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... helping people live better

NEWS RELEASE

EXTENDICARE ANNOUNCES 2020 THIRD QUARTER RESULTS

MARKHAM, ONTARIO – November 12, 2020 – Extendicare Inc. ("Extendicare" or the "Company") (TSX: EXE) today reported results for the three and nine months ended September 30, 2020. Results are presented in Canadian dollars unless otherwise noted.

"Combatting the recent surge in COVID-19 cases is the top priority for our organization," said President and Chief Executive Officer, Dr. Michael Guerriere. "We have learned a lot from our experience with COVID-19 and have applied these learnings to enhance our processes to mitigate the risk posed by the pandemic. From routine testing for staff, to the creation of rapid response teams that can assist locations that are experiencing COVID-19 challenges, we remain steadfast in our efforts to protect our residents, clients and staff."

"While we focus on safety in our day-to-day operations, we are also making significant investments in people and infrastructure to build a better future for seniors," added Dr. Guerriere. "In the face of an increasing shortage of personal support workers, we have established a caregiver training program where Extendicare provides tuition and paid, on-the-job training for qualified applicants and a guaranteed job upon graduation. We aim to expand this program to train more than 600 new hires per year to help address what is a critical, industry-wide need. We are also pleased to announce the start of construction on a 256-bed long-term care home in Sudbury to replace one of our older homes. These important long-term investments in people and infrastructure will improve conditions for residents and employees, while also adding value for all stakeholders."

COVID-19 Update

During the second quarter, Extendicare took decisive steps to prepare for the "second wave" of COVID-19 now underway across Canada. These actions included routine testing of staff in cooperation with local public health authorities, increased staffing in long-term care (LTC) homes, bolstering inventory of personal protective equipment (PPE) and the introduction of an experienced rapid response team to assist homes in outbreak, among other initiatives. While these actions have helped mitigate the impact of COVID-19 in our homes, the sharp rise in cases in surrounding communities has caused a resurgence of outbreaks.

As of today, of our 69 long-term care homes and retirement communities, 12 LTC homes are in outbreak, with the majority limited to three or fewer active cases of COVID-19 among residents and staff. We are also working closely with our Extendicare Assist clients to help them manage outbreaks in their homes.

We continue to believe that routine testing, effective use of PPE and frequent sanitizing are the best preventative measures currently available to stop the spread of the virus in Extendicare's network of LTC homes and retirement communities until vaccines are widely available. Extendicare is working closely with government, health authorities, industry partners and advocacy groups on initiatives to help ensure our collective response to the crisis is optimized for the protection and care of our residents, clients and staff.

To combat the pandemic, we have spent an estimated $42.5 million in operating and administrative expenses, partially offset by $22.7 million from various provincial government pandemic programs, resulting in a reduction of our consolidated net operating income (NOI) and Adjusted EBITDA of approximately $17.0 million and $19.8 million, respectively. We have dispensed a further estimated $33.6 million in pandemic pay, fully funded by programs announced by the Ontario and Alberta governments, to temporarily increase hourly wages for certain eligible front-line employees. In addition, we have an additional $9.7 million in PPE inventory to ensure that we continue to have sufficient supply.

Our operations continue to be affected by COVID-19, with lower occupancy levels in our LTC homes and retirement communities and costs in excess of funding levels. Home health care volumes continue to recover as referrals have returned to pre-pandemic levels. However, volumes are taking longer to recover due to COVID-19 related shortfalls in our workforce capacity.

Executive Appointment

Dr. Matthew Morgan joined Extendicare in the newly-created role of Chief Medical Officer on October 19, 2020. His focus is on developing and coordinating the implementation of clinical strategies that result in better outcomes for residents, clients and their families. Dr. Morgan is a practicing General Internal Medicine physician with a Masters in Clinical Epidemiology, and an Assistant Professor in the Faculty of Medicine at the University of Toronto.

Factors Impacting Comparability of Financial Results for 2020

For purposes of the Financial Highlights and Business Update sections, revenue, NOI and NOI margins exclude the year-over-year decline in revenue resulting from the expiration of ParaMed's B.C. home health care contracts in Q1 2020, the incremental funding related to Bill-148 received by ParaMed in Q2 2019, and the increase in NOI from the $50.8 million received by ParaMed under the Canada Emergency Wage Subsidy (CEWS) program in Q3 2020 (recorded as an offset to operating expenses of the home health care segment), as discussed under the Home Health Care business update below.

