

### Extendicare Announces 2024 Second Quarter Results

**MARKHAM, ONTARIO**, August 12, 2024 – Extendicare Inc. (“Extendicare” or the “Company”) (TSX: EXE) today reported results for the three and six months ended June 30, 2024.

#### Second Quarter 2024 Highlights

- Adjusted EBITDA<sup>(1)</sup> excluding out-of-period items improved by \$19.7 million to \$34.5 million, largely driven by rate increases in long-term care (“LTC”) and home health care and volume growth in home health care and managed services.
- Home health care average daily volume (“ADV”) increased to 30,027, up 10.8% from Q2 2023.
- LTC average occupancy increased 60 basis points (“bps”) to 97.8% from 97.2% Q2 2023.
- Extendicare Assist beds under management grew to 9,777, up 64.1% from Q2 2023, and SGP third-party and joint venture serviced beds increased by 22.1% from Q2 2023 to 140,900 beds, driven by the 2023 Revera and Axiom transactions and continued organic growth.
- Completed the sale of a 256-bed LTC redevelopment project in Orleans to Axiom JV for cash proceeds of \$20.1 million, generating a net after-tax gain of \$2.3 million net of Extendicare’s 15% retained managed interest and other closing adjustments.
- Completed the sale of the vacated Class C LTC home in Sudbury for cash proceeds of \$5.3 million and a net after-tax gain of \$4.4 million.

“The strong operational performance and significant growth delivered in our second quarter illustrates the earning potential of our transformed business”, said Dr. Michael Guerriere, President & Chief Executive Officer. “Our operating margins reflect improved performance and funding increases in both long-term care and home health care, marking a return to the long-term stability that is characteristic of our businesses. Our strong financial position and underlying demographic trends support our outlook for continued growth across all business lines and progress on our long-term care redevelopment agenda.”

#### Q2 2024 Financial Highlights (all comparisons with Q2 2023)

- Revenue increased 13.3%, or \$40.9 million, to \$348.5 million, driven primarily by LTC funding increases and improved occupancy, home health care ADV growth and rate increases, and growth in managed services.
- NOI<sup>(1)</sup> increased \$24.3 million to \$52.8 million; excluding out-of-period LTC funding of \$4.1 million recognized in Q2 2024, NOI improved by \$20.2 million to \$48.7 million, reflecting revenue growth partially offset by higher operating costs across all segments.
- Adjusted EBITDA<sup>(1)</sup> increased \$23.8 million to \$38.6 million, reflecting the increase in NOI noted above, partially offset by higher administrative costs.
- Other income was \$5.7 million compared with an expense of \$1.4 million, reflecting pre-tax gains on the sale of assets of \$7.5 million in Q2 2024, partially offset by an increase in strategic transformation costs in connection with the Revera and Axiom transactions.
- Net earnings increased \$23.9 million to \$25.9 million, largely driven by the increase in Adjusted EBITDA and other income.

- AFFO<sup>(1)</sup> increased to \$23.1 million (\$0.27 per basic share) from \$9.0 million (\$0.11 per basic share), largely reflecting the improvement in Adjusted EBITDA, partially offset by increased current taxes and higher maintenance capex. Excluding the out-of-period LTC funding recognized in Q2 2024, AFFO improved by \$11.0 million to \$20.0 million (\$0.24 per basic share).

