

EXETF Earnings Call Transcript

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Operator: Thank you for standing by. This is the conference operator. Welcome to Extencicare Inc. Third Quarter 2025 Analyst Conference Call. [Operator Instructions]. The conference is being recorded. I would now like to turn the conference over to Jillian Fountain, Vice President, Investor Relations. Please go ahead.

Jillian Fountain: Thank you, operator, and good morning, everyone. Welcome to Extencicare's 2025 Third Quarter Results Conference Call. Joining me today are Extencicare's President and CEO, Michael Guerriere; and Executive Vice President and CFO, David Bacon. Our Q3 results were released yesterday and are available on our website as is a live audio webcast of today's call, along with an accompanying slide presentation. An archived recording will also be available on our website following the call today. As well, replay numbers and passcodes have been provided in our press release to access an archived recording by phone until midnight on November 28. Before we get started, please be reminded that today's call may include forward-looking statements and non-GAAP and other financial measures. Such forward-looking statements involve known and unknown risks and uncertainties that may cause actual results to differ materially from those expressed or implied today. We have identified such factors as well as details of non-GAAP and other financial measures in our public filings with the securities regulators and suggest that you refer to those filings. With that, I'll now turn the call over to Michael.

Michael Guerriere: Thank you, Jillian, and good morning. Q3 was an excellent quarter for Extencicare. Strong organic growth augmented by a full quarter impact of our recent acquisitions established a new baseline for our results. We started the quarter by completing the acquisition of Closing the Gap on July 1, welcoming more than 1,200 caregivers and adding an estimated 1.1 million annual service hours to our Home health segment. Closing the Gap added \$24 million in revenue and \$3.1 million in NOI in Q3, ahead of our expectations when we first announced the deal earlier this year. As we integrate Closing the Gap into ParaMed operations, we expect to generate annualized operating efficiencies of approximately \$1.1 million after the first year. The acquisition also enhances our capability to establish and deliver new integrated care models such as direct Home care contracts with hospitals that provide us with new ways to meet the needs of the aging demographic. Home health care volumes at ParaMed were up 13% over the prior year quarter, the largest year-over-year organic growth we've experienced. This reflects rising demand due to the aging demographic, Long-Term Care capacity growth that's falling short of needs, and a strong societal preference for living independently at home for as long as possible. We've been successful in meeting this rising demand through large-scale recruiting and training programs that ensure we have the staff necessary to meet the needs of our clients. On the heels of the Closing the Gap acquisition and the Nine Home LTC acquisition we completed in Q2, we increased our senior secured credit facility by \$100 million in the quarter, drawing \$55 million on our delayed draw term loan to partially fund the Closing the Gap acquisition. The upside in our credit facility allowed us to complete the 2 acquisitions while maintaining very favorable liquidity, providing us with significant flexibility to optimize capital allocation and drive further growth. On Slide 4, you can see that this quarter marks our strongest performance in recent years, reflecting margin improvements across all segments. We strive to be Canada's leader in the delivery of high-quality Long-Term Care and Home care services, leveraging our deep expertise to drive growth in a capital-efficient manner. Our results released yesterday demonstrate several pillars of our strategy at work, including organic growth driven by strong operational execution, strategic M&A; that builds scale and expand service capabilities, and disciplined capital allocation grounded in a strong balance sheet. Adjusted EBITDA increased to \$50.8 million, up 40.6% over the prior year. Excluding the out-of-period items recorded in both years, adjusted

