

EXTENDICARE®
... helping people live better



DELIVERING BEST-IN-CLASS SERVICES & GROWING LONG-TERM VALUE

2020 Second Quarter Results
Conference Call
August 14, 2020

EXTENDICARE®
... helping people live better

NON-GAAP MEASURES

“EBITDA”, “Adjusted EBITDA”, “net operating income” (NOI), “funds from operations” (FFO), and “adjusted funds from operations” (AFFO) are non-GAAP measures and do not have standardized meanings prescribed by GAAP. See “Non-GAAP Measures” in Extendicare’s most recent MD&A.

FORWARD-LOOKING STATEMENTS

This presentation contains certain 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 the Company, including, without limitation: statements regarding its business operations, business strategy, growth strategy, results of operations and financial condition; 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, the impact of COVID-19 on the Company’s operating costs, staffing, procurement, occupancy levels (primarily in its retirement communities) and volumes in its home health care business, the impact on the capital and credit markets and the Company’s ability to access the credit markets as a result of COVID-19, increased litigation and regulatory exposure and the outcome of any litigation and regulatory proceedings. Forward-looking statements can often be identified by the expressions “anticipate”, “believe”, “estimate”, “expect”, “intend”, “objective”, “plan”, “project”, “will” 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.

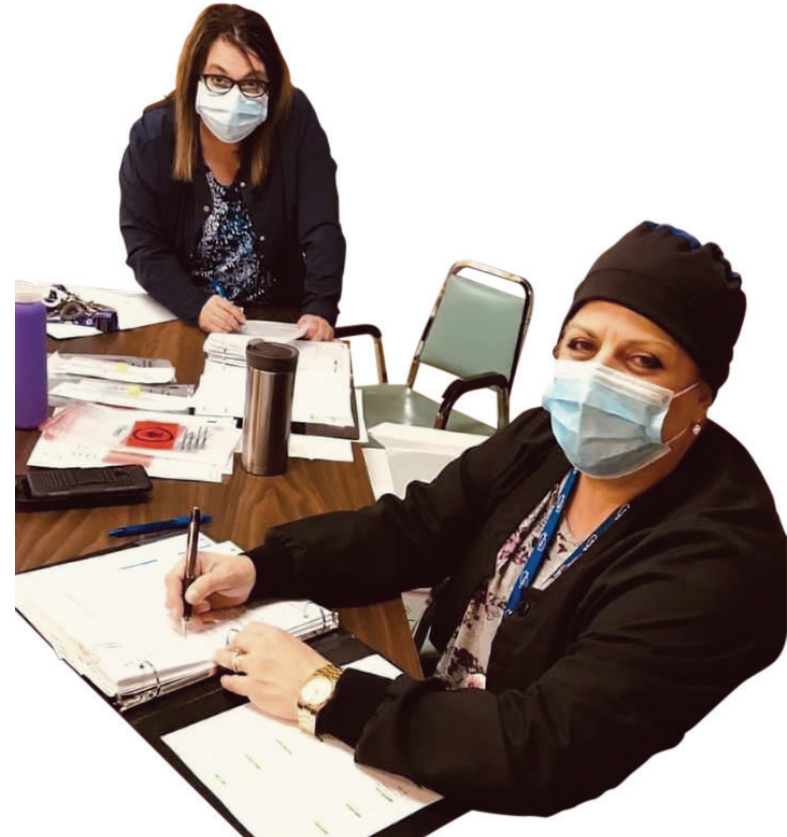
Although forward-looking statements are based upon estimates and assumptions that the Company believes are reasonable based upon information currently available, these statements are not representations or guarantees of future results, performance or achievements of the Company and are inherently subject 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.

In particular, risks and uncertainties related to the effects of COVID-19 on Extendicare include: the length, spread and severity of the pandemic; the nature and extent of the measures taken by all levels of governments and public health officials, both short and long term, in response to COVID-19; domestic and global credit and capital markets; the Company’s ability to access capital on favourable terms or at all due to the potential for reduced revenue and increased operating expenses as a result of COVID-19; the availability of insurance on favourable terms; litigation and/or regulatory proceedings against or involving the Company, regardless of merit; the health and safety of the Company’s employees and its residents and clients; and domestic and global supply chains, particularly in respect of personal protective equipment. Given the evolving circumstances surrounding COVID-19, it is difficult to predict how significant the adverse impact will be on the global and domestic economy and the business operations and financial position of Extendicare. For further information on the risks, uncertainties and assumptions that could cause Extendicare’s actual results to differ from current expectations, refer to “Risk Factors” in Extendicare’s Annual Information Form and “Forward Looking-Statements” in Extendicare’s Q2 2020 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.