### Six Months 2024 Financial Highlights (all comparisons with Six Months 2023)

- Revenue increased 13.2%, or \$83.3 million, to \$715.6 million, driven primarily by LTC funding increases and improved occupancy, 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<sup>(1)</sup> increased \$24.5 million to \$97.6 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 \$7.3 million, NOI improved by \$29.3 million to \$83.6 million, reflecting revenue growth, partially offset by higher operating costs across all segments.
- Adjusted EBITDA<sup>(1)</sup> increased \$23.0 million to \$68.7 million, reflecting the increase in NOI noted above, partially offset by higher administrative costs.
- Other income was \$3.8 million compared with an expense of \$5.0 million, reflecting pre-tax gains on the sale of assets of \$7.5 million in 2024, partially offset by a decline in strategic transformation costs in connection with the Revera and Axium transactions.
- Share of profit from joint ventures was \$1.4 million, including the impact of one-time funding for Ontario LTC homes in Q1 2024, of which \$0.7 million related to prior periods.
- Net earnings increased \$25.5 million to \$39.0 million, largely driven by the increase in Adjusted EBITDA and other income.
- AFFO<sup>(1)</sup> increased to \$40.7 million (\$0.48 per basic share) compared with \$29.9 million (\$0.35 per basic share), largely reflecting the improvement in Adjusted EBITDA, partially offset by increased current taxes, higher maintenance capex and decline in the adjustment for non-cash share-based compensation. Excluding a \$2.8 million year-over-year reduction in AFFO related to a net recovery of COVID-19 costs in 2023, partially offset by out-of-period LTC funding and share of profit from joint ventures, AFFO improved by \$13.6 million to \$29.8 million (\$0.35 per basic share) from \$16.1 million (\$0.19 per basic share).

### Business Updates

The following is a summary of Extendicare's revenue, NOI<sup>(1)</sup> and NOI margins<sup>(1)</sup> by business segment for the three and six months ended June 30, 2024 and 2023.

<i>(unaudited)</i> <i>(millions of dollars unless otherwise noted)</i>	Three months ended June 30						Six months ended June 30					
	2024			2023			2024			2023		
	Revenue	NOI	Margin	Revenue	NOI	Margin	Revenue	NOI	Margin	Revenue	NOI	Margin
Long-term care	194.2	25.6	13.2%	182.4	13.9	7.6%	400.7	50.9	12.7%	390.0	47.6	12.2%
Home health care	136.3	17.1	12.6%	116.3	10.1	8.6%	279.8	27.9	10.0%	223.8	16.5	7.4%
Managed services	18.0	10.1	56.1%	8.8	4.5	51.5%	35.1	18.7	53.5%	18.5	8.9	48.2%
	<b>348.5</b>	<b>52.8</b>	<b>15.2%</b>	307.5	28.5	9.3%	<b>715.6</b>	<b>97.6</b>	<b>13.6%</b>	632.2	73.0	11.6%

Note: Totals may not sum due to rounding.

### **Long-term Care**

LTC average occupancy increased to 97.8% in Q2 2024, up 60 bps from 97.2% in Q2 2023.

Revenue increased by \$11.8 million or 6.5% to \$194.2 million in Q2 2024. Excluding \$4.1 million in out-of-period funding recognized in the quarter and COVID-19 funding of \$3.6 million recognized in Q2 2023 to support associated costs, revenue increased by \$11.3 million, largely driven by funding increases, timing of spend, and improved occupancy.

NOI and NOI margin in Q2 2024 were \$25.6 million and 13.2%, up from \$13.9 million and 7.6% in Q2 2023. Excluding \$4.1 million in out-of-period funding recognized in the quarter, NOI improved to \$21.5 million or 11.3% of revenue from \$13.9 million or 7.8% of revenue in Q2 2023, reflecting funding enhancements, timing of spend, increased occupancy and the impact of one less statutory holiday in Q2 2024 (approximately \$0.9 million), partially offset by higher operating costs.

### **Home Health Care**

Home health care ADV of 30,027 in Q2 2024 was up 10.8% from Q2 2023.

Revenue increased to \$136.3 million in Q2 2024, up 17.2% from Q2 2023, driven by growth in ADV and rate increases.

NOI and NOI margin were \$17.1 million and 12.6% in Q2 2024, up from \$10.1 million and 8.6% in Q2 2023, reflecting higher volumes and rates and the impact of one less statutory holiday in Q2 2024 (approximately \$1.4 million), partially offset by increased wages and benefits.

### **Managed Services**

At the end of Q2 2024, Extendicare Assist had management contracts with 71 homes comprising 9,777 beds, up from 50 homes and 5,959 beds at the end of Q2 2023, driven by the Revera and Axiom transactions. Extendicare Assist also provides a further 52 homes with consulting and other services. The number of third-party and joint venture beds served by SGP increased to approximately 140,900 at the end of Q2 2024, up 22.1% from the prior year period.

