EXTENDICARE®
... helping people live better

NEWS RELEASE

EXTENDICARE ANNOUNCES 2021 THIRD QUARTER RESULTS

MARKHAM, ONTARIO, November 4, 2021 – Extendicare Inc. ("Extendicare" or the "Company") (TSX: EXE) today reported results for the three and nine months ended September 30, 2021. Results are presented in Canadian dollars unless otherwise noted.

Third Quarter Highlights

- Mandatory vaccination policy is in place; all team members working in our long-term care (LTC) and retirement homes are vaccinated
- High vaccination rates for residents and staff supported by continued containment measures limited the impact of the fourth wave of COVID-19
- LTC occupancy continues to recover, up 360 bps from Q2 2021
- Home health care average daily volumes up 11.4% vs. Q3 2020; in line with Q2 2021 due to seasonal effects
- Broke ground on Extendicare's new 256-bed LTC home in Stittsville, Ontario in October

"Thanks to the enthusiastic participation of our team members and their dedication to the people we serve, all team members currently working in our LTC and retirement homes are vaccinated," said President and Chief Executive Officer, Dr. Michael Guerriere. "Most of our residents have received a third dose to further boost their immunity to COVID-19. This effort, along with our ongoing commitment to infection prevention measures, has kept fourth wave outbreaks in our homes to a minimum."

"Last month, we were delighted to start construction on a third LTC redevelopment project in Stittsville, Ontario. With six more projects in advanced stages of planning and a further 13 applications for new homes in Ontario, we look forward to working with the provinces to address the pressing need to replace aging infrastructure and expand LTC beds to meet the growing needs of seniors in the future."

Protecting Our Residents, Clients and Caregivers

As of November 3, 2021, Extendicare has four homes recovering from outbreaks with no active resident or staff cases of COVID-19 across our 69 LTC homes and retirement communities. The four LTC homes currently in outbreak are in Alberta, where there continues to be high levels of COVID-19 cases in the community.

In August, we announced that COVID-19 vaccination would become mandatory for all of our LTC and retirement home staff across Canada. Those not vaccinated after October 12, 2021 were placed on unpaid leave. This was accomplished without any significant staffing instability.

ParaMed team members continue to respond positively to our vaccination program, as we make steady progress towards the goal of full vaccination for our home health care team. We continue to support our team members by offering educational resources, reimbursement of expenses and paid time for vaccine appointments to remove all barriers to vaccination. Vaccination against COVID-19 is also a condition of employment for all newly hired employees across ParaMed. The combination of vaccination, surveillance testing, active symptom screening and the use of personal protective equipment has proven very effective in keeping our clients safe.

With the marked decrease in COVID-19 cases in Q3 2021, Extendicare's pandemic-related spending decreased to $32.4 million from $42.8 million in Q2 2021. Pandemic-related costs in Q3 2021 were largely offset by provincial funding of $31.7 million, including $5.1 million related to pandemic costs incurred in Q1 2021. Costs in Q3 2021 included $11.8 million in temporary pandemic pay premiums for eligible front-line staff, offset by funding from Ontario and Alberta. Since the beginning of the pandemic, unfunded pandemic costs have resulted in a cumulative reduction of Adjusted EBITDA(1) of $42.6 million. While COVID-19 costs are declining, we will continue to incur elevated costs as we remain vigilant in our on-going efforts to protect our residents, clients and staff until the threat of the pandemic has abated. We anticipate further retroactive recovery of unfunded COVID costs, but the amounts and timing of any recoveries are uncertain and may not cover all such costs.

Growing Demand for the Services Extendicare Provides

Extendicare is making investments today to meet the current and future demographic demand for seniors' services. On October 29, 2021, Extendicare broke ground on a new 256-bed LTC home in Stittsville, Ontario. This home joins our other two projects already under construction in Kingston and Sudbury. Extendicare looks forward to breaking ground on six additional building projects over the next two years.