EBITDA increased by 36.6% to \$46.9 million, with Home health care leading the way. Home health volumes grew almost 25% from the prior year, reflecting the organic growth and Closing the Gap. Home health care NOI margin improved by 230 basis points to 13.6%, reflecting the operating leverage enabled by the scalability of our technology-driven back office. In our Long-Term Care segment, Q3 NOI margin improved by 40 basis points over the prior year after adjusting for out-of-period items. And in Managed Services, third-party and joint venture beds serviced by SGP grew 6% from last year, bringing the total to over 152,000 beds. Driven by the strength of these results, AFFO increased to \$0.31 per share, up 19.3% on a year-over-year basis, driving our payout ratio down to 45% on a trailing 12-month basis. Our growing cash flow and strong balance sheet give us flexibility to pursue strategic growth through acquisitions. We see attractive opportunities in a fragmented senior's care market that is underpinned by strong demographic demand. Our scalable back office helps make acquisitions immediately accretive as we realize the synergies that come from running higher volumes through our cloud-based technology platform. Turning to Slide 5. We continue to advance our redevelopment agenda with 6 homes under construction that will bring 1,408 new state-of-the-art beds into service, replacing 1,097 Class C beds. The \$565 million development cost of these 6 projects is being funded through our joint venture with Axiom, where we retain a 15% managed interest. We are targeting opening 2 new homes, our Orleans and Peterborough projects in the first half of next year. In addition, we have a further 18 projects advancing through the planning and development stages under the new Ontario government Long-Term Care Home capital development program. We plan to start construction on a new 320-bed Home in Sudbury by the end of this year, which we intend to vend into the Axiom JV in Q1 2026, subject to regulatory approval. We aim to start construction on up to 3 additional projects in 2026. We remain committed to replacing the older homes in our portfolio and expanding Long-Term Care capacity in Canada. As recent projects have demonstrated, pursuing redevelopment through the joint venture structure is capital efficient. Proceeds from the sale of new projects into the joint venture and sales of vacated Class C buildings to third parties provide capital that we can redeploy into the next wave of redevelopment projects. This preserves our balance sheet and delivers long-term value to shareholders. I'll now turn the call over to our CFO, David Bacon, to discuss our financial results in more detail.

David Bacon: Thanks, Michael. I'll start with a brief review of our consolidated results, followed by our individual business segments and our liquidity position. Turning first to consolidated results for the quarter. Q3 was impacted by a \$2.1 million net increase in out-of-period Long-Term Care funding. The impact of out-of-period items is summarized in the appendix of the presentation, which is referenced on each of the financial results slides. Our consolidated Q3 revenue increased by 22.6% to \$440.3 million, driven by the full quarter contribution of \$56.9 million in revenue from the 2 recent acquisitions, 13% organic growth in our Home care volumes, along with bill rate increases and Long-Term Care funding increases. This was partially offset by the closure of Class C LTC homes that were vacated following the opening of the newly redeveloped Long-Term Care homes in the Axiom joint venture. Excluding out-of-period items, our Q3 NOI improved by \$13.7 million or 28.3% to \$62 million, reflecting the revenue growth and approximately \$6.3 million contribution to NOI from the 2 acquisitions, partially offset by higher operating costs. Excluding the impact of out-of-period items, our Q3 adjusted EBITDA increased by \$12.6 million or 36.6%, reflecting the improvement in NOI, partially offset by higher administrative costs. Growth in AFFO continues to be strong with Q3 AFFO of \$0.349 per share, up 27.4% from the same period last year, supported by our stronger after-tax earnings, partially offset by higher maintenance CapEx, in part due to the LTC homes that were acquired. When out-of-period items are excluded, our AFFO per share improved by \$0.05 or 19.3% to \$0.309 per share. Turning first to Home health care, which delivered exceptional performance this quarter. Revenue increased by \$48.4 million or 35% year-over-year, driven by the \$24 million contribution from the Closing the Gap acquisition, 13% organic growth in volumes and the impact of the rate increases received in Q4 of last year. NOI improved by \$9.9 million or 63.2%, reflecting the strong organic volume growth in our base business, augmented by approximately \$3.1 million of NOI from closing the gap. Turning to our Long-Term Care segment. The Q3 results were impacted by out-of-period funding of \$3.9 million this year and \$1.8 million last year. Excluding out-of-period funding, our revenue increased by \$34 million, driven by the full quarter contribution of \$32.9 million from the Nine LTC homes acquired from Revera,

