**	28	28	28	28	27	26	26
Total homes at period end	**40**	40	40	40	72	71	70	71
Resident capacity								
Third party	**2,351**	2,351	2,351	2,351	6,279	6,279	6,279	6,339
Joint Ventures	**3,886**	3,886	3,886	3,886	3,886	3,630	3,438	3,438
Total resident capacity	**6,237**	6,237	6,237	6,237	10,165	9,909	9,717	9,777
Change over prior year period	**(38.6)%**	(37.1)%	(35.8)%	(36.2)%	4.0 %	1.3 %	(2.5)%	64.1 %
Sequential quarterly change	**— %**	— %	— %	(38.6)%	2.6 %	2.0 %	(0.6)%	— %
SGP Clients								
Third-party and joint-venture beds	**157,072**	153,575	152,090	149,295	148,209	146,292	143,547	140,937
Change over prior year period	**6.0 %**	5.0 %	6.0 %	5.9 %	7.2 %	7.4 %	11.4 %	22.1 %
Sequential quarterly change	**2.3 %**	1.0 %	1.9 %	0.7 %	1.3 %	1.9 %	1.9 %	1.9 %

As at March 31, 2026, Extendicare Assist held management contracts with 40 LTC homes with capacity for 6,237 residents, including 254 private pay retirement beds, and provided a further 27 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. 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. As a result, 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.

SGP continues to grow its market share, increasing its third-party, including joint-venture, beds served at the end of Q1 2026 by 6.0% from Q1 2025, and 2.3% from Q4 2025.

SELECT QUARTERLY FINANCIAL INFORMATION

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

	2026	2025				2024		
(thousands of dollars unless otherwise noted)	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**
Revenue	**465,224**	462,034	440,275	383,445	374,654	391,564	359,061	348,482
Net operating income[(1)]	**69,024**	65,736	65,902	54,972	50,228	53,822	50,117	52,807
NOI margin[(1)]	***14.8%***	*14.2%*	*15.0%*	*14.3%*	*13.4%*	*13.7%*	*14.0%*	*15.2%*
Adjusted EBITDA[(1)]	**52,858**	49,452	50,771	39,785	35,606	39,699	36,107	38,611
Adjusted EBITDA margin[(1)]	***11.4%***	*10.7%*	*11.5%*	*10.4%*	*9.5%*	*10.1%*	*10.1%*	*11.1%*
Share of profit (loss) from investment in joint ventures	**344**	924	846	210	(126)	107	431	265
Net earnings	**40,732**	25,579	24,119	31,927	15,031	19,928	16,295	25,890
per basic share *($)*	**0.427**	0.291	0.285	0.378	0.178	0.236	0.194	0.307
per diluted share *($)*	**0.422**	0.286	0.281	0.373	0.176	0.232	0.187	0.289
AFFO[(1)]	**32,746**	29,551	29,535	24,776	19,807	28,977	23,125	23,073
per basic share *($)*	**0.343**	0.337	0.349	0.293	0.235	0.344	0.274	0.274
per diluted share *($)*	**0.339**	0.331	0.345	0.290	0.232	0.318	0.253	0.254
Maintenance capex (including 15% share of joint ventures)	**2,771**	10,274	5,604	5,158	2,709	5,270	4,093	4,829
Cash dividends declared	**12,116**	11,008	10,561	10,561	10,198	10,016	10,016	10,013
per share *($)*	**0.1281**	0.1260	0.1260	0.1260	0.1220	0.1200	0.1200	0.1200
Weighted Average Number of Shares *(000's)*								
Basic	**95,371**	88,005	84,626	84,599	84,345	84,269	84,237	84,305
Diluted	**96,600**	89,396	85,716	85,555	85,468	94,079	95,556	95,248

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

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".

	2026	2025				2024		
(thousands of dollars)	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**
Earnings before income taxes	**49,370**	35,393	34,379	41,412	18,919	26,719	22,657	32,892
Add (Deduct):								
Depreciation and amortization	**10,100**	10,272	9,918	8,480	8,273	8,497	8,635	8,049
Net finance costs	**1,204**	1,991	5,300	2,013	5,118	4,336	4,164	3,627
Other (income) expense	**(7,472)**	2,720	2,020	(11,910)	3,170	254	1,082	(5,692)
Share of (profit) loss from investment in joint ventures	**(344)**	(924)	(846)	(210)	126	(107)	(431)	(265)
Adjusted EBITDA	**52,858**	49,452	50,771	39,785	35,606	39,699	36,107	38,611
Administrative costs	**16,166**	16,284	15,131	15,187	14,622	14,123	14,010	14,196
Net operating income	**69,024**	65,736	65,902	54,972	50,228	53,822	50,117	52,807

STATEMENT OF EARNINGS

The following provides the consolidated statement of earnings for the periods ended March 31, 2026 and 2025.

