



Unaudited Interim Condensed Consolidated
Financial Statements
June 30, 2025 and 2024
(expressed in Canadian dollars)

August 21, 2025

Management's Report

The accompanying unaudited interim condensed consolidated financial statements of NexLiving Communities Inc. are the responsibility of management and have been approved by the Board of Directors. The unaudited interim condensed consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards). The unaudited interim condensed consolidated financial statements include certain amounts and assumptions that are based on management's best estimates and have been derived with careful judgment.

In fulfilling its responsibilities, management has developed and maintains a system of internal accounting controls. These controls are designed to provide reasonable assurance that the financial records are reliable for preparation of the unaudited interim condensed consolidated financial statements. The Audit Committee of the Board of Directors reviewed and approved the Company's unaudited interim condensed consolidated financial statements and recommended their approval by the Board of Directors.

These financial statements have not been reviewed by the external auditor of the Company.

(signed) "*Stavro Stathonikos*"
Chief Executive Officer
Toronto, Ontario

(signed) "*Glenn Holmes*"
Chief Financial Officer
Halifax, Nova Scotia

NexLiving Communities Inc.

Unaudited Interim Condensed Consolidated Statements of Financial Position

As at June 30, 2025 and December 31, 2024

(expressed in Canadian dollars)

	June 30, 2025 \$	December 31, 2024 \$
Assets		
Current assets		
Cash	2,551,032	8,498,774
Accounts receivable	656,941	322,532
Deposits, prepaids and other assets	3,070,249	1,029,855
	<u>6,278,222</u>	<u>9,851,161</u>
Investment in joint venture (note 4)	1,962,717	-
Investment properties (note 5)	<u>456,123,000</u>	<u>446,965,000</u>
	<u>464,363,939</u>	<u>456,816,161</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 6)	3,449,381	6,163,490
Current portion of mortgages payable (note 7)	<u>25,756,124</u>	<u>22,799,170</u>
	29,205,505	28,962,660
Mortgages payable (note 7)	285,666,850	288,228,014
Deferred income taxes	<u>5,675,000</u>	<u>3,400,000</u>
	320,547,355	320,590,674
Equity (note 8)	<u>143,816,584</u>	<u>136,225,487</u>
	<u>464,363,939</u>	<u>456,816,161</u>
Subsequent events (note 13)		

The accompanying notes are an integral part of these consolidated financial statements.

NexLiving Communities Inc.

Unaudited Interim Condensed Statements of Income and Comprehensive Income For the three-month and six-month periods ended June 30, 2025 and 2024

(expressed in Canadian dollars)

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
	\$	\$	\$	\$
Revenue	8,636,624	4,873,550	17,190,963	9,780,785
Property operating expenses	(3,416,606)	(1,892,773)	(7,103,034)	(3,927,821)
Net property operating income	5,220,018	2,980,777	10,087,929	5,852,964
Expenses				
Administrative expenses	(819,210)	(605,137)	(1,202,243)	(889,050)
Stock-based compensation (note 8)	(128,600)	(94,700)	(237,900)	(186,500)
	(947,810)	(699,837)	(1,440,142)	(1,075,550)
Finance costs				
Interest expense	(2,539,932)	(1,560,972)	(5,081,221)	(3,167,186)
Accretion expense (note 7)	(352,950)	-	(705,901)	-
Amortization expense (note 7)	(151,181)	(121,183)	(314,113)	(250,058)
	(3,044,063)	(1,682,155)	(6,101,236)	(3,417,244)
Other income				
Interest income	18,750	46,864	35,585	89,661
Gain on sale of investment properties	-	507,892	-	507,892
Share of profit from joint venture (note 4)	31,945	-	31,945	-
Fair value adjustment to investment properties	4,743,119	193,373	8,046,486	392,291
	4,793,814	748,129	8,114,016	989,844
Net income before income taxes	6,021,959	1,346,914	10,660,567	2,350,014
Income tax expense	(21,000)	-	(21,000)	-
Deferred income tax expense	(2,000,000)	-	(2,275,000)	-
Net income and comprehensive income for the periods	4,000,959	1,346,914	8,364,567	2,350,014
Net income per share – basic (note 10)	\$0.12	\$0.08	\$0.25	\$0.14
Net income per share – diluted (note 10)	\$0.12	\$0.08	\$0.25	\$0.14

The accompanying notes are an integral part of these consolidated financial statements.

