MEDICAL FACILITIES CORPORATION (mfc)	**MANAGEMENT'S DISCUSSION AND ANALYSIS OF CONSOLIDATED FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2024**

November 6, 2024

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 unaudited interim condensed consolidated financial statements and accompanying notes of the Corporation for the three and nine months ended September 30, 2024 (the "financial statements"), which have been prepared in accordance with IAS 34 *Interim Financial Reporting*, the audited consolidated financial statements and accompanying notes of the Corporation for the year ended December 31, 2023 ("annual financial statements"), which have been prepared in accordance with International Financial Reporting Standards ("IFRS"), and the Corporation's annual MD&A for the year ended December 31, 2023 ("annual MD&A").

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.

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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, competition in the industry, opportunity to acquire accretive businesses, integration of acquisitions, currency risk, interest rate risk, success of new service lines introductions, ability to maintain profitability and manage growth, revenue and cash flow volatility, credit risk, operating risks, performance of obligations/maintenance of client satisfaction, information technology governance and security, 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 Corporation's 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, 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 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 (loss) for the period to EBITDA and Adjusted 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) stock options expense, net of gain on forfeitures, (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 before (i) finance costs, (ii) income taxes, (iii) depreciation of property and equipment, (iv) depreciation of right-of-use assets, (v) amortization of other intangibles, and (vi) non-operating (gains) losses. 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, other intangibles and equipment.

- **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, five limited liability entities (each a "Facility" and, collectively, the "Facilities"), each of which own either a specialty surgical hospital (an "SSH") or an ambulatory surgery center (an "ASC"). The five Facilities are comprised of four SSHs located in Arkansas, Oklahoma, and South Dakota, and one ASC located in California. ASCs are specialized surgical centers that only provide outpatient procedures, whereas SSHs are licensed for both inpatient and outpatient surgeries. The SSHs and ASC 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, two of the SSHs provide urgent care services.

During 2023, the Corporation completed the divestiture of five ASCs (the "MFC Nueterra ASCs") which it indirectly owned through a partnership between its wholly-owned U.S. subsidiary and Nueterra MF Holdings, LLC. As of the dates of the respective sale transactions, the Corporation stopped consolidating the financial results of these ASCs.

On April 1, 2024, Black Hills Surgical Hospital, LLP ("BHSH") sold its 100.0% ownership interest in an urgent care center located in Gillette, Wyoming ("Gillette UC"), and recorded an immaterial gain in general and administrative expenses in connection with this transaction.

On June 3, 2024, the Corporation announced that BHSH will be expanding its services and begin offering heart and vascular care in conjunction with the opening of the Black Hills Heart & Vascular Institute (the "Institute"). Led by three highly trained physicians, the Institute will offer patients a wide range of services, from preventive care to interventional cardiac, vascular, and vein procedures. As part of the development and support of the Institute, BHSH plans to construct a state-of-the-art cardiac catheterization laboratory where patients can have advanced cardiac and coronary procedures.

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").

The PPP expanded the guaranteed lending program under Section 7(a) of the Small Business Act administered by the U.S. Small Business Administration ("SBA"). To the extent the recipient was eligible to receive the loan, the loan amounts received were eligible for forgiveness to the extent they were used for certain qualifying

expenses and to maintain payroll levels and related expenses during the 8 to 24-week period following loan origination.

The Facilities recognized income for the PPP loans received during prior periods based on reasonable assurance that they had met the forgiveness requirements. As such, $1.5 million and $12.2 million were recognized as government stimulus income for the years ended December 31, 2021 and 2020, respectively.

However, due to the denial and additional review of certain loan forgiveness applications by the SBA in 2022, the Corporation no longer had reasonable assurance of meeting the forgiveness requirements for loans of $12.3 million. As a result, these were reversed from government stimulus income during the year ended December 31, 2022, and recorded as a liability under government stimulus funds repayable.

Subsequent to the divestiture of the MFC Nueterra ASCs in 2023, there remained a balance of $12.0 million under government stimulus funds repayable in the consolidated balance sheet as of December 31, 2023.

During the three months ended September 30, 2024, the SBA 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 interim condensed consolidated statements of income and comprehensive income for the three and nine months ended September 30, 2024, and the related liability under government stimulus funds repayable in the interim condensed consolidated balance sheet was reversed.

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 consolidated balance sheet. To date, the non-controlling interest holders of two of the eligible Facilities have exercised portions of their exchangeable interests.

Summary of Facility Information as of September 30, 2024

	Arkansas Surgical Hospital ("ASH")	**Oklahoma Spine Hospital ("OSH")**	**Black Hills Surgical Hospital ("BHSH")**	**Sioux Falls Specialty Hospital ("SFSH")**	**The Surgery Center of Newport Coast ("SCNC")**
Location	North Little Rock Arkansas	Oklahoma City Oklahoma	Rapid City South Dakota	Sioux Falls South Dakota	Newport Beach California
Year Opened	2005	1999	1997	1985	2004
Year Acquired by the Corporation	2012	2005	2004	2004	2008
Ownership Interest	51.0%	64.0%	54.2%	51.0%	51.0%
Non-controlling Interest	49.0%	36.0%	45.8%	49.0%	49.0%
Exchangeable Interest	5.0%	1.0%	10.8%	14.0%	-
Size	126,000 sq ft	61,000 sq ft	86,000 sq ft	76,000 sq ft	7,000 sq ft
Operating/Procedure Rooms	13/2	7/2	11[2]/1	15/1	3/0
Overnight Rooms	41[1]	25	25	33	-

(1) *Licensed for 47 beds.*

(2) *Licensed for 12 rooms.*

4. FINANCIAL AND PERFORMANCE HIGHLIGHTS

Selected Financial Information

Unaudited	Three Months Ended September 30,				Nine Months Ended September 30,			
In thousands of U.S. dollars, except per share amounts and as indicated otherwise		2024		2023		2024		2023
Facility service revenue		103,573		104,579		319,006		323,317
Government stimulus income		11,957		-		11,957		-
Revenue and other income		115,530		104,579		330,963		323,317
Operating expenses		89,995		92,037		270,049		281,718
Income from operations		25,535		12,542		60,914		41,599
Net income for the period		17,419		4,793		32,524		23,688
Attributable to:								
Owners of the Corporation [1]		7,246		(114)		8,646		7,621
Non-controlling interest [1]		10,173		4,907		23,878		16,067
Earnings (loss) per share attributable to owners of the Corporation								
Basic		$0.30		($0.01)		$0.36		$0.30
Fully diluted		$0.30		($0.01)		$0.36		$0.30
EBITDA [2]		30,414		17,742		75,558		58,112
Cash available for distribution [2]	C$	6,141	C$	5,429	C$	23,096	C$	17,596
Distributions [2]	C$	2,115	C$	2,014	C$	6,249	C$	6,094
Cash available for distribution per common share [2]	C$	0.258	C$	0.217	C$	0.954	C$	0.694
Distributions per common share [2]	C$	0.089	C$	0.080	C$	0.258	C$	0.240
Payout ratio [2]		34.5%		36.9%		27.0%		34.6%

[1] *Net income 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 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.*

[2] *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 (loss) for the period to EBITDA and Adjusted EBITDA" and Section 7 under the heading "Reconciliation of Non-IFRS Financial Measures".*

Selected Financial Information for the Three Months Ended September 30, 2024 compared to the Three Months Ended September 30, 2023

For the three months ended September 30, 2024, revenue and other income was $115.5 million, an increase of 10.5% from $104.6 million for the prior year, including the $12.0 million increase in government stimulus income from the recognition of PPP income in the current year. Facility service revenue of $103.6 million decreased by 1.0% from $104.6 million for the same period in 2023. Excluding the divested MFC Nueterra ASCs, facility service revenue increased from the same period last year by $0.2 million or 0.2%, mainly due to higher surgical and pain management case volume.

EBITDA for the three months ended September 30, 2024 was $30.4 million or 26.3% of revenue and other income, compared to $17.7 million or 17.0% of revenue and other income for the same period last year. Excluding the divested MFC Nueterra ASCs and the current year PPP government stimulus income, EBITDA increased from the same period last year by $1.2 million or 7.1%, mainly due to higher facility service revenue and a net decrease in operating expenses.

Net income for the three months ended September 30, 2024 was $17.4 million compared to net income of $4.8 million for the same period in 2023, with the increase mainly attributable to higher income from operations at the Facilities, inclusive of the current year recognition of PPP government stimulus income, along with lower

income tax expense, partly offset by the impact of the prior year gain recorded on the sale of the MFC Nueterra ASCs.

