Press Release

ORPEA GROUPE

Puteaux, 12 May 2023 (8:15 am CEST)

2022 FULL-YEAR RESULTS

2022 OPERATIONAL PERFORMANCE IN LINE WITH THE REFOUNDATION PLAN

NET RESULT 2022 OF -€4 BN:

- REFLECTING THE COMPANY'S PROFOUND REORGANIZATION
- VERY STRONGLY DETERIORATED BY ANTICIPATED ASSET DEPRECIATION IN DECEMBER 2022

REAL ESTATE ASSETS VALUED AT €6.5 BN

FINANCIAL RESTRUCTURING WELL UNDERWAY:

- NET LEVERAGE TARGET OF 5.5X AT THE END OF 2025
- THE CONVERSION OF ALL OF ORPEA SA'S UNSECURED DEBT
- A RESTRUCTURING INVOLVING MASSIVE DILUTION OF EXISTING SHAREHOLDERS AND A THEORETICAL SHARE PRICE LOWER THAN 0.020€

DEADLINE FOR THE GENERAL MEETING TO APPROVE THE 2022 ACCOUNTS EXTENDED UNTIL 29 DECEMBER 2023 BY THE PRESIDENT OF THE COMMERCIAL COURT

1ST QUARTER 2023 REVENUES UP +10.2%

- IN FRANCE, OCCUPANCY RATES IMPROVING IN CLINICS, NO IMPROVEMENT OBSERVED TO DATE IN NURSING HOMES
- GOOD BUSINESS MOMENTUM IN OTHER GEOGRAPHIES

ORPEA Group announces its consolidated results[1] for the 2022 financial year ended 31 December 2022, approved yesterday by the Board of Directors, as well as its revenues for the 1er quarter 2023.

[1] The audit procedures on the consolidated financial statements have been performed by the Statutory Auditors. The certification report will be issued after verification of the management report and finalization of the procedures required for the filing of the Universal Registration Document. It will include an observation referring to the justification in the accounts of management's maintenance of the going concern accounting principle, as well as an observation on the change in IAS 16 method related to the abandonment of the revaluation method for real estate complexes.

ORPEA CHANGE! AVEC VOUS ET POUR VOUS

Laurent Guillot, Chief Executive Officer, comments: *"The 2022 financial statements reflect the profound reorganization and the scale of the change that had to be driven within the company. 2022 will have been a year of change for ORPEA. Today, we are looking to the future. The Refoundation of the Group is well underway. In a few months, we have reconstituted an ethical and committed management team. We have redefined a strategy to serve our collaborators, care and support for patients, residents and their families. We have begun to restore our financial equilibrium to ensure the Group's long-term viability. Getting through these difficulties would never have been possible without the professionalism and commitment of our 76,000 employees who, on a daily basis, have never stopped caring for our residents and patients. I would like to sincerely thank them. Thanks to the proposed financial restructuring plan, which is to be submitted in the coming weeks to the vote of the classes of affected parties under the accelerated safeguard procedure, the Group will have a sound financial structure, the means to finance its Refoundation Plan, and will be able to devote itself serenely to the pursuit of its transformation."*

As previously announced, while business remained resilient with growth of +8.9% for the year as a whole (including +5.5% organic), operating profitability was strongly affected, as the slight increase in the average occupancy rate was not sufficient to offset the effects of inflation and the decrease in Covid-19-related compensations. The 2022 EBITDAR margin fell sharply to 16.7% *vs.* 24.9% in 2021.

The 2022 consolidated financial statements include a significant decline in the value of assets recorded in the balance sheet. This is the result of asset impairments affecting the income statement in the amount of -€3.8 billion and a change in accounting method applied to real estate assets accounted for under IAS 16 in the amount of -€1.9 billion (excluding taxes), which is directly deducted from equity. This change of method was implemented in order to make ORPEA's accounts more comparable with those of companies with the same activity and consisted in restating the real estate assets at historical cost and no longer at revalued value (optional method under IAS 16). This total write-down of € -5.7 billion is in line with the forecast communicated on 21 December 2022. The impairments recorded are mainly the result of value tests carried out on the basis of the business plans specific to each establishment, drawn up as part of the strategic review carried out in the second half of the year.

On this basis, the Group's share of net result for the year 2022 is -€4 billion, leading to shareholders' equity of -€1.5 billion at the end of the year.

At 31 December 2022, the real estate portfolio was valued at €6.5 billion (including IFRS 5 assets held for sale), for a balance sheet value of €4.9 billion after the change in accounting method applied to the real estate assets previously accounted for using the optional IAS 16 method. As a reminder, as of 31 December 2021, the real estate portfolio was valued at €8.4 billion (including IFRS 5 assets held for sale), which corresponded to the revalued balance sheet value of the real estate complexes.

With regard to the progress of the financial restructuring, the Company has been benefitting from accelerated safeguard proceedings since 24 March 2023, in order to implement the accelerated safeguard plan proposed by the Company. This proposed plan has so far received majority support (approximately 51%) from ORPEA SA's unsecured financial creditors and the support of the Group's main banking partners. It will be submitted around mid-June to the vote of the classes of affected parties, including the existing shareholders of the Company.

The Group recalls that in the context of its financial restructuring, the envisaged capital increases will result in massive dilution for existing shareholders, who would hold, in the absence of reinvestment, less than 0.5% of the Company's share capital in the event of an accelerated safeguard plan approved by a two-thirds majority of all classes of affected parties, and less than 0.05% in the event of an accelerated safeguard plan imposed by cross-class cram down, which would be implemented in case of a negative vote by any of the classes.

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1. Context of the approval of the 2022 consolidated financial statements by the Board of Directors

On 24 March 2023, ORPEA SA entered into an accelerated safeguard procedure with a draft safeguard plan based in particular on the lock-up agreement signed on 14 February 2023 with the Groupement, which meets the objectives of ORPEA S.A. to achieve a sustainable financial structure and to finance its Refoundation Plan presented on 15 November 2022, and which is the subject of a majority support (approximately 51%) of its non-secured financial creditors, and on the agreement of 17 March 2023 concluded with the Group's main banking partners (the "**G6**") providing in particular for the implementation of additional financing of €400 million coupled with additional bridge financing of €200 million up to the second capital increase.

Taking into account:

- the Group's cash position as of May 4, 2023, which amounts to €354 million ;
- the Company's cash flow forecasts, based on the following structural assumptions:
  - New money debt contribution of €200 million in May 2023, €200 million in July 2023 and potentially €200 million in the last quarter of 2023 under the agreement with the main banking partners (*accord d'étape*);
  - Successive capital increases planned in the last quarter for €1.55 billion in cash.

The Company considers that, as of the date of closing of the accounts, it can have an estimated cash position compatible with its forecasted commitments and thus be in a position to meet its cash requirements over the next 12 months.

On this basis, the Board of Directors has approved the financial statements for the financial year ended 31 December 2022 in accordance with the going concern principle.

2. Consolidated income statement

M€	2 021	2 022	Var.
Revenue	4 299	4 681	+8,9%
EBITDAR (*)	1 070	780	-27,1%
EBITDAR margin	24,9%	16,7%	***-824bp***
EBITDA	1 041	756	-27,4%
EBITDA margin (**)	24,2%	16,2%	***-806bp***
Current operating income	396	(49)	n.a
Current operating margin	9,2%	-1,0%	***-1 026bp***
Non-recurring items	(41)	(4 223)	n.a
Cost of net financial debt	*(249)*	*(319)*	+28,0%
Profit before tax	106	(4 591)	n.a
Group net profit	65	(4 027)	n.a

(*) EBITDAR is used by the Group to analyse its operating performance. It corresponds to operating income before rental expenses not eligible for IFRS 16 "Leases", depreciation and provisions, other operating income and expenses, interest and taxes.
(**) L'EBITDA correspond à l'EBITDAR, après déduction des charges locatives en application de la norme IFRS 16

The amount of rents not deducted from EBITDA under IFRS 16 amounted to €359 million in financial year 2021 and €414 million in financial year 2022 (the increase being mainly due to the Group's development). EBITDA excluding the impact of IFRS 16 amounted to €682 million for the full year 2021 and €342 million for the full year 2022.

Revenue for 2022 amounted to €4,681 million, an increase of +8.9%, of which +5.5% was organic, in line with the target announced on 15 November 2022.

Revenue in France rose by +2.1% (of which +1.9% organic) despite the crisis affecting the Group's retirement homes. The other geographic regions recorded high growth rates thanks to the improvement in business linked to the gradual recovery from the health crisis and the ramp-up of newly opened facilities.

EBITDAR will be €780 million in 2022, representing a margin of 16.7%, compared with 24.9% in 2021. This decrease of a total of -824 bps, is mainly due to:

- for approximately -280 bps, an increase in personnel costs as a result of the salary pressures in the various geographical areas and the acceleration of recruitment in France over the September-December 2022 period;
- for approximately -270 bps, an increase in other costs, with the most marked inflationary effects on food and energy. The Group's energy costs as a percentage of revenues in 2022 amounted to 3.5%, compared with 2.3% in 2021;
- for approximately -185 bps, the reduction or elimination of the Covid-19 subsidies received in the various countries, which the increase in the Group's occupancy rate between the two fiscal years did not offset;
- for approximately -90 bps, due to other factors, in particular the recognition in 2021 of significant amounts of specific income not carried over in 2022 (reversal of provisions, relief from social security charges and VAT credits).

EBITDA amounted to €756 million compared with €1,041 million in 2021, representing a margin of 16.2% of revenues.

EBITDA excluding IFRS 16 amounted to €342 million, representing a margin of 7.3%.

Current operating income amounts to €-49 million, compared with €396 million in 2021. This evolution was mainly due to a decline in operating profitability and an increase in depreciation and amortization related to the opening of new facilities.

Income before tax was €4,591 million, including €4,223 million of **non-recurring items** resulting mainly from:

- **impairment tests on tangible and intangible assets (IAS 36)**: all asset review work, based on new business plans drawn up by each facility worldwide and on other parameters specific to each asset class (in particular changes in real estate yields), has led to an adjustment of the values of a large proportion of the company's tangible and intangible assets, resulting in a charge of €3.1 billion to the income statement, with no impact on the Group's cash flow;
- **impairment losses on financial receivables** of €0.5 billion**,** based on negotiations to date to unwind certain partnerships established by the former management and an assessment of the recoverability of the underlying assets;
- 0.4 billion in **depreciation on real estate assets** (notably Greenfield);
- **exceptional expenses related to the management of the crisis** that hit the Group in 2022 of €0.1 billion.

Net financial income was -€319 million, representing an increase of the expense of 28%. This change reflects the increase in gross financial debt, combined with higher interest rates and margins associated with the June 2022 refinancing.

Group net result for the financial year 2022 amounted to -€4,027 million.

3. Main aggregates of the consolidated balance sheet

M€	2021 Published	2021 Restated*	2022
Net tangible assets	8 069	6 157	5 001
Net intangible assets	3 076	3 076	1 592
Goodwill	1 669	1 669	1 362
Equity of the consolidated group	3 811	2 335	(1 502)
Gross financial debt (excluding IFRS 16 and IFR	8 862	8 862	9 615
Short-term debt	*1 856*	*1 856*	*8 236*
Cash flow	952	952	856
Net debt (excluding IFRS 16 and IFRS 5)	7 910	7 910	8 758
Lease commitments (IFRS 16)	3 265	3 265	3 768

*: previously published financial statements have been restated following the withdrawal of the revaluation option of IAS 16

As of 31 December 2022, the book value of **net tangible assets** amounted to €5.0bn, down €3.1bn. This change is mainly due to impairment losses recognized on real estate assets (€1.4 billion recognized in the income statement) and a change in accounting method applied to real estate assets recognized under IAS 16 (€1.9 billion excluding the tax effect, recognized directly against equity).
At December 31, 2022, the balance sheet value of the **real estate assets** was €4.9 billion, with a total economic value of €6.5 billion. This amount includes €4.9 billion of assets valued by independent experts (based on an asset yield of 5.1%), the balance being maintained at book value.

Intangible assets and **goodwill** amounted to €1.6bn and €1.4bn respectively. These decreases, of €1.5 billion and €0.3 billion respectively, are mainly the result of impairment tests carried out on assets in accordance with IAS 36.

Cash and cash equivalents at the end of 2022 amounted to €856 million and €354 million at May 4, 2023.

Net financial debt amounted to €8.8bn (excluding IFRS 16 lease debt), up €0.8bn over the period. Given the covenants in the financing documentations of the Group, and notwithstanding the neutralization of their possible future consequences by the conciliation and accelerated safeguard procedures and their adjustment, an amount of €6.5bn of long-term financial debt directly and indirectly concerned has been reclassified in the accounts as financial liabilities due within one year. For the concerned debts at the level of ORPEA SA, the conciliation and accelerated safeguard procedures have led to a suspension of the contractual provisions relating to these covenants. As regards the other debts concerned, which are at the level of Group subsidiaries, the Company has obtained a waiver from the corresponding creditors since 31 December 2022, concerning their non-application at 31 December 2022 and a modification of these covenants. A sole indebtedness covenant (net debt/EBITDA excluding IFRS 16 < 9.0x) will be applicable as from June 2025.

The increase in gross financial debt of €0.8 billion (excluding IFRS 16 lease debt) is mainly related to tranches A and B put in place in June 2022, net of repayments of existing debt. More specifically, the corresponding cash contribution of €1.7 billion was used mainly to finance development capex (for nearly €0.55 billion), to service debt excluding G6 banks (interest and principal, for nearly €0.85 billion) and to service debt of G6 banks (interest and principal, for nearly €0.3 billion).

The maturity schedule of gross financial debt by type (excluding IFRS 16 rental debt and excluding accounting reclassifications to short-term debt) at the end of 2022 is summarized below:

€m, YE 2022)	**2023**	**2024**	**2025**	**2026**	**2027**	**> 2028**	**Cum.**
June 22 secured financing	900	200	627	1 500	0	0	3 227
Other secured debt (subs. and ORPEA SA)	311	237	205	205	141	1 032	2 132
Unsecured debt (subs. and ORPEA SA)	593	625	785	607	734	1 013	4 357
Total	**1 804**	**1 062**	**1 618**	**2 311**	**876**	**2 046**	**9 716**

On a pro forma basis of the proposed financial restructuring (conversion in equity of €3.8 billion of unsecured debt of ORPEA S.A. and additional financing of €400 million), the maturity schedule of gross financial debt as of 31 December 2022 would be as follows:

(€m, pro-forma of the financial restructuring)	2023	2024	2025	2026	2027	> 2028	Cum.
June 22 secured financing	200	200	300	200	2 327	0	3 227
New Money G6	0	0	0	400	0	0	400
Other secured debt (subs. and ORPEA SA)	311	237	205	205	141	1 032	2 132
Unsecured debt (subsidiaries)	136	152	40	130	12	64	534
Total	**647**	**589**	**546**	**935**	**2 481**	**1 096**	**6 294**

Consolidated **shareholders' equity** stood at -€1.5bn at December 31, 2022, mainly due to the net loss for the year (-€4bn) and the impact of the change in accounting method applied to real estate projects accounted for under IAS 16 (-€1.5bn after tax effect).