In addition, the recognition of pandemic-related costs and the timing of the recognition and receipt of related government funding and subsidies has resulted in volatility in our quarterly results which is expected to continue throughout the remainder of the pandemic.

Financial Highlights

Q3 2020 (all comparisons with Q3 2019)

- Revenue up 10.1% or $27.2 million to $296.8 million; driven by COVID-19 funding of $28.7 million, LTC funding enhancements and growth in retirement living and other operations, partially offset by a 9.9% decline in home health care average daily volumes (ADV).
- Net operating income (NOI)(1) of $25.2 million, down 27.6% or $9.6 million; reflecting COVID-19 costs in excess of funding of $7.2 million, costs of resident care in excess of funding in LTC and lower ADV and increased workers compensation and benefits costs in home health care, partially offset by growth in the retirement living and other operations segments.
- Adjusted EBITDA(1) up $39.9 million to $63.8 million; reflecting the underlying decline in NOI noted above and increase in administrative costs, offset by CEWS.
- Earnings from continuing operations up $29.3 million to $34.6 million; primarily driven by CEWS, as noted above for ParaMed ($37.3 million net of tax), partially offset by estimated COVID-19 costs in excess of funding ($6.4 million net of tax) and the volume driven decline in NOI of the home health care segment.
- AFFO(1) of $42.8 million ($0.48 per basic share), up $29.1 million; reflecting the increase in earnings from continuing operations (including impact of CEWS and estimated costs of COVID-19 in excess of funding, net of tax, of $30.9 million or $0.35 per basic share).
- Earnings from discontinued operations included a release of the Company's captive's reserves of $2.0 million in the prior year.

Nine Months 2020 (all comparisons with Nine Months 2019)

Excluding the factors impacting comparability noted above, results for the nine months ended September 30, 2020 reflect growth in the retirement living and other operations segments and LTC funding enhancements, partially offset by COVID-19 costs in excess of funding, a 11.3% decline in home health care ADV, higher home health care operating costs and increased administrative costs.

- Revenue up 5.7% or $46.0 million to $847.6 million.
- NOI(1) of $75.5 million, down 23.7% or $23.4 million.
- Adjusted EBITDA(1) up $23.3 million to $92.1 million; reflecting the underlying decline in NOI noted above and increase in administrative costs related to COVID-19, offset by CEWS.
- Earnings from continuing operations up $16.7 million to $27.0 million; primarily driven by CEWS ($37.3 million net of tax) and largely offset by estimated COVID-19 costs in excess of funding ($14.5 million net of tax) and the volume driven decline in NOI of home health care operations.
- AFFO(1) of $57.4 million ($0.64 per basic share), up $16.1 million; reflecting the increase in earnings from continuing operations (including impact of CEWS and estimated costs of COVID-19 in excess of funding, net of tax, of $22.8 million or $0.26 per basic share).
- Earnings from discontinued operations up $1.5 million to $9.7 million; reflecting releases of the Company's captive's reserves of $9.5 million compared to $6.4 million in the prior year, and a $1.9 million reduction in foreign exchange and fair value adjustments.
- Dividends declared of $32.2 million in 2020, representing approximately 56% of AFFO.

Business Updates

The following is a summary of the Company's revenue, NOI and NOI margins by business segment for the three and nine months ended September 30, 2020 and 2019.

(unaudited)	**Three months ended September 30**				**Nine months ended September 30**			
(millions of dollars, unless otherwise noted)	**2020**		**2019**		**2020**		**2019**	
Revenue								
Long-term care	**184.7**		161.0		**523.4**		477.1	
Retirement living	**12.0**		10.4		**35.8**		29.9	
Home health care	**93.2**		92.3		**268.8**		276.8	
Other	**6.8**		5.9		**19.6**		17.7	
Total revenue	**296.8**		269.6		**847.6**		801.6	
NOI and NOI margin (1)								
Long-term care	**13.0**	***7.0%***	20.6	*12.8%*	**42.5**	***8.1%***	56.9	*11.9%*
Retirement living	**3.2**	***26.9%***	2.9	*28.3%*	**10.4**	***29.2%***	8.4	*28.2%*
Home health care	**4.7**	***5.1%***	8.0	*8.7%*	**10.4**	***3.9%***	23.7	*8.6%*
Other	**4.3**	***62.7%***	3.2	*53.9%*	**12.1**	***61.9%***	9.8	*55.4%*
Total NOI and NOI margin (1)	**25.2**	***8.5%***	34.8	*12.9%*	**75.5**	***8.9%***	98.9	*12.3%*

Note: Totals may not sum due to rounding.