	Three months ended March 31,		
(thousands of dollars unless otherwise noted)	**2026**	**2025**	**Change**
Revenue	**465,224**	374,654	90,570
Operating expenses	**396,200**	324,426	71,774
Net operating income(1)	**69,024**	50,228	18,796
Administrative costs	**16,166**	14,622	1,544
Adjusted EBITDA(1)	**52,858**	35,606	17,252
Depreciation and amortization	**10,100**	8,273	1,827
Other (income) expense	**(7,472)**	3,170	(10,642)
Share of (profit) loss from investment in joint ventures	**(344)**	126	(470)
Earnings before net finance costs and income taxes	**50,574**	24,037	26,537
Interest expense (net of capitalized interest)	**5,017**	4,214	803
Interest revenue	**(2,937)**	(1,377)	(1,560)
Accretion	**59**	585	(526)
Fair value adjustments	**(935)**	1,696	(2,631)
Net finance costs	**1,204**	5,118	(3,914)
Earnings before income taxes	**49,370**	18,919	30,451
Current income tax expense	**6,763**	6,329	434
Deferred income tax expense (recovery)	**1,875**	(2,441)	4,316
Total income tax expense	**8,638**	3,888	4,750
Net earnings	**40,732**	15,031	25,701
Net earnings	**40,732**	15,031	25,701
Add (Deduct)(i)**:**			
Fair value adjustments	**(687)**	1,247	(1,934)
Other (income) expense	**(7,678)**	2,327	(10,005)
Earnings before separately reported items, net of taxes(1)	**32,367**	18,605	13,762

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

2026 FIRST QUARTER FINANCIAL REVIEW

The following is an analysis of the consolidated results from operations for Q1 2026, as compared to Q1 2025. The comparability of the results is impacted by, among other things, the acquisition of nine Class C LTC homes in June 2025 (the "LTC Acquisition") and the acquisition of Closing the Gap in July 2025.

Revenue

Revenue of $465.2 million increased by $90.6 million or 24.2% from $374.7 million in Q1 2025. Excluding a reduction in out-of-period funding of $1.4 million, revenue increased by $92.0 million or 25.3% to $455.6 million from $363.7 million, driven primarily by the LTC Acquisition, LTC funding enhancements, timing of spend under flow-through care envelopes, a 32.7% increase in home health care ADV, driven by organic growth and the acquisition of Closing the Gap, partially offset by the closure of a Class C LTC home in connection with the opening of a new LTC home in Axium JV. The reduction in out-of-period funding of $1.4 million related to a $9.3 million change in home health care retroactive funding ($1.7 million in Q1 2026 compared to $11.0 million in Q1 2025), partially offset by $7.9 million of LTC out-of-period funding recognized in Q1 2026.

Operating Expenses

Operating expenses of $396.2 million increased by $71.8 million or 22.1% from Q1 2025. Excluding a net reduction in out-of-period costs of $3.5 million, operating expenses increased by $75.3 million or 23.5% to $395.3 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 the acquisition of Closing the Gap, partially offset by the closure of a Class C LTC home that was redeveloped in Axium JV. The year-over-year impact of out-of-period items of $3.5 million related to changes in additional compensation for home health care staff supported by retroactive funding of $10.1 million ($0.9 million in Q1 2026 compared to $11.0 million in Q1 2025), partially offset by workers compensation rebates of $6.6 million recognized in Q1 2025 ($2.7 million in LTC and $3.9 million in home health care).

Net Operating Income

Net operating income increased by $18.8 million or 37.4% to $69.0 million (14.8% of revenue) from $50.2 million (13.4% of revenue) in Q1 2025. Excluding a $2.1 million year-over-year increase from out-of-period items ($8.7 million in Q1 2026 and $6.6 million in Q1 2025), NOI increased by $16.7 million to $60.3 million (13.2% of revenue) from $43.6 million (12.0% of revenue) in Q1 2025. The 38.3% increase in NOI reflects approximately $3.5 million from the LTC Acquisition, LTC funding enhancements, and a 32.7% increase in home health care ADV, driven by organic growth and the acquisition of Closing the Gap, partially offset by higher operating costs and the closure of a Class C LTC home that was replaced by a redeveloped home in Axium JV.