NexLiving Communities Inc.

Unaudited Interim Condensed Consolidated Statements of Changes in Equity

For the six-month periods ended June 30, 2025 and 2024

(expressed in Canadian dollars)

	Number of shares #	Share capital \$	Contributed surplus \$	Retained earnings \$	Total \$
Balance – December 31, 2024	32,877,782	112,633,148	5,175,921	18,416,418	136,225,487
Net income and comprehensive income for the period	—	—	—	8,364,567	8,364,567
Shares issued pursuant to redemption of DSUs (note 8)	14,534	35,858	(49,400)	—	(13,542)
Repurchase of common shares (note 8)	(202,000)	(691,234)	348,964	—	(342,270)
Dividends paid	—	—	—	(655,558)	(655,558)
Stock-based compensation (note 8)	—	—	237,900	—	237,900
Balance – June 30, 2025	32,690,316	111,977,772	5,713,385	26,125,427	143,816,584

	Number of shares #	Share capital \$	Contributed surplus \$	Retained earnings \$	Total \$
Balance – December 31, 2023	16,464,483	63,567,867	5,076,172	5,989,403	74,633,442
Net income and comprehensive income for the period	—	—	—	2,350,014	2,350,014
Dividends paid	—	—	—	(329,290)	(329,290)
Stock-based compensation (note 8)	—	—	186,500	—	186,500
Balance – June 30, 2024	16,464,483	63,567,867	5,262,672	8,010,127	76,840,666

The accompanying notes are an integral part of these consolidated financial statements.

NexLiving Communities Inc.

Unaudited Interim Condensed Consolidated Statements of Cash Flows

For the six-month periods ended June 30, 2025 and 2024

(expressed in Canadian dollars)

	2025 \$	2024 \$
Cash provided by (used in)		
Operating activities		
Net income and comprehensive income for the years	8,364,567	2,350,014
Charges to income not affecting cash		
Interest expense	5,081,221	3,167,186
Stock-based compensation expense (note 8)	237,900	186,500
Change in fair value of investment properties (note 5)	(8,046,486)	(392,292)
Amortization expense	314,113	250,058
Accretion expense	705,901	—
Share of profit from joint venture	(31,945)	—
Gain on sale of investment property	—	(507,891)
Deferred income tax expense	2,275,000	—
	8,900,271	5,053,575
Net changes in non-cash working capital balances related to operations		
Accounts receivable	(334,409)	(34,768)
Deposits and prepaids	(2,040,394)	(3,288,765)
Accounts payable and accrued liabilities	(3,081,812)	329,612
	3,443,656	2,059,654
Financing activities		
Repurchase of share for cancellation	(342,270)	—
Repayment of capital expenditure facility	(237,761)	—
Interest paid	(4,727,060)	(2,755,878)
Proceeds from mortgage financing, net of costs	19,804,701	17,904,644
Repayments of mortgage principal	(20,191,164)	(17,278,711)
Payment of dividends	(655,558)	(329,290)
	(6,349,112)	(2,459,235)
Investing activities		
Investment in joint venture (note 4)	(1,930,772)	—
Proceeds from sale of investment property	—	4,763,734
Additions to investment properties (note 5)	(1,111,514)	(801,707)
	(3,042,286)	3,962,027
Change in cash during the period	(5,947,742)	3,562,446
Cash – Beginning of period	8,498,774	5,340,476
Cash – End of period	2,551,032	8,902,922

The accompanying notes are an integral part of these consolidated financial statements.

NexLiving Communities Inc.

Notes to Unaudited Interim Condensed Consolidated Financial Statements

For the three-month and six-month periods ended June 30, 2025 and 2024

(expressed in Canadian dollars)

1 Nature of operations

NexLiving Communities Inc. (the "Company") was incorporated under the Canada Business Corporations Act on August 9, 2011. Its registered office is located at 45 Alderney Drive, Dartmouth, Nova Scotia, B2Y 2N6, Canada. The Company's business is the ownership and management of multi-unit residential real estate with a focus on low-and mid-rise properties in bedroom communities in Canada. The common shares of the Company are listed on the TSX Venture Exchange ("TSXV" or the "Exchange") under the symbol NXLV.

