News Release

Extendicare Announces 2024 Fourth Quarter and Full Year Results and Dividend Increase

MARKHAM, ONTARIO, February 27, 2025 – Extendicare Inc. ("Extendicare" or the "Company") (TSX: EXE) today reported results for the three and twelve months ended December 31, 2024.

Fourth Quarter 2024 Highlights

- Adjusted EBITDA[1] excluding out-of-period items increased by $10.1 million or 43.5% to $33.4 million driven by improvements in all three business segments.
- Home health care average daily volume ("ADV") increased to 30,993, an increase of 10.1% from Q4 2023.
- SGP third-party and joint venture serviced beds increased 7.4% from Q4 2023 to 146,300 beds, driven by continued organic growth.
- As previously announced, the Company entered into an agreement with Revera Inc. and certain of its affiliates ("Revera") to acquire nine Class C LTC homes located in Ontario and Manitoba and a parcel of land for approximately $60.3 million (the "LTC Acquisition").
- The Company completed the redemption of the 2025 convertible debentures in December 2024, leveraging its new $275.0 million senior secured credit facility, ending the year with $230.3 million in cash and available credit facilities.
- Opened Limestone Ridge, a new 192-bed LTC home in Kingston held in the Axium JV, in December 2024 and completed the sale of the vacated Kingston C bed home for proceeds of approximately $3.7 million.
- Commenced construction of two new LTC projects, a 128-bed home in Port Stanley and a 192-bed home in London, to replace 230 Class C beds in existing Extendicare homes in the same cities.

Subsequent to Q4

- Entered into an agreement to sell three LTC projects under construction in St. Catharines, Port Stanley and London, Ontario to the Axium JV, subject to customary closing conditions, including receipt of regulatory approvals, with closing anticipated in Q2 2025.
- Opened Crossing Bridge, a new 256-bed LTC home in Stittsville held in the Axium JV.
- Announced an increase of 5.0% to its dividend to 4.2 cents per month.

"The steps we have taken over the past two years to implement our strategic transformation are evident in our strong fourth quarter and full year results, with all segments delivering meaningful NOI and margin growth, as well as improvements in operating metrics," said Dr. Michael Guerriere, President and Chief Executive Officer. "Our new $275.0 million senior secured credit facility supported the early redemption of our 2025 convertible debentures, providing us with considerable flexibility as we consider options to allocate capital to drive growth in 2025."

Dr. Guerriere added, "Our improved performance, combined with our strong balance sheet and considerable prospects for future growth also allowed us to introduce a dividend increase."

Agreement to Acquire Nine LTC Homes From Revera

The Company continues to work through the required regulatory approvals in connection with the LTC Acquisition announced in November 2024. The transaction is anticipated to close in Q2 2025, subject to customary closing conditions, including receipt of regulatory approvals.

The acquired portfolio encompasses 1,396 beds in nine homes, including the 250-bed Class C Carlingview Manor home in Ontario that will soon be replaced by a new LTC home currently under construction and owned by the Axium JV. The remaining seven homes in Ontario consist of a mix of 574 private pay retirement beds and 361 funded LTC Class C beds that the Company intends to redevelop. The LTC Acquisition will give the Company control in redeveloping these seven Class C homes, adding six projects comprising a proposed 1,088 LTC beds to the Company's redevelopment pipeline.

In addition, the Company believes it has the potential to recover most if not all of the purchase price for the LTC Acquisition through the eventual sale of the seven operational retirement homes once the LTC redevelopment is complete.

Redevelopment Progresses with Two Homes Commencing Construction

In December 2024, the Company began construction of two new LTC projects under the enhanced construction funding subsidy provided by the Government of Ontario before it expired. Together, the new 128-bed home in Port Stanley and 192-bed home in London will replace 230 Class C beds in two existing Extendicare homes in the same cities. The two new homes are expected to open in the first half of 2027. In connection with the two projects, Extendicare entered into fixed-price construction contracts totalling $101.3 million and estimates the total development costs will approximate $130.4 million.

In December 2024, the Company opened Limestone Ridge, a new 192-bed Axium JV home in Kingston, Ontario, that replaced Extendicare Kingston, a 150-bed Class C home nearby. Following the opening, the Company completed the sale of the vacated Kingston property for proceeds of approximately $3.7 million. Additionally, in February 2025, the Company opened Crossing Bridge, a new 256-bed Axium JV home in Stittsville, Ontario, that replaces Extendicare West End Villa, a home in Ottawa. The Company has initiated the sale process for the related Class C LTC home.

