Extendicare

News Release

Extendicare Announces 2025 First Quarter Results

MARKHAM, ONTARIO, May 6, 2025 – Extendicare Inc. ("Extendicare" or the "Company") (TSX: EXE) today reported results for the three months ended March 31, 2025.

First Quarter 2025 Highlights

- Adjusted EBITDA(1) excluding out-of-period items increased by $8.7 million or 42.7% to $29.0 million, driven by improvements across all three business segments.
- 5.0% dividend increase to 4.2 cents per month.
- Home health care average daily volume ("ADV") increased to 31,603, an increase of 8.9% from Q1 2024.
- SGP third-party and joint venture serviced beds increased to 148,200 beds, an increase of 7.2% from Q1 2024, driven by continued organic growth.
- Opened Crossing Bridge, a new 256-bed long-term care ("LTC") home in Stittsville, owned by Axium JV.

Subsequent to Q1

- Entered into an agreement to acquire all of the issued and outstanding shares of Closing the Gap Healthcare Group Inc. and certain affiliates for $75.5 million, subject to customary closing conditions and regulatory approval. The transaction would add approximately 1.1 million service hours (3,109 ADV) to our home health care segment.
- Completed the sale of three LTC projects under construction in St. Catharines, Port Stanley and London, Ontario to Axium JV, for net cash proceeds of $56.3 million and an estimated net after-tax gain of $11.1 million, net of Extendicare's 15% retained interest, holdbacks, closing and other costs.

"Q1 2025 represents another quarter of strong results sustained by growth and positive operating performance across all our business segments," said Dr. Michael Guerriere. "Closing the sale of our three latest LTC redevelopment projects into the joint venture allows us to recycle capital into our redevelopment program and other compelling growth initiatives."

Dr. Guerriere added, "The agreement to acquire Closing the Gap announced last week provides our home health care segment with new clients, additional growth opportunities and further operating leverage. We are also on track to finalize the acquisition of the nine LTC homes from Revera in the second quarter, pending regulatory approvals. This acquisition adds to our redevelopment project pipeline consistent with our strategic agenda to focus on services growth."

LTC Redevelopment Progressing

In the quarter, the Company opened Crossing Bridge, a new 256-bed Axium JV home in Stittsville, Ontario, that replaces Extendicare West End Villa in Ottawa. The Company has initiated the sale process for the vacated Class C LTC home.

Additionally, in May 2025, the Company completed the sale of its LTC homes currently under construction in St. Catharines, Ontario (256 beds), Port Stanley, Ontario (128 beds), and London, Ontario (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 an estimated gain, net of taxes, holdbacks, closing and other costs, of $11.1 million.

Advancing Purchase of Nine LTC Homes From Revera

In November 2024, the Company agreed to acquire nine LTC homes and a parcel of vacant land for $60.3 million. The Company expects to receive regulatory approvals in Q2 2025, with closing anticipated shortly thereafter. Upon closing, the Company's management and development agreements with Revera for these nine homes will terminate.

On May 1, 2025, Revera completed the previously announced sale of 21 of its Class C LTC homes managed by Extendicare Assist. Upon closing, the Company's existing management and development agreements with Revera for the 21 homes terminated.

Q1 2025 Financial Highlights (all comparisons with Q1 2024)

- Revenue increased $7.6 million to $374.7 million; excluding a net reduction in out-of-period funding of $12.4 million, revenue increased by $20.0 million or 5.8% to $363.7 million, driven primarily by 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 newly developed LTC homes in the joint venture with Axium.
- NOI[(1)] increased $5.5 million to $50.2 million; excluding a net reduction in out-of-period items of $3.2 million, NOI improved by $8.7 million or 24.9% to $43.6 million, reflecting revenue growth, partially offset by higher operating costs across all segments.
- Adjusted EBITDA[(1)] increased $5.5 million to $35.6 million, in line with the increase in NOI, with administrative costs unchanged from the prior year period.
- Other expense increased $1.3 million to $3.2 million, representing the final strategic transformation costs resulting from the Revera and Axium transactions.
- Net earnings increased $1.9 million to $15.0 million, largely driven by the increase in Adjusted EBITDA, partially offset by the share of loss from joint ventures, the increase in other expense and higher net finance costs.
- AFFO[(1)] increased to $19.8 million ($0.235 per basic share) from $17.6 million ($0.210 per basic share), largely reflecting the improvement in Adjusted EBITDA, reduced interest expense and lower maintenance capex, partially offset by an increase in the adjustment for non-cash share-based compensation, increased current income taxes, and share of loss from joint ventures. Excluding the impact of out-of-period items in both periods, AFFO improved by $5.2 million to $15.0 million ($0.177 per basic share) from $9.7 million ($0.116 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 months ended March 31, 2025 and 2024.