The Corporation generated cash available for distribution of Cdn$6.1 million for the three months ended September 30, 2024, representing an increase of Cdn$0.7 million or 13.1% from Cdn$5.4 million for the same period in 2023. Distributions per common share increased between the periods by Cdn$0.009 to Cdn$0.089, while the payout ratio was 34.5% for the three months ended September 30, 2024 compared to 36.9% for the same period last 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 Nine Months Ended September 30, 2024 compared to the Nine Months Ended September 30, 2023

For the nine months ended September 30, 2024, revenue and other income was $331.0 million, an increase of 2.4% from $323.3 million for the prior year, including the $12.0 million increase in government stimulus income from the recognition of PPP income in the current year. Facility service revenue of $319.0 million decreased by 1.3% from $323.3 million for the same period in 2023. Excluding the divested MFC Nueterra ASCs, facility service revenue increased from the same period last year by $7.3 million or 2.4%, mainly due to higher surgical and pain management case volume, and the combined positive impact of case and payor mix.

EBITDA for the nine months ended September 30, 2024 was $75.6 million or 22.8% of revenue and other income, compared to $58.1 million or 18.0% of revenue and other income for the same period last year. Excluding the divested MFC Nueterra ASCs and the current year PPP government stimulus income, EBITDA increased from the same period last year by $6.9 million or 12.2%, mainly due to higher facility service revenue.

Net income for the nine months ended September 30, 2024 was $32.5 million compared to net income of $23.7 million for the same period in 2023, with the increase mainly attributable to higher income from operations at the Facilities, inclusive of the current year recognition of PPP government stimulus income, and lower income tax expense, partly offset by higher finance costs, driven by the change in value of the exchangeable interest liability at the corporate level (refer to Section 5 "Consolidated Operating and Financial Review" of this MD&A under the heading "Change in Value of Exchangeable Interest Liability"), and the impact of the prior year gain recorded on the sale of the MFC Nueterra ASCs.

The Corporation generated cash available for distribution of Cdn$23.1 million for the nine months ended September 30, 2024, representing an increase of Cdn$5.5 million or 31.3% from Cdn$17.6 million for the same period in 2023. Distributions per common share increased between the periods by Cdn$0.018 to Cdn$0.258, while the payout ratio was 27.0% for the nine months ended September 30, 2024 compared to 34.6% for the same period last 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".

5. CONSOLIDATED OPERATING AND FINANCIAL REVIEW

For the Three Months Ended September 30, 2024

The following table and discussion compare operating and financial results of the Corporation for the three months ended September 30, 2024 to the three months ended September 30, 2023:

Unaudited	Three Months Ended September 30,			
In thousands of U.S. dollars, except per share amounts	**2024**	**2023**	**$ Change**	**% Change**
Revenue and other income				
Facility service revenue	103,573	104,579	(1,006)	(1.0%)
Government stimulus income	11,957	-	11,957	100.0%
	115,530	**104,579**	**10,951**	**10.5%**
Operating expenses				
Salaries and benefits	34,064	32,896	1,168	3.6%
Drugs and supplies	32,387	35,433	(3,046)	(8.6%)
General and administrative expenses [(1)]	18,665	18,508	157	0.8%
Depreciation of property and equipment	2,188	2,352	(164)	(7.0%)
Depreciation of right-of-use assets	2,555	2,711	(156)	(5.8%)
Amortization of other intangibles	136	137	(1)	(0.7%)
	89,995	**92,037**	**(2,042)**	**(2.2%)**
Income from operations	**25,535**	**12,542**	**12,993**	**103.6%**
Finance costs				
Change in value of exchangeable interest liability	4,935	3,298	1,637	49.6%
Interest expense on exchangeable interest liability	1,926	1,645	281	17.1%
Interest expense, net of interest income	1,100	1,450	(350)	(24.1%)
Impairment loss on loan receivable	-	786	(786)	(100.0%)
Loss on foreign currency	14	28	(14)	(50.0%)
	7,975	**7,207**	**768**	**10.7%**
Non-operating (gains) losses				
Gain on sale of subsidiaries and equity investments	-	(2,487)	2,487	100.0%
Share of equity loss in associates	-	320	(320)	(100.0%)
	-	**(2,167)**	**2,167**	**100.0%**
Income before income taxes	**17,560**	**7,502**	**10,058**	**134.1%**
Income tax expense	141	2,709	(2,568)	(94.8%)
Net income for the period	**17,419**	**4,793**	**12,626**	**263.4%**
Attributable to:				
Owners of the Corporation	7,246	(114)	7,360	6,456.1%
Non-controlling interest	10,173	4,907	5,266	107.3%
Basic earnings (loss) per share attributable to owners of the Corporation	$0.30	($0.01)	0.31	3,100.0%
Fully diluted earnings (loss) per share attributable to owners of the Corporation	$0.30	($0.01)	0.31	3,100.0%
Reconciliation of net income for the period to EBITDA [(2)]				
Net income for the period	17,419	4,793	12,626	263.4%
Income tax expense	141	2,709	(2,568)	(94.8%)
Non-operating (gains) losses	-	(2,167)	2,167	100.0%
Finance costs	7,975	7,207	768	10.7%
Depreciation of property and equipment	2,188	2,352	(164)	(7.0%)
Depreciation of right-of-use assets	2,555	2,711	(156)	(5.8%)
Amortization of other intangibles	136	137	(1)	(0.7%)
EBITDA [(2)]	**30,414**	**17,742**	**12,672**	**71.4%**

[(1)] *General and administrative expenses include non-controllable, non-cash corporate level charges related to share-based compensation plans of $0.7 million for the three months ended September 30, 2024 and $0.4 million for the three months ended September 30, 2023.*

[(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	Three Months Ended September 30,			
In thousands of U.S. dollars	**2024**	**2023**	**$ Change**	**% Change**
ASH	25,812	22,708	3,104	13.7%
OSH	21,567	19,002	2,565	13.5%
BHSH	26,752	25,401	1,351	5.3%
SFSH	37,930	34,103	3,827	11.2%
SCNC	2,910	2,144	766	35.7%
MFC Nueterra ASCs	559	1,221	(662)	(54.2%)
Revenue and other income	**115,530**	**104,579**	**10,951**	**10.5%**

For the three months ended September 30, 2024, revenue and other income increased from the same period in 2023 by $11.0 million or 10.5%, with the increase primarily attributable to the $12.0 million increase in government stimulus income from the recognition of PPP income in the current year. Facility service revenue decreased from the same period in 2023 by $1.0 million or 1.0%. Excluding the divested MFC Nueterra ASCs, facility service revenue increased from the same period last year by $0.2 million or 0.2%, mainly due to higher surgical and pain management case volume ($1.3 million), partly offset by the combined impact of case and payor mix ($0.9 million), as well as the sale of BHSH's Gillette UC in April 2024 ($0.2 million).

Excluding the divested MFC Nueterra ASCs, total surgical cases increased by 3.1%, as observation cases increased by 13.0%, and outpatient cases increased by 6.5%, but inpatient cases decreased by 22.1%. Surgical case volume was up at most Facilities, led by SFSH. Surgical case volume increases by payor over the same period last year came predominantly from Medicare and certain commercial payors, which increased by 6.5% and 1.5%, respectively. Pain management cases were up by 13.4% compared to the same period last year.

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

- ASH's revenue and other income increased mainly due to the current year recognition of PPP government stimulus income of $3.2 million, as well as the combined impact of case and payor mix, which included higher acuity cases. This was partly offset by lower surgical case volume, and a decrease in pain management cases.

- OSH's revenue and other income increased mainly due to the current year recognition of PPP government stimulus income of $3.3 million, as well as higher surgical case volume, and an increase in pain management cases. This was partly offset by the combined impact of case and payor mix, resulting in lower reimbursements per surgical case.

- BHSH's revenue increased mainly due to the combined impact of case and payor mix, which included more spine procedures, along with higher surgical and pain management case volume, and an increase in urgent care revenues. This was partly offset by the sale of Gillette UC in April 2024.

- SFSH's revenue and other income increased mainly due to the current year recognition of PPP government stimulus income of $4.1 million, as well as higher surgical and pain management case volume. This was partly offset by the combined impact of case and payor mix, which included more government payors.

- SCNC's revenue and other income increased mainly due to the current year recognition of PPP government stimulus income of $0.8 million, as well as higher surgical case volume. This was partly offset by the combined impact of case and payor mix, which reflected less orthopedic procedures.

- MFC Nueterra ASCs' revenue and other income decreased due to the Corporation's divestiture of the ASCs in 2023. The current year amount relates to the recognition of PPP government stimulus income of $0.6 million.

Operating Expenses

For the three months ended September 30, 2024, operating expenses, including salaries and benefits, drugs and supplies, general and administrative expenses ("G&A"), depreciation of property and equipment, depreciation of right-of-use assets, and amortization of other intangibles (collectively "operating expenses"), decreased by $2.0 million or 2.2% from the same period last year to $90.0 million. As a percentage of revenue and other income, operating expenses decreased to 77.9% from 88.0% in the same period a year earlier. Excluding the divested MFC Nueterra ASCs, operating expenses decreased from the same period last year by $1.0 million or 1.1%.

