



Growing together for a bright future

Q2 2023 Results

Conference Call

August 11, 2023

Extendicare

ParaMed[™]
Redefining Care

EXTENDICARE[®]
assist
Management & Consulting Services

SGP | PURCHASING
PARTNER
NETWORK
Better all together™

Forward-looking statements and non-GAAP measures

Forward-looking Statements

This presentation contains forward-looking statements within the meaning of applicable Canadian securities laws ("forward-looking statements" or "forward-looking information"). Statements other than statements of historical fact contained in this presentation may be forward-looking statements, including, without limitation, management's expectations, intentions and beliefs concerning anticipated future events, results, circumstances, economic performance or expectations with respect to Extendicare Inc. (the "Company" or "Extendicare"), including, without limitation: statements regarding its business operations, business strategy, growth strategy, results of operations and financial condition, including anticipated timelines, costs and financial returns in respect of development projects, statements relating to the agreements entered into with Revera Inc. and its affiliates ("Revera") and Axiom Infrastructure Inc. and its affiliates ("Axiom") in respect of the ownership, operation and redevelopment of LTC homes in Ontario and Manitoba; statements relating to expected future current income taxes and maintenance capex impacting AFFO; and in particular statements in respect of the impact of measures taken to mitigate the impact of COVID-19, the availability of various government programs and financial assistance announced in respect of COVID-19 and the impact of COVID-19 on the Company's operating costs, staffing, procurement, occupancy levels and volumes in its home health care business.

Forward-looking statements can often be identified by the expressions "anticipate", "believe", "estimate", "expect", "intend", "objective", "plan", "project", "will", "may", "should" or other similar expressions or the negative thereof. These forward-looking statements reflect the Company's current expectations regarding future results, performance or achievements and are based upon information currently available to the Company and on assumptions that the Company believes are reasonable. Actual results and developments may differ materially from results and developments discussed in the forward-looking statements, as they are subject to a number of risks and uncertainties.

Although forward-looking statements are based upon estimates and assumptions that the Company believes are reasonable based upon information currently available, these statements are not representations or guarantees of future results, performance or achievements of the Company and are inherently subject to significant business, economic and competitive uncertainties and contingencies and involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements of Extendicare to differ materially from those expressed or implied in the statements.

For further information on the risks, uncertainties and assumptions that could cause Extendicare's actual results to differ from current expectations, refer to "Risks and Uncertainties" and "Forward-looking Statements" in Extendicare's Q2 2023

Management's Discussion and Analysis filed by Extendicare with the securities regulatory authorities, available at www.sedar.com and on Extendicare's website at www.extendicare.com.

Readers should not place undue reliance on such forward-looking statements and assumptions as management cannot provide assurance that actual results or developments will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, the Company. The forward-looking statements speak only as of the date of this presentation. Except as required by applicable securities laws, the Company assumes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Non-GAAP Measures

"EBITDA", "Adjusted EBITDA", "Adjusted EBITDA margin", "net operating income" ("NOI"), "NOI margin", "funds from operations" ("FFO"), "adjusted funds from operations" ("AFFO"), and "payout ratio", are non-GAAP measures and do not have standardized meanings prescribed by GAAP. See "Non-GAAP Measures" in Extendicare's Q2 2023 MD&A.

Q2 2023 operating highlights

- Revenue improvements across all business segments driven by the recovery of home care volumes and funding enhancements

	vs. Q2 2022	vs. Q1 2023
LTC occupancy	+470 bps	+60 bps
Home health care ADV	+7.7%	+4.1%
SGP customer base	+12.9%	+3.3%

- Further improvement in LTC occupancy as COVID outbreak activity subsided throughout Q2
- Long-term care costs taking longer to normalize in the absence of COVID-19 funding put pressure on LTC NOI margins
- Sequential increase of 4.1% in home health care volumes driven by strong service demand and improving staffing levels
- Continued growth in the SGP customer base



Improvements in home health care capacity and LTC occupancy continue as pandemic wanes

Strategic transformation advancing

Close of the Revera transactions leverages our scale and expertise to advance the delivery of high-quality care

Revera transactions closed August 1, 2023

Aggregate proceeds paid \$32.6M, net of holdbacks, and assumption of our **15% share of JV debt of \$37.1M**, in line with expectations

