

FORM 51-102F3

MATERIAL CHANGE REPORT

Item 1 Name and Address of Company

Medical Facilities Corporation (the “Company”)
4576 Yonge Street, Suite 701
Toronto, Ontario
M2N 6N4

Item 2 Date of Material Change

August 6, 2025

Item 3 News Release

The Company issued and filed a news release on August 7, 2025. A copy of the news release is attached as Schedule “A” hereto and is available on SEDAR+ at www.sedarplus.ca.

Item 4 Summary of Material Change

On August 6, 2025, the Company entered into a new credit agreement among the Company, Medical Facilities America, Inc. and Medical Facilities (USA) Holdings, Inc. (as borrowers) and the Canadian Imperial Bank of Commerce (as administrative agent and lender) providing for a USD\$40 million revolving credit facility (the “Credit Facility”) with a maturity date of August 4, 2028 (the “CIBC Credit Agreement”). The borrowers have the ability to request an increase in the Credit Facility of up to USD\$25 million, subject to certain conditions being met. The CIBC Credit Agreement replaces the Company’s USD\$50 million credit agreement, dated August 31, 2022, as amended on November 8, 2024, which was terminated concurrently with the entering into of the CIBC Credit Agreement. The CIBC Credit Agreement is secured by general security agreements, securities pledge agreements and guarantees provided by the Company and each of its wholly-owned subsidiaries. For a more detailed description, please refer to the CIBC Credit Agreement which is available on SEDAR+ at www.sedarplus.ca.

Item 5 Full Description of Material Change

A full description of the material change is provided in the news release attached as Schedule “A”.

Item 6 Reliance on subsection 7.1(2) of National Instrument 51-102

The material change report is not being filed on a confidential basis.

Item 7 Omitted Information

No information has been omitted.

Item 8 Executive Officer

For further information, please contact:

David Watson
Chief Financial Officer
Medical Facilities Corporation
615.721.2290
investors@medicalfc.com

Item 9 Date of Report

August 14, 2025

Schedule "A"
NEWS RELEASE

(See attached)

NEWS RELEASE

Medical Facilities Corporation Announces Second Quarter Results and New \$40 Million Credit Agreement

TORONTO, Ontario, August 7, 2025 – Medical Facilities Corporation (“Medical Facilities,” “MFC,” or the “Corporation”) (TSX: DR), reported its financial results today for the three-month and six-month periods ended June 30, 2025. All amounts are expressed in U.S. dollars unless indicated otherwise.

Q2 2025 Highlights

(For continuing operations¹ compared to Q2 2024)

- The results for Sioux Falls Specialty Hospital, LLP (“SFSH”) in the quarter were adversely affected by the relocation of its primary physician group’s clinic, which negatively impacted case volume and both case and payor mix.
- Facility service revenue decreased 1.3% to \$80.6 million. Excluding SFSH, facility service revenue increased 6.5%.
- Surgical case volumes decreased 0.9%. Excluding SFSH, surgical case volumes increased 0.1%.
- Income from operations decreased 5.0% to \$12.0 million. Excluding SFSH, income from operations increased 98.9%.
- EBITDA² decreased 4.7% to \$16.0 million.
- Return of an additional \$6.9 million to shareholders through the purchase of 609,100 common shares under its normal course issuer bid.

“The relocation of a key physician group’s clinic, which is a major referral base for SFSH, contributed to fewer high-acuity surgical cases performed at SFSH and a less favourable case/payor mix,” said Jason Redman, President and CEO of Medical Facilities. “While this relocation adversely impacted SFSH’s facility service revenue and income from operations for the quarter, we look forward to the return of normalized operations in the back half of the year. Meanwhile, our other hospitals had a strong quarter with improved profitability, benefiting from higher volumes, beneficial case and payor mix, and payor rate increases. Subsequent to quarter end, we entered into a new, favourable \$40 million credit agreement that provides future flexibility if needed.”