Unaudited	Three Months Ended September 30,					
In thousands of U.S. dollars	**2024**	**Percentage of Revenue**	**2023**	**Percentage of Revenue**	**$ Change**	**% Change**
ASH	17,993	69.7%	17,917	78.9%	76	0.4%
OSH	16,603	77.0%	18,966	99.8%	(2,363)	(12.5%)
BHSH	22,649	84.7%	22,700	89.4%	(51)	(0.2%)
SFSH	28,095	74.1%	27,175	79.7%	920	3.4%
SCNC	2,086	71.7%	2,085	97.2%	1	0.0%
MFC Nueterra ASCs	19	3.4%	1,019	83.5%	(1,000)	(98.1%)
Corporate	2,550	n/a	2,175	n/a	375	17.2%
Operating expenses	**89,995**	**77.9%**	**92,037**	**88.0%**	**(2,042)**	**(2.2%)**

Consolidated salaries and benefits increased by $1.2 million or 3.6%, primarily due to increases in clinical and non-clinical salaries and wages ($1.1 million) as a result of annual merit increases, full-time equivalent ("FTE") increases, and market wage pressures, as well as higher profit sharing and incentives ($0.4 million), and higher physician salaries ($0.2 million). This was partly offset by the impact of the divestiture of the MFC Nueterra ASCs in 2023 ($0.3 million), and the sale of BHSH's Gillette UC in April 2024 ($0.2 million). As a percentage of revenue and other income, consolidated salaries and benefits decreased to 29.5% from 31.5% a year earlier.

Consolidated drugs and supplies decreased by $3.0 million or 8.6%, primarily due to the impact of case mix ($2.9 million), which reflected lower acuity cases and improved cost savings at certain Facilities, as well as the impact of the divestiture of the MFC Nueterra ASCs in 2023 ($0.5 million), and higher vendor rebates ($0.3 million). This was partly offset by higher surgical case volume ($0.7 million). As a percentage of revenue and other income, the consolidated cost of drugs and supplies decreased to 28.0% from 33.9% a year earlier.

Consolidated G&A increased by $0.2 million or 0.8%. The increase in G&A was primarily due to higher lease related expenses ($0.4 million), higher corporate level costs related to share-based compensation plans ($0.2 million), as well as increases in costs for billing and other contracted services ($0.2 million), professional fees ($0.1 million), and marketing ($0.1 million). This was mostly offset by lower physician guarantees ($0.5 million), a decrease in building and equipment rentals ($0.2 million), and the sale of BHSH's Gillette UC in April 2024 ($0.1 million). As a percentage of revenue and other income, consolidated G&A decreased to 16.2% from 17.7% a year earlier.

Consolidated depreciation of property and equipment decreased by $0.2 million or 7.0%, mainly due to the impact of the divestiture of the MFC Nueterra ASCs in 2023, and certain fixed assets being fully depreciated, partly offset by the purchase of fixed assets. As a percentage of revenue and other income, consolidated depreciation of property and equipment decreased to 1.9% from 2.2% a year earlier.

Consolidated depreciation of right-of-use assets decreased by $0.2 million or 5.8%, mainly due to the impact of the divestiture of the MFC Nueterra ASCs in 2023, and the expiration and termination of certain other leases, partly offset by new lease additions. As a percentage of revenue and other income, consolidated depreciation of right-of-use assets decreased to 2.2% from 2.6% a year earlier.

Consolidated amortization of other intangibles remained consistent with the same period in 2023. As a percentage of revenue and other income, consolidated amortization of other intangibles remained unchanged from a year earlier at 0.1%.

Income from Operations

Consolidated income from operations for the three months ended September 30, 2024 of $25.5 million was $13.0 million or 103.6% higher than consolidated income from operations of $12.5 million recorded in the same period a year earlier, representing 22.1% of revenue and other income, compared to 12.0% in the same period in 2023. Excluding the divested MFC Nueterra ASCs, consolidated income from operations increased from the same period last year by $12.7 million, mainly due to the current year recognition of PPP government stimulus income, as well as higher income from operations at the Facilities, as a result of higher facility service revenue and a net decrease in operating expenses.

Unaudited	Three Months Ended September 30,					
In thousands of U.S. dollars	**2024**	**Percentage of Revenue**	**2023**	**Percentage of Revenue**	**$ Change**	**% Change**
ASH	7,819	30.3%	4,791	21.1%	3,028	63.2%
OSH	4,964	23.0%	36	0.2%	4,928	13,688.9%
BHSH	4,103	15.3%	2,701	10.6%	1,402	51.9%
SFSH	9,835	25.9%	6,928	20.3%	2,907	42.0%
SCNC	824	28.3%	59	2.8%	765	1,296.6%
MFC Nueterra ASCs	540	96.6%	202	16.5%	338	167.3%
Corporate	(2,550)	n/a	(2,175)	n/a	(375)	(17.2%)
Income from operations	**25,535**	**22.1%**	**12,542**	**12.0%**	**12,993**	**103.6%**

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 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 September 30, 2024 of $4.9 million increased by $1.6 million from the same period in 2023, attributable to variations in all three factors.

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

In thousands of U.S. dollars, except as indicated otherwise	**September 30, 2024** *Unaudited*	**June 30, 2024** *Unaudited*	**Change**	**September 30, 2023** *Unaudited*	**June 30, 2023** *Unaudited*	**Change**
Number of common shares to be issued for exchangeable interest liability	5,892,420	5,821,505	70,915	5,937,372	6,082,735	(145,363)
Closing price of the Corporation's common shares	C$13.49	C$12.65	C$0.84	C$9.46	C$8.29	C$1.17
Closing exchange rate of U.S. dollar to Canadian dollar	$1.3526	$1.3680	($0.0154)	$1.3579	$1.3247	$0.0332
Exchangeable interest liability	**58,767**	**53,832**	**4,935**	**41,364**	**38,066**	**3,298**

Interest Expense on Exchangeable Interest Liability

Interest expense on the exchangeable interest liability increased by $0.3 million mainly due to 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 $0.4 million mainly due to lower corporate credit facility interest expense due to the lower outstanding balance, along with lower interest expense on lease liabilities.

Impairment Loss on Loan Receivable

Impairment loss of $0.8 million was recorded in the prior year on the loan receivable from an associate as a result of re-evaluating the impairment loss allowance reserved (refer to Section 13 under the heading "Allowance for Loans Receivable" for a discussion on the calculation methodology).

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 decreased marginally due to the relative change in foreign exchange rates between the reporting periods.

Non-Operating (Gains) Losses

Gain on Sale of Subsidiaries and Equity Investments

A gain of $2.5 million was recorded on the sale of the MFC Nueterra ASCs in the prior year.

Share of Equity Loss in Associates

Share of equity loss in associates of $0.3 million recorded in the prior year pertains to a certain Facility's share of losses from an associate, subsequent to which the investment balance was nil.

Income Tax

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

Unaudited	**Three Months Ended September 30,**			
In thousands of U.S. dollars	**2024**	**2023**	**$ Change**	**% Change**
Current income tax expense	1,267	316	951	300.9%
Deferred income tax expense (recovery)	(1,126)	2,393	(3,519)	(147.1%)
Income tax expense	**141**	**2,709**	**(2,568)**	**(94.8%)**

The increase in current income tax expense versus the prior period was primarily due to higher income from operations at the Facilities. The decrease in deferred income tax expense versus the prior period was mainly due to the impact of the change in the exchangeable interest liability.

Net Income

The $12.6 million increase in net income for the period was mainly attributable to higher income from operations at the Facilities, inclusive of the current year recognition of PPP government stimulus income, along with lower income tax expense, partly offset by the impact of the prior year gain recorded on the sale of the MFC Nueterra ASCs.

EBITDA

EBITDA for the three months ended September 30, 2024 of $30.4 million increased by $12.7 million from $17.7 million recorded in the same period last year, representing 26.3% of revenue and other income compared to 17.0% a year earlier. Excluding the divested MFC Nueterra ASCs and the current year PPP government stimulus income, EBITDA increased from the same period last year by $1.2 million or 7.1%, mainly due to higher facility service revenue and a net decrease in operating expenses. For a reconciliation of EBITDA to an applicable IFRS measure, see Section 5 under "Reconciliation of net income for the period to EBITDA".

