



# Growing Together

## Q2 2024

# Conference Call

August 13, 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"), Axiom LTC Limited Partnership and its affiliates ("Axiom") and two limited partnership joint ventures with Axiom 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 Q2 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 Q2 2024 MD&A.

# Q2 Highlights

Financial and operational highlights

## Financial highlights

Adjusted Divisional NOI Margins <sup>(1)</sup>	Q2 2024	Q2 2023	
LTC	11.3%	7.8%	<b>+350 bps</b>
Home health care	12.6%	8.6%	<b>+400 bps</b>
Managed services	56.1%	51.5%	<b>+460 bps</b>

Adjusted Divisional NOI Margins <sup>(1)</sup>	YTD 2024	YTD 2023	
LTC	9.6%	8.1%	<b>+150 bps</b>
Home health care	10.5%	7.4%	<b>+310 bps</b>
Managed services	53.5%	48.2%	<b>+530 bps</b>

(1) Excluding the impact of out-of-period adjustments, refer to slides 14 and 15 for details

## Operational highlights

**LTC occupancy up 60 bps to 97.8%**

**10.8% YoY increase in home health care average daily volume ("ADV")**


**22.1% YoY increase in SGP customer base**

**Ontario LTC funding increases effective April 1 address inflation gap**

**\$25.4M in proceeds from sale of Orleans project into Axiom JV and sale of the vacated Sudbury LTC home generated after-tax gains of \$6.7M in Q2**

# Strategic transformation evident in Q2 results

Growth in Managed Services and Home Health Care continues; strong balance sheet supports redevelopment

Growth in Services Q2 vs PY		LTC Redevelopment in Axiom JVs	Strong Balance Sheet increasing capital flexibility
Managed Services	Home Health Care	1,280 beds (5 homes) under construction and 256 beds (Countryside, Sudbury) opened in Q1	\$208.6M in liquidity at Q2 (up from \$146.1M at Q4-23)
SGP beds +25,482 +22.1%	ADV +10.8%	Plan to open 192-bed Kingston and 256-bed Stittsville homes by year end	Payout ratio improved to 63% <sup>(1)</sup> (Adjusted TTM to June 2024)
Assist beds +3,818 +64.1%	10.5M TTM hours of service	Generated \$25.4M in additional liquidity in Q2; sale of 256-Orleans project into Axiom JV and vacated Sudbury C-bed home	No debt maturities until Q2 2025; strong balance sheet provides options for refinancing convertible debentures due April 2025
YTD NOI doubled to \$18.7M	YTD NOI up 69% to \$27.9M	Targeting 3 new LTC projects (576 beds) to start construction in 2024 subject to tender results and regulatory approvals	Renewed NCIB through to July 1, 2025
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	

(1) Payout ratio for TTMQ2-24 is adjusted to exclude out-of-period funding of \$11.2M (\$8.4M after-tax)

(2) Excluding the impact of out-of-period adjustments, refer to slides 14 and 15 for details



# LTC redevelopment progress in partnership with Axiom

Five homes under construction; target to break ground on three more this year

- **Sold 256-bed Orleans** project into the Axiom JV in Q2, generating \$20.1M in net proceeds and \$2.3M after-tax gain
- **Sold vacated C-home property in Sudbury** in Q2, generating \$5.3M in cash and \$4.4M after-tax gain
- **5 LTC homes under construction** in the Axiom joint ventures
  - 1,280 new beds will replace 1,121 Class C beds
  - Opening **Stittsville and Kingston** by year end
- Targeting to start construction on up to **three new projects in 2024** (576 beds replacing 382 C beds) utilizing the time-limited CFS enhancement in place until November 2024
- Applied to Ontario MLTC for Class C bed operating **license extensions** to 2030 (5-year extension)
- Advancing **12 LTC redevelopment projects** to be ready to replace remaining C homes in future years (2,456 new beds to replace 1,841 Class C beds) if conditions are favourable



Redevelopment projects held in Axiom JVs (Extendicare holds 15% ownership)	# of Class C beds replaced	# of new beds	Expected opening	Estimated development costs (\$ millions)
Limestone Ridge (Kingston)	150	192	Q4-24	49.7
Crossing Bridge (Stittsville)	256	256	Q4-24	75.1
Peterborough	172	256	Q4-25	100.6
Orleans (Ottawa)	240	256	Q2-26	107.3
Carlingview Manor (Ottawa)	303	320	Q2-26	121.4
	<b>1,121</b>	<b>1,280</b>		<b>454.1</b>



