

March 11, 2026

The following Management’s Discussion and Analysis (“MD&A”) is intended to assist readers in understanding Medical Facilities Corporation (the “Corporation”), its business environment, strategies, performance, outlook and the risks applicable to the Corporation. It is supplemental to and should be read in conjunction with the audited consolidated financial statements and accompanying notes of the Corporation for the year ended December 31, 2025 (“financial statements”), which have been prepared in accordance with International Financial Reporting Standards (“IFRS Accounting Standards”).

Substantially all of the Corporation’s operating cash flows are in U.S. dollars and all amounts presented in the financial statements and herein, except per share amounts, are stated in thousands of U.S. dollars, unless indicated otherwise.

Additional information about the Corporation and its annual information form are available on SEDAR+ at www.sedarplus.ca.

TABLE OF CONTENTS

1.	Caution Concerning Forward-Looking Statements	2
2.	Non-IFRS Financial Measures.....	3
3.	Business Overview.....	4
4.	Financial and Performance Highlights.....	6
5.	Consolidated Operating and Financial Review.....	8
6.	Quarterly Operating and Financial Results.....	20
7.	Reconciliation of Non-IFRS Financial Measures	22
8.	Outlook	24
9.	Liquidity and Capital Resources.....	27
10.	Share Capital and Dividends.....	29
11.	Financial Instruments.....	30
12.	Related Party Transactions.....	32
13.	Critical Accounting Judgments and Estimates.....	33
14.	Disclosure Controls and Procedures and Internal Controls over Financial Reporting	35
15.	Risk Factors	36
16.	New and Revised IFRS Accounting Standards not yet Adopted.....	42

1. CAUTION CONCERNING FORWARD-LOOKING STATEMENTS

Certain information in this MD&A may constitute “forward-looking information” within the meaning of applicable securities legislation. All information contained in this MD&A, other than statements of current and historical fact, is forward-looking information. Forward-looking information includes, but is not limited to, the discussion of the Corporation’s business and operating initiatives, focuses and strategies, expectations of future performance and consolidated financial results, and expectations with respect to cash flows and level of liquidity. Generally, forward-looking information can be identified by use of words such as “may”, “will”, “could”, “should”, “would”, “expect”, “believe”, “plan”, “anticipate”, “intend”, “forecast”, “objective” and “continue” (or the negative thereof) and other similar terminology. All of the forward-looking information in this MD&A is qualified by this cautionary statement.

Forward-looking information is not, and cannot be, a guarantee of future results or events. Forward-looking information is based on, among other things, opinions, assumptions, estimates and analyses that, while considered reasonable at the date the forward-looking information is provided, inherently are subject to significant risks, uncertainties, contingencies and other factors that may cause actual results, performance or achievements, industry results or events to be materially different from those expressed or implied by the forward-looking information. The material factors or assumptions that were identified and applied in drawing conclusions or making forecasts or projections set out in the forward-looking information include, but are not limited to: the successful execution of business strategies, consistent and stable economic conditions and conditions in the financial markets, and the consistent and stable legislative environment in which the Corporation operates.

Inherent in the forward-looking information are known and unknown risks, uncertainties and other factors that could cause actual results, performance or achievements, or industry results, to differ materially from any results, performance or achievements expressed or implied by such forward-looking information. Those risks, uncertainties and other factors that could cause actual results to differ materially from the forward-looking information include, but are not limited to: ability to obtain and maintain contractual arrangements with insurers and other payors, ability to attract and retain qualified physicians, availability of qualified personnel or management, legislative and regulatory changes, capital expenditures, general state of the economy, global supply chain disruptions, enactment of import tariffs or other restrictive trade policies and measures, competition in the industry, currency risk, interest rate risk, success of new service lines introductions, ability to maintain profitability and manage organic growth, revenue and cash flow volatility, credit risk, operating risks, performance of obligations/maintenance of patient satisfaction, public health crises or outbreaks of infectious diseases, information technology governance and security, occurrences of natural and man-made disasters and similar events, risk of future legal proceedings, insurance limits, income tax matters, ability to meet solvency requirements to pay dividends, leverage and restrictive covenants, unpredictability and volatility of common share price, and issuance of additional common shares diluting existing shareholders’ interests, and other factors set forth under the heading “Risk Factors” in this MD&A and under the heading “Risk Factors” in the Corporation’s most recently filed annual information form (which is available on SEDAR+ at www.sedarplus.ca).

Given these risks, uncertainties and other factors, investors should not place undue reliance on forward-looking information as a prediction of actual results. The forward-looking information reflects management’s current expectations and beliefs regarding future events and operating performance and is based on information currently available to management. Although management has attempted to identify important factors that could cause actual results to differ materially from the forward-looking information contained herein, there are other factors that could cause results not to be as anticipated, estimated or intended. The forward-looking information contained herein is current as of the date of this MD&A and, except as required under applicable law, the Corporation does not undertake the obligation to publicly revise these forward-looking statements to reflect subsequent events or circumstances.

2. NON-IFRS FINANCIAL MEASURES

The Corporation uses certain non-IFRS financial measures which it believes provide useful measures for evaluation and assessment of the Corporation's performance. They are presented on a uniform basis from period to period, thereby allowing for consistent comparability. Management believes that the non-IFRS financial measures presented in this MD&A (i) are relevant for users of the financial statements to assess the Corporation's performance and ability to pay dividends, and (ii) may be used to calculate certain ongoing rights and obligations of the Corporation. Non-IFRS financial measures do not have any standard meaning prescribed by IFRS Accounting Standards, are unlikely to be comparable to similar measures presented by other issuers, and should not be considered as alternatives to comparable measures determined in accordance with IFRS Accounting Standards as indicators of the Corporation's financial performance, including its liquidity, cash flows, and profitability.

The Corporation uses the following non-IFRS financial measures which are presented in Sections 5 and 6 of this MD&A under the heading "Reconciliation of net income for the period from continuing operations to EBITDA" and in Section 7 of this MD&A under the heading "Reconciliation of Non-IFRS Financial Measures", and reconciled to the applicable IFRS measures:

- **Cash available for distribution** is a non-IFRS financial measure of cash generated from operations during a reporting period which is available for distribution to common shareholders. Cash available for distribution is derived from net cash provided by operating activities, before certain non-cash adjustments, including (i) net changes in non-cash operating working capital, (ii) market value adjustments on share-based compensation, (iii) interest expense on exchangeable interest liability, and (iv) the difference between accrual-based amounts and actual cash flows related to interest and taxes, less (v) maintenance capital expenditures, (vi) payment of lease liabilities, (vii) repayments of notes payable by the Facilities, and (viii) non-controlling interest in cash flows of the Facilities. The Corporation calculates cash available for distribution in U.S. dollars and translates it into Canadian dollars using the average exchange rate applicable during the period per the Bank of Canada. Management believes that cash available for distribution is relevant in understanding the Corporation's ability to earn cash and pay dividends to its common shareholders.
- **Cash available for distribution per common share** is a non-IFRS financial measure calculated as the cash available for distribution divided by the basic weighted average number of common shares outstanding during the period.
- **Distributions** is a non-IFRS financial measure of cash distributed to holders of common shares, more commonly referred to as dividends declared.
- **Distributions per common share** is a non-IFRS financial measure calculated as the distributions divided by the basic weighted average number of common shares outstanding during the period.
- **Earnings before interest, taxes, depreciation and amortization ("EBITDA")** is a non-IFRS financial measure defined as net income for the period from continuing operations before (i) finance costs, (ii) income taxes, (iii) depreciation of property and equipment, (iv) depreciation of right-of-use assets, and (v) amortization of other intangibles. Management believes that EBITDA is relevant in understanding the Corporation's ability to service its debt, finance capital expenditures and pay dividends to its common shareholders.
- **Adjusted EBITDA** is a non-IFRS financial measure defined as EBITDA before impairment of goodwill.
- **Payout ratio** is a non-IFRS financial measure calculated as distributions per common share in Canadian dollars divided by cash available for distribution per common share in Canadian dollars. Management monitors the payout ratio to ensure the Corporation can adhere to its dividend policy.

3. BUSINESS OVERVIEW

The Corporation is a British Columbia corporation. The capital of the Corporation is in the form of publicly traded common shares. The common shares of the Corporation are listed on the Toronto Stock Exchange under the ticker symbol “DR”. The Corporation’s current quarterly dividend on its common shares is Cdn\$0.09 per common share (refer to Section 10 “Share Capital and Dividends” of this MD&A under the heading “Dividends”).

The Corporation’s operations are based in the United States. Through its wholly-owned U.S.-based subsidiaries, Medical Facilities America, Inc. (“MFA”) and Medical Facilities (USA) Holdings, Inc. (“MFH”), the Corporation owns controlling interests in, and/or controls by virtue of retaining approval rights over certain significant governance matters, and derives substantially all of its income from, three limited liability entities (each a “Facility” and, collectively, the “Facilities”), each of which own a specialty surgical hospital (an “SSH”). The three SSHs are located in Arkansas, Oklahoma, and South Dakota. SSHs are licensed for both inpatient and outpatient surgeries, and provide facilities, including staffing, surgical materials and supplies, and other support necessary for scheduled surgical, pain management, imaging, and diagnostic procedures, and derive their revenue primarily from the fees charged for the use of these facilities. The Facilities mainly focus on a limited number of clinical specialties such as orthopedics, neurosurgery, pain management and other non-emergency elective procedures. In addition, one of the SSHs provides urgent care services.

On November 15, 2024, Black Hills Surgical Hospital, LLP (“BHSH”), a Facility located in Rapid City, South Dakota, was sold to Sanford Health for cash proceeds of \$96.1 million for the Corporation’s 54.2% ownership share, subject to customary adjustments.

On December 31, 2025, the Corporation sold its 51.0% ownership share in The Surgery Center of Newport Coast, LLC (“SCNC”), an ambulatory surgery center located in Newport Beach, California, to Newport Center GK, LLC for cash proceeds of \$1.5 million. In connection with this transaction, the Corporation recorded a post-tax gain of \$0.5 million in the results of discontinued operations.

On January 30, 2026, subsequent to the year end, the Corporation completed the sale of its 64.0% ownership interest in Oklahoma Spine Hospital, LLC (“OSH”), a Facility located in Oklahoma City, Oklahoma, to SSM Health Care of Oklahoma, Inc. and an entity owned by OSH’s physician partners, for cash proceeds of \$46.0 million, subject to customary adjustments. Negotiations to sell OSH began before December 31, 2025. OSH’s assets are classified as assets held for sale in the Corporation’s consolidated balance sheet as of December 31, 2025, and its financial results are presented as discontinued operations in the Corporation’s consolidated statements of income and comprehensive income for the years ended December 31, 2025 and 2024.

The sale of OSH has strengthened the Corporation’s subsequent consolidated balance sheet, enabling the return of capital to the Corporation’s common shareholders.

Government Stimulus

The *Coronavirus Aid, Relief, and Economic Security (CARES) Act* (the “CARES Act”) was signed into law on March 27, 2020 in response to COVID-19. The CARES Act included provisions for financial assistance to healthcare providers via, among other provisions, the Paycheck Protection Program (“PPP”).

During the year ended December 31, 2024, the U.S. Small Business Administration concluded the Post Payment Loan Reviews on all of the Facilities’ outstanding PPP loans of \$12.0 million, closing the reviews with no findings and confirming full forgiveness. As a result, the respective Facilities recorded government stimulus income of \$12.0 million in the consolidated statement of income and comprehensive income for the year ended December 31, 2024. Of this, \$7.3 million related to continuing operations, while the remaining \$4.7 million related to discontinued operations.

Other Information

Facility service revenue (“revenue”) and certain directly related expenses are subject to seasonal fluctuations due to the timing of case scheduling, which can be impacted by the vacation schedules of surgeons, as well as the extent to which patients have remaining deductibles on their insurance coverage, based on the time of year. Occupancy related expenses, certain operating expenses, depreciation and amortization, and interest expense remain relatively steady throughout the year.

Revenue for any given period is dependent on the volume of the procedures performed as well as the acuity and complexity of the procedures (“case mix”) and composition of payors (“payor mix”), including federal and state agencies (under the Medicare and Medicaid programs), managed care health plans, commercial insurance companies and employers. Various payors have different reimbursement rates for the same type of procedure which are generally based on either predetermined rates per procedure or discounted fee-for-service rates. Medicare and Medicaid typically have lower reimbursement rates than other payors.

Revenue is recorded in the period when healthcare services are provided based upon established billing rates less adjustments required by contractual arrangements with the payors. Estimates of contractual adjustments under payor arrangements are based upon the payment terms specified in the related contractual agreements and payment history.

The volume of procedures performed at the Facilities depends on, among other things: (i) the Facilities’ ability to deliver high quality care and superior services to patients and their family members; (ii) the Facilities’ success in encouraging physicians to perform procedures at the Facilities through, among other things, maintenance of an efficient work environment for physicians as well as availability of facilities; and (iii) the Facilities’ establishment and maintenance of strong relationships with major third-party payors in the geographic areas served. The case mix at each Facility is a function of the clinical specialties of the physicians and medical staff and is also dependent on the equipment and infrastructure at each Facility.

Non-controlling interests in the Facilities are indirectly owned, primarily by physicians practicing at the Facilities. Upon acquisition by the Corporation of indirect controlling interests in the SSHs located in Arkansas, Oklahoma, and South Dakota, the non-controlling interest holders were granted the right to exchange up to 14% (5% in the case of Arkansas Surgical Hospital) of the ownership interest in their respective Facilities for common shares of the Corporation. The liability associated with this derivative instrument is recorded on the Corporation’s consolidated balance sheet. To date, the non-controlling interest holders of one of the eligible Facilities have exercised portions of their exchangeable interests.

Summary of Facility Information as of December 31, 2025

	Arkansas Surgical Hospital (“ASH”)	Oklahoma Spine Hospital (“OSH”) ⁽¹⁾	Sioux Falls Specialty Hospital (“SFSH”)
Location	North Little Rock Arkansas	Oklahoma City Oklahoma	Sioux Falls South Dakota
Year Opened	2005	1999	1985
Year Acquired by the Corporation	2012	2005	2004
Ownership Interest	51.0%	64.0%	51.0%
Non-controlling Interest	49.0%	36.0%	49.0%
Exchangeable Interest	5.0%	1.0%	14.0%
Size	126,000 sq ft	61,000 sq ft	97,000 sq ft
Operating/Procedure Rooms	13/2	7/2	15/1
Overnight Rooms	41 ⁽²⁾	25	33

⁽¹⁾ The Corporation sold all of its ownership interest in OSH subsequent to the year end.

⁽²⁾ Licensed for 47 beds.