	Three months ended March 31					
(unaudited)	**2025**			**2024**		
(millions of dollars unless otherwise noted)	**Revenue**	**NOI**	**Margin**	**Revenue**	**NOI**	**Margin**
Long-term care	**197.8**	**21.2**	***10.7%***	206.5	25.3	*12.3%*
Home health care	**158.3**	**19.1**	***12.0%***	143.5	10.8	*7.5%*
Managed services	**18.6**	**10.0**	***53.4%***	17.1	8.7	*50.7%*
	374.7	**50.2**	***13.4%***	367.1	44.7	*12.2%*

Note: Totals may not sum due to rounding.

Long-term Care

LTC average occupancy was unchanged at 97.5% in Q1 2025 compared to Q1 2024.

Revenue declined by $8.7 million to $197.8 million in Q1 2025. Excluding $9.8 million in out-of-period funding recognized in Q1 2024, revenue increased by $1.1 million, largely driven by funding increases, timing of spend and improved preferred occupancy, partially offset by lower revenue of approximately $9.8 million due to the closure of three Class C LTC homes since the beginning of 2024 replaced with the opening of newly developed LTC homes in Axium JV.

NOI and NOI margin were $21.2 million and 10.7%, respectively, in Q1 2025, compared to $25.3 million and 12.3% in Q1 2024. Excluding workers compensation rebates of $2.7 million recognized in Q1 2025 and the $9.8 million in out-of-period funding recognized in Q1 2024, NOI improved by $3.0 million to $18.5 million (9.4% of revenue), compared to $15.5 million (7.9% of revenue) in Q1 2024. This increase reflects funding enhancements, timing of spend, improved preferred occupancy and the impact of one less statutory holiday this quarter (approximately $0.8 million), partially offset by higher operating costs and an NOI reduction of approximately $1.0 million from the closure of three redeveloped Class C LTC homes.

Home Health Care

Home health care ADV of 31,603 in Q1 2025 increased 8.9% from Q1 2024.

As previously disclosed, in November 2024, Ontario confirmed a 4.0% bill rate increase for the sector retroactive to April 1, 2024. In Q1 2025, the Company implemented enhancements to its compensation programs and further investments in recruitment, retention, and technology resulting in the recognition of out-of-period revenue and expense of $11.0 million, with no impact on NOI. Similarly, in Q1 2024, the Company recognized out-of-period revenue and expense of $13.6 million in connection with a retroactive rate increase.

Revenue increased by $14.7 million to $158.3 million in Q1 2025. Excluding the net reduction in retroactive funding of $2.6 million, revenue increased by $17.3 million or 13.3% to $147.3 million in Q1 2025 from $129.9 million in Q1 2024, largely driven by growth in ADV and rate increases.

NOI and NOI margin were $19.1 million and 12.0% in Q1 2025, compared to $10.8 million and 7.5% in Q1 2024. Excluding workers compensation rebates of $3.9 million recognized in Q1 2025 and the $2.6 million reduction in retroactive funding, NOI improved by $4.4 million or 41.0% to $15.2 million (10.3% of revenue) in Q1 2025 from $10.8 million (8.3% of revenue) in Q1 2024, reflecting higher volumes, rate increases, and one less statutory holiday this quarter (approximately $1.5 million), partially offset by increased wages and benefits.

Managed Services

At the end of Q1 2025, Extendicare Assist held management contracts with 72 homes, comprising 10,165 beds. Extendicare Assist 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 148,200 at the end of Q1 2025, up 7.2% from the prior year period.

