



# Growing together

**Q1 2024 Results**

Conference Call

May 16, 2024

# 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 and costs in respect of development projects; statements relating to the agreements entered into with Revera Inc. and its affiliates (“Revera”), Axium LTC Limited Partnership and its affiliates (“Axium”) and two limited partnership joint ventures with Axium in respect of the acquisition, disposition, ownership, operation and redevelopment of LTC homes in Ontario and Manitoba; and statements relating to expected future current income taxes and maintenance capex impacting AFFO.

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 Q1 2024 Management’s Discussion and Analysis filed by Extendicare with the securities regulatory

authorities, available at [www.sedarplus.ca](http://www.sedarplus.ca) and on Extendicare’s website at [www.extendicare.com](http://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 Q1 2024 MD&A.

# Strategic transformation reflected in Q1 results

Growth in managed services and progress on LTC redevelopment in line with strategy

Growth in Managed Services through Revera transactions and organic growth		Redevelopment through Axiom JVs		Strong Balance Sheet adds capital flexibility	
+26,478 (+23.7%) SGP beds vs. Q1-23		1,280 beds (5 homes) under construction		\$158.5M in liquidity at Q1 (vs. \$146.1M at Q4-23)	
+3,800 (+64.1%) Assist beds vs. Q1-23		Opened Extendicare Countryside, new 256-bed LTC home in Sudbury, held in Axiom JV		Payout ratio improved to 69% (TTM to March 2024)	
YoY NOI doubled to \$8.7M vs. Q1-23; NOI Margin 50.7%		Post Q1 2024 generated \$25.4M in additional liquidity with sale of 256-Orleans project into Axiom JV and the vacated Sudbury C-bed home		No debt maturities until Q2 2025; extended \$20.4M in 2025 mortgages to 2027	
Positioned for <b>GROWTH</b> 		Less capital-intensive, higher margin business model to expand managed services, build new LTC homes through JV partnerships with Axiom and drive growth in home health care			



# Q1 2024 operating highlights

Strong performance reflects execution across business segments

	Q1 2024	vs. Q1 2023
<b>LTC occupancy</b>	97.5%	<b>+90 bps</b>
<b>Home health care ADV</b>	29,007	<b>+11.4%</b>
<b>SGP customer base</b>	136,200	<b>+23.7%</b>

- Services are growing strongly, representing 56% of NOI in the quarter adjusted for one-time items

(\$ millions)	Q1 2024 NOI <sup>(1)</sup>	Q1 2023 NOI <sup>(1)</sup>	Change
<b>LTC</b>	\$15.5	\$15.1	<b>+2.9%</b>
<b>NOI margin</b>	7.9%	8.5%	<b>-60 bps</b>
<b>Home health care</b>	\$10.8	\$6.4	<b>+67.0%</b>
<b>NOI margin</b>	8.3%	6.0%	<b>+230 bps</b>
<b>Managed services</b>	\$8.9	\$4.4	<b>+97.9%</b>
<b>NOI margin</b>	50.7%	45.2%	<b>+550 bps</b>

(1) Excludes the impact of the following out-of-period adjustments: for the LTC segment – the impact of prior period funding adjustments of \$9.8M in Q1 2024 and \$6.6M in Q1 2023; and for the home health care segment – the impact of retroactive funding and offsetting compensation costs of \$13.6M in Q1 2024; and excludes the impact of COVID-19 related funding and costs as outlined in the COVID-19 table in the Q4 2023 MD&A



**Operational growth reflects critical need for seniors' care services**

# Ontario government addresses inflation gap

One-time funding and April 1, 2024 rate increases alleviate cost pressures and support redevelopment

- Key funding highlights:
  - Effective April 1, 2024, blended 6.6% increase across all funding categories; 11.5% in the other accommodation ("OA") envelope and 4.5% to the flow-through envelopes; annual impact is \$21.3M, of which \$12.0M is applicable to the OA envelope
  - One-time funding of ~\$2,500/bed; \$12.2M recognized in Q1 of which \$9.2M is retroactive to April 1, 2023
- April 1 rate increases mitigate the cumulative funding gap caused by inflation in recent years
- Ontario government fulfills multi-year commitment to fund 4 hours of direct care per resident day
- Re-introduced time-limited enhancement to the existing capital funding subsidy ("CFS") of \$35/bed per day for new projects that receive approval to proceed by November 30, 2024
- Significant investments in home health care announced in budget as well, details yet to be communicated