COVID-19 UPDATE

- ◆ Safety of our residents, clients and staff remains our top priority
- ◆ Continue to commit increased resources and policies to protect against COVID-19
 - ◆ Universal masking
 - ◆ Sufficient levels of personal protective equipment (PPE)
 - ◆ Single-site employer policy
 - ◆ Voluntary staff testing
 - ◆ Limited 4-bed room occupancy in Ontario LTC
- ◆ Maintain vigilance and prepare for a possible “second wave”
- ◆ Currently, one LTC home in outbreak with one positive staff case across our 69 owned LTC homes and retirement communities



We are doing everything possible to protect our residents, clients and staff

2020 SECOND QUARTER HIGHLIGHTS

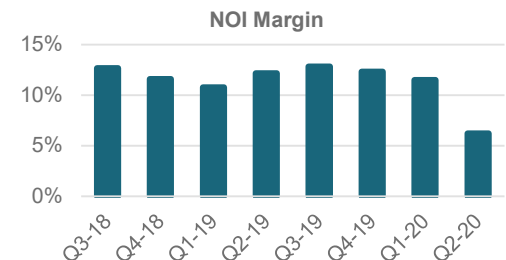
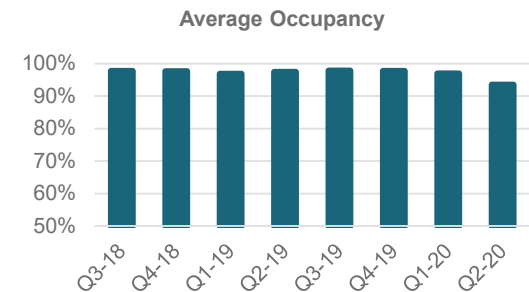
- ◆ Impact of COVID-19:
 - ◆ Increased costs (wages, benefits, PPE and supplies) exceeded COVID-19 related funding by \$10.7M for Q2 and \$11.0M YTD
 - ◆ Lower home health care volumes
 - ◆ Lower occupancy levels in retirement living
- ◆ Improved financial performance year over year in retirement from lease-up activity and growth in SGP client base
- ◆ ParaMed business volumes steadily recovering
- ◆ Strong financial flexibility and liquidity with \$122M of cash on hand and no scheduled debt maturities until Q1 2022



Focused on providing high quality care during this challenging time

LONG-TERM CARE – COVID-19 COSTS IN EXCESS OF FUNDING TO DATE

- ◆ COVID-19 costs incurred to-date in excess of announced funding support
 - ◆ Ontario preserved 100% occupancy-based funding to end of 2020 and provided additional funding for COVID-19
 - ◆ Alberta introduced additional funding to address COVID-19 costs and occupancy impacts to Q1 2021
 - ◆ Amount and timing of COVID-19 funding, relative to additional expenses incurred has, and will continue, to cause volatility in LTC NOI
 - ◆ Continue to advocate with the sector for additional relief measures
- ◆ Ontario announced new construction funding subsidy (CFS) program to build 8,000 new and 12,000 replacement LTC beds. Currently assessing impact on our redevelopment program.



Stable revenue base with future growth potential

PARAMED – VOLUMES CONTINUE TO BE IMPACTED BY COVID-19 RESTRICTIONS

- ◆ COVID-19 impact on average daily volumes (ADV) down 20.7% compared to Q2 2019 ⁽¹⁾
- ◆ Higher back-office and COVID-19 related costs further impacted NOI compared to Q2 2019
- ◆ Volumes have shown steady improvement as restrictions have eased with ADV up 10% ⁽²⁾ from Q2 2020
- ◆ Technology deployment in Alberta, now scheduled for Q4 2020.
- ◆ ParaMed eligible for Canada Emergency Wage Subsidy (CEWS) program