Financial Results from Continuing Operations	For the three months ended June 30			For the six months ended June 30		
<i>(thousands of U.S. dollars, except per share amounts and where otherwise noted)</i>	2025	2024	% change	2025	2024	% change
Facility service revenue	80,557	81,656	(1.3%)	162,271	163,631	(0.8%)
Operating expenses, before non-cash share-based compensation charges	68,454	68,241	0.3%	136,976	136,664	0.2%
Non-cash share-based compensation charges	125	804	(84.5%)	316	1,331	(76.3%)
Income from operations	11,978	12,611	(5.0%)	24,979	25,636	(2.6%)
Finance costs (changes in values of derivative instruments and gain/loss on foreign currency)	(367)	10,277	(103.6%)	3,993	17,554	(77.3%)
Finance costs (net interest expense)	529	1,079	(51.0%)	511	2,229	(77.1%)
Income tax expense (recovery)	2,177	(774)	381.3%	1,856	(925)	300.6%
Net income ³ from continuing operations	9,639	2,029	375.1%	18,619	6,778	174.7%
Earnings (loss) per share						
Basic	\$0.24	(\$0.11)	318.2%	\$0.40	(\$0.10)	500.0%
Diluted	\$0.20	(\$0.11)	281.8%	\$0.40	(\$0.10)	500.0%

Net income fluctuates significantly between the periods, primarily due to variations in non-cash finance costs (change in the value of exchangeable interest liability) and income taxes; these charges are incurred at the corporate level rather than at the facility level.

Reconciliation of Net Income from Continuing Operations to EBITDA²	For the three months ended June 30			For the six months ended June 30		
<i>(thousands of U.S. dollars, except where otherwise noted)</i>	2025	2024	% change	2025	2024	% change
Net income from continuing operations	9,639	2,029	375.1%	18,619	6,778	174.7%
Income tax expense (recovery)	2,177	(774)	381.3%	1,856	(925)	300.6%
Finance costs	162	11,356	(98.6%)	4,504	19,783	(77.2%)
Depreciation and amortization	4,015	4,166	(3.6%)	8,283	8,288	(0.1%)
EBITDA	15,993	16,777	(4.7%)	33,262	33,924	(2.0%)

Distributable Cash Flow	For the three months ended June 30			For the six months ended June 30		
<i>(thousands of dollars, except per share amounts and where otherwise noted)</i>	2025	2024	% change	2025	2024	% change
Cash available for distribution ² (C\$)	5,262	9,281	(43.3%)	14,286	18,792	(24.0%)
Distributions (C\$)	1,697	2,164	(21.6%)	3,449	4,134	(16.6%)
Distributions per common share (C\$)	\$0.089	\$0.089	-	\$0.167	\$0.169	(1.2%)
Payout ratio ²	32.4%	23.3%	39.1%	24.1%	22.0%	9.5%

During the quarter, MFC paid a quarterly cash dividend of C\$0.09 per common share (or C\$0.36 per share on an annualized basis), which represented an annualized yield of 2.28% on the June 30, 2025, closing price of C\$15.80 per common share.

On June 30, 2025, MFC had consolidated net working capital of \$36.6 million and cash and cash equivalents of \$49.0 million compared to net working capital of \$76.4 million and cash and cash equivalents of \$108.5 million as at December 31, 2024. The change in consolidated net working capital was mainly due to the completion of the substantial issuer bid in March 2025, resulting in a decrease in cash and cash equivalents, which was also impacted by the \$14.4 million tax payment in April 2025 related to the sale of Black Hills Surgical Hospital.

MFC's financial statements and management's discussion and analysis, for the three and six-month periods ended June 30, 2025, will be filed on SEDAR+ at www.sedarplus.ca on Thursday, August 7, 2025, and will also be available on Medical Facilities' website at www.medicalfacilitiescorp.ca.