Revenue and NOI more than doubled this quarter to \$18.0 million and \$10.1 million, respectively, with an NOI margin of 56.1% compared to 51.5% in Q2 2023, reflecting the addition of managed homes as a result of the Revera and Axiom transactions and new SGP clients, partially offset by Extendicare Assist clients that reduced their scope of services.

### **Financial Position**

Extendicare has strong liquidity with cash and cash equivalents on hand of \$136.4 million and access to a further \$72.2 million in undrawn demand credit facilities as at June 30, 2024.

In June 2024, the Company renewed its normal course issuer bid ("NCIB") to purchase up to 7,159,997 Common Shares commencing on July 2, 2024, and provides the Company with flexibility to purchase Common Shares for cancellation until July 1, 2025. Decisions regarding the quantity and timing of purchases of Common Shares are based on market conditions, share price and the outlook for capital needs. As at August 11, 2024, the Company had not acquired any Common Shares under its renewed NCIB.

## Select Financial Information

The following is a summary of the Company's consolidated financial information for the three and six months ended June 30, 2024 and 2023.

<i>(unaudited)</i> <i>(thousands of dollars unless otherwise noted)</i>	Three months ended		Six months ended	
	June 30		June 30	
	2024	2023	2024	2023
<b>Revenue</b>	<b>348,482</b>	307,535	<b>715,577</b>	632,247
Operating expenses	<b>295,675</b>	279,065	<b>618,027</b>	559,213
<b>NOI<sup>(1)</sup></b>	<b>52,807</b>	28,470	<b>97,550</b>	73,034
<i>NOI margin<sup>(1)</sup></i>	<b>15.2%</b>	9.3%	<b>13.6%</b>	11.6%
Administrative costs	<b>14,196</b>	13,694	<b>28,807</b>	27,280
<b>Adjusted EBITDA<sup>(1)</sup></b>	<b>38,611</b>	14,776	<b>68,743</b>	45,754
<i>Adjusted EBITDA margin<sup>(1)</sup></i>	<b>11.1%</b>	4.8%	<b>9.6%</b>	7.2%
Other income (expense)	<b>5,692</b>	(1,402)	<b>3,786</b>	(5,020)
Share of profit from investment in joint ventures	<b>265</b>	–	<b>1,395</b>	–
<b>Net earnings</b>	<b>25,890</b>	1,951	<b>38,986</b>	13,531
per basic share (\$)	<b>0.30</b>	0.02	<b>0.46</b>	0.16
per diluted share (\$)	<b>0.29</b>	0.02	<b>0.44</b>	0.16
<b>AFFO<sup>(1)</sup></b>	<b>23,073</b>	9,037	<b>40,703</b>	29,876
per basic share (\$)	<b>0.27</b>	0.11	<b>0.48</b>	0.35
per diluted share (\$)	<b>0.25</b>	0.11	<b>0.45</b>	0.33
<b>Maintenance capex</b>	<b>4,829</b>	2,728	<b>8,240</b>	4,775
<b>Cash dividends declared per share</b>	<b>0.12</b>	0.12	<b>0.24</b>	0.24
<b>Payout ratio<sup>(1)</sup></b>	<b>43%</b>	112%	<b>49%</b>	68%
<b>Weighted average number of shares (000's)</b>				
Basic	<b>84,305</b>	85,212	<b>84,184</b>	85,324
Diluted	<b>95,248</b>	96,009	<b>95,229</b>	96,273

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

### August Dividend Declared

The Board of Directors of Extendicare today declared a cash dividend of \$0.04 per share for the month of August 2024, which is payable on September 16, 2024, to shareholders of record at the close of business on August 30, 2024. 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 2024 second quarter results on August 13, 2024, at 11:30 a.m. (ET). The call will be webcast live and archived online at [www.extendicare.com](http://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 August 30, 2024, by dialing 1-877-344-7529 followed by the passcode 6776960#.