Administrative Costs

Administrative costs increased by $1.5 million to $16.2 million in Q1 2026, primarily due to higher wages, benefits and technology costs, partially offset by lower professional fees.

Adjusted EBITDA

Adjusted EBITDA increased by $17.3 million or 48.5% to $52.9 million (11.4% of revenue) from $35.6 million (9.5% of revenue) in Q1 2025, reflecting the increase in NOI, partially offset by higher administrative costs. Excluding the year-over-year reduction in NOI of $2.1 million related to out-of-period items, Adjusted EBITDA increased by $15.2 million or 52.2% to $44.2 million (9.7% of revenue) in Q1 2026 from $29.0 million (8.0% of revenue) in Q1 2025.

Depreciation and Amortization

Depreciation and amortization costs increased by $1.8 million to $10.1 million related to the additional homes from the LTC Acquisition and the increase in intangible assets due to customer relationships from the acquisition of Closing the Gap.

Other (Income) Expense

Other income was $7.5 million in Q1 2026, reflecting a gain on sale of assets of $10.0 million, partially offset by transaction-related professional fees and integration costs. Other expense of $3.2 million in Q1 2025 related to strategic transformation costs in connection with the Revera and Axium transactions entered into in 2023. Refer to *Note 11* of the consolidated financial statements.

Share of (Profit) Loss From Investment in Joint Ventures

Share of profit from joint ventures was $0.3 million in Q1 2026, compared to a loss of $0.1 million in Q1 2025. The increase is primarily due to the opening of a new LTC home and the impact of a $0.2 million favourable fair value adjustment on interest rate swaps. Refer to *Note 6* of the consolidated financial statements.

Net Finance Costs

Net finance costs decreased by $3.9 million in Q1 2026, primarily due to a favourable $2.6 million fair value adjustment on interest rate swaps and higher interest revenue from cash on hand, partially offset by higher interest expense due to higher debt levels.

Income Taxes

The income tax provision of $8.6 million for Q1 2026 represented an effective tax rate of 17.5%, compared to a tax provision of $3.9 million and an effective tax rate of 20.6% in Q1 2025. Excluding the impact of separately reported "other (income) expense" and "fair value adjustments", the effective tax rate was 21.0% in Q1 2026, compared to 21.8% in Q1 2025.

Net Earnings

The Company reported net earnings of $40.7 million ($0.427 per basic share) compared to $15.0 million ($0.178 per basic share) in Q1 2025. The increase in net earnings of $25.7 million was largely driven by the increase in Adjusted EBITDA of $17.3 million, an increase in other income and a decrease in net finance costs, partially offset by higher depreciation and amortization costs.

Summary of Results of Operations by Segment

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

Three months ended March 31 *(thousands of dollars unless otherwise noted)*	**Long-term Care**	**Home Health Care**	**Managed Services**	**Total**
2026				
Revenue	**243,547**	**205,435**	**16,242**	**465,224**
Operating expenses	**211,330**	**177,499**	**7,371**	**396,200**
Net operating income(1)	**32,217**	**27,936**	**8,871**	**69,024**
NOI margin(1)	***13.2%***	***13.6%***	***54.6%***	***14.8%***
2025				
Revenue	197,753	158,258	18,643	374,654
Operating expenses	176,553	139,192	8,681	324,426
Net operating income(1)	21,200	19,066	9,962	50,228
NOI margin(1)	*10.7%*	*12.0%*	*53.4%*	*13.4%*
Change				
Revenue	45,794	47,177	(2,401)	90,570
Operating expenses	34,777	38,307	(1,310)	71,774
Net operating income(1)	11,017	8,870	(1,091)	18,796

LONG-TERM CARE OPERATIONS

Revenue from LTC operations increased by $45.8 million or 23.2% to $243.5 million in Q1 2026. Excluding out-of-period funding recognized in Q1 2026 of $7.9 million, revenue increased by $37.9 million, largely driven by approximately $32.5 million from homes added through the LTC Acquisition, funding increases, timing of spend and improved preferred occupancy, partially offset by the closure of a Class C LTC home that was replaced by a newly opened LTC home in Axium JV.