# Financial Review

Q2 2024

# Consolidated results

Q2 2024

(\$ millions, except per share amounts)

- **Q2 results impacted by out-of-period LTC funding of \$4.1M**
  - Includes \$2.1M in one-time support to offset Alberta LTC homes' capital and operating needs, and \$1.5M to support Manitoba LTC homes' wage settlements <sup>(1)</sup>
- **Q2 revenue up \$40.9M**, driven primarily by LTC and home health care rate increases and volume growth across all segments
- **Q2 NOI up \$24.3M** (\$20.2M excluding \$4.1M of out-of-period funding), reflecting improved performance across all segments and the shift of the Easter holiday
- **Q2 AFFO/basic share up \$0.16 to \$0.27**, reflecting increased after-tax earnings, partially offset by the timing of maintenance capex (excluding out-of-period funding, AFFO<sup>(1)</sup> improved by \$0.13 to \$0.24)

Q2 2024 vs PY			
Revenue		NOI	
\$348.5	<b>+\$40.9</b> <b>+13.3%</b>	\$52.8	<b>+24.3</b> <b>+85.5%</b>
Adjusted EBITDA		Net earnings	
\$38.6	<b>+\$23.8</b> <b>+161.3%</b>	\$25.9	<b>+\$23.9</b>
AFFO/basic share		Payout ratio	
\$0.27	<b>+\$0.16</b> <b>+145.5%</b>	43%	

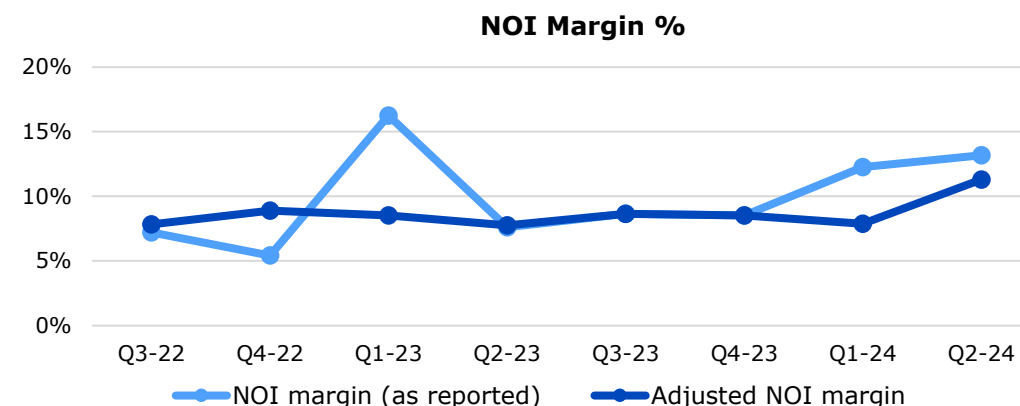
(1) Refer to slide 14 for the impact of out-of-period adjustments and impact of net COVID-19 funding



# Long-term care

Strong results driven by funding increases, improved occupancy and reduced agency costs

- **Q2 included \$4.1M of out-of-period revenue** (including funding for Alberta and Manitoba LTC homes)
- **Q2 revenue up \$11.8M**; up \$11.3M<sup>(2)</sup> excluding out-of-period funding in Q2 2024 and COVID-19 funding in 2023, reflecting funding increases, the step up for direct care and improved occupancy
- **Q2 NOI up \$11.7M**; up \$7.6M to \$21.5M<sup>(2)</sup> excluding out-of-period funding and recovery of COVID-19 costs, reflecting revenue improvement, timing of spend, and shift of the Easter holiday (~\$0.9M), partially offset by higher labour costs
- **Q2 adjusted NOI margin<sup>(2)</sup> of 11.3%**; up 350 bps from 7.8%, reflecting funding increases, timing of spend and shift in timing of Easter holiday
- **YTD Q2 adjusted NOI margin<sup>(2)</sup> of 9.6%**; up 150 bps from 8.1% PY, reflecting funding increases and timing of spend