4. FINANCIAL AND PERFORMANCE HIGHLIGHTS

Selected Financial Information from Continuing Operations

<i>In thousands of U.S. dollars, except per share amounts and as indicated otherwise</i>	Year Ended December 31,		
	2025	2024 ⁽¹⁾	2023 ⁽¹⁾
Facility service revenue	254,166	246,088	238,166
Government stimulus income	-	7,285	-
Revenue and other income	254,166	253,373	238,166
Operating expenses	207,508	201,003	200,869
Income from operations	46,658	52,370	37,297
Net income for the year from continuing operations	34,615	48,265	25,120
Attributable to:			
Owners of the Corporation ⁽²⁾	15,425	28,181	7,196
Non-controlling interest ⁽²⁾	19,190	20,084	17,924
Net income for the year from discontinued operations, net of tax	9,803	57,297	18,879
Earnings per share from continuing operations attributable to owners of the Corporation			
Basic	\$0.79	\$1.17	\$0.28
Fully diluted	\$0.79	\$1.17	\$0.28
EBITDA ⁽³⁾	58,388	63,838	55,602
Cash available for distribution ^{(3) (4)}	C\$ 30,328	C\$ 36,507	C\$ 30,214
Distributions ⁽³⁾	C\$ 6,708	C\$ 8,321	C\$ 8,085
Cash available for distribution per common share ^{(3) (4)}	C\$ 1.557	C\$ 1.521	C\$ 1.196
Distributions per common share ⁽³⁾	C\$ 0.344	C\$ 0.347	C\$ 0.320
Payout ratio ^{(3) (4)}	22.1%	22.8%	26.8%
	December 31, 2025	December 31, 2024	December 31, 2023
Total assets	272,635	346,294	354,885
Total long-term financial liabilities	49,639	54,638	93,300

⁽¹⁾ The comparative results for the years ended December 31, 2024 and 2023 include the results of continuing operations and discontinued operations. In accordance with IFRS 5, Non-current Assets Held for Sale and Discontinued Operations, the results of discontinued operations for the prior years are presented separately in the Corporation's consolidated statements of income and comprehensive income to provide a clear comparison.

⁽²⁾ Net income from continuing operations attributable to owners of the Corporation fluctuates significantly between the periods due to variations in finance costs, primarily in the value of the exchangeable interest liability, and income taxes. These charges are incurred at the corporate level rather than at the Facility level. On the other hand, net income from continuing operations attributable to non-controlling interest represents the interest of the Facilities' non-controlling interest holders in the net income of the Facilities on a stand-alone basis and, therefore, does not vary as significantly between the periods.

⁽³⁾ Non-IFRS financial measures. Please refer to Section 2 under the heading "Non-IFRS Financial Measures", Sections 5 and 6 under the heading "Reconciliation of net income for the period from continuing operations to EBITDA", and Section 7 under the heading "Reconciliation of Non-IFRS Financial Measures".

⁽⁴⁾ Cash available for distribution, cash available for distribution per common share, and payout ratio are not restated for discontinued operations, but have been restated for market value adjustments on share-based compensation, and stock options expense.

Selected Financial Information for the Year Ended December 31, 2025 compared to the Year Ended December 31, 2024

For the year ended December 31, 2025, revenue and other income from continuing operations was \$254.2 million, an increase of 0.3% from \$253.4 million for the prior year, despite the recognition of PPP government stimulus income of \$7.3 million in the prior year. Facility service revenue from continuing operations increased by 3.3% from \$246.1 million for the prior year, mainly due to higher surgical case volume, as well as the combined positive impact of case and payor mix, and payor rate increases.

EBITDA for the year ended December 31, 2025 was \$58.4 million or 23.0% of revenue and other income from continuing operations compared to \$63.8 million or 25.2% of revenue and other income from continuing operations for the prior year. Excluding the prior year PPP government stimulus income, EBITDA increased from the prior year by \$1.8 million or 3.2%, mainly due to lower non-controllable, non-cash corporate level charges related to share-based compensation plans.

Net income from continuing operations for the year ended December 31, 2025 was \$34.6 million compared to \$48.3 million for the prior year, with the decrease mainly attributable to higher income tax expense and the prior year recognition of PPP government stimulus income, partly offset by lower finance costs driven by lower net interest expense.

Net income from discontinued operations, net of tax, for the year ended December 31, 2025 of \$9.8 million and \$57.3 million for the prior year was reclassified out of continuing operations due to the sales of BHSH, SCNC and OSH. The decrease from prior year is mainly due to the post-tax gain of \$33.6 million on the sale of BHSH recognized in the results of discontinued operations in the prior year.

The Corporation generated cash available for distribution of Cdn\$30.3 million for the year ended December 31, 2025, representing a decrease of Cdn\$6.2 million or 16.9% from Cdn\$36.5 million for the prior year. Distributions per common share decreased between the years by Cdn\$0.003 to Cdn\$0.344, while the payout ratio was 22.1% for the year ended December 31, 2025 compared to 22.8% for the prior year. For a reconciliation of the foregoing non-IFRS financial measures to the applicable IFRS measures, see Section 7 under the heading “Reconciliation of Non-IFRS Financial Measures”.

Selected Financial Information for the Year Ended December 31, 2024 compared to the Year Ended December 31, 2023

For the year ended December 31, 2024, revenue and other income from continuing operations was \$253.4 million, an increase of 6.4% from \$238.2 million for the same period in 2023, including the recognition of PPP government stimulus income of \$7.3 million in 2024. Facility service revenue from continuing operations of \$246.1 million for the year ended December 31, 2024 increased by 3.3% from the same period in 2023, primarily due to the combined positive impact of case and payor mix, along with higher surgical case volume.

EBITDA for the year ended December 31, 2024 was \$63.8 million or 25.2% of revenue and other income from continuing operations compared to \$55.6 million or 23.3% of revenue and other income from continuing operations for the same period in 2023. Excluding the PPP government stimulus income recognized in 2024, EBITDA increased from the prior year by \$1.0 million or 1.7%, mainly due to the increase in facility service revenue which exceeded the net increase in operating expenses before depreciation and amortization.

Net income from continuing operations for the year ended December 31, 2024 was \$48.3 million compared to \$25.1 million for the same period in 2023, with the increase mostly attributable to lower income tax expense and the recognition of PPP government stimulus income in 2024, as well as lower finance costs driven by the variance in the change in value of exchangeable interest liability versus the same period in 2023 (refer to Section 5 “Consolidated Operating and Financial Review” of this MD&A under the heading “Change in Value of Exchangeable Interest Liability”).

Net income from discontinued operations, net of tax, for the year ended December 31, 2024 of \$57.3 million and \$18.9 million for the same period in 2023 was reclassified out of continuing operations due to the sales of BHSH, SCNC and OSH. The increase from 2023 is mainly due to the post-tax gain of \$33.6 million on the sale of BHSH recognized in the results of discontinued operations in 2024.

The Corporation generated cash available for distribution of Cdn\$36.5 million for the year ended December 31, 2024, representing an increase of Cdn\$6.3 million or 20.8% from Cdn\$30.2 million for the same period in 2023.

Distributions per common share increased between the years by Cdn\$0.027 to Cdn\$0.347, while the payout ratio was 22.8% for the year ended December 31, 2024 compared to 26.8% for the same period in 2023. For a reconciliation of the foregoing non-IFRS financial measures to the applicable IFRS measures, see Section 7 under the heading “Reconciliation of Non-IFRS Financial Measures”.

5. CONSOLIDATED OPERATING AND FINANCIAL REVIEW

Continuing Operations for the Three Months Ended December 31, 2025

The following table and discussion compare operating and financial results from continuing operations of the Corporation for the three months ended December 31, 2025 to the three months ended December 31, 2024:

<i>Unaudited</i>	Three Months Ended			
	December 31,			
<i>In thousands of U.S. dollars, except per share amounts</i>	2025	2024	\$ Change	% Change
Revenue and other income				
Facility service revenue	75,105	69,149	5,956	8.6%
	75,105	69,149	5,956	8.6%
Operating expenses				
Salaries and benefits	18,766	17,736	1,030	5.8%
Drugs and supplies	22,964	20,545	2,419	11.8%
General and administrative expenses ⁽¹⁾	12,891	12,783	108	0.8%
Depreciation of property and equipment	1,384	1,331	53	4.0%
Depreciation of right-of-use assets	1,420	1,431	(11)	(0.8%)
Amortization of other intangibles	136	135	1	0.7%
	57,561	53,961	3,600	6.7%
Income from operations	17,544	15,188	2,356	15.5%
Finance costs (income)				
Change in value of exchangeable interest liability	4,575	(19,464)	24,039	123.5%
Interest expense on exchangeable interest liability	1,534	1,972	(438)	(22.2%)
Interest expense, net of interest income	552	359	193	53.8%
Gain on foreign currency	(12)	(9)	(3)	(33.3%)
	6,649	(17,142)	23,791	138.8%
Income before income taxes	10,895	32,330	(21,435)	(66.3%)
Income tax expense (recovery)	1,181	(4,394)	5,575	126.9%
Net income for the period from continuing operations	9,714	36,724	(27,010)	(73.5%)
Attributable to:				
Owners of the Corporation	2,739	30,828	(28,089)	(91.1%)
Non-controlling interest	6,975	5,896	1,079	18.3%
Basic earnings per share attributable to owners of the Corporation	\$0.15	\$1.32	(1.17)	(88.6%)
Fully diluted earnings per share attributable to owners of the Corporation	\$0.15	\$0.64	(0.49)	(76.6%)
Reconciliation of net income for the period from continuing operations to EBITDA ⁽²⁾				
Net income for the period from continuing operations	9,714	36,724	(27,010)	(73.5%)
Income tax expense (recovery)	1,181	(4,394)	5,575	126.9%
Finance costs (income)	6,649	(17,142)	23,791	138.8%
Depreciation of property and equipment	1,384	1,331	53	4.0%
Depreciation of right-of-use assets	1,420	1,431	(11)	(0.8%)
Amortization of other intangibles	136	135	1	0.7%
EBITDA ⁽²⁾	20,484	18,085	2,399	13.3%

⁽¹⁾ General and administrative expenses include non-controllable, non-cash corporate level charges related to share-based compensation plans of \$0.2 million for the three months ended December 31, 2025 and \$0.5 for the three months ended December 31, 2024.

⁽²⁾ Non-IFRS financial measure. Please refer to Section 2 under the heading “Non-IFRS Financial Measures” for a discussion of such measures.

Revenue and Other Income

Unaudited In thousands of U.S. dollars	Three Months Ended December 31,			
	2025	2024	\$ Change	% Change
ASH	26,872	24,396	2,476	10.1%
SFSH	48,233	44,753	3,480	7.8%
Revenue and other income	75,105	69,149	5,956	8.6%

For the three months ended December 31, 2025, facility service revenue increased from the same period in 2024 by \$6.0 million or 8.6%, mainly due to the combined impact of case and payor mix (\$3.8 million), as well as higher surgical case volume (\$1.8 million), and payor rate increases (\$1.0 million). This was partly offset by a decrease in pain management cases (\$0.5 million).

Total surgical cases increased by 3.2%, with increases at both ASH and SFSH. Outpatient cases increased by 8.8%, but inpatient cases decreased by 25.3%, and observation cases decreased by 3.8%. Surgical case volume changes by payor over the same period last year came predominantly from Medicare and Blue Cross Blue Shield, which increased by 9.7% and 2.6%, respectively. Pain management cases were down by 27.7% compared to the same period last year, with most of the decrease coming from ASH.

The above factors are reflected in each Facility's revenue as follows:

- ASH's revenue increased mainly due to the combined impact of case and payor mix, driven by higher acuity orthopedic cases, along with higher surgical case volume, and payor rate increases, partly offset by a decrease in pain management cases due to the departure of a pain physician in the fourth quarter of 2024.
- SFSH's revenue increased mainly due to the combined impact of case and payor mix, which included more orthopedic procedures, as well as higher surgical case volume.

Operating Expenses

For the three months ended December 31, 2025, operating expenses, including salaries and benefits, drugs and supplies, general and administrative expenses ("G&A"), impairment of goodwill, depreciation of property and equipment, depreciation of right-of-use assets, and amortization of other intangibles (collectively "operating expenses"), increased by \$3.6 million or 6.7% from the same period last year to \$57.6 million. As a percentage of revenue and other income, operating expenses decreased to 76.6% from 78.0% in the same period last year.

Unaudited In thousands of U.S. dollars	Three Months Ended December 31,					
	2025	Percentage of Revenue	2024	Percentage of Revenue	\$ Change	% Change
ASH	21,421	79.7%	19,220	78.8%	2,201	11.5%
SFSH	34,076	70.6%	32,245	72.1%	1,831	5.7%
Corporate	2,064	n/a	2,496	n/a	(432)	(17.3%)
Operating expenses	57,561	76.6%	53,961	78.0%	3,600	6.7%

Consolidated salaries and benefits increased by \$1.0 million or 5.8%, primarily due to increases in clinical and non-clinical salaries and wages (\$1.4 million) as a result of annual merit increases and market wage pressures, along with higher benefit costs from increased health plan utilization (\$0.2 million). This was partly offset by the cash-settlement of stock options relating to the Chief Financial Officer ("CFO") in the same period last year (\$0.4 million), as well as a reduction in salaried physicians at certain Facilities (\$0.1 million). As a percentage of revenue and other income, consolidated salaries and benefits decreased to 25.0% from 25.6% a year earlier.

Consolidated drugs and supplies increased by \$2.4 million or 11.8%, primarily due to the impact of case mix (\$1.3 million), which reflected more orthopedic cases, along with higher surgical volume (\$1.0 million). As a

percentage of revenue and other income, the consolidated cost of drugs and supplies increased to 30.6% from 29.7% a year earlier.

Consolidated G&A increased by \$0.1 million or 0.8%. The increase in G&A was primarily due to higher costs for contracted services (\$0.5 million), physician guarantees (\$0.2 million), and repairs and maintenance (\$0.2 million). This was mostly offset by a cost recovery from savings realized by SFSH's accountable care organization ("ACO") (\$0.6 million), as well as a decrease in corporate level costs related to share-based compensation plans driven by the decrease in the Corporation's share price in the current period as compared an increase in the same period last year (\$0.3 million). As a percentage of revenue and other income, consolidated G&A decreased to 17.2% from 18.5% a year earlier.

Consolidated depreciation of property and equipment increased by \$0.1 million or 4.0%, mainly due to the purchase of fixed assets, partly offset by certain fixed assets being fully depreciated. As a percentage of revenue and other income, consolidated depreciation of property and equipment decreased to 1.8% from 1.9% a year earlier.

Consolidated depreciation of right-of-use assets remained consistent with the same period in 2024, as new lease additions were offset by the expiration and termination of certain other leases. As a percentage of revenue and other income, consolidated depreciation of right-of-use assets decreased to 1.9% from 2.1% a year earlier.

Consolidated amortization of other intangibles remained consistent with the same period in 2024. As a percentage of revenue and other income, consolidated amortization of other intangibles remained unchanged from a year earlier at 0.2%.

Income from Operations

Consolidated income from operations for the three months ended December 31, 2025 of \$17.5 million was \$2.4 million or 15.5% higher than the consolidated income from operations of \$15.2 million recorded in the same period last year, representing 23.4% of revenue and other income, compared to 22.0% in the same period in 2024. The increase is mainly due to higher income from operations at the Facilities, driven by the increase in facility service revenue.

<i>Unaudited</i>	Three Months Ended December 31,					
<i>In thousands of U.S. dollars</i>	2025	Percentage of Revenue	2024	Percentage of Revenue	\$ Change	% Change
ASH	5,451	20.3%	5,176	21.2%	275	5.3%
SFSH	14,157	29.4%	12,508	27.9%	1,649	13.2%
Corporate	(2,064)	n/a	(2,496)	n/a	432	17.3%
Income from operations	17,544	23.4%	15,188	22.0%	2,356	15.5%

Finance Costs (Income)

Change in Value of Exchangeable Interest Liability

The liability for the exchangeable interest is recorded at fair value, and re-measured at each reporting date, and the changes in fair value are included in net income from continuing operations for the respective periods. Changes in the recorded value of the exchangeable interest liability between the reporting periods are attributable to the (i) changes in the number of common shares to be issued for the exchangeable interest liability, which are driven by the distributions to the non-controlling interest holders during the trailing twelve-month period ending on the reporting date, (ii) changes in the market price of the Corporation's common shares, and (iii) fluctuations of the value of the Canadian dollar against the U.S. dollar. The change in value of the exchangeable interest liability for the three months ended December 31, 2025 of \$4.6 million increased by \$24.0 million from the same period in 2024, attributable to variations in all three factors, including the forfeiture of common shares to

be issued for the exchangeable interest liability relating to BSHS's non-controlling interest holders (as of September 30, 2024: 1,579,818 common shares) upon the sale of BSHS in the fourth quarter of 2024. The exchangeable interest liability relating to OSH's non-controlling interest holders (as of December 31, 2025: 42,331 common shares) was forfeited upon the sale of OSH, subsequent to the year end, on January 30, 2026.