funding increases and the timing of envelope care spending, partially offset by a loss of \$8 million in revenue from the closure of the 2 redeveloped Class C homes that were replaced by new homes in the JV. NOI increased by \$4.8 million or 21.2%, driven by the increases in revenue and approximately \$3.2 million in NOI contribution from the Nine LTC homes that were acquired, partially offset by higher operating costs and the loss of approximately \$600,000 in NOI related to the closed C bed homes. Corresponding NOI margins increased 40 basis points over the prior year period to \$11.8 million in the quarter. Finally, turning to our Managed Services segment. The decline in revenue and NOI this quarter reflects the loss of the management contract resulting from the sale by Rivera of the 30 Long-Term Care homes that were under contract to Extendicare, 9 of which we acquired in Q2 and are now included in our LTC segment. Our Managed Services revenue decreased \$3.3 million to \$15.6 million, and our NOI declined \$1 million to \$8.9 million. Despite the reduction in the number of managed homes, earnings benefited from the 6% organic growth in our SGP clients and increased management fees from the newly opened home in the Axiom JV. NOI margins were 57.2% for the quarter, while our year-to-date NOI margin of 54.9% remains in line with our expectations for this segment of between 50% and 55%. Turning to the balance sheet. Our liquidity position remains strong. Despite funding the 2 acquisitions earlier this year, we ended the quarter with cash on hand of \$166 million and access to a further \$154 million under our revolving credit facility. All of our credit metrics remain solid, and we have no debt maturities until Q1 2027. We are in a strong position, which allow us to pursue our growth agenda. We will remain disciplined in our approach to allocating capital as we evaluate opportunities that strategically fit and align with our growth and shareholder value creation objectives. With that, I'll pass it back to Mike for his closing remarks.

Michael Guerriere: Thank you, David. The compelling merits of our strategy are evident in our third quarter results. As the demographic realities of an aging population continue to drive demand for our services, the scale and efficiency of our operations position us well to answer the call. Not a day goes by without a new story about the stress our health care system is experiencing. Access to care is a national challenge. The services we provide offer a way to relieve pressure on hospitals, by providing care in more comfortable and cost-effective settings. We will continue to build capacity to ensure that everyone in Canada receives the care they need to live their best lives. My sincere thanks to our growing team for their commitment to advancing this important mission. With that, we're happy to take any questions that you might have.

Operator: [Operator Instructions] The first question comes from Linda Wright with TD Securities. Please go ahead.

Linda Wright: This is Linda standing in for Jonathan today. Congrats on a great quarter. My first question is on the CTG acquisition. When we're comparing it to the Q1 sorry, the Q2 press release and also the initial announcement, we noticed that the earn-out initially was estimated to be \$3.5 million to \$5 million, but now it seems that it's dropped to \$1.5 million to \$2 million and the same with also the new business revenue estimates. So just wondering if you can provide some details on this change.

David Bacon: Sure. The first part of the question first with respect to the earn-out. There's 3 discrete contracts that the earn-out relates to that were relatively new to the business at the time of the acquisition. So, and the earn-out mechanic has us paying a portion, a percentage of the revenues for the first 12 months post-closing. So what you're seeing there is more of a timing difference, and those 3 new contracts are ramping up a little bit slower than anticipated. And the fact that the earnout cuts off after the first 12 months just means the contribution will be a little bit lower for the period that the earn-out is applicable. So it's more of a timing thing on starting up that new business. And I think your second part of the question just more generally around the overall results. for Closing the Gap. They are tracking higher than our when we originally announced the deal, but that is in line and keeping with, I think, what you're seeing in our own business and the growth that we've been experiencing. So it is tracking higher, but it is in line with the underlying organic growth we're seeing in ParaMed.

Linda Wright: Okay. That's helpful. And then just continuing on the Home health care segment, we noticed that margins were higher during the quarter. Just wondering, is this being driven with the CTG business having a higher margin? Or is this more like organic growth?

David Bacon: Yes. I'd say that the single biggest contributor is just the volume growth this quarter, like a 13% organic growth year-over-year. The margins in Closing the Gap are largely similar to ours. I think

it's just; it's a volume impact more than anything. And it does go to what we've said in the past about the back office and scalability. So, we're able to handle that growth and you see that then get reflected in higher margins.

Linda Wright: And then on the Home health care segment, again, should we expect to see more acquisitions in like the near to medium term?