2 Basis of presentation and statement of compliance

These unaudited interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). Accordingly, certain information normally included in annual financial statements prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, has been omitted or condensed. These interim condensed consolidated financial statements should be read in conjunction with the Company's annual audited financial statements for the year ended December 31, 2024.

The Board of Directors approved the consolidated financial statements for issue on August 21, 2025.

3 Material accounting policy information

These financial statements have been prepared using the same accounting policies and methods of computation as the annual financial statements of the Company for the year ended December 31, 2024. Refer to note 3 Material accounting policy information, of the Company's annual consolidated financial statements for the year ended December 31, 2024 for information on accounting policies, as well as new accounting standards not yet effective.

Investment in associates

During the period ended June 30, 2025, the Company entered into a joint venture arrangement. A joint venture is an entity over which the Company shares joint control with other parties and where the joint venture parties have rights to the net assets of the joint venture. Joint control exists where there is a contractual agreement for shared control and wherein decisions about the significant relevant activities of the arrangement require unanimous consent of the parties sharing control.

Investment in joint venture is accounted for using the equity method. Under the equity method, the investment is initially recorded at cost, which includes costs directly attributable to the acquisition. The carrying amount of the investment is adjusted to recognize changes in the Company's share of net assets of the joint venture since the acquisition date.

Changes in accounting policy

During 2024, the Company changed its accounting policy for the presentation of cash interest paid in the consolidated statement of cash flows. Specifically, cash interest that was previously included in operating cash flows has been reclassified to financing cash flows as permitted by IAS 7 – Statement of cash flows. Cash interest paid relates primarily to interest paid on the Company's mortgages payable. Management believes this change better aligns the presentation of cash

NexLiving Communities Inc.

Notes to Unaudited Interim Condensed Consolidated Financial Statements

For the three-month and six-month periods ended June 30, 2025 and 2024

(expressed in Canadian dollars)

3 Material accounting policy information (continued)

Changes in accounting policy (continued)

flows for interest with other cash flows related to debt financing activities. The change in accounting policy was applied retrospectively.

4 Investment in joint venture

On May 1, 2025, the Company acquired a 50% ownership interest in a portfolio comprising 169 suites across eight multi-residential properties located in Winnipeg, Manitoba for \$1.9 million. The portfolio is currently financed with CMHC insured mortgages totaling approximately \$14.4 million, bearing a weighted-average interest rate of 2.72% and a remaining average term to maturity of approximately three years.

The following tables represent the financial position of the Company's equity accounted investee on a 100% basis:

	June 30, 2025 \$	December 31, 2024 \$
Current assets	44,406	—
Non-current assets	19,009,322	—
Current liabilities	152,017	—
Non-current liabilities	14,976,277	—
Net assets	<u>3,925,434</u>	<u>—</u>
NexLiving's interest	<u>1,962,717</u>	<u>—</u>

	June 30, 2025 \$	June 30, 2024 \$
Revenue	290,217	—
Operating and other expenses	(161,669)	—
Interest	(64,658)	—
Net income	<u>63,890</u>	<u>—</u>
NexLiving's interest	<u>31,945</u>	<u>—</u>

5 Investment properties

The following table summarizes the changes in investment properties for the six-month period ended June 30, 2025 and the year ended December 31, 2024:

NexLiving Communities Inc.

Notes to Unaudited Interim Condensed Consolidated Financial Statements

For the three-month and six-month periods ended June 30, 2025 and 2024

(expressed in Canadian dollars)

5 Investment properties (continued)

	June 30, 2025 \$	December 31, 2024 \$
Balance – Beginning of period	446,965,000	240,618,000
Acquisitions during the period	–	216,324,520
Additions during the period	1,111,514	1,970,864
Disposal of investment properties	–	(24,286,000)
Fair value adjustments	8,046,486	12,337,616
Balance – End of period	456,123,000	446,965,000

The Company disposed of two properties during 2024 and recorded a gain on sale of \$115,199. On December 12, 2024, the Company completed the sale of the 35-suite property located at 39 Pleasant Street, Moncton, NB for \$5.8 million. On June 24, 2024, the Company completed the sale of the 127-suite property located at 145-155 McLaughlin Road, Moncton, NB for \$19.4 million.