Net operating income from LTC operations increased by $11.0 million or 52.0% to $32.2 million (13.2% of revenue) in Q1 2026 compared to $21.2 million (10.7% of revenue) in Q1 2025. Excluding the impact of out-of-period items of $5.2 million, NOI improved by $5.8 million or 31.4% to $24.3 million (10.3% of revenue) in Q1 2026 from $18.5 million (9.4% of revenue) in the prior year period, reflecting approximately $3.5 million in NOI from the LTC Acquisition, funding enhancements, timing of spend, and improved preferred occupancy, partially offset by higher operating costs, and the closure of a redeveloped Class C LTC home. The impact of out-of-period items of $5.2 million related to $5.2 million in LTC retroactive funding and $2.7 million from release of prior period funding provisions recognized in Q1 2026, partially offset by $2.7 million of workers' compensation rebates recognized in Q1 2025.

HOME HEALTH CARE OPERATIONS

Revenue from home health care operations increased by $47.2 million or 29.8% to $205.4 million in Q1 2026 from $158.3 million in Q1 2025. Excluding a year-over-year decrease of $9.3 million related to retroactive funding, revenue increased by $56.5 million, primarily due to a 32.7% increase in ADV, driven by organic growth and the acquisition of Closing the Gap. The reduction in retroactive funding of $9.3 million ($1.7 million in Q1 2026 compared to $11.0 million in Q1 2025) largely related to changes in the recovery of increased wages, benefits and technology costs.

Net operating income from home health care operations increased by $8.9 million to $27.9 million (13.6% of revenue) in Q1 2026 from $19.1 million (12.0% of revenue) in Q1 2025. Excluding a year-over-year decrease of $3.1 million related to out-of-period items, NOI increased by $12.0 million to $27.1 million (13.3% of revenue) in Q1 2026 from $15.2 million (10.3% of revenue) in the prior year period, primarily due to a 32.7% increase in volume, driven by organic growth and the acquisition of Closing the Gap, partially offset by higher wages and benefits. The out-of-period items of $3.1 million related to retroactive funding of $0.8 million recognized in Q1 2026, offset by workers' compensation rebates of $3.9 million recognized in Q4 2025.

MANAGED SERVICES

Revenue from managed services decreased by $2.4 million or 12.9% to $16.2 million in Q1 2026 from $18.6 million in Q1 2025. Net operating income from managed services declined by $1.1 million or 11.0% to $8.9 million in Q1 2026 compared to $10.0 million in Q1 2025, with NOI margins of 54.6% and 53.4%, respectively. The declines in revenue and NOI were largely due to the sale in Q1 2025 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 a newly opened home in the Joint Ventures and growth in the number of SGP clients.

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 March 31,		
(thousands of dollars unless otherwise noted)	**2026**	**2025**	**Change**
Net earnings	**40,732**	15,031	25,701
Add (Deduct):			
Depreciation and amortization	**10,100**	8,273	1,827
Depreciation for FFEC (maintenance capex)	**(2,300)**	(1,888)	(412)
Depreciation for office leases	**(783)**	(732)	(51)
Other (income) expense	**(7,472)**	3,170	(10,642)
Fair value adjustments	**(935)**	1,696	(2,631)
Current income tax expense (recovery) on other expense (income) and fair value adjustments	**(408)**	(843)	435
Deferred income tax expense (recovery)	**1,875**	(2,441)	4,316
FFO adjustments for joint ventures(i)	**464**	687	(223)
FFO	**41,273**	22,953	18,320
Amortization of deferred financing costs	**328**	289	39
Accretion costs	**59**	585	(526)
Non-cash share-based compensation	**(9,168)**	(3,912)	(5,256)
Principal portion of government capital funding	**417**	403	14
Additional maintenance capex	**(233)**	(697)	464
AFFO adjustments for joint ventures(i)	**70**	186	(116)
AFFO	**32,746**	19,807	12,939
Per Basic Share *($)*			
FFO	**0.433**	0.272	0.161
AFFO	**0.343**	0.235	0.108
Per Diluted Share *($)*			
FFO	**0.427**	0.269	0.158
AFFO	**0.339**	0.232	0.107
Dividends			
Declared	**12,116**	10,198	1,918
Declared per share *($)*	**0.1281**	0.1220	0.0061
Weighted Average Number of Shares			
Basic *(000's)*	**95,371**	84,345	
Diluted *(000's)*	**96,600**	85,468	
Current income tax expense included in FFO	**7,171**	7,172	(1)
FFO effective tax rate	***14.8 %***	*23.8 %*	