Michael Guerriere: Well, we're constantly looking for opportunities that fit well with our, with our existing business. We don't want to buy volume just for the sake of buying volume. We're always looking for capabilities that expand our current either geographic reach or the scope of services that we're providing. So, we do see a number of attractive opportunities in the market. So that is something that we're looking to explore. And the fact that our balance sheet is quite healthy, I think, gives us flexibility to look for those opportunities.

Linda Wright: And then one last one for me. On the LTC projects under construction, it looks like the Theodore Place location completion was delayed by a quarter. Just wondering if there's any particular reasons behind that.

Michael Guerriere: No, I think it's just, it actually slipped by 6 weeks and it slips us into a quarter. But it is construction. There's nothing particularly concerning about that, but it is a bit delayed, had to do a bit with tying in the power with Hydro One, to be honest. But we're talking about the difference measured in weeks. It just crosses over a quarter.

Operator: The next question comes from Tal Woolley with CIBC.

Tal Woolley: Just for Home health care, obviously, the business is expanding rapidly. The profitability has really improved. And you talked about scalability. I'm just wondering, is there a certain breakpoint here where you need to start thinking about making more investments? Or are there other investments you should be thinking about making in the business now if it's going to be this much a bigger part of the profitability picture going forward?

Michael Guerriere: Yes. I think it's a good question. I think what you're seeing to date for us, we've been able to handle the growth that we've experienced, which you're seeing in the margin improvement. I think at the moment, we're comfortable sort of being able to sort of sustain this level, although we'll be honest, the 13% year-over-year organic growth was, did exceed even our expectations for growth, but we were able to handle that. So, I do think where we're at and our ability to absorb some additional M&A; through this, acquisitions like Closing the Gap, I think we could absorb quite readily. So, there's nothing imminent sort of like a step function at the current level we're at. But so I think it is, I think we're in a good spot here given sort of the, where we sit today.

Tal Woolley: And then just looking at the Long-Term Care performance, I think if I'm doing my math right, like the sort of organic growth or same-property NOI growth is probably in the mid-single-digit range, which is maybe a little bit higher than what we would typically expect. Is there anything particular driving that?

Michael Guerriere: I think, yes, it's marginally ahead of the kind of 2%, 3%. But I think a few things. I mean, there's a bit of an uptick in occupancy. I do think, particularly in Western Canada, where you don't have the flow-through funding like you do in Ontario, we've made improvements there in our operating costs, virtually eliminating use of agency, et cetera, which were a bit of an overhang for quite a while. But, so, and we did get some rate increases in the West in the quarter, some additional funding there with not only kind of underlying increases, but a little bit of catching up on costs that have been running over the last couple of years. So I think it's a little bit oversized, but I still think the longer-term outlook, as we've said before, is we should expect same-property NOI and LTC to be growing in that kind of inflationary kind of range, 2%, 3% with the various provincial governments keeping tabs on the underlying wage increases, which really drive all the decision-making.

Tal Woolley: And then for the Class C buildings that you still have on your balance sheet, I think you said there's probably 15 to 18 projects still remaining. As you look to move those out, is that a sort of 1 to 2 per year kind of phenomenon or 2 to 3 per year? Or are you, is there some sort of deadline you've got to hit with the ministry to try and get these all underway?

Michael Guerriere: Yes. The last part of the question first, there is no deadline to hit. I think one of the positive features of the new program in Ontario is it isn't time constrained like the former capital funding. We have a target, we have 18 to do. We are ramping up to start a seventh project in construction

before the end of the year, and we expect to try and start another 3 next year. We'd like to do 3 to 5 a year over the next, however that maps out over the next 4 to 5 years. We are looking at ways to maybe accelerate that as well to take advantage of the program. But at the moment, that's the cadence of sort of 3 to 5 a year starting to work through the balance of the Ontario portfolio.

Tal Woolley: And then just lastly, with Axiom sort of playing a big role here in Ontario redevelopment, are you, any concern that the province has some thoughts about them having control of this many assets? Or is there any sort of concentration risk? And have any other capital providers come to the floor now that things have sort of started to progress with more ease?