The following table provides a calculation of the change in value of the exchangeable interest liability for the reporting periods:

<i>In thousands of U.S. dollars, except as indicated otherwise</i>	December 31, 2025	September 30, 2025 <i>Unaudited</i>	Change	December 31, 2024	September 30, 2024 <i>Unaudited</i>	Change
Number of common shares to be issued for exchangeable interest liability	3,419,978	3,442,524	(22,546)	3,621,847	5,892,420	(2,270,573)
Closing price of the Corporation's common shares	C\$15.87	C\$14.14	C\$1.73	C\$15.61	C\$13.49	C\$2.12
Closing exchange rate of U.S. dollar to Canadian dollar	\$1.3726	\$1.3921	(\$0.0195)	\$1.4385	\$1.3526	\$0.0859
Exchangeable interest liability	39,542	34,967	4,575	39,303	58,767	(19,464)

Interest Expense on Exchangeable Interest Liability

Interest expense on the exchangeable interest liability decreased by \$0.4 million, driven by the variation in distributions from the Facilities between the reporting periods.

Interest Expense, Net of Interest Income

Interest expense, net of interest income increased by \$0.2 million, mainly due to lower interest income at the corporate level due to the lower average cash balance as a result of utilizing part of the cash proceeds received on the sale of BSHS to buyback shares under a substantial issuer bid in the first quarter of 2025.

Gain on Foreign Currency

The Corporation's reporting currency is U.S. dollars; however, certain public company expenses and payments to holders of common shares are made in Canadian dollars. Foreign currency gain increased marginally due to the relative change in foreign exchange rates between the reporting periods.

Income Tax

Current and deferred tax components of the income tax expense (recovery) for the reporting periods are as follows:

<i>Unaudited</i>	Three Months Ended December 31,			
<i>In thousands of U.S. dollars</i>	2025	2024	\$ Change	% Change
Current income tax expense	1,476	1,746	(270)	(15.5%)
Deferred income tax recovery	(295)	(6,140)	5,845	95.2%
Income tax expense (recovery)	1,181	(4,394)	5,575	126.9%

The decrease in current income tax expense versus the prior period was primarily due to book to tax timing differences in the prior period. The variance in deferred income tax recovery versus the prior period was due to the change in the exchangeable interest liability and a tax basis update in the prior period.

Net Income from Continuing Operations

The \$27.0 million decrease in net income from continuing operations for the three months ended December 31, 2025 was mainly attributable to higher finance costs driven by the variance in the change in value of

exchangeable interest liability versus the same period last year (refer to Section 5 “Consolidated Operating and Financial Review” of this MD&A under the heading “Change in Value of Exchangeable Interest Liability”), as well as higher income taxes, partly offset by higher income from operations at the Facilities.

EBITDA

EBITDA of \$20.5 million for the three months ended December 31, 2025 increased by \$2.4 million from \$18.1 million recorded in the same period last year, representing 27.3% of revenue and other income compared to 26.2% a year earlier. The increase is mainly due to higher income from operations at the Facilities, driven by the increase in facility service revenue. For a reconciliation of EBITDA to an applicable IFRS measure, see Section 5 under “Reconciliation of net income for the period from continuing operations to EBITDA”.

Selected Discontinued Operations for the Three Months Ended December 31, 2025

Certain Facilities classified as discontinued operations in the financial statements, namely SCNC and OSH (collectively “Selected Discontinued Operations”), were under the Corporation’s controlling ownership for the full duration of the three months ended December 31, 2025 and 2024. As a result, management believes that the financial results of the Selected Discontinued Operations are relevant for users of the financial statements to assess the Corporation’s performance.

The following table and discussion compare operating and financial results of the Selected Discontinued Operations of the Corporation for the three months ended December 31, 2025 to the three months ended December 31, 2024:

<i>Unaudited</i>	Three Months Ended			
	December 31,			
<i>In thousands of U.S. dollars, except per share amounts</i>	2025	2024 ⁽¹⁾	\$ Change	% Change
Facility service revenue	22,239	21,928	311	1.4%
Operating expenses ⁽²⁾	19,111	22,511	(3,400)	(15.1%)
Income (loss) from operations	3,128	(583)	3,711	636.5%
Finance costs	60	95	(35)	(36.8%)
Income before income taxes	3,068	(678)	3,746	552.5%
Income tax expense	448	12	436	3,633.3%
Gain on sale of SCNC, net of tax	(536)	-	(536)	(100.0%)
Net income (loss) for the period from Selected Discontinued Operations	3,156	(690)	3,846	557.4%
Reconciliation of net income (loss) for the period from Selected Discontinued Operations to EBITDA ⁽³⁾ and Adjusted EBITDA ⁽³⁾				
Net income (loss) for the period from Selected Discontinued Operations	3,156	(690)	3,846	557.4%
Non-operating gains, net of tax	(536)	-	(536)	(100.0%)
Income tax expense	448	12	436	3,633.3%
Finance costs	60	95	(35)	(36.8%)
Depreciation of property and equipment, and right-of-use assets	546	1,464	(918)	(62.7%)
EBITDA ⁽³⁾ from Selected Discontinued Operations	3,674	881	2,793	317.0%
Impairment of goodwill	-	2,265	(2,265)	(100.0%)
Adjusted EBITDA ⁽³⁾ from Selected Discontinued Operations	3,674	3,146	528	16.8%

⁽¹⁾ The comparative results for the three months ended December 31, 2024 are comprised of the results of Selected Discontinued Operations, classified as discontinued operations in the current period, to provide a clear comparison.

⁽²⁾ Operating expenses for the three months ended December 31, 2024 include a non-cash impairment charge against goodwill of \$2.3 million relating to the SCNC cash-generating unit (“PY Impairment Charge”).

⁽³⁾ Non-IFRS financial measure. Please refer to Section 2 under the heading “Non-IFRS Financial Measures” for a discussion of such measures.

For the three months ended December 31, 2025, facility service revenue from Selected Discontinued Operations increased from the same period in 2024 by \$0.3 million or 1.4%, mainly due to the combined impact of case and payor mix.

EBITDA from Selected Discontinued Operations for the three months ended December 31, 2025 increased from the same period in 2024 by \$2.8 million, mainly due to the PY Impairment Charge, and higher income from operations from the Selected Discontinued Operations, driven by the increase in facility service revenue and reduction in operating expenses.

Excluding the PY Impairment Charge, Adjusted EBITDA from Selected Discontinued Operations for the three months ended December 31, 2025 increased from the same period in 2024 by \$0.5 million or 16.8%.

Net income from Selected Discontinued Operations for the three months ended December 31, 2025 increased \$3.8 million, mainly due to the PY Impairment Charge, as well as the post-tax gain recorded on the sale of SCNC in the current period, and higher income from operations from the Selected Discontinued Operations.

Continuing Operations for the Year Ended December 31, 2025

The following table and discussion compare operating and financial results from continuing operations of the Corporation for the year ended December 31, 2025 to the year ended December 31, 2024:

<i>In thousands of U.S. dollars, except per share amounts</i>	Year Ended December 31,			
	2025	2024	\$ Change	% Change
Revenue and other income				
Facility service revenue	254,166	246,088	8,078	3.3%
Government stimulus income	-	7,285	(7,285)	(100.0%)
	254,166	253,373	793	0.3%
Operating expenses				
Salaries and benefits	69,380	65,747	3,633	5.5%
Drugs and supplies	76,548	72,945	3,603	4.9%
General and administrative expenses ⁽¹⁾	49,850	50,843	(993)	(2.0%)
Depreciation of property and equipment	5,475	5,398	77	1.4%
Depreciation of right-of-use assets	5,715	5,530	185	3.3%
Amortization of other intangibles	540	540	-	0.0%
	207,508	201,003	6,505	3.2%
Income from operations	46,658	52,370	(5,712)	(10.9%)
Finance costs				
Change in value of exchangeable interest liability	239	(784)	1,023	130.5%
Interest expense on exchangeable interest liability	5,344	7,653	(2,309)	(30.2%)
Interest expense, net of interest income	1,322	3,191	(1,869)	(58.6%)
Loss on foreign currency	165	59	106	179.7%
	7,070	10,119	(3,049)	(30.1%)
Income before income taxes	39,588	42,251	(2,663)	(6.3%)
Income tax expense (recovery)	4,973	(6,014)	10,987	182.7%
Net income for the year from continuing operations	34,615	48,265	(13,650)	(28.3%)
Attributable to:				
Owners of the Corporation	15,425	28,181	(12,756)	(45.3%)
Non-controlling interest	19,190	20,084	(894)	(4.5%)
Basic earnings per share attributable to owners of the Corporation	\$0.79	\$1.17	(0.38)	(32.5%)
Fully diluted earnings per share attributable to owners of the Corporation	\$0.79	\$1.17	(0.38)	(32.5%)
Reconciliation of net income for the year from continuing operations to EBITDA ⁽²⁾				
Net income for the year from continuing operations	34,615	48,265	(13,650)	(28.3%)
Income tax expense (recovery)	4,973	(6,014)	10,987	182.7%
Finance costs	7,070	10,119	(3,049)	(30.1%)
Depreciation of property and equipment	5,475	5,398	77	1.4%
Depreciation of right-of-use assets	5,715	5,530	185	3.3%
Amortization of other intangibles	540	540	-	0.0%
EBITDA ⁽²⁾	58,388	63,838	(5,450)	(8.5%)

⁽¹⁾ General and administrative expenses include non-controllable, non-cash corporate level charges related to share-based compensation plans of \$0.2 million for the year ended December 31, 2025 and \$2.5 million for the year ended December 31, 2024.

⁽²⁾ Non-IFRS financial measure. Please refer to Section 2 under the heading "Non-IFRS Financial Measures" for a discussion of such measures.

Revenue and Other Income

<i>In thousands of U.S. dollars</i>	Year Ended December 31,			
	2025	2024	\$ Change	% Change
ASH	98,026	95,547	2,479	2.6%
SFSH	156,140	157,826	(1,686)	(1.1%)
Revenue and other income	254,166	253,373	793	0.3%

For the year ended December 31, 2025, revenue and other income increased from the prior year by \$0.8 million or 0.3%, despite the \$7.3 million PPP government stimulus income recognized in the prior year. Facility service revenue increased from the prior year by \$8.1 million or 3.3%, mainly due to higher surgical case volume (\$4.2 million), along with the combined impact of case and payor mix (\$3.8 million), and payor rate increases (\$2.4 million). This was partly offset by a decrease in pain management cases (\$2.3 million).

Total surgical cases increased by 1.9%, with increases at both SFSH and ASH. Outpatient cases increased by 5.6%, but inpatient cases decreased by 22.4%, and observation cases decreased by 0.5%. Surgical case volume changes by payor over the prior year came predominantly from Medicare and Blue Cross Blue Shield, which increased by 3.4% and 2.4%, respectively. Pain management cases were down by 23.2% compared to the prior year, with most of the decrease coming from ASH.

The above factors are reflected in each Facility's revenue as follows:

- ASH's revenue and other income increased despite the prior year recognition of PPP government stimulus income of \$3.2 million. Facility service revenue increased, mainly due to the combined impact of case and payor mix, driven by higher acuity orthopedic cases, along with higher surgical case volume, and payor rate increases, partly offset by a decrease in pain management cases due to the ongoing impact from the departure of a pain physician in the fourth quarter of 2024.
- SFSH's revenue and other income decreased mainly due to the prior year recognition of PPP government stimulus income of \$4.1 million. Facility service revenue increased, mainly due to the combined impact of case and payor mix, which included more orthopedic procedures, along with higher surgical case volume, partly offset by a decrease in pain management cases due to the departure of a pain physician in the second quarter of 2025.

Operating Expenses

For the year ended December 31, 2025, operating expenses increased by \$6.5 million or 3.2% from the prior year to \$207.5 million. As a percentage of revenue and other income, operating expenses increased to 81.6% from 79.3% in the prior year.

<i>In thousands of U.S. dollars</i>	Year Ended December 31,					
	2025	Percentage of Revenue	2024	Percentage of Revenue	\$ Change	% Change
ASH	78,419	80.0%	74,066	77.5%	4,353	5.9%
SFSH	121,495	77.8%	117,390	74.4%	4,105	3.5%
Corporate	7,594	n/a	9,547	n/a	(1,953)	(20.5%)
Operating expenses	207,508	81.6%	201,003	79.3%	6,505	3.2%

Consolidated salaries and benefits increased by \$3.6 million or 5.5%, primarily due to increases in clinical and non-clinical salaries and wages (\$2.2 million) as a result of annual merit increases and market wage pressures, along with higher benefit costs from increased health plan utilization (\$1.9 million), and higher share-based compensation vesting expense at the corporate level (\$0.4 million). This was partly offset by a reduction in salaried physicians at certain Facilities (\$0.5 million), as well as the cash-settlement of stock options relating to

the CFO in the prior year (\$0.4 million). As a percentage of revenue and other income, consolidated salaries and benefits increased to 27.3% from 25.9% a year earlier.

Consolidated drugs and supplies increased by \$3.6 million or 4.9%, primarily due to the impact of case mix (\$3.1 million), which reflected more orthopedic cases, along with higher surgical volume (\$0.9 million). This was partly offset by higher vendor rebates (\$0.3 million). As a percentage of revenue and other income, the consolidated cost of drugs and supplies increased to 30.1% from 28.8% a year earlier.

Consolidated G&A decreased by \$1.0 million or 2.0%. The decrease in G&A was primarily due to a decrease in corporate level costs related to share-based compensation plans driven by the decrease in the Corporation's share price in the current year as compared an increase in the prior year (\$2.3 million), as well as a cost recovery from savings realized by SFSH's ACO (\$0.6 million), and a decrease in equipment purchases and rentals (\$0.5 million). This was partly offset by increases in billing and professional fees (\$0.6 million), repairs and maintenance (\$0.5 million), contracted services (\$0.3 million), IT costs (\$0.3 million), and various other Facility related expenses (\$0.7 million). As a percentage of revenue and other income, consolidated G&A decreased to 19.6% from 20.1% a year earlier.

Consolidated depreciation of property and equipment increased by \$0.1 million or 1.4%, mainly due to the purchase of fixed assets, partly offset by certain fixed assets being fully depreciated. As a percentage of revenue and other income, consolidated depreciation of property and equipment increased to 2.2% from 2.1% a year earlier.

Consolidated depreciation of right-of-use assets increased by \$0.2 million or 3.3%, mainly due to new lease additions, partly offset by the expiration and termination of certain other leases. As a percentage of revenue and other income, consolidated depreciation of right-of-use assets remained unchanged from a year earlier at 2.2%.

Consolidated amortization of other intangibles remained unchanged from the prior year. As a percentage of revenue and other income, consolidated amortization of other intangibles remained unchanged from a year earlier at 0.2%.

