

EXTENDICARE®
... helping people live better



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

2020 Third Quarter Results
Conference Call
November 13, 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, including anticipated timelines, costs and financial returns in respect of development projects, 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 Q3 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
- ◆ Maintaining enhanced infection prevention measures
 - ◆ Sufficient levels of PPE
 - ◆ Staff testing
 - ◆ Increased staffing in LTC homes
 - ◆ Dedicated COVID-19 response team
- ◆ Recruited Chief Medical Officer, new role, to better coordinate medical resources
- ◆ We support Ontario LTC Commission's interim recommendations, including enhanced funding, increased staffing/direct care, priority COVID-19 testing and community collaboration

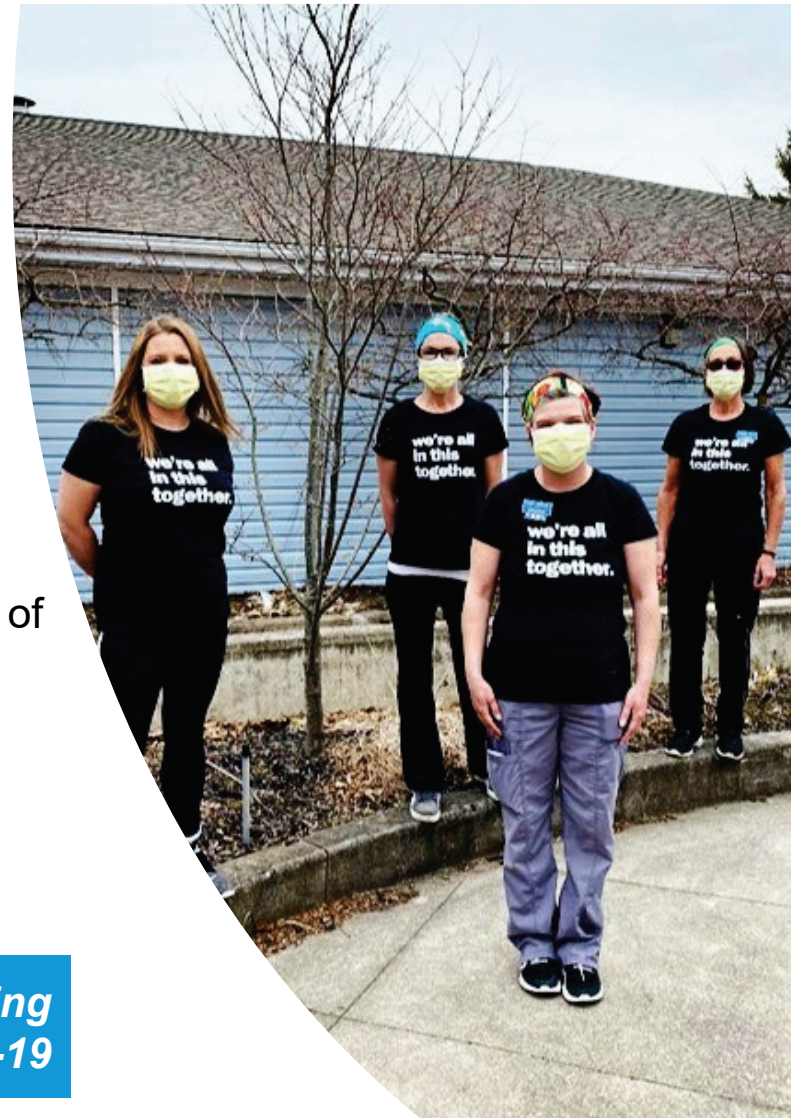
Focused on the protection and care of our residents, clients and staff