On August 30, 2024, the Company completed the acquisition of a portfolio of multi-family assets in eastern Ontario and Quebec, consisting of 16 properties and 991 units from 8985979 Canada Inc. and Devcore Group Inc. (collectively, “Devcore”). As consideration, the Company issued 16,333,682 common shares and assumed existing mortgages with a face value of \$164,675,262 (note 7) and paid cash consideration of \$295,680. On October 29, the Company completed the acquisition of the final unowned suite at Place Nelson Morin, a 60-unit complex in Gatineau, QC. NexLiving had previously acquired 59 of the 60 suites as part of the Devcore transaction, and the remaining suite, which was owned by a local resident, was purchased for \$247,500.

The Company has evaluated the transaction under the guidelines of IFRS 3, Business Combinations, and the Company elected to apply the optional concentration test as outlined in the standard. The test determined that substantially all of the fair value of the gross assets acquired was concentrated in a single identifiable asset or group of similar assets, specifically the investment properties. As such, the transaction was accounted for as an asset acquisition. The acquisition of the Devcore portfolio resulted in an increase to investment properties of \$216,077,020, including transaction costs of \$7,830,417. The mortgages assumed were recognized at fair value, in the amount of \$158,864,203 (note 7). The equity consideration issued as part of the transaction was measured at \$48,865,429 (note 8).

The fair value of investment properties is a Level 3 fair value measurement. The fair value represents the estimated price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. All investment properties acquired to date were arm’s length transactions and the purchase prices were supported by independent appraisals. Fair value is estimated using the capitalized net operating income method with the 12-month forward net operating income stabilized for any non-recurring expenses divided by a market capitalization rate. Key assumptions include the capitalization rate, forecasted rental income and vacancies and forecasted operating expenses for each specific property. For two investment properties, representing 25 units, the Company utilizes the direct comparison approach, which estimates fair value based on recent sales of comparable properties in the same or similar market. The selection of valuation methodology is based on the availability and relevance of market data as well as the specific characteristics of each property.

NexLiving Communities Inc.

Notes to Unaudited Interim Condensed Consolidated Financial Statements

For the three-month and six-month periods ended June 30, 2025 and 2024

(expressed in Canadian dollars)

5 Investment properties (continued)

The June 30, 2025 capitalization rates used to value the Company's investment properties ranged from 4.5% to 5.25%, and the weighted average capitalization rate was 4.89% (December 31, 2024 – ranged from 4.50% to 5.25% with a weighted average capitalization rate of 4.82%).

The following table summarizes the impact of changes in capitalization rates and stabilized net operating income on the fair value of the Company's investment properties.

		Change in stabilized NOI				
		(2.00)%	(1.00)%	–%	1.00%	2.00%
		\$	\$	\$	\$	\$
Change in capitalization rate	(0.50)%	41,397,000	46,426,000	51,455,000	56,485,000	61,514,000
	(0.25)%	14,825,000	19,583,000	24,341,000	29,099,000	33,857,000
	–%	(9,029,000)	(4,514,000)	-	4,516,000	9,030,000
	0.25%	(30,560,000)	(26,265,000)	(21,970,000)	(17,675,000)	(13,380,000)
	0.50%	(50,094,000)	(45,998,000)	(41,902,000)	(37,807,000)	(33,711,000)

6 Accounts payable and accrued liabilities

As at June 30, 2025, accounts payable and accrued liabilities consist of the following:

	June 30, 2025 \$	December 31, 2024 \$
Accounts payable	1,780,663	1,415,528
Transaction costs (note 5)	-	3,885,906
Accrued expenses	1,668,718	862,056
	<u>3,449,381</u>	<u>6,163,490</u>

7 Mortgages payable

	June 30, 2025 \$	December 31, 2024 \$
Mortgages payable	321,486,106	321,156,679
Less: Fair value adjustment on assumed mortgages	(4,890,762)	(5,574,462)
Less: Unamortized deferred financing costs	(5,172,370)	(4,555,033)
	<u>311,422,974</u>	<u>311,027,184</u>
Less: Current portion	(25,756,124)	(22,799,170)
	<u>285,666,850</u>	<u>288,228,014</u>

NexLiving Communities Inc.

Notes to Unaudited Interim Condensed Consolidated Financial Statements

For the three-month and six-month periods ended June 30, 2025 and 2024

(expressed in Canadian dollars)

7 Mortgages payable (continued)

As at June 30, 2025, all of the Company's investment properties, excluding two, had been pledged as security against the mortgages payable.

On March 11, 2025, the company fully repaid its construction loan which had a balance of \$237,761.