(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 March 31,		
(thousands of dollars)	**2026**	**2025**	**Change**
Net cash from operating activities	**(4,744)**	18,421	(23,165)
Add (Deduct):			
Net change in operating assets and liabilities, including interest and taxes	**37,368**	1,226	36,142
Other expense	**2,551**	3,170	(619)
Current income tax on items excluded from AFFO	**(408)**	(843)	435
Depreciation for office leases	**(783)**	(732)	(51)
Depreciation for FFEC (maintenance capex)[i]	**(2,300)**	(1,888)	(412)
Additional maintenance capex[i]	**(233)**	(697)	464
Principal portion of government capital funding	**417**	403	14
AFFO for joint ventures[ii]	**878**	747	131
AFFO	**32,746**	19,807	12,939
Total maintenance capex[i]	**2,771**	2,709	62

(i) Total maintenance capex represents the aggregate of the items classified as "depreciation for FFEC" and "additional maintenance capex", and includes $0.2 million in respect of the Company's 15% managed interest in joint ventures for the three months ended March 31, 2026. 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 2026 First Quarter Financial Review

In Q1 2026, AFFO increased by $12.9 million to $32.7 million ($0.343 per basic share) from $19.8 million ($0.235 per basic share) in Q1 2025, largely reflecting the improvement in Adjusted EBITDA, partially offset by 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 $11.4 million to $26.4 million ($0.276 per basic share) from $15.0 million ($0.177 per basic share) in the prior year period.

A discussion of the factors impacting net earnings and Adjusted EBITDA can be found under "2026 First Quarter Financial Review".

Dividends declared as a percentage of AFFO for the three months ended March 31, 2026 represented a payout ratio of 37%. The Company increased its monthly dividend by 5% to $0.0441 per share, effective with the dividend 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 $7.2 million for the three months ended March 31, 2026, compared to $7.2 million in the prior year period, representing effective tax rates on FFO of 14.8% and 23.8%, 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 19% to 22%.

Including the Company's 15% managed interest in joint ventures, maintenance capex was $2.8 million for Q1 2026 compared to $2.7 million for Q1 2025 and to $10.3 million for Q4 2025, representing 0.6%, 0.7% and 2.1% of revenue, respectively. These costs fluctuate on a quarterly and annual basis with the timing of projects and seasonality. 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".

(thousands of dollars)	**Three months ended March 31,**		
	2026	**2025**	**Change**
Adjusted EBITDA	**52,858**	35,606	17,252
Add (Deduct):			
Depreciation for FFEC (maintenance capex)	**(2,300)**	(1,888)	(412)
Depreciation for office leases	**(783)**	(732)	(51)
Accretion costs	**(59)**	(585)	526
Interest expense	**(5,017)**	(4,214)	(803)
Interest revenue	**2,937**	1,377	1,560
FFO for joint ventures	**808**	561	247
	48,444	30,125	18,319
Current income tax expense	**7,171**	7,172	(1)
FFO	**41,273**	22,953	18,320
Amortization of deferred financing costs	**328**	289	39
Accretion costs	**59**	585	(526)
Non-cash share-based compensation	**(9,168)**	(3,912)	(5,256)
Principal portion of government capital funding	**417**	403	14
Additional maintenance capex	**(233)**	(697)	464
AFFO adjustments for joint ventures	**70**	186	(116)
AFFO	**32,746**	19,807	12,939

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".

(thousands of dollars)	**Three months ended March 31,**		
	2026	**2025**	**Change**
Share of profit from investment in joint ventures	**344**	(126)	470
Depreciation and amortization	**695**	673	22
Depreciation for FFEC (maintenance capex)	**(136)**	(136)	—
Fair value adjustments	**(95)**	150	(245)
FFO adjustments for joint ventures	**464**	687	(223)
Amortization of deferred financing costs	**12**	39	(27)
Principal portion of government capital funding	**160**	135	25
Additional maintenance capex	**(102)**	12	(114)
AFFO adjustments for joint ventures	**70**	186	(116)
AFFO for joint ventures	**878**	747	131

(thousands of dollars)	**Three months ended March 31,**		
	2026	**2025**	**Change**
Adjusted EBITDA	**1,385**	1,207	178
Depreciation for FFEC (maintenance capex)	**(136)**	(136)	—
Interest expense	**(691)**	(735)	44
Interest revenue	**250**	225	25
FFO for joint ventures	**808**	561	247
Amortization of deferred financing costs	**12**	39	(27)
Principal portion of government capital funding	**160**	135	25
Additional maintenance capex	**(102)**	12	(114)
AFFO for joint ventures	**878**	747	131
Total maintenance capex for joint ventures	**238**	124	114

LIQUIDITY AND CAPITAL RESOURCES

Sources and Uses of Cash

The following summarizes the sources and uses of cash for the three months ended March 31, 2026 and 2025.