4. 2022 Financing Table (excluding IFRS 16 impact)

	(M€)
EBITDA excluding IFRS 16	**342**
Cash / non-cash EBITDA adjustments	11
Change in. WCR (excl. tax)	(23)
Operating Capex	(136)
Taxes (cash)	(72)
OPERATING CASH FLOWS	**122**
Development Capex	(638)
Real Estate Disposals	132
Non-current items	(152)
Net financial expenses	(215)
Net Financial Investments	(94)
Changes in scope	(31)
Others	(40)
VAR. NET FINANCIAL DEBT (exc. IFRS)	**(916)**
NET FINANCIAL DEBT (exc. IFRS) 12/31/20[illegible]	**(7 944)**
var net debt	(916)
NET FINANCIAL DEBT (exc. IFRS) 31/12/20[illegible]	**(8 860)**

Cash flow from operating activities amounted to €122 million after deducting maintenance Capex and IT Capex.

Development capex, mainly real estate (*Greenfield* projects), amounted to €638 million, down from the forecast of 15 November 2022 (€705 million).

The real estate disposals result mainly from a transaction in the Netherlands.

Non-current items include expenses related to the management of the crisis experienced by the Group.

At the end of 2022, net financial debt (excluding IFRS) had increased by €916 million to €8,860 million.

5. Update of the Business Plan presented on 15 November 2022

The 2022-2025 Business Plan underlying the Refoundation Plan presented on 15 November 2022 has been updated to take into account, on the one hand, the 2022 achievements and the consequences of the various reviews carried out in the context of the closing of the 2022 accounts, and, on the other hand, the terms and conditions of the proposed accelerated safeguard plan (to be related to the assumptions related to the financial restructuring that had been retained last fall).

The business outlook for the 2022-2025 period remains broadly unchanged, the only notable differences being an accounting reclassification of IT expenditure from capital expenditure to operating expenditure (€19m in 2022, €30m for subsequent years), with no impact on operating flows (lower EBITDAR offset by lower capex), and a slight downward revision of the development capex envelope over the period (nearly €75m out of a total of around €1.6bn).

The financial projections are essentially impacted by the terms and conditions of the draft Safeguard Plan, namely a cash capital increase of €1.55 billion (compared to an average of €1.4 billion in the vision of 15 November 2022) and an additional secured financing of €0.4 billion (instead of €0.6 billion in the vision of 15 November 2022 and excluding bridge financing of €0.2 billion in 2023).

On this basis, and before taking into account the commitment made to the G6 banks regarding real estate disposals, the Group's net debt is now projected at €4.5bn at the end of 2025 (instead of €4.9bn), corresponding to a leverage of 6.3x (instead of 6.5x), based on a 2025 EBITDA excluding IFRS 16 of €715m (instead of €745m).

With a view to achieving the objective of reducing the Group's holding of real estate assets in operation to 20-25%, the Group has made a commitment to the G6 banks and in the context of the safeguard plan to dispose of at least €1.25 billion of real estate assets (in gross value and excluding rights) over the period 2022-2025. These additional real estate disposals will leave the Group's EBITDAR unchanged, but will lead to a reduction in EBITDA excluding IFRS 16 due to the addition of rental payments corresponding to the leases on the real estate assets sold, this new expense being partially offset by the reduction in financial expenses concomitant with the repayment of the Group's debt with the net proceeds from the real estate disposals.

In total, taking into account the net proceeds of additional real estate disposals and other impacts related to these disposals (higher rents in the face of lower financial charges), compared to the initial plan the updated Business Plan finally projects that the Group's net debt will be reduced to nearly €3.7 billion at the end of 2025, corresponding to a leverage of 5.5x (instead of 6.3x), based on a 2025 EBITDA excluding IFRS 16 reduced to €671 million (instead of €715 million)

6. General Meeting to approve the 2022 financial statements

In accordance with the applicable legal provisions, the Company requested and obtained from the President of the Commercial Court of Nanterre an extension of the meeting time of the General Meeting of Shareholders responsible for approving the financial statements for the financial year which ended 31 December 2022. The order issued by the President of the Nanterre Commercial Court on 11 May, 2023 extends the meeting deadline to 29 December 2023. Consequently, the Company will convene and hold its annual shareholders' meeting before this date and, in any event, following acquisition of their stake in the capital of the Company by the new shareholders.

7. Revenues for the 1er quarter 2023

M€	CA Q1 2022	CA Q1 2023	Growth %	Organic growth %*
FRANCE BENELUX UK IRELAND	679,2	720,1	+6,0%	+5,8%
CENTRAL EUROPE	283,3	322,2	+13,7%	+12,6%
EASTERN EUROPE	101,1	121,1	+19,7%	+19,6%
IBERIAN PENINSULA + LATAM	55,5	69,2	+24,7%	+21,8%
OTHER COUNTRIES	1,0	1,8	+88,0%	+3,4%
Total	**1 120,0**	**1234,4**	**+10,2%**	**+9,5%**

Geographic breakdown: Central Europe (Germany, Italy and Switzerland), Eastern Europe (Austria, Poland, Czech Republic, Slovenia, Latvia, Croatia), Iberian Peninsula and Latin America (Spain, Portugal, Brazil, Uruguay, Mexico, Colombia, Chile), Other countries (China).

* The organic growth in Group revenues includes: 1. the change in revenues (N vs. N-1) of existing facilities resulting from changes in their occupancy rates and daily rates; 2. the change in revenues (N vs. N-1) of facilities restructured or whose capacity was increased in N or in N-1; 3. the revenues generated in N by facilities created in N or in N-1; 3. Revenues generated in N by facilities created in N or N-1, and the change in revenues of recently acquired facilities over a period equivalent in N to the consolidation period in N-1.

ORPEA recorded growth of +10.2% in the first quarter of 2023, of which +9.5% was organic.

In Q1 2023, the average occupancy rate was 83%, up +160bps *vs.* Q1 2022.

In France, business was solid in the clinics, while the occupancy rate in long-term care facilities has not yet recovered.

In Central and Eastern Europe and in the Iberian Peninsula and Latin America, business benefited from an increase in occupancy rates and a favorable price effect.

Change in occupancy rate (Q1 2023 vs. Q1 2022)

Average occupancy rate	Q1 2022	Q1 2023	Var. (bps)
France Benelux UK Ireland	84,9%	83,8%	(115) bps
Central Europe	78,1%	81,5%	340 bps
Eastern Europe	80,9%	83,7%	287 bps
Iberian Peninsula + Latam	74,4%	83,2%	886 bps
Other countries	83,5%	42,9%	(4062) bps
Total	**81,4%**	**83,0%**	**160 bps**

8. Reminder of the consequences of the financial restructuring for existing shareholders

The Company has been under accelerated safeguard procedure (“*procédure de sauvegarde accélérée*”) since 24 March 2023. The purpose of this procedure is to allow the implementation of the accelerated safeguard plan proposed by the Company. This draft plan has so far received the support of the majority (approximately 51%) of ORPEA SA's unsecured financial creditors and the support of the Group's main banking partners. It is to be submitted around mid-June to a vote of the classes of parties affected, including the existing shareholders of the Company.

The envisaged plan provides for 3 capital increases:

- A first capital increase with preferential subscription rights backstopped by the unsecured financial creditors of ORPEA S.A. by way of set-off against their claims for approximately €3.8 billion;
- A second capital increase in cash allowing the Groupement to enter the capital for an amount of approximately €1.15 billion;
- A third capital increase in cash with preferential subscription rights for an amount of approximately €0.4 billion.

In the event that the Accelerated Safeguard Plan is not approved by one or more of the classes of affected parties, it may, pursuant to article L.626-32 of the French Commercial Code, be approved by the Commercial Court at the request of the Company or the judicial administrator with the agreement of the Company and be imposed on the class or classes of affected parties that did not vote in favor of it, subject to compliance with the conditions set forth in the aforementioned provisions ("cross-class cram-down").

In such cross-class cram-down scenario, the Accelerated Safeguard Plan will provide for the issuance, in the context of each of the planned capital increases, of a number of new shares ten times higher than the number of new shares that would be issued in the hypothesis of a favorable vote of the Accelerated Safeguard Plan by each of the classes of affected parties, resulting in a dilution of the existing shareholders (in the event that they decide not to participate in any of the capital increases), ten times higher, in the event of cross-class cram-down. This would result, in the event of cross-class cram-down, in the issuance of new shares at issue prices ten times lower than the issue prices applicable in the event of a favorable vote of the Accelerated Safeguard Plan by each of the classes of affected parties.

The Group reminds that in the context of its financial restructuring, the envisaged capital increases will lead to a massive dilution for the existing shareholders, who would hold, upon completion of the financial restructuring, and if they decide not to participate in the capital increases, approximately 0.4% of the Company's share capital in the event of approval of the accelerated safeguard plan by each of the classes of affected parties, and approximately 0.04% in the event of non-approval of the accelerated safeguard plan by at least one of the classes of affected parties.

On the basis of the financial parameters on which the draft Safeguard Plan is based and in application of the aforementioned principles, assuming an approval of the accelerated Safeguard Plan by each of the classes of affected parties, the issue price of the first capital increase with preferential subscription rights (conversion into capital of the unsecured debt of ORPEA SA) would be approximately € 0.60 per share, the issue price of the second capital increase (capital increase allowing the entry of the Groupement) would be approximately € 0.18 per share and the issue price of the third capital increase with preferential subscription rights (capital increase in cash) would be approximately € 0.13 per share, i.e. at levels significantly below the current share price. Thus, under these conditions, the theoretical unit value, after the various transactions on the capital and before any possible consolidation of shares, would be less than €0.20 per share.

On the basis of the financial parameters on which the draft Safeguard Plan is based and in application of the aforementioned principles, in the event of non-approval of the accelerated Safeguard Plan by at least one of the classes of affected parties, the issue price of the first capital increase with preferential subscription rights (conversion into capital of the unsecured debt of ORPEA SA) would be approximately € 0.06 per share, the issue price of the second capital increase (capital increase reserved for the Groupement, with a priority subscription right for existing shareholders in the event that the shareholders, gathered in a class of affected parties, do not approve the plan) would be approximately €0.018 per share and the issue price of the third capital increase with preferential subscription rights (capital increase in cash) would be approximately €0.013 per share. This would lead to a theoretical unit value, after the various transactions and before any possible consolidation of shares, of less than €0.02 per share.

In both cases, the issue price of the new shares of the first capital increase is more than three times higher than the issue price of the shares of the second capital increase, as well as the theoretical unit value of the share after all operations.

About ORPEA

ORPEA is a leading global player, expert in providing care for all types of frailty. The Group operates in 22 countries and covers three core businesses: care for the elderly (nursing homes, assisted living facilities, homecare and services), post-acute and rehabilitation care and mental health care (specialized clinics). It has more than 76,000 employees and welcomes more than 255,000 patients and residents each year.

https://www.orpea-group.com/en

ORPEA is listed on Euronext Paris (ISIN: FR0000184798) and is a member of the SBF 120, MSCI Small Cap Europe and CAC Mid 60 indices.

Investor Relations

ORPEA

Benoit Lesieur

Investor Relations Manager

b.lesieur@orpea.net

Toll-free number for shareholders :

0 805 480 480

Investor Relations

NewCap

Dusan Oresansky

Tel: 01 44 71 94 94

ORPEA@newcap.eu

Press Relations

ORPEA

Isabelle Herrier-Naufle

Press Relations Director

Tel: 07 70 29 53 74

i.herrier-naufle@orpea.net

Image 7

Charlotte Le Barbier

Tel: 06 78 37 27 60

clebarbier@image7.fr

Laurence Heilbronn

Tel: 06 89 87 61 37

lheilbronn@image7.fr

Disclaimer - forward-looking information

This press release contains forward-looking statements that involve risks and uncertainties, including those included or incorporated by reference, regarding the Group's future growth and profitability that could cause actual results to differ materially from those indicated in the forward-looking statements. These risks and uncertainties relate to factors that the Company cannot control or accurately estimate, such as future market conditions. The forward-looking statements in this press release constitute expectations of future events and should be treated as such. Actual events or results may differ from those described in this document due to a number of risks or uncertainties described in the Company's 2021 Universal Registration Document, which is available on the Company's website and on the AMF website (www.amf-france.org), and in the 2022 Half-Year Financial Report, which is available on the Company's website.

Organic growth	Organic growth in Group revenues includes : 1. The change in revenues (N vs. N-1) of existing facilities as a result of changes in their occupancy rates and per diem prices; 2. The change in sales (N vs. N-1) of establishments restructured or whose capacities were increased in N or N-1; 3. The sales achieved in N by establishments created in N or in N-1, and the change in sales of recently acquired establishments over a period equivalent in N to the consolidation period in N-1.
EBITDAR	EBITDAR is used by the Group to analyse its operating performance. It corresponds to operating income before rental expenses not eligible for IFRS 16 "Leases", depreciation and provisions, other operating income and expenses, interest and taxes.
EBITDA	EBITDA Corresponds to EBITDAR, after deduction of rental expenses in accordance with IFRS 16
Net financial debt	Long-term financial debt + short-term financial debt - cash and marketable securities (excluding lease liabilities - IFRS 16 and IFRS 5 liabilities)
Capitalization rate	The capitalization rate of real estate or rate of return is the ratio between the rent and the value of the building
Cash-flow from operations	Cash flow from operating activities includes the cash impact of operations

APPENDIX 1

CONSOLIDATED FINANCIAL STATEMENTS AT THE END OF 2022

1. Consolidated income statement

Consolidated income statement in €m	2021	2022
REVENUE	**4 299**	**4 681**
Staff costs	(2 644)	(3 028)
Purchases used and other external expenses	(732)	(939)
Taxes and duties	(26)	(63)
Depreciation, amortisation and charges to provision	(645)	(805)
Other recurring operating income and expenses	144	105
Recurring operating profit	**396**	**(49)**
Other non-recurring operating income and expenses	(41)	(4 223)
OPERATING PROFIT	**355**	**(4 272)**
Net financial expense	(249)	(319)
PROFIT BEFORE TAX	**106**	**(4 591)**
Income tax expense	(38)	596
Share in profit (loss) of associates and JV	(1)	(33)
Profit (loss) attributable to non-controlling interest	(2)	1
NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS	**65**	**(4 027)**

2. Consolidated balance sheet

Consolidated balance sheet - in €m	31-Dec-21	31-déc-21 restated IAS 16)	31/12/2022
Non-current assets	**16 181**	**14 269**	**12 226**
Goodwill	1 669	1 669	1 362
Net intangible assets	3 076	3 076	1 592
Net tangible assets	7 237	5 324	4 375
Assets in progress	832	832	627
Right of use assets	3 073	3 073	3 500
Other non-current assets	294	294	770
Current assets	**2 415**	**2 415**	**1 915**
Cash and short-term investments	*952*	*952*	*856*
Assets held for sale	**388**	**388**	**353**
		-	-
TOTAL ASSETS	**18 984**	**17 072**	**14 494**
		-	-
Equity - Group share	3 799	2 324	(1 502)
Consolidated equity	**3 811**	**2 335**	**(1 502)**
Non-current financial liabilities	**11 632**	**11 195**	**5 979**
Long-term debt	7 007	7 007	1 378
Long-term lease commitments	2 968	2 968	3 424
Provisions for liabilities and charges	223	148	296
Deferred tax liabilities and other non-current liabilities	1 434	75	66
Current liabilities	3 541	997	814
Current financial liabilities	**3 541**	**3 541**	**9 962**
Short-term debt	1 856	1 856	8 236
Short-term lease commitments	297	297	344
Provisions	22	22	(0)
Trade payables	335	335	327
Tax and payroll liabilities	329	329	412
Current income tax liabilities	69	69	112
Other payables, accruals and prepayments	633	633	529
Liabilities for sale	**-**	**-**	**56**
TOTAL LIABILITIES	**18 984**	**17 072**	**14 494**