# Executing on LTC redevelopment

Opened 256-bed Countryside home in Sudbury; Sold 256-bed Orleans project into the Axiom JV post Q1

- Opened Extendicare Countryside, a 256-bed home in Sudbury in the Axiom JV in Q1;
- Sold our 256-bed Orleans project into the Axiom JV post Q1, generating \$20.1M in net proceeds
- Sold vacated C-home property in Sudbury post Q1, generating \$5.3M in cash
- 5 LTC homes under construction in the Axiom joint ventures (1,280 new beds replace 1,121 Class C beds); on track to open new homes in Stittsville and Kingston in Q3
- Ontario MLTC providing Class C bed operating license extensions of up to 5 years (to 2030) to qualified operators
- Advancing our remaining 15 LTC redevelopment projects (3,032 new beds to replace 2,211 Class C beds); targeting to begin construction on up to four new projects this year







# Financial review

Q1 2024

# Consolidated results

Three months ended March 31, 2024

(\$ millions, except per share amounts)

	Q1 2024	Q1 2023	Change
Revenue	<b>\$367.1</b>	<b>\$324.7</b>	<b>13.1%</b>
NOI margin	<b>\$44.7</b> <b>12.2%</b>	<b>\$44.6</b> <b>13.7%</b>	<b>0.4%</b> <b>-150 bps</b>
Adjusted EBITDA margin	<b>\$30.1</b> <b>8.2%</b>	<b>\$31.0</b> <b>9.5%</b>	<b>-2.7%</b> <b>-130 bps</b>
Net earnings	<b>\$13.1</b>	<b>\$11.6</b>	<b>13.1%</b>
- per basic share	<b>\$0.16</b>	<b>\$0.14</b>	
AFFO	<b>\$17.6</b>	<b>\$20.8</b>	<b>-15.4%</b>
- per basic share	<b>\$0.21</b>	<b>\$0.24</b>	
<b>Payout ratio</b>	<b>57%</b>	<b>49%</b>	

- **One-time and out-of-period funding and compensation costs impacted Q1 results (Revenue \$23.4M and NOI \$9.8M)**
  - LTC out-of-period revenue of \$9.8M, including \$9.2M in funding to support Ontario LTC homes with capital or operating needs (Q1-23 recognized \$6.6M of out-of-period funding)
  - Home health care recognized \$13.6M in funding to support one-time compensation to all home health care staff in connection with the 6.7% rate increase announced in Q4-23
- **Q1 revenue up \$42.4M**; excluding YoY net reduction of \$8.0M related to one-time items, revenue increased \$50.3M, driven primarily by LTC flow-through funding increases and improved occupancy; home health care ADV growth and rate increases; and growth in managed services
- **Q1 NOI up \$0.2M**; excluding YoY net reduction of \$8.9M related to one-time items, NOI <sup>(1)</sup> grew \$9.0M, reflecting growth across all segments
- **Q1 AFFO/basic share down \$0.03 to \$0.21**; excluding COVID-19 recoveries and out-of-period funding, AFFO<sup>(1)</sup> improved to \$0.12 from \$0.08 in the prior year, reflecting increased after-tax earnings, partially offset by the timing of maintenance capex

(1) Adjusted to exclude prior period funding adjustments and impact of net COVID-19 funding, refer to slide 15