In January 2025, the Company entered into an agreement to sell the Port Stanley and London projects along with the St. Catharines project started in Q3 2024 to the Axium JV, with Extendicare retaining a 15% managed interest. Closing of the transaction is anticipated in Q2 2025, subject to customary closing conditions, including receipt of regulatory approvals from the Ontario Ministry of Long-Term Care.

New $275 Million Credit Facility Enables Early Redemption of 2025 Convertible Debentures

As announced on November 8, 2024, the Company established a new senior secured credit facility for $275.0 million with a syndicate of Canadian chartered banks, for an initial term of three years. This facility includes a $145.0 million revolving credit facility for working capital and general corporate purposes, including capital expenditures and acquisitions, and a $130.0 million delayed draw term loan facility, which was fully drawn to redeem the 2025 convertible debentures in December 2024.

Dividend Increase

Improved performance and growth in all three business segments has resulted in the dividend payout ratio dropping below 50%. Accordingly, the Company will increase its dividend by 5.0% to 4.2 cents per month effective with the dividend to be declared in March 2025. Continued strong performance will give the Company the opportunity to consider dividend increases on a regular basis.

Q4 2024 Financial Highlights (all comparisons with Q4 2023)

- Revenue increased 11.8%, or $41.4 million, to $391.6 million, driven primarily by LTC funding increases, home health care ADV growth and rate increases, and growth in managed services.
- NOI[(1)] increased $11.0 million to $53.8 million; excluding a net benefit of out-of-period funding of $0.9 million, NOI improved by $10.1 million, or 27.1%, to $47.5 million, reflecting revenue growth, partially offset by higher operating costs across all segments.
- Adjusted EBITDA[(1)] increased $11.0 million to $39.7 million, in line with increase in NOI and administrative costs unchanged from the prior year period.
- Other expense declined to $0.3 million from $2.7 million, reflecting a gain on the sale of assets of $3.6 million in Q4 2024 and a $1.5 million decline in strategic transformation costs in connection with the Revera and Axium transactions, partially offset by an impairment charge of $2.7 million in Q4 2024.
- Net earnings increased $11.3 million to $19.9 million, largely driven by the increase in Adjusted EBITDA and decline in other expense.
- AFFO[(1)] increased to $29.0 million ($0.34 per basic share) from $19.1 million ($0.23 per basic share), largely reflecting the improvement in Adjusted EBITDA and share of profit from joint ventures, partially offset by increased current taxes. Excluding the out-of-period funding, AFFO improved by $8.9 million to $24.0 million ($0.28 per basic share) from $15.1 million ($0.18 per basic share).

Year Ended 2024 Financial Highlights (all comparisons with Year Ended 2023)

- Revenue increased 12.4%, or $161.2 million, to $1,466.2 million, driven primarily by LTC funding increases; home health care ADV growth, rate increases and $13.6 million in retroactive funding to support one-time compensation costs incurred in Q1 2024; and growth in managed services, partially offset by lower COVID-19 and out-of-period LTC funding.
- NOI[(1)] increased $50.5 million to $201.5 million; excluding a net recovery of COVID-19 costs of $12.1 million in 2023 and the increase in out-of-period LTC funding of $8.7 million, NOI improved by $53.8 million, or 40.6%, to $186.2 million, reflecting revenue growth, partially offset by higher operating costs across all segments.
- Adjusted EBITDA[(1)] increased $49.4 million to $144.5 million, reflecting the increase in NOI noted above, partially offset by higher administrative costs.
- Other income was $2.5 million compared with an expense of $2.7 million in the prior year, reflecting a $5.8 million decline in strategic transformation costs in connection with the Revera and Axium transactions and a $2.1 million increase in gains on the sale of assets, partially offset by an impairment charge of $2.7 million this quarter.
- Share of profit from joint ventures was $1.9 million compared with a nominal amount in the prior year, including the impact of one-time funding for Ontario LTC homes in 2024, of which $1.0 million related to prior periods.
- Net earnings increased $41.2 million to $75.2 million, largely driven by the increase in Adjusted EBITDA and contribution from other income.
- AFFO[(1)] increased $31.6 million to $92.8 million ($1.10 per basic share) compared with $61.2 million ($0.72 per basic share), largely reflecting the improvement in Adjusted EBITDA and share of profit from joint ventures, partially offset by increased current taxes and higher maintenance capex. Excluding a net recovery of COVID-19 costs in 2023 and out-of-period funding in 2024, AFFO improved by $33.0 million to $80.5 million ($0.96 per basic share) from $47.5 million ($0.56 per basic share).