Long-term Care

Long-term care operations continue to be impacted by increased costs associated with COVID-19. In Q3 2020, the increased operating expenses resulted in lower NOI compared to the same period last year.

NOI and NOI margin in Q3 2020 were $13.0 million and 7.0%, respectively, down from $20.6 million and 12.8% respectively in Q3 2019. NOI and NOI margin decreased in the quarter largely as a result of increased costs of resident care, including costs associated with COVID-19 and pandemic pay programs, estimated to be $27.7 million and $6.6 million in excess of government funding received.

Average occupancy dropped to 90.0% in Q3 2020, down 790 bps from Q3 2019 and 350 bps from Q2 2020, mainly driven by reduced admissions as a result of COVID-19. Despite lower occupancy levels, our revenue base is largely protected as full funding is preserved in Ontario for the remainder of the year, and each of the western provinces in which we operate have introduced additional funding to offset the impact of COVID-19.

During the third quarter, the Ontario Ministry of Long-Term Care provided updates to its Long-Term Care Home Capital Development Funding program for the development of new and replacement LTC beds. The program includes a $1.75 billion investment to redevelop 12,000 beds and add an additional 8,000 beds over the next five years.

We have submitted applications to the Ontario Ministry of Long-Term Care in respect of 22 projects to build over 4,200 beds to replace all of our existing 3,287 C-class beds and to add new LTC beds, in keeping with the Ontario government's focus on replacing aging infrastructure and increasing the number of LTC beds in the province. We continue to work closely with our industry partners and government to further enhance the new capital development funding program, in particular, to address certain geographic areas and streamline the related approval and licensing processes to expedite those projects that are currently feasible.

In October 2020, we received all of the necessary approvals to commence construction of a new 256-bed LTC home in Sudbury, Ontario that will replace our 234-bed Extendicare Falconbridge C-class bed home. Construction will commence in Q4 2020, with completion anticipated in Q4 2022, and the redevelopment represents an investment of $62.3 million in our LTC segment.

Home Health Care

In Q3 2020, revenue was largely unchanged at $93.2 million, up 1.0% from Q3 2019, as the impact of COVID-19 and pandemic pay funding of $7.6 million was largely offset by lower ADV, down 9.9% compared to same quarter last year.

NOI and NOI margin decreased to $4.7 million and 5.1%, respectively, in Q3 2020, down from $8.0 million and 8.7%, respectively, in Q3 2019. NOI declined largely as a result of lower business volumes and workers compensation and benefits costs. In addition, NOI was impacted by costs associated with COVID-19 and pandemic pay in excess of funding.

The peak impact of COVID-19 on ADV occurred in April 2020. Since that time, we have seen a gradual recovery in ADV with Q3 2020 showing an 11.6% increase from Q2 2020 and a further increase of 5.2%, to 23,934, in ADV for the four weeks ended November 8, 2020. While referrals have recently returned to pre-COVID levels our business volumes have been slower to recover due to COVID-19 related shortfalls in our workforce capacity.

The volume declines and resultant revenue decreases experienced in our home health care operating subsidiary, ParaMed Inc., resulted in ParaMed applying for, and receiving, a payment under the CEWS program in Q3 2020. The CEWS program was established by the Federal Government to help Canadian employers that have experienced revenue declines to re-hire workers laid off as a result of COVID-19, to prevent further job losses and to better position the employers to resume normal operations after the COVID-19 pandemic. ParaMed received a payment of $50.8 million under the CEWS program in Q3 2020 for claim periods from March 15, 2020 to July 4, 2020. Subsequent to September 30, 2020, ParaMed applied for and received an additional $31.4 million in CEWS for the claims periods from July 5, 2020 to September 26, 2020. ParaMed anticipates filing for additional CEWS funding contingent on changes to the CEWS program and the rate of volume recovery in subsequent periods. The CEWS is recorded as an offset to operating expenses, positively impacting the NOI of the home health care segment for the three and nine months ended September 30, 2020.

