

Extendicare Announces 2025 Second Quarter Results

MARKHAM, ONTARIO, August 6, 2025 – Extendicare Inc. (“Extendicare” or the “Company”) (TSX: EXE) today reported results for the three and six months ended June 30, 2025.

Second Quarter 2025 Highlights

- Adjusted EBITDA⁽¹⁾, excluding out-of-period items, increased by \$5.3 million or 15.4% to \$39.8 million, driven by continued growth in the home health care segment and improvements in long-term care (“LTC”), including the contribution from the acquisition of nine Class C LTC homes.
- Home health care average daily volume (“ADV”) increased to 33,310, an increase of 10.9% from Q2 2024.
- Third-party and joint venture beds serviced by SGP reached 149,300 beds, an increase of 5.9% from Q2 2024.
- Completed the sale of three LTC projects under construction in St. Catharines, Port Stanley and London, Ontario to Axium JV on April 30, 2025, for net cash proceeds of \$56.3 million and a net after-tax gain of \$11.1 million.
- Completed the acquisition of nine Class C LTC homes and one parcel of vacant land from Revera on June 1, 2025 (the “LTC Acquisition”), for \$41.9 million in cash and the assumption of \$27.4 million of liabilities.
- Increased the Company’s senior secured credit facility by \$100.0 million to \$375.0 million.

Subsequent to Q2

- Completed the acquisition of all of the issued and outstanding shares of Closing the Gap and certain affiliates (collectively “Closing the Gap”) (the “CTG Transaction”) for approximately \$75.1 million in cash, subject to customary working capital and other adjustments. The transaction is anticipated to add approximately 1.1 million service hours (3,109 ADV) to our home health care segment.

“Our operations are scaling efficiently while we execute on strategic acquisitions, underpinned by the demographic trends driving demand for our services”, said Dr. Michael Guerriere, President and Chief Executive Officer. “The accretion from Closing the Gap and the nine LTC homes from Revera will impact in Q3, and we look forward to the operating leverage and scale we will gain as we integrate them into our operations. The increase in our senior secured credit facility to \$375.0 million maintains our strong liquidity position, providing flexibility to allocate capital to drive future growth.”

Completed the Sale of Three LTC Projects to Axium JV

In April 2025, the Company completed the sale of Ontario LTC homes currently under construction in St. Catharines (256 beds), Port Stanley (128 beds), and London (192 beds) to Axium JV for cash proceeds of \$56.3 million, net of Extendicare’s 15% retained managed interest, holdbacks and closing costs. The net book value of the projects was \$43.0 million, resulting in a gain, net of taxes, holdbacks, and closing and other costs, of \$11.1 million.

In July 2025, the Ontario government announced its new 2025 Long-Term Care Home Capital Funding Policy to support the construction of new long-term care homes in the province. The new program provides greater funding flexibility and is not time limited, providing greater certainty that funding support for redevelopment will be available in the coming years. We continue to advance our 18

redevelopment projects not already under construction to make as many of these projects as possible economically feasible under the new program.

Completed the Purchase of Nine LTC Homes From Revera

On June 1, 2025, the Company completed the LTC Acquisition, acquiring nine LTC homes and a parcel of vacant land from Revera Inc. and its affiliates (collectively, "Revera") for approximately \$41.3 million in cash and the assumption of certain liabilities of \$27.4 million including working capital and closing costs.

Relatedly, on May 1, 2025, Revera completed the previously announced sale of 21 of its Class C LTC homes managed by Extendicare Assist to a third party.

Upon closing of these two transactions, the Company's existing management and development agreements with Revera for the 30 homes terminated.

Completed the Acquisition of Closing the Gap

On July 1, 2025, the Company completed the CTG Transaction. CTG brings thirty-five years of clinical excellence, a workforce of 1,200 caregivers that delivered 1.1 million service hours in 2024, and deep capabilities in nursing, allied health and paediatric services, broadening our home health services.

The purchase price of \$75.1 million in cash, subject to customary working capital and other adjustments, was funded from cash on hand and a draw of \$55.0 million on the senior secured credit facility. The CTG Transaction includes an earnout that rewards new business revenue generation in the twelve months after closing. The Company anticipates that the additional purchase price from the earnout would be in the range of \$3.5 to \$5.5 million, payable on the first anniversary of closing, based on estimated new business revenue of \$7.0 to \$11.0 million. Additionally, the Company expects to generate approximately \$1.1 million in annualized cost synergies in the first year as the operations are integrated.