In October, the Government of Ontario issued a new call for applications to build and redevelop LTC homes in support of its previously announced $2.68 billion plan to deliver 30,000 net new beds by 2028. Extendicare will resubmit its remaining 13 projects for inclusion in this next allocation of beds. Furthermore, on November 4, 2021, the Ontario government announced in its Fall Economic Update an additional $3.7 billion in funding starting in 2024-25 towards the commitment to build 30,000 net new LTC beds by 2028 and approximately 28,000 upgraded LTC beds across the province.

Extendicare continues to make steady progress in its ongoing efforts to address the significant staffing challenges facing the industry. Our PSW college partnerships and in-house HSW training programs graduated and hired more than 470 new caregivers through the first three quarters of 2021. Extendicare is also participating in various new federal and provincial programs aimed at expanding the seniors' care workforce, with more than 460 students enrolled in internships.

On October 6, 2021, the Government of Ontario announced the first phase of funding for increased staffing levels as part of its LTC staffing plan. Ontario plans to phase in increased care for LTC residents, reaching four hours of care per resident day, by 2024-2025. Starting in November 2021, the government will provide additional funding through the nursing and program flow-through envelopes to support three hours of direct care per resident per day. The additional staff hired to address the challenges of the pandemic will be supported by this new funding, allowing them to remain permanently to improve the quality of care our residents receive.

Subsequent to September 30, 2021, we received notice that home health care rates in Ontario have been increased by approximately 1.9%, retroactive to April 1, 2021. Likewise, home health care rates in Alberta increased by 1%, effective April 1, 2021. The retroactive impact of these rate increases will be recorded in Q4 2021. Based on our ADV and mix of home health care services delivered in Q2 2021 and Q3 2021, we estimate the annualized impact on revenue from these rate increases to be in the range of $6.0 to $7.0 million.

Q3 2021 Financial Highlights (all comparisons with Q3 2020)

- Revenue increased 4.5% or $13.3 million to $310.1 million; driven by an 11.4% increase in home health care average daily volumes (ADV), increased COVID-19 funding of $3.0 million, LTC funding enhancements, timing of flow-through funding, and growth in retirement living operations, partially offset by lower LTC preferred accommodation and other operations revenue.
- Net operating income (NOI)[1] decreased $44.4 million to $31.6 million; reflecting the Canada Emergency Wage Subsidy (CEWS) payments to ParaMed of $50.8 million received in Q3 2020, increased costs of resident care, lower LTC preferred accommodation revenue and increased business development costs and lower revenue in other operations, partially offset by a reduction in net COVID-19 costs of $7.3 million and increased ADV and back-office efficiencies in home health care operations.
- Adjusted EBITDA[1] decreased $44.5 million to $19.3 million; reflecting the decline in NOI noted above and higher administrative costs related to information technology, insurance and claims reserves, offset by a reduction in COVID-19 related administrative costs.
- Earnings from continuing operations decreased $32.2 million to $2.4 million; driven by the after-tax impact of the decline in EBITDA noted above, partially offset by lower finance costs.
- AFFO[1] of $9.6 million ($0.11 per basic share), was down $33.2 million; reflecting the decline in earnings from continuing operations and higher maintenance capex.

Nine Months 2021 Financial Highlights (all comparisons with Nine Months 2020)

- Revenue increased 10.5% or $89.4 million to $940.0 million; driven by COVID-19 funding of $64.5 million, a 10.6% increase in home health care ADV, LTC funding enhancements and growth in retirement living and other operations, partially offset by timing of flow-through funding and lower LTC preferred accommodation revenue.

- NOI declined $23.2 million to $103.1 million; reflecting a $33.4 million year-over-year decline in CEWS payments received by ParaMed, increased costs of resident care and lower LTC preferred accommodation, partially offset by increased ADV and back-office efficiencies in home health care and a reduction in net COVID-19 costs of $7.3 million.
- Adjusted EBITDA decreased $27.2 million to $64.9 million; reflecting the decline in NOI noted above and higher administrative costs related to information technology, professional fees, insurance and claims reserves.
- Earnings from continuing operations declined $15.3 million to $11.7 million; primarily driven by the after-tax impact of the decline in EBITDA noted above, partially offset by lower finance costs and other expense.
- AFFO of $37.2 million ($0.41 per basic share), decreased by $20.2 million; reflecting the decline in earnings from continuing operations and higher maintenance capex**.**

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, 2021 and 2020, respectively.