3. Cash flow statement

M€	31/12/2022	31/12/2021
Operating cash-flow		
Consolidated Net Earnings	(4,027,579)	66,861
Elimination of charges and incomes with no impact on operating cash-flows	3,907,079	285,056
IFRS 16 impact	350,498	294,300
Financial income	182,120	168,730
Financial expense on rental commitment	97,939	80,167
Capital gains on disposals not related to operations (net of tax)	0	0
Consolidated companies' gross cash-flow	**510,057**	**895,114**
Change in working capital requirements related to operations		
- Inventory	181	4,089

- Account receivable	(7,109)	(198,406)
- Other receivable	28,959	(8,027)
- Tax and payroll tax expenses	124,548	51,383
- Account payable	37,215	25,381
- Other payable	(284,124)	(15,783)
Net operating cash-flow	**409,728**	**753,751**
Investment and development cash-flow		
Capital expenditure	(158,711)	(1,270,736)
Real estate sales	132,490	284,125
Other acquisitions and changes	(631,268)	(421,906)
Net investment cash-flow	**(657,489)**	**(1,408,517)**
Financing cash flow		
Dividend paid to parent company sharholders	0	(58,168)
Net receipts – (disbursements) related to bridge loans and bank overdrafts	0	53,558
Receipts from new leasing agreements	0	152,201
Receipts from other loans	3,398,461	2,265,693
Repayments of lease liabilities	(415,891)	(294,300)
Repayments related to other loans	(2,470,057)	(991,880)
Repayments related to leasing agreements	(148,557)	(159,908)
Net financial income and other variations	(182,146)	(248,897)
Net financing cash-flow	**151,809**	**718,299**
Change in cash-flow	**(95,952)**	**63,533**
Opening cash-flow	952,369	888,836
Closing cash flow	**856,417**	**952,369**
Cash on the balance sheet	**856,417**	**952,369**
Cash flow equivalents	258,991	11,586
Cash flow	597,426	940,782

4. Information about Alternative Performance Measures ex IFRS 16

Income statement aggreagates IFRS 16	FY 2021	FY 2022
EBITDA excl. IFRS16	**682**	**342**
Rental IFRS 16	359	414
EBITDA margin excl. IFRS 16	**15,9%**	**7,3%**
Recurring operating profit excl. IFRS 16	**337**	**-112**
Recurring operating margin ex IFRS 16	**7,8%**	**-2,4%**

Cash Flow ex IFRS 16	FY 2021	FY 2022
Operating cash flow [excl. IFRS 16]	**+401**	**(4)**
Net Investment cash flows	**(1 405)**	**(657)**
Net financing flows [excl. IFRS 16]	**+1 068**	**+566**
Change in cash	**+64**	**(96)**

Reminder of cash-flow "GAAPS"	FY 2021	FY 2022
Cash flow from operations (after tax)	+895	+510
change in working capital	(141)	(100)
Net cash generated from operating activities	**+754**	**+410**
Cash flow from investing and development	**(1 409)**	**(657)**
Net cash from financing activities	**+718**	**+152**
Change in cash	**+64**	**(96)**

APPENDIX 2

Business Plan 2022-2025 underpinning the Refoundation Plan

Update of the financial projections presented on 15 November 2022 in the light of the 2022 financial statements and the terms and conditions of the Accelerated Safeguard Plan (*Plan de Sauvegarde Accélérée*)

The business outlook for the 2022-2025 period covering the implementation of the Refoundation Plan and presented on 15 November 2022 remains unchanged at this stage, with the first years of the business plan corresponding to the 2022 achievements and the 2023 budget approved by the Company Board of Directors at the beginning of the year. Nevertheless, the financial projections attached to these forecasts, as well as certain management indicators and targets for 2025, must be updated in the light of, on the one hand, the 2022 achievements and the various reviews carried out in the context of the 2022 financial statements, and, on the other hand, the terms and conditions of the draft accelerated safeguard plan as set out in the *lock-up agreement* concluded with the Groupement and a majority of the non-secured creditors of ORPEA SA and the agreement concluded with the G6 banks on 17 March. These terms and conditions are to be reported to the financial restructuring assumptions adopted on 15 November 2022.

Impacts related to the various reviews carried out within the framework of the 2022 financial statement

The detailed review carried out in the context of the 2022 financial statements led to the reclassification of certain IT expenses as operating expenses (OPEX) when they were classified as capital expenses (CAPEX) in the vision of 15 November 2022. This has the consequence of reducing, all other things being equal, EBITDAR and EBITDA excluding IFRS 16 by nearly € 19 million in 2022 and € 30 million on an annual basis in 2023 and following years (due to the ramp-up of the IT program). In return, CAPEX IT is reduced by the same amount, leading to this new accounting treatment being neutral in terms of operating cash flow.

The completion of the balance sheet review work, the analysis of the *cut-off* at the end of 2022, marked by significant differences in payments from one year to the next, and the continuation of the detailed review of the projects under development led to the updating of CAPEX forecasts and other operational flows (changes in WCR, non-current items, etc.) in the 2023-2025 period. In this context, from one vision (15 November 2022) to the next (May 2023) and cumulatively in the period 2022-2025:

- Operating cash flows remain broadly unchanged, with the lower maintenance and IT CAPEX in 2022 balancing changes in WCR that were more unfavorable than originally anticipated;
- The cost of the CAPEX development program in the period 2022-2025 has been adjusted downwards by an amount of around € 75 million;
- The flows related to non-current items and those related to the day-to-day management of the asset portfolio (as originally projected in the business plan) remain broadly unchanged.

On this basis, and taking better account of the effects of changes in the scope of consolidation, the net impact of the update would be a reduction in net debt at the end of 2025 of approximately € 50 million.

<u>Impacts of the terms and conditions of the safeguard plan (*plan de sauvegarde*) before taking into account the real estate disposal program</u>

The main differences between the terms and conditions of the safeguard plan and the assumptions relating to the financial restructuring originally envisaged are as follows:

- New money Equity calibrated at €1,550 million instead of €1,400 million;
- A new money debt calibrated at €400 million (excluding additional bridge financing of €200 million drawable in 2023) instead of €600 million, now structured in the form of a RCF, and with a margin of 2% instead of 5%;
- The equitization of the non-secured portion of the Euro PP December 2026 ;
- A margin for tranches A-B-C set at 2% instead of 1,75%, with historical rates to be applied over a longer period (the date of completion of the financial restructuring is now projected to be the fourth quarter);
- Compulsory depreciation of tranche A for the years 2023-2026.

On these bases, the savings in the cumulative interest expense (approximately € 90 million), the larger capital increase in cash (€150 million) and the increase in the amount of equitized non-secured debt (approximately €60 million) would lead to a reduction in net debt at the end of 2025 of approximately **€300 million**.

Under these conditions, and before taking into account the commitment regarding real estate disposals made to G6 banks, the Group's net debt would amount to **€4.5 billion** at the end of 2025 (instead of €4.9 billion), corresponding to a leverage of **6.3x** (instead of 6.5x), based on 2025 EBITDA excluding IFRS 16 of **€715 million** (instead of €745 million).

<u>Impact of the commitment made in terms of real estate disposals to be carried out on 2022-2025</u>

In view of the objective of a future holding of the operating real estate portfolio reduced to 20-25%, the Group has committed to G6 banks and, as part of the safeguard plan, to have made at least 1.25 billion euros in real estate disposals (gross value and excluding duties) over the 2022-2025 period. Compared to the current flow of real estate disposals that was included in the business plan presented on 15 November 2022, this corresponds to an additional volume of real estate disposals of nearly € 1.0 billion over the years 2024-2025.

These additional real estate disposals will leave the Group's EBITDAR unchanged but will lead to a reduction in EBITDA outside IFRS 16 by adding rents corresponding to leases of the transferred real estate assets, this new expense being partially offset by the reduction in financial expenses associated with the repayment of the Group's debt with net income from property disposals.

In total, based on net income (after tax) from additional real estate sales estimated at nearly €850 million and an accumulated balance of rent / savings in financial expenses amounting to nearly €20 million in aggregate, the Group's net debt would be reduced to **€ 3.7 billion** at the end of 2025, corresponding to a leverage of **5.5x** (instead of 6.3x), based on EBITDA 2025 excluding IFRS 16 reduced to €671 million (instead of €715 million).

Summary: New EBITDA trajectories (excluding IFRS 16) and reduction of financial leverage

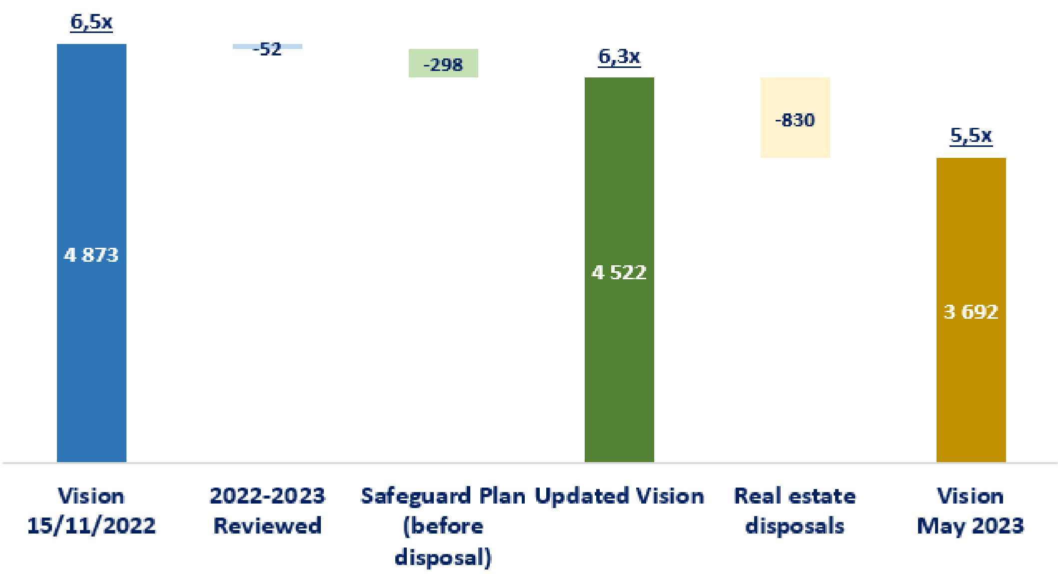
In conclusion, the updated vision of the 2022-2025 Business Plan underpinning the Refoundation Plan, taking into account the terms and conditions of the proposed accelerated safeguarding plan, including the commitment to implement a €1.25 billion property sale program over the 2022-2025 period, is based on an EBITDA sequence excluding IFRS 16 adjusted as follows:

EBITDA (excl. IFRS 16) in € million	2022	2023	2024	2025
Vision 15 November 2022	**358**	**433**	**593**	**745**
Impact Execution 2022	+3	+0	+0	+0
Reclassification of IT expenses to OPEX	-19	-30	-30	-30
Impact Real estate disposal program	+0	+0	-16	-44
Vision May 2023	**342**	**403**	**547**	**671**

Furthermore, on the basis of this new EBITDA sequence excluding IFRS 16 and the new financial projections corresponding to the terms and conditions of the accelerated safeguard plan, the net debt and financial leverage projected at the end of 2025 would be adjusted as follows:

Amounts in m€ *Net debt excluding IFRS adjustments IFRS / EBITDA excl. IFRS 16*	Net Debt End of 2025	EBITDA *2025*	Lever *ND / EBITDA*
Vision 15 November 2022	**4 873**	**745**	**6,5x**
Updated vision before taking into account the commitment of real estate disposals	*4 522*	*715*	*6,3x*
Vision May 2023	**3 692**	**671**	**5,5x**

Net debt (in m€) and financial leverage at the end of 2025



APPENDIX 2.1: 2022-2025 Business Plan presented on November 15, 2022 (reminder)

Amounts in € millions	2022	2023	2024	2025	Cumulative 2022-2025
Turnover	4 688	5 326	5 737	6 102	
EBITDAR	797	911	1 083	1 246	
EBITDAR margin	17,0%	17,1%	18,9%	20,4%	
EBITDA (excluding IFRS 16)	**358**	**433**	**593**	**745**	**2 129**
EBITDA margin	7,6%	8,1%	10,3%	12,2%	
Maintenance and IT capex	-223	-233	-236	-242	-933
Other current operating flows	-77	-68	-62	-31	-239
Operating cash flow	**59**	**132**	**295**	**471**	**958**
Development Capex	-705	-544	-216	-132	-1 597
Cash flow after CAPEX	***-646***	***-411***	***79***	***339***	***-639***
of which total CAPEX	*-928*	*-776*	*-452*	*-374*	*-2 530*
Non-current items	-159	-200	-33	-33	-425
Asset portfolio management	1	51	23	-24	52
Debt Charge	-221	-319	-245	-241	-1 027
Cash flow before financing	**-1 026**	**-879**	**-176**	**42**	**-2 039**
New Money		2 000			2 000
Removal / (repayment) of debts	695	-416	-367	-239	-327
Net cash flow	**-331**	**705**	**-543**	**-197**	**-366**
Cash and cash equivalents as of 31/12	***622***	***1 327***	***783***	***586***	
Net financial debt (excluding IFRS adj.)	9 026	4 739	4 915	4 873	
Financial leverage (NFD/EBITDA)	***25,2x***	***10,9x***	***8,3x***	***6,5x***	

APPENDIX 2.2: Updated Business Plan 2022-2025
Vision before taking into account the real estate disposal program

Impacts related to the reviews carried out in connection with the approval by the Board of Directors of the 2022 financial statements and to the terms and conditions of the accelerated safeguard plan (excluding the real estate disposal program)

Amounts in €m	2022	2023	2024	2025	*Cumulated 2022-2025*
EBITDA (excluding IFRS 16)	**-16**	**-30**	**-30**	**-30**	***-106***
IT and service capex	+87	+18	+30	+30	*+165*
Other current operating cash flows	-8	-76	+45	-19	*-59*
Operating cash flow	**+62**	**-88**	**+45**	**-19**	***-0***
Development capex	+67	+66	-66	+8	*+75*
Cash flow post CAPEX	***+130***	***-23***	***-21***	***-11***	***+75***
Non-recurring items	+8	+34	-18	-24	*+0*
Management of the asset portfolio	+38	-76	+38	+0	*+0*
Cost of debt	+6	+1	+51	+40	*+98*
Cash flow before financing	**+181**	**-63**	**+50**	**+5**	***+172***
New Money		-450	+400		*-50*
Raising / (reimbursement) of debt	+54	-245	-220	+199	*-213*
Net cash flow	**+235**	**-759**	**+230**	**+203**	***-91***

Updated business plan based on the approval by the Board of Directors of the 2022 accounts and the terms and conditions of the accelerated safeguard project (before commitments to sale)

Amounts in €m	2022	2023	2024	2025	*Cumulated 2022-2025*
Revenue	*4 681*	*5 326*	*5 737*	*6 102*	
EBITDAR	*780*	*881*	*1 053*	*1 216*	
EBITDAR margin	*16,7%*	*16,5%*	*18,4%*	*19,9%*	
EBITDA (excluding IFRS 16)	**342**	**403**	**563**	**715**	***2 023***
EBITDA margin	*7,3%*	*7,6%*	*9,8%*	*11,7%*	
IT and service capex	-136	-215	-206	-212	*-768*
Other current operating cash flows	-85	-145	-17	-51	*-297*
Operating cash flow	**122**	**44**	**340**	**452**	***958***
Development capex	-638	-478	-282	-124	*-1 522*
Cash flow post CAPEX	***-516***	***-434***	***58***	***328***	***-564***
including total CAPEX	*-774*	*-693*	*-488*	*-336*	*-2 290*
Non-recurring items	-151	-165	-51	-57	*-425*
Management of the asset portfolio	39	-25	61	-24	*52*
Cost of debt	-215	-318	-194	-201	*-929*
Cash flow before financing	**-844**	**-942**	**-126**	**46**	***-1 867***
New Money		1 550	400		*1 950*
Raising / (reimbursement) of debt	748	-661	-587	-40	*-540*
Net cash flow	**-96**	**-54**	**-313**	**6**	***-457***
Cash flow as of 31/12	***856***	***803***	***489***	***496***	