Based on CTG's 2024 financial performance, the CTG Transaction would have added to the Company's home health care segment approximately \$84.2 million in revenue with approximately 11.6% NOI margins in 2024. The approximate impact on AFFO⁽¹⁾ if the CTG Transaction had been funded from cash on hand would have been an increase in AFFO per basic share of approximately \$0.06.

Q2 2025 Financial Highlights (all comparisons with Q2 2024)

- Revenue increased \$35.0 million to \$383.4 million; excluding out-of-period LTC funding of \$4.1 million recognized in Q2 2024, revenue increased by \$39.1 million or 11.4%, driven primarily by the LTC Acquisition, LTC funding increases, home health care ADV growth and rate increases, partially offset by the closure of two Class C LTC homes that were vacated following the opening of newly developed LTC homes in Axiom JV subsequent to Q1 2024.
- NOI⁽¹⁾ increased \$2.2 million to \$55.0 million; excluding out-of-period funding of \$4.1 million recognized in Q2 2024, NOI improved by \$6.3 million or 12.9% from \$48.7 million, reflecting revenue growth, partially offset by higher operating costs across all segments.
- Adjusted EBITDA⁽¹⁾ increased \$1.2 million to \$39.8 million, reflecting the increase in NOI, partially offset by higher administrative costs of \$1.0 million, largely due to increased labour and technology costs.
- Other income increased \$6.2 million to \$11.9 million, reflecting a \$5.0 million increase in gains from asset sales and a \$1.8 million reduction in strategic transformation costs, partially offset by \$0.6 million in acquisition-related transaction costs.
- Net earnings increased \$6.0 million to \$31.9 million, largely driven by the contribution from other income of \$6.2 million (\$4.7 million net of tax), the increase in Adjusted EBITDA and lower net finance costs, partially offset by lower share of profit from joint ventures and higher depreciation and amortization.

- AFFO⁽¹⁾ increased to \$24.8 million (\$0.293 per basic share) from \$23.1 million (\$0.274 per basic share); excluding the impact of out-of-period items in Q2 2024, AFFO improved by \$4.7 million from \$20.0 million in the prior year period (\$0.238 per basic share), largely reflecting the improvement in Adjusted EBITDA, the impact of non-cash share-based compensation, and reduced net interest costs, partially offset by increased current income taxes and higher maintenance capex.

Six Months Financial Highlights (all comparisons with Six Months 2024)

- Revenue increased \$42.5 million to \$758.1 million; excluding a net reduction in out-of-period funding of \$16.5 million, revenue increased by \$59.0 million or 8.6% to \$747.1 million, driven primarily by the LTC Acquisition, LTC funding increases, home health care ADV growth and rate increases, and growth in managed services, partially offset by the closure of three Class C LTC homes that were vacated following the opening of new LTC homes in Axiom JV.
- NOI⁽¹⁾ increased \$7.7 million to \$105.2 million; excluding a net reduction in out-of-period items of \$7.3 million, NOI improved by \$15.0 million or 17.9% to \$98.6 million, reflecting revenue growth, partially offset by higher operating costs across all segments.
- Adjusted EBITDA⁽¹⁾ increased \$6.6 million to \$75.4 million, reflecting the increase in NOI, partially offset by higher administrative costs of \$1.0 million, largely due to labour inflation and increased technology costs.
- Other income increased \$4.9 million to \$8.7 million, reflecting a \$5.0 million increase in gains from asset sales and a \$0.5 million reduction in strategic transformation costs, partially offset by \$0.6 million in acquisition-related transaction costs.
- Net earnings increased \$8.0 million to \$47.0 million, largely driven by the increase in Adjusted EBITDA and contribution from other income of \$5.0 million (\$3.7 million net of tax), partially offset by a \$1.3 million reduction in the share of profit from joint ventures and higher depreciation and amortization costs.
- Share of profit from joint ventures declined \$1.3 million to \$0.1 million. Excluding out-of-period items of approximately \$0.7 million recognized in Q1 2024, the decline of \$0.6 million related to increased depreciation and amortization costs and higher net finance costs associated with the opening of three new homes in the joint ventures and elevated operating costs associated with the opening of the new homes.
- AFFO⁽¹⁾ increased to \$44.6 million (\$0.528 per basic share) from \$40.7 million (\$0.484 per basic share); excluding the impact of out-of-period items in both periods, AFFO increased by \$9.9 million to \$39.7 million (\$0.470 per basic share) from \$29.8 million (\$0.354 per basic share), largely reflecting the improvement in Adjusted EBITDA, reduced net interest costs and lower maintenance capex, partially offset by increased current income taxes, an unfavourable change in the adjustment for non-cash share-based compensation, and share of loss from joint ventures.