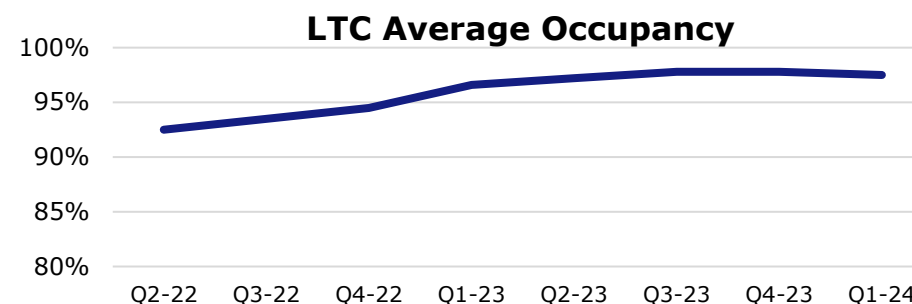
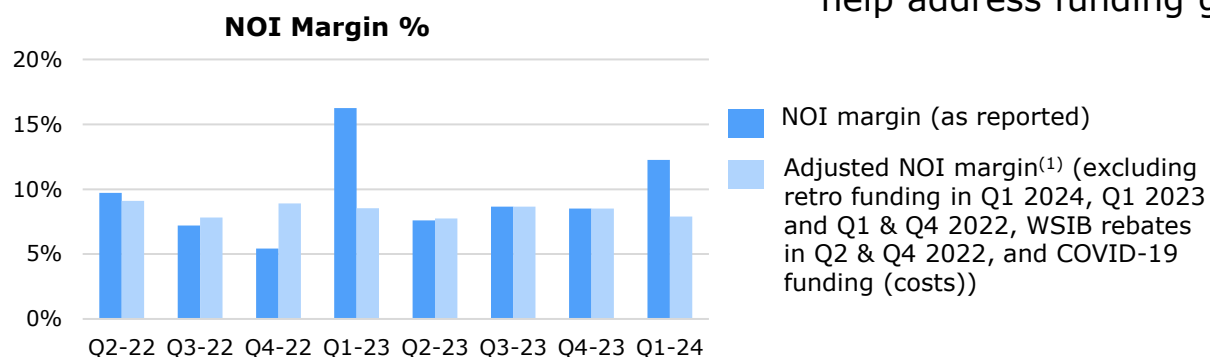


# Long-term care

Inflationary cost pressures weighing on margins; announced rate increases in Ontario to provide relief starting in Q2

Revenue		
Q1 2024	<b>\$206.5M</b>	<b>-0.5%</b>
NOI		
Q1 2024	<b>\$25.3M</b>	<b>-25.0%</b>
margin	<b>12.3%</b>	<b>-400 bps</b>
Average occupancy		
Q1 2024	<b>97.5%</b>	<b>90 bps</b>

- **Q1 2024 included \$9.8M of out-of-period revenue** recognized in the quarter, of which \$9.2M related to one-time funding to support Ontario LTC homes with capital or operating needs (Q1 2023 recognized \$6.6M of out-of-period revenue)
- **Q1 revenue down \$1.1M**; excluding COVID-19 funding of \$24.1M recognized in Q1 2023 and the \$3.2M YoY increase in prior period funding adjustments, revenue up \$19.8M due to funding enhancements, timing of spend and improved occupancy
- **Q1 NOI down \$8.4M**; excluding a net reduction of \$8.9M related to COVID-19 net recovery and YoY increase in prior period funding adjustments, NOI up \$0.4M to \$15.5M, reflecting funding enhancements and increased occupancy, partially offset by higher operating costs
- **Q1 adjusted NOI margin<sup>(1)</sup> of 7.9%** down 60 bps from 8.5% in Q1 2023, reflecting margin compression, in part from enhanced flow-through funding and higher operating costs; Ontario budget 11.5% increase in OA funding rates effective April 1, 2024 will help address funding gap



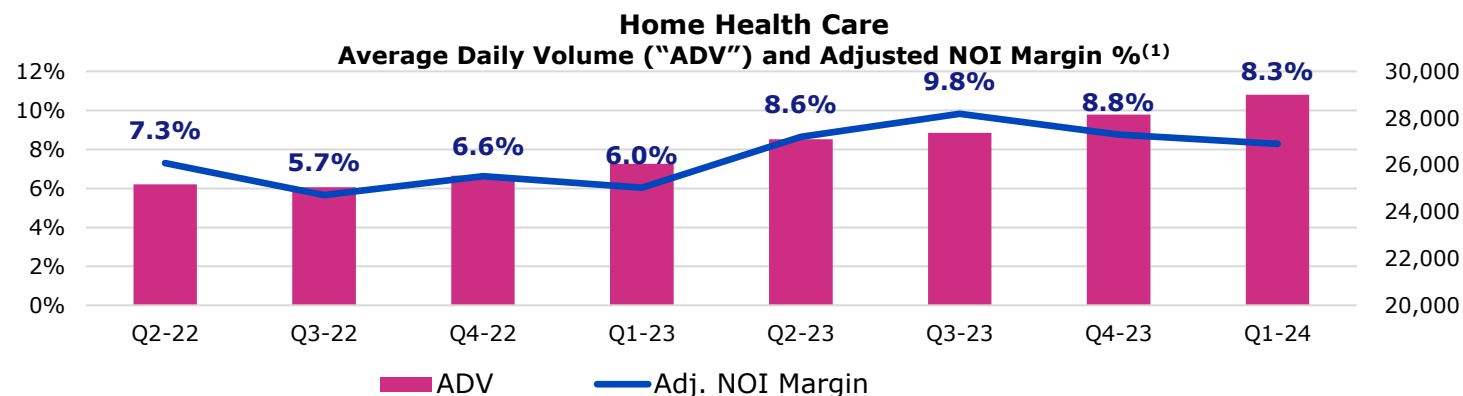
(1) Adjusted NOI margins excluding prior period funding adjustments (\$2.9M in Q1 2022, \$2.2M in Q4 2022, \$6.6M in Q1 2023, and \$9.8M in Q1 2024), WSIB rebates (\$1.8M in Q2 2022 and \$0.3M in Q4 2022), and net COVID-19 funding (costs) as outlined in the COVID-19 table in the Q4 2023 MD&A