Net Financial Debt (excluding IFRS adj.)	8 860	4 443	4 569	4 522
Finanl Leverage (Fnet in. Debt/ EBITDA)	***25,9x***	***11,0x***	***8,1x***	***6,3x***

APPENDIX 2.3: ***Updated 2022-2025 Business Plan***
Vision after taking into account the real estate disposal program

Impacts related to the implementation of the real estate sale program

Amounts in €m	2022	2023	2024	2025	*Cumulated 2022-2025*
EBITDA (excluding IFRS 16)		+0	-16	-44	*-60*
Other current operating cash flows		+0	+0	+7	*+7*
Operating cash flow		**+0**	**-16**	**-37**	***-53***
Management of the asset portfolio		+0	+425	+425	*+850*
Cost of debt		+0	+5	+28	*+33*
Cash flow before financing		**+0**	**+414**	**+416**	***+830***
New Money			-400	+400	*+0*
Raising / (reimbursement) of debt		+0	-139	-617	*-756*
Net cash flow		**+0**	**-124**	**+198**	***+74***

Updated business plan based on the 2022 financial statements and the terms and conditions of the accelerated safeguard project
et des termes et conditions du projet de sauvegarde accélérée

Amounts in €m	2022	2023	2024	2025	*Cumulated 2022-2025*
Revenue	*4 681*	*5 326*	*5 737*	*6 102*	
EBITDAR	*780*	*881*	*1 053*	*1 216*	
EBITDAR margin	*16,7%*	*16,5%*	*18,4%*	*19,9%*	
EBITDA (excluding IFRS 16)	**342**	**403**	**547**	**671**	***1 964***
EBITDA margin	*7,3%*	*7,6%*	*9,5%*	*11,0%*	
IT and service capex	-136	-215	-206	-212	*-768*
Other current operating cash flows	-85	-145	-17	-44	*-291*
Operating cash flow	**122**	**44**	**324**	**415**	***905***
Development capex	-638	-478	-282	-124	*-1 522*
Cash flow post CAPEX	***-516***	***-434***	***42***	***291***	***-617***
including total CAPEX	*-774*	*-693*	*-488*	*-336*	*-2 290*
Non-recurring items	-151	-165	-51	-57	*-425*
Management of the asset portfolio	39	-25	486	401	*902*
Cost of debt	-215	-318	-189	-173	*-896*
Cash flow before financing	**-844**	**-942**	**288**	**462**	***-1 037***
New Money		1 550	0	400	*1 950*
Raising / (reimbursement) of debt	748	-661	-726	-657	*-1 296*
Net cash flow	**-96**	**-54**	**-438**	**205**	***-383***
Cash flow as of 31/12	***856***	***803***	***365***	***570***	

Net Financial Debt (excluding IFRS adj.)	8 860	4 443	4 154	3 692
Finanl Leverage (Fnet in. Debt/ EBITDA)	***25,9x***	***11,0x***	***7,6x***	***5,5x***

APPENDIX 3: financial presentation dated 12 May 2023

WITH YOU
AND FOR YOU
CHANGING
ORPEA

2022 Full-Year results and Q1 2023 revenue

12 May 2023

Agenda & Speakers

WITH YOU AND FOR YOU CHANGING ORPEA

1	REFOUNDATION PLAN IN PROGRESS	**Laurent Guillot** Chief Executive Officer
2	2022 FULL-YEAR RESULTS AND Q1-2023 REVENUES UPDATE ON FINANCIAL RESTRUCTURING	**Laurent Lemaire** Executive Vice President, Finance, Procurement and IT
3	NEXT STEPS AND OUTLOOK	**Laurent Guillot** Chief Executive Officer

WITH YOU
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CHANGING
ORPEA

Refoundation plan in progress

Laurent Guillot

Chief Executive Officer

ORPEA GROUPE

A new governance in 2022

A SUBSTANTIALLY RENEWED BOARD OF DIRECTORS IN 2022

14 members
Including 2 employee representatives

50%	< 2 years	11/12
Female board members	Average seniority [1]	Independent directors [2]

3
Specialised committee
Chaired by new directors

- Ethics, Quality and CSR Committee
- Audit and Risk Committee
- Appointments and Remuneration Committee

A NEW EXECUTIVE COMMITTEE, SMALLER AND MOBILISED AROUND PRIORITY ISSUES

Represented functions

- Human Ressources
- Medical
- Sustainable Development and Quality
- Finance, Procurement, IT
- Communication
- Real Estate

[1] Calculated without taking into account the directors representing the employees
[2] Afep-Medef code, without taking into account the employee representatives

A necessary financial restructuration as a prerequisite for the success of the Refoundation Plan

WITH YOU AND FOR YOU CHANGING ORPEA

Since July 2022

First steps to end dysfunctional practices quickly

- **Remedy:** ~ 50 dismissals (zero tolerance, revision of the Code of Ethics); revision of the reporting policy (serious adverse events, alerts) acceleration of recruitments
- **Organise:** normalization of labour relations, structuring of support functions
- **Remobilize:** broad dialogue initiative with stakeholders and analysis of expectations formulated during the "Etats Généraux du Grand Age", direct communication with employees

Since November 2022

A Refoundation Plan to restore the trust of our stakeholders

- **Elaboration of the refoundation plan Changing ORPEA**
- A company project based on 4 pillars
  - Our people
  - Our patients, our residents and their families
  - The society
  - Our stakeholders
- A new business plan

During 2023

A major financial restructuring to ensure the company's sustainability and to finance the Refoundation

- Achieving a sustainable financial structure by converting €3.8bn of debt into capital and increasing equity capital
- Long-term institutional investors invest €1.55bn in the capital
- Obtaining new resources from the main banking partners in the form of secured debt
- **Amendment of financing contracts**

4 pillars to rebuild an efficient and transparent model, with first milestones already achieved

WITH YOU AND FOR YOU CHANGING ORPEA

PEOPLE

Major progress on labor relations, recruitment and training

PATIENTS, RESIDENTS, FAMILIES

Implementation of the medico-healthcare project (supervision, Medical Commission, catering, etc.) and mediation mechanisms in Europe

WITH YOU AND FOR YOU CHANGING ORPEA

SOCIETY

The first steps towards the "mission-driven company", focused on care, in line with contemporary sustainability issues

STAKEHOLDERS

A complete overhaul of the financial structure is well underway and its implementation, in accordance with the timetable defined on November 15, will allow the financing of the Refoundation plan

Actions undertaken around the 4 pillars of the plan

WITH YOU AND FOR YOU CHANGING ORPEA

Our PEOPLE

Our PATIENTS, our RESIDENTS and their FAMILIES

SOCIETY

STAKEHOLDERS

A COMPANY REBUILT ON ITS FUNDAMENTALS WITH AN AMBITIOUS HR POLICY…

… that guarantees employees' health, safety and well-being

… that effectively attracts motivated recruits

… that knows how to mobilize, develop and recognise

… with mobilized HR teams and reinforced resources

… with an agile organisation that fosters a new management and HR culture

Actions undertaken around the 4 pillars of the plan

WITH YOU AND FOR YOU CHANGING ORPEA

Our People

Our PATIENTS, our RESIDENTS and their FAMILIES

SOCIETY

STAKEHOLDERS

A COMPANY DEDICATED TO THE HEALTH, CARE AND LIFE PROJECT OF THE MOST VULNERABLE...

An EVP Medical sitting on the Executive Committee...

... who relies on 3 pillars: a medical and nursing commission, an international scientific council and an ethical orientation council

... who monitors and audits quality/care safety indicators

... who ensures an even more fluid communication between our teams, our patients, our residents and their families

... in the service of the personalization of the caring of our patients and our residents

Actions undertaken around the 4 pillars of the plan

WITH YOU AND FOR YOU CHANGING ORPEA

Our People

Our PATIENTS, our RESIDENTS and their FAMILIES

SOCIETY

STAKEHOLDERS

A "MISSION-DRIVEN COMPANY" PROJECT FOCUSED ON CARE, IN LINE WITH CONTEMPORARY SUSTAINABILITY ISSUES

Towards a "mission-driven company"...

Definition of our values (H1 2023)

Definition of our purpose (H2 2023)

Initiatives undertaken around the 4 pillars of the plan

- Our PEOPLE
- Our PATIENTS, our RESIDENTS and their FAMILIES
- SOCIETY
- STAKEHOLDERS

A FINANCIAL RESTRUCTURING ESSENTIAL TO THE SUCCESS OF THE REFOUNDATION PLAN

Main steps and objectives achieved since opening of the Conciliation proceeding

14/02	Lock-up Agreement Groupement - SteerCo - ORPEA
10/03	Signing of Lock-up Agreement by c. 51% of unsecured financial creditors
20/03	Agreement with G6 banks: new money debt and misc. amendments
24/03	Judgment opening of the accelerated safeguard procedure

Only plan capable of ensuring the long-term financing of the company
→ Conversion of the debt is essential, mechanically leading to a massive dilution of existing shareholders

Backed by long-term institutional investors: Caisse des Dépôts et Consignation, CNP, MAIF, MACSF

Support from main banking partners (G6) and a majority (c. 51%) of Orpea SA unsecured creditors

Target of 20% to 25% of owned real estate in Orpea's portfolio

Key financial indicators 2022

WITH YOU AND FOR YOU CHANGING ORPEA

SALES	EBITDAR	IMPAIRMENTS	NET INCOME (GROUP SHARE)
€4,681m +8,9% / +5.5% organic	**€780m** (16.7% margin)	**€(5.7)bn** (including €3.8bn pre-tax P&L impact)	**€(4)bn**

A 2022 FINANCIAL YEAR SETTING THE STAGE FOR A MORE TRANSPARENT MODEL

- Growing activity and operating performance (EBITDAR margin) close to the target announced on 15 November 2022
- In-depth review of the entire asset portfolio
  - Reflecting the company's profound reorganization…
  - To provide an adjusted view of the capital employed
- A more sustainable basis for rebalancing the financial structure and achieving a successful re-foundation

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2022 results and update on the financial Restructuring
Q1 2023 Revenue

Laurent Lemaire

Group CFO, Procurement, Information Systems

ORPEA GROUPE

2022 Financial results

Impacted by the inflationary environment and impairment of assets

Context of the financial reporting process relating to 2022 consolided financial statements

Taking into account :

- the Group's cash position at May 4, 2023, which amounts to €354 million
- the company's cash flow forecasts, based on the following structuring assumptions
  - new money debt of €200 million in May 2023, €200 million in July 2023 and potentially €200 million from September 2023 under the agreement with the G6;
  - successive capital increases planned during the last quarter for an amount of €1.55 billion,

the Company considers, at the date of closing of the accounts, that it has cash resources compatible with its projected commitments and is thus in a position to meet its cash requirements over the next 12 months.

On this basis, the Board of Directors has approved the financial statements for the year ending December 31, 2022 as a going concern.

Audit procedures on consolidated financial statements have been performed by the Group Auditors. The audit report will be issued after verification of the management report and finalisation of the procedures required for the filing of the Universal Registration Document. It will include an observation highlighting the justification, by management, in the financial statements of the going concern principle, as well as one highlighting the change in methodology regarding IAS 16 with the end of the revaluation model pertaining to operating properties, land and buildings owned and operated by the Group.

Evolution of revenue by geographic area

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€m	Revenue 2021	Revenue 2022	Growth %	Organic Growth %*
FRANCE BENELUX UK IRELAND	2,643	2,802	+6.0%	+4.3%
CENTRAL EUROPE	1,086	1,197	+10.2%	+5.5%
EASTERN EUROPE	395	435	+10.2%	+8.6%
IBERIAN PENINSULA + LATAM	171	242	+41.3%	+16.8%
OTHER COUNTRIES	3	4	+32.6%	+20.9%
TOTAL	**4,299**	**4,681**	**+8.9%**	**+5.5%**

- **Average occupancy rate increases** slightly in 2022 compared to 2021 despite the crisis observed in the French nursing home market
- **Contribution of openings**
  - Opening of 30 new facilities representing ~2,300 beds
  - Mainly in Netherlands and in Eastern Europe
- **Change in scope:** consolidation of Brasil Senior Living Group since 1/1/2022

*Organic growth of Group revenue reflects the following factors: 1. The year-on-year change in the revenue of existing facilities as a result of changes in their occupancy rates and daily price; 2. The year-on-year change in the revenue of refurbished facilities or those where capacity has been increased in the current or year-earlier period; 3. Revenue generated in the current period by facilities opened during the year or year-earlier period, and the change in revenue of recently acquired facilities by comparison with the previous equivalent period.

Evolution of occupancy rate in 2022

Overall occupancy rate increases thanks to the following elements:

- **Gradual recovery from the covid-19 crisis;**
- **Ramp-up of newly opened facilities**

Group occupancy rate (nursing homes and clinics) increases over the year: +60bps

Decline in the occupancy rate of nursing homes in France due to the crisis faced by Orpea: -400bps

(84.6% at 12.31.2022 vs 88.5% at the end of January 2022)

Average occupancy rate	2021	2022	Var.
France Benelux UK Ireland	83.8 %	83.6 %	(20) bp
Central Europe	78.1 %	79.1 %	+100 bp
Eastern Europe	79.9 %	81.9 %	+200 bp
Iberian Peninsula and Latam	76.4 %	78.0 %	+160 bp
Other countries	ns	ns	n.a.
Total Group	**81.0 %**	**81.6 %**	**+60 bp**

Evolution of number of operated facilities and beds

End of period data (*)	No. of sites 2021	No. of beds 2021	No. of sites 2022	No. of beds 2022
FRANCE BENELUX UK IRELAND	530	43,076	551	44,170
CENTRAL EUROPE	234	23,597	237	23,765
EASTERN EUROPE	116	11,671	124	12,764
IBERIAN PENINSULA + LATAM	68	8,934	79	10,007
OTHER COUNTRIES	1	154	1	154
TOTAL	**949**	**87,432**	**992**	**90,860**
			+4.5%	***+3.9%***

(*) Number of facilities, beds and flats in operation, at the end of the period for the fully consolidated entities, excluding ambulatory locations.

Evolution of EBITDAR margin

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€m	2021 *	2022	Var.
Revenue	4,299	4,681	+8.9%
Staff costs	(2,644)	(3,028)	+14.5%
As a % of revenue	*(61.5)%*	*(64.7)%*	-318 pb
Other expenses	(584)	(873)	+49.5%
As a % of revenue	*(13.6)%*	*(18.7)%*	-506 pb
EBITDAR	1,070	780	-27.1%
EBITDAR %	24.9 %	16.7 %	**-824 bp**

- **EBITDAR margin 2022 at 16.7% (-30bps vs target published on November 15th, 2022)**
- Evolution of the **occupancy rates in 2022** does not compensate the decrease of Covid subsidies granted, the 2021 positive non-recurring items (reversal of provisions, tax credits, etc.) nor the fact that 2022 was marked by a significant increase in costs in the context of a highly inflationary environment.