2020 THIRD QUARTER HIGHLIGHTS

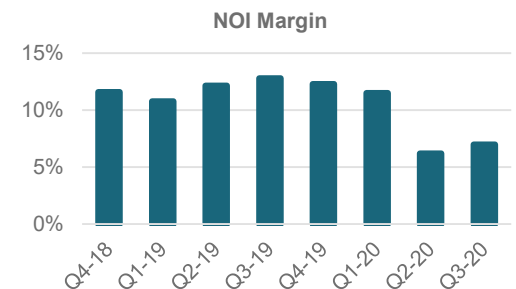
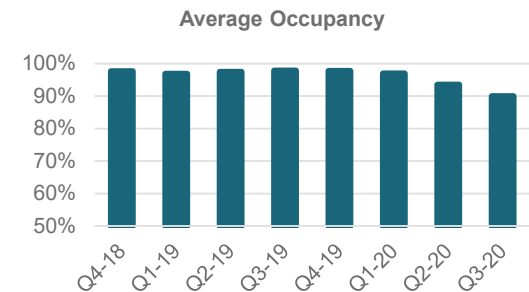
- ◆ Impact of COVID-19:
 - ◆ Pandemic costs exceed COVID-19 related funding by \$8.8M in Q3 and \$19.8M YTD
 - ◆ Home health care staffing levels remain below pre-COVID-19 levels, slowing volume recovery
 - ◆ Lower occupancy in retirement living and LTC
- ◆ Improved financial performance year over year in retirement from lease-up activity and in SGP from growth in client base
- ◆ Strong financial flexibility and liquidity with \$170M of cash on hand at Q3 2020 and no scheduled debt maturities until Q1 2022
- ◆ ParaMed received \$50.8M under the Canada Emergency Wage Subsidy (CEWS) program

Strong liquidity position to address ongoing financial impacts of COVID-19



LONG-TERM CARE – INCREASED COSTS, LOWER OCCUPANCY LEVELS FROM COVID-19

- ◆ COVID-19 costs continue to exceed government funding support announced to-date – \$15.5M costs in excess of funding YTD Q3 2020
- ◆ In Ontario, COVID-19 funding announced through Q1 2021 and occupancy protection preserved until end of 2020
- ◆ In Alberta, COVID-19 funding for LTC in place through to Q1 2021
- ◆ MB and SK still being finalized
- ◆ Amount and timing of COVID-19 funding will continue to cause volatility in earnings
- ◆ We welcome Ontario Government's commitment to increased hours of direct care and to accelerate education and recruitment of health care workers



Long-term stable revenue base with future growth potential

LONG-TERM CARE – REDEVELOPMENT

- ◆ Ontario Capital Development Funding Program updated to include increased CFS per diem ranges and capital development grant on substantial completion of home
- ◆ Continue to advocate to improve economics in urban areas and timing of approval process
- ◆ Applied for 22 projects to build over 4,200 beds to replace 3,287 existing C-class LTC beds and add new beds
- ◆ Ministry approval received for first project in Sudbury – 256-bed LTC home replacing existing 234-bed C-class LTC home
 - ◆ Greenfield construction commences November 2020
 - ◆ Anticipated completion in Q4 2022
 - ◆ Estimated investment of \$62.3M



Increased opportunities for redevelopment and expansion of LTC portfolio

PARAMED – STAFFING LEVELS REMAIN BELOW PRE-COVID LEVELS SLOWING VOLUME RECOVERY

- ◆ COVID-19 continues to impact average daily volumes (ADV) – down 9.9% compared to Q3 2019⁽¹⁾
 - ◆ Home care referrals have recovered to pre-COVID levels
 - ◆ Continued gradual improvement in ADV levels, up 5.2%⁽²⁾ since Q3 2020
 - ◆ Pace of recovery in business volumes slower due to limited workforce capacity
- ◆ New investments in training programs launched to address workforce shortage – targeting 600 new employees annually
- ◆ Completion of cloud-based operations management system deployment in Alberta scheduled for Q4 2020



Home Health Care
Average Daily Volume



***Workforce capacity constraints impeding
business volume recovery***

(1) Excluding ParaMed B.C. operations in Q3 2019

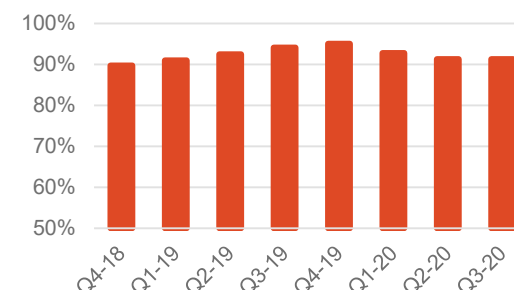
(2) Compared to ADV for the four weeks ending November 8, 2020

