



ProMedica Health System Investor Update

March 11, 2022

Disclaimer

This presentation contains "forward-looking" statements that involve risks, uncertainties and assumptions. If the risks or uncertainties ever materialize or the assumptions prove incorrect, the results may differ materially from those expressed or implied by such forward-looking statements. Accordingly, we caution you not to place undue reliance on these statements. All statements other than statements of historical fact could be deemed forward-looking. All opinions, estimates, projections, forecasts and valuations are preliminary, indicative and are subject to change without notice. ProMedica does not undertake any obligation, or guarantee its ability, to provide any additional information or to update any of the information or the conclusions contained herein or to correct any inaccuracies which may become apparent.

Participants

ProMedica Health System	Title
Steve Cavanaugh	Chief Financial Officer
Arturo Polizzi	Chief Operating Officer
Matt Kang	Chief Financial Officer, Senior Care
Tim Roberts	Vice President, Treasury

System Highlights

- ProMedica's diversified business model has served it well during the pandemic
- Numerous initiatives to reduce risk and improve financial performance
 - Paramount Medicaid sale to Anthem
 - Ongoing Integration savings through ProMedica 2025 initiative
 - Senior Care divestitures
- Ongoing activities to strengthen the balance sheet
 - Sale of 5% interest in real-estate joint venture with Welltower
 - \$80-million debt refinancing
 - Repayment of \$25-million 2017H bonds
- Long-term business outlook and opportunities for growth remain strong

Coronavirus (COVID-19) Update

- Volumes in provider business have largely recovered
- Senior Care volumes continue to improve
 - SNF occupancy up 7.7% from low point of 67.2%
 - ALF occupancy up 6.9% from low point of 60.0%
- Insurance business continues to generate strong performance
- Aggressively managing costs and liquidity while pandemic persists
- Risks and challenges remain
 - Labor and staffing costs are elevated across the System
 - Senior Care volumes will take time to recover to pre-pandemic levels

Coronavirus (COVID-19) Update

- Received \$459-million stimulus funding to date (\$99 million in 2021)
 - Recorded all but \$6 million as revenue and do not anticipate any pay back
- Received \$330 million in Medicare advance payments
 - \$204 million repaid as of Dec. 31, 2021
 - Remaining \$126 million estimated to be repaid by September 2022
- \$50-million deferred payroll taxes remain outstanding
 - Will be repaid by Dec. 31, 2022.

Paramount Update

- Closed sale of sale of Paramount Advantage Medicaid contract to Anthem in February 2022
- Includes all 257,000 Medicaid enrollees that Paramount Advantage currently serves
- Guaranteed purchase price of \$50 million plus potential earnout
- Paramount will continue to administer benefits for all existing members through June 30, 2022
- Beginning July 1, 2022, Anthem will provide all aspects of operations relating to the new Ohio Medicaid managed care program
- Post July 1, 2022, Paramount will manage care coordination and be at risk for Anthem members in Northwest Ohio

Senior Care Acquisitions/Divestitures

- **Divestitures**

- Divested 21 locations as of Dec. 31, 2021
 - Divested facilities generated losses of approximately \$46 million YTD
 - Anticipate the sale of four additional facilities by end of Quarter 1 2022

- **Acquisitions**

- Acquired nine high-quality SNF's during Quarter 2
 - Powerback rebranded as ProMedica Total Rehab+
 - All private rooms
 - Facilities expected to generate approximately \$7 million in annual cash flow
- Acquired two ALF/memory care locations during 2021
 - 100% private pay
 - Facilities expected to generate approximately \$1 million in annual cash flow
- Transactions will add approximately \$40 million to the balance sheet
- Continue to monitor portfolio to identify further opportunities to optimize

Strategic Partnerships

- **Emory Healthcare**
 - New skilled nursing joint venture
 - Joint venture will build two new facilities in the metro Atlanta area
 - Both facilities are expected to be operational 24 months after receiving regulatory approvals
 - ProMedica Senior Care began managing operations of Emory's existing facility effective Sept. 1, 2021
- **Metro Health**
 - Metro Health joint venture agreement signed in October 2020
 - Creation of state-of-the-art skilled nursing facility on Metro Health's Brooklyn Medical Center campus
 - Facility became operational in Quarter 4 2021
 - Other partnering opportunities under discussion
- **Numerous other partnership discussions underway**

ProMedica 2025

Driving Efficiencies Across the Organization



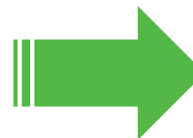
A Membership service, which provides an interactive, convenient, and trusted one-stop guidance point for goods, services, education, and information to support healthy aging and daily living.