Integration of the Revera platform expected to be completed by end of 2024.
Estimated integration costs of \$14.0 to \$16.0M over next six quarters

Add scale in higher-margin managed services with the addition of recurring management fees for **56 LTC homes (~7,000 beds)** and a **15% share of distributions** from the Axiom JV

Axiom transaction anticipated to close in Q3

Government approvals received

Amended Axiom purchase and sale agreement to include four homes under construction **including Peterborough redevelopment project that broke ground in May**

Less capital-intensive business model as Axiom JV provides capital to support redevelopment of Class C portfolio and potential greenfield LTC builds

JV pays **development fees & recurring management fees** to Extendicare on acquired redevelopment projects



We will leverage our scale, clinical expertise and alternative capital sources to drive growth

Continued commitment to long-term care redevelopment

Commenced construction of 256-bed LTC home in Peterborough

- Construction of a new 256-bed LTC home in Peterborough commenced in May 2023 to be completed in Q4 2025
- Together with Sudbury, Kingston and Stittsville, these four projects comprise 960 beds and a total net investment of \$281.1M⁽¹⁾, and are expected to be acquired by the JV with Axiom in Q3 2023
- Targeting commencement of an additional project in 2023 under the enhanced capital funding program; a sixth project could be ready by the end of 2023
- Continue to advance other redevelopment projects to be ready should new funding be made available after August
- Our Ontario redevelopment program includes 20 projects with 4,248 beds to replace 3,285 Class C beds and add 963 new beds



Investing in a better future for seniors with new LTC homes designed to improve functionality, safety and comfort for residents

(1) Net of the capital provided by the Ontario government under the Long-Term Care Home Capital Development Funding Program – refer to discussion under "Non-GAAP Measures" in the Q2 2023 MD&A



Financial review

Q2 2023

Consolidated results

Three and six months ended June 30, 2023

(\$ millions, except per share amounts)

	Q2 2023	Q2 2022	Change	YTD 2023	YTD 2022	Change
Revenue ⁽¹⁾	\$307.5	\$296.6	3.7% ↑	\$632.2	\$602.3	5.0% ↑
NOI ⁽¹⁾	\$28.5	\$30.3	-6.2% ↓	\$73.0	\$63.3	15.3% ↑
margin	9.3%	10.2%	-90 bps	11.6%	10.5%	110 bps
Adjusted EBITDA ⁽¹⁾	\$14.8	\$18.1	-18.2% ↓	\$45.8	\$38.3	19.6% ↑
margin	4.8%	6.1%	-130 bps	7.2%	6.4%	80 bps
AFFO ⁽²⁾	\$9.0	\$9.6	-6.1% ↓	\$29.9	\$22.1	34.9% ↑
AFFO/Basic Share	\$0.11	\$0.11		\$0.35	\$0.25	

Payout ratio of 112% Q2 2023 & 2022 | 68% YTD 2023 | 97% YTD 2022

(1) Revenue, NOI and Adjusted EBITDA reflect results from continuing operations

(2) AFFO and AFFO per share include contribution/loss from discontinued operations in 2022 (retirement living segment and Saskatchewan LTC homes)

(3) Reflects impact of net COVID funding (costs) from continuing operations on Adjusted EBITDA and AFFO and impact of prior period LTC funding and workers compensation rebates

- Q2 NOI decreased \$1.9M to \$28.5M; excluding the impact in Q2 2022 of workers compensation rebates of \$3.9M and a recovery of COVID-19 costs of \$0.5M, NOI increased \$1.6M, reflecting higher home health care ADV and rate increases, partially offset by cost increases in excess of funding in LTC operations
- Q2 AFFO/basic share up \$0.03 from PY, excluding YoY impact of net COVID funding and workers compensation rebates
- Full integration of Revera platform expected to be complete by end of 2024; estimated additional strategic transformation costs related to the integration will be \$14.0 to \$16.0M over next six quarters.