Income from Operations

Consolidated income from operations for the year ended December 31, 2025 of \$46.7 million was \$5.7 million or 10.9% lower than the consolidated income from operations of \$52.4 million recorded in the prior year, representing 18.4% of revenue and other income, compared to 20.7% in the prior year. This was mainly due to the prior year recognition of PPP government stimulus income of \$7.3 million, excluding which income from operations increased by \$1.6 million, mainly due to lower non-controllable, non-cash corporate level charges related to share-based compensation plans.

<i>In thousands of U.S. dollars</i>	Year Ended December 31,					
	2025	Percentage of Revenue	2024	Percentage of Revenue	\$ Change	% Change
ASH	19,607	20.0%	21,481	22.5%	(1,874)	(8.7%)
SFSH	34,645	22.2%	40,436	25.6%	(5,791)	(14.3%)
Corporate	(7,594)	n/a	(9,547)	n/a	1,953	20.5%
Income from operations	46,658	18.4%	52,370	20.7%	(5,712)	(10.9%)

Finance Costs

Change in Value of Exchangeable Interest Liability

The liability for the exchangeable interest is recorded at fair value, and re-measured at each reporting date, and the changes in fair value are included in net income from continuing operations for the respective periods. Changes in the recorded value of the exchangeable interest liability between the reporting periods are attributable to the (i) changes in the number of common shares to be issued for the exchangeable interest liability, which are driven by the distributions to the non-controlling interest holders during the trailing twelve-month period ending on the reporting date, (ii) changes in the market price of the Corporation's common shares, and (iii) fluctuations of the value of the Canadian dollar against the U.S. dollar. The change in value of the exchangeable interest liability for the year ended December 31, 2025 of \$0.2 million increased by \$1.0 million from the prior year, attributable to variations in all three factors, including the forfeiture of common shares to be issued for the exchangeable interest liability relating to BSHS's non-controlling interest holders (as of December 31, 2023: 1,446,419 common shares) upon the sale of BSHS in the fourth quarter of 2024. The exchangeable interest liability relating to OSH's non-controlling interest holders (as of December 31, 2025: 42,331 common shares) was forfeited upon the sale of OSH, subsequent to the year end, on January 30, 2026.

The following table provides a calculation of the change in value of the exchangeable interest liability for the reporting periods:

<i>In thousands of U.S. dollars, except as indicated otherwise</i>	December 31, 2025	December 31, 2024	Change	December 31, 2024	December 31, 2023	Change
Number of common shares to be issued for exchangeable interest liability	3,419,978	3,621,847	(201,869)	3,621,847	5,913,560	(2,291,713)
Closing price of the Corporation's common shares	C\$15.87	C\$15.61	C\$0.26	C\$15.61	C\$8.98	C\$6.63
Closing exchange rate of U.S. dollar to Canadian dollar	\$1.3726	\$1.4385	(\$0.0659)	\$1.4385	\$1.3247	\$0.1138
Exchangeable interest liability	39,542	39,303	239	39,303	40,087	(784)

Interest Expense on Exchangeable Interest Liability

Interest expense on the exchangeable interest liability decreased by \$2.3 million, driven by the variation in distributions from the Facilities between the reporting periods.

Interest Expense, Net of Interest Income

Interest expense, net of interest income decreased by \$1.9 million, mainly due to higher interest income at the corporate level due to the higher average cash balance as a result of the cash proceeds received on the sale of BSHS in the fourth quarter of 2024, as well as lower corporate credit facility interest expense due to the outstanding balance being fully repaid in the fourth quarter of 2024.

Loss on Foreign Currency

The Corporation's reporting currency is U.S. dollars; however, certain public company expenses and payments to holders of common shares are made in Canadian dollars. Foreign currency loss increased marginally due to the relative change in foreign exchange rates between the reporting periods.

Income Tax

Current and deferred tax components of the income tax expense (recovery) for the reporting periods are as follows:

<i>In thousands of U.S. dollars</i>	Year Ended December 31,			
	2025	2024	\$ Change	% Change
Current income tax expense	4,055	3,278	777	23.7%
Deferred income tax expense (recovery)	918	(9,292)	10,210	109.9%
Income tax expense (recovery)	4,973	(6,014)	10,987	182.7%

The increase in current income tax expense versus the prior year was primarily due to higher income from operations at the Facilities. The variance in deferred income tax expense versus the prior year was due to the impact of the change in the exchangeable interest liability and a tax basis update in the prior year.

Net Income from Continuing Operations

The \$13.7 million decrease in net income from continuing operations for the year ended December 31, 2025 was mainly attributable to higher income tax expense and the prior year recognition of PPP government stimulus income, partly offset by lower finance costs driven by lower net interest expense.

EBITDA

EBITDA of \$58.4 million for the year ended December 31, 2025 decreased by \$5.4 million from \$63.8 million recorded a year earlier, representing 23.0% of revenue and other income compared to 25.2% a year earlier. Excluding the prior year PPP government stimulus income, EBITDA increased from the prior year by \$1.8 million or 3.2%, mainly due to lower non-controllable, non-cash corporate level charges related to share-based compensation plans. For a reconciliation of EBITDA to an applicable IFRS measure, see Section 5 under “Reconciliation of net income for the year from continuing operations to EBITDA”.

Selected Discontinued Operations for the Year Ended December 31, 2025

The Selected Discontinued Operations were under the Corporation's controlling ownership for the full duration of the years ended December 31, 2025 and 2024. As a result, management believes that the financial results of the Selected Discontinued Operations are relevant for users of the financial statements to assess the Corporation's performance.

The following table and discussion compare operating and financial results of the Selected Discontinued Operations of the Corporation for the year ended December 31, 2025 to the year ended December 31, 2024:

<i>In thousands of U.S. dollars, except per share amounts</i>	Year Ended December 31,			
	2025	2024 ⁽¹⁾	\$ Change	% Change
Facility service revenue	88,010	85,441	2,569	3.0%
Government stimulus income	-	4,113	(4,113)	(100.0%)
Revenue and other income	88,010	89,554	(1,544)	(1.7%)
Operating expenses ⁽²⁾	76,852	80,590	(3,738)	(4.6%)
Income from operations	11,158	8,964	2,194	24.5%
Finance costs	322	400	(78)	(19.5%)
Income before income taxes	10,836	8,564	2,272	26.5%
Income tax expense	1,569	462	1,107	239.6%
Gain on sale of SCNC, net of tax	(536)	-	(536)	(100.0%)
Net income for the year from Selected Discontinued Operations	9,803	8,102	1,701	21.0%
Reconciliation of net income for the year from Selected Discontinued Operations to EBITDA⁽³⁾ and Adjusted EBITDA⁽³⁾				
Net income for the year from Selected Discontinued Operations	9,803	8,102	1,701	21.0%
Non-operating gains, net of tax	(536)	-	(536)	(100.0%)
Income tax expense	1,569	462	1,107	239.6%
Finance costs	322	400	(78)	(19.5%)
Depreciation of property and equipment, and right-of-use assets	3,934	5,280	(1,346)	(25.5%)
EBITDA⁽³⁾ from Selected Discontinued Operations	15,092	14,244	848	6.0%
Impairment of goodwill	-	2,265	(2,265)	(100.0%)
Adjusted EBITDA⁽³⁾ from Selected Discontinued Operations	15,092	16,509	(1,417)	(8.6%)

⁽¹⁾ The comparative results for the year ended December 31, 2024 are comprised of the results of Selected Discontinued Operations, classified as discontinued operations in the current year, to provide a clear comparison.

⁽²⁾ Operating expenses for the year ended December 31, 2024 include a non-cash impairment charge against goodwill of \$2.3 million relating to the SCNC cash-generating unit ("PY Impairment Charge").

⁽³⁾ Non-IFRS financial measure. Please refer to Section 2 under the heading "Non-IFRS Financial Measures" for a discussion of such measures.

For the year ended December 31, 2025, revenue and other income from Selected Discontinued Operations decreased from the prior year by \$1.5 million or 1.7%, mainly due to the recognition of PPP government stimulus income related to the Selected Discontinued Operations of \$4.1 million in the prior year. Facility service revenue from Selected Discontinued Operations increased from the prior year by \$2.6 million or 3.0%, mainly due to combined impact of case and payor mix.

EBITDA from Selected Discontinued Operations for the year ended December 31, 2025 increased from the prior year by \$0.8 million, mainly due to higher income from operations from the Selected Discontinued Operations driven by the increase in facility service revenue, as well as the PY Impairment Charge, partly offset by the PPP government stimulus income recognized in the prior year.

Excluding the PY Impairment Charge, and the PPP government stimulus income recognized in the prior year, Adjusted EBITDA from Selected Discontinued Operations for the year ended December 31, 2025 increased from the prior year by \$2.7 million or 21.7%.

Net income from Selected Discontinued Operations for the year ended December 31, 2025 increased \$1.7 million, mainly due to higher income from operations from the Selected Discontinued Operations, along with the PY Impairment Charge, and the post-tax gain recorded on the sale of SCNC in the current year, partly offset by the PPP government stimulus income recognized in the prior year.

6. QUARTERLY OPERATING AND FINANCIAL RESULTS

Summary of Quarterly Operating and Financial Results from Continuing Operations

<i>Unaudited</i>	2025				2024			
<i>In thousands of U.S. dollars, except per share amounts</i>	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue and other income								
Facility service revenue	75,105	60,007	58,497	60,557	69,149	56,457	60,812	59,670
Government stimulus income	-	-	-	-	-	7,285	-	-
	75,105	60,007	58,497	60,557	69,149	63,742	60,812	59,670
Operating expenses								
Salaries and benefits	18,766	17,370	16,909	16,335	17,736	16,139	16,141	15,731
Drugs and supplies	22,964	17,628	17,654	18,302	20,545	16,870	17,737	17,793
General and administrative expenses	12,891	12,275	12,354	12,330	12,783	12,725	12,661	12,674
Depreciation of property and equipment	1,384	1,355	1,378	1,358	1,331	1,358	1,346	1,363
Depreciation of right-of-use assets	1,420	1,428	1,426	1,441	1,431	1,409	1,379	1,311
Amortization of other intangibles	136	136	135	133	135	136	136	133
	57,561	50,192	49,856	49,899	53,961	48,637	49,400	49,005
Income from operations	17,544	9,815	8,641	10,658	15,188	15,105	11,412	10,665
Finance costs (income)								
Change in value of exchangeable interest liability	4,575	(5,625)	(1,241)	2,530	(19,464)	4,935	8,559	5,186
Interest expense on exchangeable interest liability	1,534	1,265	845	1,700	1,972	1,926	1,707	2,048
Interest expense, net of interest income	552	449	441	(120)	359	832	981	1,019
Loss (gain) on foreign currency	(12)	18	29	130	(9)	14	11	43
	6,649	(3,893)	74	4,240	(17,142)	7,707	11,258	8,296
Income before income taxes	10,895	13,708	8,567	6,418	32,330	7,398	154	2,369
Income tax expense (recovery)	1,181	2,722	1,704	(634)	(4,394)	(764)	(677)	(179)
Net income for the period from continuing operations	9,714	10,986	6,863	7,052	36,724	8,162	831	2,548
Attributable to:								
Owners of the Corporation	2,739	7,010	3,035	2,641	30,828	2,144	(3,403)	(1,388)
Non-controlling interest	6,975	3,976	3,828	4,411	5,896	6,018	4,234	3,936
Earnings (loss) per share attributable to owners of the Corporation:								
Basic	\$0.15	\$0.38	\$0.16	\$0.12	\$1.32	\$0.09	(\$0.14)	(\$0.06)
Fully diluted	\$0.15	\$0.18	\$0.13	\$0.12	\$0.64	\$0.09	(\$0.14)	(\$0.06)
Reconciliation of net income for the period from continuing operations to EBITDA ⁽¹⁾								
Net income for the period from continuing operations	9,714	10,986	6,863	7,052	36,724	8,162	831	2,548
Income tax expense (recovery)	1,181	2,722	1,704	(634)	(4,394)	(764)	(677)	(179)
Finance costs (income)	6,649	(3,893)	74	4,240	(17,142)	7,707	11,258	8,296
Depreciation of property and equipment	1,384	1,355	1,378	1,358	1,331	1,358	1,346	1,363
Depreciation of right-of-use assets	1,420	1,428	1,426	1,441	1,431	1,409	1,379	1,311
Amortization of other intangibles	136	136	135	133	135	136	136	133
EBITDA ⁽¹⁾	20,484	12,734	11,580	13,590	18,085	18,008	14,273	13,472

⁽¹⁾ Non-IFRS financial measure. Please refer to Section 2 under the heading "Non-IFRS Financial Measures" for a discussion of such measures.

During the last eight quarters, the following items have had a significant impact on the Corporation's financial results:

- Revenue varies directly in relation to the number of cases performed as well as to the type of cases performed and the payor. For example, revenue for orthopedic cases will typically be higher than ear, nose and throat cases and cases funded by Medicare or Medicaid will be lower than those paid for by private insurance. Changes in case volumes, case mix and payor mix are normal and expected due to the nature of the Corporation's business. Surgical cases are mainly elective procedures and the volume of

cases performed in any given period are subject to medical necessity and patient and physician preferences in scheduling (e.g., work schedules and vacations). The Corporation generally records higher revenue in the fourth quarter as many patients tend to seek medical procedures at the end of the year, primarily as a result of their inability to carry over unused insurance benefits into the following calendar year.

- As part of the CARES Act and other stimulus legislation in response to the COVID-19 pandemic, the Facilities received financial assistance, from which the Facilities' outstanding PPP loans were recognized as government stimulus income in the third quarter of 2024 (refer to Section 3 of this MD&A under the heading "Government Stimulus").
- The changes in the recorded value of the exchangeable interest liability have been driven by (i) the changes in the number of common shares issuable for the exchangeable interest liability, which are in turn driven by the distributions to the non-controlling interest holders during the trailing twelve-month period ending on the reporting date, (ii) the changes in the market price of the Corporation's common shares, and (iii) the fluctuations of the value of the Canadian dollar against the U.S. dollar. During 2024 and 2025, the fluctuations in the change in value of the exchangeable interest liability were attributable to variations in all three factors, including the forfeiture of common shares to be issued for the exchangeable interest liability relating to BSHS's non-controlling interest holders upon the sale of BSHS in the fourth quarter of 2024.
- The fluctuations in interest expense on the exchangeable interest liability are due to the variation in distributions from the Facilities between the reporting periods.
- The fluctuations in foreign currency have been driven by the movements of exchange rate of the Canadian dollar in relation to U.S. dollar between the reporting periods.
- Fluctuations in current income taxes have been driven by the changes in operating performance of the Facilities, the deductibility of corporate expenses, intercompany interest expense deductions, and taxable (deductible) foreign exchange gains (losses). Fluctuations in deferred income taxes have been driven primarily by the changes in the exchangeable interest liability, along with the impact of U.S. tax reform pursuant to the recent U.S. federal tax law changes.