Recovery in client volumes underway

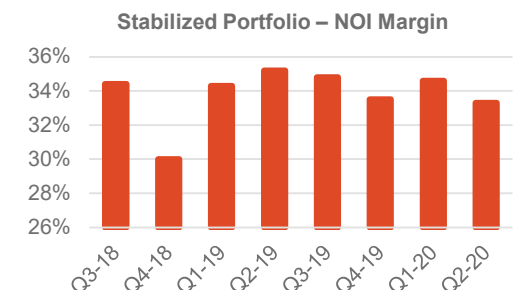
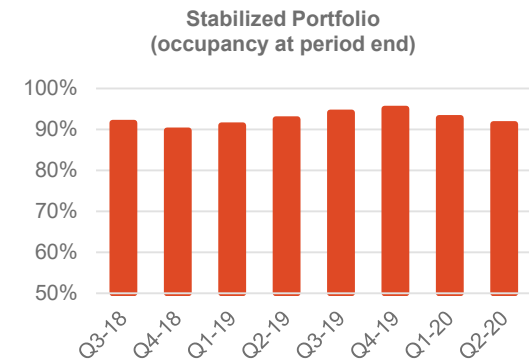


(1) Excluding ParaMed B.C. operations in Q2 2019

(2) Compared to ADV for the four weeks ending August 9, 2020

RETIREMENT LIVING – HIGHER LEASE-UP OCCUPANCY PARTIALLY OFFSET BY COVID-19 IMPACTS

- ◆ COVID-19 restrictions on in-person tours and enhanced protocols to protect residents led to lower occupancy and increased costs in Q2
- ◆ Stabilized occupancy of 91.3% as at June 30, 2020 down 150bps since March 31, 2020
- ◆ In-person tour restrictions lifted in Ontario, awaiting decision in Saskatchewan
- ◆ Early signs of improvement in July 2020 with stabilized occupancy of 91.8%⁽¹⁾, up 50bps from June 30, 2020



COVID-19 driving temporarily lower occupancy levels

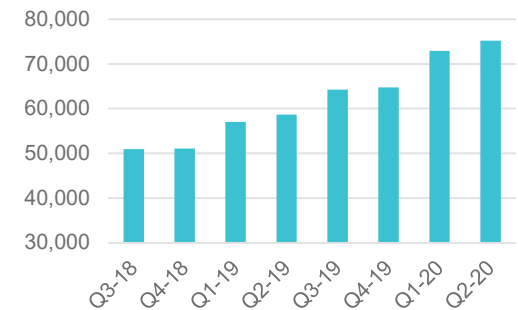
⁽¹⁾ As at July 31, 2020

CONTRACT SERVICES AND GROUP PURCHASING – GROWING SGP NETWORK

- ◆ Growing business segment with >10% CAGR in revenue and NOI over past 8 quarters as market presence expands
- ◆ SGP welcomed several new clients in early Q3 2020 including Golden Life and Groupe Lokia, increasing senior residents served across Canada to ~79,000
- ◆ Continue to pursue additional market and service offering expansion opportunities



SGP (3rd party residents)



53 homes/6,543 beds
under contract

Expanding the network while exploring new growth opportunities



FINANCIAL REVIEW

2020 Second Quarter Results

CONSOLIDATED RESULTS

REVENUE AND NOI⁽¹⁾

Three and six months ended June 30, 2020

(\$ millions)

Revenue ⁽¹⁾					
Q2 2020	Q2 2019	Change	YTD 2020	YTD 2019	Change
\$281.9	\$269.2	4.7% ↑	\$550.8	\$532.0	3.5% ↑

NOI and Margin ⁽¹⁾					
Q2 2020	Q2 2019	Change	YTD 2020	YTD 2019	Change
\$19.9	\$33.4	-40.3% ↓	\$50.3	\$64.1	-21.5% ↓
7.1%	12.4%	-530 bps	9.1%	12.0%	-290 bps

Adjusted EBITDA and Margin					
Q2 2020	Q2 2019	Change	YTD 2020	YTD 2019	Change
\$8.2	\$25.2	-67.5% ↓	\$28.3	\$44.9	-37.0% ↓
2.9%	8.9%	-600 bps	5.1%	8.0%	-290 bps