Business Updates

The following is a summary of Extendicare's revenue, NOI[1] and NOI margins[1] by business segment for the three and twelve months ended December 31, 2024 and 2023.

(unaudited)	Three months ended December 31						Twelve months ended December 31					
(millions of dollars	2024			2023			2024			2023		
unless otherwise noted)	**Revenue**	**NOI**	**Margin**	**Revenue**	**NOI**	**Margin**	**Revenue**	**NOI**	**Margin**	**Revenue**	**NOI**	**Margin**
Long-term care	**224.9**	**24.2**	***10.8%***	206.4	17.6	*8.5%*	**827.4**	**99.8**	***12.1%***	788.1	81.8	*10.4%*
Home health care	**147.8**	**19.3**	***13.1%***	127.2	16.1	*12.6%*	**566.0**	**62.8**	***11.1%***	469.1	44.2	*9.4%*
Managed services	**18.8**	**10.3**	***54.6%***	16.5	9.1	*55.1%*	**72.7**	**38.9**	***53.5%***	47.8	25.1	*52.5%*
	391.6	**53.8**	***13.7%***	350.2	42.8	*12.2%*	**1,466.2**	**201.5**	***13.7%***	1,305.0	151.0	*11.6%*

Note: Totals may not sum due to rounding.

Long-term Care

LTC average occupancy increased to 98.0% in Q4 2024, an increase of 20 bps from 97.8% in Q4 2023.

Revenue increased by $18.5 million or 9.0% to $224.9 million in Q4 2024. Excluding $1.9 million in out-of-period funding related to the twelve months ended March 31, 2024, revenue increased by $16.6 million, largely driven by funding increases, timing of spend and improved occupancy.

NOI and NOI margin in Q4 2024 were $24.2 million and 10.8%, compared to $17.6 million and 8.5% in Q4 2023. Excluding $1.9 million in out-of-period funding recognized in the quarter, NOI improved to $22.3 million or 10.0% of revenue, reflecting funding enhancements, timing of spend and increased occupancy, partially offset by higher operating costs.

Home Health Care

Home health care ADV of 30,993 in Q4 2024 increased 10.1% from Q4 2023.

In November 2024, Ontario confirmed a 4.0% bill rate increase to the sector retroactive to April 1, 2024. The increase allowed the Company to recognize $4.4 million in revenue in Q4 2024, reflecting a recovery of eligible costs that were previously incurred.

Revenue increased to $147.8 million in Q4 2024, an increase of 16.2% from Q4 2023, driven by growth in ADV and rate increases, partially offset by a $1.0 million decrease in out-of-period funding ($4.4 million in Q4 2024 compared to $5.4 million in Q4 2023).

NOI and NOI margin were $19.3 million and 13.1% in Q4 2024, an increase from $16.1 million and 12.6% in Q4 2023. Excluding the reduction in out-of-period funding of $1.0 million, NOI improved by $4.2 million to $14.9 million (10.4% of revenue) from $10.7 million (8.8% of revenue) in Q4 2023, reflecting higher volumes and rates, partially offset by increased wages and benefits.

Managed Services

At the end of Q4 2024, Extendicare Assist had management contracts with 71 homes comprising 9,909 beds. Extendicare Assist also provides a further 24 homes with consulting and other services. The number of third-party and joint venture beds served by SGP increased to approximately 146,300 at the end of Q4 2024, up 7.4% from the prior year period.

Revenue increased by $2.3 million or 13.8% to $18.8 million from Q4 2023, largely due to growth in SGP clients and changes in mix of Extendicare Assist services, including newly opened homes in the joint venture, contributing to a $1.2 million or 12.7% increase in NOI to $10.3 million (54.6% of revenue).

Financial Position

Extendicare has strong liquidity as at December 31, 2024, with cash and cash equivalents on hand of $121.8 million and access to a further $108.5 million under its new $275.0 million senior secured credit facility.

Select Financial Information

The following is a summary of the Company's consolidated financial information for the three and twelve months ended December 31, 2024 and 2023.