RETIREMENT LIVING – POSITIVE FINANCIAL RESULTS DESPITE IMPACTS OF COVID-19

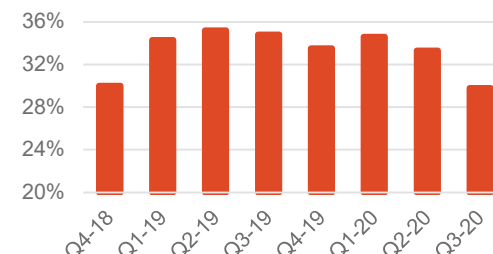
- ◆ Growth in lease-up occupancy driving increased NOI in Q3 2020 compared to Q3 2019, despite COVID-19 costs and restrictions
- ◆ COVID-19 restrictions impacting occupancy levels
 - ◆ Stabilized occupancy of 93.1% as at September 30, 2020 up 180bps since June 30, 2020 driven, in part, by in-person tours available in Ontario during most of Q3 2020
 - ◆ Restrictions reinstated in certain regions of Ontario post-Q3 2020 and continuing Saskatchewan restrictions reduced stabilized occupancy to 91.7% as at October 31, 2020 (down 140bps)
- ◆ We continue to actively market our properties and conduct virtual tours



Stabilized Portfolio
(occupancy at period end)



Stabilized Portfolio – NOI Margin



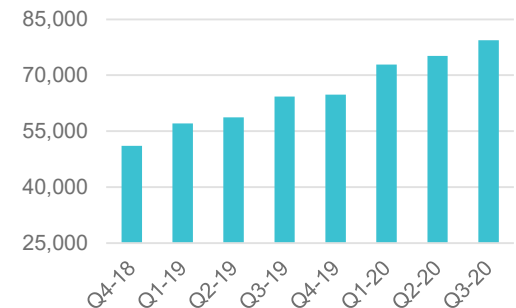
COVID-19 driving short-term volatility in occupancy levels

CONTRACT SERVICES AND GROUP PURCHASING – CONTINUED GROWTH OF SGP NETWORK

- ◆ Growing business segment with >9% CAGR in revenue and NOI over past 8 quarters as SGP expands its market presence
- ◆ SGP client base increased to ~79,400 at Q3 2020
 - ◆ Up 23.5% from Q3 2019
 - ◆ Up 5.6% from Q2 2020
- ◆ Continue to pursue 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 Third Quarter Results

CONSOLIDATED RESULTS

Three and nine months ended September 30, 2020

(\$ millions)

Revenue					
Q3 2020	Q3 2019	Change	YTD 2020	YTD 2019	Change
\$296.8	\$282.7	5.0% ↑	\$850.6	\$841.1	1.1% ↑

NOI and Margin					
Q3 2020	Q3 2019	Change	YTD 2020	YTD 2019	Change
\$76.0	\$34.9	117.9% ↑	\$126.3	\$100.6	25.6% ↑
25.6%	12.3%	nm ↑	14.8%	12.0%	280 bps ↑

Adjusted EBITDA and Margin					
Q3 2020	Q3 2019	Change	YTD 2020	YTD 2019	Change
\$63.8	\$23.8	nm ↑	\$92.1	\$68.8	33.9% ↑
21.5%	8.4%	nm ↑	10.8%	8.2%	260 bps ↑

AFFO and Payout Ratio					
Q3 2020	Q3 2019	Change	YTD 2020	YTD 2019	Change
\$42.8	\$13.7	212.5% ↑	\$57.4	\$41.2	39.1% ↑
			56%	78%	

Revenue ⁽¹⁾					
Q3 2020	Q3 2019	Change	YTD 2020	YTD 2019	Change
\$296.8	\$269.6	10.1% ↑	\$847.6	\$801.6	5.7% ↑

NOI and Margin ⁽¹⁾					
Q3 2020	Q3 2019	Change	YTD 2020	YTD 2019	Change
\$25.2	\$34.8	-27.6% ↓	\$75.5	\$98.9	-23.7% ↓
8.5%	12.9%	-440 bps ↓	8.9%	12.3%	-340 bps ↓

Adjusted EBITDA and Margin ⁽¹⁾					
Q3 2020	Q3 2019	Change	YTD 2020	YTD 2019	Change
\$13.0	\$23.8	-45.3% ↓	\$41.3	\$67.1	-38.5% ↓
4.4%	8.8%	-440 bps ↓	4.9%	8.4%	-350 bps ↓

AFFO and Payout Ratio ⁽¹⁾					
Q3 2020	Q3 2019	Change	YTD 2020	YTD 2019	Change
\$5.5	\$13.7	-60.0% ↓	\$20.0	\$40.0	-50.0% ↓
			161%	80%	

(1) Revenue, NOI, Adjusted EBITDA and AFFO excludes the impact on the home health care segment of: CEWS received in Q3 2020, B.C. contracts and incremental funding related to Bill 148 recorded in Q2 2019 – see Slide 21.

