KORIAN

2022 HALF-YEAR FINANCIAL REPORT

Chapter 1

HALF-YEAR MANAGEMENT REPORT

1.1 Message from the Chief Executive Officer

Korian community has once again demonstrated resilience and commitment to provide high quality of care to fragile people at their home or in our facilities in an unstable environment. In a scarce labour market environment and according to our ESG roadmap, we have been more than ever focusing on developing education programmes, now enabling us to cover half of our recruitment requirements and we are continuing to reinforce our staff ratios to ensure care quality. We benefit from the strong involvement of our employees in the transformation of our company, through active social dialogue at all levels and now through dedicated employee shareholding structure, which allows us to pursue that repositioning of our Group and its transformation to become a purpose drive company, dedicated to the prevention and care for fragile people in their communities.

Sophie Boissard, Chief Executive Officer of Korian

1.2 Activities of the Korian group in the first half of 2022

1.2.1 KEY EVENTS DURING THE FIRST HALF OF 2022

GOVERNANCE

At the Combined General Meeting held on 22 June 2022, the Company's shareholders approved the conversion of Korian into a European company. This new legal structure, in line with the Group's European presence, aims to promote enhanced social dialogue at European level on issues of shared interest, such as healthcare and human resources policies. It reinforces the Group's European identity.

Korian has also confirmed its intention to adopt public benefit company status at the conclusion of the next General Meeting. This conversion will require adding the corporate mission statement to the Company's articles of association and including representatives of its main stakeholders in its governance structure, through a Corporate Mission Committee.

Korian has initiated work in this regard within its General Management Committee and its Board of Directors, in which all its stakeholders will be involved.

The General Meeting also approved the renewal of the terms of office of Jean-Pierre Duprieu, Anne Lalou and Dr Jean-François Brin as directors for a period of three years. The Board of Directors, which met after the General Meeting, reappointed Jean-Pierre Duprieu as Chairman of the Board. Finally, the General Meeting approved the appointment of a new director, Philippe Lévêque, whose membership on the Board of Directors will enhance its expertise in ESG policy and stakeholder dialogue. At the conclusion of the General Meeting, Philippe Lévêque was appointed Chairman of the Ethics, Quality and CSR Committee.

CHANGES IN THE PORTFOLIO

The Group pursued its selective acquisitions, offer expansion and geographic diversification strategy throughout the first half of 2022.

- United Kingdom: Continued expansion of the network in England, with the acquisition of two new 150-bed facilities
- Italy: Offer in the mental health sector in Italy reinforced with the acquisition of the IHG group, which has a capacity of 1,000 beds and outpatient services in the Lazio region.

Furthermore, in France, Korian is pursuing the disposal programme announced in July 2021. Assets still to be disposed of are currently classified as "Assets classified as held for sale" and "Liabilities directly associated with assets classified as held for sale".

FINANCING:

On 18 January 2022, Korian announced the success of its Schuldschein debt issue for an amount of €377 million. The debt financing was issued with long maturities of between five and eight years, and mostly at fixed rates. Their coupons are lower than those of the Group's previous Schuldschein issues, with rates of 1.30% for five-year maturities, 1.55% for seven-year maturities and 1.70% for eight-year maturities[1]. This issue was settled over two months, partially in 2021 and the balance completed in 2022.

1.3 Review of consolidated results and the financial position at 30 June 2022

Korian uses EBITDAR as its benchmark indicator because it makes it possible to assess its operating performance separately from its real estate policy. EBITDAR is gross earnings from operations before rental expenses that are not within the scope of IFRS 16 "Leases".

EBITDA is EBITDAR, as defined above, less rental expenses.

The comments that follow are based on the financial statements presented before application of IFRS 16 and are provided for comparison purposes with the previous year. It should be noted that due to the IFRIC interpretation on the recognition of configuration or customisation costs in a cloud computing arrangement, the results for the first half of 2021 have been restated to reflect the impact of the application of this interpretation (see Note 1.2 to the condensed consolidated half-year financial statements).

1.3.1 FIRST-HALF 2022 RESULTS

Revenue reached €2,224 million, growing by 5.5% versus 2021:

- Solid organic growth of 5.3% mainly driven by volume effect on core network whilst compensation funding running off, impact of - 2.2% versus 2021
- 67 nursing home facilities sold or closed in the last 12 months ; impact of -3.5% on reported growth

The modernization and acceleration of the diversification of the business portfolio continues

- Long term care: pursuit of modernisation and specialisation plan for 350 facilities by 2025 (c. 50% of the network), with 150 projects already finalised and sale or closure of 67 facilities (c. 8% of the network)

1 For the five-year variable rate tranches the rate was Euribor+1.30% and Euribor+1.55% for the seven-year maturities.

- Community Care: opening of 57 new Community care residences with 1,244 beds over the last 12 months and the opening of 42 new Petit-Fils agencies (total of 234 agencies) over the same period
- Second Ages&Vie community care development programme: new investment of €400 million to be rolled out through the partnership between the Banque des Territoires, Crédit Agricole and Korian.
- Healthcare: Opening of 14 new clinics or extensions over the last 12 months and 30 projects in the pipeline, 2 targeted acquisitions in Italy, ambulatory capacity rising by 17% with a total healthcare network of 173 facilities in operation
- Healthcare activities now representing 25% of Group revenue (+2 points versus 2021) and 75% of people cared for