	Three months ended March 31,	
(thousands of dollars)	**2026**	**2025**
Net cash (used in) from operating activities	**(4,744)**	18,421
Net cash used in investing activities	**(5,009)**	(14,620)
Net cash used in financing activities	**(17,291)**	(16,175)
Decrease in cash and cash equivalents	**(27,044)**	(12,374)

As at March 31, 2026, the Company had cash and cash equivalents on hand of $320.9 million, reflecting a decline in cash of $27.0 million from the beginning of the year. Cash flow used in operating activities of $4.7 million for the three months ended March 31, 2026 reflected earnings offset by timing of working capital changes, including income taxes paid related to the improvement in earnings for the prior year period. Cash dividends paid of $11.9 million for the three months ended March 31, 2026 were funded in part from cash on hand.

Net cash from operating activities was a use of cash of $4.7 million for the three months ended March 31, 2026 compared to a source of cash of $18.4 million in the prior year period, reflecting the increase in earnings offset by unfavourable changes in operating assets and liabilities between periods. Fluctuations in operating assets and liabilities between periods are primarily attributable to the volatility and timing of cash receipts related to funding changes and flow-through funding, and the timing of payroll cycles.

Net cash used in investing activities was a use of cash of $5.0 million for the three months ended March 31, 2026 compared to $14.6 million in the prior year period. The 2026 activity included purchases of property, equipment and other intangible assets of $7.5 million and investments in the Joint Ventures of $1.2 million. This was partially offset by net proceeds of $3.0 million from the sale of the vacated West End Villa Class C property, the collection of other assets of $0.4 million and distributions from investments in the Joint Ventures of $0.3 million. The 2025 activity included purchases of property, equipment and other intangible assets of $15.4 million, partially offset by the collection of other assets of $0.4 million and distributions from investments in the Joint Ventures of $0.4 million.

The table that follows summarizes the additions to property, equipment and other intangibles, allocated between growth and maintenance capex. Growth capex relates to LTC redevelopment projects, building improvements, investments in key IT platforms, and 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.

	Three months ended March 31,	
(thousands of dollars)	**2026**	**2025**
Growth capex	**6,580**	13,542
Maintenance capex	**2,533**	2,585
	9,113	16,127

Management monitors and prioritizes capital expenditure requirements 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 use of cash of $17.3 million for the three months ended March 31, 2026 compared to a use of cash of $16.2 million in the prior year period. The 2026 activity included cash dividends paid of $11.9 million and debt and lease liability repayments of $5.3 million. The 2025 activity included cash dividends paid of $10.0 million and debt and lease liability repayments of $6.0 million.

Capital Structure

SHAREHOLDERS' EQUITY

Total shareholders' equity as at March 31, 2026, was $393.2 million as compared to $373.4 million at December 31, 2025, reflecting contributions from net earnings and comprehensive income, partially offset by dividends declared of $12.1 million.

As at March 31, 2026, the Company had 94,821,945 Common Shares issued and outstanding (carrying value – $663.3 million), as compared to 94,457,909 Common Shares (carrying value – $662.9 million) as at December 31, 2025, reflecting 364,036 Common Shares issued under the Company's equity-based compensation plan.

Share Information *(000's)*	**May 6, 2026**	**March 31, 2026**	**December 31, 2025**
Common Shares (TSX symbol: EXE)(i)	**94,821.9**	**94,821.9**	94,457.9

(i) Closing market value per TSX on May 6, 2026, was $30.17.

As at May 7, 2026, the Company had an aggregate of 2,860,981 Common Shares reserved and available for issuance pursuant to the Company's long-term incentive plan, of which there were in aggregate 2,028,333 performance share units and deferred share units outstanding as at March 31, 2026 (refer to *Note 8* of the consolidated financial statements).

Dividends

The Company declared cash dividends of $0.1281 per share for the three months ended March 31, 2026, compared with $0.122 per share in the same prior year period, representing $12.1 million and $10.2 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 increased its monthly dividend by 5% to $0.0441 per share, effective with the dividend 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 May 6, 2026.