Throughout this period, we have remained focused on maintaining our workforce capacity to ensure we are able to respond quickly to increases in demand for home health care services and resume operating at normalized levels as the pandemic recedes. In addition, we are making long-term investments to address the shortage of personal support workers that has challenged our industry for years, and has been more recently exacerbated by the pandemic. We have developed in-house programs and partnered with colleges to create a new supply of skilled caregivers. For example, under a program launched earlier this year, ParaMed is covering college tuition and providing paid on-the-job training, followed by full employment to new entrants to the home health care sector. To date, we have graduated approximately 200 new caregivers through the program, and we expect the capacity to increase to more than 600 students per year as we partner with additional colleges.

As the stream of graduates from our training programs increases and remaining staff return to the workforce, we anticipate continued improvement in ADV. While we cannot predict the ultimate impact nor the duration of the pandemic, we are focused on managing our operations through this challenge so we are well positioned to continue to provide high quality care and expand our operations when the pandemic recedes.

Retirement Living

Our retirement living operations continued to deliver solid financial results as contributions from non same-store operations and lease-up communities more than offset the negative impact of COVID-19 on occupancy and cost levels.

In Q3 2020, revenue increased to $12.0 million, up 15.1% from the same quarter last year, largely driven by the opening of The Barrieview in October 2019 and partially offset by the impact of COVID-19 on occupancy levels at our stabilized communities. NOI in the third quarter increased by 9.5% to $3.2 million, reflecting the increase in revenue; however, lower same-store occupancy levels and increased costs associated with COVID-19 led to lower NOI margin of 26.9%, down from 28.3% from the same quarter last year.

As a result of the recommencement of in-person tours in Ontario in Q3 2020, average occupancy of our stabilized portfolio improved to 91.9% in Q3 2020, up from 91.5% in Q2 2020. Despite this rebound from the prior quarter, levels remain below Q3 2019 of 94.0% as a result of the impacts of COVID-19.

Stabilized occupancy improved through the third quarter, increasing by 180bps from Q2 2020 to 93.1% as at September 30, 2020. Subsequent to quarter end, in-person tour restrictions were re-introduced in certain regions in Ontario and stabilized occupancy decreased to 91.7% as at October 31, 2020. We continue to actively market our properties and conduct virtual tours in place of in-person visits.

Other Operations

Financial performance in our other operations remained strong as revenue increased 15.2% to $6.8 million, largely driven by growth in our SGP Purchasing Partner Network (SGP). NOI also increased in the quarter, up 34.0% to $4.3 million, as our growing SGP client base and lower travel and business promotion costs offset increased staff costs. The number of third-party residents served by SGP increased to approximately 79,400 at the end of the third quarter, up 23.5% from September 30, 2019, and 5.6% from June 30, 2020.

Financial Position

Extendicare maintained its strong financial flexibility and liquidity in Q3 2020, with cash and cash equivalents on hand of $170.1 million and access to a further $71.3 million in undrawn demand credit facilities as at September 30, 2020. Following financing activities in the first half of 2020 to extend and renew existing mortgages on LTC homes and to finalize new mortgages on retirement communities, the Company does not have any scheduled debt maturities until Q1 2022.

Select Financial Information

The following is a summary of the Company's consolidated financial information for the three and nine months ended September 30, 2020 and 2019.