- **Personnel costs** increase by 14.5%: acceleration of recruitment in France during the 2nd semester and general inflationary environment affecting healthcare professions in the main geographical areas
- **Other costs** increase by +49.5%: high increase in energy and food costs vs. almost stable resident and patient prices over the year
- **Group energy supply costs:** 3.5% of revenue in 2022, compared to 2.3% in 2021

*Personnel costs and other expenses have been reclassified from the published figures in FY 2021 to better reflect their nature (temporary staff costs, payroll taxes).

Evolution of EBITDAR margin

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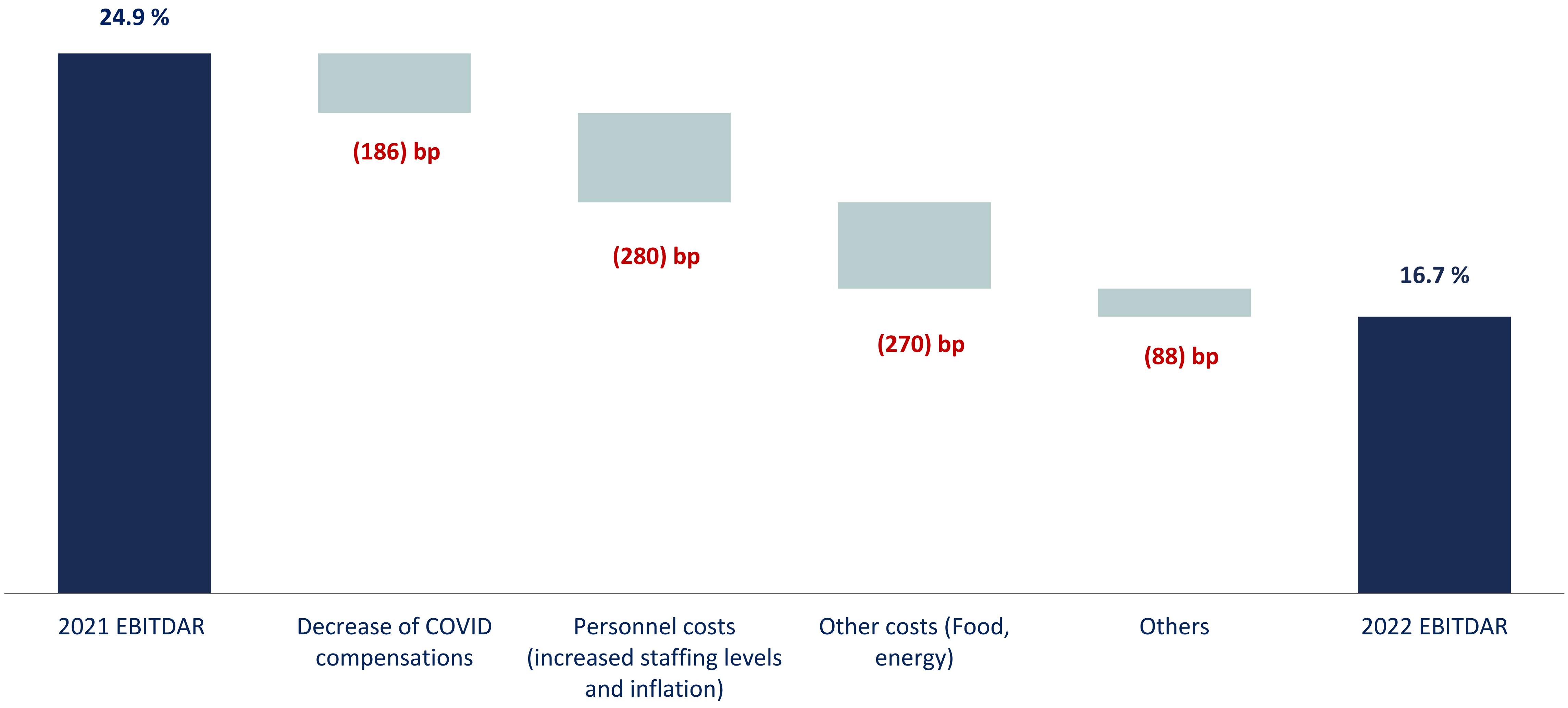

Evolution of EBITDAR margin by geographic area

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€m	2021 EBITDAR	2022 EBITDAR	Var. % vs 2021	2021 EBITDAR %	2022 EBITDAR %	Var.
France Benelux UK Ireland	694	445	(35.9)%	26.3 %	15.9 %	(1 039) bp
Central Europe	284	245	(13.7)%	26.1 %	20.5 %	(568) bp
Eastern Europe	61	63	+3.0%	15.4 %	14.4 %	(100) bp
Iberian Peninsula and Latam	32	24	(23.4)%	18.7 %	10.1 %	(856) bp
Other countries	(1)	2	ns	ns	ns	ns
TOTAL	**1,070**	**780**	**(27.1)%**	**24.9 %**	**16.7 %**	**(824) bp**

FRANCE - BENELUX - UK - IRELAND

- **FRANCE:** Impact of the drop in the occupancy rate of nursing homes + inflationary context + acceleration of recruitments (+ 800 per month) over Sept-Dec.
- **BELGIUM:** strong impact of inflation (energy + food) + difficult country context
- **IRELAND:** operations affected by a continuing covid context

CENTRAL EUROPE

- Mainly inflation effect (tempered in Germany by *hedging* on energy costs)

EASTERN EUROPE

- Inflationary effects (tempered by energy *hedging*)
- Solid growth in occupancy rate over the period

IBERICA + LATAM

- **SPAIN:** strong inflation effect (energy and other expenses)
- **LATAM:** highly dilutive effect of the entry into the scope of consolidation of Brazil Senior Living in 2022

Specific points relating to 2022 financial statements

1. **Impairment tests of intangible assets (IAS 36)**
2. Evolution of the value of operating properties held
3. Financial partnerships
4. Non-current items
5. Taxes

Impact of new business plan on asset valuation

New business plan produced by facility as part of the strategic and financial review established for the Strategic plan presented on 11/15/2022

Decrease in asset value

Impacts #1

Intangible (goodwill and licences)
IAS 36

Impacts #2

Fixed assets

Impairment tests of tangible and intangible assets (IAS 36)

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IAS 36 impairment

(Goodwill and licences impairment tests)

Total (excluding taxes): €(3.1)bn

- Fixed assets: €(1.0)bn
- Licences: €(1.4)bn
- Goodwill: €(0.4)bn
- Other assets: €(0.2)bn

Impact on 2022 accounts

- The total amount of impairment relating to IAS 36 has **no direct impact on the company's cash flow** (non-cash)
- These impairments are **recognized** in 2022 income statement under "**non-current items**".

Specific points relating to 2022 financial statements

1. Impairment tests of intangible assets (IAS 36)
2. **Evolution of the value of operating properties held**
3. Financial partnerships
4. Non-current items
5. Taxes

Change of accounting policies related to operating properties under IAS 16

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HISTORICAL ACCOUNTING POLICIES

- Revalued at fair value of operating properties accounted as assets in financial statements
- The difference between cost and fair value is recognised under « Revaluation reserves » net of taxes in equity

FROM 2022 CLOSING → CHANGE OF ACCOUNTING POLICIES

- Change of accounting policies related to operating properties under IAS 16
- ORPEA will continue to publish the value of its operating properties on an annual basis, including the valuation carried out by independent experts → this asset value will be different from the value of operating properties recorded in financial statements

Equity reduced by €1.5bn
(no impact on 2022 P&L)

Reduction corresponding to the cumulative net amount of IAS revaluations recorded in the accounts at 12/31/2021 net of reversals on deferred taxes liabilities

(€1.9bn – €0.4bn)

Items that impacted the value of real estate portfolio

1

New business plan

Forecast by facility as part of the Strategic plan presented on November 15, 2022

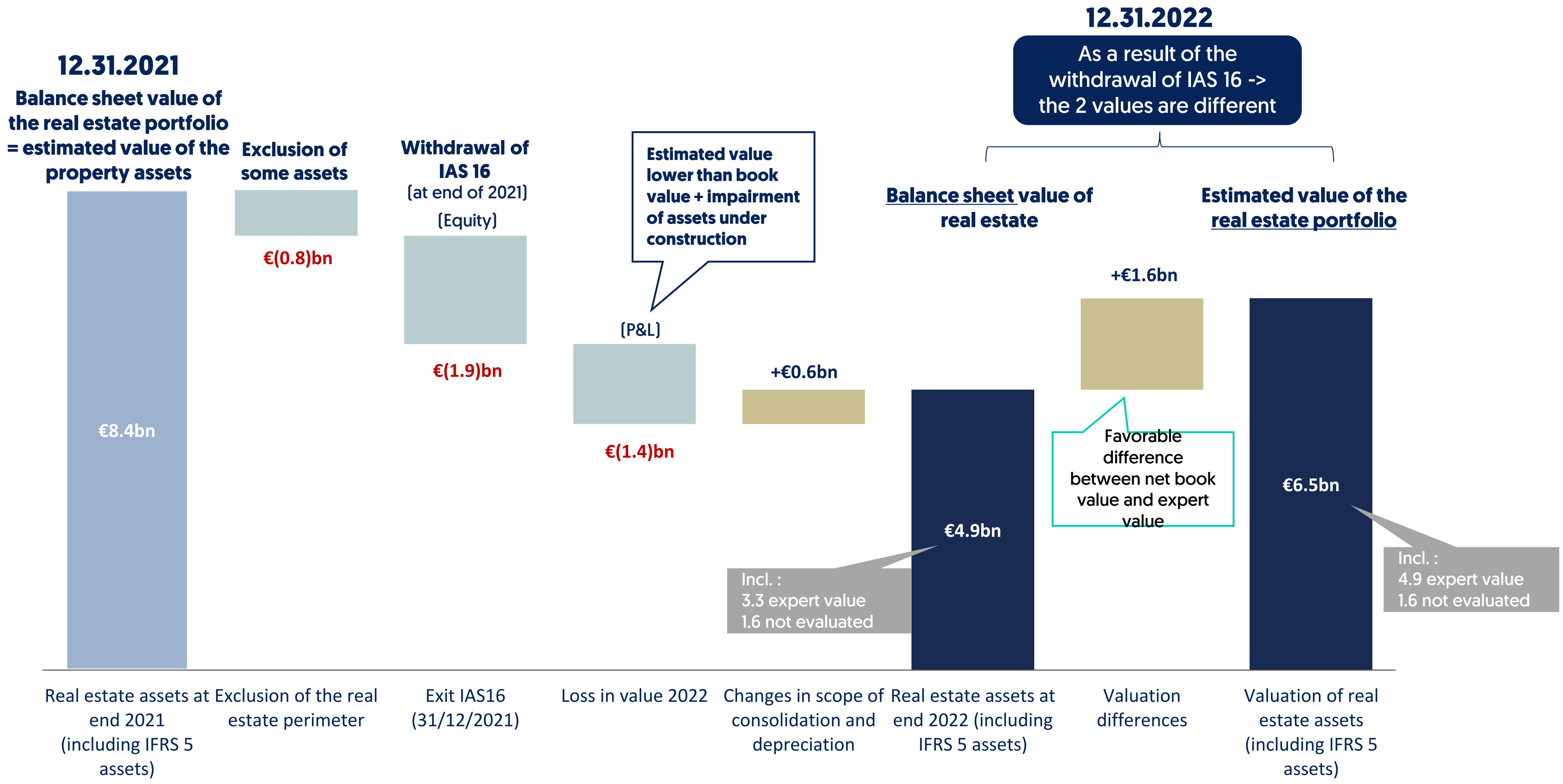
2

Other specific parameters have impacted the value of real estate portfolio in 2022 financial statements

- Evolution of return rates (interest rates, markets parameters…)
- Detailed review of internally valued assets (furnished rentals, assets under construction…)
- Reclassification of some assets outside the property scope (equipment)

Average yield of assets valued by independent experts:
5.1% in 2022 vs ~4.8% in 2021 (the 2021 average yield has been recalculated according to the method used for FY2022)

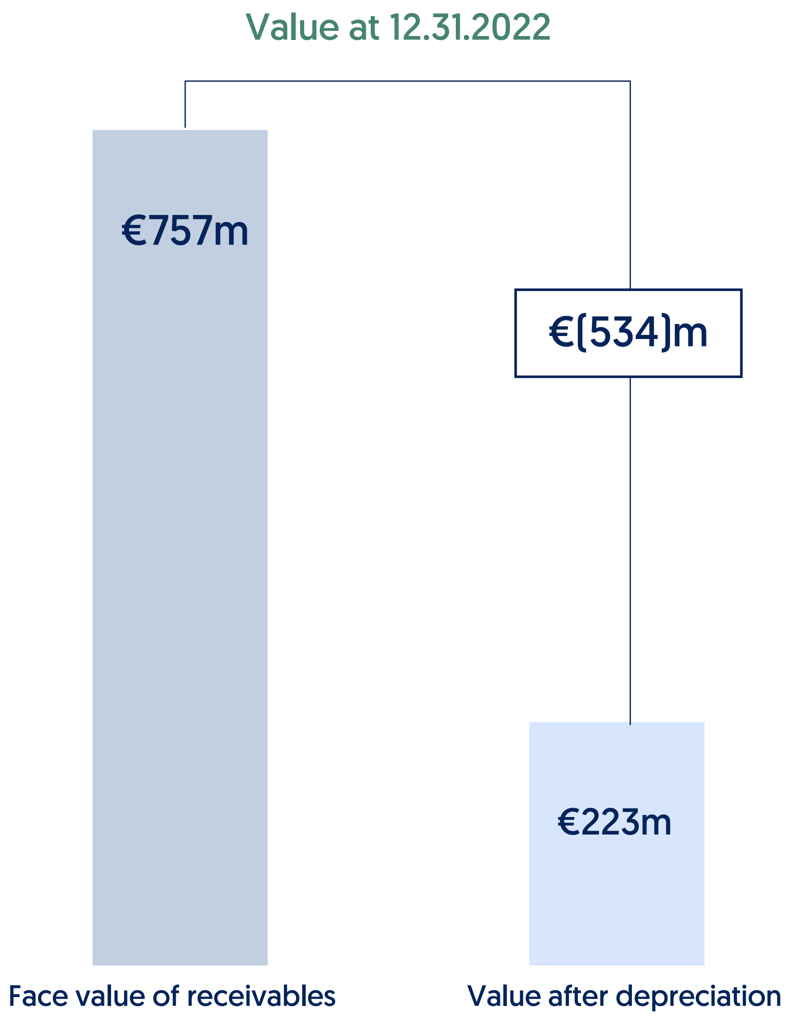
Evolution of the value of the real estate portfolio



Specific points relating to 2022 financial statements

1. Impairment tests of intangible assets (IAS 36)
2. Evolution of the value of operating properties held
3. **Financial partnerships**
4. Non-current items
5. Taxes

Financial partnerships



UPDATE ON FINANCIAL RECEIVABLES RELATED TO PARTNERSHIPS

- Advances granted by the Group to associates, joint ventures and to other subsidiaries amounted to €757m at 12.31.2022
- A large part of the value of these financial receivables is considered as bad debt
- In 2022, the Group has entered into negotiations in order to unwinding these partnerships and recovering the assets (including real estate) backed by these receivables
- A significant portion of these receivables concerns a single partner, with whom an initial agreement was signed at the beginning of 2023 for part of the scope concerned; negotiations are continuing for the remaining part of the scope

Summary of asset impairments at the end of 2022 (excluding tax)

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	21/12/2022 (Released)	Real 2022		
In billion euros	**Total**	**Shareholders' equity**	**P&L**	**Total**
Appraised real estate assets	1.1	1.2	0.6	1.7
Non appraised real estate assets (*)	0.9 to 1.0		0.5	0.5
Real estate assets	**2.0 to 2.1**	**1.2**	**1.1**	**2.2**
Goodwill			0.4	0.4
Authorizations	*		1.4	1.4
Other fixed assets			0.2	0.2
Intangible assets	**2.5 to 2.7**	**0.0**	**2.0**	**2.0**
Receivables	**0.4**	**0.0**	**0.5**	**0.5**
Others	**0.1 to 0.2**	**0.0**	**0.2**	**0.2**
Impact of IAS 16 measurement	0.7	0.8		0.8
TOTAL	**5.7 to 6.1**	**1.9**	**3.8**	**5.7**

(*) WIP, LMP notably

Final amount at the bottom of the range communicated on 12.21.2022

Specific points relating to 2022 financial statements

1. Impairment tests of intangible assets (IAS 36)
2. Evolution of the value of operating properties held
3. Financial partnerships
4. **Non-current items**
5. Taxes

Non-current items

Non-current items 2022	€m
Depreciations IAS 36	3,081
Other real estate depreciations (assets under construction/other)	372
Depreciation of financial receivables	534
Crisis management expenses - refinancing	50
Crisis management expenses - HR	26
Crisis management expenses - others	36
Others (including accounts receivable adjustments)	124
TOTAL	4,223

NB: gross amounts before tax.

