

Extendicare Provides Business and COVID-19 Update

MARKHAM, ONTARIO, July 21, 2020 – Extendicare Inc. (“Extendicare” or the “Company”) (TSX: EXE) provided the following statement related to the ongoing COVID-19 pandemic.

As one of Canada’s largest providers of health services to seniors through our long-term care homes, retirement communities and home health care services, Extendicare has played a critical part in protecting our most vulnerable citizens during this exceptionally challenging time.

“We continue to focus on the safety of our residents, clients and staff. We are preparing for a possible “second wave” by maintaining sufficient levels of personal protective equipment and enhancing infection prevention to address the unique nature of the COVID-19 virus, including universal masking, reducing occupancy in 4-bed rooms to a maximum of two residents and regular testing of staff, which we have strongly advocated for with provincial governments”, stated Dr. Michael Guerriere, President and Chief Executive Officer. “We have instituted a voluntary program to test all long-term care staff on a regular basis in our Ontario homes and we are working to expand this program to other provinces. The regular testing program helps to identify positive staff, which in many cases are asymptomatic, to minimize the potential for spread of the virus into our homes. To-date, we have conducted over 20,000 tests of our staff and believe that this testing program has been critical in helping to prevent new outbreaks. The commitment and dedication of our staff to protect our residents and clients is remarkable and we are grateful to each and every one of them.”

COVID-19 Update

As of today, of our 69 long-term care homes and retirement communities, only three long-term care homes are in outbreak, with only one or two active cases of COVID-19 in each home. In respect of our Extendicare Assist clients, only one long-term care home is currently in outbreak.

We continue to commit increased resources to protect against COVID-19, primarily related to increased staff and personal protective equipment (“PPE”). The provinces in which we operate have announced various programs and financial assistance to support the fight against COVID-19 and we continue to assess the extent to which they may offset our costs and ultimately their net financial impact. In addition, we anticipate that timing differences between expenses being incurred and the funding of such expenses will result in volatility in our net operating income (“NOI”).

For the six months ending June 30, 2020, we have incurred an estimated \$21.4 million of pandemic related expenses partially offset by \$10.4 million in revenue or expense recovery associated with the various government programs announced to date, resulting in an estimated net impact on our consolidated NOI of approximately \$11.0 million. In addition, we have built up an additional \$12.7 million in PPE inventory to ensure that we continue to have sufficient supply to provide the necessary level of protection to our residents, clients and staff, particularly as governments begin lifting restrictions and we resume visitation and move-in activities in our long-term care and retirement residences.

Business Update

Long-Term Care

Average occupancy in Q2 2020 was 93.5%, down from 97.0% in Q1 2020. The Ontario government has announced that occupancy protection funding will be in place for long-term care until December 31, 2020 and the Alberta government has instituted a pandemic funding program through Q1 2021 to address both the costs and the lower occupancy resulting from the pandemic. We are awaiting pandemic funding announcements in Manitoba and Saskatchewan.

Long-term care funding in Ontario is provided in four envelopes allocated to personal care, programming, food and accommodation. The first three envelopes must be spent entirely on residents and are independently audited with any surplus funding returned to the government. The additional pandemic related funding being provided in Ontario is expected to be subject to this same reconciliation process.

On July 15, 2020, the Ontario government announced a redesigned capital funding subsidy (“CFS”) program for long-term care. The program includes a \$1.75 billion investment to redevelop 12,000 beds and adds an additional 8,000 beds over the next five years. This is an important step to address the aging infrastructure within long-term care for which the industry has been advocating for more than a decade. We continue to work closely with our industry partners and the government to finalize the details of the new CFS program and the related approval and licensing processes to expedite projects that are feasible within this new program. We have recently submitted applications to build over 4,200 beds to replace all of our existing 3,287 C beds and add new long-term care beds in keeping with the government’s focus on replacing aging infrastructure and increasing the number of long-term care beds in the province.

Retirement Living

In retirement, restrictions on move-ins and tours by prospective residents continue to impact occupancy, with stabilized occupancy as at June 30, 2020 of 91.3%, down 150 bps from March 31, 2020 (92.8%) and stabilized average occupancy for the three months ended June 30, 2020 of 91.5%, down 200 bps from March 31, 2020 (93.5%). We believe occupancy levels have and will continue to be impacted temporarily by COVID-19. We have resumed move-ins and tours for prospective residents in our Ontario communities and are awaiting a decision to be able to do so in our Saskatchewan communities.

Our resident credit quality remained strong throughout Q2 2020 and is in line with normal collection experience.

Home Health Care

ParaMed volumes and back-office costs continued to be negatively impacted by COVID-19 throughout Q2 2020. Average daily volume (“ADV”) for the three months ended June 30, 2020 was 20,380, down 17.4% from Q1 2020 (24,683 ADV). Volumes have steadily improved in recent weeks with our ADV for the four weeks ending July 12, 2020 increasing to 21,633, up 6.1% from the ADV for Q2 2020. While we are unable to predict the extent or the duration of COVID-19 related factors, we believe that their impact on ADV will continue to reverse as we emerge from lockdown, particularly as elective health care services resume and staff return to work as activity increases and the CERB program winds down.

We continue to monitor the situation closely to respond to the recovery in home health care volumes and assess eligibility for and impact of various federal and provincial programs designed to mitigate the financial impacts of COVID-19.

Other Canadian Operations

Financial performance in respect of our contract services, consulting and group purchasing divisions remains strong.

Financial Position

As at June 30, 2020, we had \$122.0 million of cash and cash equivalents on hand with access to a further \$71.9 million in undrawn demand credit facilities. The cash and cash equivalents reflect securing permanent CMHC insured mortgage financing on the Douglas Crossing Retirement Community to replace construction loans and new mortgage financings on certain Saskatchewan retirement communities completed in Q2 2020, as previously announced. We have also completed the renewal and extension of \$23.5 million of CMHC insured mortgages previously scheduled to mature in Q4 2020, leaving no further scheduled debt maturities until Q1 2022.

Second Quarter 2020 Results

As previously announced, we plan to release our financial results for the second quarter of 2020 after the market close on Thursday, August 13, 2020, followed by an investor conference call on Friday, August 14, 2020 at 11:30 am (EST).

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 9.2 million hours of home health care services annually, and provide group purchasing services to third parties representing approximately 72,900 senior residents across Canada. Our qualified and highly trained workforce of approximately 22,000 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 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. 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; litigation and/or regulatory action being commenced against 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 PPE. 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 Q1 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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