LONG-TERM CARE

Three and nine months ended September 30, 2020

Revenue		
Q3 2020	\$184.7M	14.8%
YTD 2020	\$523.4M	9.7%
NOI		
Q3 2020	\$13.0M	-37.1%
<i>margin</i>	7.0%	-580 bps
YTD 2020	\$42.5M	-25.3%
<i>margin</i>	8.1%	-380 bps
Average Occupancy		
Q3 2020	90.0%	-790 bps
YTD 2020	93.5%	-390 bps

- ◆ Q3 revenue increase of \$23.8M includes COVID-19 funding of \$21.1M
- ◆ Q3 NOI down \$7.7M due to COVID-19 costs in excess of funding of \$6.6M (\$15.5M YTD) and increased costs of care
- ◆ YTD NOI down \$14.4M due to COVID-19 costs in excess of funding of \$15.5M
- ◆ Ontario announced additional pandemic funding through to Q1 2021, in addition to prior announcements in Alberta
- ◆ LTC COVID-19 costs in excess of funding expected to continue

HOME HEALTH CARE

Three and nine months ended September 30, 2020

Revenue ⁽¹⁾

Q3 2020	\$93.2M	1.0% ↑
YTD 2020	\$268.8M	-2.9% ↓

NOI ⁽¹⁾

Q3 2020 <i>margin</i>	\$4.7M 5.1%	-41.5% -360 bps ↓
YTD 2020 <i>margin</i>	\$10.4M 3.9%	-56.1% -470 bps

Average Daily Volume ⁽¹⁾

Q3 2020	22,752	-9.9% ↓
YTD 2020	22,605	-11.3%

- ◆ Q3 2020 revenue unchanged as impact of COVID-19 and pandemic pay funding (\$7.6M) largely offset by lower average daily volumes (ADVs)
- ◆ NOI impacted by 9.9%⁽¹⁾ decline in ADV compared to Q3 2019 and higher operating costs
- ◆ Q3 2020 NOI margin 5.1%, up from 1.7% Q2 2020
- ◆ ParaMed received \$50.8M from the CEWS program in Q3 2020 (related to March – June 2020) and a subsequent \$31.4M in Q4 2020 (related to July – September 2020)

(1) Revenue and NOI excludes the impact on the home health care segment of: CEWS received in Q3 2020, B.C. contracts and incremental funding related to Bill 148 recorded in Q2 2019 – see Slide 21.

RETIREMENT LIVING

Three and nine months ended September 30, 2020

Revenue

Q3 2020	\$12.0M	15.1%	↑
YTD 2020	\$35.8M	19.5%	

NOI

Q3 2020	\$3.2M	9.5%	↑
<i>margin</i>	26.9%	-140 bps	↓
YTD 2020	\$10.4M	23.8%	↑
<i>margin</i>	29.2%	100 bps	

Average Stabilized Occupancy

Q3 2020	91.9%	-210 bps	↓
YTD 2020	92.3%	30 bps	↑

As at Stabilized Occupancy

Q3 2020	93.1%	-100 bps	↓
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- ◆ Contributions from non same-store operations and lease-up communities offset the negative impact of COVID-19 on occupancy and cost levels
- ◆ Stabilized and average occupancy improved sequentially in Q3 2020 vs. Q2 2020, helped by the lifting of in-person tour restrictions in Ontario
 - ◆ Average stabilized occupancy up 40 bps to 91.9% in Q3 2020 vs. Q2 2020
 - ◆ As at Q3 2020 occupancy of 93.1% up 180bps from Q2 2020
- ◆ Reinstatement of restrictions on in-person tours reduced stabilized occupancy as at October 31, 2020 to 91.7% (down 140bps from Q3 2020)