EBITDA is resilient at €283.0 million pre IFRS 16 and € 491.1 million post IFRS 16 representing a margin rate of 12.7% and 22.1% respectively:

- EBITDA margin rates reduced by 40 and 30 bps, pre and post IFRS 16 respectively, notably reflecting time lag between the salary repositioning and inflation of costs and the consequential rise in tariffs postponed to September in Germany
- Impact of compensation and staff ratio repositioning : staff costs now representing 60.0% of revenues up 90 basis points since June 2021
- Other cost increase contained and in line with revenue thanks to proactive procurement pan-European contract management

Operational Free Cash flow is progressing significantly to reach € 81.5 million.

1.3.2 SIMPLIFIED INCOME STATEMENT

In million of euros	30.06.2022 incl. IFRS 16	*IFRS 16 adj.*	30.06.2022 excl. IFRS 16	30.06.2021 excl. IFRS 16
Revenues and other income	**2 224.0**	**-**	**2 224.0**	**2 107.5**
EBITDAR	***525.9***	***2.1***	**528.0**	**517.9**
as % of revenue	*23.6%*	*-*	*23.7%*	*24.6%*
External rents	*-34.8*	*-210.1*	-244.9	-242.4
EBITDA	***491.1***	***-208.0***	**283.0**	**275.5**
as % of revenue	*22.1%*	*-*	*12.7%*	*13.1%*
Operating income	***131.0***	***-24.0***	**107.0**	**118.6**
as % of revenue	*5.9%*	*-*	*4.8%*	*5.6%*
Net financial income	*-104.2*	*34.8*	-69.4	-66.6
Profit (loss) before tax	***26.8***	***10.8***	**37.6**	**51.9**
Net profit/(loss) attributable to owners of the Group	***12.9***	***8.8***	**21.7**	**43.7**
as % of revenue	*0.6%*	*-*	*1.0%*	*2.1%*

1.3.3 FINANCIAL POSITION

The Group's balance sheet is strong, with adjusted leverage of 3.6x, compared to 3.4x in the same period last year, and net operating liabilities of €1,778 million.

The Group continues to deploy its real estate strategy through targeted investments in assets deemed strategic for the performance and development of the network, reaching a gross value of €3,329 million and a net value of over €1,486 million after taking into account real estate debt.

Net financial debt totalled €3,621 million, compared to €3,228 million at end-December 2021.

Korian had cash of over €1.38 billion at the end of June 2022, including a substantial cash position of €884 million on the balance sheet and an unused syndicated credit line of €500 million.

The Group is well hedged against rising interest rates, with 100% of its net debt hedged. 57% of the Group's gross debt is at fixed rates and the hedging policies in place hedge 81% of the Group's gross debt against interest rate risk. The average interest rate is 2.0%.

1.3.4 HUMAN RESOURCES AND CSR COMMITMENTS

Launch of KORUS, the Group's first employee share ownership plan

On 28 March 2022, KORIAN announced the launch of KORUS 2022, its first Europe-wide employee share ownership plan. This plan is open to all employees in Europe and offers favourable terms, including an employer matching contribution and protection against the risk of capital loss. Over 9,250 employees, or 15% of eligible employees, participated in the offer, at a price per share of €14.25. In France, the transaction was particularly well received, with nearly 24% of the workforce subscribing, i.e. over 5,600 French employees. Settlement and delivery will take place in July 2022.
This transaction was carried out with virtually no dilution of existing shareholders' interests thanks to the share buyback programme announced on 9 December 2021.

Under the ESG component of the share buyback programme, the bulk of the outperformance achieved, i.e. slightly over €900,000, was allocated to projects supported by the Korian Foundation to promote the profession of caregiver, inclusion and access to work for young people.

Main 2022 ESG commitments are well on track:

- HR policies
    - Education: c.4,800 employees integrated in education programmes to date (i.e. 80% of the FY 2022 target of 10% employees)
    - Retention and loyalty: Average tenure progressing at 7.4 years (+10bp since June 2021) and average staff ratio in long term care (resident / staff) strengthened at 0.7
    - Fair compensation: salary agreements signed in France and Germany, to support attractive compensation and benefit policies
    - Health & Safety: work related accidents frequency rate decreasing to 45 (vs 48 in FY2021), in line with FY 2022 target of 45

    - Employee participation: success of the first Employee shareholding scheme, Korus, with 9,250 employees (15%) owning 2.5 % of the Company's shares through a specific shareholding fund

- Quality of care :
    - ISO 9001 certification programme on track, with 30% of the facilities already certified to date and 50% to be certified by end of 2022
    - Transparency: key quality-related metrics available for 100% of nursing homes in France on www.korian.fr

1.4 Significant events since 30 June 2022

Information about post-balance sheet date events is provided in Note 12 to the condensed half-year consolidated financial statements in this Half-Year Management Report.

1.5 Risk factors

No risks are foreseen other than those described in chapter 2 "Risk factors" of the 2021 Universal Registration Document, which was filed with the French Financial Markets Authority ("AMF") on 20 April 2022 under number D.21-0331.
There were no significant changes to these risk factors in the first half of 2022.