For the Nine Months Ended September 30, 2024

The following table and discussion compare operating and financial results of the Corporation for the nine months ended September 30, 2024 to the nine months ended September 30, 2023:

Unaudited	Nine Months Ended September 30,			
In thousands of U.S. dollars, except per share amounts	**2024**	**2023**	**$ Change**	**% Change**
Revenue and other income				
Facility service revenue	319,006	323,317	(4,311)	(1.3%)
Government stimulus income	11,957	-	11,957	100.0%
	330,963	**323,317**	**7,646**	**2.4%**
Operating expenses				
Salaries and benefits	100,411	99,098	1,313	1.3%
Drugs and supplies	101,210	109,441	(8,231)	(7.5%)
General and administrative expenses [(1)]	53,784	56,666	(2,882)	(5.1%)
Depreciation of property and equipment	6,680	7,227	(547)	(7.6%)
Depreciation of right-of-use assets	7,559	8,114	(555)	(6.8%)
Amortization of other intangibles	405	1,172	(767)	(65.4%)
	270,049	**281,718**	**(11,669)**	**(4.1%)**
Income from operations	**60,914**	**41,599**	**19,315**	**46.4%**
Finance costs				
Change in value of exchangeable interest liability	18,680	4,010	14,670	365.8%
Interest expense on exchangeable interest liability	5,681	5,226	455	8.7%
Interest expense, net of interest income	3,621	4,651	(1,030)	(22.1%)
Impairment loss on loan receivable	-	786	(786)	(100.0%)
Loss on foreign currency	68	42	26	61.9%
	28,050	**14,715**	**13,335**	**90.6%**
Non-operating losses (gains)				
Gain on sale of subsidiaries and equity investments	-	(2,487)	2,487	100.0%
Share of equity loss in associates	-	320	(320)	(100.0%)
	-	**(2,167)**	**2,167**	**100.0%**
Income before income taxes	**32,864**	**29,051**	**3,813**	**13.1%**
Income tax expense	340	5,363	(5,023)	(93.7%)
Net income for the period	**32,524**	**23,688**	**8,836**	**37.3%**
Attributable to:				
Owners of the Corporation	8,646	7,621	1,025	13.4%
Non-controlling interest	23,878	16,067	7,811	48.6%
Basic earnings per share attributable to owners of the Corporation	$0.36	$0.30	0.06	20.0%
Fully diluted earnings per share attributable to owners of the Corporation	$0.36	$0.30	0.06	20.0%
Reconciliation of net income for the period to EBITDA [(2)]				
Net income for the period	32,524	23,688	8,836	37.3%
Income tax expense	340	5,363	(5,023)	(93.7%)
Non-operating (gains) losses	-	(2,167)	2,167	100.0%
Finance costs	28,050	14,715	13,335	90.6%
Depreciation of property and equipment	6,680	7,227	(547)	(7.6%)
Depreciation of right-of-use assets	7,559	8,114	(555)	(6.8%)
Amortization of other intangibles	405	1,172	(767)	(65.4%)
EBITDA [(2)]	**75,558**	**58,112**	**17,446**	**30.0%**

(1) General and administrative expenses include non-controllable, non-cash corporate level charges related to share-based compensation plans of $2.0 million for the nine months ended September 30, 2024 and $0.4 million for the nine months ended September 30, 2023.

(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	Nine Months Ended September 30,			
In thousands of U.S. dollars	**2024**	**2023**	**$ Change**	**% Change**
ASH	71,151	66,623	4,528	6.8%
OSH	59,954	58,461	1,493	2.6%
BHSH	78,554	75,825	2,729	3.6%
SFSH	113,073	103,537	9,536	9.2%
SCNC	7,672	7,223	449	6.2%
MFC Nueterra ASCs	559	11,648	(11,089)	(95.2%)
Revenue and other income	**330,963**	**323,317**	**7,646**	**2.4%**

For the nine months ended September 30, 2024, revenue and other income increased from the same period in 2023 by $7.6 million or 2.4%, with the increase primarily attributable to the $12.0 million increase in government stimulus income from the recognition of PPP income in the current year. Facility service revenue decreased from the same period in 2023 by $4.3 million or 1.3%. Excluding the divested MFC Nueterra ASCs, facility service revenue increased from the same period last year by $7.3 million or 2.4%, mainly due to higher surgical and pain management case volume ($4.7 million), along with the combined impact of case and payor mix ($3.0 million), partly offset by the sale of BHSH's Gillette UC in April 2024 ($0.5 million).

Excluding the divested MFC Nueterra ASCs, total surgical cases increased by 3.4%, as observation cases increased by 12.9%, and outpatient cases increased by 6.9%, but inpatient cases decreased by 20.4%. Surgical case volume was up at certain Facilities, led by BHSH. Surgical case volume increases by payor over the same period last year came predominantly from Medicare and certain commercial payors, which increased by 6.1% and 2.6%, respectively. Pain management cases were up by 3.0% compared to the same period last year.

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

- ASH's revenue and other income increased mainly due to the current year recognition of PPP government stimulus income of $3.2 million, as well as the combined impact of case and payor mix, which included higher acuity cases. This was partly offset by lower surgical case volume, and a decrease in pain management cases.

- OSH's revenue and other income increased mainly due to the current year recognition of PPP government stimulus income of $3.3 million, as well as an increase in pain management cases. This was partly offset by lower surgical case volume, and the combined impact of case and payor mix, resulting in lower reimbursements per surgical case.

- BHSH's revenue increased mainly due to higher surgical case volume, an increase in pain management cases, and an increase in urgent care revenues. This was partly offset by the combined impact of case and payor mix which included more government payors, and the sale of Gillette UC in April 2024.

- SFSH's revenue and other income increased mainly due to the current year recognition of PPP government stimulus income of $4.1 million, as well as higher surgical case volume, and the impact of case mix. This was partly offset by the impact of payor mix, which included more government payors, and a decrease in pain management cases.

- SCNC's revenue and other income increased mainly due to the current year recognition of PPP government stimulus income of $0.8 million. This was partly offset by lower surgical case volume, and the combined impact of case and payor mix, which reflected less orthopedic procedures.

- MFC Nueterra ASCs' revenue and other income decreased due to the Corporation's divestiture of the ASCs in 2023. The current year amount relates to the recognition of PPP government stimulus income of $0.6 million.

Operating Expenses

For the nine months ended September 30, 2024, operating expenses decreased by $11.7 million or 4.1% from the same period last year to $270.0 million. As a percentage of revenue and other income, operating expenses decreased to 81.6% from 87.1% in the same period a year earlier. Excluding the divested MFC Nueterra ASCs, operating expenses decreased from the same period last year by $0.5 million or 0.2%.

Unaudited	Nine Months Ended September 30,					
In thousands of U.S. dollars	**2024**	**Percentage of Revenue**	**2023**	**Percentage of Revenue**	**$ Change**	**% Change**
ASH	54,846	77.1%	53,288	80.0%	1,558	2.9%
OSH	51,532	86.0%	56,059	95.9%	(4,527)	(8.1%)
BHSH	64,709	82.4%	65,229	86.0%	(520)	(0.8%)
SFSH	85,145	75.3%	81,607	78.8%	3,538	4.3%
SCNC	6,547	85.3%	6,473	89.6%	74	1.1%
MFC Nueterra ASCs	219	39.2%	11,426	98.1%	(11,207)	(98.1%)
Corporate	7,051	n/a	7,636	n/a	(585)	(7.7%)
Operating expenses	**270,049**	**81.6%**	**281,718**	**87.1%**	**(11,669)**	**(4.1%)**

Consolidated salaries and benefits increased by $1.3 million or 1.3%, primarily due to increases in clinical and non-clinical salaries and wages ($3.7 million) as a result of annual merit increases, FTE increases, and market wage pressures, as well as higher physician salaries ($0.6 million), higher benefit costs from increased health plan utilization ($0.5 million), and the forfeiture of stock options relating to the former Chief Development Officer ("Former CDO") in the prior year ($0.5 million). This was partly offset by the impact of the divestiture of the MFC Nueterra ASCs in 2023 ($2.9 million), along with the separation costs for the Former CDO in the prior year ($0.8 million), and the sale of BHSH's Gillette UC in April 2024 ($0.4 million). As a percentage of revenue and other income, consolidated salaries and benefits decreased to 30.3% from 30.7% a year earlier.

Consolidated drugs and supplies decreased by $8.2 million or 7.5%, primarily due to the impact of case mix ($4.8 million), which reflected lower acuity cases and improved cost savings at certain Facilities, as well as the impact of the divestiture of the MFC Nueterra ASCs in 2023 ($4.6 million). This was partly offset by higher surgical case volume ($1.2 million). As a percentage of revenue and other income, the consolidated cost of drugs and supplies decreased to 30.6% from 33.8% a year earlier.

Consolidated G&A decreased by $2.9 million or 5.1%. The decrease in G&A was primarily due to the impact of the divestiture of the MFC Nueterra ASCs in 2023 ($2.9 million), along with decreases in various Facility related expenses ($1.1 million), cost saving initiatives at the corporate level ($0.9 million), lower physician guarantees ($0.8 million), a decrease in building and equipment rentals ($0.3 million), and the sale of BHSH's Gillette UC in April 2024 ($0.2 million). This was partly offset by higher corporate level costs related to share-based compensation plans driven by the increase in the Corporation's share price in the current period as compared to the same period last year ($1.6 million), as well as increases in costs for contracted services ($1.1 million), and repairs and maintenance ($0.5 million). As a percentage of revenue and other income, consolidated G&A decreased to 16.3% from 17.5% a year earlier.