(unaudited)	**Three months ended September 30** [(2)]		**Nine months ended September 30** [(2)]	
(thousands of dollars unless otherwise noted)	**2020**	**2019**	**2020**	**2019**
Revenue	**296,786**	282,733	**850,551**	841,055
Operating expenses	**220,810**	247,866	**724,258**	740,482
NOI [(1)]	**75,976**	34,867	**126,293**	100,573
NOI margin [(1)]	***25.6%***	*12.3%*	**14.8%**	*12.0%*
Administrative costs	**12,182**	11,021	**34,201**	31,801
Adjusted EBITDA [(1)]	**63,794**	23,846	**92,092**	68,772
Adjusted EBITDA margin [(1)]	***21.5%***	*8.4%*	**10.8%**	*8.2%*
Other expense	—	—	**2,780**	2,404
Earnings from continuing operations	**34,644**	5,353	**26,992**	10,332
per basic share *($)*	**0.39**	0.06	**0.30**	0.12
per diluted share *($)*	**0.36**	0.06	**0.30**	0.12
Earnings from discontinued operations, net of tax	**(178)**	1,906	**9,721**	8,210
Net earnings (loss)	**34,466**	7,259	**36,713**	18,542
per basic share *($)*	**0.38**	0.08	**0.41**	0.21
per diluted share *($)*	**0.36**	0.08	**0.41**	0.21
AFFO [(1)]	**42,787**	13,693	**57,363**	41,235
per basic share *($)*	**0.48**	0.15	**0.64**	0.46
per diluted share *($)*	**0.44**	0.15	**0.61**	0.45
Current income tax expense (recovery) included in FFO	**14,118**	2,666	**14,343**	7,477
FFO effective tax rate	***25.9%***	*17.9%*	***22.3%***	*17.6%*
Maintenance capex	**2,381**	3,056	**6,293**	6,284
Cash dividends declared per share	**0.12**	0.12	**0.36**	0.36
Payout ratio [(1)]	**25%**	78%	**56%**	*78%*
Weighted average number of shares *(thousands)*				
Basic	**89,864**	89,253	**89,778**	89,040
Diluted	**100,223**	99,614	**100,145**	99,412

*(1) **Non-GAAP Measures:** Extendicare assesses and measures operating results and financial position based on performance measures referred to as "net operating income", "NOI", "NOI margin", "Adjusted EBITDA", "Adjusted EBITDA margin", "AFFO", "AFFO per share", and "payout ratio". In addition, the Company assesses its return on investment in development activities using the non-GAAP financial measure "NOI Yield". These are not measures recognized under GAAP and do not have standardized meanings prescribed by GAAP. These non-GAAP measures are presented in this document because either: (i) management believes that they are a relevant measure of the ability of Extendicare to make cash distributions; or (ii) certain ongoing rights and obligations of Extendicare may be calculated using these measures. Such non-GAAP 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. They 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. Detailed descriptions of these terms can be found in Extendicare's disclosure documents, including its Management's Discussion and Analysis, filed with the securities regulatory authorities; these documents are available at www.sedar.com and on Extendicare's website at www.extendicare.com.*

(2) Comparative figures have been re-presented to reflect discontinued operations.

Extendicare's financial reports, including its Management's Discussion and Analysis are available on its website at www.extendicare.com under the "Investors/Financial Reports" section.

November Dividend Declared

The Board of Directors of Extendicare today declared a cash dividend of $0.04 per share for the month of November 2020, which is payable on December 15, 2020, to shareholders of record at the close of business on November 30, 2020. This dividend is designated as an "eligible dividend" within the meaning of the Income Tax Act (Canada).

Conference Call and Webcast

On November 13, 2020, at 11:30 a.m. (ET), Extendicare will hold a conference call to discuss its 2020 third quarter results. 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 1-800-319-4610 or 416-915-3239. A replay of the call will be available approximately two hours after completion of the live call until midnight on November 27, 2020. To access the rebroadcast dial 1-800-319-6413 followed by the passcode 5368#.

About Extendicare

Extendicare is a leading provider of care and services for seniors across Canada, operating under the Extendicare, Esprit Lifestyle, ParaMed, Extendicare Assist, and SGP Purchasing Partner Network brands. We are committed to delivering quality care throughout the health continuum to meet the needs of a growing seniors population. We operate or provide contract services to a network of 122 long-term care homes and retirement communities (69 owned/53 contract services), provide approximately 8.5 million hours of home health care services annually, and provide group purchasing services to third parties representing approximately 79,400 senior residents across Canada. Our qualified and highly trained workforce of approximately 23,000 individuals is passionate about providing high quality services to help people live better.

Forward-looking Statements

This press release contains forward-looking statements concerning anticipated financial events, results, circumstances, economic performance or expectations with respect to Extendicare and its subsidiaries, including, without limitation, statements regarding its business operations, business strategy, 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 be identified because they generally contain the words "anticipate", "believe", "estimate", "expect", "intend", "objective", "plan", "project", "will" or other similar expressions or the negative thereof. Forward-looking statements reflect management's beliefs and assumptions and are based on information currently available, and Extendicare assumes no obligation to update or revise any forward-looking statement, except as required by applicable securities laws. 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 Extendicare to differ materially from those expressed or implied in the statements. 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. Given these risks and uncertainties, readers are cautioned not to place undue reliance on Extendicare's forward-looking statements.

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