AFFO and Payout Ratio					
Q2 2020	Q2 2019	Change	YTD 2020	YTD 2019	Change
\$2.9	\$14.9	-80.3% ↓	\$14.6	\$27.5	-47.1% ↓
365%	71%		147%	77%	

⁽¹⁾ Revenue and NOI excluding ParaMed B.C. operations and incremental funding related to Bill 148 recorded in Q2 2019 – see Slide 20

LONG-TERM CARE

Three and six months ended June 30, 2020

Revenue		
Q2 2020	\$178.5M	11.6%
YTD 2020	\$338.7M	7.1%
NOI		
Q2 2020	\$11.1M	-42.8%
<i>margin</i>	6.2%	-590 bps
YTD 2020	\$29.5M	-18.5%
<i>margin</i>	8.7%	-280 bps
Average Occupancy		
Q2 2020	93.5%	-400 bps
YTD 2020	95.2%	-230 bps

- ◆ Q2 Revenue increase of \$18.5M includes COVID-19 funding of \$17.6M
- ◆ Q2 NOI down \$8.3M due to COVID-19 costs in excess of funding of \$8.6M (\$8.9M YTD)
- ◆ Lower occupancy due to impacts from COVID-19 largely in Ontario, where occupancy funding protection is in place until end of 2020
- ◆ Timing and amount of additional COVID-19 funding unknown and will create ongoing volatility in our quarterly NOI
- ◆ Ontario announced 1.5% envelope and accommodation funding increases effective April 1, 2020

HOME HEALTH CARE

Three and six months ended June 30, 2020

Revenue ⁽¹⁾

Q2 2020	\$85.5M	-8.5%
YTD 2020	\$175.6M	-4.8%



NOI ⁽¹⁾

Q2 2020	\$1.4M	-82.0%
<i>margin</i>	1.7%	-670 bps
YTD 2020	\$5.7M	-63.6%
<i>margin</i>	3.2%	-530 bps



Average Daily Volume ⁽¹⁾

Q2 2020	20,380	-20.7%
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- ◆ Revenue and NOI impacted by significant decline in ADV due to COVID-19, higher back-office and COVID-19 costs
- ◆ Excluding the impact of B.C. operations, ADV down 20.7% from Q2 2019 and 17.4% from Q1 2020
- ◆ Alberta roll-out of the new cloud-based IT platform rescheduled to Q4 2020 to capture final 5% of business volumes
- ◆ ParaMed received \$21.0M from Canada Emergency Wage Subsidy (CEWS) program after the end of the quarter

⁽¹⁾ Revenue and NOI excluding ParaMed B.C. operations and incremental funding related to Bill 148 recorded in Q2 2019. ADV excluding volumes from ParaMed B.C. operations – see Slide 20

RETIREMENT LIVING

Three and six months ended June 30, 2020

Revenue

Q2 2020	\$11.7M	17.3%
YTD 2020	\$23.8M	21.8%



NOI

Q2 2020	\$3.5M	20.5%
<i>margin</i>	30.0%	80 bps
YTD 2020	\$7.2M	31.5%
<i>margin</i>	30.4%	220 bps



Average Stabilized Occupancy

Q2 2020	91.5%	10 bps
YTD 2020	92.5%	150 bps



As at Stabilized Occupancy

Q2 2020	91.3%	-120 bps
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- ◆ Revenue and NOI margins improved compared to Q2 2019, driven by occupancy growth in lease-up communities, including the opening of The Barrievue in Q4 2019
- ◆ Stabilized occupancy impacted by COVID-19 and associated temporary access restrictions
 - ◆ Average occupancy of 91.5% for Q2 2020 down 200bps from 93.5% in Q1 2020
 - ◆ As at occupancy of 91.3% for Q2 2020 down 150bps from Q1 2020
 - ◆ As at occupancy for July 2020 up 50bps to 91.8% since Q2 2020
- ◆ Continue to defer construction of Empire Crossing expansion in Port Hope