1.6 Related-party transactions

Details of related-party transactions in the first half of 2022 can be found in Note 13 to the condensed half-year consolidated financial statements in this Half-Year Management Report.
There have been no significant changes from the information provided in the Company's 2021 Registration Document.

1.7 Outlook

2022 guidance is updated: organic growth around 6% and EBITDA margin stable compared to 2021.

Chapter 2

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AT 30 JUNE 2022

2.1 Condensed half-year consolidated financial statements at 30 June 2022

Consolidated income statement

In thousands of euros	Notes	30.06.2022	30.06.2021 restated**
Revenue	**3.2**	**2 165 456**	**2 006 472**
Other income	3.2	58 537	101 000
Revenue and other income		**2 223 993**	**2 107 472**
Purchases used in the business		-168 474	-161 110
Payroll expenses (1)	4	-1 333 450	-1 245 918
External expenses (1)		-218 181	-207 506
Taxes and contributions (1)		-18 587	-25 594
Other operating income and expenses		5 764	5 310
Earnings before interest, taxes, depreciation and amortisation		**491 065**	**472 654**
Depreciation/amortisation and impairment		-322 205	-308 663
Other operating income and expenses	3.3	-37 860	-27 052
Operating income	**3.1**	**131 000**	**136 938**
Cost of net debt (2)	8.1	-44 161	-42 529
Other items of financial income (2)	8.1	-60 028	-59 135
Financial income	**8.1**	**-104 189**	**-101 664**
Pre-tax income		**26 811**	**35 275**
Income tax	10	-6 281	8 748
Profit/(loss) of consolidated companies		**20 530**	**44 023**
Profit/(loss) from equity-accounted companies		-775	-804
Net income		**19 755**	**43 219**
Non-controlling interests		-6 859	-12 584
Net income attributable to owners of the Group		**12 896**	**30 635**
Earnings per share attrib. to owners of the Group (in euros)	7	0.12	0.29
Diluted earnings per share attrib. to owners of the Group (in euros)	7	0.08	0.22
NET INCOME ATTRIBUTABLE TO OWNERS OF THE GROUP		**12 896**	**30 635**
Recyclable items: impact of IFRS 9 and IFRS 2 (measurement of hedging instruments and free share plans) net of tax	*	74 269	6 955
Non-recyclable items: impact of IAS 19 (actuarial gains and losses)	*	7 673	774
Gains and losses recognised directly in equity (attributable to owners of the Group)	*	**81 942**	**7 729**
Net income and gains and losses recognised directly in equity (attributable to owners of the Group)	*	94 838	38 364
Net income and gains and losses recognised directly in equity (non-controlling interests)	*	6 859	12 584

** see Changes in shareholders' equity*

***Includes the impact of the IFRIC's final decision on the costs of configuration and customizations of software used under a SaaS contract, as described in Note 1.2*

(1) Reclassification as payroll expenses for the reporting period of taxes and contributions in the amount of €43M, corresponding to salary-based taxes, and external expenses in the amount of €45.1M.

(2) Reclassification of IAS 23 capitalised interest for an amount of €0.7M and the impact of the effective interest rate for an amount of €2.3M as cost of gross debt over the reporting period.

Consolidated statement of financial position

Assets

In thousands of euros	Notes	30.06.2022	31.12.2021 restated*
Goodwill	5.1	3 231 053	3 213 838
Intangible assets	5.2	2 192 732	2 180 718
Property, plant and equipment	5.3	3 276 312	3 078 162
Rights of use	5.5	3 437 522	3 469 383
Financial assets		39 811	42 679
Equity-accounted investments		19 586	19 460
Deferred tax assets		113 680	98 482
Non-current assets		**12 310 698**	**12 102 721**
Inventories	3.4	26 467	28 236
Trade receivables and related accounts	3.4	406 364	364 674
Other receivables and currents assets	3.4	490 656	453 285
Current tax receivables		56 309	60 088
Financial instruments – assets	8.2	86 393	7 343
Cash and cash equivalents	8.3	884 397	1 214 564
Current assets		**1 950 585**	**2 128 190**
Assets held for sale	2	73 288	77 161
TOTAL ASSETS		**14 334 571**	**14 308 073**

Liabilities

In thousands of euros	Notes	30.06.2022	31.12.2021 restated*
Share capital		528 093	527 968
Premiums		1 196 253	1 196 253
Reserves and consolidated results		1 757 325	1 769 066
Equity attributable to owners of the Group		**3 481 671**	**3 493 287**
Non-controlling interests		289 300	271 131
Total shareholder's equity		**3 770 971**	**3 764 417**
Provisions for pensions		91 894	98 942
Deferred tax liabilities		631 068	584 317
Other provisions	9	48 146	50 024
Loans and financial liabilities	8.2	3 985 752	3 761 482
Non-current lease liabilities	5.5	3 430 413	3 425 247
Other non-current liabilities		104 762	173 104
Non-current liabilities		**8 292 035**	**8 093 115**
Provisions for current liabilities	9	14 944	15 565
Trade payables and related accounts	3.4	493 627	499 717
Other payables and accruals	3.4	831 400	760 528
Current tax payables		35 596	69 166
Borrowings due within one year and bank overdrafts	8.2	519 636	680 808
Current lease liabilities	5.5	331 629	360 030
Financial instruments - Liabilities	8.2	1 286	20 693
Current liabilities		**2 228 117**	**2 406 507**
Liabilities associated with assets held for sale	2	43 447	44 033
TOTAL LIABILITIES		**14 334 571**	**14 308 073**