Business Updates

The following is a summary of Extendicare's revenue, NOI⁽¹⁾ and NOI margins⁽¹⁾ by business segment for the three and six months ended June 30, 2025 and 2024.

(unaudited) (millions of dollars unless otherwise noted)	Three months ended June 30						Six months ended June 30					
	2025			2024			2025			2024		
	Revenue	NOI	Margin	Revenue	NOI	Margin	Revenue	NOI	Margin	Revenue	NOI	Margin
Long-term care	207.1	23.9	11.6%	194.2	25.6	13.2%	404.9	45.1	11.1%	400.7	50.9	12.7%
Home health care	158.6	21.4	13.5%	136.3	17.1	12.6%	316.9	40.5	12.8%	279.8	27.9	10.0%
Managed services	17.7	9.6	54.3%	18.0	10.1	56.1%	36.3	19.6	53.9%	35.1	18.7	53.5%
	383.4	55.0	14.3%	348.5	52.8	15.2%	758.1	105.2	13.9%	715.6	97.6	13.6%

Note: Totals may not sum due to rounding.

Long-term Care

LTC average occupancy increased to 98.3% in Q2 2025, an increase of 50 bps from 97.8% in Q2 2024.

Revenue increased by \$12.9 million to \$207.1 million in Q2 2025. Excluding \$4.1 million in out-of-period funding recognized in Q2 2024, revenue increased by \$17.1 million, largely driven by the LTC Acquisition of approximately \$10.2 million, funding increases, timing of spend and improved preferred occupancy, partially offset by lower revenue of approximately \$7.7 million due to the closure of two Class C LTC homes replaced by newly opened LTC homes in Axiom JV.

NOI and NOI margin were \$23.9 million and 11.6%, respectively, in Q2 2025, compared to \$25.6 million and 13.2% in Q2 2024. Excluding the \$4.1 million in out-of-period funding recognized in Q2 2024, NOI improved by \$2.5 million from \$21.5 million (11.3% of revenue) in Q2 2024. This increase reflects the LTC Acquisition of approximately \$1.3 million, funding enhancements, timing of spend, and improved preferred occupancy, partially offset by higher operating costs, an NOI reduction of approximately \$0.9 million due to the closure of two redeveloped Class C LTC homes, and the impact of one less statutory holiday this quarter (approximately \$0.9 million).

Home Health Care

Home health care ADV of 33,310 in Q2 2025 increased 10.9% from Q2 2024.

Revenue increased to \$158.6 million in Q2 2025, an increase of 16.4% from Q2 2024, driven by growth in ADV and rate increases.

NOI and NOI margin were \$21.4 million and 13.5% in Q2 2025, an increase from \$17.1 million and 12.6% in Q2 2024, reflecting higher volumes and rate increases, partially offset by increased wages and benefits, and one additional statutory holiday this quarter (approximately \$1.8 million).

Managed Services

At the end of Q2 2025, the number of third-party and joint venture beds served by SGP increased to approximately 149,300, an increase of 5.9% from the prior year period. Extendicare Assist held management contracts for 40 homes comprising 6,237 beds. Extendicare Assist provides a further 24 homes with consulting and other services.

Revenue decreased by \$0.3 million or 1.6% to \$17.7 million from Q2 2024. NOI decreased by \$0.5 million to \$9.6 million (54.3% of revenue) due primarily to the sale by Revera of 30 Class C LTC homes that had been operated by Extendicare Assist under management contracts, nine of which were acquired by the Company, partially offset by growth in SGP clients, changes in the mix of Extendicare Assist services, and management fees from newly opened homes in Axiom JV.