OTHER CANADIAN OPERATIONS

Three and six months ended June 30, 2020

Revenue			
Q2 2020	\$6.3M	6.4%	↑
YTD 2020	\$12.7M	8.0%	
NOI			
Q2 2020	\$3.9M	21.5%	↑
<i>margin</i>	62.0%	770 bps	
YTD 2020	\$7.8M	18.0%	
<i>margin</i>	61.4%	520 bps	
Contract Services			
Beds	6,543	-0.9%	↓
SGP			
Residents	75,165	28.1%	↑

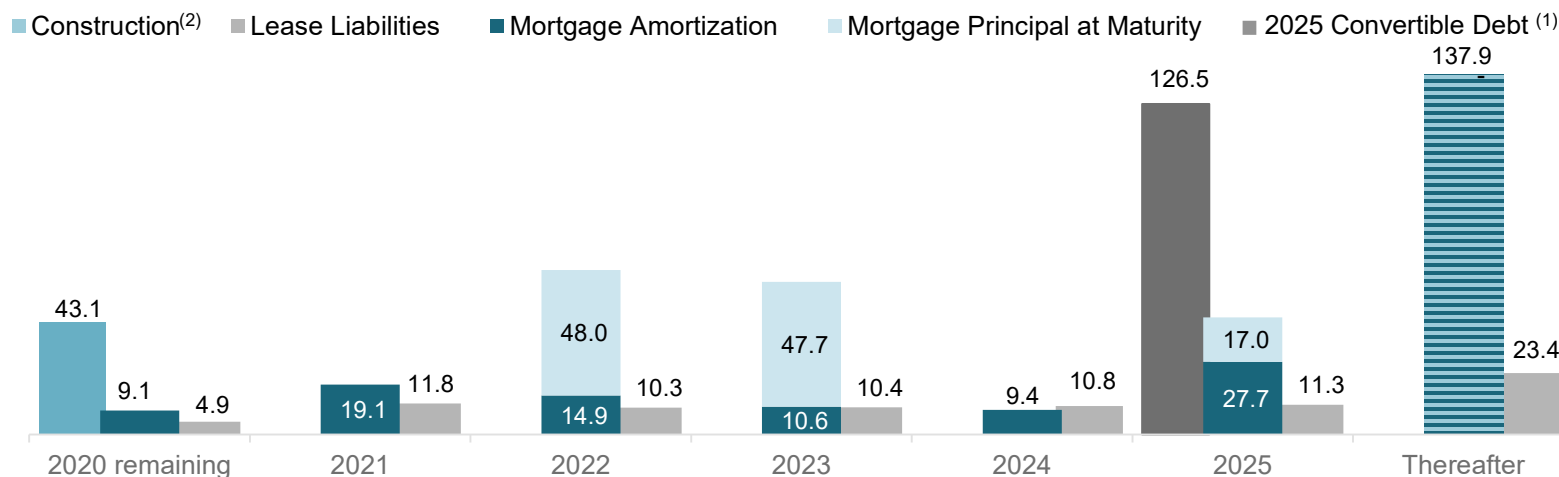
- ◆ Revenue and NOI up 6.4% and 21.5%, respectively, in Q2 2020 as compared to Q2 2019
- ◆ Revenue driven by 28.1% growth in SGP client base, with residents served growing to 75,200 in Q2 2020 as compared to 58,700 Q2 2019
- ◆ NOI driven by client growth and lower travel and marketing expenses in Q2 2020 due to limitations of COVID-19.

STRONG FINANCIAL POSITION

As at June 2020

Long-term Debt ⁽¹⁾	Cash		EBITDA interest coverage	Debt to GBV	Weighted average rate
\$593.9M	\$122.0M	Q2 2020	2.6x	49.7%	4.4%
		Q4 2019	3.1X	49.0%	4.7%

Debt Maturities (\$ millions)