OTHER CANADIAN OPERATIONS

Three and nine months ended September 30, 2020

Revenue		
Q3 2020	\$6.8M	15.2% ↑
YTD 2020	\$19.6M	10.4%
NOI		
Q3 2020	\$4.3M	34.0%
<i>Margin</i>	62.7%	880 bps ↑
YTD 2020	\$12.1M	23.3%
<i>Margin</i>	61.9%	650 bps
Contract Services		
Beds	6,543	-0.9% ↓
SGP		
Residents	79,372	23.5% ↑

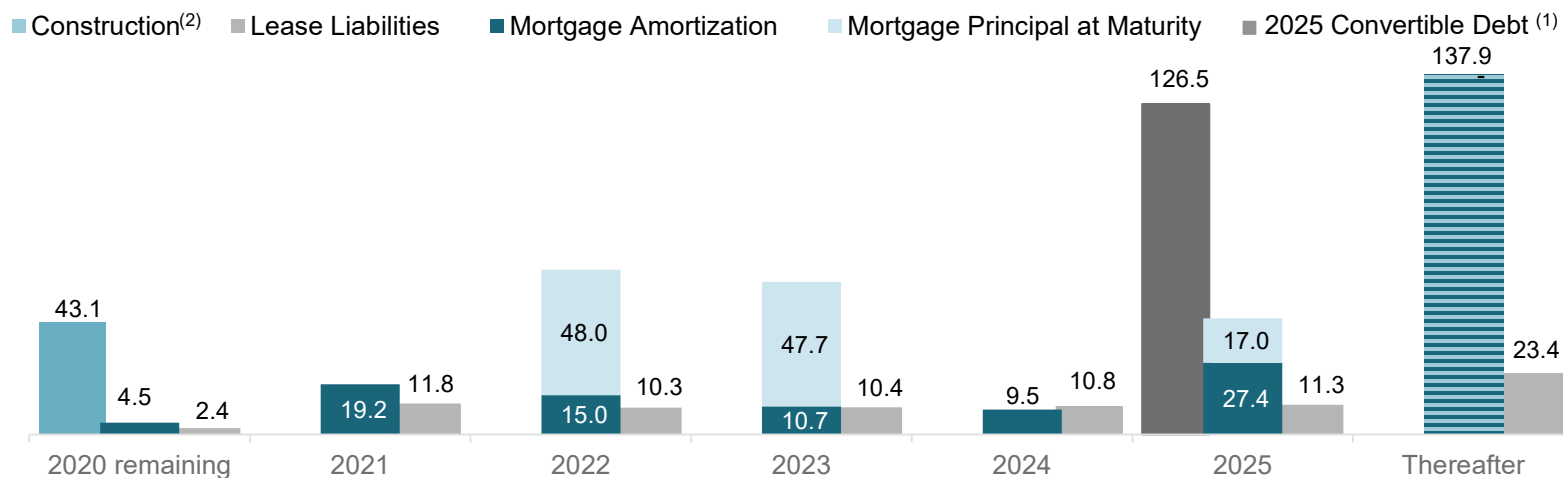
- ◆ Revenue and NOI up 15.2% and 34.0%, respectively, in Q3 2020
- ◆ Revenue driven by 23.5% growth in SGP client base since Q3 2019, with residents served growing to 79,400 in Q3 2020
- ◆ NOI improvement driven by client growth and lower travel and marketing expenses due to COVID-19 restrictions, which offset increased staff costs

STRONG FINANCIAL POSITION

As at September 2020

Long-term Debt ⁽¹⁾	Cash		EBITDA interest coverage	Debt to GBV	Weighted average rate
\$587M	\$170M	Q3 2020	4.0x	47.9%	4.4%
		Q2 2020	2.6X	49.7%	4.4%

Debt Maturities (\$ millions)



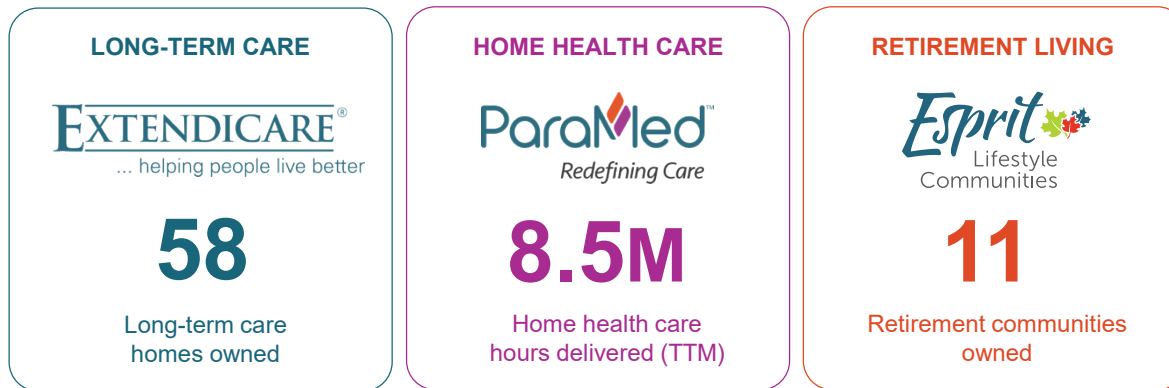
Strong liquidity position and no scheduled debt maturities until Q1 2022