(unaudited)	**Three months ended December 31**		**Twelve months ended December 31**	
(thousands of dollars unless otherwise noted)	**2024**	**2023**	**2024**	**2023**
Revenue	**391,564**	350,181	**1,466,202**	1,304,957
Operating expenses	**337,742**	307,403	**1,264,713**	1,153,935
NOI[(1)]	**53,822**	42,778	**201,489**	151,022
NOI margin[(1)]	***13.7%***	*12.2%*	***13.7%***	*11.6%*
Administrative costs	**14,123**	14,115	**56,940**	55,835
Adjusted EBITDA[(1)]	**39,699**	28,663	**144,549**	95,187
Adjusted EBITDA margin[(1)]	***10.1%***	*8.2%*	***9.9%***	*7.3%*
Other (expense) income	**(254)**	(2,714)	**2,450**	(2,686)
Share of profit (loss) from investment in joint ventures	**107**	(578)	**1,933**	20
Loss on early redemption of convertible debentures	**(820)**	–	**(820)**	–
Net earnings	**19,928**	8,620	**75,209**	33,982
per basic share *($)*	**0.23**	0.10	**0.89**	0.40
per diluted share *($)*	**0.23**	0.10	**0.86**	0.40
AFFO[(1)]	**28,977**	19,050	**92,805**	61,216
per basic share *($)*	**0.34**	0.23	**1.10**	0.72
per diluted share *($)*	**0.32**	0.21	**1.02**	0.68
Maintenance capex	**5,270**	4,988	**17,603**	14,658
Cash dividends declared per share	**0.12**	0.12	**0.48**	0.48
Payout ratio[(1)]	**35%**	52%	**43%**	66%
Weighted average number of shares *(000's)*				
Basic	**84,269**	84,297	**84,218**	84,986
Diluted	**94,079**	95,507	**95,362**	96,219

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.

Conference Call and Webcast

Extendicare will hold a conference call to discuss its 2024 fourth quarter results on February 28, 2025, at 11:30 a.m. (ET). 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 1-844-763-8274. A replay of the call will be available approximately two hours after completion of the live call until midnight on March 14, 2025, by dialing 1-855-669-9658 followed by the passcode 5947943#.

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 122 long-term care homes (51 owned, 71 under management contracts), deliver approximately 11.0 million hours of home health care services annually, and provide group purchasing services to third parties representing approximately 146,300 beds across Canada. Extendicare proudly employs approximately 24,000 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 Q4 2024 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)	**Three months ended December 31**		**Twelve months ended December 31**	
(thousands of dollars)	**2024**	**2023**	**2024**	**2023**
Net cash from operating activities	**17,550**	19,040	**143,639**	23,284
Add (Deduct):				
Net change in operating assets and liabilities, including interest, and taxes	**14,777**	3,283	**(41,776)**	43,218
Other expense	**1,232**	2,714	**6,042**	11,806
Current income tax on items excluded from AFFO	**(114)**	(720)	**(1,032)**	(2,729)
Depreciation for office leases	**(730)**	(711)	**(2,897)**	(3,099)
Depreciation for FFEC (maintenance capex)	**(1,943)**	(3,611)	**(7,815)**	(11,556)
Additional maintenance capex	**(2,930)**	(1,059)	**(8,527)**	(2,584)
Principal portion of government capital funding	**398**	503	**1,653**	2,540
Adjustments for joint ventures	**737**	(389)	**3,518**	336
AFFO	**28,977**	19,050	**92,805**	61,216

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 December 31**		**Twelve months ended December 31**	
	2024	**2023**	**2024**	**2023**
Earnings before income taxes	**26,719**	12,264	**99,861**	44,803
Add (Deduct):				
Depreciation and amortization	**8,497**	8,678	**33,336**	32,225
Net finance costs	**4,336**	4,429	**15,735**	15,493
Other expense (income)	**254**	2,714	**(2,450)**	2,686
Share of (profit) loss from investment in joint ventures	**(107)**	578	**(1,933)**	(20)
Adjusted EBITDA	**39,699**	28,663	**144,549**	95,187
Administrative costs	**14,123**	14,115	**56,940**	55,835
Net operating income	**53,822**	42,778	**201,489**	151,022

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 Revera, Axium and its affiliates, Axium JV and/or Axium 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 Q4 2024 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.

Extendicare contact:
David Bacon, Executive Vice President and Chief Financial Officer
T: (905) 470-4000
E: david.bacon@extendicare.com
www.extendicare.com

Endnote

(1) See the "Non-GAAP Measures" section of this press release and the Company's Q4 2024 MD&A, which includes the reconciliation of such non-GAAP measures to the most directly comparable GAAP measures.