Specific points relating to 2022 financial statements

1. Impairment tests of intangible assets (IAS 36)
2. Evolution of the value of operating properties held
3. Financial partnerships
4. Non-current items
5. **Taxes**

Taxes

Taxes (income statement)	€m
Deferred taxes IAS 36	603
Others	(7)
TOTAL	596

No impact on cash-flow

Net income

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€m	2021	2022
EBITDAR	1,070	780
EBITDAR %	*24.9 %*	*16.7 %*
EBITDA	1,041	756
EBITDA %	*24.2 %*	*16.2 %*
D&A and provisions	(645)	(805)
EBIT	396	(49)
Financial result	(249)	(319)
Non current	(41)	(4,223)
Net income before tax	106	(4,591)
Income tax	(38)	596
Share in profit/(loss) of associates and JVs	(1)	(33)
Minority interests	(2)	1
Net result (Group share)	**65**	**(4,027)**

Note: EBITDA hors IFRS 16 2021 : 682 M€ / 15.9% margin ; 2022 : 342 M€ / 7.3% margin

Depreciations on new assets + additional IFRS 16 charge (new facilities…)

Impact of the increase of spreads in June Refinancing + rise in interest rates

Mainly IAS 36 impact + impairments of real estate and receivables with financial partners

Positive impact of the reversal of IAS 36 deferred tax liabilities

Cash flow statement 2022

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	(M€)
EBITDA excl. IFRS 16	**342**
EBITDA adjustments cash / non cash	11
Change in. WCR (excl. income tax)*	(23)
Operating CAPEX	(136)
Income taxes (cash)	(72)
Operational Cash Flow	**122**
Development capex	(638)
Real Estate disposals	132
Non-current items	(152)
Net financial expenses	(215)
Net financial investments	(94)
Changes in perimeter	(31)
Others	(40)
VAR. NET FINANCIAL DEBT (excl. IFRS)	**(916)**
Net financial debt (excl. IFRS) 12/31/2021	**(7,944)**
Change in net debt	(916)
Net financial debt (excl. IFRS) 12/31/2022	**(8,860)**

(*) excluding taxes, partnership financing and security deposits

- vs. €59m presented on November 15, 2022
- Reduction vs. the BP presented on November 15, 2022
- Mainly in The Netherlands
- Mainly Orpea crisis-related costs
- Related to past commitments

Net financial debt at the end of 2022

Structure of net financial debt at the end of 2022

€m	ORPEA SA	Subsidiaries	Total
June 2022 Financing	3,227	-	3,227
G6 New Money	-	-	-
Secured debt	320	1,762	2,082
Private Placements €	32	-	32
Sub-total secured debt	3,579	1,762	**5,341**
Listed bonds	1,400	-	1,400
Bank debt	155	416	571
Private Placements €	698	-	698
Schuldschein/NSV	1,570	136	1,706
Sub-total unsecured debt	3,823	552	**4,375**
Gross financial debt (excl. IFRS)	7,402	2,314	**9,716**

Cash flow	856	Net debt at end 2021 :	*Var.*
Net financial debt as at 31.12.2022 (excl. IFRS)	8,860	7,944	*916*
IFRS adjustments	*- 102*		
Net financial debt (IFRS view, excl. IFRS 16)	8,758	7,910	*848*

1

FINANCING OF €3.227bn WITH THE MAIN BANKING PARTNERS (*)

- Syndicated loan of €1.7bn with staggered maturities until 2025, of which €900m (A1 and A4 loans) had to be repaid before the end of 2023 out of the net proceeds from the sale of property assets (€1bn to be realized before the end of 2023)
- Refinancing line (Loan C) of €1.5bn to extend the maturity of certain debts to 2026

(*) *under a conciliation procedure approved on June 10, 2022. Terms and Conditions subject to adjustment pursuant to the agreement concluded on March 17, 2023 with the main banking partners*

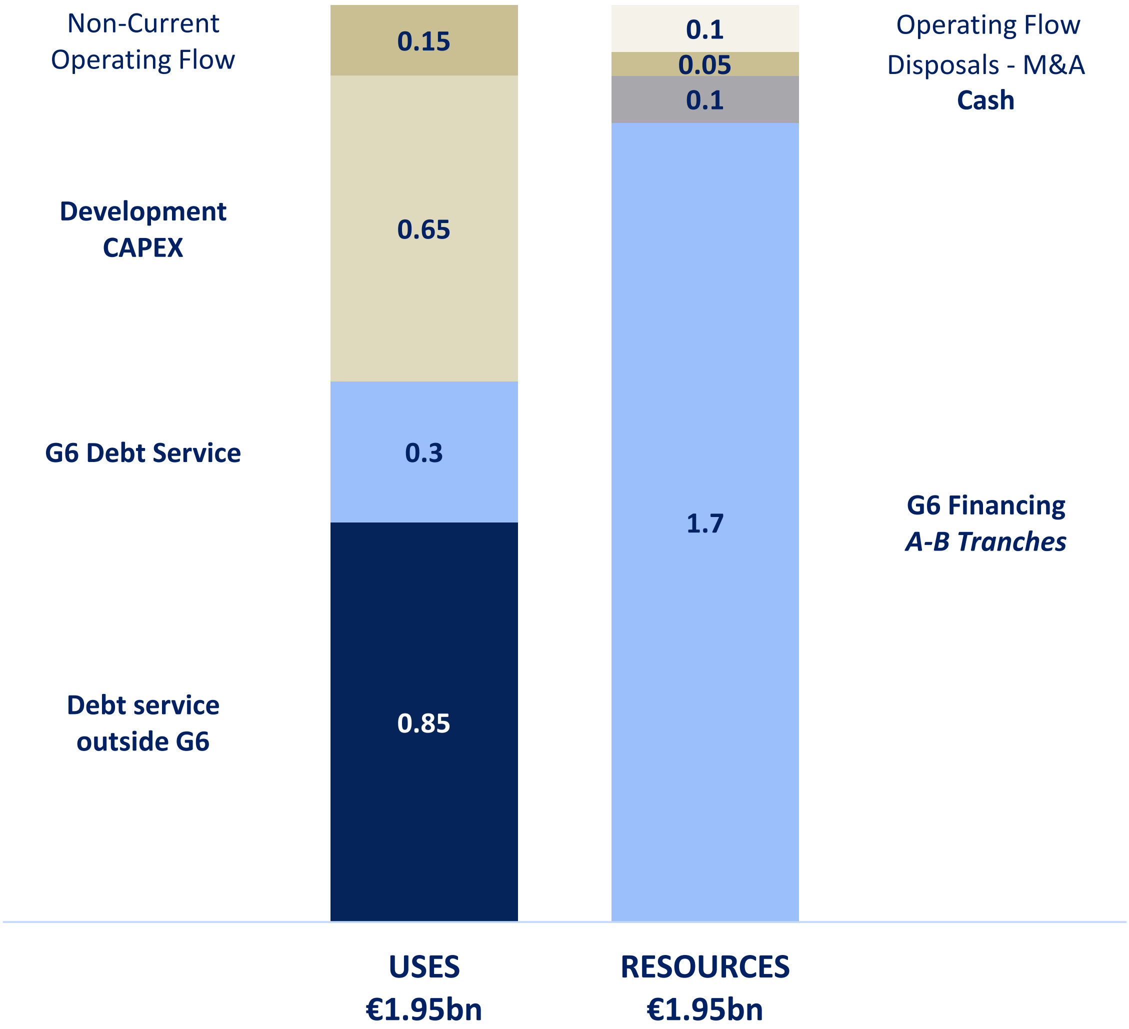
2

UNSECURED DEBT ORPEA SA

- Settlement of the entire amount (€3.8 billion) under the accelerated safeguard procedure opened on 24 March 2023, through a capital increase with maintenance of the preferential subscription rights of the existing shareholders (**) guaranteed by all unsecured creditors who will subscribe, if necessary, by way of compensation with their existing claims (conversion of the debt into shares)

(**) *any cash proceeds resulting from the subscription by the existing shareholders to this capital increase being used in full to reimburse the Company's unsecured financial creditors at par value in due proportion*

Use of new money from the June 2022 refinancing



The June 2022 new money (loans A & B) of €1.7bn mainly financed:

- ✓ Debt service excluding G6 (interests and principal repayments): €0.9bn
- ✓ Development CAPEX: €0.7bn

R1 and R2 covenants and adjustments under the accelerated safeguard

2022

~€2.3bn of financial debt comprising R1/R2 covenants at 12/31/2022, including:

- **€2bn** at ORPEA SA level, the application of which is suspended during the accelerated safeguard procedure and that will be converted into equity following the accelerated safeguard procedure
- **€0.3bn** for subsidiaries for which a signed or an agreement in principle has been obtained with regard to waivers relating to the R1/R2 financial ratio clauses

After the financial restructuring

1 single covenant that replaces R1/R2:

- Relates to **€0.4bn** of debt
- Leverage: net debt / EBITDA excl. IFRS 16
- Covenant holiday until H1 2025 and testing from 30 June 2025 at **9.0x**

Simplified view of the consolidated balance sheet at the end of 2022 (assets)

Restated from the withdrawal of IAS 16

(in million euros)	31/12/2022	31/12/2021 Restated *	31/12/2021 Published
ASSETS			
Goodwill	1,362,491	1,668,553	1,668,553
Intangible assets, net	1,592,231	3,076,406	3,076,406
Property, plant and equipment, net	4,374,692	5,324,490	7,237,005
Assets in progress	626,633	832,385	832,385
Right-of-use assets	3,499,987	3,072,567	3,072,567
Investments in associates and joint ventures	7,852	84,158	84,158
Non-current financial assets	180,997	94,703	94,703
Deferred tax assets	581,556	115,510	115,510
Non-current assets	**12,226,438**	**14,268,772**	**16,181,287**
Inventories	16,100	15,735	15,735
Trade receivables	455,368	431,630	431,630
Other receivables, accruals and prepayments	586,957	1,015,354	1,015,354
Cash and cash equivalents	856,417	952,369	952,369
Current assets	**1,914,842**	**2,415,088**	**2,415,088**
Assets held for sale	**353,154**	**387,952**	**387,952**
TOTAL ASSETS	**14,494,435**	**17,071,812**	**18,984,327**

Impairment of intangible assets

Real estate (including IAS 16 withdrawal)

Financial Partnerships

Simplified view of the consolidated balance sheet at the end of 2022 (liabilities)

Restated from the withdrawal of IAS 16

(in million euros)	31/12/2022	31/12/2021 Restated *	31/12/2021 Published
EQUITY AND LIABILITIES			
Total consolidated equity	(1,502,235)	2,335,364	3,811,228
Long-term financial debt	1,378,335	7,006,775	7,006,775
Non-current lease commitments	3,424,152	2,968,098	2,968,098
Provisions	296,195	148,436	148,436
Provisions for pensions and other employee benefit obligations	66,195	75,035	75,035
Deferred tax liabilities and other non-current liabilities	813,993	997,009	1,433,660
Non-current liabilities	5,978,870	11,195,353	11,632,004
Short-term financial debt	8,236,459	1,855,524	1,855,524
Current lease commitments	344,317	297,098	297,098
Provisions	(0)	22,464	22,464
Trade payables	326,954	334,797	334,797
Tax and payroll liabilities	411,874	329,107	329,107
Current income tax liabilities	112,471	68,808	68,808
Other payables, accruals and prepayments	529,494	633,297	633,297
Current liabilities	9,961,569	3,541,095	3,541,095
Liabilities held for sale	56,232	0	0
TOTAL EQUITY AND LIABILITIES	14,494,435	17,071,812	18,984,327

Negative shareholders' equity

Reversal of deferred tax liabilities (IAS 36)

Including €6.5bn reclassified from long-term to short-term due to the direct and indirect default related to the breach of R1/R2 covenants

Key figures vs. BP presented on November 15, 2022

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	Nov 15th 2022	Actual 2022	
Revenue	€4,688m	**€4,681m**	
EBITDAR	€797m	**€780m**	Difference resulting from the reclassification of ~€20m of IT capex in Opex in 2022 and over the duration of the BP
Net financial debt (excluding IFRS 16)	€9.02bn	**€8.86bn**	Variance mainly due to a reduction of capex
Development Capex [1]	€705m	**€638m**	Variance resulting from strict monitoring of committed programs (as a reminder, the projected amount in H1 2022 was > €900m)

[1] : mainly construction of new facilities

Extension of the deadline for the Shareholders' Meeting to approve the 2022 financial statements

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In accordance with applicable legal provisions, the Company has requested and obtained from the President of the Nanterre Commercial Court an extension of the deadline for the Shareholders' Meeting convened to approve the financial statements for the year ending December 31, 2022. The order issued by the President of the Nanterre Commercial Court on May 11, 2023 extends the meeting deadline **to December 29, 2023**. Consequently, the Company will convene and hold its annual shareholders' meeting before this date and, in any event, once the new shareholders have acquired their stake in the Company's capital.

Update on the Financial Restructuring

Key parameters

Financial restructuring is a prerequisite for the success of the Refoundation Plan

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The June 2022 plan was based on major real estate disposals

- 2022-25: €2bn disposal commitment
- From April 2022: discussions initiated with real estate investors (mid-sized operations and larger asset portfolios)

Several unfavourable developments have jeopardised the implementation of the disposals in the anticipated proportions and timing

- Rising interest rates impacting the real estate market
- Weakened operating performance in H1 2022 (inflation, occupancy rates)
- Continued strategic review and anticipation of first asset write-downs

➔ Deteriorated perception, uncertainty on covenants, and expectation of excessive leverage at end 2022 (>25x)

The success of the Refoundation Plan requires a major financial restructuring as envisaged under the accelerated safeguard procedure

› Reduction of net debt by converting unsecured debt into capital and providing new capital funding
› Securing the resources needed for the Refoundation plan: provision of new money and adjustment of the terms and conditions of the June 2022 loan

Submission of the financial restructuring plan to the approval of the classes of affected parties

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- The judicial administrators appointed by the Nanterre Commercial Court will convene the classes of parties affected by the Company's proposed accelerated safeguard plan (including the class of shareholders) (the "**Accelerated Safeguard Plan**") in order to vote on the Accelerated Safeguard Plan (including the capital increases referred to below), at meetings to be held, according to the indicative timetable envisaged to date, around **mid-June**

- In the event that the Accelerated Safeguard Plan is not approved by one or more of the classes of affected parties, it may, pursuant to article L.626-32 of the French Commercial Code, be adopted by the Commercial Court at the request of the Company or of the Judicial Administrator with the agreement of the Company and be imposed on the class or classes of affected parties that did not vote in favor, subject to compliance with the conditions set forth in the aforementioned provisions ("cross-class cram down")

- In the event of a **cross-class cram down**, the Accelerated Safeguard Plan will provide for the issuance, in each of the planned capital increases, of a **number of new shares ten times higher than the number of new shares that would be issued in the event of a favorable vote** of the Accelerated Safeguard Plan by each of the classes of affected parties, resulting in a **dilution of the existing shareholders (in the event that they decide not to participate in any of the capital increases), ten times higher, in the event of a cross-class cram down**

- This would result, **in the event of a cross-class cram down, in the issuance of new shares at issue prices ten times lower than the issue prices applicable in the event of a favorable vote** of the Accelerated Safeguard Plan by each of the classes of affected parties.