Revenue		
Q2 2024	<b>\$194.2M</b>	6.5%
YTD 2024	<b>\$400.7M</b>	2.7%
NOI		
Q2 2024	<b>\$25.6M</b>	84.6%
margin	<b>13.2%</b>	560 bps
YTD 2024	<b>\$50.9M</b>	7.0%
margin	<b>12.7%</b>	50 bps
Average occupancy		
Q2 2024	<b>97.8%</b>	60 bps
YTD 2024	<b>97.6%</b>	70 bps

(1) Adjusted NOI margins exclude out-of-period funding (\$2.2M in Q4 2022, \$6.6M in Q1 2023, \$9.8M in Q1 2024 and \$4.1M in Q2 2024), WSIB rebates (\$0.3M in Q4 2022), and net COVID-19 funding (costs) as outlined in the COVID-19 table in the Q4 2023 MD&A

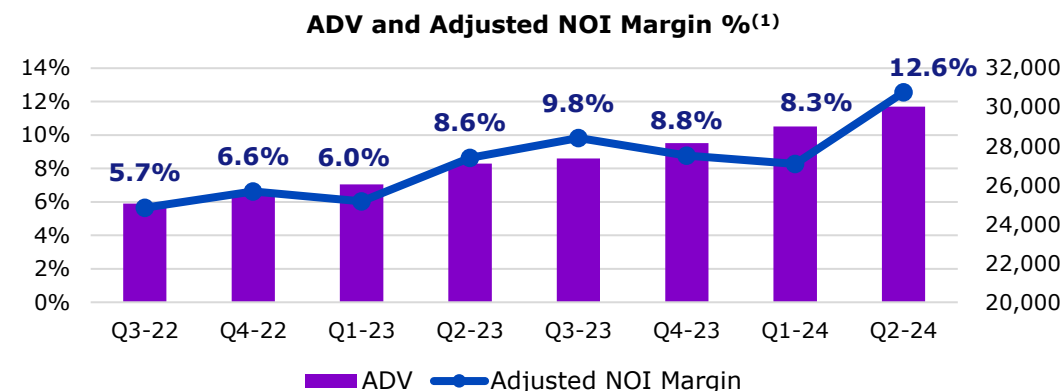
(2) Excluding the impact of out-of-period adjustments, refer to slide 15



# Home health care

Growth reflects higher volumes and rate increases, along with shift of statutory holiday

- **Q2 results reflect return to seasonal cadence** of historically strong second quarters, aided by the timing of the Easter holiday
- **Q2 revenue up \$20.0M** reflecting 10.8% growth in ADV and billing rate increases
- **Q2 NOI up \$7.1M** reflecting higher volume, rate increases and the shift of the Easter holiday (~\$1.4M), partially offset by higher wages and benefits
  - Q2 NOI margin of 12.6%, up 400 bps from 8.6% in Q2 2023



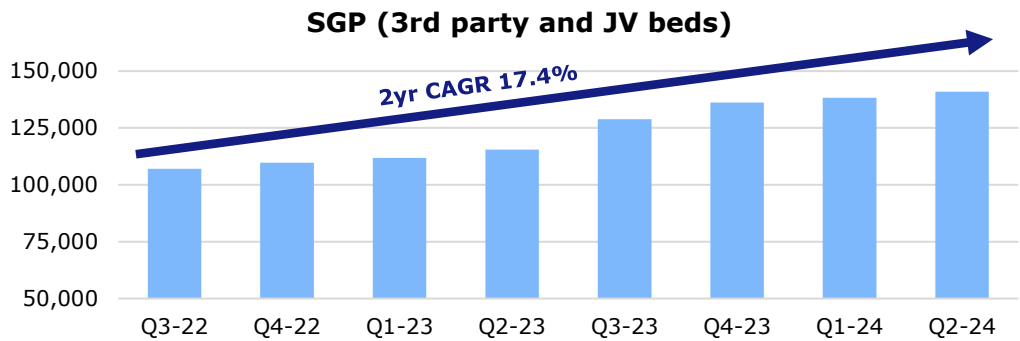
Revenue		
Q2 2024	\$136.3M	17.2%
YTD 2024	\$279.8M	25.1%
NOI		
Q2 2024	\$17.1M	70.3%
margin	12.6%	400 bps
YTD 2024	\$27.9M	69.1%
margin	10.0%	260 bps
Average daily volume ("ADV")		
Q2 2024	30,027	10.8%
YTD 2024	29,517	11.1%