# Home health care

Staffing capacity continues to improve, driving volume growth and NOI improvement

Revenue		
Q1 2024	<b>\$143.5M</b>	<b>33.6%</b>
NOI		
Q1 2024 margin	<b>\$10.8M</b> <b>7.5%</b>	<b>67.2%</b> <b>150 bps</b>
Average daily volume		
Q1 2024	<b>29,007</b>	<b>11.4%</b>

- **Q1 2024 included \$13.6M of one-time revenue and offsetting operating expenses** recognized in the quarter related to one-time compensation payments to all home health care staff in connection with the 6.7% billing rate increase announced in Q4-23
- **Q1 revenue up \$36.1M**; excluding \$13.6M out-of-period funding, revenue up \$22.5M, reflecting 11.4% increase in ADV and billing rate increases
- **Q1 NOI up \$4.3M** reflecting higher volume and rate increases, partially offset by higher wages and benefits
  - Q1 adjusted NOI margin<sup>(1)</sup> was 8.3%, up 230 bps from 6.0% in Q1 2023



(1) Adjusted NOI margins excluding out-of-period retroactive billing rate increases (\$5.4M in Q4 2023, \$13.6M in Q1 2024); WSIB rebates (\$2.1M in Q2 2022); one-time retroactive compensation costs (\$13.6M in Q1 2024), and net COVID-19 costs as outlined in the COVID-19 table in the Q4 2023 MD&A

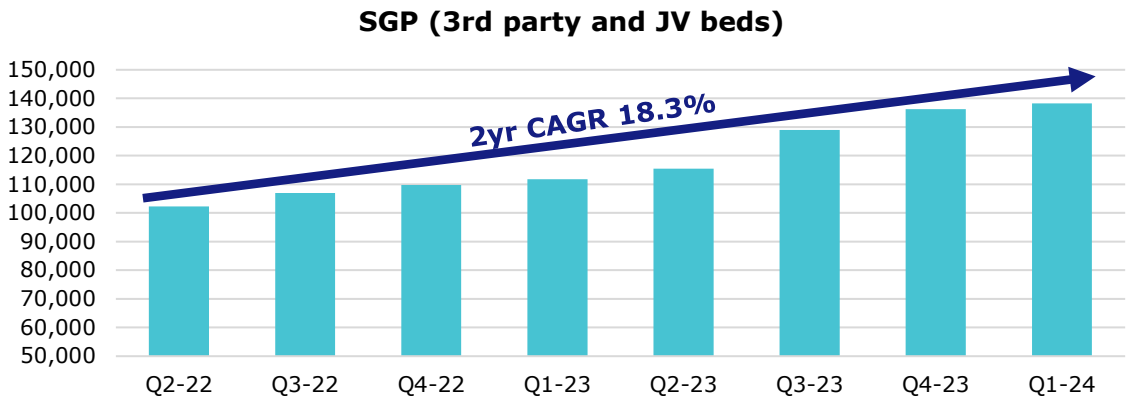


# Managed services | Extendicare Assist and SGP

New client wins and strategic transactions drive significant growth

Revenue		
Q1 2024	\$17.1M	76.5%
NOI		
Q1 2024	\$8.7M	97.9%
margin	50.7%	550 bps
Management contract beds		
Third party	6,339	64.1%
Joint venture	3,438	
SGP 3rd party & joint venture beds		
Beds	138,250	23.7%