Impact of select items on Adjusted EBITDA and AFFO/basic share⁽²⁾⁽³⁾

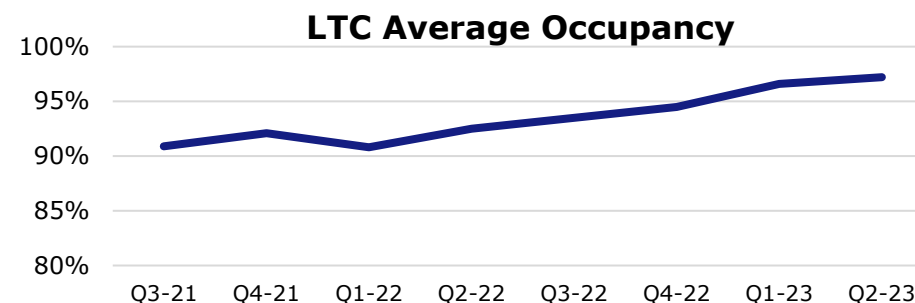
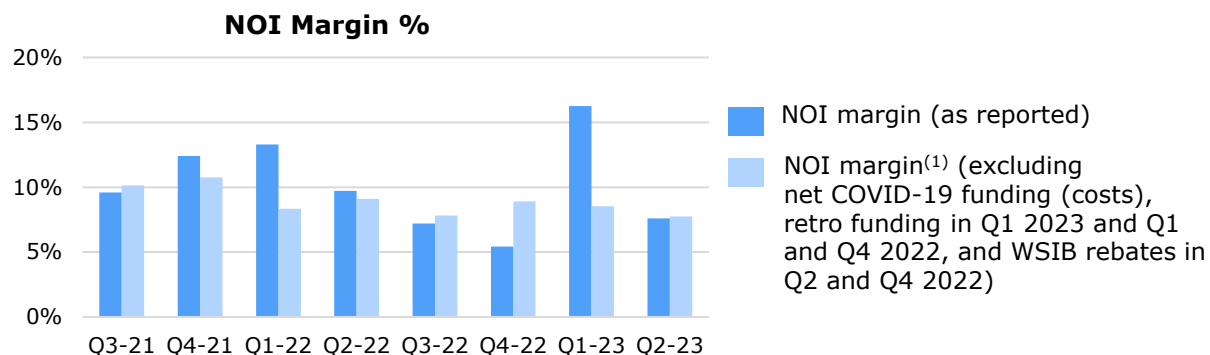
	Q2 2023	Q2 2022	Change	YTD 2023	YTD 2022	Change
Impact on:						
Adjusted EBITDA						
Net COVID funding (costs)	\$0.0	\$(0.6)	\$0.6	\$12.1	\$7.9	\$4.1
Prior period funding/workers compensation rebates	\$0.0	\$3.9	\$(3.9)	\$6.6	\$6.8	\$(0.2)
AFFO/Basic Share						
Net COVID funding	—	—	—	\$0.10	\$0.06	\$0.04
Prior period funding/workers compensation rebates	\$0.0	\$0.03	\$(0.03)	\$0.06	\$0.06	—

Long-term care

Three and six months ended June 30, 2023

Revenue			
Q2 2023	\$182.4M	0.4%	↑
YTD 2023	\$390.0M	2.2%	
NOI			
Q2 2023	\$13.9M	-21.4%	↓
<i>margin</i>	7.6%	-210 bps	
YTD 2023	\$47.6M	7.7%	
<i>margin</i>	12.2%	60 bps	
Average Occupancy			
Q2 2023	97.2%	470 bps	↑
YTD 2023	96.6%	490 bps	

- **Q2 revenue up \$0.7M**; excluding reduction in COVID-19 funding of \$13.4M, revenue up \$14.1M due to funding enhancements and timing of spend, including Ontario flow-through funding of \$8.5M and improvements in occupancy
- **Q2 NOI down \$3.8M**; excluding impact of COVID-19 recoveries of \$0.9M and workers compensation rebates of \$1.8M in Q2 2022, NOI declined \$1.1M, due to higher operating costs in excess of funding enhancements and increased occupancy
 - Q2 NOI margin⁽¹⁾ excluding COVID recoveries/one-time items was 7.8%, down from 9.1% in Q2 2022
- **Occupancy up 470 bps from Q2 2022 and 60 bps from Q1 2023**
 - Sequential increase as incidence of outbreaks declined throughout quarter