The Company's mortgages bear interest at a weighted average interest rate of 3.10% (2024 – 3.17%) with a remaining weighted average term to maturity of 4.0 years (2024 – 4.2 years). The fair value of mortgages payable is approximately \$326.0 million and has been determined by discounting the future cash flows using discount rates that reflect current market conditions for instruments with similar terms and risks.

The following table summarizes the changes in the aggregate mortgage values for the periods ended June 30, 2025 and December 31, 2024:

	June 30, 2025 \$	December 31, 2024 \$
Balance – Beginning of period	311,027,184	170,385,946
Mortgage proceeds	20,758,775	38,096,682
Mortgages assumed, net of fair value adjustment	–	158,864,203
Mortgages on sold properties, net of costs	–	(17,137,103)
Repayments	(20,428,925)	(38,052,906)
Accretion expense	705,901	461,600
Additions to finance costs	(954,074)	(2,189,867)
Amortization of finance costs	314,113	598,629
Balance – End of period	311,422,974	311,027,184

The annual principal and interest payments in relation to the mortgages payable over the 12-month periods ending June 30 are as follows:

	Interest payable \$	Principal repayment \$	Maturing weighted average interest rate %
2026	9,689,649	25,756,124	2.46%
2027	8,837,154	63,237,053	2.30%
2028	7,517,093	50,830,672	3.40%
2029	4,890,267	53,109,435	3.82%
2030	3,835,154	35,793,128	3.62%
Thereafter	7,730,911	92,759,694	3.02%

NexLiving Communities Inc.

Notes to Unaudited Interim Condensed Consolidated Financial Statements

For the three-month and six-month periods ended June 30, 2025 and 2024

(expressed in Canadian dollars)

8 Share capital

a) Authorized capital stock

Unlimited number of common shares, without nominal or par value

Unlimited number of preferred shares, without nominal or par value, issuable in one or more series

Common shares issued and fully paid:

	Number of shares #	Amount \$
Balance – December 31, 2023	16,464,483	63,567,867
No changes during the period	—	—
Balance – June 30, 2024	<u>16,464,483</u>	<u>63,567,867</u>
Balance – December 31, 2024	32,877,782	112,633,148
Shares issued pursuant to redemption of DSUs	14,534	35,858
Shares repurchased for cancellation	<u>(202,000)</u>	<u>(691,234)</u>
Balance – June 30, 2025	<u>32,690,316</u>	<u>111,977,772</u>

b) Equity issuances

On August 30, 2024, the Company issued 16,333,682 common shares as part of the Devcore acquisition (note 5). Given the transaction involved the issuance of shares, the fair value of investment properties was first determined, along with the fair value of mortgages assumed, to determine the amount to be allocated to the common shares issued.

c) Security-based compensation plans

The Company has a deferred share unit plan (DSU Plan) and a common share purchase option plan. Pursuant to the DSU Plan, participants may elect to receive all or a portion of their annual compensation or bonus compensation, if any, in DSUs. The election, if it is made, must be for a minimum of 10%, or a multiple thereof, of such compensation in DSUs. The number of DSUs received is equal to the amount of compensation elected to be received in DSUs, divided by the volume-weighted average trading price of the common shares on the TSXV for the five trading days immediately prior to the payment date. DSUs awarded under the DSU Plan in lieu of annual or bonus compensation will vest immediately.

NexLiving Communities Inc.

Notes to Unaudited Interim Condensed Consolidated Financial Statements

For the three-month and six-month periods ended June 30, 2025 and 2024

(expressed in Canadian dollars)

8 Share capital (continued)

c) Security-based compensation plans (continued)

In addition, the Board of Directors has the authority to make discretionary awards of DSUs to participants under the DSU Plan. DSUs granted pursuant to discretionary awards will vest in accordance with the vesting schedule determined by the Board of Directors. Generally, DSUs will vest equally over three years, with one-third of the awarded DSUs vesting on each of the first, second and third anniversaries of the date of the award. As at June 30, 2025, a total of 788,900 (December 31, 2024 – 426,450) DSUs were outstanding, of which 316,468 (December 31, 2024 – 211,233) DSUs have vested.

All unvested DSUs will vest immediately in the case of a change of control of the Company. In addition, in the event of the death or termination without cause of a participant who received DSUs, the participant's DSUs will vest immediately. The Board of Directors may at any time shorten the vesting period of any or all DSUs.