**Includes the impact of the IFRIC's final decision on the costs of configuration and customizations of software used under a SaaS contract, as described in Note 1.2*

Consolidated statement of cash flows

	Notes	30.06.2022	30.06.2021 restated*
Net income		**19 755**	**43 219**
Income tax expense		6 281	-8 748
Net depreciation/amortisation and provisions		309 265	287 960
Net income of equity-accounted companies		775	804
Gain (loss) due to changes in fair value and non-cash items		-81	979
Elimination of dividend proceeds		-366	
Gain on disposal of assets		11 884	35 070
Elimination of acquisition costs of investments		2 572	5 905
Elimination of cost of net financial debt		104 559	100 859
Cash flow before cost of net debt		**454 644**	**466 048**
Change in inventories		353	-2 877
Change in trade receivables		-35 097	-44 167
Change in trade payables		-1 443	11 159
Change in other items		-7 314	-102 978
Change in working capital requirements		**-43 501**	**-138 864**
Income taxes paid		**-42 535**	**-15 037**
Net cash flow from operations		**368 608**	**312 147**
Impact of changes in scope (acquisitions)	2	-166 791	-323 205
Impact of changes in scope (disposals)	2	3 645	-
Investments in property, plant and equipment and intangible assets disbursed	5.4	-272 687	-249 903
Other financial investments		1 169	17 913
Proceeds from disposals of non-current assets (excluding investments)		6 848	4 071
Net cash flow from investment transactions		**-427 817**	**-551 124**
Net cash flow		**-59 209**	**-238 977**
Capital increase and related premiums		10 667	-200
Treasury shares charged to equity		-39 532	-290
Debt instruments issued	8.2	505 185	741 711
Repayment of borrowings and financial debt	8.2	-398 101	-602 903
Repayment of lease liabilities	5.5	-200 982	-190 328
Other financial flows in relation to financing activities		-24 847	224 173
Net interest paid		-94 411	-93 218
Dividends		-8 879	-7 287
Net cash flow in relation to financing activities		**-250 899**	**71 658**
Impact of exchange rate fluctuations		-3 727	27
CHANGES IN CASH POSITION		**-313 835**	**-167 292**
Cash position at the start of the period		**1 197 566**	**1 147 261**
Cash position at the end of the period		**883 731**	**979 914**
including			
Marketable securities	8.3	28 462	110 565
Cash and cash equivalents	8.3	855 935	890 387
Bank overdrafts	8.2	-665	-21 038

**Includes the impact of the IFRIC's final decision on the costs of configuration and customizations of software used under a SaaS contract, as described in Note 1.2*