- **Q1 revenue up \$7.4M** due largely to addition of Revera and Axiom joint venture homes and organic growth in SGP clients
- **Q1 NOI up \$4.3M and** on revenue growth, partially offset by higher costs to support new clients and changes to mix of Assist consulting and other services
- **Q1 SGP beds +23.7%** from Q1 2023

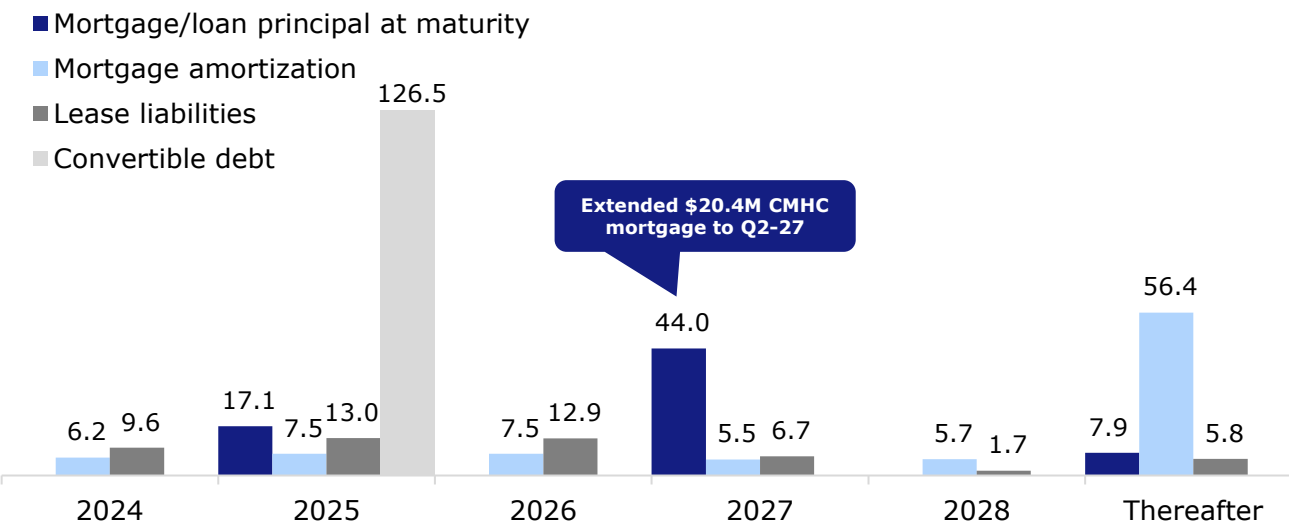


# Strong financial position

\$159.0M in liquidity at Q1; additional \$29.5M generated post-Q1 with redevelopment transactions and LC step down

As at March 31, 2024			
Cash	Available demand facilities	Long-term debt <sup>(1)</sup>	Long-term debt <sup>(1)</sup> (including 15% JV share <sup>(2)</sup> )
\$91M	\$68M	\$334M	\$392M

## Debt maturities<sup>(3)</sup> (\$ millions)



	Debt metrics				Debt metrics (including 15% JV <sup>(2)</sup> share)			
	TTM Adjusted EBITDA interest coverage	Debt to GBV	Weighted average rate	Weighted average term to maturity (years)	TTM Adjusted EBITDA interest coverage	Debt to GBV	Weighted average rate	Weighted average term to maturity (years)
Q1 2024	4.4x	31.4%	5.4%	5.1	4.2x	34.1%	5.8%	6.2
Q4 2023	4.2x	33.0%	5.4%	5.2	4.0x	35.6%	5.7%	6.2

## Subsequent to Q1 2024

- Additional \$25.4M in cash received from sale of Orleans project to Axiom JV and sale of former Sudbury Class C LTC home
- Letter of credit to secure legacy pension obligations reduced by \$4.1M in May 2024