Consolidated depreciation of property and equipment decreased by $0.5 million or 7.6%, mainly due to the impact of the divestiture of the MFC Nueterra ASCs in 2023, and certain fixed assets being fully depreciated, partly offset by the purchase of fixed assets. As a percentage of revenue and other income, consolidated depreciation of property and equipment decreased to 2.0% from 2.2% a year earlier.

Consolidated depreciation of right-of-use assets decreased by $0.6 million or 6.8%, mainly due to the impact of the divestiture of the MFC Nueterra ASCs in 2023, and the expiration and termination of certain other leases, partly offset by new lease additions. As a percentage of revenue and other income, consolidated depreciation of right-of-use assets decreased to 2.3% from 2.5% a year earlier.

Consolidated amortization of other intangibles decreased by $0.8 million or 65.4%, mainly due to the impact of the divestiture of the MFC Nueterra ASCs in 2023. As a percentage of revenue and other income, consolidated amortization of other intangibles decreased to 0.1% from 0.4% a year earlier.

Income from Operations

Consolidated income from operations for the nine months ended September 30, 2024 of $60.9 million was $19.3 million or 46.4% higher than consolidated income from operations of $41.6 million recorded in the same period a year earlier, representing 18.4% of revenue and other income, compared to 12.9% in the same period in 2023. Excluding the divested MFC Nueterra ASCs, consolidated income from operations increased from the same period last year by $19.2 million, mainly due to the current year recognition of PPP government stimulus income, along with higher income from operations at the Facilities, driven by higher facility service revenue, as well as cost saving initiatives at the corporate level.

Unaudited	Nine Months Ended September 30,					
In thousands of U.S. dollars	**2024**	**Percentage of Revenue**	**2023**	**Percentage of Revenue**	**$ Change**	**% Change**
ASH	16,305	22.9%	13,335	20.0%	2,970	22.3%
OSH	8,422	14.0%	2,402	4.1%	6,020	250.6%
BHSH	13,845	17.6%	10,596	14.0%	3,249	30.7%
SFSH	27,928	24.7%	21,930	21.2%	5,998	27.4%
SCNC	1,125	14.7%	750	10.4%	375	50.0%
MFC Nueterra ASCs	340	60.8%	222	1.9%	118	53.2%
Corporate	(7,051)	n/a	(7,636)	n/a	585	7.7%
Income from operations	**60,914**	**18.4%**	**41,599**	**12.9%**	**19,315**	**46.4%**

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 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 nine months ended September 30, 2024 of $18.7 million increased by $14.7 million from the same period in 2023, attributable to variations in all three factors.

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

In thousands of U.S. dollars, except as indicated otherwise	**September 30, 2024** *Unaudited*	**December 31, 2023**	**Change**	**September 30, 2023** *Unaudited*	**December 31, 2022**	**Change**
Number of common shares to be issued for exchangeable interest liability	5,892,420	5,913,560	(21,140)	5,937,372	6,297,268	(359,896)
Closing price of the Corporation's common shares	C$13.49	C$8.98	C$4.51	C$9.46	C$8.04	C$1.42
Closing exchange rate of U.S. dollar to Canadian dollar	$1.3526	$1.3247	$0.0279	$1.3579	$1.3554	$0.0025
Exchangeable interest liability	**58,767**	**40,087**	**18,680**	**41,364**	**37,354**	**4,010**

Interest Expense on Exchangeable Interest Liability

Interest expense on the exchangeable interest liability increased by $0.5 million mainly due to 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 $1.0 million mainly because of lower corporate credit facility interest expense due to the lower outstanding balance, along with lower interest expense on lease liabilities, partly offset by higher interest expense at the Facility level.

Impairment Loss on Loan Receivable

Impairment loss of $0.8 million was recorded in the prior year on the loan receivable from an associate as a result of re-evaluating the impairment loss allowance reserved (refer to Section 13 under the heading "Allowance for Loans Receivable" for a discussion on the calculation methodology).

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.

Non-Operating (Gains) Losses

Gain on Sale of Subsidiaries and Equity Investments

A gain of $2.5 million was recorded on the sale of the MFC Nueterra ASCs in the prior year.

Share of Equity Loss in Associates

Share of equity loss in associates of $0.3 million recorded in the prior year pertains to a certain Facility's share of losses from an associate, subsequent to which the investment balance was nil.

Income Tax

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

Unaudited	Nine Months Ended September 30,			
In thousands of U.S. dollars	**2024**	**2023**	**$ Change**	**% Change**
Current income tax expense	4,035	2,309	1,726	74.8%
Deferred income tax expense (recovery)	(3,695)	3,054	(6,749)	(221.0%)
Income tax expense	**340**	**5,363**	**(5,023)**	**(93.7%)**

The increase in current income tax expense versus the prior period was primarily due to higher income from operations at the Facilities. The decrease in deferred income tax expense versus the prior period was mainly due to the impact of the change in the exchangeable interest liability.

Net Income

The $8.8 million increase in net income for the period was mainly attributable to higher income from operations at the Facilities, inclusive of the current year recognition of PPP government stimulus income, and lower income tax expense, partly offset by higher finance costs, driven by the change in value of the exchangeable interest

liability at the corporate level (refer to Section 5 "Consolidated Operating and Financial Review" of this MD&A under the heading "Change in Value of Exchangeable Interest Liability"), and the impact of the prior year gain recorded on the sale of the MFC Nueterra ASCs.

EBITDA

EBITDA for the nine months ended September 30, 2024 of $75.6 million increased by $17.5 million from $58.1 million recorded in the same period last year, representing 22.8% of revenue and other income compared to 18.0% a year earlier. Excluding the divested MFC Nueterra ASCs and the current year PPP government stimulus income, EBITDA increased from the same period last year by $6.9 million or 12.2%, mainly due to higher facility service revenue. For a reconciliation of EBITDA to an applicable IFRS measure, see Section 5 under "Reconciliation of net income for the period to EBITDA".

6. QUARTERLY OPERATING AND FINANCIAL RESULTS

Summary of Quarterly Operating and Financial Results

Unaudited	2024			2023				2022
In thousands of U.S. dollars, except per share amounts	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**
Revenue and other income								
Facility service revenue	103,573	107,175	108,258	122,265	104,579	109,488	109,250	119,434
Government stimulus income, net of reversals	11,957	-	-	-	-	-	-	(12,335)
	115,530	**107,175**	**108,258**	**122,265**	**104,579**	**109,488**	**109,250**	**107,099**
Operating expenses								
Salaries and benefits	34,064	33,199	33,148	34,937	32,896	32,680	33,522	33,736
Drugs and supplies	32,387	33,997	34,826	39,459	35,433	37,006	37,002	41,040
General and administrative expenses	18,665	17,111	18,008	17,335	18,508	18,577	19,581	17,042
Impairment of goodwill, other intangibles and equipment	-	-	-	-	-	-	-	16,549
Depreciation of property and equipment	2,188	2,224	2,268	2,301	2,352	2,428	2,447	2,300
Depreciation of right-of-use assets	2,555	2,531	2,473	2,587	2,711	2,727	2,676	2,898
Amortization of other intangibles	136	136	133	136	137	518	517	161
	89,995	**89,198**	**90,856**	**96,755**	**92,037**	**93,936**	**95,745**	**113,726**
Income (loss) from operations	**25,535**	**17,977**	**17,402**	**25,510**	**12,542**	**15,552**	**13,505**	**(6,627)**
Finance costs (income)								
Change in value of exchangeable interest liability	4,935	8,559	5,186	(1,277)	3,298	2,015	(1,303)	(11,036)
Interest expense on exchangeable interest liability	1,926	1,707	2,048	2,017	1,645	1,731	1,850	1,944
Interest expense, net of interest income	1,100	1,234	1,287	1,505	1,450	1,565	1,636	1,668
Impairment loss (gain) on loans receivable	-	-	-	-	786	-	-	(1,394)
Loss (gain) on foreign currency	14	11	43	(8)	28	10	4	(6)
	7,975	**11,511**	**8,564**	**2,237**	**7,207**	**5,321**	**2,187**	**(8,824)**
Non-operating (gains) losses								
Gain on sale of subsidiaries and equity investments	-	-	-	-	(2,487)	-	-	-
Share of equity loss in associates	-	-	-	-	320	-	-	303
	-	**-**	**-**	**-**	**(2,167)**	**-**	**-**	**303**
Income before income taxes	**17,560**	**6,466**	**8,838**	**23,273**	**7,502**	**10,231**	**11,318**	**1,894**
Income tax expense (recovery)	141	(178)	377	2,962	2,709	1,002	1,652	5,231
Net income (loss) for the period	**17,419**	**6,644**	**8,461**	**20,311**	**4,793**	**9,229**	**9,666**	**(3,337)**
Attributable to:								
Owners of the Corporation	7,246	(370)	1,770	10,882	(114)	3,324	4,411	(2,274)
Non-controlling interest	10,173	7,014	6,691	9,429	4,907	5,905	5,255	(1,063)
Earnings (loss) per share attributable to owners of the Corporation:								
Basic	$0.30	($0.02)	$0.07	$0.44	($0.01)	$0.13	$0.17	($0.08)
Fully diluted	$0.30	($0.02)	$0.07	$0.39	($0.01)	$0.13	$0.17	($0.26)
Reconciliation of net income (loss) for the period to EBITDA and Adjusted EBITDA [(1)]								
Net income (loss) for the period	17,419	6,644	8,461	20,311	4,793	9,229	9,666	(3,337)
Income tax expense (recovery)	141	(178)	377	2,962	2,709	1,002	1,652	5,231
Non-operating (gains) losses	-	-	-	-	(2,167)	-	-	303
Finance costs (income)	7,975	11,511	8,564	2,237	7,207	5,321	2,187	(8,824)
Depreciation of property and equipment	2,188	2,224	2,268	2,301	2,352	2,428	2,447	2,300
Depreciation of right-of-use assets	2,555	2,531	2,473	2,587	2,711	2,727	2,676	2,898
Amortization of other intangibles	136	136	133	136	137	518	517	161
EBITDA [(1)]	**30,414**	**22,868**	**22,276**	**30,534**	**17,742**	**21,225**	**19,145**	**(1,268)**
Impairment of goodwill, other intangibles and equipment	-	-	-	-	-	-	-	16,549
Adjusted EBITDA [(1)]	**30,414**	**22,868**	**22,276**	**30,534**	**17,742**	**21,225**	**19,145**	**15,281**