## About Extencicare

Extencicare is a leading provider of care and services for seniors across Canada, operating under the Extencicare, ParaMed, Extencicare 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 a network of 123 long-term care homes (52 owned/71 under management contracts), deliver approximately 10.5 million hours of home health care services annually, and provide group purchasing services to third parties representing approximately 140,900 beds across Canada. Extencicare proudly employs approximately 22,000 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 Extencicare'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 Extencicare's Q2 2024 MD&A (refer to "Non-GAAP Measures"), which is available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) and on Extencicare's website at [www.extencicare.com](http://www.extencicare.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.

<i>(unaudited)</i> <i>(thousands of dollars)</i>	<b>Three months ended</b>		<b>Six months ended</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
<b>Net cash from (used in) operating activities</b>	<b>44,156</b>	27,160	<b>83,572</b>	(2,979)
<b>Add (Deduct):</b>				
Net change in operating assets and liabilities, including interest, and taxes	<b>(18,540)</b>	(16,311)	<b>(39,725)</b>	34,034
Other expense	<b>1,822</b>	1,402	<b>3,728</b>	5,020
Current income tax on items excluded from AFFO	<b>(126)</b>	(371)	<b>(631)</b>	(1,330)
Depreciation for office leases	<b>(689)</b>	(776)	<b>(1,426)</b>	(1,597)
Depreciation for FFEC (maintenance capex)	<b>(1,957)</b>	(2,157)	<b>(3,913)</b>	(4,490)
Additional maintenance capex	<b>(2,488)</b>	(571)	<b>(3,734)</b>	(285)
Principal portion of government capital funding	<b>391</b>	661	<b>859</b>	1,503
Adjustments for joint ventures	<b>504</b>	–	<b>1,973</b>	–
<b>AFFO</b>	<b>23,073</b>	9,037	<b>40,703</b>	29,876

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

<i>(unaudited)</i> <i>(thousands of dollars)</i>	<b>Three months ended</b>		<b>Six months ended</b>	
	<b>June 30</b>		<b>June 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
<b>Net earnings before income taxes</b>	<b>32,892</b>	3,105	<b>50,485</b>	18,871
<b>Add (Deduct):</b>				
Depreciation and amortization	<b>8,049</b>	7,173	<b>16,204</b>	14,524
Net finance costs	<b>3,627</b>	3,096	<b>7,235</b>	7,339
Other (income) expense	<b>(5,692)</b>	1,402	<b>(3,786)</b>	5,020
Share of profit from investment in joint ventures	<b>(265)</b>	–	<b>(1,395)</b>	–
<b>Adjusted EBITDA</b>	<b>38,611</b>	14,776	<b>68,743</b>	45,754
Administrative costs	<b>14,196</b>	13,694	<b>28,807</b>	27,280
<b>Net operating income</b>	<b>52,807</b>	28,470	<b>97,550</b>	73,034

### 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 and costs in respect of development projects; and statements relating to the agreements entered into with Revera, Axiom and its affiliates, Axiom JV and/or Axiom JV II in respect of the acquisition, disposition, ownership, operation and redevelopment of LTC homes in Ontario and Manitoba. Forward-looking statements can often be identified by the expressions “anticipate”, “believe”, “estimate”, “expect”, “intend”, “objective”, “plan”, “project”, “will”, “may”, “should” or other similar expressions or the negative thereof. These forward-looking statements reflect the Company’s current expectations regarding future results, performance or achievements and are based upon information currently available to the Company and on assumptions that the Company believes are reasonable. 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. For further information on the risks, uncertainties and assumptions that could cause Extendicare’s actual results to differ from current expectations, refer to “Risks and Uncertainties” and “Forward-looking Statements” in Extendicare’s Q2 2024 MD&A filed by Extendicare with the securities regulatory authorities, available at [www.sedarplus.ca](http://www.sedarplus.ca) and on Extendicare’s website at [www.extendicare.com](http://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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### Endnote

- (1) See the “Non-GAAP Measures” section of this press release and the Company’s Q2 2024 MD&A, which includes the reconciliation of such non-GAAP measures to the most directly comparable GAAP measures.