7. RECONCILIATION OF NON-IFRS FINANCIAL MEASURES

The following table presents the reconciliation of cash available for distribution to net cash provided by operating activities:

		Three Months Ended		Year Ended	
		December 31,		December 31,	
		Unaudited			
		2025	2024 ⁽¹⁾	2025	2024 ⁽¹⁾
<i>In thousands of U.S. dollars, except as indicated otherwise</i>		\$	\$	\$	\$
NET CASH PROVIDED BY OPERATING ACTIVITIES	USD	14,029	21,968	45,161	83,284
Non-controlling interest in cash flows of the Facilities ^{(2) (3)}		(10,490)	(10,697)	(29,034)	(35,940)
Interest expense on exchangeable interest liability ⁽⁴⁾		1,534	1,972	5,344	7,653
Payment of lease liabilities ⁽⁵⁾		(2,462)	(3,311)	(11,395)	(12,380)
Maintenance capital expenditures ⁽⁶⁾		(179)	(608)	(2,408)	(2,853)
Difference between accrual-based amounts and actual cash flows related to interest and taxes ⁽⁷⁾		(745)	(999)	13,528	(245)
Net changes in non-cash operating working capital ^{(8) (9)}		7,169	(111)	3,891	(10,313)
Market value adjustments on share-based compensation ⁽¹⁰⁾		205	516	216	2,499
Repayments of notes payable by the Facilities ⁽¹¹⁾		(911)	(1,065)	(3,606)	(5,054)
CASH AVAILABLE FOR DISTRIBUTION ⁽¹²⁾	USD	8,150	7,665	21,697	26,651
	CDN	11,367	10,717	30,328	36,507
DISTRIBUTIONS	CDN	1,608	2,072	6,708	8,321
CASH AVAILABLE FOR DISTRIBUTION PER COMMON SHARE ^{(12) (13)}	CDN	\$0.629	\$0.459	\$1.557	\$1.521
DISTRIBUTIONS PER COMMON SHARE ⁽¹³⁾	CDN	\$0.089	\$0.089	\$0.344	\$0.347
PAYOUT RATIO ⁽¹²⁾		14.1%	19.4%	22.1%	22.8%
Average exchange rate of Cdn\$ to US\$ for the period		1.3947	1.3982	1.3978	1.3698
Basic weighted average number of common shares outstanding		18,077,749	23,358,435	19,481,353	24,000,877

⁽¹⁾ The comparative results for the three months and year ended December 31, 2024 include the results of discontinued operations.

⁽²⁾ Non-controlling interest in cash flows of the Facilities is deducted in determining cash available for distribution as distributions from the Facilities to the non-controlling interest holders are required to be made concurrently with distributions from the Facilities to the Corporation. This is calculated by multiplying the distributable cash flows from each Facility with the respective ownership share of the non-controlling interest holders.

⁽³⁾ Excludes the non-cash impact of PPP income recorded under government stimulus income of \$5.4 million, which represents the non-controlling interest share, for the year ended December 31, 2024.

⁽⁴⁾ Interest expense on exchangeable interest liability represents a notional amount of interest expense deducted in the determination of net income attributable to owners of the Corporation. It is added back to determine cash available for distribution as it is a non-cash charge and is not distributable to the holders of the non-controlling interest. It is included in the Corporation's consolidated statements of income and comprehensive income.

⁽⁵⁾ Payment of lease liabilities represents rent payments on principal portions of lease liabilities and is deducted in determining cash available for distribution as this is a cash item included in cash flows from financing activities in the Corporation's consolidated statements of cash flows.

⁽⁶⁾ Maintenance capital expenditures at the Facility level reflect expenditures incurred to maintain the current operating capacities of the Facilities and are deducted in the calculation of cash available for distribution. Maintenance capital expenditures, together with major capital expenditures, comprise the purchase of property and equipment, which is included in cash flows from investing activities in the Corporation's consolidated statements of cash flows.

⁽⁷⁾ Cash flows from operating activities, as presented in the Corporation's consolidated statements of cash flows, represent actual cash inflows and outflows, while calculation of cash available for distribution is based on the accrued amounts and, therefore, the difference between the accrual-based amounts and actual cash inflows and outflows related to interest, and income and withholding taxes is included in the table above.

⁽⁸⁾ While changes in non-cash operating working capital are included in the calculation of net cash provided by operating activities in the Corporation's consolidated statements of cash flows, they are not included in the calculation of cash available for distribution as they represent only temporary sources or uses of cash due to the differences in timing of recording revenue and corresponding expenses and actual receipts and outlays of cash. Such changes in non-cash operating working capital are financed from the available cash or credit facilities of the Facilities.

⁽⁹⁾ As presented in the Corporation's consolidated statements of cash flows, excluding the non-cash impact of PPP income recorded under government stimulus income of \$12.0 million, for the year ended December 31, 2024.

⁽¹⁰⁾ Market value adjustments on share-based compensation represent non-controllable, non-cash charges related to share-based compensation plans included in general and administrative expenses which do not have a cash impact until the underlying share units vest. As a non-cash item, this expense is added back in the calculation of cash available for distribution. It is included in the Corporation's consolidated statements of income and comprehensive income.

⁽¹¹⁾ Repayments of notes payable by the Facilities, which comprises of interest and principal repayments on non-revolving debt obligations, reflects contractual obligations of the Facilities and is deducted in the calculation of cash available for distribution. It is included in cash flows from financing activities in the Corporation's consolidated statements of cash flows.

⁽¹²⁾ Comparative figures for cash available for distribution, cash available for distribution per common share, and payout ratio have been restated for market value adjustments on share-based compensation, and stock options expense.

⁽¹³⁾ Calculated based on the basic weighted average number of common shares outstanding.

Cash available for distribution in the three months ended December 31, 2025 (Cdn\$11.4 million) increased by Cdn\$0.7 million compared to the cash available for distribution the same period last year (Cdn\$10.7 million). On a per common share basis, cash available for distribution of Cdn\$0.629 increased by Cdn\$0.170, or 37.0% from the same period last year of Cdn\$0.459. The distributions per common share remained unchanged between the periods at Cdn\$0.089, resulting in a payout ratio of 14.1% as compared to a payout ratio of 19.4% in the same period in 2024.

Cash available for distribution in the year ended December 31, 2025 (Cdn\$30.3 million) decreased by Cdn\$6.2 million compared to the cash available for distribution the prior year (Cdn\$36.5 million). On a per common share basis, cash available for distribution of Cdn\$1.557 increased by Cdn\$0.036, or 2.4% from the prior year of Cdn\$1.521. The distributions per common share of Cdn\$0.344 decreased by Cdn\$0.003, or 0.9% from the prior year of Cdn\$0.347, resulting in a payout ratio of 22.1% as compared to a payout ratio of 22.8% in the prior year.

The Corporation's cash available for distribution is generated solely from the Facilities. The following table provides a reconciliation of cash generated at the Facility level to the Corporation's cash available for distribution:

	Three Months Ended December 31, <i>Unaudited</i>		Year Ended December 31,	
	2025 \$	2024 ⁽¹⁾ \$	2025 \$	2024 ⁽¹⁾ \$
<i>In thousands of U.S. dollars</i>				
Cash flows from the Facilities:				
Income before interest expense, depreciation and amortization ⁽²⁾	26,127	27,850	80,758	98,346
Debt service costs:				
Interest	(374)	(427)	(1,445)	(1,902)
Repayment of non-revolving debt	(911)	(1,065)	(3,606)	(5,054)
Maintenance capital expenditures	(179)	(608)	(2,408)	(2,853)
Payment of lease liabilities	(2,451)	(3,300)	(11,351)	(12,335)
Non-cash (gain) loss	(47)	17	(109)	23
Cash available for distribution at the Facility level	22,165	22,467	61,839	76,225
Non-controlling interest in cash available for distribution at the Facility level ⁽³⁾	(10,490)	(10,697)	(29,034)	(35,940)
Corporation's share of the cash available for distribution at the Facility level	11,675	11,770	32,805	40,285
Corporate expenses ^{(4) (5)}	(1,805)	(2,260)	(7,250)	(7,364)
Interest income, net of interest expense at the corporate level ⁽⁵⁾	208	464	1,778	74
Provision for current income taxes	(1,928)	(2,309)	(5,636)	(6,344)
Cash available for distribution	8,150	7,665	21,697	26,651

⁽¹⁾ The comparative results for the three months and year ended December 31, 2024 include the results of discontinued operations.

⁽²⁾ Excludes the non-cash impact of PPP income recorded under government stimulus income of \$12.0 million for the year ended December 31, 2024.

⁽³⁾ Excludes the non-cash impact of PPP income recorded under government stimulus income of \$5.4 million, which represents the non-controlling interest share, for the year ended December 31, 2024.

⁽⁴⁾ Comparative figures for corporate expenses have been restated for market value adjustments on share-based compensation, and stock options expense.

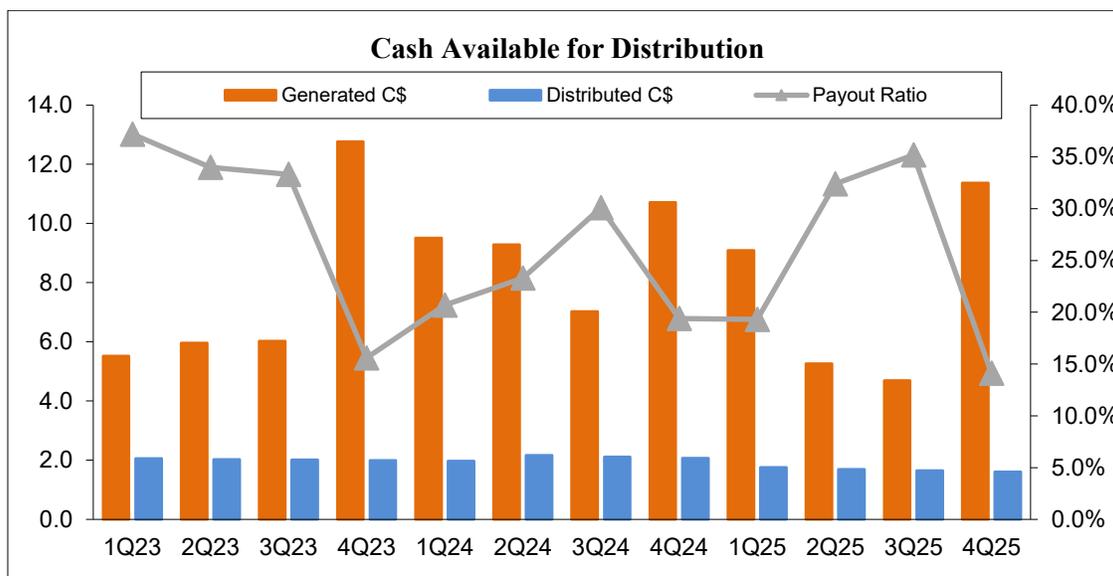
⁽⁵⁾ Comparative figures for corporate expenses and interest income, net of interest expense at the corporate level have been adjusted for the correct classification of interest income at the corporate level and corporate credit facility stand-by fees, to match the disclosure in Note 16 to the financial statements.

Compared to the three months ended December 31, 2024, the cash available for distribution in U.S. dollars for the same period this year increased by \$0.5 million or 6.3%, mainly due to lower maintenance capital expenditures and lease liability payments at the Facilities, as well as a decrease in corporate expenses, and lower current taxes, partly offset by lower income from Facilities as a result of the sale of BHSH in the fourth quarter of 2024.

Compared to the year ended December 31, 2024, the cash available for distribution in U.S. dollars for this year decreased by \$5.0 million or 18.6%, mainly due to lower income from Facilities as a result of the sale of BHSH

in the fourth quarter of 2024, partly offset by lower debt service costs and lease liability payments at the Facilities, as well as higher interest income at the corporate level, and lower current taxes.

The chart below shows the Corporation’s cash available for distribution, distributions and payout ratios for the last twelve quarters:



8. OUTLOOK

As noted in the cautionary language concerning forward-looking disclosures in Section 1 of this MD&A under the heading “Caution Concerning Forward-Looking Statements”, this section contains forward-looking statements including with respect to the overall impact of the U.S. and local economies, ongoing changes in the healthcare industry, management strategies of the Corporation, and U.S. tax reform. Such statements involve known and unknown risks, uncertainties and other factors outside of management’s control, including the risk factors set forth under the heading “Risk Factors” in this MD&A and the Corporation’s most recently filed annual information form, which could cause results to differ materially from those described or anticipated in the forward-looking statements.

The Economy

Management’s expectations could be impacted by the general state of the U.S. economy. Interest rate changes, as well as consumer, business and government spending are all factors that may inadvertently impact the Corporation, including the increased likelihood of state and federal spending cuts under the new U.S. administration. There is uncertainty with respect to U.S. trade policies, which could increase supply costs and lead to supply disruptions or shortages, if tariffs or other protective measures are enacted. There is also the possibility of further U.S. federal government shutdowns, which could disrupt the broader economy. The strength of the local economies of the areas served by the Corporation’s Facilities is an important factor in the Corporation’s outlook.

Healthcare Industry

While impossible to currently quantify, the potential modification of the *Patient Protection and Affordable Care Act* (“ACA”), demographic changes and growing healthcare costs present numerous challenges and opportunities, including:

- the challenge of continuing pressure on reimbursement levels from U.S. government-funded plans (Medicare, Medicaid and similar plans) and private insurance companies, combined with the increasing share of case volume that such plans represent;
- the opportunity for additional case volumes arising from ownership of, and participation in, ACOs and the related challenge of payor mix shifting to Medicare plans;
- the opportunity arising from reimbursement incentives which reward healthcare entities that meet specified quality and operational goals and operate in the most efficient and cost-effective manner; and
- an increased demand for services provided by the Corporation’s Facilities due to the increasing average age and life expectancy of the population in our existing markets, population growth in the areas we serve, and advances in science and technology.

Changes in the U.S. federal government’s political priorities could have potential implications on the healthcare industry, including but not limited to potential modifications to the ACA, which could result in changes to healthcare coverage including case volume and reimbursement rates. The likelihood of a repeal of the ACA has increased with the new U.S. administration, while proposals for spending cuts could potentially impact Medicaid and other government-funded plans, if enacted. There is also a risk that lawmakers could advance legislation to impose site-neutral payments to reimburse certain outpatient procedures at lower rates regardless of surgical procedure setting.

On July 4, 2025, the *One Big Beautiful Bill Act* (“OBBBA”) was signed into law. Among other provisions, the OBBBA legislates for significant changes to Medicaid, including restrictions on eligibility and the reduction of federal spending. The full impact of this legislation is indeterminable at this time.

On November 21, 2025, the Centers for Medicare & Medicaid Services (“CMS”) released the *Hospital Outpatient Prospective Payment System and Ambulatory Surgical Center Payment System Final Rule* (the “Final Rule”) for the calendar year 2026, establishing broad policy, payment, quality and transparency changes that went into effect on January 1, 2026. Key changes under the Final Rule include:

- increase of the Medicare hospital outpatient rates by 2.6% in the calendar year 2026 compared to 2025;
- phase-out of the inpatient-only list over a three-year period, beginning with 285 surgical procedures removed for the calendar year 2026;
- expansion of the ambulatory surgical center-covered procedures list to add 547 surgical procedures;
- the application of the site-neutral rate, which is 40% of the hospital outpatient rate, to drug administration services furnished in off-campus hospital outpatient departments;
- revisions to hospital price transparency requirements, with enforcement starting April 1, 2026; and
- permanent adoption of virtual direct supervision via real-time audio/video for many outpatient therapeutic and diagnostic services.

While the Corporation is assessing the likely effects of such key changes, the full net impact of the changes enforced under the Final Rule, including the speed and extent to which ambulatory surgery centers will effectively compete for additional cases from the Facilities, is indeterminable at this time.

Planned import tariffs announced by the new U.S. administration against international trading partners could lead to significant price increases for certain implants, drugs, and medical supplies, and could further impact the

supply chain with increased lead times, disruptions, and shortages. The impact could also intensify if further or reciprocal tariffs are implemented.