Changes in consolidated equity

In thousands of euros	Capital	Premiums	Shares and equity instruments	Investments and financial placements	Cash flow hedges and cost of hedging	Employee benefits	Charged directly to equity	Reserves and consolidated results	Equity attributable to the Group's owners	Non-controlling interests	Total shareholder's equity
As at 31 December 2020	**525 190**	**1 182 777**	**2 358**	**300 305**	**-25 256**	**-37 480**	**236 506**	**972 577**	**3 156 978**	**165 566**	**3 322 546**
Application of IFRIC interpretations - IAS 38	-	-	-	-	-	-	-	-3 553	-3 553	-	-3 553
As at 31 December 2020 restated*	**525 190**	**1 182 777**	**2 358**	**300 305**	**-25 256**	**-37 480**	**236 506**	**969 024**	**3 153 425**	**165 566**	**3 318 993**
Dividends distributed	-	-	-	-	-	-	-	-0	-0	-5 032	-5 032
Capital increase	90	-	-	-	-	-	-	-90	0	10 032	10 032
Business combinations	-	-	-	-	-	-	-	-	-	-	-
Treasury shares	-	-	-1 431	-	-	-	-	-	-1 431	-	-1 431
Equity instruments	-	-	-	222 314	-	-	-	-	222 314	-	222 314
Acquistion of non-controlling interests and other changes	-	-	-	-	-	-	-	3 793	3 793	1 283	5 076
Net income for the period restated*	-	-	-	-	-	-	-	***30 635***	***30 635***	***12 584***	***43 219***
Impact of IAS 19 (actuarial gains & losses)	-	-	-	-	-	774	-	-	774	-	774
Impact of IFRS 16 on restatement of lease income (net of tax)	-	-	-	-	-	-	40	-	40	-	40
Currency translation differences	-	-	-	-	-	-	-	-3	-3	-	-3
Measurement of hedging derivatives and free share plans	-	-	1 306	-	5 649	-	-	-	6 955	-	6 955
Comprehensive income	-	-	***1 306***	-	***5 649***	***774***	-	***30 635***	***38 364***	***12 584***	***50 948***
As at 30 June 2021 restated*	**525 280**	**1 182 777**	**2 233**	**522 619**	**-19 607**	**-36 706**	**236 546**	**1 003 358**	**3 416 502**	**184 433**	**3 600 937**
Dividends distributed	-	-	-	-	-	-	-	-31 511	-31 511	-14 464	-45 975
Capital increase	2 688	13 475	-	-	-	-	-96	90	16 156	-10 032	6 124
Business combinations	-	-	-	-	-	-	-	-	-	-	-
Treasury shares	-	-	-11 138	-	-	-	-	-	-11 138	-	-11 138
Equity instruments	-	-	-	11 456	-	-	-	-	11 456	-	11 456
Acquistion of non-controlling interests and other changes	-	-	-	-	-	-	-	16 856	16 856	102 005	118 860
Net income for the period restated*	-	-	-	-	-	-	-	***60 483***	***60 483***	***9 188***	***69 670***
Impact of IAS 19 (actuarial gains & losses)	-	-	-	-	-	3 508	-	-	3 508	-	3 508
Impact of IFRS 16 on restatement of lease income (net of tax)	-	-	-	-	-	-	-58	-	-58	-	-58
Currency translation differences	-	-	-	-	-	-	-	-85	-85	-	-85
Measurement of hedging derivatives and free share plans	-	-	1 057	-	10 063	-	-	-	11 119	-	11 119
Comprehensive income	-	-	**1 057**	-	**10 063**	**3 508**	-	**63 988**	***78 616***	***9 188***	***87 804***
As at 31 December 2021 restated*	**527 968**	**1 196 252**	**-7 848**	**534 075**	**-9 544**	**-33 198**	**236 392**	**1 049 192**	**3 493 287**	**271 131**	**3 764 417**
Dividends distributed	-	-	-	-	-	-	-	-28 088	-28 088	-8 808	-36 896
Capital increase	124	-	-	-	-	-	-	-124	-	20 460	20 460
Business combinations	-	-	-	-	-	-	-	-	-	-	-
Treasury shares	-	-	-39 532	-	-	-	-	-	-39 531	-	-39 531
Equity instruments	-	-	-	-2 759	-	-	-	-	-2 758	-	-2 758
Acquistion of non-controlling interests and other changes	-	-	-	-	-	-	-	-35 805	-35 805	-342	-36 146
Net income for the period	-	-	-	-	-	-	-	**12 896**	**12 896**	**6 859**	**19 755**
Impact of IAS 19 (actuarial gains & losses)	-	-	-	-	-	7 673	-	-	7 673	-	7 673
Impact of IFRS 16 on restatement of lease income (net of tax)	-	-	-	-	-	-	-271	-	-271	-	-271
Currency translation differences	-	-	-	-	-	-	-	-274	-274	-	-274
Measurement of hedging derivatives and free share plans	-	-	1 896	-	72 646	-	-	-	74 542	-	74 542
Comprehensive income	-	-	***1 896***	-	***72 646***	***7 673***	-	***12 622***	***94 838***	***6 859***	***101 696***
As at 30 June 2022	**528 092**	**1 196 252**	**-45 484**	**531 316**	**63 101**	**-25 525**	**236 121**	**997 797**	**3 481 671**	**289 300**	**3 770 971**

*Includes the impact of the IFRIC's final decision (of March 2021) on the costs of configuration and customizations of software used under a SaaS contract, as described in Note 1.2

Notes to the consolidated financial statements

The consolidated financial statements were examined by the Audit Committee on 28 July 2022 and were approved by the Board of Directors on 26 July 2022.

The Group and its subsidiaries are:

- companies operating long-term care nursing homes that provide accommodation and care for elderly people who are unable to live at home due to their state of dependency. Their mission is to provide dignified support and care, irrespective of their level of dependency, until the end of their life;
- companies operating specialised clinics, which care for convalescent or disabled patients after an intensive care stay. Their purpose is to reduce physical and/or psychological disability or restore autonomy to help the patient return home and re-enter his/her social and work environment;
- companies operating assisted living facilities that offer independent seniors an environment that suits their lifestyle, while facilitating social interaction;
- companies operating home care facilities, which are healthcare facilities offering an alternative to hospitalisation;
- companies whose purpose is to hold the facilities' premises.

Note 1: Accounting policies

1.1. Declaration of compliance

The consolidated financial statements have been prepared in accordance with the international accounting standards and interpretations issued by the International Accounting Standards Board (IASB) and adopted by the European Union at the balance sheet date. These standards include International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS), together with their interpretations, and are available from the following European Union website:
https://ec.europa.eu/info/law/international-accounting-standards-regulation-ec-no-1606-2002_fr

The condensed consolidated half-year financial statements ("consolidated financial statements") were prepared in accordance with IAS 34 "Interim Financial Reporting", as adopted by the European Union. The interim condensed consolidated financial statements do not include all notes and disclosures required by the IFRS for annual consolidated financial statements and, therefore, should be read in conjunction with the consolidated financial statements for the 2021 financial year, subject to the particularities specific to the preparation of the interim condensed consolidated financial statements described below.