Revenue increased by $1.6 million or 9.2% to $18.6 million from Q1 2024, largely due to the growth in SGP clients and changes in the mix of Extendicare Assist services, including newly opened homes in Axium JV, contributing to a $1.3 million or 15.0% increase in NOI to $10.0 million (53.4% of revenue).

Financial Position

Extendicare has strong liquidity as at March 31, 2025, with cash and cash equivalents on hand of $109.5 million and access to a further $108.5 million under its senior secured credit facility.

Subsequent to Q1 2025, an additional $56.3 million in cash was received from the sale of the three LTC redevelopment projects to Axium JV.

Select Financial Information

The following is a summary of the Company's consolidated financial information for the three months ended March 31, 2025 and 2024.

(unaudited) *(thousands of dollars unless otherwise noted)*	**Three months ended March 31**	
	2025	**2024**
Revenue	**374,654**	367,095
Operating expenses	**324,426**	322,352
NOI[1]	**50,228**	44,743
NOI margin[1]	***13.4%***	*12.2%*
Administrative costs	**14,622**	14,611
Adjusted EBITDA[1]	**35,606**	30,132
Adjusted EBITDA margin[1]	***9.5%***	*8.2%*
Other expense	**(3,170)**	(1,906)
Share of (loss) profit from investment in joint ventures	**(126)**	1,130
Net earnings	**15,031**	13,096
per basic share *($)*	**0.178**	0.156
per diluted share *($)*	**0.176**	0.154
AFFO[1]	**19,807**	17,630
per basic share *($)*	**0.235**	0.210
per diluted share *($)*	**0.232**	0.197
Maintenance capex	**2,709**	3,411
Cash dividends declared per share	**0.122**	0.120
Payout ratio[1]	**51%**	57%
Weighted average number of shares *(000's)*		
Basic	**84,345**	84,062
Diluted	**85,468**	95,146

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.

Environmental, Social and Governance ("ESG") Report Released

Extendicare is driven by a mission to provide people with the care they need wherever they call home. With this in mind, commitment to ESG and ESG conscious practices have long been interwoven throughout the Company's strategy and operations. For more information, please refer to Extendicare's most recent ESG Insights report published May 2025, which can be found on the Company's website at www.extendicare.com under the "ESG" section.

May Dividend Declared

The Board of Directors of Extendicare today declared a cash dividend of $0.042 per share for the month of May 2025, which is payable on June 16, 2025, to shareholders of record at the close of business on May 30, 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 first quarter results on May 7, 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 1-833-752-3395. A replay of the call will be available approximately two hours after completion of the live call until midnight on May 23, 2025, by dialing 1-855-669-9658 followed by the passcode 9508150#.

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 (50 owned, 72 under management contracts), deliver approximately 11.2 million hours of home health care services annually, and provide group purchasing services to third parties representing approximately 148,200 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 Q1 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)	**Three months ended March 31**	
(thousands of dollars)	**2025**	**2024**
Net cash from operating activities	**18,421**	39,416
Add (Deduct):		
Net change in operating assets and liabilities, including interest, and taxes	**1,226**	(21,285)
Other expense	**3,170**	1,906
Current income tax on items excluded from AFFO	**(843)**	(505)
Depreciation for office leases	**(732)**	(737)
Depreciation for FFEC (maintenance capex)	**(1,888)**	(1,956)
Additional maintenance capex	**(697)**	(1,246)
Principal portion of government capital funding	**403**	468
Adjustments for joint ventures	**747**	1,469
AFFO	**19,807**	17,630

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

(unaudited)	Three months ended March 31	
(thousands of dollars)	**2025**	**2024**
Earnings before income taxes	**18,919**	17,593
Add (Deduct):		
Depreciation and amortization	**8,273**	8,155
Net finance costs	**5,118**	3,608
Other expense	**3,170**	1,906
Share of loss (profit) from investment in joint ventures	**126**	(1,130)
Adjusted EBITDA	**35,606**	30,132
Administrative costs	**14,622**	14,611
Net operating income	**50,228**	44,743

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 Healthcare Group Inc. and certain affiliates, including anticipated closing date, synergies and earnout amounts, and 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 Q1 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 Q1 2025 MD&A, which includes the reconciliation of such non-GAAP measures to the most directly comparable GAAP measures.