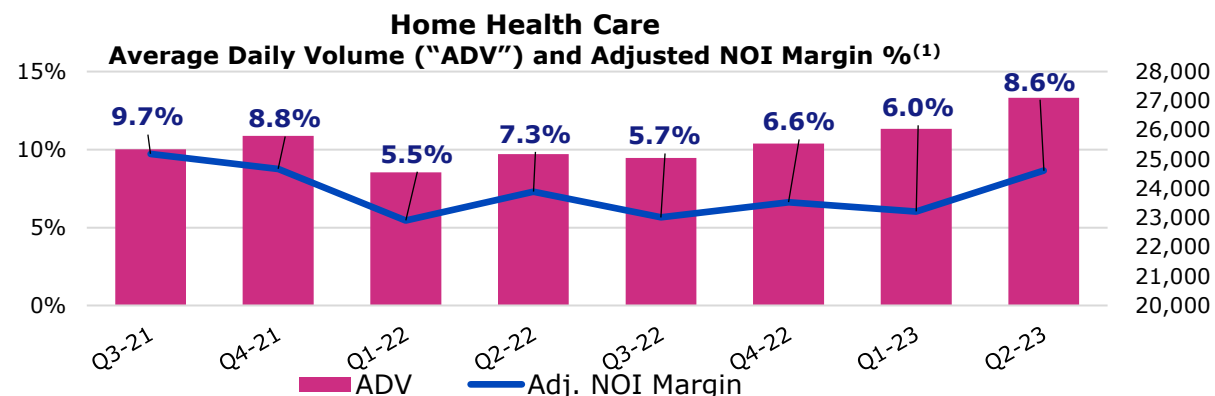
(1) NOI margins excluding net COVID funding (costs) as outlined on Slide 16, prior period funding adjustments (\$2.9M in Q1 2022, \$2.2M in Q4 2022 and \$6.6M in Q1 2023) and WSIB rebates (\$1.8M in Q2 2022 and \$0.3M in Q4 2022)

Home health care

Three and six months ended June 30, 2023

Revenue		
Q2 2023	\$116.3M	8.9% ↑
YTD 2023	\$223.8M	8.9%
NOI		
Q2 2023	\$10.1M	22.5%
margin	8.6%	90 bps
YTD 2023	\$16.5M	51.0% ↑
margin	7.4%	210 bps
Average Daily Volume		
Q2 2023	27,102	7.7% ↑
YTD 2023	26,575	6.9%


- **Q2 revenue up \$9.6M**; excluding reduction in COVID-19 funding of \$4.2M, revenue up \$13.8M, reflecting 7.7% increase in ADV, billing rate increases and \$2.7M PSW wage enhancement funding
- **Q2 NOI up \$1.8M**; excluding impact of unfunded COVID-19 costs of \$1.4M and workers compensation rebates of \$2.1M in Q2 2022, NOI up \$2.5M, reflecting higher volume and rate increases, partially offset by higher operating costs
 - Q2 NOI margin⁽¹⁾ excluding unfunded COVID-19 costs was 8.6%, up from 7.3% in Q2 2022
- **Q2 2023 billing rate increases** Alberta 8% plus permanent \$2/hour wage enhancement; anticipated Ontario 3% increase
 - Based on TTM ADV and mix of services to June 30, 2023, represent approximately \$14.2M in annual revenue to help offset increased wages and benefits
- **Sequential ADV up 4.1% from Q1 2023; Q2 NOI margin⁽¹⁾ of 8.6% up 260 bps from Q1 2023⁽¹⁾**