1.2. IFRS standards, amendments and interpretations applied by the Group

The condensed consolidated financial statements were prepared using the same accounting policies and methods that were used to prepare the consolidated financial statements for the year ended 31 December 2021, with the exception of standards, amendments and interpretations of compulsory application as from 1 January 2022 that the Group did not early adopt or that are being analysed:

- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts, concept of costs that relate directly to the contract Amendments applicable as from 1 January 2022
- Amendment to IAS 16 Property, Plant and Equipment – Proceeds before Intended Use
- Annual improvements 2018-2020 – various provisions
- Amendment to IFRS 3 Reference to the Conceptual Framework
- IFRIC Interpretation on accounting for Configuration or Customisation Costs in a Cloud Computing Arrangement (IAS 38 Intangible Assets)

The IFRIC issued a final decision in March 2021 clarifying the treatment of configuration or customisation costs in a cloud computing arrangement, which may lead to recognising these costs as an expense rather than as an intangible asset. Applying this decision led to a change in accounting policy, the effects of which have been reflected retrospectively in accordance with IAS 8 ("Accounting Policies, Changes in Accounting Estimates and Errors"). The costs still recognised as an intangible asset are primarily the costs of interfacing SaaS software with other on-premise applications.

Consequently, the published periods have been adjusted to take into account this impact as from 1 January 2020, which is the opening date of the first financial year presented on a comparative basis. The expensing of previously capitalised costs resulted in a downward adjustment to shareholders' equity of €(3.5) million, whose net value of €(5.2) million was recognised at 31 December 2021, net of deferred tax of €1.7 million. All impacts on the financial statement aggregates for the comparative periods affected by this change in accounting policy are presented below:

In thousands of euros	31.12.2021 restated	IFRIC Recommendation Impact	31.12.2021 published
Intangible assets	2 180 718	-10 127	2 190 845
Deferred tax assets	98 482	3 097	95 385
Non-current assets	**12 102 721**	**-7 030**	**12 109 751**
TOTAL ASSETS	**14 308 073**	**-7 030**	**14 315 103**
Equity attributable to owners of the Group	**3 493 287**	**-7 061**	**3 500 348**
Total shareholder's equity	**3 764 417**	**-7 061**	**3 771 479**
Deferred tax liabilities	584 317	31	584 286
TOTAL LIABILITIES	**14 308 073**	**-7 030**	**14 315 103**

In thousands of euros	30.06.2021 restated	IFRIC Recommendation Impact	30.06.2021 published
Earnings before interest, taxes, depreciation and amortisation	**472 654**	**-2 618**	**475 272**
Depreciation/amortisation and impairment	-308 663	411	-309 073
Operating income	**136 938**	**-2 208**	**139 146**
Pre-tax income	**35 275**	**-2 208**	**37 483**
Income tax	8 748	707	8 041
Profit/(loss) of consolidated companies	**44 023**	**-1 501**	**45 524**
Net income	**43 219**	**-1 501**	**44 720**
Net income attributable to owners of the Group	**30 635**	**-1 501**	**32 136**
NET INCOME ATTRIBUTABLE TO OWNERS OF THE GROUP	**30 635**	**-1 501**	**32 136**
Net income and gains and losses recognised directly in equity (attributable to owners of the Group)	38 364	-1 501	39 865

1.3. IFRS standards, amendments and interpretations applicable after 2022 and not adopted early by the Group

- IFRS 17 "Insurance Contracts" (effective 1 January 2023)
- Amendments to IAS 1 – Presentation of Financial Statements – Classification of Liabilities as Current or Non-current (effective 1 January 2023)
- Amendment to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (effective 1 January 2023)
- Amendments to IAS 12 *Income Taxes*: *Deferred tax related to Assets and Liabilities arising from a Single Transaction* (effective 1 January 2023)

Analysis of the impact of the application of these standards and amendments is underway.

1.4. Presentation of the financial statements

The Group's consolidated financial statements are prepared on a historical cost basis except for the following assets and liabilities, which are recognised at fair value in accordance with IFRS 9 (Note 8.3). Current assets and liabilities are assets and liabilities held for use or sale as part of the normal operating cycle (less than one year).

The consolidated financial statements are presented in thousands of euros.

Particularities specific to the preparation of the interim financial statements

a. Income tax

For interim financial statements, income tax expense (current and deferred) is calculated for each tax entity by applying the estimated average annual effective tax rate for the current year to the taxable income for the period, excluding significant exceptional items. Any significant exceptional items for the period are recognised with their actual income tax expense.

b. Pensions

The cost of pensions for an interim period is calculated on the basis of actuarial valuations carried out at the end of the previous financial year. These valuations are adjusted, if necessary, to take into account reductions, liquidations and other significant non-recurring events that occurred during the half-year. In addition, the amounts recognised in the statement of financial position for defined benefit plans are adjusted, if necessary, to take into account significant changes that have impacted the yield on bonds issued by leading companies in the relevant area (the benchmark used to determine discount rates), as well as the value and yield of plan assets.

Critical accounting estimates and judgements

To prepare the consolidated financial statements, the Group applies estimates and judgements that are regularly updated and which are based on historical experience and other factors, including expectations of future events deemed reasonable in view of the circumstances. For items on which assumptions and estimates are used, the results of tests on the sensitivity of accounting values to the main assumptions are provided in the relevant notes.