Long-term Debt

Long-term debt totalled $324.6 million as at March 31, 2026, as compared to $330.2 million as at December 31, 2025, representing a decrease of $5.6 million, largely reflecting regular debt and lease liability repayments of $5.3 million. The current portion of long-term debt as at March 31, 2026 was $19.5 million.

The Company was 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 March 31, 2026. Details of the components, maturities dates, terms and conditions of long-term debt are provided in *Note 7* of the consolidated financial statements.

SENIOR SECURED CREDIT FACILITY

As at March 31, 2026, the Company's Senior Secured Credit Facility consisted of a revolving credit facility of $190.0 million and a delayed draw term facility of $185.0 million. The fully utilized delayed draw term facility had a balance owing of $173.2 million as at March 31, 2026. In addition, the Company had issued $35.6 million in letters of credit under the revolving credit facility, leaving $154.4 million of undrawn capacity. The letters of credit consisted of $24.2 million to secure the Company's legacy defined benefit pension plan obligations, $10.9 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.

Amendments to the Credit Facility

On April 1, 2026, and in connection with the closing of the CBI Acquisition, the Company increased its Senior Secured Credit Facility by $214.5 million, consisting of a $60.0 million increase to the revolving credit facility and a $154.5 million increase to the delayed draw term facility, and extended the term to April 1, 2029, with provisions for consecutive one-year extensions. The Company utilized the full delayed draw term facility and $153.7 million of the revolving credit facility to partially fund the CBI Acquisition.

On April 14, 2026, following the issuance of the 2031 Notes, the Company used approximately $427.7 million of the net proceeds to repay the delayed draw term loan in full and the revolving credit facility in part. Concurrent with these debt repayments and the issuance of 2031 Notes, the Company's senior secured credit facilities were amended and restated to consist of a $250.0 million Unsecured Revolving Facility that will rank *pari passu* with the 2031 Notes, and all security previously granted to the lenders under the former senior secured credit facilities was released. 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 Canadian Overnight Repo Rate Average ("CORRA") plus an applicable margin ranging from 1.45% to 2.45%, or through letters of credit.

For more information on the Senior Secured Credit Facility, CBI Acquisition and the 2031 Notes, refer to "Significant Developments" and *Notes 7 and 17* of the consolidated financial statements.

LONG-TERM DEBT KEY METRICS

Management has limited the amount of debt that may be subject to changes in interest rates, with $18.9 million of mortgage debt at variable rates. The Company's $173.2 million borrowing under the delayed draw term facility and term loan of $26.4 million as at March 31, 2026, have effectively been converted to fixed-rate financings with interest rate swaps over the full respective terms. As at March 31, 2026, the interest rate swaps were classified as a liability of $0.3 million.

The following summarizes key metrics of consolidated long-term debt as at March 31, 2026, and December 31, 2025.

	March 31, 2026			**December 31, 2025**		
(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	**5.2%**		**5.3%**	5.3%		5.3%
Weighted average term to maturity of long-term debt outstanding	**4.1 yrs**		**7.5 yrs**	4.3 yrs		7.4 yrs
Trailing twelve months consolidated interest coverage ratio(i) (1)	**10.6 X**		**8.4 X**	10.0 X		8.1 X
Debt to Gross Book Value ("GBV")						
Total assets (carrying value)	**1,071,251**	**136,129**	**1,207,380**	1,066,515	132,317	1,198,832
Accumulated depreciation on property and equipment	**301,889**	**6,168**	**308,057**	303,949	5,964	309,913
Accumulated amortization on other intangible assets	**61,140**	**1,619**	**62,759**	58,495	1,540	60,035
GBV	**1,434,280**	**143,916**	**1,578,196**	1,428,959	139,821	1,568,780
Debt(iii)	**366,196**	**111,374**	**477,570**	372,237	106,968	479,205
Debt to GBV	**25.5%**		**30.3%**	26.0%		30.5%
Debt to Adjusted EBITDA(1)	**1.9 X**			2.1 X		

(i) Capitalized interest included in the calculation of the interest coverage ratio before adjustments for joint ventures was nil for the trailing twelve months ended March 31, 2026 (nil for the three months ended March 31, 2026). The calculation adjusted for joint ventures includes the Company's 15% share of the joint ventures' Adjusted EBITDA and interest expense of $6.7 million and $5.5 million, respectively, the latter of which is inclusive of $2.8 million of capitalized interest ($0.8 million for the three months ended March 31, 2026).