(1) Adjusted NOI margins excluding out-of-period retroactive billing rate increases (\$5.4M in Q4 2023, \$13.6M in Q1 2024); 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

Strategic transactions and organic growth drive strong results in services

- **Q2 revenue up \$9.1M** due largely to the addition of Revera and Axiom joint venture homes and organic growth in SGP clients
- **Q2 NOI up \$5.5M** on revenue growth, partially offset by higher costs to support new clients and changes to mix of Assist consulting and other services
- **Q2 SGP beds up 22.1%** from Q2 2023



Revenue		
Q2 2024	\$18.0M	103.6%
YTD 2024	\$35.1M	89.4%
NOI		
Q2 2024	\$10.1M	121.8%
margin	56.1%	460 bps
YTD 2024	\$18.7M	110.1%
margin	53.5%	530 bps
Management contract beds		
Q2 2024	6,339	} 64.1%
YTD 2024	3,438	
SGP 3rd party & joint venture beds		
Beds	140,937	22.1%

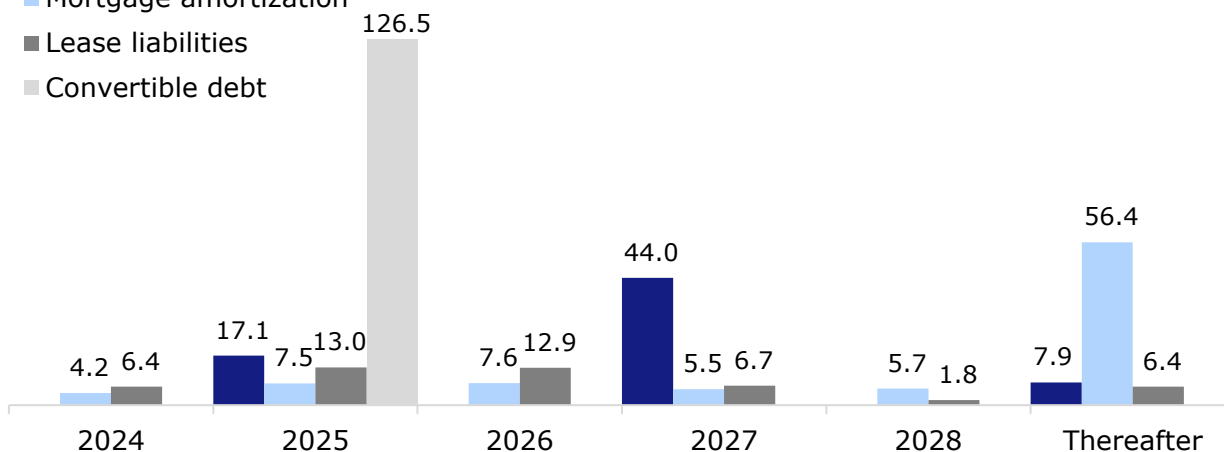
# Strong financial position

\$208M in liquidity at Q2 reflects strong operating cash flow and proceeds from Orleans and Sudbury sales

As at June 30, 2024			
Cash	Available demand facilities	Long-term debt <sup>(1)</sup>	Long-term debt <sup>(1)</sup> (including 15% JV share <sup>(2)</sup> )
\$136M	\$72M	\$330M	\$396M

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

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

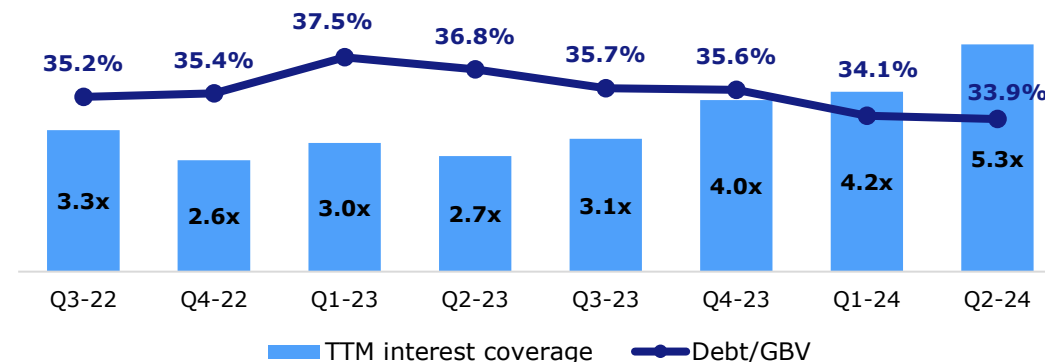


(1) Includes current portion, reflects 2025 convertible debt at face of \$126.5M; excludes deferred financing costs