- ✓ Market Target 55+ age group
- ✓ Highly integrated inbound and outbound call-centers
- ✓ Interactive Digital Platforms
- ✓ Full Marketplace for Goods and Services
- ✓ Member2Member Social Forum

AAA CLUB ALLIANCE



6.3-million Members



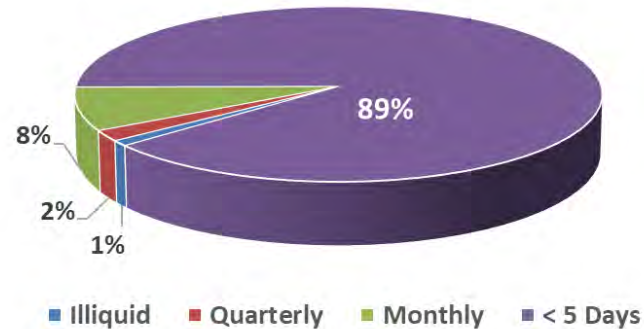
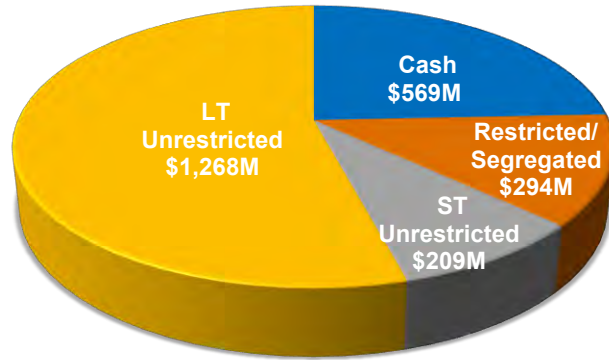
**60-million
members
nationwide**

Paramount Strategy

Leverage and augment ProMedica/AAA Health initiative by developing a Medicare Advantage product to sell to AAA members, taking advantage of AAA's strong brand reputation with initial access to more than 6-million members

Investment Diversification & Liquidity

Total Cash and Investments:
\$2.3 Billion as of Dec. 31, 2021



Broad Asset Allocation

- 45% fixed income, 50% equities, and 5% real return
- \$2.1B (88%) unrestricted funds

Liquidity Remains High

- \$0.8B cash and ST
- 97% liquid < 30 days
- <1% illiquid

ProMedica Health System

Consolidated Results – Fiscal Year 2021

\$ In thousands	Year-to-Date December		
	2021	2020	Incr (Decr)
Total Operating Revenue	\$ 6,928,206	\$ 6,861,265	\$ 66,941
Total Expenses	6,875,031	6,580,343	294,688
EBITDA	53,175	280,922	(227,747)
Margin	0.8%	4.1%	-3.3%
Depreciation & amortization, impairment	189,126	229,704	(40,578)
Operating (loss) income	(135,951)	51,218	(187,169)
Margin	-2.0%	0.7%	-2.7%
Other (loss) income	(15,876)	36,008	(51,884)
Excess of revenues (under) over expenses	<u>\$ (151,827)</u>	<u>\$ 87,226</u>	<u>\$ (239,053)</u>

Revenue for 2021 includes \$93.0 million of CARES Act and other government stimulus revenue

Revenue for 2020 includes \$360.1 million of CARES Act and other government stimulus revenue

Other information:

Reported EBITDA	\$ 53,175	\$ 280,922	\$ (227,747)
plus CVS JV income	5,855	3,518	2,337
plus Welltower rent expense	225,916	212,655	13,261
less Welltower JV income	(37,327)	(39,707)	2,380
Total EBITDAR	\$ 247,619	\$ 457,388	\$ (209,769)
Margin	3.6%	6.7%	-3.1%
Welltower cash rent paid	(177,559)	(181,461)	3,902
Welltower JV cash distributions received	69,705	49,432	20,273
Adjusted EBITDA	\$ 139,765	\$ 325,359	\$ (185,594)
Margin	2.0%	4.7%	-2.7%

Business Line Performance

Providers Results – Fiscal Year 2021

\$ In thousands	Year-to-Date December		
	2021	2020	Incr (Decr)
Total Operating Revenue	\$2,489,170	\$2,173,084	\$ 316,086
Total Expenses	2,285,895	2,093,282	192,613
EBITDA	203,275	79,802	123,473
Margin	8.2%	3.7%	4.5%
Depreciation & amortization, impairment	111,099	143,497	(32,398)
Operating income (loss)	92,176	(63,695)	155,871
Margin	3.7%	-2.9%	6.6%
Other income	32,553	58,971	(26,418)
Excess of revenues over (under) expenses	<u>\$ 124,729</u>	<u>\$ (4,724)</u>	<u>\$ 129,453</u>

Revenue for 2021 includes \$40.1 million of CARES Act and other government stimulus revenue

Revenue for 2020 includes \$123.4 million of CARES Act and other government stimulus revenue

Business Line Performance

Senior Care Results – Fiscal Year 2021

Year-to-Date December

\$ In thousands

	2021	2020	Incr (Decr)
Total Operating Revenue	\$ 2,751,313	\$ 2,973,442	\$ (222,129)
Total Expenses	2,985,888	2,886,963	98,925
EBITDA	(234,575)	86,479	(321,054)
Margin	-8.5%	2.9%	-11.4%
Depreciation & amortization, impairment	40,680	45,530	(4,850)
Operating (loss) income	(275,255)	40,949	(316,204)
Margin	-10.0%	1.4%	-11.4%
Other loss	(62,813)	(64,406)	1,593
Excess of revenues under expenses	\$ (338,068)	\$ (23,457)	\$ (314,611)

Revenue for 2021 includes \$52.9 million of CARES Act and other government stimulus revenue

Revenue for 2020 includes \$236.7 million of CARES Act and other government stimulus revenue

Other information:

Reported EBITDA	\$ (234,575)	\$ 86,479	\$ (321,054)
plus CVS JV income	5,855	3,518	2,337
plus Welltower rent expense	225,916	212,655	13,261
less Welltower JV income	(37,327)	(39,707)	2,380
Total EBITDAR	\$ (40,131)	\$ 262,945	\$ (303,076)
Margin	-1.5%	8.8%	-10.3%
Welltower cash rent paid	(177,559)	(181,461)	3,902
Welltower JV cash distributions received	69,705	49,432	20,273
Adjusted EBITDA	\$ (147,985)	\$ 130,916	\$ (278,901)
Margin	-5.4%	4.4%	-9.8%

Business Line Performance

Insurance Results – Fiscal Year 2021

\$ In thousands	Year-to-Date December		
	2021	2020	Incr (Decr)
Total Operating Revenue	\$2,018,314	\$1,999,853	\$ 18,461
Total Expenses	1,918,933	1,911,593	7,340
EBITDA	99,381	88,260	11,121
Margin	4.9%	4.4%	0.5%
Depreciation & amortization, impairment	5,569	4,655	914
Operating income	93,812	83,605	10,207
Margin	4.6%	4.2%	0.5%
Other (loss) income	(2,008)	2,396	(4,404)
Excess of revenues over expenses	<u>\$ 91,804</u>	<u>\$ 86,001</u>	<u>\$ 5,803</u>

Call Replay

A replay of the call will be available from March 11 – 25, 2022

Please use the following dial-in information to access the recording:

1. Replay Number: 855-859-2056 or 404-537-3406
2. Conference ID#: 5380986