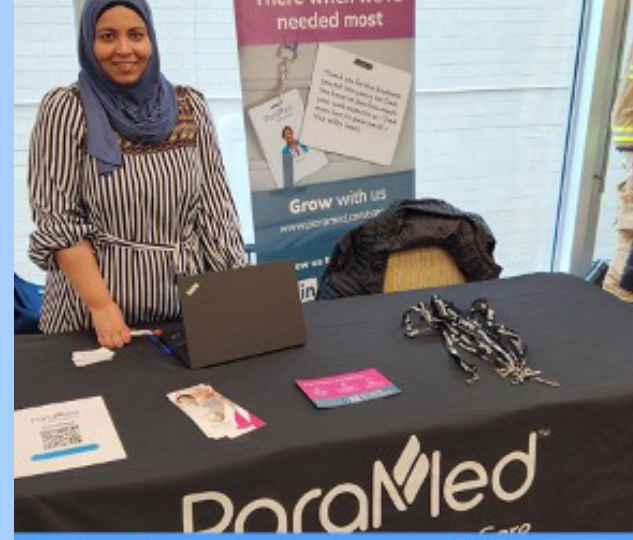
(1) Includes current portion, reflects 2025 convertible debt at face of \$126.5M; excludes deferred financing costs  
 (2) Includes the impact of 15% share of Axiom JV and Axiom JV II long-term debt outstanding as at March 31, 2024 and TTM EBITDA and net interest expense of the joint ventures, as applicable  
 (3) Debt maturities exclude 15% share of Axiom JV and Axiom JV II long-term debt



# Strategic direction



# Appendix





# Adjustments to Revenue, EBITDA and AFFO

Three months ended March 31, 2024

(\$ millions, except per share amounts)

## Impact of select items on Revenue, Adjusted EBITDA and AFFO/basic share<sup>(1)</sup>

Impact on:	Q1 2024	Q1 2023	YoY Change
<b>Revenue</b>			
Prior period funding			
Long-term care	\$9.8	\$6.6	\$3.2
Home health care (funds one-time compensation)	\$13.6	–	\$13.6
COVID-19 funding	–	\$24.8	\$(24.8)
<b>Adjusted EBITDA</b>			
Prior period funding	\$9.8	\$6.6	\$3.2
Net COVID-19 funding	–	\$12.1	\$(12.1)
<b>AFFO/Basic Share</b>			
Prior period funding	\$0.09	\$0.06	\$0.03
Net COVID-19 funding	–	\$0.10	\$(0.10)

(1) Reflects impact of net COVID-19 funding on Adjusted EBITDA and AFFO and impact of prior period LTC and home health care funding

# Extendicare

Managed Services and Home Health Care TTM NOI represent 51.5% of consolidated NOI

## Direct services to seniors

Long-term care

**Extendicare**

**52**

Long-term care homes owned

Home health care

**ParaMed**  
Redefining Care

**10.2M**

Home health care hours delivered (TTM)

## Managed services

Management and consulting

**Extendicare**  
ASSIST

**71**

Homes under contract

Group purchasing

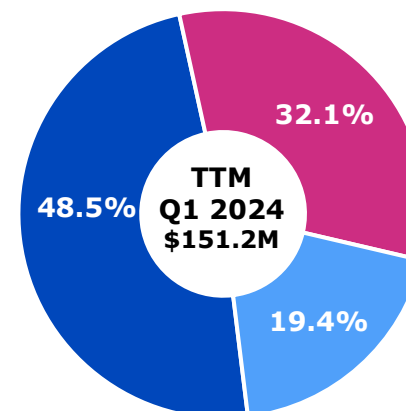
**SGP** | PURCHASING PARTNER NETWORK

**138K**

Third-party & JV beds served

## NOI contribution by segment

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



## Geographically diversified operations<sup>(2)</sup>

Province	ON	AB	MB	BC	QC	Other	Total
LTC homes owned beds	4,837	1,514	762	-	-	-	<b>7,113</b>
Home health care hours delivered (TTM 000's)	9,580	415	-	-	-	180	<b>10,175</b>
Assist and JV beds under management contract <sup>(1)</sup>	8,588	-	1,189	-	-	-	<b>9,777</b>
SGP 3 <sup>rd</sup> party & JV beds served	53,443	19,628	2,151	29,007	28,972	5,049	<b>138,250</b>

(1) Represents 71 homes, including 26 operational LTC homes owned in the joint ventures with Axiom in which the Company has a 15% managed interest

(2) Figures as at March 31, 2024

**Helping  
people  
live  
better**