(unaudited)	Three months ended September 30						Nine months ended September 30					
(millions of dollars,			2021			2020			2021			2020
unless otherwise noted)	Revenue	NOI	Margin	Revenue	NOI	Margin	Revenue	NOI	Margin	Revenue	NOI	Margin
Long-term care	**189.5**	**16.4**	***8.7%***	184.7	13.0	*7.0%*	**581.8**	**42.5**	***7.3%***	523.4	42.5	*8.1%*
Retirement living	**12.1**	**3.0**	***24.8%***	12.0	3.2	*26.9%*	**36.6**	**10.1**	***27.8%***	35.8	10.4	*29.2%*
Home health care	**102.0**	**8.7**	***8.5%***	93.2	55.5	*59.5%*	**300.8**	**38.7**	***12.9%***	271.8	61.2	*22.5%*
Other	**6.6**	**3.5**	***53.4%***	6.8	4.3	*62.7%*	**20.8**	**11.8**	***56.6%***	19.6	12.1	*61.9%*
	310.1	**31.6**	***10.2%***	296.8	76.0	*25.6%*	**940.0**	**103.1**	***11.0%***	850.6	126.3	*14.8%*

Note: Totals may not sum due to rounding.

Long-Term Care

Lower rates of COVID-19 cases and an easing of restrictions starting in the latter half of Q2 resulted in an increase in admissions into our LTC homes. Average occupancy in our LTC homes recovered 360 bps to 89.0% in Q3 2021 from 85.4% in Q2 2021, down from 90.0% in Q3 2020. While seasonal factors may impact the pace of new admissions in the coming winter months, we expect average occupancy levels to continue to increase as long as rates of COVID-19, and other transmissible diseases, in the community remain low. Despite lower occupancy levels, our revenue base was largely preserved through basic occupancy protection funding from the Government of Ontario, which has been extended until January 31, 2022. Each of the western provinces where we operate have also introduced additional funding to offset the impact of COVID-19, some of which includes funding to address occupancy shortfalls.

NOI and NOI margin in Q3 2021 were $16.4 million and 8.7%, respectively, an increase from $13.0 million and 7.0%, respectively, in Q3 2020, due in part to a year-over-year reduction in unfunded COVID-19 costs of $7.4 million, which included $5.1 million of COVID funding in Q3 2021 related to costs incurred in Q1 2021. Excluding the net impact of COVID-19 funding and expenses, NOI declined by $4.0 million in Q3 2021 as compared to Q3 2020 due to lower preferred accommodation revenue, and higher costs of labour, utilities and insurance.

Ontario announced a 1.5% general funding increase across the accommodations and flow-through envelopes for LTC providers retroactive to April 1, 2021, which represents incremental annual revenue of approximately $5.1 million.

On October 14, 2021, the Saskatchewan Health Authority (SHA) and Extendicare jointly announced their intention to transition the delivery of long-term care services operated at the Company's five Saskatchewan LTC homes to the SHA. Although terms of the transfer are under negotiation, the transfer of the homes is not anticipated to have a material impact on financial results. The Company is working collaboratively with the SHA to undertake the transition while remaining focused on the needs of residents, families and staff.

Construction of our new Stittsville 256-bed LTC home is targeted for completion in Q1 2024. Together with our Sudbury and Kingston projects, these three homes will replace 624 Class C LTC beds with 704 new beds at an estimated net investment of $178.9 million.

Home Health Care

The ParaMed home health care segment saw improved financial performance as growth in volumes and lower back-office costs led to year-over-year improvements. ADV remained in-line with the last quarter, as traditionally slower summer months were offset by a resumption in volume growth in September. ParaMed Q3 2021 ADV was 25,345, an increase of 0.3% from Q2 2021 and 11.4% higher than Q3 2020.