Michael Guerriere: No, we don't see any concern there. I mean if you look at it from the perspective of our entire portfolio owned and operated, we're running about 15% of the beds in Ontario and Axiom is a smaller proportion of that. So there's not a significant concentration risk as a result.

Tal Woolley: And no one else has really decided like, hey, this is a business we'd like to step forward and be like an alternative to them.

Michael Guerriere: Well, not with the joint venture model that we're using, no. But there are quite a number of other financial partners that are partnered with various players in the sector, including with the joint venture, with our joint venture. So there are quite a number of organizations that are part of capitalizing this building program.

Operator: The next question comes from Giuliano Thornhill with National Bank Capital Markets.

Giuliano Thornhill: I guess just starting off with the Home health care and the volume growth there. I'm just wondering what it's like, if you could aggregate or place in buckets like the levels of strain on the system, whether that's the aging or the immigration or the lack of doctors, like how would you rank them, that's really resulting in that like 13% ADV growth?

Michael Guerriere: Well, the Financial Accountability Office in Ontario has started publishing information about the availability of Long-Term Care beds in the province per 1,000 people over the age of 75. And what that shows is a steady downward trend in that ratio. We peaked at about 99 beds per 1,000 back in 2006, and we're at 58 now. And even with the new homes and the new beds that are coming on stream, they're still forecasting further declines. So you look at that in the face of a waiting list for Long-Term Care in the province that today stands at about 48,000 people. And you realize that we have a problem in terms of supporting the needs of all of those people that are eligible for Long-Term Care that are eligible for 4 hours a day of resident care in a Long-Term Care environment, but are not able to get it. So those people are occupying a lot of beds in acute care hospitals, which is causing the backup into emergency departments and the hallway medicine problem that we have. But there are also many of them at home. And so we're supporting them now with Home care. So a lot of the growth that we've been seeing has been in the hours of care that we're providing to each person in our care as opposed to just more people in kind of a Home care setting. So you may recall us talking about the demographic growth of the population that we serve is running at about 4% growth per year. You can kind of think of that as the underlying kind of demographic support for the sector. But with the constraints in the Long-Term Care beds, we're seeing more and more of those people being referred to us for Home care support, and they require very significant numbers of hours each day to keep them living independently and to keep them safe. So, we think that, that's what's driving the volume growth that we're seeing. And as David mentioned, 13% year-over-year, it's a surprise to us that it's growing at that pace, but that's what we think is the underlying driver.

Giuliano Thornhill: So, it's mostly the LTC waitlist. And are you seeing that or noticing that Bill 7 is impacting that Home health care growth at all?

Michael Guerriere: No, not very much. That bill attracted a lot of attention, but it's a small minority of the referrals that are subject to the terms of that process. So, it really is not a material impact on the volumes.

Giuliano Thornhill: And how would you characterize the Atlantic Canada Home health care market compared to Ontario? And just similarly, what does the year-over-year growth in volumes also match Ontario?

Michael Guerriere: It's very different province to province because each province uses a somewhat different model. And each province has quite significantly different availability of Long-Term Care beds. So, some provinces have quite a bit of availability and some are more constrained than Ontario. So, it's

actually quite different province to province. And in the provinces that we operate, that 13% is the weighted average of what's happening in the different provinces.

Giuliano Thornhill: And then, just obviously, the volume growth here is driving a lot of the margin upside, say, in Home health care. How much does an extra \$1 million in Home health care revenue get you in NOI? And how does that compare to, like, last year or 2 years ago? I guess my question is just really on the incremental margin and where that is trending.

Michael Guerriere: I don't think there's an easy rule of thumb on this, unfortunately. There are a lot of moving parts that are underpinning the margins changing from quarter-to-quarter, including things like how many staff holidays, how much vacation our staff are taking. There's a whole bunch of different variables that contribute to it. What I would suggest is that our year-to-date margins are probably a good guide. There may be some additional margin improvement over the next couple of years; it's possible. But I think our trailing 4 quarters is probably the best guide, so that you've factored in all of the seasonal variability that we see in that sector.