Financial Position

Extendicare had strong liquidity at June 30, 2025, with cash and cash equivalents on hand, excluding restricted cash, of \$72.6 million and access to a further \$152.2 million under its revolving facility. Restricted cash of \$76.1 million at June 30, 2025 included \$75.1 million held in trust in connection with the CTG Transaction that closed on July 1, 2025. Subsequent to quarter end, the Company drew \$55.0 million on its \$375.0 million senior secured credit facility in connection with the CTG Transaction, adding to its cash and cash equivalents.

In June 2025, the Company renewed its normal course issuer bid ("NCIB") to purchase up to 7,281,193 Common Shares commencing on July 2, 2025, providing the Company with flexibility to purchase Common Shares for cancellation until July 1, 2026. Decisions regarding the quantity and timing of purchases of Common Shares are based on market conditions, share price and the outlook for capital needs. As at August 6, 2025, there were no purchases made under the NCIB during 2025.

Select Financial Information

The following is a summary of the Company's consolidated financial information for the three and six months ended June 30, 2025 and 2024.

(unaudited) (thousands of dollars unless otherwise noted)	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Revenue	383,445	348,482	758,099	715,577
Operating expenses	328,473	295,675	652,899	618,027
NOI⁽¹⁾	54,972	52,807	105,200	97,550
NOI margin ⁽¹⁾	14.3%	15.2%	13.9%	13.6%
Administrative costs	15,187	14,196	29,809	28,807
Adjusted EBITDA⁽¹⁾	39,785	38,611	75,391	68,743
Adjusted EBITDA margin ⁽¹⁾	10.4%	11.1%	9.9%	9.6%
Other income	11,910	5,692	8,740	3,786
Share of profit from investment in joint ventures	210	265	84	1,395
Net earnings	31,927	25,890	46,958	38,986
per basic share (\$)	0.378	0.307	0.556	0.463
per diluted share (\$)	0.372	0.289	0.548	0.443
AFFO⁽¹⁾	24,776	23,073	44,583	40,703
per basic share (\$)	0.293	0.274	0.528	0.484
per diluted share (\$)	0.290	0.254	0.521	0.450
Maintenance capex	5,158	4,829	7,867	8,240
Cash dividends declared per share	0.126	0.120	0.248	0.240
Payout ratio⁽¹⁾	43%	43%	47%	49%
Weighted average number of shares (000's)				
Basic	84,599	84,305	84,472	84,184
Diluted	85,555	95,248	85,614	95,229

Extendicare's disclosure documents, including its Management's Discussion and Analysis ("MD&A"), may be found on SEDAR+ at www.sedarplus.ca under the Company's issuer profile and on the Company's website at www.extendicare.com under the "Investors/Financial Reports" section.

August Dividend Declared

The Board of Directors of Extendicare today declared a cash dividend of \$0.042 per share for the month of August 2025, which is payable on September 15, 2025, to shareholders of record at the close of business on August 29, 2025. This dividend is designated as an "eligible dividend" within the meaning of the Income Tax Act (Canada).

Conference Call and Webcast

Extendicare will hold a conference call to discuss its 2025 second quarter results on August 7, 2025, at 11:30 a.m. (EDT). The call will be webcast live and archived online at www.extendicare.com under the "Investors/Events & Presentations" section. Alternatively, the call-in number is 1-833-752-3395. A replay of the call will be available approximately two hours after completion of the live call until midnight on August 22, 2025, by dialing 1-855-669-9658 followed by the passcode 8584801#.

About Extendicare

Extendicare is a leading provider of care and services for seniors across Canada, operating under the Extendicare, ParaMed, Extendicare Assist, and SGP Purchasing Network brands. We are committed to delivering quality care to meet the needs of a growing seniors' population, inspired by our mission to provide people with the care they need, wherever they call home. We operate a network of 99 long-term care homes (59 owned, 40 under management contracts), deliver approximately 11.5 million hours of home health care services annually, and provide group purchasing services to third parties representing approximately 149,300 beds across Canada. Extendicare proudly employs approximately 28,000 qualified, highly trained and dedicated team members who are passionate about providing high-quality care and services to help people live better.