Each DSU held by a participant must be redeemed by the Company within ten years of grant for common shares issued from treasury. Each vested DSU held by a participant who ceases to be an eligible employee, director or officer shall be redeemed by the Company effective as at the separation date for DSU Plan shares issued from treasury.

On June 24, 2025, the Board of Directors approved the issuance of 120,000 DSUs to directors and management of the Company. The DSUs vest over three years in accordance with the provisions of the Company's DSU Plan. The fair value per DSU granted was \$1.86.

On February 26, 2025, the Board of Directors approved the issuance of 198,000 DSUs to an officer of the Company. The DSUs vest over three years in accordance with the provisions of the Company's DSU Plan. The fair value per DSU granted was \$1.66.

On May 15, 2024, the Board of Directors approved the issuance of 220,000 DSUs to directors, management and consultants of the Company. The DSUs vest over three years in accordance with the provisions of the Company's DSU Plan. The fair value per DSU granted was \$1.68.

The Company charged \$128,600 in non-cash stock-based compensation to operations for the three months ended June 30, 2025 (June 30, 2024 – \$94,700), of which \$114,500 (June 30, 2024 – \$89,500) related to DSUs issued to officers and directors of the Company.

The Company charged \$237,900 in non-cash stock-based compensation to operations for the six months ended June 30, 2025 (June 30, 2024 – \$186,500), of which \$219,700 (June 30, 2024 – \$180,200) related to DSUs issued to officers and directors of the Company.

The table below summarizes the changes for the six-month periods ended June 30, 2025 and 2024

NexLiving Communities Inc.

Notes to Unaudited Interim Condensed Consolidated Financial Statements

For the three-month and six-month periods ended June 30, 2025 and 2024

(expressed in Canadian dollars)

8 Share capital (continued)

c) Security-based compensation plans (continued)

	Number of DSUs #
Balance – December 31, 2023	426,450
Issued during the period	<u>220,000</u>
Balance – June 30, 2024	<u>646,450</u>
Balance – December 31, 2024	493,200
Issued during the year	318,200
Redeemed during the period	<u>(22,500)</u>
Balance – June 30, 2025	<u>788,900</u>

The Company has a share option plan for directors, officers, employees and consultants. The exercise price of the stock options is determined by the Board of Directors when the options are granted, but it cannot be less than the closing price of the Company's shares on the TSXV on the business day immediately preceding the day on which the option is granted. The maximum exercise period of the stock options is ten years.

In determining the stock-based compensation expense, the fair value of options issued is estimated at the grant date using the Black-Scholes option pricing model. Option pricing models require the input of highly subjective assumptions, including the expected volatility.

No options were issued during the six months ended June 30, 2025, and the year ended December 31, 2024. Options granted and outstanding at June 30, 2025, and December 31, 2024, totalled 52,500, of which 15,000 have an exercise price of \$4.80 and expire May 15, 2030, and 37,500 have an exercise price of \$3.80 and expire April 20, 2031.

Options vested and exercisable as at June 30, 2025, and December 31, 2024, totaled 52,500 with a weighted average exercise price of \$4.09 per share.

The maximum number of common shares issuable under the two compensation plans is equal to 10% of the total issued and outstanding common shares. As at June 30, 2025, the maximum number of common shares remaining available for issuance under both compensation plans is 2,148,381.

NexLiving Communities Inc.

Notes to Unaudited Interim Condensed Consolidated Financial Statements

For the three-month and six-month periods ended June 30, 2025 and 2024

(expressed in Canadian dollars)

8 Share capital (continued)

d) Share repurchases

Pursuant to a notice of intention to make a normal course issuer bid (NCIB) filed with the TSXV, the Company may repurchase for cancellation up to 1,300,000 common shares in its own capital stock during the period from June 2, 2025 to June 2, 2026.

The price that the Company will pay for any such common shares will be the prevailing market price at the time of acquisition. All common share purchases under the NCIB will be made on the open market through the facilities of the TSXV, other designated exchanges and/or alternative Canadian trading systems and will be purchased for cancellation. The funding for any purchase pursuant to the NCIB will be financed out of the working capital of the Company.