- The following two slides present the main financial parameters of each of the capital increases (i) in the event of approval of the Accelerated Safeguard Plan by each of the classes of affected parties and (ii) in the event of non-approval of the Accelerated Safeguard Plan by at least one of the classes of affected parties, and the implementation of a cross-class cram down with respect to the class(es) of affected parties concerned

Main characteristics of the capital increases provided for in the safeguard plan

Approval by each class of affected parties

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	1 Conversion of unsecured debt into capital	2 Capital increase Groupement New Money	3 Capital increase with preferential subscription rights
Main parameters and terms	Amount c. €3.8bn • Capital increase with preferential subscription rights for existing shareholders, guaranteed by all unsecured financial creditors of ORPEA SA, SA who subscribe, if applicable, by way of set-off against their existing receivables • Any cash proceeds resulting from the subscription by the existing shareholders will be used in full to repay the unsecured financial creditors of ORPEA SA at par value in due proportion • Approximately 6.4bn new shares issued	Amount c. €1.15bn • Capital increase in cash reserved for the Groupement, which fully subscribes to it • Approximately 6.5bn new shares issued	Amount c. €0.4bn • Capital increase in cash with preferential subscription rights for existing shareholders: • Subscribed on an irreducible basis by the members of the Groupement for approximately €0.2bn by exercising their preferential subscription rights • Open to all shareholders (including creditors who have become shareholders) and backstopped by the "SteerCo“ • Approximately 2.9bn new shares issued
Capital structure after each transaction (assuming no participation of existing shareholders)	• Unsecured creditors converted to equity: 99% • Existing shareholders: **1%**	• Groupement: 50.2% • Unsecured creditors converted to equity: 49.3% • Existing shareholders: **0.5%**	• Groupement: 50.2% • Unsecured creditors converted to equity: 39.6% • Unsecured creditors providing new equity (SteerCo): 9.2% • Existing shareholders: **0.4%**
Theoretical issue prices (1)	• Approximately **€0.60 per share** → > 3.3x	• Approximately **€0.18 per share**	• Approximately **€0.13 per share**

Transactions leading to massive dilution for existing shareholders and based on issue prices significantly below the current share price

(1) Excluding a possible reduction of the nominal value and/or consolidation of shares prior to the implementation of the capital increases

Main characteristics of the capital increases provided for in the safeguard plan

Not approved by at least one of the classes of affected parties

	1 Conversion of unsecured debt into capital	2 Capital increase Groupement New Money	3 Capital increase with preferential subscription rights
	Amount c. €3.8bn	**Amount c. €1.15bn**	**Amount c. €0.4bn**
Main parameters and terms	• Capital increase with preferential subscription rights for existing shareholders, guaranteed by all unsecured financial creditors of ORPEA SA, SA who subscribe, if applicable, by way of set-off against their existing receivables • Any cash proceeds resulting from the subscription by the existing shareholders will be used in full to repay the unsecured financial creditors of ORPEA SA at par value in due proportion • Approximately 65bn new shares issued	• Capital increase reserved for the Groupement, in cash, with priority right of shareholders if the shareholders, as a class of affected parties, do not approve the accelerated safeguard plan • This priority right will exclusively benefit the shareholders existing before the launch of the first capital increase, and will therefore not benefit the unsecured creditors who may become shareholders of the Company at the end of step 1 • Subscription of the Groupement up to the difference between the total amount of the capital increase and any amount subscribed by the shareholders via their priority right • Approximately 65bn new shares issued	• Capital increase in cash with preferential subscription rights for existing shareholders: • Subscribed on an irreducible basis by the members of the Groupement for approximately €0.2bn by exercising their preferential subscription rights • Open to all shareholders (including creditors who have become shareholders) and backstopeped by the "SteerCo" • Approximately 29bn new shares issued
Capital structure after each transaction (assuming no participation of existing shareholders)	• Unsecured creditors converted to equity: 99.9% • Existing shareholders: 0.1%	• Groupement: 50.2% • Unsecured creditors converted to equity: 49.8% • Existing shareholders: 0.05%	• Groupement: 50.2% • Unsecured creditors converted to equity: 40% • Unsecured creditors providing new equity (SteerCo): 9.8% • Existing shareholders: 0.04%
Theoretical issue prices (1)	• Approximately €0.059 per share → > 3,3x →	• Approximately €0.018 per share	• Approximately €0.013 per share

Transactions resulting in massive dilution for existing shareholders (and 10 times higher than the dilution incurred in the event of approval of the plan by each of the classes of affected parties) and based on issue prices that are significantly lower than the current share price

(1) Excluding a possible reduction of the nominal value and/or consolidation of shares prior to the implementation of the capital increases

The financial restructuring is also based on the implementation of a RCF by the main banking partners and on the modification of the terms and conditions of the June 2022 loan

1/ Implementation by the group's main banking partners of a RCF
2/ Modification of the terms and conditions of the June 2022 loan

NEW MONEY (RCF)

TOTAL: €400m + €200m

- D1: €400m (échéance 30/06/2026)
- D1A - €200m to be drawn by end of May 2023
- D1B - €200m to be drawn in July 2023
- D2+D3 = 2 x €100m "Bridge to Equity" available in the event of an appeal against the waiver of the launch of a takeover bid to be granted by the AMF (which would result in a delay of the planned capital increases)

Drawings D1B, D2 and D3 remain respectively subject to the establishment of securities and the approval of the safeguard plan by the Commercial Court of Nanterre

MAIN T&C, COMMITMENTS AND GUARANTEES GRANTED UNDER NEW MONEY FINANCING

- Margin: 2.00% p.a.
- Pledge on the shares issued by ORESC 26 directly holding 100% of the capital and voting rights of Niort 94 and Niort 95
- Commitment to maintain an LTV ratio of less than 55% at 31/12/2023 and less than 50% thereafter

MAIN T&C AND COMMITMENTS RESULTING FROM THE AMENDMENT OF THE TERMS AND CONDITIONS OF THE JUNE 2022 CREDIT

- Margin: 2.00% p.a.
- Final maturity: 31/12/2027
- Contractual amortisation: €200m per year over 2023, 2024 and 2026; €300m in 2025
- Property disposals > €1.25bn by end 2025 - replacing previous commitment of €2bn
- Annual cash sweep applicable from 30/06/2025: allocation of 75% of net disposal proceeds of property and operating assets (less contractual amortization) subject to maintaining a minimum liquidity of €300m until the end of the year concerned
- Minimum liquidity covenant (> €300m tested on a half-yearly basis)

Maturity of gross financial debt (excluding IFRS)

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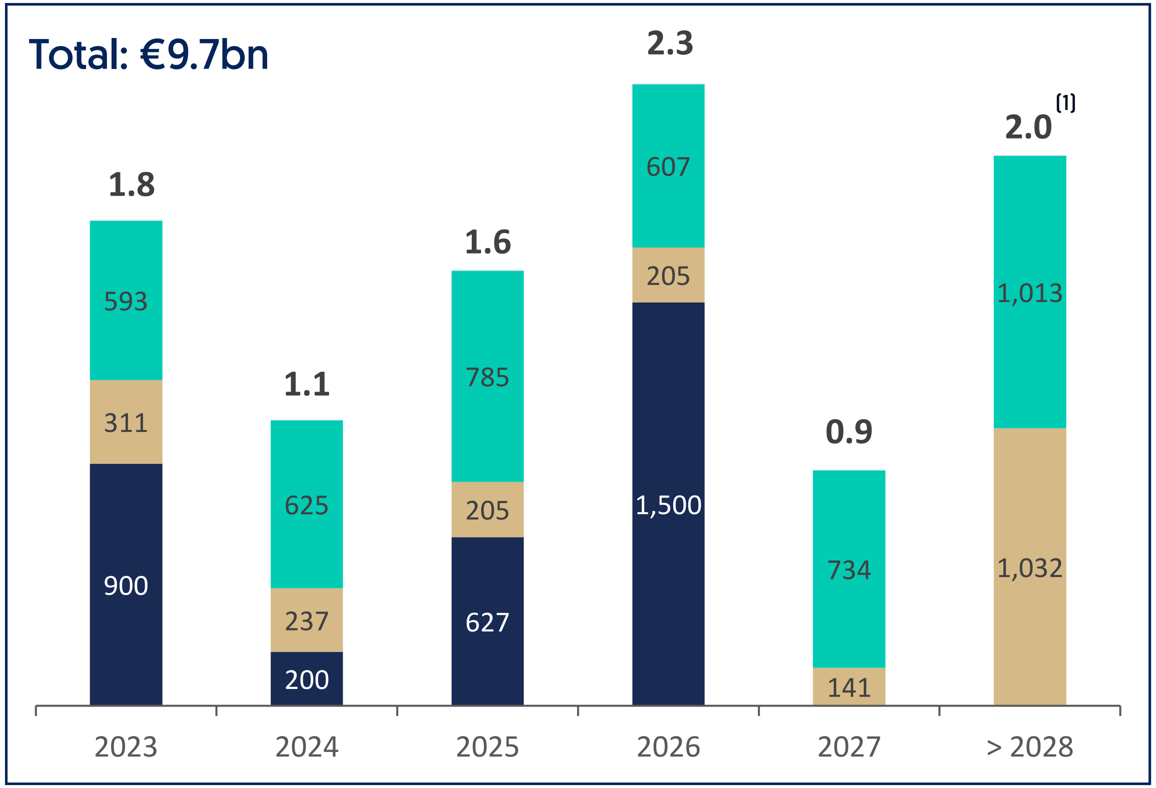
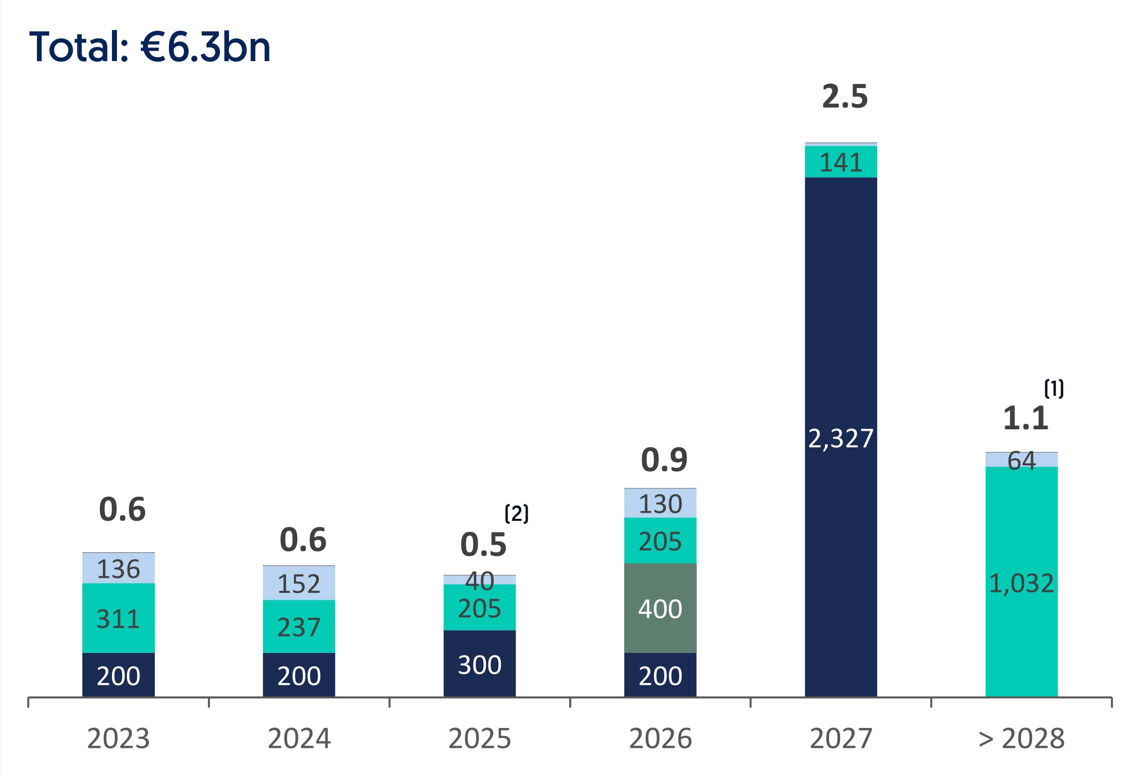
Maturity schedule (*) of gross debt at 31.12.2022 (€m, total in €bn)



Pro forma debt maturity of the financial restructuring (€m, total €bn)

- Conversion of ORPEA SA unsecured debt into shares
- Extension of the maturities of the financing to June 2022
- Drawdown of €400m of additional "new money" financing



Secured funding from June 2022 | Secured new money debt | Other secured debts (subsidiaries and ORPEA SA) | Unsecured debt (subsidiaries and ORPEA SA) | Unsecured debt (subsidiaries)

(*) Excluding IFRS reclassification to short term debt due to breach of R1/R2 covenants as at 31.12.2022

Notes:
1 Assumption of long-term renewal of the factoring line of €128M. It is included in the column '> 2028'
2 Repayment of additional principal of € 100 million in 2025 upon receipt of net proceeds of sale of € 100 million

Update of the 2022-2025 Business Plan

Update of the business plan presented on November 15, 2022

Business outlook 2022 → 2025 unchanged from the vision presented on November 15, 2022

- ✓ Update produced as a result of the reviews carried out in the context of the closing of the 2022 accounts
- ✓ Business outlook 2022 to 2025 unchanged from the vision presented on November 15, 2022
  - EBITDAR / EBITDA excluding IFRS 16 impacted by the reclassification of IT expenses from CAPEX to OPEX (~€19m in 2022 / €30m > 2022) → No impact on operating flows (adjustment to match IT CAPEX)

Financial projections 2022 → 2025 adjusted

- ✓ Considering the 2022 accounts
- ✓ Considering the terms and conditions of the Safeguard Plan (lock-up agreement and G6 agreement)
- ✓ Based on a real estate disposal program of €1.25bn over the period (G6 commitment)

Business perspectives 2022 → 2025

	2022 Real	2025 actualized[1]	CAGR 22-25
Revenue	€4,681m	€6,102m *Unchanged*	+9%
EBITDAR (% CA)	€780m (16.7%)	€1,216m (19.9%) *€30m IT reclassification Capex to Opex*	+16%
EBITDA excl. IFRS 16[2] (% CA)	€342m	€671m *~€45m rental income from property disposals*	+25%
# BEDS	90,860	96,806 *Unchanged*	+2%

Note : (1) 2025 figures from 2022 geographical scope, (2) IFRS 16 EBITDA - external property rental expenses not considered in IFRS 16 EBITDA (net of all external property rentals)