In preparing the financial statements, the Group made significant estimates and judgements on the following items:

a. Business combinations (Notes 2 and 5.1)

For the purposes of acquisitions (IFRS 3 - Business Combinations), the Group measures at fair value the assets acquired (in particular operating permits) and liabilities assumed. Liabilities, price adjustments and options related to commitments to purchase non-controlling interests are measured on the basis of information or situations existing at the date the financial statements are prepared (medium-term business plan), which may prove to be different from actual outcomes.

Changes in the fair value of liabilities corresponding to options (put on minority interests) are recognised in shareholders' equity.

b. Goodwill, intangible assets and property, plant and equipment (Note 5)

At the level of each CGU, the value in use of intangible assets and property, plant and equipment is derived from the Company's internal valuations, based on the medium-term business plans. The main assumptions used in this measurement (medium-term growth rate, discount rate, margin and perpetuity growth rate) are estimated by the Group.

The accounting value of assets is reviewed annually, and whenever events or circumstances indicate that they may have been impaired. Such events and circumstances may be due to material adverse changes of a lasting nature that affect either the economic environment or the assumptions and objectives used at the last balance sheet date.

c. Leases (Note 5.5)

In accordance with IFRS 16, lease liabilities are calculated using a lease term for real estate leases equal to the non-terminable period, extended, if applicable, by renewal options that the Group is reasonably certain it will use.

As from 1 January 2021, the Group has also elected to cease applying the low-value exemption to new contracts signed for identifiable work clothing and to cease applying the short-term exemption for medical equipment.

d. Classification of CVAE

The Group has reviewed the accounting treatment of the Corporate Value-Added Contribution (CVAE) under IFRS. According to its analysis, the CVAE meets the definition of an income tax as set out in IAS 12.2 ("Income taxes based on taxable profit").

Note 2: Significant Events

Employee share ownership plan

On 28 March 2022, Korian announced the launch of KORUS 2022, its first employee share ownership plan for all employees in Europe. The impact on the financial statements is described in Note 4.

Financing transactions

On 18 January 2022, Korian announced the success of its Schuldschein debt issue for an amount of €380 million. The debt financing was issued with long maturities of between five and eight years, and mostly at fixed rates. Their coupons are lower than those of the Group's previous Schuldschein issues, with rates of 1.30% for five-year maturities, 1.55% for seven-year maturities and 1.70% for eight-year maturities[2].

Changes in the consolidation scope

At 30 June 2022, the consolidation scope included, in addition to the parent company Korian SA, 696 fully consolidated and equity-accounted companies (707 at 31 December 2021).

The following significant events occurred during the period ended 30 June 2022:

- ✓ Legal restructuring in Germany and Spain, including the merger of a number of companies;

[2] This issue was settled over two months, partially in 2021 with the balance completed in 2022.

- ✓ The disposal of facilities in France and Germany;
- ✓ Acquisitions, the most significant of which are two facilities in the United Kingdom with a total of 150 beds and the acquisition of the IHG Group, which has a capacity of 1,000 beds and outpatient services in the Lazio region of Italy.

Material information on significant changes in scope

Impact on cash of acquisitions and disposals of subsidiaries and joint ventures

In thousands of euros	30.06.2022	30.06.2021
Purchase price of subsidiaries [A]	**121 036**	**330 017**
Cash out/cash in [B]	178 033	333 623
Debt incurred/repaid [C] = [A]-[B]	**-56 997**	**-3 606**
Disposal price [D]	18 267	0
Cash acquired [E]	5 517	10 418
Cash disposed of [F]	-8 897	0
IMPACT OF CHANGES IN SCOPE [G] = [E] - [F] - [B] + [D]	**-163 146**	**-323 205**

Individually, the subsidiaries acquired during the year are not material. Therefore, the opening IFRS balance sheets at the acquisition date are presented on an aggregated basis.
The table below shows the impact on the consolidated statement of financial position of the subsidiaries acquired and of the provisional allocation of their acquisition prices over the period.

In thousands of euros	**Assets acquired**	**Liabilities assumed**
Goodwill	23 509	
Intangible assets	12 951	
Property, plant and equipment	93 315	
Rights of use	285	
Equity-accounted investments	2 533	
Financial assets	-144	
Deferred tax assets	1 104	
Non-current assets	**133 552**	
Inventories	22	
Trade receivables and related accounts	12 825	
Other receivables and currents assets	5 736	
Current assets	**18 582**	
Non-controlling interests		**-31 055**
Provisions for pensions		1 900
Deferred tax liabilities		13 049
Other provisions		2 340
Loans and financial liabilities		17 055
Non-current liabilities		226
Other non-current liabilities		13 300
Non-current liabilities		**47 870**
Provisions for current liabilities		296
Trade payables and related accounts		8 614
Other liabilities and accruals		24 708
Borrowings due within one year		-6 997
Current lease liabilities		59
Financial instruments - liabilities		0
Current liabilities		**26 680**
ASSETS ACQUIRED	**152 134**	
LIABILITIES ASSUMED		**43 495**
Net contribution	**108 639**	

Available-for-sale assets

In accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, assets or groups of assets held for sale are presented on a separate line in the statement of financial position.
An asset is classified as "held for sale" only if the sale is highly probable within 12 months, if the asset is available for immediate sale and if a sale plan has been initiated by management with a sufficient degree of progress. In assessing whether a sale is highly probable, the Group takes into account, in particular, indications of interest and offers received from potential buyers, as well as the performance risks specific to certain transactions.