Credit Agreement

On August 6, 2025, MFC entered into a new credit agreement among MFC, Medical Facilities America, Inc. and Medical Facilities (USA) Holdings, Inc. (as borrowers) and the Canadian Imperial Bank of Commerce (as administrative agent and lender) providing for a \$40 million revolving credit facility (the "Credit Facility") with a maturity date of August 4, 2028 (the "CIBC Credit Agreement"). The borrowers have the ability to request an increase in the Credit Facility of up to \$25 million, subject to certain conditions being met. The CIBC Credit Agreement replaces MFC's \$50 million credit agreement, dated August 31, 2022, as amended on November 8, 2024, which was terminated concurrently with the entering into of the CIBC Credit Agreement. The CIBC Credit Agreement is secured by general security agreements, securities pledge agreements, and guarantees provided by MFC and each of its wholly-owned subsidiaries. For a more detailed description, please refer to the CIBC Credit Agreement which will be made available on SEDAR+ at www.sedarplus.ca.

Notice of Conference Call

Management of MFC will host a conference call today at 8:30 am ET to discuss its second quarter financial results. You may join the conference call by dialing 1-888-699-1199 approximately 15 minutes prior to the call to secure a line. To join the call without operator assistance, you may register and enter your phone number at <https://emportal.ink/4nK5u0R> to receive an instant automated call back.

A live audio webcast of the call will be available at <https://app.webinar.net/YWbloN1Zn81>. Please connect at least 15 minutes prior to the call to allow time for any software download that may be required to join the webcast. The webcast will be archived on MFC's website following the call date.

About Medical Facilities

Medical Facilities, in partnership with physicians, owns a portfolio of highly rated, high-quality surgical facilities in the United States. Medical Facilities' ownership includes controlling interests in three specialty surgical hospitals located in Arkansas, Oklahoma, and South Dakota, and an ambulatory surgery center ("ASC") located in California. The specialty surgical hospitals perform scheduled surgical, imaging, diagnostic and other procedures, including primary and urgent care, and derive their revenue from the fees charged for the use of their facilities. The ASC specializes in outpatient surgical procedures, with patient stays of less than 24 hours. For more information, please visit www.medicalfacilitiescorp.ca.

Caution concerning forward-looking statements

Statements made in this news release, other than those concerning historical financial information, may be forward-looking and therefore subject to various risks and uncertainties. Some forward-looking statements may be identified by words like "may", "will", "anticipate", "estimate", "expect", "intend", or "continue" or the negative thereof or similar variations. Certain material factors or assumptions are applied in making forward-looking statements and actual results may differ materially from those expressed or implied in such statements. Factors that could cause results to vary include those identified in Medical Facilities' filings with Canadian securities regulatory authorities such as legislative or regulatory developments, intensifying competition, technological change and general economic conditions. All forward-looking statements presented herein should be considered in conjunction with such filings. Medical Facilities does not undertake to update any forward-looking statements, except as required by applicable law; such statements speak only as of the date made.

For further information, please contact:

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¹ Continuing operations is defined as consolidated operations excluding Black Hills Surgical Hospital, LLP, which was treated as discontinued operations in the financial results for the three and six months ended June 30, 2024.

² EBITDA, cash available for distribution, and payout ratio are non-IFRS financial measures. While Medical Facilities believes that these measures are useful for the evaluation and assessment of its performance, they do not have any standard meaning prescribed by IFRS Accounting Standards, are unlikely to be comparable to similar measures presented by other issuers and should not be considered as alternatives to comparable measures determined in accordance with IFRS Accounting Standards. For further information on these non-IFRS financial measures, including a reconciliation of each of these non-IFRS financial measures to the most directly comparable measure calculated in accordance with IFRS Accounting Standards, please refer to Medical Facilities' most recently filed management's discussion and analysis, available on SEDAR+ at www.sedarplus.ca.

³ Net income is attributable to the owners of the Corporation and the non-controlling interest holders.