(2) Includes the impact of 15% share of Axiom JV and Axiom JV II long-term debt outstanding as at June 30, 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

## Debt Metrics<sup>(2)</sup>



## NCIB Activity

- NCIB renewed to June 2025, providing flexibility to purchase up to 7,159,997 common shares; quantity and timing of purchases based on market conditions, share price, and outlook for capital needs

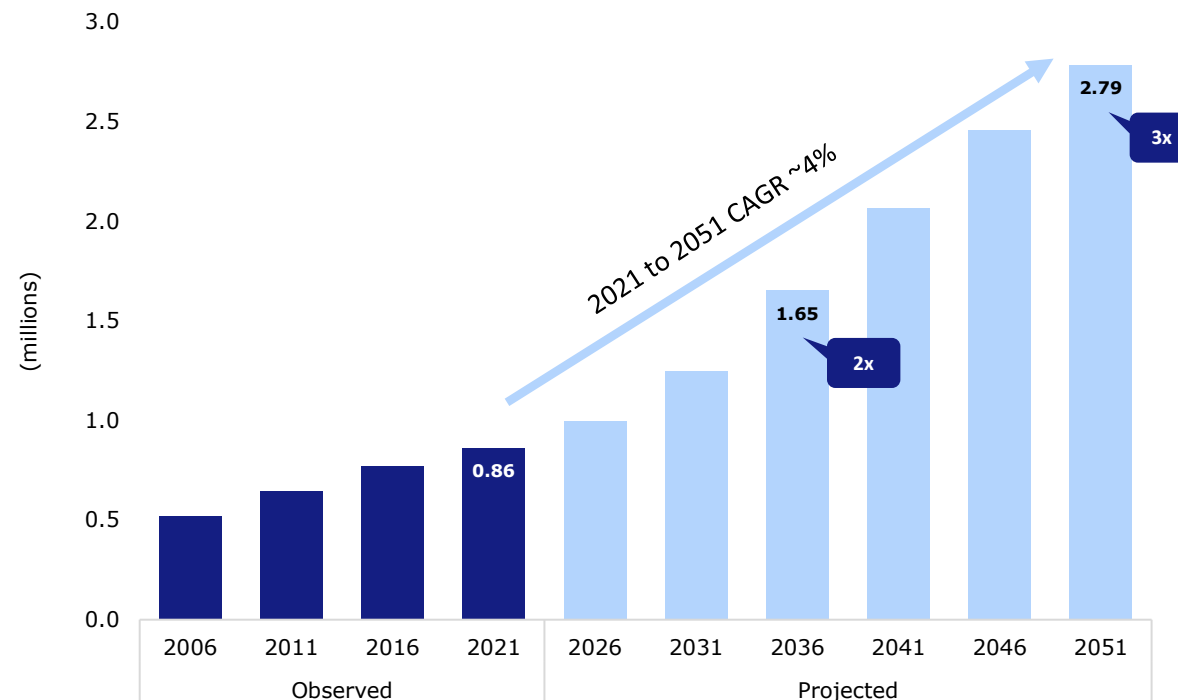


# Meeting the needs of a growing demographic

Compelling growth opportunities in long-term care and home health care

- **Building new LTC homes** to address the increased need for long-term care
  - Seniors aged 85+ increasing at ~4% per year<sup>(1)</sup>
  - LTC waitlist of more than 43,000<sup>(2)</sup> in Ontario alone
  - Need for >200,000 new LTC beds in Canada by 2035<sup>(3)</sup>
- Home health sector is integral component of **addressing system capacity challenges**
  - ParaMed's care volumes grew by more than 10% in 2024
  - Volumes increasing faster than population growth until service levels catch up to current needs
- Awaiting rate details for additional significant **provincial investment in home health care** announced in 2024 Ontario budget