In Q3 2021, ParaMed revenue was $102.0 million, up 9.4% from Q3 2020, driven by growth in ADV of 11.4% and increased COVID-19 and pandemic pay funding of $0.1 million.

NOI and NOI margin were $8.7 million and 8.5%, respectively, in Q3 2021, compared to $55.5 million and 59.5%, respectively, in Q3 2020. Excluding CEWS payments received by ParaMed in Q3 2020 of $50.8 million, NOI improved by $4.0 million from $4.7 million in Q3 2020, reflecting higher ADV, lower workers compensation costs, including a $0.4 million non-recurring rebate, and improved back-office efficiencies, partially offset by an increase in unfunded COVID-19 costs of $0.4 million.

Excluding the impact of CEWS, net COVID-19 related costs and Q4 2020 one-time charges, NOI margins continue to improve with Q3 2021 at 9.7%, compared to 7.9% in Q2 2021. Back-office efficiencies from technology investments continue to drive NOI margin improvements. Q3 2021 NOI margins also benefited from a non-recurring workers compensation rebate and the impact of an additional operating day, as compared to Q2 2021.

Retirement Living

Increased occupancy levels and care services in our retirement operations came with higher labour and promotional costs, leading to a slight year-over-year decline in financial performance. In Q3 2021, higher revenue of $0.1 million or 0.9% and lower estimated net COVID-19 costs were exceeded by increased labour and promotional costs, resulting in a decline in NOI of $0.2 million or 6.9% from Q3 2020.

Throughout the pandemic the average occupancy of our stabilized communities has remained above 90%. The easing of restrictions during the latter half of the second quarter contributed to an increase in average occupancy of the total portfolio by 130 bps to 85.7% in Q3 2021 compared to Q2 2021, comprised of an increase of 520 bps in our lease-up communities, partially offset by a 40 bps decrease in our stabilized communities.

Other Operations

Revenue declined to $6.6 million or 4.3% from Q3 2020, largely due to lower group purchasing volumes associated with a decline in demand for pandemic supplies. New investments in growth initiatives increased operating costs in the quarter, reducing NOI by $0.8 million or 18.5% to $3.5 million, resulting in margins of 53.4% of revenue. The number of third-party residents served by SGP increased to approximately 88,400 at the end of Q3 2021, up 11.4% from Q3 2020 and up 5.9% from Q2 2021.

Financial Position

Extendicare is well positioned with strong liquidity, which included cash and cash equivalents on hand of $132.2 million and access to a further $72.8 million in undrawn demand credit facilities at September 30, 2021. In addition, the Company has construction financing in the aggregate of $95.9 million available for its Sudbury and Kingston LTC redevelopment projects and is in the process of negotiating construction financing for the Stittsville LTC project on similar terms.

Select Financial Information

The following is a summary of the Company's consolidated financial information for the three and nine months ended September 30, 2021 and 2020.

(unaudited)	Three months ended September 30		Nine months ended September 30	
(thousands of dollars unless otherwise noted)	**2021**	**2020**	**2021**	**2020**
Revenue	**310,130**	296,786	**939,960**	850,551
Operating expenses	**278,569**	220,810	**836,884**	724,258
NOI (1)	**31,561**	75,976	**103,076**	126,293
NOI margin (1)	***10.2%***	*25.6%*	***11.0%***	14.8%
Administrative costs	**12,220**	12,182	**38,195**	34,201
Adjusted EBITDA (1)	**19,341**	63,794	**64,881**	92,092
Adjusted EBITDA margin (1)	***6.2%***	*21.5%*	***6.9%***	10.8%
Other expense	—	—	—	2,780
Earnings from continuing operations	**2,401**	34,644	**11,684**	26,992
per basic share *($)*	**0.03**	0.39	**0.13**	0.30
per diluted share *($)*	**0.03**	0.36	**0.13**	0.30
Earnings from discontinued operations, net of tax	**3,642**	(178)	**3,642**	9,721
Net earnings	**6,043**	34,466	**15,326**	36,713
per basic share *($)*	**0.07**	0.38	**0.17**	0.41
per diluted share *($)*	**0.07**	0.36	**0.17**	0.41
AFFO (1)	**9,573**	42,787	**37,191**	57,363
per basic share *($)*	**0.11**	0.48	**0.41**	0.64
per diluted share *($)*	**0.11**	0.44	**0.40**	0.61
Current income tax expense included in FFO	**1,696**	14,118	**6,614**	14,343
FFO effective tax rate	***17.4%***	*25.9%*	***18.0%***	*22.3%*
Maintenance capex	**3,833**	2,381	**8,612**	6,293
Cash dividends declared per share	**0.12**	0.12	**0.36**	0.36
Payout ratio (1)	**112%**	25%	**87%**	56%
Weighted average number of shares *(thousands)*				
Basic	**90,009**	89,864	**89,973**	89,778
Diluted	**100,786**	100,223	**100,735**	100,145