During the six-month period ended June 30, 2025, the Company purchased for cancellation 202,000 shares at a cost of \$342,270 at \$1.69 per share. The excess of the historical book value of the shares over the purchase price of \$348,964 has been recorded to contributed surplus, and \$691,234 has been charged to share capital. No shares were purchased for the six-month period ended June 30, 2024.

9 Related party transactions

Management and board compensation

Key management includes the Company's officers and directors.

	Three months ended June 30,	
	2025	2024
	\$	\$
Cash and accrued compensation	278,657	469,249
Stock-based compensation (note 8(d))	114,500	89,500
	<u>393,157</u>	<u>558,749</u>
	Six months ended June 30,	
	2025	2024
	\$	\$
Cash and accrued compensation	373,333	637,748
Stock-based compensation (note 8(d))	219,700	180,200
	<u>593,033</u>	<u>817,948</u>

NexLiving Communities Inc.

Notes to Unaudited Interim Condensed Consolidated Financial Statements

For the three-month and six-month periods ended June 30, 2025 and 2024

(expressed in Canadian dollars)

9 Related party transactions (continued)

Property operating expenses

The Company holds assets and conducts operations within the same geographic region as entities under the control of two of its directors. In the normal course of business, the Company entered into a cost sharing arrangement with these related parties, resulting in expenditures totaling \$271,822 during 2025. Additionally, the Company also engaged a telecommunications provider controlled by one director to deliver services to its tenants, incurring costs of \$132,104. There were no comparable transactions during 2024.

10 Earnings per share

	Three months ended June 30, 2025			2024		
	Income \$	Weighted average shares #	Per share amount \$	Income \$	Weighted average shares #	Per share amount \$
Net income per share – basic	4,000,959	33,053,953	0.12	1,346,914	16,684,545	0.08
Dilutive impact of stock options, warrants and DSUs	–	107,181	–	–	77,931	–
Net income per share – diluted	4,000,959	33,161,134	0.12	1,346,914	16,762,476	0.08
	Six months ended June 30, 2025			2024		
	Income \$	Weighted average shares #	Per share amount \$	Income \$	Weighted average shares #	Per share amount \$
Net income per share – basic	8,364,567	33,117,779	0.25	2,350,014	16,658,222	0.14
Dilutive impact of stock options, warrants and DSUs	–	100,496	–	–	107,838	–
Net income per share – diluted	8,364,567	33,218,275	0.25	2,350,014	16,766,060	0.14

The Company's potentially dilutive instruments include the stock options, warrants and DSUs. For the three months and six months ended June 30, 2025 and June 30, 2024, the stock options were anti-dilutive and the DSUs were dilutive.

NexLiving Communities Inc.

Notes to Unaudited Interim Condensed Consolidated Financial Statements

For the three-month and six-month periods ended June 30, 2025 and 2024

(expressed in Canadian dollars)

11 Capital management

The Company manages its capital structure and makes adjustments to it based on the funds available to the Company. The Company considers capital to be shareholders' equity, which at June 30, 2025 totalled \$143,816,584 (December 31, 2024 - \$136,225,487). The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company is not subject to externally imposed capital requirements.

12 Financial instruments and other

Interest rate risk

The Company is exposed to interest rate risk on its borrowings and could be adversely affected if it were unable to obtain cost-effective financing. This risk is mitigated as 100% of the Company's interest bearing financial liabilities have fixed rates of interest. Assuming a 100 basis point increase in interest rates, financing costs would increase by approximately \$3,200,000 over time.

Credit risk

Credit risk arises from the possibility that tenants may experience financial difficulty and will be unable to fulfill their lease commitments. The Company attempts to mitigate its credit risk by ensuring its tenant mix is heavily weighted to creditworthy tenants. The Company further manages credit risk by holding its cash with high quality financial institutions in Canada, where management believes the risk of loss to be low.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations. The Company has financed acquisitions of investment properties with mortgages, which are periodically required to be refinanced based on the prevailing market conditions at the end of the mortgage term. Within the next 12 months, mortgages totalling \$21,362,191 will mature.

Management believes it has access, through its working capital, operating cash flows and expected mortgages renewals, to sufficient capital to meet the Company's obligations for the next 12 months.

13 Subsequent events

On August 21, 2025, the Company declared a dividend of \$0.01 per common share for the quarter ending September 30, 2025, representing \$0.01 per share on an annualized basis. The dividend will be paid on September 26, 2025, to shareholders of record on September 5, 2025.