[(1)] *Non-IFRS financial measures. 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:

- Facility service 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, facility service 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, some of which was recorded as government stimulus income in 2020, 2021 and 2022. Subsequently, in the fourth quarter of 2022, the Corporation recorded a reversal of PPP government stimulus income. However, all of the Facilities' outstanding PPP loans were recognized as government stimulus income again in the third quarter of 2024 (refer to Section 3 of this MD&A under the heading "Government Stimulus").
- The changes in operating expenses are generally consistent with fluctuations in case volumes and case mix. Operating expenses have also been impacted by costs related to SFSH's accountable care organization ("ACO"), as well as a management agreement for SFSH's orthopedic service line (refer to Section 12 of this MD&A under heading "Related Party Transactions"). Operating expenses and revenue have been further impacted by SFSH moving their anesthesia service and related billing in-house, in order to secure uninterrupted services, beginning January 2023.
- Since the fourth quarter of 2022, the Corporation has executed its plan to reduce overhead costs primarily through a reorganization of executive staff, as well as reductions across all other departments, resulting in significant savings in salaries and benefits, and G&A at the corporate level.
- Due to the underperformance at certain MFC Nueterra ASCs, management assessed and recorded an impairment of goodwill, other intangibles and equipment in 2022.
- In addition, revenue and operating expenses have been impacted by sales of assets and non-controlling interests in 2022, and the divestiture of the MFC Nueterra ASCs in 2023.
- 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 2022, 2023 and 2024, the fluctuations in the change in value of the exchangeable interest liability were attributable to variations in all three factors.
- 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 changes in impairment loss (gain) on loans receivable are mainly a result of re-evaluating the impairment loss allowance reserved on the loans receivable from associates at the end of each reporting period. As of December 31, 2023, the loans were fully impaired or settled.
- 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 and Canadian cumulative tax operating loss carryforwards, 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 cash provided by operating activities:

		Three Months Ended September 30,		Nine Months Ended September 30,	
Unaudited *In thousands of U.S. dollars, except as indicated otherwise*		**2024** **$**	**2023** **$**	**2024** **$**	**2023** **$**
NET CASH PROVIDED BY OPERATING ACTIVITIES	**USD**	**21,991**	**15,768**	**61,316**	**52,884**
Non-controlling interest in cash flows of the Facilities [1][2]		(7,448)	(6,783)	(25,243)	(21,278)
Interest expense on exchangeable interest liability [3]		1,926	1,645	5,681	5,226
Payment of lease liabilities [4]		(2,916)	(3,033)	(9,069)	(9,478)
Maintenance capital expenditures [5]		(402)	(981)	(2,245)	(3,820)
Difference between accrual-based amounts and actual cash flows related to interest and taxes [6]		231	493	754	1,621
Net changes in non-cash operating working capital [7][8]		(7,548)	(1,333)	(10,202)	(7,303)
Stock options expense, net of gain on forfeitures [9]		-	(27)	(26)	490
Repayments of notes payable by the Facilities [10]		(1,332)	(1,702)	(3,989)	(5,265)
CASH AVAILABLE FOR DISTRIBUTION	**USD**	**4,502**	**4,047**	**16,977**	**13,077**
	CDN	**6,141**	**5,429**	**23,096**	**17,596**
DISTRIBUTIONS	**CDN**	**2,115**	**2,014**	**6,249**	**6,094**
CASH AVAILABLE FOR DISTRIBUTION PER COMMON SHARE [11]	**CDN**	**$0.258**	**$0.217**	**$0.954**	**$0.694**
DISTRIBUTIONS PER COMMON SHARE [11]	**CDN**	**$0.089**	**$0.080**	**$0.258**	**$0.240**
PAYOUT RATIO		**34.5%**	**36.9%**	**27.0%**	**34.6%**
Average exchange rate of Cdn$ to US$ for the period		1.3641	1.3414	1.3604	1.3456
Basic weighted average number of common shares outstanding		23,769,680	25,066,567	24,216,587	25,368,942

(1) *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.*

(2) *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 three and nine months ended September 30, 2024, for comparability with prior periods.*

(3) *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.*

(4) *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 interim condensed consolidated statements of cash flows.*

(5) *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 interim condensed consolidated statements of cash flows.*

(6) *Cash flows from operating activities, as presented in the Corporation's interim condensed 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.*

(7) *While changes in non-cash operating working capital are included in the calculation of net cash provided by operating activities in the Corporation's interim condensed 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.*

(8) *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 three and nine months ended September 30, 2024, for comparability with prior periods.*

(9) *Stock options expense, net of gain on forfeitures, represents a charge included in salaries and benefits in the period which does not have a cash impact until the underlying stock options 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 interim condensed consolidated statements of changes in equity.*

(10) *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 interim condensed consolidated statements of cash flows.*

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

Cash available for distribution for the three months ended September 30, 2024 (Cdn$6.1 million) increased by Cdn$0.7 million compared to the cash available for distribution for the same period last year (Cdn$5.4 million). On a per common share basis, cash available for distribution of Cdn$0.258 increased by Cdn$0.041, or 18.9% from the same period last year of Cdn$0.217. The distributions per common share increased between the periods by Cdn$0.009 to Cdn$0.089, resulting in a payout ratio of 34.5% for the three months ended September 30, 2024 as compared to a payout ratio of 36.9% in the same period in 2023.

Cash available for distribution for the nine months ended September 30, 2024 (Cdn$23.1 million) increased by Cdn$5.5 million compared to the cash available for distribution for the same period last year (Cdn$17.6 million). On a per common share basis, cash available for distribution of Cdn$0.954 increased by Cdn$0.260, or 37.5% from the same period last year of Cdn$0.694. The distributions per common share increased between the periods by Cdn$0.018 to Cdn$0.258, resulting in a payout ratio of 27.0% for the nine months ended September 30, 2024 as compared to a payout ratio of 34.6% in the same period in 2023.