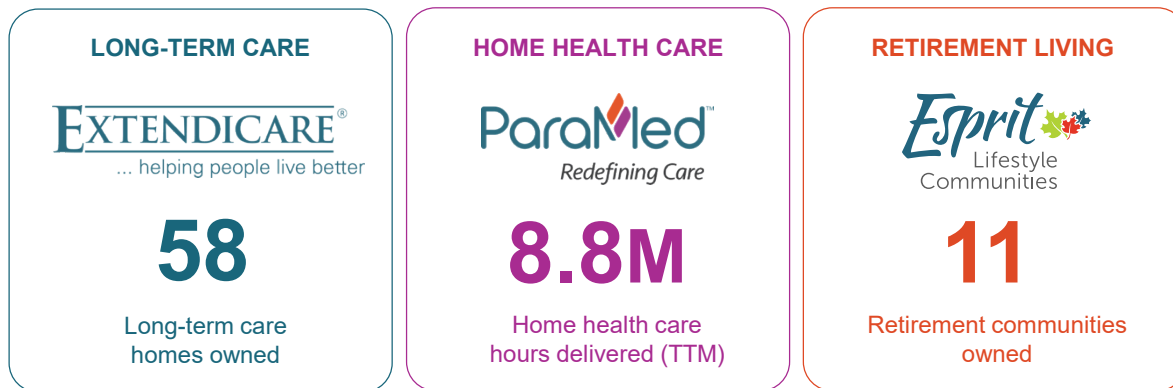
Strong liquidity position and modest 2020 debt maturities remaining

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

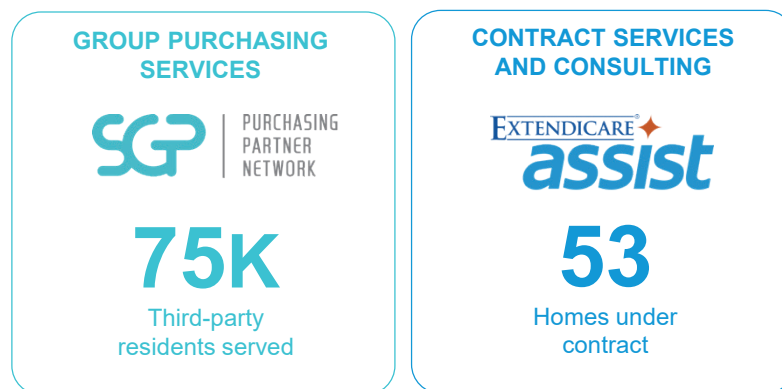
⁽²⁾ Demand constructions loans are reflected as current

COMPELLING GROWTH OPPORTUNITIES ACROSS THE CARE CONTINUUM

B2C: direct services to seniors



B2B: contract & consulting services



THANK YOU





Q2 2020 ESTIMATED COVID-19 REVENUE, OPERATING EXPENSES AND ADMINISTRATIVE COSTS

Three and six months ended June 30, 2020 and 2019

(\$ millions)	Three months ended June 30, 2020				Six months ended June 30, 2020			
	LTC	Retirement Living	Home Health Care	Total	LTC	Retirement Living	Home Health Care	Total
Revenue	\$ 17.6	\$ -	\$ 9.6	\$ 27.2	\$ 18.0	\$ -	\$ 9.6	\$ 27.6
Operating expenses	26.2	0.5	10.0	36.7	26.9	0.5	10.0	37.4
NOI Impact	\$(8.6)	\$ 0.5	\$(0.4)	\$(9.5)	\$(8.9)	\$ 0.5	\$(0.4)	\$(9.8)
Administrative costs	-	-	-	1.2	-	-	-	1.2
Adjusted EBITDA impact	\$(8.6)	\$(0.5)	\$(0.4)	\$(10.7)	\$(8.9)	\$(0.5)	\$(0.4)	\$(11.0)

PARAMED FACTORS IMPACTING COMPARABILITY

Three and six months ended June 30, 2020 and 2019

- ◆ **ParaMed B.C. operations** (exited in January 2020)
- ◆ **ParaMed Bill 148** (retro funding of \$2.2M recorded in Q2 2019)

NET IMPACT (\$ millions)	Q2 2020	Q2 2019	Change	YTD June 2020	YTD June 2019	Change
Revenue						
ParaMed B.C.	\$ –	\$12.6	\$(12.6)	\$ 3.0	\$24.2	\$(21.2)
ParaMed Bill 148	–	2.2	(2.2)	–	2.2	(2.2)
Revenue (total)	–	\$14.8	\$(14.8)	\$ 3.0	\$26.4	\$(23.4)
NOI	–	\$ 1.9	\$ (1.9)	–	\$1.6	\$ (1.6)
ADV ParaMed B.C.	–	3,521		807	6,893	