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

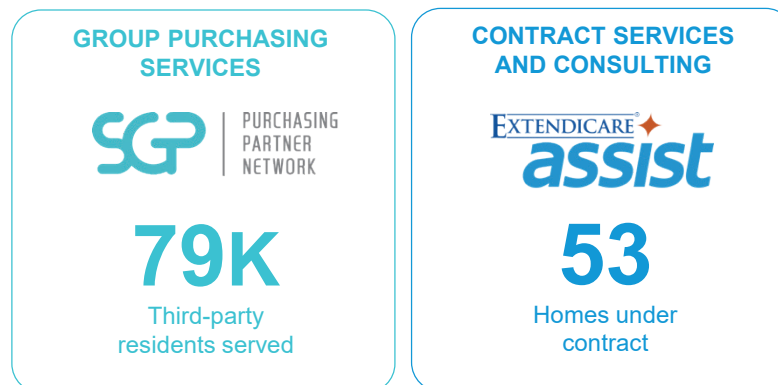
(2) Demand constructions loans are reflected as current

COMPELLING GROWTH OPPORTUNITIES ACROSS THE CARE CONTINUUM

B2C: direct services to seniors



B2B: contract & consulting services



THANK YOU





PARAMED FACTORS IMPACTING COMPARABILITY

Three and nine months ended September 30, 2020 and 2019

- ◆ **ParaMed B.C. contracts** (exited in January 2020)
- ◆ **ParaMed Bill 148** (retro funding of \$2.2M recorded in Q2 2019)
- ◆ **ParaMed CEWS** (\$50.8M received in Q3 2020)

NET IMPACT (\$ millions)	Q3 2020	Q3 2019	Change	YTD Sept. 2020	YTD Sept. 2019	Change
Revenue						
ParaMed B.C.	\$ –	\$13.1	\$(13.1)	\$ 3.0	\$37.3	\$(34.3)
ParaMed Bill 148	–	–	–	–	2.2	(2.2)
Revenue (total)	–	\$13.1	\$(13.1)	\$ 3.0	\$39.5	\$(36.5)
NOI (B.C./Bill 148)	–	\$ 0.1	\$ (0.1)	–	\$1.7	\$ (1.7)
NOI (CEWS)	50.8	–	50.8	50.8	–	50.8
NOI (total)	\$ 50.8	\$ 0.1	\$ 50.7	\$ 50.8	\$1.7	\$ 49.1
ADV ParaMed B.C.	–	3,588		807	10,480	

Q3 2020 ESTIMATED COVID-19 REVENUE, OPERATING EXPENSES AND ADMINISTRATIVE COSTS

Three and nine months ended September 30, 2020 and 2019

(\$ millions)	Three months ended September 30, 2020				Nine months ended September 30, 2020			
	LTC	Retirement Living	Home Health Care	Total	LTC	Retirement Living	Home Health Care	Total
Revenue	\$ 21.1	\$ -	\$ 7.6	\$ 28.7	\$ 39.1	\$ -	\$ 17.2	\$ 56.3
Operating expenses	27.7	0.5	7.7	35.9	54.6	1.0	17.7	73.3
NOI Impact	\$ (6.6)	\$ (0.5)	\$(0.1)	\$(7.2)	\$(15.5)	\$ (1.0)	\$ (0.5)	\$(17.0)
Administrative costs	-	-	-	1.6	-	-	-	2.8
Adjusted EBITDA impact	\$ (6.6)	\$ (0.5)	\$(0.1)	\$(8.8)	\$(15.5)	\$ (1.0)	\$ (0.5)	\$(19.8)