Canadian Population 85+



**Canadians aged 85+ will double by 2036 and triple by 2051**

(1) Source: [A portrait of Canada's growing population aged 85 and older from the 2021 Census](#)

(2) As of September 2023, per Ontario Ministry of Long-Term Care

(3) The Conference Board of Canada; *Sizing Up the Challenge; Meeting the Demand for Long-Term Care*, November 2017

# Appendix



# Adjustments to revenue, EBITDA and AFFO

Three and six months ended June 30, 2024

(\$ millions, except per share amounts)

- **Q2 results** impacted by out-of-period LTC funding of \$4.1M (including support for Alberta and Manitoba LTC homes)
- **YTD 2024 results** impacted by out-of-period funding and one-time compensation costs (revenue \$27.5M and NOI \$13.9M)
  - LTC out-of-period revenue of \$13.9M, including \$11.3M to support Ontario and Alberta LTC homes with capital or operating needs and \$1.5M to support Manitoba homes with wage settlements (Q1-23 recognized \$6.6M of out-of-period funding)
  - Home health care recognized funding of \$13.6M in Q1 2024 to support one-time compensation to all home health care staff in connection with the 6.7% rate increase announced in Q4-23

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

Impact on:	Q2 2024	Q2 2023	Change	YTD 2024	YTD 2023	Change
<b>Revenue</b>						
Out-of-period funding						
Long-term care	<b>\$4.1</b>	–	\$4.1	<b>\$13.9</b>	\$6.6	\$7.3
Home health care (funds one-time compensation)	–	–	–	<b>\$13.6</b>	–	\$13.6
COVID-19 funding	–	\$3.9	\$3.9	–	\$28.7	\$(28.7)
<b>Adjusted EBITDA</b>						
Out-of-period funding	<b>\$4.1</b>	–	\$4.1	<b>\$13.9</b>	\$6.6	\$7.3
Net COVID-19 funding	–	–	–	–	\$12.1	\$(12.1)
<b>AFFO/Basic Share</b>						
Out-of-period funding	<b>\$0.04</b>	–	\$0.04	<b>\$0.13</b>	\$0.06	\$0.07
Net COVID-19 funding	–	–	–	–	\$0.10	\$(0.10)

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



# Adjusted NOI by division<sup>(1)</sup>

Three and six months ended June 30, 2024

(\$ millions)

Long-term care NOI and margin <sup>(1)</sup>					
Q2 2024	Q2 2023	Change	YTD 2024	YTD 2023	Change
<b>\$21.5</b>	\$13.9	54.9%	<b>\$37.0</b>	\$29.0	27.8%
<b>11.3%</b>	7.8%	350 bps	<b>9.6%</b>	8.1%	150 bps
Average occupancy					
<b>97.8%</b>	97.2%	60 bps	<b>97.6%</b>	96.9%	70 bps

Home health care NOI and margin <sup>(1)</sup>					
Q2 2024	Q2 2023	Change	YTD 2024	YTD 2023	Change
<b>\$17.1</b>	\$10.1	70.3%	<b>\$27.9</b>	\$16.5	69.0%
<b>12.6%</b>	8.6%	400 bps	<b>10.5%</b>	7.4%	310 bps
Average daily volume					
<b>30,027</b>	27,102	10.8%	<b>29,517</b>	26,575	11.1%

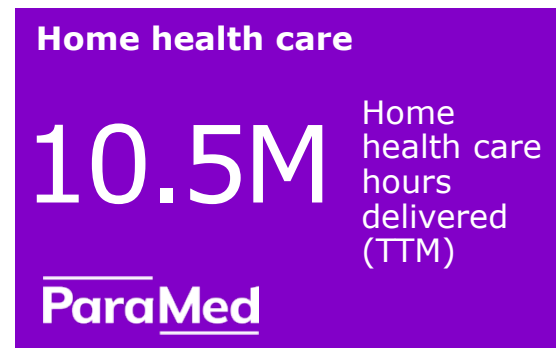
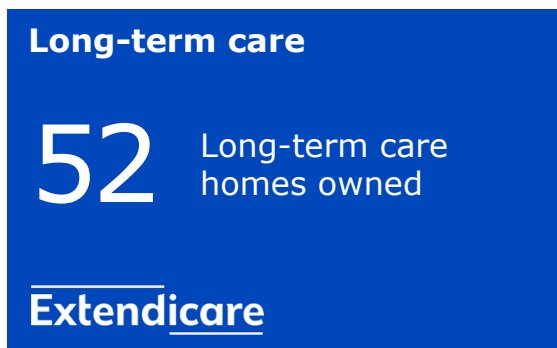
Managed services NOI and margin					
Q2 2024	Q2 2023	Change	YTD 2024	YTD 2023	Change
<b>\$10.1</b>	\$4.5	121.8%	<b>\$18.7</b>	\$8.9	110.1%
<b>56.1%</b>	51.5%	460 bps	<b>53.5%</b>	48.2%	530 bps
SGP 3 <sup>rd</sup> party & joint venture beds at period end					
	<b>140,937</b>	115,455	22.1%		