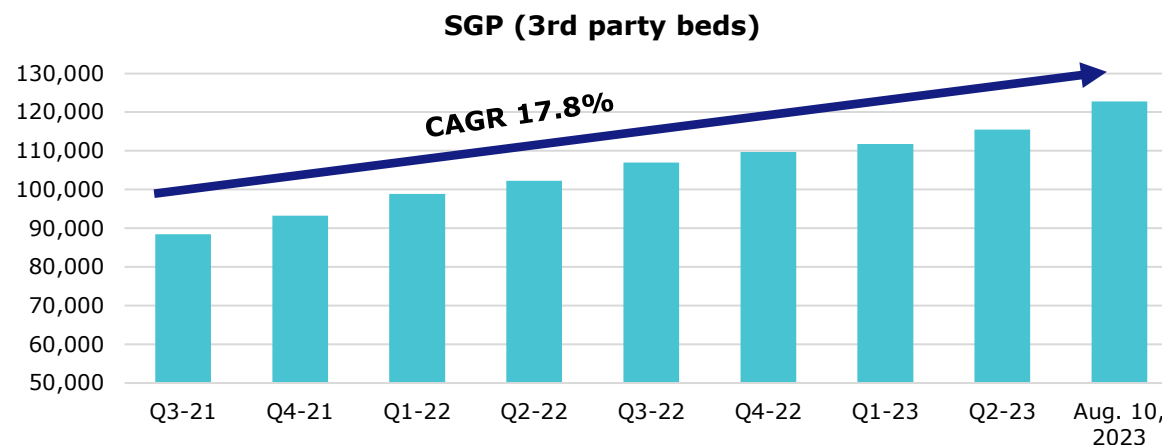
(1) NOI margins excluding net COVID costs as outlined on Slide 16, retro billing rate increases (\$3.5M in Q4-21) and WSIB rebates (\$2.1M in Q2-22)

Managed services | Extendicare Assist and SGP

Three and six months ended June 30, 2023

Revenue		
Q2 2023	\$8.8M	8.1% 
YTD 2023	\$18.5M	20.0%
NOI		
Q2 2023	\$4.5M	1.3%
margin	51.5%	-340 bps
YTD 2023	\$8.9M	9.0%
margin	48.2%	-490 bps
Management Contract Beds		
Beds (June 30, 2023)	5,959	-4.9%
Beds (Aug. 10, 2023) ⁽¹⁾	9,962	
SGP third-party beds		
Beds (June 30, 2023)	115,455	12.9%
Beds (Aug. 10, 2023) ⁽¹⁾	122,785	

- **Q2 revenue up \$0.7M** due to growth in SGP clients and mix of Assist consulting services
- **Q2 NOI up \$0.1M** on revenue growth, partially offset by higher costs related to mix of Assist consulting services, business development and IT costs
- **Q2 growth in SGP beds, +12.9%** from Q2 2022 (+3.3% from Q1 2023)

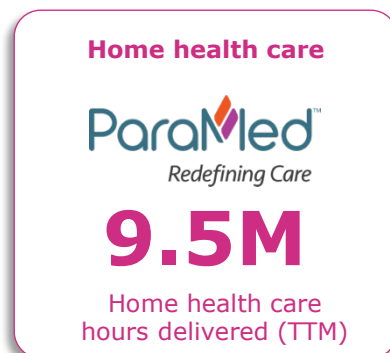


(1) Assist homes under management contract and SGP bed figures as at August 10, 2023, reflect the impact of clients that transitioned to self-management or closed, new Assist management contracts entered into, and the completion of the Revera transactions, subsequent to June 30, 2023, and include 25 homes (~3,100 beds) in the joint venture with Axiom in which Extendicare owns a 15% managed interest

Extendicare

Services that cross the care continuum

Direct services to seniors



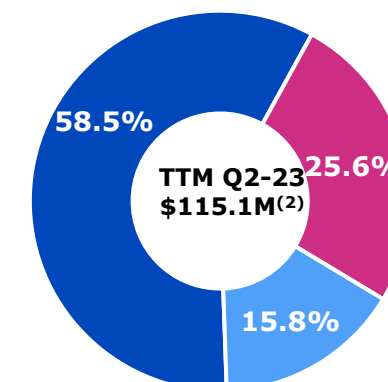
Managed services⁽¹⁾



Geographically diversified operations

Province	ON	AB	MB	BC	QC	Other	Total
LTC homes owned beds	5,023	1,514	762	-	-	-	7,299
Home health care hours delivered (TTM 000's)	8,810	410	140	-	-	100	9,460
Assist beds under management contract ⁽¹⁾	8,671	102	1,189	-	-	-	9,962
SGP 3 rd party beds served ⁽¹⁾	44,607	19,202	2,067	26,913	25,049	4,947	122,785

