



Clariane strengthens its financial structure to overcome a sharply deteriorated access to financing

At its meeting on 13 November 2023, the Board of Directors of Clariane S.E. approved a four-part plan of 1.5 billion euros to rapidly restore its access to financing in the short-term and strengthen the Group's financial structure, with the aim to reach a leverage ratio significantly below 3x by the end of 2025 while strategically refocusing on a sector with solid and sustainable fundamentals

Paris, 14 November 2023 - Clariane (CLARIA.PA - ISIN FR0010386334), today announces a four-part short and mid-term action plan to address the increasing constraints it faces in refinancing its upcoming debt maturities:

In the short-term (execution in 2023)

- **Initiation of exclusive negotiations with Crédit Agricole Assurances to close, by the end of 2023, a real-estate partnership for a consideration of 140 million euros** involving the premises of 19 health and medico-social establishments in France, representing 1,470 beds, while **continuing negotiations on a second real-estate partnership, worth 90 million euros, involving UK assets**, for which Crédit Agricole Assurances has undertaken to secure execution if necessary. These two partnerships are scheduled to be completed by the end of 2023.
- **Securing of 200 million euros in real-estate debt lines**

In the mid-term (execution in 2024)

- **Asset disposal programme** activated from 2024 enabling the Group's activities to be refocused geographically, for gross proceeds of **c. 1 billion euros** from disposals, in addition to the real-estate partnerships mentioned above.

In parallel with these actions, and to accelerate the company's debt reduction from 2024 onwards:

- **Proposed capital increase of Clariane SE** with preferential subscription rights to raise a gross amount of 300 million euros to strengthen its equity capital with a guarantee of Crédit Agricole Assurances, for an amount of 200 million euros, subject to fulfilment of the pre-conditions, as well as market standard conditions for this type of transaction alongside with the support of banking institutions that have expressed an interest in guaranteeing the balance of the Capital Increase, subject to pre-conditions.

This action plan was approved by the members of Clariane's Board of Directors and will be regularly monitored by the Board and its specialist committees.

Sophie Boissard, Chief Executive Officer and Director of the Clariane Group said: *"Despite a solid operational performance, our access to financing has been significantly restricted since the end of October, in a deteriorated market environment. This action plan gives us the visibility and the required financial strength to pursue our mission with confidence. This transaction has been carried out with the support of our main shareholder, Crédit Agricole Assurances, whom I would like to thank for their long-term commitment to the Group and its stakeholders.*

Philippe Dumont, Chief Executive Officer of Crédit Agricole Assurances, the Clariane Group's largest shareholder, said: *"Crédit Agricole Assurances, a long-term shareholder in Clariane, has confirmed its confidence in Clariane's strategic plan adapted to its current financing conditions and actively supports the Group's action plan, enabling it to regain the required room for manoeuvre to reinforce its value creation path and regain the confidence of its investors and all its financial partners.*

1. Despite the Group's strong operating and extra-financial performance, access to financing has deteriorated sharply

1.1 Clariane's operating and extra-financial performance to 30 September 2023:

As a reminder, the revenue figures for the 3rd quarter of 2023 published on 24 October 2023 confirmed the resilience of the Group's operating business across its various geographies, marked in particular by solid growth in Group revenue over the first nine months of 2023 (+9.0% on an organic basis), a continued rise in the occupancy rate of nursing homes to 88.9% and the delivery of 58 new or renovated establishments with a total of 1,200 beds.

In the first half of 2023, Clariane's operational resilience was reflected in the stability of EBITDAR at 538.3 million euros (+2.9%) and EBITDA at 285.3 million euros (+0.1%). Despite major changes in the applicable regulatory framework in Germany, the Group generated operating free cash flow of €45 million.

The Group has confirmed its revenue and operating profit objectives for 2023. In addition, the various non-financial indicators, such as the roll-out of quality certification programmes for establishments in each country, the results of patient and resident satisfaction surveys and HR quality indicators (average length of service of employees, implementation of training programmes leading to qualifications, occupational health and safety indicators) are trending favourably, in line with the objectives set for the financial year.

Lastly, the Group has begun to roll out the first initiatives announced as part of the adoption of the status as a purpose-driven company last June, starting with the creation of its corporate university, the setting up of solidarity funds to help employees facing emergency situations and Fil Clariane, a helpline and advice line for carers.

