

Extendicare Announces Agreement to Acquire Closing the Gap Healthcare Group

MARKHAM, ON (May 1, 2025) – Extendicare Inc. (“**Extendicare**” or the “**Company**”) (TSX: EXE) announced today that its wholly owned home health care subsidiary, ParaMed Inc. (“**ParaMed**” or the “**Purchaser**”), has entered into an agreement to acquire all of the issued and outstanding shares of Closing the Gap Healthcare Group Inc. and certain affiliates (collectively, “**Closing the Gap**”) from the ultimate shareholders of Closing the Gap (the “**Transaction**”).

Closing of the Transaction is subject to customary closing conditions, including receipt of consents from third parties, including the Minister of Health for Ontario and the Minister of Seniors and Long-Term Care for Nova Scotia, and is not conditional on financing or due diligence. The Transaction is anticipated to close in the third quarter of 2025.

ParaMed is acquiring Closing the Gap on a debt-free, cash-free basis. The aggregate cash consideration for the Transaction is approximately \$75.5 million, subject to customary and other adjustments. The Transaction also includes an earnout tied to new business revenue generation in the twelve months after closing. The purchase price is expected to be funded from cash on hand and existing senior secured credit facilities.

“Closing the Gap has been a recognized leader in home and community healthcare for thirty-five years and we are privileged to welcome them to the Extendicare family,” said Dr. Michael Guerriere, President and CEO of Extendicare. “Closing the Gap’s capabilities in allied services, strong market presence in Nova Scotia and Ontario, and proven track record innovating and delivering integrated care models are highly complementary to our existing home health care operations and provide a strong platform for growth.”

Transaction Overview

Founded in 1990, Closing the Gap is a leading provider of integrated home and community-based healthcare services in Ontario and Nova Scotia, delivering adult and pediatric care services in patients’ homes and in community clinics. In addition to personal support and nursing services, Closing the Gap has deep expertise in allied health services, including physiotherapy, occupational therapy, speech language pathology, nutrition and social work. In the twelve months ended December 31, 2024, Closing the Gap’s approximately 1,200 caregivers delivered over 1.1 million service hours and average daily volume (“ADV”) of 3,109.

Based on Closing the Gap’s 2024 calendar financial performance, the Transaction would have added to the Company’s home health care segment for 2024 approximately \$84.2 million in revenue with margins very similar to those of ParaMed. The approximate impact on adjusted funds from operations (“AFFO”)⁽¹⁾, assuming the Transaction was funded from cash on hand, would have been an increase in AFFO per basic share of approximately \$0.06.

On a combined pro forma basis, giving effect to the Transaction, the Company’s home health care segment service volumes for 2024 would have been approximately 12.1 million hours and ADV of 33,164.

The Company anticipates that the additional purchase price from the earnout would be in the range of \$3.5 to \$5.5 million, payable on the first anniversary of closing, adding an estimated incremental \$7.0 to \$11.0 million in revenue. Additionally, the Company expects to generate approximately \$1.1 million in annualized cost synergies in the first year following closing as back-office functions of the two companies are integrated.

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 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. Extencicare 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 adjusted funds from operations (and AFFO per basic share), 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 or net earnings (loss), 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 the impact of the Transaction thereon. Detailed descriptions of these measures can be found in Extencicare's 2024 Management's Discussion & Analysis ("MD&A") (refer to "Non-GAAP Measures"), which is available on SEDAR+ at www.sedarplus.ca and on Extencicare's website at www.extencicare.com.

Forward-looking Statements

This press release contains forward-looking statements concerning anticipated future events, results, circumstances, economic performance or expectations with respect to Extencicare and its subsidiaries, including, without limitation, statements regarding the Transaction, including the anticipated amount of the earnout payment and cost synergies, closing date, and its impact on the Company. Forward-looking statements can often be identified by the expressions "anticipate", "believe", "estimate", "expect", "intend", "objective", "plan", "project", "will", "may", "should", "could" or other similar expressions or the negative thereof. These forward-looking statements reflect Extencicare's current expectations regarding future results, performance or achievements and are based upon information currently available to it and on assumptions that Extencicare 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 Extencicare to differ materially from those expressed or implied in the statements. For further information on the risks, uncertainties and assumptions that could cause Extencicare's actual results to differ from current expectations, refer to "Risk Factors" and "Cautionary Notice Regarding Forward-looking Statements" in Extencicare's latest Annual Information Form filed by Extencicare with the securities regulatory authorities, available at www.sedarplus.ca and on Extencicare's website at www.extencicare.com. Given these risks and uncertainties, readers are cautioned not to place undue reliance on Extencicare's forward-looking statements. Except as required by applicable securities laws, Extencicare 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

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- (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.