Hospitals throughout the U.S. continue to face a competitive healthcare labour market, which has led the Facilities to accelerate their hiring processes and offer enhanced salary and benefit packages to attract and retain staff. The full duration and impact of this competitive environment is indeterminable at this time.

Management Strategies

Management is committed to increasing shareholder value, primarily through continued organic growth at its current Facilities. The Corporation continues to focus on the evaluation and implementation of strategies to maximize the return of capital to its common shareholders.

In collaboration with local management and physicians, management will continue to differentiate and grow the Corporation's Facilities by:

- maintaining service lines of the highest quality;
- physician development, including continued recruitment and retention of physicians, based on community needs;
- expanding the complement of service offerings at the Facilities;
- expansion of ancillary businesses at the SSHs, within existing markets; and
- sharing and implementing best practices and cost reduction strategies, with emphasis on supply chain and implant costs.

Management will maintain its emphasis on continuation of these strategies, combined with a strong balance sheet, an experienced management team and continuing identification of suitable accretive opportunities to enhance the Corporation's operating performance.

U.S. Tax Reform

Pursuant to the *Tax Cuts and Jobs Act of 2017* ("TCJA"), MFA's deductions attributable to the interest expense on the promissory note (the interest paid by MFA on all debt, including the MFA promissory note, less its interest income) was limited to 30% of adjusted taxable income, beginning with tax year 2022. Any disallowed interest expense may be carried forward to future years. This limitation applies to newly issued loans as well as those originated before 2018. Moreover, other limitations on the deductibility of interest under U.S. federal income tax laws, potentially including limitations applicable to certain high-yield debt obligations, could apply under certain circumstances to defer and/or eliminate all or a portion of the interest deduction that MFA would otherwise be entitled to with respect to interest on such indebtedness.

Also, as part of the TCJA, capital outlays are no longer eligible for 100% bonus depreciation. Beginning in 2023, the bonus was limited to 80%, then 60% in 2024, and 40% in 2025, after which eligibility will be further reduced to 20% in 2026, and 0% in 2027. At the end of 2025, a significant portion of the TCJA expired.

The OBBBA, signed into law on July 4, 2025, permanently reinstated 100% bonus depreciation for most qualified property. Also, beginning with tax year 2025, the OBBBA modifies the adjusted taxable income calculation by reinstating the add-back for depreciation and amortization. Overall, several key provisions that expired at the end of 2025 under the TCJA have been made permanent under the OBBBA for tax years beginning after December 31, 2025.

9. LIQUIDITY AND CAPITAL RESOURCES

As noted in the cautionary language concerning forward-looking disclosures in Section 1 of this MD&A under the heading “Caution Concerning Forward-Looking Statements”, this section contains forward-looking statements including with respect to cash flows and future contractual payments. Such statements involve known and unknown risks, uncertainties and other factors outside of management’s control, including the risk factors set forth under the heading “Risk Factors” in this MD&A and the Corporation’s most recently filed annual information form, which could cause results to differ materially from those described or anticipated in the forward-looking statements.

Cash Balances

The Corporation’s cash and cash equivalents balances are as follows:

<i>In thousands of U.S. dollars</i>	December 31, 2025	December 31, 2024
Cash and cash equivalents at the Facility level	9,791	13,756
Cash and cash equivalents at the corporate level	33,658	94,740
Cash and cash equivalents	43,449	108,496

Cash Flow Activity

Cash Flow

<i>In thousands of U.S. dollars</i>	Year Ended December 31,			
	2025	2024	\$ Change	% Change
Cash provided by operating activities	45,161	83,284	(38,123)	(45.8%)
Cash (used in) provided by investing activities	(4,067)	85,419	(89,486)	(104.8%)
Cash used in financing activities	(105,454)	(84,261)	(21,193)	(25.2%)
(Decrease) increase in cash and cash equivalents	(64,360)	84,442	(148,802)	(176.2%)
Effect of exchange rate fluctuations on cash balances held	(165)	(59)	(106)	(179.7%)
Classification of OSH’s cash as assets held for sale	(522)	-	(522)	(100.0%)
Cash and cash equivalents, beginning of the year	108,496	24,113	84,383	349.9%
Cash and cash equivalents, end of the year	43,449	108,496	(65,047)	(60.0%)

The Corporation expects to fund operations with cash derived from operating activities. Deficiencies arising from short-term working capital requirements and capital expenditures may be financed on a short-term basis with bank indebtedness, funds available from the corporate credit facility, as well as lines of credit at the Facility level, or on a permanent basis with offerings of securities of the Corporation. Negative changes in the general state of the U.S. economy could affect the Corporation’s liquidity by reducing cash generated from operating activities or by limiting access to short-term financing as a result of tightening credit markets.

Operating Activities and Working Capital

Cash from operating activities in the year ended December 31, 2025 decreased by \$38.1 million compared to the prior year, primarily due to lower income from the Facilities’ operations as a result of the sale of BSHS in the fourth quarter of 2024, and an increase in taxes paid.

As of December 31, 2025, the Corporation had consolidated net working capital of \$54.0 million compared to \$76.4 million as of December 31, 2024. The change in consolidated net working capital compared to prior year was mainly due to the completion of the substantial issuer bid in March 2025, resulting in a decrease in cash and cash equivalents, as well as the impact of classifying OSH’s assets and liabilities as “Assets held for sale” under current assets and “Liabilities directly associated with assets held for sale” under current liabilities, respectively, in the Corporation’s consolidated balance sheet as of December 31, 2025. The level of working capital, including financing required to cover any deficiencies, is dependent on the operating performance of the Facilities and fluctuates from period to period.

As of December 31, 2025, accounts receivable were \$35.1 million (December 31, 2024: \$45.5 million), accounts payable and accrued liabilities totaled \$30.7 million (December 31, 2024: \$37.7 million), total assets were \$272.6 million (December 31, 2024: \$346.3 million) and total long-term liabilities, excluding exchangeable interest liability, were \$63.9 million (December 31, 2024: \$70.6 million).

Investing Activities

The \$89.5 million decrease in cash provided by investing activities for the year ended December 31, 2025 compared to the prior year was mostly due to the proceeds from the sale of BSHS in the prior year, net of cash disposed and transaction costs (\$92.5 million), partly offset by a decrease in purchases of property and equipment (\$2.2 million), and the proceeds from the sale of SCNC in the current year, net of cash disposed (\$0.8 million).

Financing Activities

The \$21.2 million increase in cash used in financing activities for the year ended December 31, 2025 compared to the prior year was mainly due to the completion of the substantial issuer bid in the current year (\$43.7 million), along with the increase in purchase of common shares under normal course issuer bids (\$3.3 million), partly offset by lower net repayments of credit facilities and other borrowings at both the Facility and corporate levels (\$17.9 million), as well as decreases in facility distributions to non-controlling interest (\$6.0 million), dividends paid (\$1.0 million), and payment of lease liabilities (\$1.0 million).

The Facilities have available credit facilities in place in the aggregate amount of \$18.4 million, of which \$1.4 million was drawn as of December 31, 2025. The balances available under the credit facilities, combined with cash and cash equivalents as of December 31, 2025, are available to manage the Facilities' accounts receivable, supply inventory and other short-term cash requirements.

The partnership or operating agreements governing each of the respective Facilities do not permit the Corporation to access the assets of the Facilities to settle the liabilities of other subsidiaries of the Corporation, and the Facilities have no obligation to (and could not, without the approval of the holders of the non-controlling interest) take any steps to settle the liabilities of the Corporation or its other subsidiaries.

On August 6, 2025, the Corporation entered into an agreement with a Canadian chartered bank providing for a \$40.0 million revolving credit facility, inclusive of a \$25.0 million swingline facility, which matures on August 4, 2028 ("Credit Facility"). The Credit Facility replaces a previous credit facility with another Canadian chartered bank which was set to mature on August 31, 2025. As of December 31, 2025, there was no amount drawn or remained outstanding for the Credit Facility. Amounts drawn from the Credit Facility can be used for general corporate purposes, including working capital and capital expenditures, and/or repurchase of the Corporation's common shares.

As of December 31, 2025, the Corporation was in compliance with all of its debt covenants.

Contractual Obligations

The mandatory repayments under the credit facilities and other contractual obligations and commitments including expected interest payments, on a non-discounted basis, as of December 31, 2025, are as follows:

<i>In thousands of U.S. dollars</i>	Carrying values at December 31, 2025	Future payments (including principal and interest)				
		Total	Less than 1 year	2-3 years	4-5 years	After 5 years
Contractual Obligations	\$	\$	\$	\$	\$	\$
Dividends payable	1,172	1,172	1,172	-	-	-
Accounts payable	15,369	15,369	15,369	-	-	-
Accrued liabilities	15,365	15,365	15,365	-	-	-
Obligation for purchase of common shares	16,029	16,029	16,029	-	-	-
Notes payable	30,296	34,321	4,984	28,695	642	-
Lease liabilities	28,547	32,595	7,278	12,980	11,408	929
Total contractual obligations	106,778	114,851	60,197	41,675	12,050	929

The Corporation anticipates renewing, extending, repaying or replacing its credit facilities that are due over the next twelve months and expects that cash flows from operations and working capital will be adequate to meet future payments on other contractual obligations over the next twelve months.

10. SHARE CAPITAL AND DIVIDENDS

As noted in the cautionary language concerning forward-looking disclosures in Section 1 of this MD&A under the heading “Caution Concerning Forward-Looking Statements”, this section contains forward-looking statements including with respect to the Corporation’s expected payment of dividends. Such statements involve known and unknown risks, uncertainties and other factors outside of management’s control, including the risk factors set forth under the heading “Risk Factors” in this MD&A and the Corporation’s most recently filed annual information form, which could cause results to differ materially from those described or anticipated in the forward-looking statements.

The following table summarizes the outstanding number of stock options as of December 31, 2025:

Optionee	Number of Options Held	Number of Options Vested	Exercise Price	Grant Date
Former Chief Executive Officer	223,562	223,562	C\$17.24	May 1, 2016
Former Chief Financial Officer	221,344	221,344	C\$17.98	November 21, 2016
Total number of outstanding options	444,906	444,906		

Outstanding options (the “Options”) vest after five years of employment. The Options must be exercised by the tenth anniversary of the respective grant dates, subject to blackout exceptions. As of December 31, 2025, all of the Options are vested and exercisable.

As of December 31, 2025, the Corporation had 17,868,649 common shares outstanding.

Normal Course Issuer Bids

The Corporation has a normal course issuer bid (“NCIB”), allowing the Corporation to repurchase up to 1,805,324 of its common shares, in effect from December 1, 2025 to November 30, 2026. A previous NCIB for up to 2,339,066 of the Corporation’s common shares was in effect from December 1, 2024 to November 30, 2025. During the year ended December 31, 2025, the Corporation purchased 1,780,800 of its common shares for a total consideration of \$19.9 million from the open market. During the year ended December 31, 2024, the Corporation purchased 1,700,700 of its common shares for a total consideration of \$16.6 million from the open market.

The purchases under the normal course issuer bids include applicable buyback taxes. All common shares acquired under the normal course issuer bids were cancelled.

Substantial Issuer Bid

On March 11, 2025, the Corporation completed a substantial issuer bid, by way of a modified Dutch auction, to purchase, for cancellation, the common shares of the Corporation (the “Offer”). The Corporation purchased and cancelled 3,374,313 of its common shares at a price of Cdn\$18.00 per common share under the Offer, representing an aggregate purchase price of \$43.1 million, including applicable buyback taxes, or approximately 14.7% of the Corporation’s issued and outstanding common shares before giving effect to the Offer. The Corporation incurred transaction costs related to the Offer of \$0.6 million which have been recorded against share capital for the year ended December 31, 2025.

Dividends

Dividend declarations are determined based on periodic reviews of the Corporation’s earnings, capital expenditures and related cash flows. Such declarations take into account that the cash generated in the period is to be distributed after considering (i) debt service obligations, (ii) other expense and tax obligations, (iii) reasonable reserves for working capital and capital expenditures, and (iv) financial flexibility. Cash distributions declared in the year from January 1, 2025 to December 31, 2025 totaled Cdn\$0.36 per common share.

Dividend Reinvestment and Share Purchase Plan

The Corporation has a Dividend Reinvestment and Share Purchase Plan which allows common shareholders resident in Canada to automatically re-invest, in a cost-effective manner, the cash dividends on their common shares into additional common shares of the Corporation.

11. FINANCIAL INSTRUMENTS

Financial instruments held in the normal course of business included in the Corporation’s consolidated balance sheet as of December 31, 2025 consist of cash and cash equivalents, accounts receivable, dividends payable, accounts payable, accrued liabilities, obligation for purchase of common shares, borrowings (including long-term debt) and exchangeable interest liability.

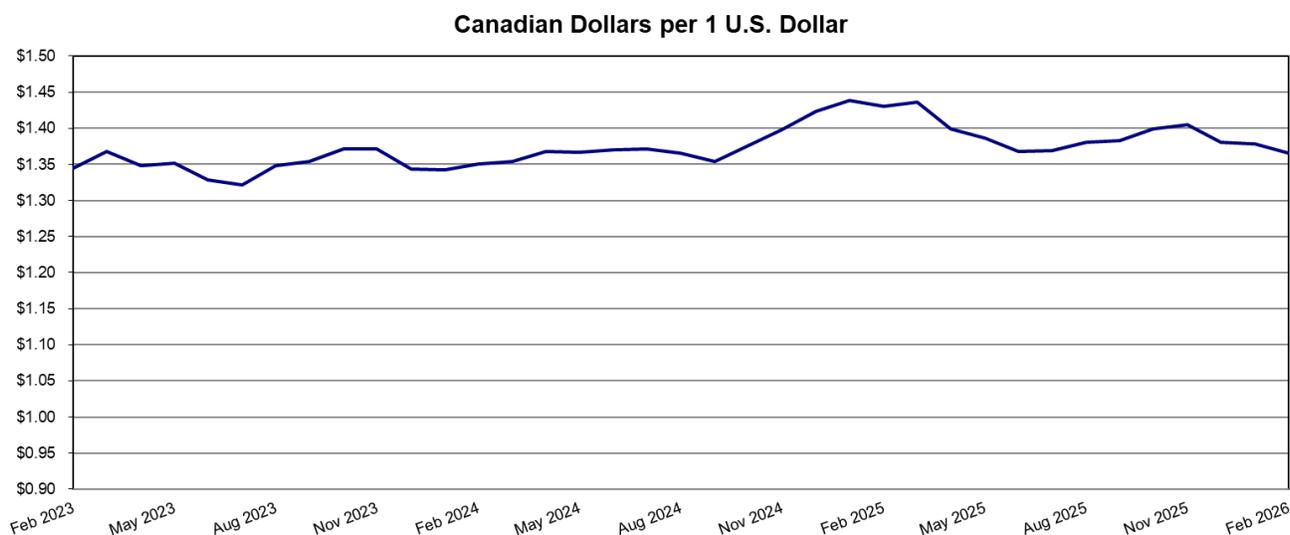
The fair value of the exchangeable interest liability is determined based on the closing trading price of the Corporation’s common share price at each reporting period. The fair values of long-term debt (notes payable and term loans) are not significantly different than their carrying values, as these instruments bear interest at rates comparable to current market rates. The fair values of all other financial instruments of the Corporation approximate their carrying values due to the short-term nature of these instruments.