Giuliano Thornhill: And just the last couple of questions I had was with the softer hard costs and lower interest expenses. Are you increasing your expectations on how much of a gain you can recognize on the projects that are actually being dropped down into the Axiom JV?

David Bacon: I'd say no. I think that if you go back in time at the couple of different waves of construction we started in the different programs and now this new next-generation program, the first 2 are sort of look at cash-on-cash yield out of those developments, even though they were done in 2 very different times, 2 very different interest rate cost environments, they modeled out the same. And I think the way they've designed this third program, it's a sliding scale based on costs. So, I still think that our expectation is the returns will be largely in line with what we've seen in the past, and therefore, be fairly consistent going forward, and I think that's by design the way they've set the program.

Giuliano Thornhill: And just the last question was just on the tax. It was kind of high this quarter. I'm wondering if there's anything one-time included there.

David Bacon: The biggest difference there is there's a bunch of, some of our, the transactions have transaction-related costs related to them that are not deductible. So, we have a little bit of a blip this quarter with the deal costs that aren't deductible, in particular, on Closing the Gap because it was a share deal.

Operator: The next question comes from Tania Armstrong with Canaccord Genuity.

Tania Gonsalves: Most of my questions have been asked, but just a couple on the margins then. You talked a little bit about Home health care margins. [Technical Difficulty]

Michael Guerriere: Tania, you're breaking up.

Tania Gonsalves: I'll try the organic growth on your Home health care segment, that 13%, you touched on the overall market gains. Could you also touch on whether you had any market share growth in the quarter that contributed to that 13%?

Michael Guerriere: So market share information, precise market share information is a little bit hard to come by because we don't have statistics that cover all the different Home care programs really in any of the provinces. That said, our impression is that the majority of our growth is coming from growth in the underlying demand in the market. Remember that our contracts, particularly in Ontario, are driven by market share and entitle us to a certain market share by region across the province. So I think the majority of this is an expansion in the market as opposed to market share gains from other operators.

Tania Gonsalves: And then touching on the [Technical Difficulty] operating margins, but just flipping to the Managed Services segment, we saw a very strong NOI margin expansion there, too. Is this a new? Or was there any onetime operating expense items that affected the quarter?

David Bacon: Yes. I think you're breaking up a bit. I think you're asking about margins in managed services.

Tania Gonsalves: Yes

David Bacon: So it's a bit elevated. I think if you go back in the last three or four years, we've had a couple of quarters where we blipped above 55%, but we generally are comfortable in that 50% to 55% range. The things that affect it are periodically, we have some consulting with some of our Assist clients that can have a bit of a blip, timing of purchases and rebates with our SGP clients, if they have a, maybe they have a capital program going on that has a blip in some of their procurement that comes

through in the rebates. So there's a bit of variability in there. But I don't, I still feel that sort of that 50%, 55% we're quite comfortable with, but we will see variability from time to time because of the examples that I just gave.

Operator: The next question comes from Pammi Bir with RBC Capital Markets.

Pammi Bir: In the commentary, you mentioned that you continue to review potential acquisition opportunities in the Home health care space. So I'm just curious what sort of deal sizes are you looking at? And maybe if you could also just comment on maybe what you're seeing from a multiple standpoint in terms of where they range?

Michael Guerriere: Yes. There's a lot of variability in the size of organizations in the Home health sector across Canada. There's a handful of companies that are similar in size to ParaMed. There's 10 or 20 sort of midsized companies that look more like Closing the Gap. And then there's a couple of hundred companies that are smaller than that. And so there's quite a range. We, as I mentioned earlier are more interested in organizations that cover a geographic area or cover a service line that we don't currently provide and that, that then adds to the base for our organic growth because the organic growth is really the opportunity for creating value here. And so our acquisitions are very much about augmenting that and giving us more geographic reach. From a multiple perspective, there's not a lot of comps out there. And I would say that there's some, pretty big differences depending on the size of the organization. So I really couldn't say much about that.

Pammi Bir: Okay. That's helpful. You mentioned also just coming back to Home health care, the stronger organic growth. And as we kind of think about 4% sort of being the baseline. Is 13% that you put up this quarter, is that sort of the high end of where you sort of see it playing out? Or maybe the other way to think about it is, what are you budgeting for internally as you map out the ParaMed business?