Non-GAAP Measures

Certain measures used in this press release, such as "net operating income", "NOI", "NOI margin", "Adjusted EBITDA", "Adjusted EBITDA margin", "AFFO", and "payout ratio", including any related per share amounts, are not measures recognized under GAAP and do not have standardized meanings prescribed by GAAP. These measures may differ from similar computations as reported by other issuers and, accordingly, may not be comparable to similarly titled measures as reported by such issuers. These measures are not intended to replace earnings (loss) from continuing operations, net earnings (loss), cash flow, or other measures of financial performance and liquidity reported in accordance with GAAP. Such items are presented in this document because management believes that they are relevant measures of Extendicare's operating performance and ability to pay cash dividends.

Management uses these measures to exclude the impact of certain items, because it believes doing so provides investors a more effective analysis of underlying operating and financial performance and improves comparability of underlying financial performance between periods. The exclusion of certain items does not imply that they are non-recurring or not useful to investors.

Detailed descriptions of these measures can be found in Extendicare's Q2 2025 MD&A (refer to "Non-GAAP Measures"), which is available on SEDAR+ at www.sedarplus.ca and on Extendicare's website at www.extendicare.com.

Reconciliations for certain non-GAAP measures included in this press release are outlined below.

The following table provides a reconciliation of AFFO, which includes discontinued operations, to "net cash from operating activities", which the Company believes is the most comparable GAAP measure to AFFO.

(unaudited) (thousands of dollars)	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Net cash from operating activities	52,936	44,155	71,357	83,571
Add (Deduct):				
Net change in operating assets and liabilities, including interest, and taxes	(24,149)	(18,539)	(22,923)	(39,724)
Other expense	613	1,822	3,783	3,728
Current income tax on items excluded from AFFO	(102)	(126)	(945)	(631)
Depreciation for office leases	(756)	(689)	(1,488)	(1,426)
Depreciation for FFEC (maintenance capex)	(1,939)	(1,957)	(3,827)	(3,913)
Additional maintenance capex	(3,030)	(2,488)	(3,727)	(3,734)
Principal portion of government capital funding	405	391	808	859
Adjustments for joint ventures	798	504	1,545	1,973
AFFO	24,776	23,073	44,583	40,703

The following table provides a reconciliation of “earnings before income taxes” to Adjusted EBITDA and “net operating income”.

(unaudited) (thousands of dollars)	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Earnings before income taxes	41,412	32,892	60,331	50,485
Add (Deduct):				
Depreciation and amortization	8,480	8,049	16,753	16,204
Net finance costs	2,013	3,627	7,131	7,235
Other income	(11,910)	(5,692)	(8,740)	(3,786)
Share of profit from investment in joint ventures	(210)	(265)	(84)	(1,395)
Adjusted EBITDA	39,785	38,611	75,391	68,743
Administrative costs	15,187	14,196	29,809	28,807
Net operating income	54,972	52,807	105,200	97,550

Forward-looking Statements

This press release contains forward-looking statements concerning anticipated future events, results, circumstances, economic performance or expectations with respect to Extendicare and its subsidiaries, including, without limitation: statements regarding its dividend levels, business operations, business strategy, growth strategy, results of operations and financial condition, including anticipated timelines and costs in respect of development projects; and statements relating to the agreements entered into with Closing the Gap, including anticipated synergies, new business revenue and earnout amounts, and the agreements entered into with Revera, Axiom and its affiliates, Axiom JV and/or Axiom JV II in respect of the acquisition, disposition, ownership, operation and redevelopment of LTC homes in Ontario and Manitoba. 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. These statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements of the Company 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 2025 MD&A and latest Annual Information Form filed by Extendicare with the securities regulatory authorities, available at www.sedarplus.ca and on Extendicare’s website at www.extendicare.com. Given these risks and uncertainties, readers are cautioned not to place undue reliance on Extendicare’s forward-looking statements. 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.

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Endnote

- (1) See the “Non-GAAP Measures” section of this press release and the Company’s Q2 2025 MD&A, which includes the reconciliation of such non-GAAP measures to the most directly comparable GAAP measures.