1.2 Recent and significant deterioration in Clariane's access to financing:

Following the publication on 24 October 2023 of the press release on revenue for the 3rd quarter of 2023, the sharp fall in the share price, relating to the downgrade of its leverage target from 3.5x to 3.8x, raised the concerns of certain financial partners, compromising the finalisation of the two real-estate partnership projects under negotiation and scheduled to be completed by the end of 2023.

In this context, the Group drew on 3 November its RCF (Revolving Credit Facility) lines for a total amount of 500 million euros for 6 months.

Since then, access to real estate and corporate financing, as provided for in the financing path communicated in July 2023, has been significantly reduced, jeopardising the refinancing of the various short-term maturities occurring between today and June 2024, for an amount of

approximately €650 million, corresponding mainly to real estate and Schuldschein debts, as detailed in section 1.3, and thus compliance with the financial covenants.

1.3 Liquidity and financial structure issues of the Group:

With the reduction of its financial leverage and the control of its level of debt as its key objectives, the Group has undertaken, since the beginning of the 2023 financial year, a significant reduction in its investments. At the same time, it has pursued its strategy of strengthening its equity capital through partnerships involving its operating assets.

These commitments have been considered in the documentation of the syndicated loan that was renewed in July 2023, expiring in May 2026, and which includes:

- the gradual reduction of the leverage covenant from 4.5x in June 2024 to 3.75x in December 2025¹,
- a loan-to-value covenant² with a threshold of 65%,
- a definition of a minimum cash position of 300 million euros³,
restrictions on the use of the Group's cash if its operating leverage remains above 3.5x (prohibition on dividend distribution) and above 3.0x (use of all proceeds from disposals (excluding property) for priority early repayment to lenders and restriction on repayment of GBP hybrid debt, ODIRNANEs and all debt treated as *equity* unless refinanced with similar debt).

As a reminder, the Group has 837 million euros of debt maturing between now and 30th June 2025, the main debt maturities of this period are listed below:

- 178 million euros in December 2023 (Schuldschein)
- 190 million euros between December 2023 and February 2024 (real estate debts)
- 50 million euros in May 2024 (non-extended portion of Term Loan)
- 20 million euros in May 2024 (bilateral bank line)
- 108 million euros in December 2024 (Schuldschein)

The remaining amount includes mainly the amortisation of long term real estate financing.

2. Plan to strengthen Clariane's financial structure

The plan announced today is designed to secure and accelerate Clariane's debt reduction path and enable the Group to benefit from a financial structure adapted to a more challenging economic environment due to inflation, rise in interest rates and more difficult debt and real-estate markets, and finally to provide some room for manoeuvre in the execution of its strategy.

It should be noted that, in the context described above, the successive implementation of the various measures of this plan will determine the Group's ability to meet its financing deadlines in 2024 and beyond; otherwise, the Company could face a risk of covenant bridge end 2023 and a liquidity risk end of April 2024 and be forced to seek for an appropriate protection regime to renegotiate its debt with its creditors.

The plan includes the following components:

2.1 Finalisation of the two real-estate partnerships by the end of the year for a total amount of 230 million euros:

¹ 4.5x in December 2023, 4.5x in June 2024, 4.25x in December 2024, 4.0x in June 2025 and 3.75x in December 2025

² Amount of real-estate debt / value of real-estate assets

³ This minimum liquidity should be in place for the print run and renewal of the RCF

The Company announces that it has entered into an exclusive agreement with Crédit Agricole Assurances related to the completion by 15 December 2023 of a real-estate partnership involving 19 French assets representing a gross asset value of 267.8 million euros excluding transfer duties. Crédit Agricole Assurances will subscribe for 140 million euros to bonds issued by the Group's real estate subsidiary (SPV) holding these assets, redeemable in shares of the SPV, with a maturity of 7 years and a fixed coupon of 10.5%;

- The commitment to secure, if necessary, the execution of the second real-estate partnership relating to 11 UK assets with a gross asset value of 227 million euros, excluding transfer duties, currently being negotiated with a third-party partner.