NOI contribution by segment⁽²⁾



- Long-term care
- Home health care
- Managed services

(1) Assist homes under management contract and SGP bed figures as at August 10, 2023, reflect the impact of clients that transitioned to self-management or closed, new Assist management contracts entered into, and the completion of the Revera transactions, subsequent to June 30, 2023, and include 25 homes (~3,100 beds) in the joint venture with Axium in which Extendicare owns a 15% managed interest

(2) Excludes the impact of net COVID-19 costs as outlined on Slide 16

Strong financial position

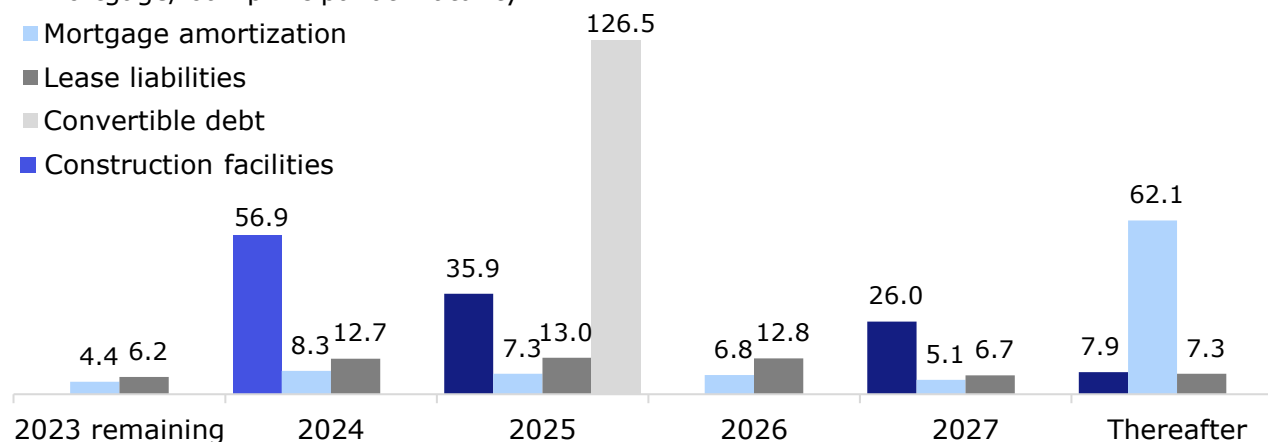
June 30, 2023

Cash	Available demand facilities	Undrawn construction financing ⁽²⁾	Long-term debt ⁽¹⁾
\$89M	\$80M	\$100M	\$406M

	TTM Adjusted EBITDA interest coverage	Debt to GBV	Weighted average rate
Q2 2023	2.7x	36.8%	5.8%
Q4 2022	2.6x	35.4%	5.5%

Debt maturities (\$ millions)

- Mortgage/loan principal at maturity
- Mortgage amortization
- Lease liabilities
- Convertible debt
- Construction facilities



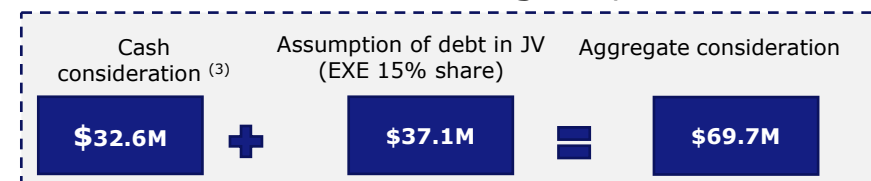
Strong liquidity position; modest debt maturities due prior to 2025

NCIB renewed June 30, 2023

- Acquired 627,500 common shares in 2023 under the NCIB that expired in June, at a cost of \$4.1M (avg \$6.53/share); total of \$39.1M returned to shareholders since its launch last year on cancellation of 5,638,680 shares
- Renewed our NCIB on June 30, 2023, providing flexibility to purchase up to 7,273,707 common shares; quantity and timing of purchases based on market conditions, share price and outlook on capital needs

Revera transactions

Revera transactions closed August 1, 2023



(1) Includes current portion, reflects 2025 convertible debt at face of \$126.5M; excludes deferred financing costs

(2) As at June 30, 2023, \$56.9M drawn on aggregate \$156.6M LTC construction credit facilities