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 September 30,		**Nine Months Ended September 30,**	
Unaudited	**2024**	**2023**	**2024**	**2023**
In thousands of U.S. dollars	**$**	**$**	**$**	**$**
Cash flows from the Facilities:				
Income before interest expense, depreciation and amortization [1]	20,965	19,799	70,496	64,335
Debt service costs:				
Interest	(427)	(447)	(1,475)	(1,335)
Repayment of non-revolving debt	(1,332)	(1,702)	(3,989)	(5,265)
Maintenance capital expenditures	(402)	(981)	(2,245)	(3,820)
Payment of lease liabilities	(2,901)	(2,974)	(9,035)	(9,312)
Non-cash loss (gain)	6	(22)	6	(22)
Cash available for distribution at the Facility level	**15,909**	**13,673**	**53,758**	**44,581**
Non-controlling interest in cash available for distribution at the Facility level [2]	(7,448)	(6,783)	(25,243)	(21,278)
Corporation's share of the cash available for distribution at the Facility level	**8,461**	**6,890**	**28,515**	**23,303**
Corporate expenses	(2,591)	(2,117)	(7,050)	(6,431)
Interest on corporate credit facility	(101)	(410)	(453)	(1,486)
Provision for current income taxes	(1,267)	(316)	(4,035)	(2,309)
Cash available for distribution	**4,502**	**4,047**	**16,977**	**13,077**

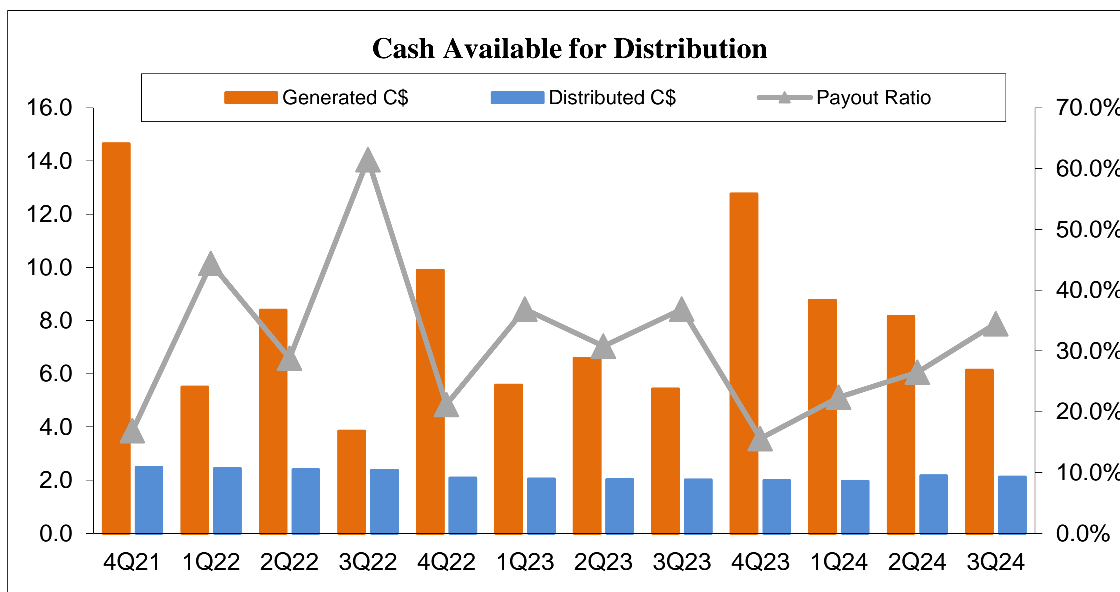
[1] *Excludes the non-cash impact of PPP income recorded under government stimulus income of $12.0 million for the three and nine months ended September 30, 2024, for comparability with prior periods.*

[2] *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 three and nine months ended September 30, 2024, for comparability with prior periods.*

Compared to the three months ended September 30, 2023, the cash available for distribution in U.S. dollars for the same period this year increased by $0.5 million or 11.2%, mainly due to higher income from Facilities, lower debt service costs and maintenance capital expenditures at the Facilities, and lower interest on the corporate credit facility, partly offset by an increase in corporate expenses related to share-based compensation plans, and higher current taxes.

Compared to the nine months ended September 30, 2023, the cash available for distribution in U.S. dollars for the same period this year increased by $3.9 million or 29.8% mainly due to higher income from Facilities, lower debt service costs and maintenance capital expenditures at the Facilities, and lower interest on the corporate credit facility, partly offset by an increase in corporate expenses related to share-based compensation plans, and higher 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 the annual 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, which remains resilient in light of inflationary pressures. Anticipated continuing interest rate cuts as well as consumer, business and government spending are all factors that may inadvertently impact the Corporation. 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* ("PPACA"), 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, overall population growth and advances in science and technology.

Changes in the U.S. federal government's political priorities could have potential implications on the healthcare industry.

Hospitals throughout the U.S. continue to face a shortage of nurses and other healthcare workers, impacting the ability of hospitals to operate at full capacity. The shortage has led hospitals, including 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 shortage is indeterminable at this time.

On September 29, 2024, Baxter International Inc. ("Baxter"), the leading supplier of intravenous saline fluids ("IV fluids") to hospitals in the U.S., announced that its manufacturing facility in North Carolina was affected by flooding due to the impact of Hurricane Helene, resulting in the facility being temporarily closed for production. As a result, Baxter restricted its supply of certain IV fluids to 60% of normal allocation levels for most U.S. healthcare providers.

Baxter is working with the U.S. government to mitigate supply disruption to healthcare providers, including bringing in supplies from overseas. Other manufacturers of IV fluids have also ramped up production to help cover the shortage. Baxter is aiming to return to a range between 90% and 100% of normal allocation levels for certain IV fluids by the end of 2024.

The Facilities, although not immediately facing a shortfall of IV fluids, expect to be impacted by this nationwide shortage moving forward. They have acted quickly to implement conservation measures and also procure IV fluids from alternative suppliers, albeit at a premium, in order to prevent deferment or cancelation of surgical procedures. The full duration and impact of this shortage is indeterminable at this time.

Management Strategies

Management is committed to increasing shareholder value, primarily through continued organic growth at its current Facilities. On September 13, 2022, the Corporation announced that it had made a determination to shift its focus away from deploying a growth strategy through acquisitions. This change in corporate strategy included the following:

- suspension of acquisitions;
- divestiture of non-core assets;
- pursuit of overhead cost reductions; and
- evaluation and implementation of strategies to return capital to its 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

Management expects that it will be able to utilize potential carryforwards of disallowed current year interest expense deductions to future years. Pursuant to the *Tax Cuts and Jobs Act*, 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) will be limited to 30% of adjusted taxable income, which generally represented EBITDA until 2022, versus earnings before interest and taxes thereafter (2023 and beyond). 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.

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 the annual 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:

Unaudited *In thousands of U.S. dollars*	**September 30, 2024** *Unaudited*	**December 31, 2023**
Cash and cash equivalents at the Facility level	13,934	14,583
Cash and cash equivalents at the corporate level	4,734	9,530
Cash and cash equivalents	**18,668**	**24,113**

Cash Flow Activity

Cash Flow

Unaudited	**Nine Months Ended September 30,**			
In thousands of U.S. dollars	**2024**	**2023**	**$ Change**	**% Change**
Cash provided by operating activities	61,316	52,884	8,432	15.9%
Cash used in investing activities	(5,920)	(12,342)	6,422	52.0%
Cash used in financing activities	(60,773)	(48,447)	(12,326)	(25.4%)
Decrease in cash and cash equivalents	**(5,377)**	**(7,905)**	**2,528**	**32.0%**
Effect of exchange rate fluctuations on cash balances held	(68)	(42)	(26)	(61.9%)
Cash and cash equivalents, beginning of the period	24,113	34,926	(10,813)	(31.0%)
Cash and cash equivalents, end of the period	**18,668**	**26,979**	**(8,311)**	**(30.8%)**

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 nine months ended September 30, 2024 increased by $8.4 million compared to the same period in 2023, primarily due to higher income from the Facilities' operations.

As of September 30, 2024, the Corporation had consolidated net working capital of $11.4 million compared to $19.8 million as of December 31, 2023. The change in consolidated net working capital was mainly due to decreases in cash and cash equivalents, accounts receivable, and prepaid expenses and other receivables, and increases in the current portion of long-term debt, accrued liabilities, and obligation for purchase of common shares. This was partly offset by decreases in accounts payable, and the current portion of lease liabilities. 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 September 30, 2024, accounts receivable were $50.3 million (December 31, 2023: $61.8 million), accounts payable and accrued liabilities totaled $41.3 million (December 31, 2023: $43.8 million), total assets were $331.5 million (December 31, 2023: $354.9 million) and total long-term liabilities, excluding exchangeable interest liability, were $86.4 million (December 31, 2023: $113.5 million).

Investing Activities

The $6.4 million decrease in cash used in investing activities for the nine months ended September 30, 2024 compared to the same period in 2023 was mainly due to a decrease in purchases of property and equipment ($8.8 million), partly offset by the proceeds from the sale of the MFC Nueterra ASCs in the prior year, net of cash disposed ($2.4 million).

Financing Activities

The $12.3 million increase in cash used in financing activities for the nine months ended September 30, 2024 compared to the same period in 2023 was mainly due to increases in the purchase of common shares under normal course issuer bids ($5.9 million), as well as higher net repayments of credit facilities and other borrowings at both the Facilities and the corporate level ($5.8 million), and distributions to non-controlling interest ($1.1 million), partly offset by decreases in payment of lease liabilities ($0.4 million).