2.2 Securing real estate loan lines:

Clariane has secured a real estate term loan bridge of 200 million euros from the Caisse Régionale de Crédit Agricole Mutuel de Paris et d'Ile de France (CADIF), Crédit Lyonnais and Crédit Agricole Corporate and Investment Bank (CACIB).

The main characteristics of this loan, the signing and drawdown of which are also subject to usual preliminary and suspensive conditions and structural conditions, are:

- Term: January 31, 2025
- Drawdown subject to the effective closing of the two real estate partnerships mentioned in paragraph 2.1
- Early repayment in the event the contemplated 300 million euros (subscription amount in cash) rights issue announced today is aborted, unless the Company adopts alternative plans to raise equity, quasi-equity or similar financing for a minimum amount of 300 million euros.

2.3 Asset disposal programme:

In addition to the real-estate partnerships finalised in 2023 for a total of 230 million euros, the Company will implement from 2024 a disposal programme of operating and real-estate assets as well as capital partnerships for a total amount of around 1 billion euros in gross proceeds, supporting the improvement of its financial leverage and the reduction its debt.

This disposal programme is consistent with the Group's strategy of developing the leading European care community, focused on times of vulnerability, around three pillars of activity. The disposal programme will be decided in the near future by the Board of Directors, based on the prevailing market conditions and expressions of interest received. In particular, it will be accompanied by a reduction in the number of the Group's geographies. Subject to the implementation of information and consultation procedures with the relevant employee representative bodies, it could involve Clariane's activities in Belgium and the Netherlands, for which the Group has received expressions of interest, as well as other assets.

The implementation of the programme will be regularly monitored by the Board of Directors' and its Investment Committee.

2.4 Proposed capital increase with preferential subscription rights:

Amount and structure:

The Company's Board of Directors has approved a proposed rights issue for a gross cash amount of approximately 300 million euros (the "Capital Increase").

This Capital Increase, which will be carried out in cash with shareholders' preferential subscription rights, is expected to be launched during the first half of 2024, subject to satisfactory conditions precedents (the "Pre-Conditions") as described below and market conditions.

This project has received the support of Crédit Agricole Assurances, the Company's main shareholder, with 24.8% of its capital, which has undertaken to subscribe for its proportionate share and beyond, up to a total maximum of 200 million euros, subject to the fulfilment of the pre-conditions (as outlined below), as well as market standard conditions for this type of transaction. In addition, the Company has received expressions of interest from banks to guarantee the balance of the Capital Increase, subject to pre-conditions, i.e. up to 100 million euros.

Shareholders will be able to exercise their preferential subscription rights to subscribe to this Capital Increase to maintain their shareholding. Otherwise, shareholders will be subject to significant dilution, offset in whole or in part by the value of their preferential subscription rights.

Following the Capital Increase, Crédit Agricole Assurances may increase its stake in the Company and take control of Clariane depending on the level of subscription by shareholders to the Capital Increase. In this context, the composition of the Board of Directors could be adapted to reflect the shareholding of Predica, a subsidiary of Crédit Agricole Assurances, in accordance with the principles of the AFEP-MEDEF code.

Underwriting and guarantee commitments:

Crédit Agricole Assurances which holds 24.8% of the share capital and voting rights has already informed the Company of its commitment to underwrite, subject to the fulfilment of the Pre-Conditions and the market standard conditions for this type of transaction, (i) on an irreducible basis to its proportionate share of the share capital by exercising all the preferential subscription rights it will receive and (ii) on an irreducible basis for a total combined cash subscription amount equal to the difference between 200 million euros and the total amount of its irreducible underwriting.

The Company has also indicated that it has received expressions of interest from banks to underwrite, subject to Pre-Conditions, the balance of the Capital Increase, i.e. up to a maximum of 100 million euros.

Pre-Conditions to the Capital Increase:

The Capital Increase will be launched subject to adoption by the Extraordinary General Meeting of shareholders of the financial authorizations required to execute the operation. This Meeting should be held by the end of the first quarter of 2024.