(1) Excludes the impact of the following adjustments: for the LTC segment – the impact of out-of-period funding of \$13.9M YTDQ2 2024 (\$9.8M in Q1 2024 and \$4.1M in Q2 2024) and \$6.6M in YTDQ2 2023 (all in Q1); and for the home health care segment – the impact of retroactive funding and offsetting compensation costs of \$13.6M in YTDQ2 2024 (all in Q1); and excludes the impact of COVID-19 related funding and costs as outlined in the COVID-19 table in the Q4 2023 MD&A

# Services-focused growth

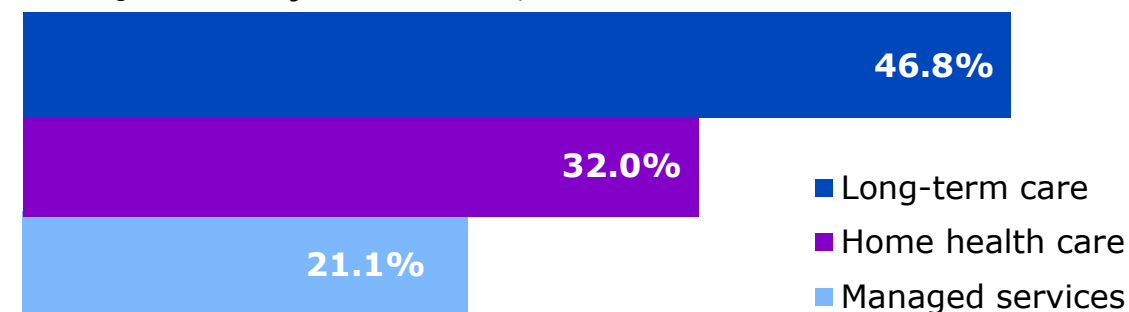
Strong growth in services which represented ~53% of TTM Q2 adjusted consolidated NOI

## Direct services to seniors

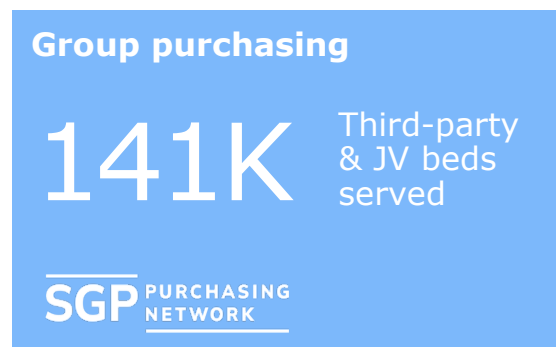


## NOI contribution by segment<sup>(1)</sup>

TTM Q2 2024 Adjusted NOI<sup>(1)</sup> \$165.0M



## Managed services



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

Province	ON	AB	MB	BC	QC	Other	Total
<b>LTC homes owned – beds</b>	33 4,837	14 1,514	5 762	-	-	-	<b>52 7,113</b>
<b>Home health care hours delivered (TTM 000's)</b>	9,850	415	-	-	-	210	<b>10,475</b>
<b>Assist and JV beds under management contract<sup>(3)</sup></b>	8,588	-	1,189	-	-	-	<b>9,777</b>
<b>SGP 3<sup>rd</sup> party &amp; JV beds served</b>	53,542	19,628	2,151	29,496	30,930	5,190	<b>140,937</b>

(1) Adjusted TTMQ2-24 NOI excludes out-of-period funding of \$10.5M (\$7.8M for LTC and \$2.7M for home health care)

(2) Figures as at June 30, 2024

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

**Helping  
people  
live  
better**