The Facilities have available credit facilities in place in the aggregate amount of $26.9 million, of which $12.2 million was drawn as of September 30, 2024. The balances available under the credit facilities, combined with cash and cash equivalents as of September 30, 2024, 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.

The Corporation has in place a $75.0 million line of credit with a syndicate of two Canadian chartered banks which matures on August 31, 2025 ("Credit Facility"). The Credit Facility can be used for general corporate

purposes, including working capital and capital expenditures, finance of acquisitions, and/or repurchase of the Corporation's common shares. As of September 30, 2024, $4.0 million was drawn and remained outstanding for the Credit Facility. The Corporation repaid $12.0 million of its outstanding balance during the nine months ended September 30, 2024. As of September 30, 2024, 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 September 30, 2024, are as follows:

Unaudited		Future payments (including principal and interest)				
In thousands of U.S. dollars **Contractual Obligations**	**Carrying values at September 30, 2024 $**	**Total $**	**Less than 1 year $**	**2-3 years $**	**4-5 years $**	**After 5 years $**
Dividends payable	1,563	1,563	1,563	-	-	-
Accounts payable	18,914	18,914	18,914	-	-	-
Accrued liabilities	22,353	22,353	22,353	-	-	-
Income tax payable	264	264	264	-	-	-
Obligation for purchase of common shares	3,550	3,550	3,550	-	-	-
Corporate credit facility	4,000	4,228	4,228	-	-	-
Facilities' revolving credit facilities	12,174	12,477	11,060	1,417	-	-
Notes payable	38,574	43,079	6,350	17,582	19,147	-
Lease liabilities	42,700	49,587	10,036	17,914	13,959	7,678
Total contractual obligations	**144,092**	**156,015**	**78,318**	**36,913**	**33,106**	**7,678**

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 the annual 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 September 30, 2024:

Optionee	Number of Options Held	Number of Options Vested	Exercise Price	Grant Date
Chief Financial Officer	300,000	300,000	C$12.79	June 24, 2019
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	**744,906**	**744,906**		

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 September 30, 2024, all of the Options are vested.

As of September 30, 2024, the Corporation had 23,493,862 common shares outstanding.

Normal Course Issuer Bids

The Corporation has a normal course issuer bid for up to 2,481,256 of its common shares in effect from December 1, 2023 to November 30, 2024. During the nine months ended September 30, 2024, the Corporation purchased 1,230,600 of its common shares for a total consideration of $11.3 million from the open market under this normal course issuer bid. During the nine months ended September 30, 2023, the Corporation purchased 891,700 of its common shares for a total consideration of $5.5 million from the open market under a previous normal course issuer bid.

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 period from January 1, 2024 to September 30, 2024 totaled Cdn$0.2605 per common share. Cash distributions declared in the period from July 1, 2024 to September 30, 2024 totaled Cdn$0.09 per common share.

Dividend Reinvestment and Share Purchase Plan

The Corporation has a Dividend Reinvestment and Share Purchase Plan which allows 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 interim condensed consolidated balance sheet as of September 30, 2024 consist of cash and cash equivalents, accounts receivable, dividends payable, accounts payable, accrued liabilities, income tax payable, obligation for purchase of common shares, borrowings (including long-term debt and corporate credit facility) and exchangeable interest liability.

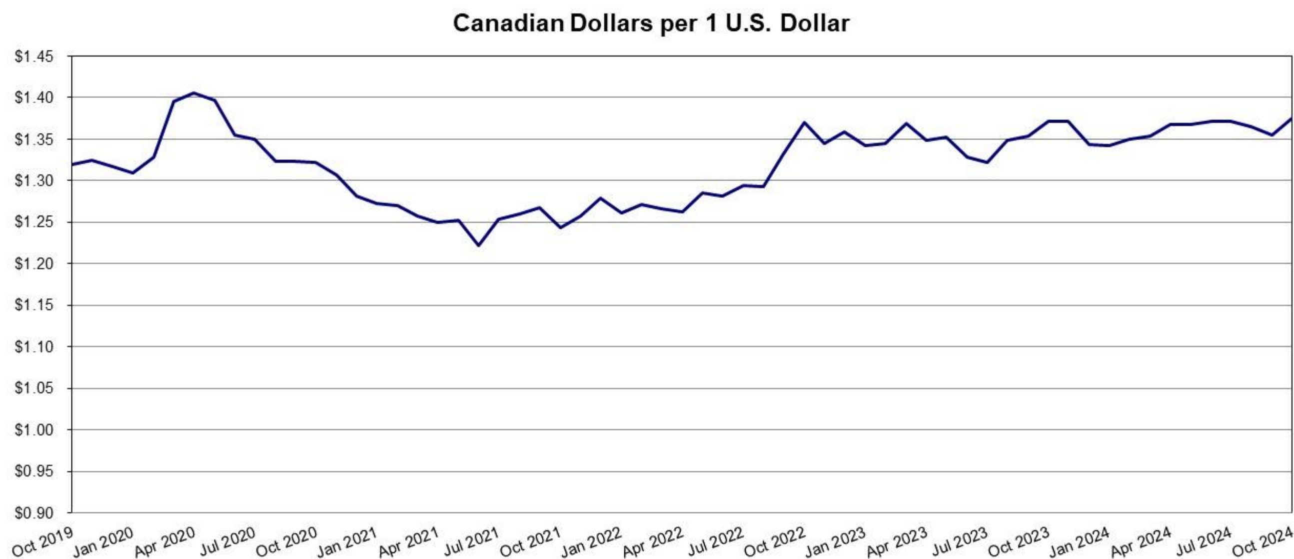
The fair value of the exchangeable interest liability is determined based on the closing trading price of the Corporation's common share price at each reporting period. The fair values of long-term debt (notes payable and term loans) are not significantly different than their carrying values, as these 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 October 2019:



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 September 30, 2024, the Corporation did not hold any foreign exchange forward contracts.

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

A member of the Corporation's board of directors is a minority owner of a Facility of the Corporation and a member of an ownership group that owns and leases hospital real estate to the Facility, for which the Facility paid rent for the nine months ended September 30, 2024 of $3.4 million (September 30, 2023: $3.4 million).

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.

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 PPACA. 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:

Unaudited *In thousands of U.S. dollars*		**Three Months Ended September 30,**		**Nine Months Ended September 30,**	
Entity	**Nature of services or goods received/provided**	**2024 $**	**2023 $**	**2024 $**	**2023 $**
ASH	Lease of hospital building and office space, and physician clinic services.	860	1,109	2,812	3,338
OSH	Lease of hospital building and office space.	636	636	1,908	1,908
BHSH	Provision of management services, physical therapy services, travel reimbursements, physician recruitment and support, and rental of real estate.	182	409	938	1,390
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.	3,163	3,051	9,600	9,481
MFC Nueterra ASCs	Provision of management services, and lease of ASC building.	-	53	-	810
Total		**4,841**	**5,258**	**15,258**	**16,927**

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 20.23 to the annual 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.

Allowance for Loans Receivable

At each reporting date, management assesses and calculates any changes in the loss allowance for the loans receivable from associates, which were recognized as credit-impaired on initial recognition, using the lifetime expected credit loss ("ECL") model. Based on the effective interest rate that incorporated lifetime ECLs at initial recognition, management calculates the impairment loss allowance at each reporting date, using probability-weighted scenarios of cash flows from the loans receivable. The difference between the computed loan balance net of the loss allowance and the carrying value of the loan as of the reporting date is recorded as an impairment gain or loss.

Management is required to use judgment in determining the scenarios and their probabilities, which is reassessed at each reporting date. Factors related to the associates that are considered in assessing the probability-weighted scenarios included: cash and liquidity position; historical and projected operating results and free cash flows; compliance with financial covenants as stipulated by the loan agreement; ability to make timely principal and interest payments; and ability to obtain alternative financing at maturity.

As of December 31, 2023, the loans receivable from associates were fully impaired or settled.

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 five 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 September 30, 2024, 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 quarterly 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.

There have been no changes in the Corporation's ICFR during the period beginning on July 1, 2024 and ending on September 30, 2024, that have materially affected, or are reasonably likely to materially affect, the Corporation's ICFR.

15. RISK FACTORS

The Corporation's annual MD&A contains a summary of risk factors pertaining to the Corporation, which 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. There have been no changes in the nature or the number of risk factors pertaining to the Corporation since the date of the most recently filed annual information form (March 28, 2024). The disclosures in this MD&A are subject to the risk factors outlined in those materials.

16. NEW AND REVISED IFRS NOT YET ADOPTED

The Corporation has not adopted certain new and revised IFRS, as detailed in Note 20.24 to the annual financial statements, that also apply to the current period financial statements. The Corporation does not anticipate the adoption of these new and revised IFRS to have a material impact on the financial statements in future periods. There are no other new and revised IFRS that have been issued but not yet adopted that would be expected to have a material impact on the Corporation.