(ii) The adjustments to GBV represent the Company's 15% share of the joint ventures' GBV of $169.6 million less the Company's carrying value in the joint ventures of $25.7 million. The adjustment for debt represents the Company's 15% share of the joint ventures' mortgages at carrying amount, excluding deferred financing costs.

(iii) Debt excludes deferred financing costs and includes letters of credit of $35.6 million drawn under the Company's revolving credit facility.

Future Liquidity and Capital Resources

The Company's consolidated cash and cash equivalents on hand, excluding restricted cash, was $320.9 million as at March 31, 2026, compared with $347.9 million as at December 31, 2025, representing a decrease of $27.0 million. In addition, the Company had access to a further $154.4 million under the revolving facility.

The Company had working capital (current assets less current liabilities) of $141.3 million as at March 31, 2026, including the current portion of long-term debt of $19.5 million.

Subsequent to March 31, 2026, the Company closed the CBI Acquisition for a cash purchase price of $570.0 million and issued the 2031 Notes, of which approximately $427.7 million of the net proceeds were used to repay the delayed draw term loan in full and the revolving credit facility in part. The Company intends to consider early prepayments of certain of its senior secured mortgages, including those that mature in 2027, to further improve its maturity profile outlook and its weighted cost of debt. Refer to the discussions under "– Long-term Debt", "Significant Developments", and to *Note 17* of the 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 March 31, 2026, the Company had outstanding commitments of $96.6 million in connection with construction contracts for its Sudbury redevelopment project. The Company also has outstanding commitments of $51.1 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 13* of the consolidated financial statements).

The CBI Acquisition closed in Q2 2026 for a cash purchase price of $570.0 million, subject to customary adjustments, plus approximately $17.3 million in estimated lease liabilities in accordance with IFRS 16.

For further details on the above commitments and the CBI Acquisition, refer to " "Significant Developments – Acquired CBI Home Health for $570 Million" and to *Notes 13 and 17* 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 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 the Joint Ventures (refer to *Note 13* of the consolidated financial statements).

The Joint Ventures are subject to debt service coverage covenants on certain of their respective credit facilities. The Joint Ventures were in compliance with the covenants as at 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 (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 was provided in the MD&A and the accompanying notes to the audited consolidated financial statements for the year ended December 31, 2025, contained in the Company's 2025 Annual Report. The disclosures in such report have not materially changed since that report was filed, and to the extent there have been any changes in management's estimates, they are discussed under "Significant Developments".

Future Changes in Accounting Policies

PRESENTATION AND DISCLOSURE IN FINANCIAL STATEMENTS

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

NON-GAAP MEASURES

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

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

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

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

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

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

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

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

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

"**Earnings (loss) before separately reported items, net of tax**" is defined as earnings (loss) from continuing operations, excluding the following separately reported line items: "fair value adjustments", "other (income) expense" and "loss on early redemption of convertible debentures". These line items are reported separately and excluded from certain

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

Reconciliations of "earnings (loss) before separately reported items" to "net earnings (loss)" 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 "net earnings" 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".

"**Debt to Adjusted EBITDA**" is defined as total debt divided by Adjusted EBITDA. Total debt consists of all short-term and long-term credit facilities, mortgages and lease liabilities on the Company's balance sheet, excluding deferred financing costs, and includes letters of credit of drawn under the Company's revolving credit facility.

"**Interest coverage ratio**" is 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.

Management considers debt to Adjusted EBITDA and interest coverage ratio relevant measures as they indicate the Company's ability to service and repay its debt.

RISKS AND UNCERTAINTIES

There are certain risks inherent in an investment in securities and activities of the Company, which investors should carefully consider before investing in the Company. Risks and uncertainties are disclosed in the Company's 2025 Annual Information Form, including without limitation, "Risks Related to Inflationary Pressures, Tariffs and Supply Chain Interruptions", "Risks Related to Liability and Insurance", "Risks Related to Government Oversight, Funding and Regulatory Changes", and "Risks Related to a Pandemic, Epidemic or Outbreak of a Contagious Illness, such as COVID-19", found under the section "Risk Factors – Risks Related to the Business" and "Cash Dividends Are Not Guaranteed", found under the section "Risk Factors – Risks Related to the Common Shares". To the extent there have been any changes to those risks or uncertainties as of the date of this MD&A, they are discussed under "Forward-looking Statements" and "Significant Developments".

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