Crédit Agricole Assurances' guarantee commitment will be subject to the following pre-conditions:

- Obtaining a waiver from the *Autorité des Marchés Financiers* (AMF) for the obligation to file a public offer for all the Company's shares in the event that Crédit Agricole Assurances' subscription to the Capital Increase leads it to cross the trigger threshold for a mandatory public offer; this waiver will be requested by Predica, a subsidiary of Crédit Agricole Assurances, on the basis of Article 234-9 2° of the AMF's general regulations applicable in the case of "subscription to a capital increase of a company in financial difficulty, subject to approval by the general meeting of shareholders";
- Obtaining authorisation from the relevant competition authorities for a possible takeover of the Company by Crédit Agricole Assurances, in the event that Crédit Agricole Assurances' subscription to the Capital Increase leads to such a take-over;
- Obtaining an amendment to the terms and conditions of the OCEANE bonds maturing in 2027 (0.875% - FR0013489739) in order to exclude from the early redemption provisions the

case of a takeover of Clariane by Crédit Agricole Assurances by way of the Capital Increase, a condition which may be waived by mutual agreement⁴;

- Submission by the independent expert appointed by the Company's Board of Directors of a fairness opinion confirming the fairness of the terms of the agreement related to the Capital Increase, including underwriting commitments;
- The prospectus for the Capital Increase will be submitted to the *Autorité des Marchés Financiers* for approval.

Successful implementation of the announced action plan will enable to improve the Group's financial situation in the short and medium term by enabling Clariane to face the key dates of 2026 with confidence:

- Coverage of 2024 liquidity requirements
- Compliance with financial covenants
- Operating leverage target confirmed at around 3.8x at end 2023
- Operating leverage target significantly below 3x by the end of 2025
- Real-Estate LTV objective of 55%.

Local healthcare, care for the most vulnerable and chronically ill, and support for the elderly and dependent people are major, long-term challenges throughout Europe. Clariane is ideally positioned in this promising segment, and has the critical mass and level of expertise required. With a healthy balance sheet, Clariane will be able to execute its value creation plan with confidence.

Conference call: 14 November 2023 at 9:00 am (CET)

In connection with this publication, the Clariane Group will hold a conference call in English hosted by Sophie Boissard, Chief Executive Officer, and Philippe Garin, Chief Financial Officer.

To connect:

- By telephone:
 - Paris: +33 (0) 1 70 37 71 66
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- By live webcast: by following the link [here](#)

A replay of this conference call will be available by following the link [here](#)

The presentation that will support this event will be available on the Clariane website www.clariane.com from 9.00am (CET).

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⁴ Clariane carried out verifications of the impact of a change of control in favor of Crédit Agricole Assurance on its financing facilities. In particular, in addition to the bondholders' put option benefiting to OCEANE holders (for which an amendment to the terms and conditions will be requested), the ODIRNANE terms and conditions provide for an increase of the interest rate (+500 bps) if Clariane decides not to redeem the ODIRNANE following the change of control.

of this document may, in certain jurisdictions, be restricted by local legislations. Persons into whose possession this document comes are required to inform themselves about and to observe any such potential local restrictions.

Prospectus relating to the capital increase will be submitted by Clariane S.E. to the approval of the Autorité des marchés financiers (AMF) before the effective launch the capital increase.

Any forward-looking statements included herein only speak as at the date of this press release. Clariane S.E. does not undertake, and specifically disclaims, any obligation or responsibility to update or amend any of the information above except as otherwise required by law.

About Clariane

Clariane is the leading European community for care in times of vulnerability. It has operations in seven countries: Belgium, France, Germany, Italy, the Netherlands, Spain and the United Kingdom.

Relying on their diverse expertise, each year the Group's 67,000 professionals provide services to over 800,000 patients and residents in three main areas of activity: long-term care nursing home (Korian, Seniors Residencias, Berkley, etc.), healthcare facilities and services (Inicea, Ita, Grupo 5, Lebenswert, etc.), and alternative living solutions (Petits-fils, Les essentiels, Ages et Vie, etc.).

In June 2023, Clariane became a purpose-driven company and added to its bylaws a new corporate purpose, common to all its activities: "To take care of each person's humanity in times of vulnerability".

Clariane has been listed on Euronext Paris Section A since November 2006 and is included in the following indices: SBF 120, CAC Health Care, CAC Mid 60, CAC Mid & Small and MSCI Global Small Cap

Euronext ticker: CLARI - ISIN: FR0010386334

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