*(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 measures are not 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 Extendicare's operating performance and ability to pay cash dividends; 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.*

Extendicare's disclosure documents, including its Management's Discussion and Analysis, may be found on SEDAR's website at www.sedar.com under the Company's issuer profile and on the Company's 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 2021, which is payable on December 15, 2021, to shareholders of record at the close of business on November 30, 2021. This dividend is designated as an "eligible dividend" within the meaning of the Income Tax Act (Canada).

Conference Call and Webcast

On November 5, 2021, at 11:30 a.m. (ET), Extendicare will hold a conference call to discuss its 2021 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 19, 2021. To access the rebroadcast dial 1-800-319-6413 followed by the passcode 7872#.

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 120 long-term care homes and retirement communities (69 owned/51 contract services), provide approximately 9.0 million hours of home health care services annually, and provide group purchasing services to third parties representing approximately 88,400 senior residents across Canada. Extendicare proudly employs more than 23,500 qualified, highly trained and dedicated individuals who are passionate about providing high quality care and services to help people live better.

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 business operations, business strategy, growth strategy, results of operations and financial condition, including anticipated timelines, costs and financial returns in respect of development projects, and in particular statements in respect of the impact of measures taken to mitigate the impact of COVID-19, the availability of various government programs and financial assistance announced in respect of COVID-19, the impact of COVID-19 on the Company's operating costs, staffing, procurement, occupancy levels and volumes in its home health care business, the impact on the capital and credit markets and the Company's ability to access the credit markets as a result of COVID-19, increased litigation and regulatory exposure and the outcome of any litigation and regulatory proceedings. Forward-looking statements can often be identified by the expressions "anticipate", "believe", "estimate", "expect", "intend", "objective", "plan", "project", "will" or other similar expressions or the negative thereof. These forward-looking statements reflect the Company's current expectations regarding future results, performance or achievements and are based upon information currently available to the Company and on assumptions that the Company believes are reasonable. The Company 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 the Company to differ materially from those expressed or implied in the statements. In particular, risks and uncertainties related to the effects of COVID-19 on the Company include the length, spread and severity of the pandemic; the nature and extent of the measures taken by all levels of governments and public health officials, both short and long term, in response to COVID-19; domestic and global credit and capital markets; the Company's ability to access capital on favourable terms or at all due to the potential for reduced revenue and increased operating expenses as a result of COVID-19; the availability of insurance on favourable terms; litigation and/or regulatory proceedings against or involving the Company, regardless of merit; the health and safety of the Company's employees and its residents and clients; and domestic and global supply chains, particularly in respect of personal protective equipment. Given the evolving circumstances surrounding COVID-19, it is difficult to predict how significant the adverse impact will be on the global and domestic economy and the business operations and financial position of Extendicare. For further information on the risks, uncertainties and assumptions that could cause Extendicare's actual results to differ from current expectations, refer to "Risk Factors" in Extendicare's Annual Information Form and "Forward Looking-Statements" in Extendicare's Q3 2021 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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