(3) Net of holdbacks of approximately \$3.0M

Strategic direction





Thank you



Appendix

Estimated COVID-19 revenue, operating expenses and administrative costs

Three and six months ended June 30, 2023

	2023								2022	2021	2020
(millions of dollars)	Q2	Q1	YTDQ2	Q4	Q3	Q2	Q1	YTDQ2	Year	Year	Year
Revenue											
Long-term care	3.6	24.1	27.7	14.4	18.7	17.0	43.1	60.1	93.2	121.2	62.5
Home health care	0.3	0.7	1.0	0.9	3.3	4.5	7.6	12.1	16.3	33.0	23.6
Revenue impact	3.9	24.8	28.7	15.3	22.0	21.5	50.7	72.2	109.5	154.2	86.1
Operating Expenses											
Long-term care	3.6	12.0	15.6	22.1	18.4	16.1	32.3	48.4	88.9	118.2	85.3
Home health care	0.3	0.7	1.0	1.7	4.0	5.9	9.8	15.7	21.4	35.8	24.9
Operating expenses impact	3.9	12.7	16.6	23.8	22.4	22.0	42.1	64.1	110.3	154.0	110.2
NOI											
Long-term care	-	12.1	12.1	(7.7)	0.3	0.9	10.8	11.7	4.3	3.0	(22.8)
Home health care	-	-	-	(0.8)	(0.7)	(1.4)	(2.2)	(3.6)	(5.1)	(2.8)	(1.3)
NOI impact	-	12.1	12.1	(8.5)	(0.4)	(0.5)	8.6	8.1	(0.8)	0.2	(24.1)
Administrative costs	-	-	-	-	0.1	0.1	0.1	0.2	0.3	2.9	3.5
Adjusted EBITDA impact	-	12.1	12.1	(8.5)	(0.5)	(0.6)	8.5	7.9	(1.1)	(2.7)	(27.6)
Discontinued operations	-	-	-	-	(0.5)	(1.0)	(3.2)	(4.2)	(4.7)	(5.6)	(2.5)
Total impact	-	12.1	12.1	(8.5)	(1.0)	(1.6)	5.3	3.7	(5.8)	(8.3)	(30.1)

(1) Out of period funding towards COVID costs incurred in prior period:

- Q1 2023 of \$13.1M
- 2022 of \$17.6M: Q1 of \$13.3M; Q2 of \$1.6M; Q3 of \$1.1M; Q4 of \$1.6M
- 2021 of \$23.9M

Results – NOI by division⁽¹⁾

Three and six months ended June 30, 2023

(\$ millions)

Long-term Care NOI and Margin ⁽¹⁾					
Q2 2023	Q2 2022	Change	YTD 2023	YTD 2022	Change
\$13.9	\$14.9	-7.1%	\$29.0	\$27.8	4.2%
7.8%	9.1%	-130 bps	8.1%	8.7%	-60 bps
Average Occupancy					
97.2%	92.5%	470 bps	96.6%	91.7%	490 bps

Home Health Care NOI and Margin ⁽¹⁾					
Q2 2023	Q2 2022	Change	YTD 2023	YTD 2022	Change
\$10.1	\$7.5	34.7%	\$16.5	\$12.4	32.6%
8.6%	7.3%	130 bps	7.4%	6.4%	100 bps
Average Daily Volume ("ADV")					
27,102	25,174	7.7%	26,575	24,865	6.9%

Managed Services NOI and Margin					
Q2 2023	Q2 2022	Change	YTD 2023	YTD 2022	Change
\$4.5	\$4.5	1.3%	\$8.9	\$8.2	9.0%
51.5%	54.9%	-340 bps	48.2%	53.1%	-490 bps
SGP 3 rd Party Residents at period end					
115,455	102,219	12.9%			

(1) Excludes the impact of COVID-19 related costs and funding as outlined on Slide 16; for the LTC segment – the impact of prior period funding adjustments (\$2.9M in Q1 2022 and \$6.6M in Q1 2023) and WSIB rebates (\$1.8M in Q2 2022); for the home health care segment – the impact of WSIB rebates (\$2.1M in Q2 2022)

(2) NOI contribution by segment for TTMQ2-23, excludes the impact of net COVID-19 costs as outlined on Slide 16

**Helping
people
live
better**