Foreign Exchange Risk

The Facilities derive revenue, incur expenses and make distributions to their owners, including the Corporation, in U.S. dollars. The Corporation pays dividends to common shareholders and incurs a portion of its expenses in Canadian dollars. The amounts of distributions from the Facilities to their owners, including the Corporation and non-controlling interest holders, are dependent on the results of the operations and cash flows generated by the Facilities in any particular period.

Strengthening of the Canadian dollar against the U.S. dollar negatively impacts currency translation differences with respect to the funds available for the Corporation's Canadian dollar denominated dividend and interest payments and expenses. A weakening Canadian currency in relation to U.S. currency has the opposite effect.

The graph below shows the movement of the monthly average exchange rates between Canadian and U.S. dollars since February 2023:



The Corporation may, from time to time, enter into foreign exchange forward contracts dependent upon actual or anticipated company performance and current market conditions. As of December 31, 2025, the Corporation did not hold any foreign exchange forward contracts.

Credit Risk

Cash and cash equivalents are held with highly-rated and reputable financial institutions in the U.S. and Canada, with minimal credit risk.

The substantial portion of the Corporation's accounts receivable balance is with U.S. governmental payors and health insurance companies which are assessed as having a low risk of default and is consistent with the Facilities' history with these payors. Management reviews reimbursement rates and aging of the accounts receivable to monitor its credit risk exposure. On an ongoing basis, management assesses the circumstances affecting the recoverability of its accounts receivable and adjusts allowances based on changes in those factors. Actual bad debts for a trailing period are compared with the allowance to support the estimate of recoverability. Considerations related to historical experience are also factored into the valuation of the current period accounts receivable.

From time to time, the Corporation may enter into foreign exchange forward contracts and may place excess funds for investment with certain financial institutions. Investment of excess funds is guided by the investment policy of the Corporation that, among other things, (i) prescribes the eligible types of investments, and (ii) establishes limits on the amounts that can be invested with any one financial institution.

Interest Rate Risk

The Corporation and the Facilities are exposed to interest rate fluctuations which can impact their borrowing costs. The Facilities use floating rate credit facilities for operating lines of credit that fund short-term working capital needs and use fixed rate debt to fund investments and capital expenditures.

Share Price Risk

The Corporation's exchangeable interest liability is measured on quoted market prices of its common shares in active markets and, therefore, the Corporation is exposed to variability in net income as prices change. Share price risk includes the impact of foreign exchange because common shares are quoted in Canadian dollars. The Corporation does not have any hedges against price risk.

Liquidity Risk

Liquidity risk is the risk that the Corporation, including its Facilities, will not be able to meet its financial obligations as they become due. The Corporation manages liquidity risk through the management of its capital structure and financial leverage. The Corporation also manages liquidity risk by continuously monitoring actual and projected cash flows and by taking into account the receipts and maturity profile of financial assets and liabilities. The board of directors of the Corporation reviews and approves operating and capital budgets, as well as any material transactions outside the ordinary course of business.

12. RELATED PARTY TRANSACTIONS

Certain executive officers and a director of the Corporation were awarded transaction fees of \$2.2 million during the year ended December 31, 2024, included in the calculation of the gain on sale of BSHS (as detailed in Note 5.3 to the financial statements).

Other Transactions

Certain Facilities routinely enter into transactions with related parties for the provision of services relating to the use of facility space and equipment. These parties are considered related as the Facilities have significant influence over these parties. Such transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed by the related parties.

Certain of the physicians, who indirectly own the non-controlling interest in each of the Facilities, routinely provide professional services directly to patients utilizing the services of the Facilities and reimburse the Facilities for the space and staff utilized. Also, certain of the physicians serve on the boards of management of the Facilities, and three such individuals perform the duties of Medical Director at their respective Facilities and are compensated in recognition of their contribution to the Facilities. Also, Dr. R. Blake Curd, a physician with a non-controlling interest in SFSH, is its Chief Executive Officer and the Chief Medical Officer of the Corporation.

SFSH has a 50% ownership share in an ACO through a wholly-owned subsidiary that also provides management services to the ACO. The ACO was approved for participation in the Medicare Shared Savings Program, which is an incentive program established under the provisions of the ACA. As one of the initiatives of the ACO, SFSH entered into an agreement with Great Plains Surgical, LLC ("Great Plains"), an entity controlled by certain indirect non-controlling owners of SFSH, for the provision of management services in relation to the orthopedic service line at SFSH to improve the quality of services provided and realize savings on implants and other supplies used in that service line. In addition to the payment of fees for providing management of the orthopedic service line, Great Plains is entitled to receive performance payments for realized cost savings and the attainment of quality levels.

The following is a summary of transactions at each Facility with their respective related parties during the reporting periods:

<i>In thousands of U.S. dollars</i>		Year Ended December 31,	
Entity	Nature of services or goods received	2025	2024
		\$	\$
ASH	Lease of hospital building and office space.	4,354	4,362
OSH	Lease of hospital building and office space.	2,627	2,544
SFSH	Provision of management services in relation to orthopedic service line and ACO, anesthesia services, billing and coding services, physical and occupational therapy services, lithotripter services, facility and related equipment, and lease of urgent care building.	12,235	12,734
Total		19,216	19,640

13. CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

The Corporation estimates certain amounts reflected in its financial statements based on historical experience, current trends and other assumptions that are believed to be reasonable under the circumstances. Actual results could differ from those estimates because of the uncertainties inherent in making assumptions and estimates regarding unknown future outcomes. Note 21.23 to the financial statements details significant accounting judgments and estimates used in the preparation of the financial statements.

The accounting estimates discussed below are highlighted because they require difficult, subjective, and complex management judgments. The Corporation believes that each of its assumptions and estimates is appropriate to the circumstances and represents the most likely future outcome.

Revenue

Significant management judgment is involved in applying the portfolio approach to major payor classes to estimate the explicit and implicit price concessions. Estimates of explicit price concessions are based on contractual agreements, discount policies and historical experience. Estimates of implicit price concessions are based on historical collection experience.

Allowance for Non-Collectible Receivable Balances

The Facilities maintain an allowance for non-collectible receivable balances for estimated losses resulting from the inability to collect on its accounts receivable. Estimation of allowance for non-collectible receivable balances involves uncertainty about future collections which could differ from the original estimates. The allowance for non-collectible receivable balances is subject to change as general economic, industry and customer specific conditions change.

Impairment of Non-Financial Assets

Non-financial assets that have an indefinite useful life, such as goodwill, certain trade names and certain hospital operating licenses, are tested at least annually for impairment and when events or changes in circumstances indicate that the carrying amount may not be recoverable. Non-financial assets that have a definite useful life which are subject to amortization are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

The methodology used to test for impairment includes significant judgment, estimates, and assumptions. Impairment exists when the carrying amount of an asset or cash-generating unit (“CGU”) exceeds its recoverable amount, which is the higher of its value in use (“VIU”) and fair value less costs of disposal (“FVLCD”). The two approaches are as follows: 1) VIU approach – the estimated future cash flows, discounted to their present

value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset, and 2) FVLCD approach – the trailing twelve months EBITDA multiplied by a market multiple relevant to the CGU. As a result, any impairment losses are a result of management’s best estimates of expected revenues, expenses, cash flows, discount rates, and market multiples at a specific point in time. These estimates are subject to measurement uncertainty as they are dependent on factors outside of management’s control. In addition, by their nature, impairment tests involve a significant degree of judgment as expectations concerning future cash flows and the selection of appropriate market inputs are subject to considerable risks and uncertainties.

Management has identified three CGUs for which impairment testing is performed annually and if a triggering event has occurred requiring an impairment test to be completed. The Facilities represent subsidiary operations which are independent of each other and are therefore identified as separate CGUs.

Management is required to use judgment in determining the grouping of assets to identify their CGUs for the purposes of testing property and equipment for impairment. Judgment is further required to determine appropriate groupings of CGUs for the level at which goodwill and indefinite life intangible assets are tested for impairment. In addition, judgment is used to determine whether a triggering event has occurred requiring an impairment test to be completed.

Factors considered by management in determining a triggering event include: deterioration in market and economic conditions, volatility in the financial markets causing declines in the Corporation’s share price, increases in the Corporation’s weighted-average cost of capital, changes in valuation multiples, changes to healthcare legislation in the United States both federally and in the jurisdictions in which the Facilities operate, changes to the physician complement at the Facilities, decreases in expected future reimbursement rates, declining patient referrals, physical conditions of facilities and equipment, and increased costs of inputs, such as drugs, supplies, and labour.

When considered significant, management incorporates changes to these factors in its estimated future cash flows to assess the impact on the recoverable amount of its non-financial assets.

Management calculates the recoverable amount of each CGU using EBITDA specific to each CGU by a multiple determined using market data, such as EBITDA to market capitalization ratios of comparable publicly traded companies and recent prices for capital transactions within the industry. Management has estimated cost to dispose to be 1% of the fair value of the CGUs, based on recent market data. To assess reasonableness of recoverable amounts, management reconciles the recoverable amounts of its CGUs to the enterprise value of the Corporation as of the reporting date based on (i) the market capitalization of the outstanding common shares, and (ii) the Corporation’s portion of the Facilities’ long-term debt and lease liabilities, less (iii) cash on hand.

Management performed an assessment of the impairment indicators mentioned above as of December 31, 2025, and determined that there has been no impairment of non-financial assets, including goodwill and other intangibles.

Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of deferred taxable income. The Corporation’s income tax assets and liabilities are based on interpretations of income tax legislation across various jurisdictions in Canada and the United States. The Corporation’s effective tax rate can change from year to year based on the mix of income among different jurisdictions, changes in tax laws in these jurisdictions, and changes in the estimated value of deferred tax assets and liabilities. The Corporation’s income tax expense reflects an estimate of the cash taxes the Corporation is expected to pay for the current year and a provision for changes arising in the values of deferred tax assets and liabilities during the

year. The carrying value of these assets and liabilities is impacted by factors such as accounting estimates inherent in these balances, management's expectations about future operating results, and previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authorities. Such differences in interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective legal entity's domicile. On a regular basis, management assesses the likelihood of recovering value from deferred tax assets, such as loss carryforwards, as well as from the depreciation of capital assets, and adjusts the tax provision accordingly.

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be used. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based on the likely timing and the level of future taxable profits together with future tax-planning strategies. If management's estimates or assumptions change from those used in current valuation, management may be required to recognize an adjustment in future periods that would increase or decrease deferred income tax asset or liability and increase or decrease income tax expense.

14. DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Management is responsible for the financial information published by the Corporation. In accordance with National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*, the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") have certified that the annual filings fairly present in all material respects the financial condition, results of operations and cash flows and have also certified regarding controls as described below.

Under the supervision of, and with the participation of the CEO and the CFO, management has designed disclosure controls and procedures ("DC&P") to provide reasonable assurance that (i) material information relating to the Corporation, including its consolidated subsidiaries, is made known to the CEO and the CFO by others within those entities for the period in which the annual and interim filings of the Corporation are being prepared, and (ii) information required to be disclosed by the Corporation in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in applicable securities legislation.

In addition to DC&P, under the supervision of, and with the participation of the CEO and the CFO, management has designed internal controls over financial reporting ("ICFR") using the 2013 Committee of Sponsoring Organizations of the Treadway Commission ("COSO") framework to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with IFRS Accounting Standards.

Management, including the CEO and the CFO, performed an evaluation of the effectiveness of DC&P as of December 31, 2025, and has concluded that the design and effectiveness of these controls and procedures at December 31, 2025 provide reasonable assurance that material information relating to the Corporation, including its subsidiaries, was made known to the CEO and CFO on a timely basis to ensure adequate disclosure.

Management, including the CEO and the CFO, performed an evaluation of the effectiveness of its ICFR as of December 31, 2025 using the COSO framework. Management has concluded that the overall design and effectiveness of these controls at December 31, 2025 provide reasonable assurance of the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with IFRS Accounting Standards.

There have been no changes in the Corporation's ICFR during the period beginning on October 1, 2025 and ended on December 31, 2025, that have materially affected, or are reasonably likely to materially affect, the Corporation's ICFR.

15. RISK FACTORS

The following information is a summary of risk factors and is qualified in its entirety by reference to, and must be read in conjunction with the detailed information appearing in the Corporation's most recently filed annual information form available on SEDAR+ at www.sedarplus.ca.

Risks Related to the Business and the Industry of the Corporation

The revenue and profitability of the Corporation and its subsidiaries, including the Facilities, depend heavily on payments from third-party payors, including government healthcare programs (Medicare and Medicaid) and managed care organizations, which are subject to frequent regulatory changes and cost containment initiatives. Changes in the terms and conditions of, or reimbursement levels under, insurance or healthcare programs, which are typically short-term agreements, could adversely affect the revenue and profitability of the Corporation. The Corporation's revenue and profitability could be impacted by its ability to obtain and maintain contractual arrangements with insurers and payors active in its service areas and by changes in the terms of such contractual arrangements.

The revenue and profitability of the Facilities is dependent upon physician relationships. There can be no assurance that physician groups performing procedures at the Facilities will maintain successful medical practices, or that one or more key members of a particular physician group will continue practicing with that group or that the members of that group will continue to perform procedures at the Facilities at current levels or at all. The Facilities face increasing competition to recruit and retain physicians, an effort which continues to be a challenge due to physician aging and retirement.

In some markets, the lack of availability of clinical personnel, such as nurses, has become a significant operating issue facing all healthcare providers. This shortage may require the Facilities to enhance wages and benefits to recruit and retain qualified personnel or to contract for more expensive temporary personnel. If labour costs increase, the Facilities may not be able to raise rates to offset these increased costs.

The trend of rising drug costs is currently challenging to counteract and puts downward pressure on the Facilities' operating margins as they have limited control over price increases.

Healthcare facilities, such as the Facilities, are subject to numerous legal, regulatory, professional and private licensing, certification and accreditation requirements. Receipt and renewal of such licenses, certifications and accreditations are often based on inspections, surveys, audits, investigations or other reviews, some of which may require affirmative compliance actions by the Facilities that could be burdensome and expensive.

There are a number of U.S. federal and state regulatory initiatives, which apply to healthcare providers, and in particular to SSHs, including the Facilities. Among the most significant are the federal Anti-Kickback Statute, the federal physician self-referral law (commonly referred to as the Stark Law), the ACA, the *Bipartisan Budget Act of 2015* ("BBA"), the *False Claims Act* and the federal rules relating to management and protection of patient records and patient confidentiality.

The ACA contains provisions that prohibit the formation or development of any new physician-owned hospitals in the United States after a specified date. However, the grandfathering provisions of the law permit existing physician-owned hospitals, such as the SSHs, to continue their operations and billings to government payors

like Medicare and Medicaid for hospital services, provided they meet certain investment and patient transparency requirements. The law, among other things:

- (a) prohibits the existing or grandfathered hospitals from expanding the baseline number of overnight beds, operating rooms or procedure rooms from the number of such rooms that the existing hospital had as of the date of enactment of the legislation, unless certain narrowly drawn growth criteria are met;
- (b) prohibits increases in the aggregate percentage value of physician ownership or investment in physician-owned hospitals, or in entities whose investments include the hospitals;
- (c) imposes restrictions on the manner of physician investment in physician-owned hospitals; and
- (d) requires disclosure to patients of physician ownership and requires hospitals to obtain a signed patient acknowledgement as to whether the hospital has physicians present 24 hours a day, seven days a week.