Michael Guerriere: Yes. I think we're, the way that we're approaching this is we've set up our systems to be very, very responsive to the referrals that are coming in through our government contracts and our hospital contracts. And so, it's really difficult to predict. We found it very, very difficult to predict. I mean, a couple of years ago, we were thinking that there would be a rebound from the pandemic lows that we experienced and then things would level off and that they would get closer to just that underlying demographic trend line of the expansion in that senior's population. So, we've been surprised that we've been growing at double digits and have continued to do so as long as we have. We think we have an explanation, but it's a theory just based on looking at demand for the other services that we provide. But honestly, I would have a lot of difficulty even guessing what we would expect to see next year. We've created a very scalable platform, right, that as the referrals come in, we can throttle our hiring and our training up and down to be able to respond to that quite rapidly. So, we're following the market. I wish I could give you a better projection, but we're following what's coming in the front door.

Pammi Bir: And I guess part of this is really going to be tied to the delivery of these Long-Term Care beds as they are completed and the wait list over time would start to diminish, but it feels like we're probably still some time away.

Michael Guerriere: Well, and that's why, I am sorry to interrupt; that's why I pointed to these reports now that are coming out of the FAO, Financial Accountability Office because they're starting to put together some projections looking out the next couple of years to see if that wait list is going to go down. And unfortunately, at this point, they are not projecting a decline in that wait list for the next couple of years at least. And I mean, the 4% demographic growth equates to about 4,000 Long-Term Care beds a year. So, we need to be opening 4,000 beds a year to cause that availability curve to level off. And we haven't hit that because we're probably opening more than that over the next couple of years, but a lot of them are replacement beds because we're replacing the old C Homes. So anyway, for the foreseeable future, we're not seeing any meaningful drop in that wait list.

Pammi Bir: Okay. That's helpful. Last one for me. Just on the \$1.1 billion of funding the Ontario government announced last month. Just any incremental pickup for ParaMed there? Or anything you can comment on?

David Bacon: Yes. I think, Pammi, that was, there's no rate increase in that \$1.1 billion. I think the way to think of it is these elevated, like the volume growth we've experienced over the last couple of years.

What you saw there is the government kind of reallocating, committing enough funding in their budgets to create the new floor in the funding underneath the kind of volumes that you're seeing now in the sector. So, I think it helps underpin kind of the new floor, which is encouraging, but there's no kind of rate increase buried in there.

Operator: [Operator Instructions] The next question comes from Kyle McPhee with Cormark Securities.

Kyle McPhee: I'm just thinking through potential bottlenecks here for ongoing pretty healthy Home health care growth. It doesn't sound like back office is a bottleneck at all. What about labor? If you keep growing like this, the sector keeps growing like this, does labor supply become an issue for the sector or for Extencicare? And maybe as part of your comments, you can just comment on your relative ability to find and keep labor versus some of the other platforms out there.

Michael Guerriere: For the most part, labor is not a constraint because of the fact that we've got our in-house training programs and our partnerships with colleges. We have about 3,000 students spending part of the year in our organization, getting their clinical training and getting their credentials. We also fund with various in-house scholarship programs, PSWs who want to bridge to a nursing registration. So, we've got our own internal supply that is working quite well. So, I don't see any significant constraint. A few years ago, that was a big issue for us. But now from a volume perspective, it really isn't a big factor. We do have some challenges in certain regions, particularly more rural regions of the country where we have trouble finding nurses and physiotherapists and certain registered staff but that does not have a material impact on our growth numbers.

Operator: This concludes the question-and-answer session. I would like to turn the conference back over to Jillian Fountain for any closing remarks. Please go ahead.

Jillian Fountain: Thank you, operator. That concludes our call for today. This presentation is available on our website, along with a link to a replay of the call. Thank you all for joining us, and please don't hesitate to reach out if you have any questions. Goodbye.

Operator: This brings to a close today's conference call. You may disconnect your lines. Thank you for participating, and have a pleasant day.