2022 → 2025 : Operating cash-flow generation

€m [reminder of figures presented on 11/15/2022]	2022R	2023	2024	2025	2022-2025
Operating Cash-Flow[1]	122 [159]	43 [132]	322 [295]	416 [471]	903 *€[53]m vs. novembre 22*
Development Capex	(638) [(705)]	(478) [(544)]	(282) [(216)]	(124) [(132)]	(1,522) *+€75m vs novembre 22*
Net balance	**(516)** **[(646)]**	**(435)** **[(412)]**	**40** **[79]**	**292** **[339]**	(619) *+€22m vs novembre 22*

Note : (1) EBITDA excluding IFRS 16 - change in WCR and other non-cash current items - Maintenance and IT CAPEX - Taxes paid

Debt reduction 2023-2025: November 15, 2022 vision

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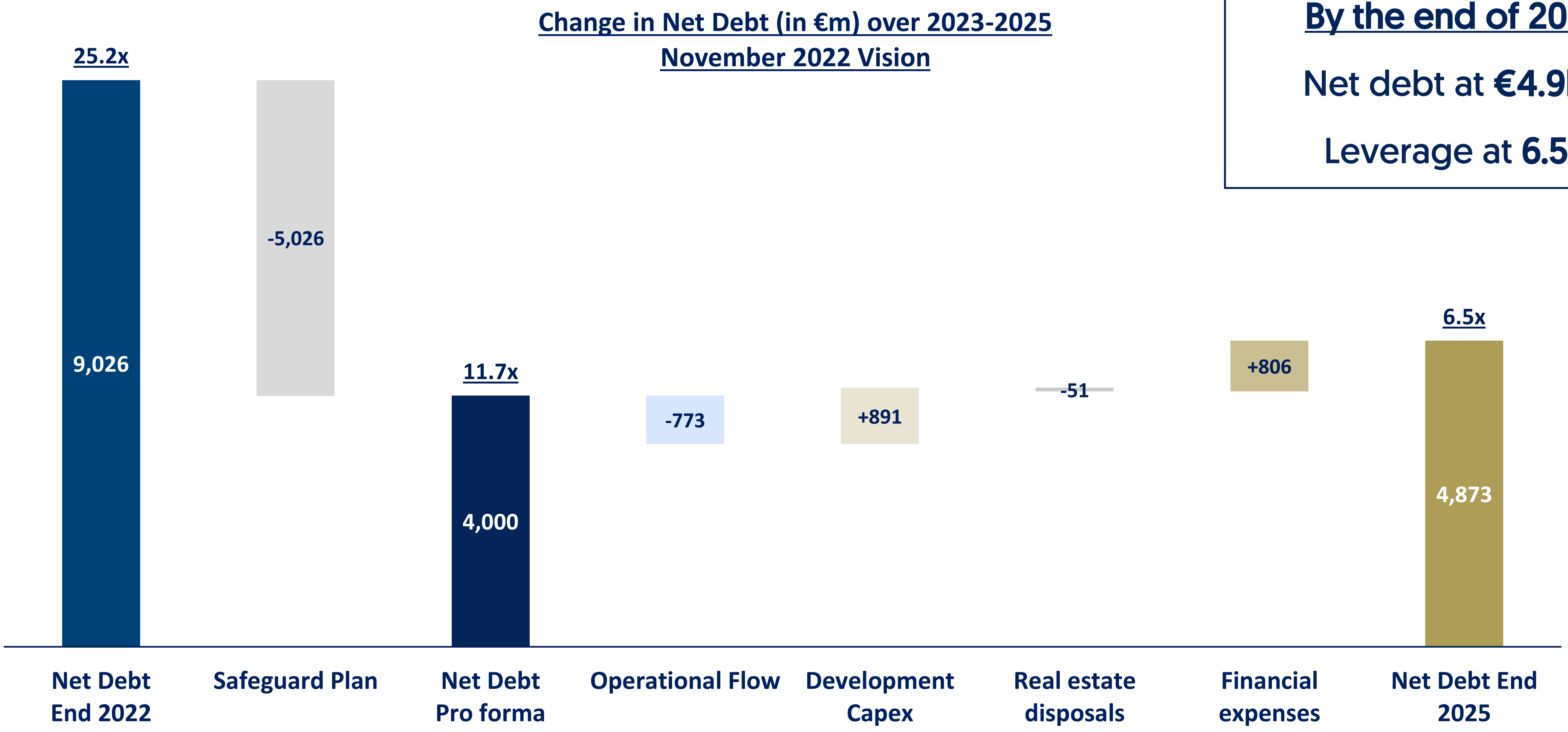
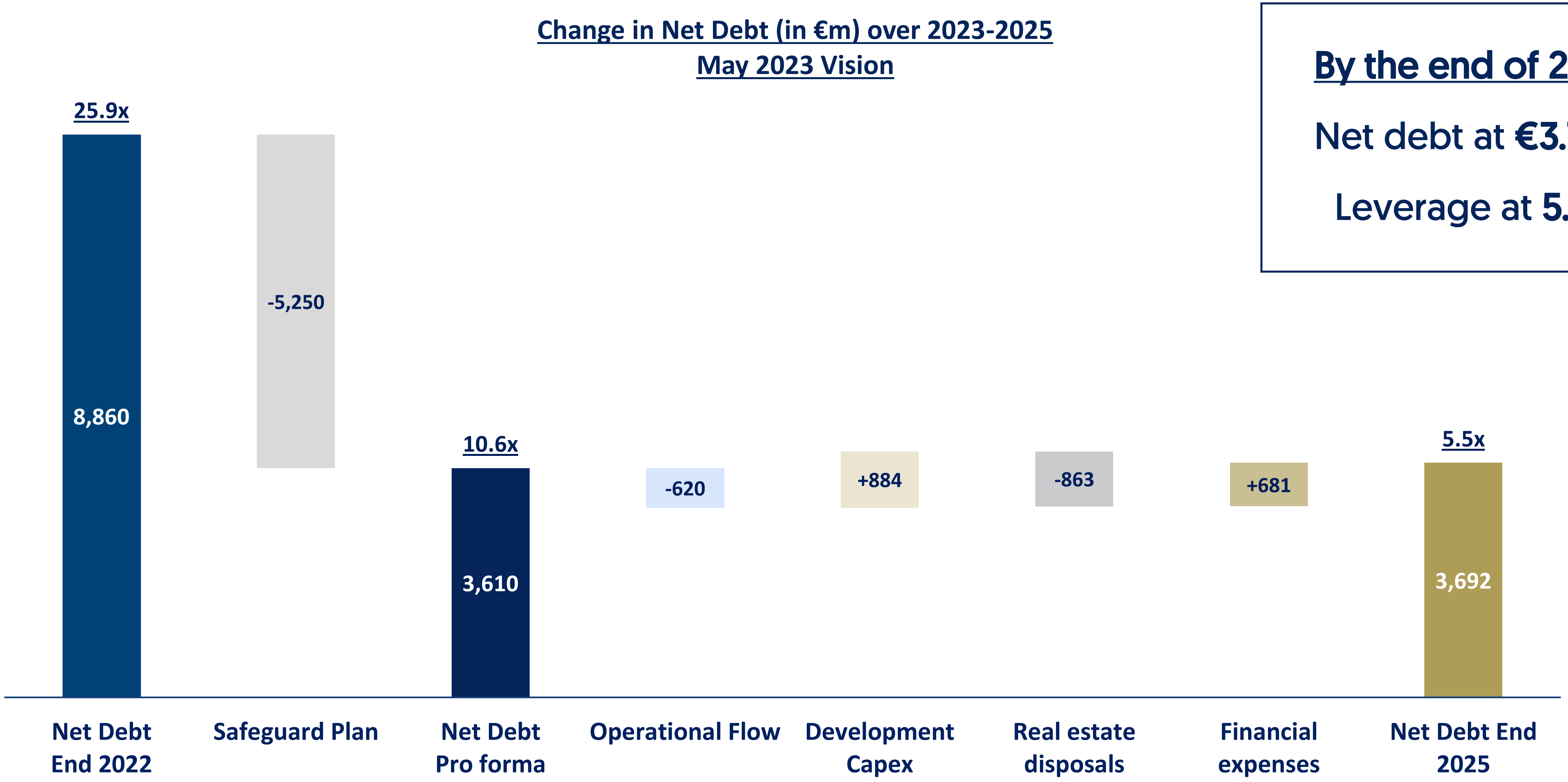


By the end of 2025

Net debt at **€4.9bn**

Leverage at **6.5x**

Debt reduction 2023-2025: updated vision (May 2023)

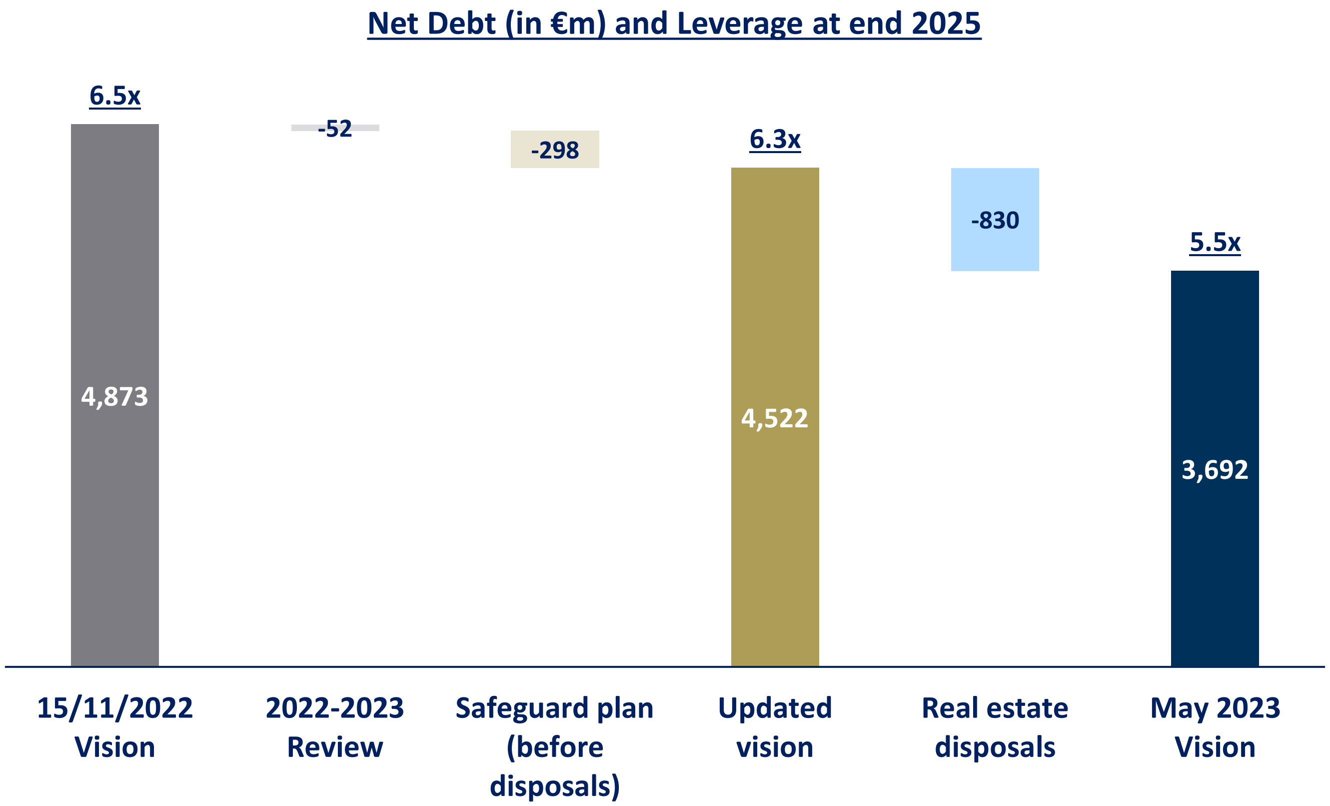


By the end of 2025

Net debt at **€3.7bn**

Leverage at **5.5x**

Summary: update of the leverage target to end 2025



- Leverage at the end of 2025 is a **key parameter** for the Group's future refinancing trajectory (horizon 2025-2026)
- Target net debt at the end of 2025 reduced by **€1.2bn** from one vision to the next:
  - ≈ **€50m** following the 2022-2023 review
  - ≈ **€300m** under the terms and conditions of the Safeguard Plan
  - ≈ **€830m** under the property disposal program

✓ A more ambitious leverage target of **5.5x** at the end of 2025

Q1 2023 Revenue

Q1 2023 Revenue

€m	Revenue Q1 2022	Revenue Q1 2023	Growth	Organic Growth*
France Benelux UK Irlande	679	720	+6.0%	+5.8%
Central Europe	283	322	+13.7%	+12.6%
Eastern Europe	101	121	+19.7%	+19.6%
Iberian peninsula and Latam	55	69	+24.7%	+21.8%
Other countries	1	2	+88.0%	+3.4%
TOTAL	**1,120**	**1,234**	**+10.2%**	**+9.5%**

Occupancy rate (avg.)	Q1 2022	Q1 2023	Var. (bps)
France Benelux UK Ireland	84.9%	83.8%	(115) bps
Central Europe	78.1%	81.5%	340 bps
Eastern Europe	80.9%	83.7%	287 bps
Iberian peninsula and Latam	74.4%	83.2%	886 bps
Other countries	83.5%	42.9%	(4062) bps
Total	**81.4%**	**83.0%**	**160 bps**

- **Dynamic organic growth: 9.5%**
- **Average occupancy rate of 83%, up +160 bps vs Q1 2022**
- **In France, business was solid in clinics, while the occupancy rate in nursing homes did not recover to date**
- In Central Europe, Eastern Europe and in the Iberian Peninsula and Latin America, business benefited from an upturn in occupancy rates and a favorable price effect.

*Organic growth in Group revenues includes: 1. Change in revenue (N vs. N-1) of existing facilities resulting from changes in their occupancy rates and per diem rates; 2. Change in revenue (N vs. N-1) of facilities that have been restructured or whose capacity has been increased in N or N-1; 3. Revenue generated in N by facilities created in N or in N-1, and the change in revenue of recently acquired facilities over a period equivalent in N to the consolidation period in N-1.

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Next steps and outlook

Laurent Guillot

Group Chief Executive Officer

ORPEA GROUP

Transforming ourselves to become once again the benchmark operator in the care and support of the most vulnerable

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Completing the return to basics	**Continue the structuring of our financial, IT, purchasing and HR functions affected by the crisis**
Supporting the cultural transformation of the group	**Develop "trust & inspire" management based on responsibility, ethics and trust**
Strengthening care and support at the heart of our activities	**Implement the group's medical and nursing project by decompartmentalising our professions and our establishments**
Restoring financial stability	**Successfully implement the financial restructuring plan**
Committing the company to a mission-based model	**By living our values, by affirming our "Raison d'être", by transforming our business model**

A responsible group, sustainable practices, a positive impact

A corporate project with a mission focused on care, in line with contemporary sustainability issues

DISCLAIMER

This document contains forward-looking statements that involve risks and uncertainties, including references, regarding the Group's expected growth and profitability in the future that may significantly impact the expected performance indicated in the forward-looking statements. These risks and uncertainties relate to factors out of the control of the Company and not accurately estimated, such as market conditions. Any forward-looking statements made in this document are statements about the Company's beliefs and expectations and should be evaluated as such. Actual events or results may differ from those described in this document due to a number of risks or uncertainties described within Chapter 3 of the Company's 2022 Universal Registration Document, which is available on the Company's website, on the French financial markets regulator, AMF's website (www.amf-france.org), and in the 2022 Half-Year Financial Report published on September 30, 2022.