The Corporation conducted an extensive review to ensure that the Facilities operating agreements and procedures are in compliance with the provisions and limitations of the ACA. The Facilities have updated their operating agreements and procedures as necessary to ensure compliance with the requirements of the ACA.

Under the BBA, Medicare lowered reimbursement rates for newly established off-campus hospital outpatient departments, with those that were billing Medicare before November 2015 exempt from this policy change. These are referred to as site-neutral payments, and are intended to make Medicare reimbursements for outpatient procedures at hospitals comparable to reimbursements for similar procedures at ambulatory surgery centers or physicians' offices. There have been multiple proposals since to expand the application of site-neutral payments to all hospital outpatient departments, some of which have been implemented, effective January 1, 2026, under the Final Rule issued by the CMS on November 21, 2025. If the implementation is expanded, this could result in a significant reduction in Medicare reimbursement rates for certain outpatient procedures at hospitals, which could also lead to a spillover effect on reimbursement rates from commercial payors for similar procedures.

While the Facilities carry general and professional liability insurance against claims arising in the ordinary course of business, the insurance market is dynamic and there can be no assurance that adequate coverage will be available in the future or that any coverage in place will be adequate to cover claims.

Any major capital expenditures at the Facilities will require additional capital, which may be funded through additional debt or equity financings. These funding sources could result in significant additional interest expense or ownership dilution to current holders of the Corporation's securities.

There is significant competition in the healthcare business. The Facilities compete with other healthcare facilities in providing services to physicians and patients, contracting with managed care payors and recruiting qualified staff.

The Facilities may be vulnerable to economic downturns and may be limited in their ability to withstand such financial pressures. Increased unemployment or other adverse economic conditions may impact the volume of services performed, cause shifts to payors with lower reimbursements (e.g., Medicare) and/or result in higher uncollectible accounts.

Maintenance capital expenditures, which are deducted in the calculation of cash available for distribution (please refer to Section 2 under the heading "Non-IFRS Financial Measures" and Section 7 under the heading "Reconciliation of Non-IFRS Financial Measures"), represent expenditures that are required to maintain the productive capacity of the Facilities. Historically, such expenditures have represented on average 1.0% of revenue of the Facilities.

Public Health Crises and Disease Outbreaks

The Corporation's and the Facilities' operations and financial results could be materially adversely impacted by public health crises relating to viruses, flus, pandemics, epidemics, or outbreaks of infectious diseases.

A public health crisis, such as the COVID-19 pandemic, could result in a general or acute decline in economic activity in the regions where the Facilities operate, increased unemployment, staff shortages, mobility restrictions and other quarantine measures, supply shortages, increased government regulation, and the temporary closure of one or more of the Facilities in accordance with governmental restrictions and/or to protect patients, hospital staff and the communities in which they operate. In addition, treatment of patients with highly contagious diseases at the Facilities, or infection of physicians and/or hospital staff, or physical distancing or other precautionary measures, could result in patients cancelling or deferring elective procedures or otherwise avoiding medical treatment, leading to reduced patient volumes and revenues. All of these occurrences may have a material adverse effect on the Corporation's business, cash flows, financial condition and results of operations, and ability to pay dividends to its common shareholders.

Cyber Security Incidents

As providers of healthcare services, information technology is a critical component of the day-to-day operation of the Facilities. The Facilities rely on information technology to create, process, transmit and store sensitive and confidential data, including protected health information, personally identifiable information, and proprietary and confidential business performance data. The Facilities utilize electronic health records, payment processing platforms, and other health information technology, along with additional technology systems, in connection with their operations, including for, among other things, medical systems, billing and supply chain, and labour management. The Facilities' information systems and applications also require continual maintenance, upgrading and enhancement to meet their operational needs. If the Facilities experience difficulties with the transition and integration of information systems or are unable to implement, maintain, or expand their systems properly, the Facilities could suffer from, among other things, operational disruptions, regulatory problems and increases in administrative expenses. The Facilities have privacy and security processes in place to protect sensitive health and business information. The systems used by the Facilities, in turn, interface with and rely on third-party systems. Incident response policies and processes are in place at Facilities that strive to identify and provide for prompt identification and management of security incidents to facilitate maintenance and/or restoration of business continuity. The Corporation is not aware of the Facilities having experienced a material data breach.

The preventive actions taken to reduce the risk of such incidents and protect information and technology resources may not be sufficient. In general, Facilities' information systems are vulnerable to damage or interruption from fire, flood, power loss, telecommunications failure, human acts, cyber attacks, break-ins and similar events. Facilities' business is at risk from and may be impacted by information security incidents, including ransomware, malware, phishing, social engineering, distributed denial of service attacks, zero-day attacks, and other security events suffered by the Facilities or their business associates. Such incidents can range from individual attempts to gain unauthorized access to information technology systems to more sophisticated security threats. These events can also result from internal compromises, such as human error or malicious acts. These events can occur on Facilities' systems or on the systems of their partners and subcontractors. Problems with, or the failure of, Facilities' technology and systems or any system upgrades or programming changes associated with such technology and systems could have a material adverse effect on Facilities' operations, patient care, data capture, medical documentation, billing, collections, assessment of internal controls and management and reporting capabilities. The trade secrets or confidential business information of the Facilities could also be exposed as a result of a security incident.

Artificial intelligence and machine learning technologies also pose concerns with regard to the uses and disclosures of personal information, corporate information and even how operations run. The Corporation cannot predict the effect these technologies will have in the health care industry this year or in the coming years.

As cyber security threats continue to evolve, the Facilities may not be able to anticipate certain attack methods in order to implement effective protective measures, and may be required to expend significant additional resources to continue to modify and strengthen security measures, investigate and remediate any vulnerabilities in information systems and infrastructure, or invest in new technology designed to mitigate security risks. Third parties to whom the Facilities outsource certain functions, or with whom their systems interface, are also subject to the risks outlined above and may not have or use appropriate controls to protect confidential information. By way of example, one of the Facilities previously detected a data breach due to third-party human error which compromised the data of certain patients. While this incident was not determined to be material, and the Facility's operations were not impacted by the incident, the Facility issued notices to the affected individuals among other efforts to mitigate impact on affected parties. A breach or attack affecting a third-party service provider or partner, such as the one noted above, could harm the Corporation's business even if the Corporation does not control the service that is attacked.

Although the Corporation and the Facilities have insurance against some cyber risks and attacks, it may not be sufficient to offset the impact of a material loss event. Any cyber security breach or system interruption could result in harm to patients, inability to service patients, inability to run day-to-day operations of the Facilities, or the unauthorized disclosure, misuse or loss of confidential, sensitive or proprietary information, could negatively impact the ability of the Facilities to conduct normal business operations (including the collection of revenues), and could result in investigations and potential liability under privacy, security, consumer protection or other applicable laws, regulatory penalties, class action litigation, negative publicity and damage to the Corporation's and Facilities' reputation, any of which could have a material adverse effect on the Corporation's and Facilities' business, financial position, results of operations or cash flows.

Disasters and Similar Events

The occurrences of natural and man-made disasters and similar events in the regions where the Facilities operate, including flooding, hurricanes, tornadoes, earthquakes, winter storms, wildfires, or other factors beyond the Corporation's control, may damage some or all of the Facilities, interrupt utility service to some or all of the Facilities, disrupt patient scheduling, displace patients, employees and physician partners, or otherwise impair the operation of some or all of the Facilities or the generation of revenues from the Facilities. Furthermore, the impact, or impending threat, of a natural disaster may require evacuation of one or more Facilities, which may be costly and may involve risks for the patients.

Risks induced by climate change may have future adverse effects on the Corporation's business. In addition to the physical risks mentioned above, these also include transition risks e.g. regulatory changes and reputational risks. The Facilities continuously look for ways to make their operations more sustainable, updating their infrastructure through various initiatives, which include:

- (a) decreasing energy consumption by replacing lighting systems, older fixtures and equipment with more energy-efficient alternatives;
- (b) increasing water conservation by changing vacuum pumps from water cooled to air cooled and installing water aerators on faucets; and
- (c) implementing recycling programs for paper, plastic, and aluminum.

Although the Corporation has not identified significant risks induced by climate change that could negatively and materially affect its financial statements, management continues to assess the impact of climate-related matters.

Risks Related to the Structure of the Corporation

The Corporation is entirely dependent on the operations and assets of the Facilities through the indirect ownership of between 51.0% and 64.0% of these Facilities. Future dividend payments by the Corporation are not guaranteed and are totally dependent upon the operating results and related cash flows from the Facilities and the limitations of applicable laws.

The payout by the Facilities and the Corporation of a substantial majority of their operating cash flows will make additional capital and operating expenditures dependent on increased cash flows or additional financing in the future.

The Corporation's dividend payments to its common shareholders are denominated in Canadian dollars, whereas all of its revenue is denominated in U.S. dollars. To the extent that future dividend payments are not covered by foreign exchange forward contracts, the Corporation is exposed to currency exchange risk.

Non-compete agreements executed by physician owners of the non-controlling interests in the Facilities may not be enforceable. This lack of enforceability could impact the revenue and profitability of the Facilities.

The Corporation does not have the ability to direct day-to-day governance or management inputs in respect of the Facilities, except in certain limited circumstances.

The degree to which the Corporation is leveraged on a consolidated basis could have important consequences to the holders of the common shares, including:

- (a) The Corporation's and Facilities' ability in the future to obtain additional financing for working capital, capital expenditures, acquisitions or other purposes may be limited;
- (b) The Corporation or Facilities may be unable to refinance indebtedness on terms acceptable to them or at all; and
- (c) A portion of the Corporation's cash flow (on a consolidated basis) from operations is likely to be dedicated to the payment of the principal of and interest on its indebtedness, thereby reducing funds available for future operations, capital expenditures, acquisitions and/or dividends on its common shares.

The Corporation has a credit facility that contains restrictive covenants which limit the discretion of the Corporation or its management with respect to certain matters. Furthermore, the Facilities have credit facilities that contain restrictive covenants which may limit the Facilities' abilities to make distributions.

Additional common shares may be issued by the Corporation pursuant to exchange agreements with the holders of the non-controlling interests in the Facilities, or in connection with future financing or acquisitions by the Corporation. The issuance of common shares may dilute an investor's investment in the Corporation and reduce distributable cash per common share.

MFA and MFH are organized under the laws of the State of Delaware. The Facility located in South Dakota is formed under the laws of the State of South Dakota, the Facility located in Oklahoma is formed under the laws of the State of Oklahoma, and the Facility located in Arkansas is formed under the laws of the State of Arkansas. All of the assets of the Facilities are located outside of Canada and certain of the directors and officers of the Corporation and its subsidiaries are residents of the United States. As a result, it may be difficult or impossible

for investors to effect service within Canada upon the Corporation's subsidiaries, the Facilities, or their directors and officers who are not residents of Canada, or to realize against them in Canada upon judgments of courts of Canada predicated upon the civil liability provisions of applicable Canadian provincial securities laws.

The market price of the common shares may be subject to general volatility.

Payment of Dividends is not Guaranteed

Dividends to common shareholders are paid at the discretion of the Corporation's board of directors and are not guaranteed. The Corporation may alter its dividend level and dividends from the Corporation, if any, will depend on, among other things, the results of operations, cash requirements, financial condition, contractual restrictions, business opportunities, provisions of applicable law, and other factors that the board of directors may deem relevant. The directors may decrease the level of dividends provided for in their existing dividend policies, or discontinue dividends at any time, and without prior notice.

Eligibility for Investment

There can be no assurance that the common shares will continue to be qualified investments for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered education savings plans, tax-free savings accounts and registered disability savings plans.

The Corporation is Subject to Canadian Tax

As a Canadian corporation, the Corporation is generally subject to Canadian federal, provincial and other taxes, including a 2% tax on the net value of equity repurchases. There can be no assurance that Canadian federal income tax laws and Canada Revenue Agency administrative policies respecting the Canadian federal income tax consequences generally applicable to the Corporation or to a holder of common shares will not be changed in a manner which adversely affects holders of the common shares.

The Corporation's Structure may be Subject to Additional U.S. Federal Income Tax Liability

MFA is subject to U.S. federal income tax on its consolidated taxable income at the U.S. federal corporate tax rate (currently 21%) and is also subject to certain U.S. state and local taxes (which will not be addressed herein). MFA will claim certain deductions, including an interest deduction related to the interest paid on its debt and interest arising on other debt in the consolidated group, to the extent allowed by law, in computing its taxable income for U.S. federal income tax purposes.

Certain provisions in the *U.S. Internal Revenue Code* of 1986, as amended, (the "Code"), if applicable, may affect the U.S. federal tax liability of MFA and the interpretation of, and potential changes to, U.S. tax rules. For example, there are restrictions on the deductibility of interest, including generally limiting such deduction to 30% of "adjusted taxable income", although disallowed interest expense can be carried forward to future years. There may be other restrictions on use of interest deductions as well. There are limitations on the use of net operating losses (generally, those can only be utilized to the extent of 80% of taxable income in any given year, although unused net operating losses can be carried forward indefinitely). In addition, Code section 59A, known as "BEAT", which is the acronym for "base erosion anti-abuse tax", is designed to potentially limit the tax effectiveness of deductions for payments between U.S. and non-U.S. related parties by imposing a minimum tax on the U.S. corporation. The BEAT regime generally does not apply unless the payor U.S. corporation has average annual gross receipts for the 3-tax-year period ending with the preceding tax year that are at least \$500 million.

If the BEAT regime applies, the result is likely to be an increase in the U.S. federal tax liability of MFA. If the U.S. federal tax liability of MFA is increased, this may reduce the amount of after-tax cash generated by MFA

that could otherwise be available to make distributions to the Corporation and thereafter to pay dividends to holders of common shares.

United States Investment Company Act of 1940

While the Corporation believes that through its subsidiaries and affiliates it is actively engaged in operating businesses and does not meet the definition of an investment company for purposes of the *United States Investment Company Act* of 1940, as amended (the “1940 Act”), depending on the composition and valuation of the Corporation’s assets and the sources of the Corporation’s income from time to time, the Corporation could fall within the technical definition of the term “investment company” in the 1940 Act. Moreover, the determination of whether a company, like the Corporation, is an “investment company” involves complex analysis of regulations and facts, and the Corporation has not sought and does not anticipate seeking confirmation from the Securities and Exchange Commission (the “SEC”) that it agrees with the Corporation’s analysis. If the SEC were to disagree with the Corporation’s analysis or the Corporation otherwise were to determine that it is an “investment company” as defined in the 1940 Act, the Corporation may, among other steps, prudently acquire or sell assets or equity interests in order to avoid remaining an “investment company” as defined under the 1940 Act. Such acquisitions or sales could be on terms other than those on which the Corporation would otherwise acquire or sell such assets or equity interests or the timing of such transactions could be disadvantageous to the Corporation. If the Corporation were unable to avoid being an investment company and were therefore required to register as such under the 1940 Act, the Corporation would become subject to substantial regulation with respect to its capital structure (including its ability to use leverage), management, operations, transactions with affiliated persons, portfolio composition (including restrictions with respect to diversification), and other matters.

16. NEW AND REVISED IFRS ACCOUNTING STANDARDS NOT YET ADOPTED

The Corporation has not adopted certain new and revised IFRS Accounting Standards (as detailed in Note 21.24 to the financial statements) that have been issued but are not yet effective. The Corporation continues to assess the impact of the adoption of these new and revised IFRS Accounting Standards on the financial statements in future periods. There are no other new and revised IFRS Accounting Standards that have been issued but not yet adopted that would be expected to have a material impact on the Corporation.