In addition, if assets or groups of assets held for sale represent a separate major line of business within the meaning of IFRS 5, they are presented as discontinued operations.

At 30 June 2022, total "Assets classified as held for sale" and total "Liabilities directly associated with assets classified as held for sale" amounted to €73 million and €43 million, respectively, and concerned various care facilities in France.

Note 3: Segment reporting - EBITDAR - WCR

3.1 Operating sectors

IFRS 8 requires the disclosure of segment information based on the components of the Group reviewed and measured by the Group's management. These components (operating sectors) are identified on the basis of internal reports that are regularly reviewed by the Group's operational management when deciding to allocate resources to these sectors and when assessing their results.

The Korian Group is organised into four operating segments: France, Germany, Benelux and Italy. The Group's operational management monitors the indicators shown in the table below, and revenue and EBITDAR in particular.

EBITDAR is calculated on the basis of the Company's current income and expenses and is an indicator of the Group's operating performance. This indicator is used by the industry to assess the Company's operational performance, excluding the impact of its real estate policies.

The Group's ordinary business revenues are similar in terms of type of service, type of customer and type of contract. There are no long-term contracts or contracts with multiple elements that would justify spreading revenue recognition over time.

Operating segments as at 30.06.2022 *In thousands of euros*	Total	France (1)	Germany	Benelux	Italy
Revenue and other income	2 223 993	1 100 842	531 599	317 997	273 555
EBITDAR	525 909	284 607	122 892	63 345	55 065
	23.6%	*25.9%*	*23.1%*	*19.9%*	*20.1%*

Bridge from EBITDAR to operating income as at 30.06.2022	
In thousands of euros	
EBITDAR	**525 909**
Lease expenses	-34 844
EBITDA	**491 065**
Depreciation/amortisation, impairment and provisions	-322 205
Other operating income and expenses	-37 860
Operating income	**131 000**

(1) Including revenue of €48.4M in Spain and €19.4M in the UK.

Operating segments as at 30.06.2021 restated* *In thousands of euros*	**Total**	**France (1)**	**Germany**	**Benelux**	**Italy**
Revenue and other income	2 107 472	1 071 885	525 679	288 234	221 673
EBITDAR	515 571	264 482	146 309	63 727	41 053
	24.5%	*24.7%*	*27.8%*	*22.1%*	*18.5%*

Bridge from EBITDAR to operating income as at 30.06.2021	
In thousands of euros	
EBITDAR	**512 952**
Lease expenses	-40 299
EBITDA	**472 654**
Depreciation/amortisation, impairment and provisions	-308 663
Other operating income and expenses	-27 052
Operating income	**136 938**

(1) Including revenue of €20.3 M in Spain and €7.7M in the UK.
**Includes the impact of the IFRIC's final decision on the costs of configuration and customizations of software used under a SaaS contract, as described in Note 1.2*

3.2 Revenue and other income

Korian's positioning in the field of care and support services for seniors and vulnerable persons in Europe is structured around four business lines: specialised clinics, home care and services, assisted living facilities and shared housing for seniors, and retirement homes. Revenue consists primarily of services in connection with accommodation, care and dependency care. These revenues are recognised as services are performed, regardless of the origin of payment.

Revenue and other income totalled €2,224 million for the period ended 30 June 2022, an increase of €117 million compared to the previous period.

Other income includes €43.7 million in set-offs recognised in connection with the loss of business in France, Belgium, Italy and Germany, as well as €14.8 million in "Segur de la Santé" financing for the consultation, medical care and rehabilitation business.

3.3 Other operating income and expenses

These items represent the impact of major events during the accounting period that could skew the interpretation of the performance, particularly of EBITDAR, the Group's preferred indicator for financial disclosure purposes.

To facilitate the interpretation of operational performance, these income and expense items, which are relatively few and infrequent, are presented separately in the income statement.

They mainly consist of:

- Gains or losses on disposals of equity interests and substantial and unusual impairment of non-current assets (tangible and intangible assets);
- Transaction costs for the period;
- Certain restructuring or merger expenses, consisting solely of restructuring costs that, because of their unusual nature and size, would distort current operating income (impact of real estate asset refinancing transactions and disposals carried out in connection with M&A transactions);
- Other operating income and expenses, such as provisions for particularly significant disputes.

In thousands of euros	30.06.2022	30.06.2021
Gain/(loss) on acquisition and disposal of consolidated entities	-4 511	-5 905
Gain/(loss) on disposal of non-current assets	-1 556	-6 798
Other	-31 794	-14 350
TOTAL OTHER OPERATING INCOME AND EXPENSES	**-37 860**	**-25 227**

The "other operating expenses/operating income" item includes primarily restructuring costs of €21.2 million and external transaction/development costs of €14.4 million.

3.4 Working capital requirements

Current assets

a) Inventories

Inventories are valued at the lower of cost or net realisable value. The cost of inventories of raw materials, goods, personal protective equipment and other supplies consists of the purchase price excluding taxes, less discounts, rebates and other deductions obtained, plus incidental purchasing costs (transport, unloading charges, customs duties, purchasing commissions, etc.). These inventories are measured using the first-in first-out (FIFO) method.

In thousands of euros	30.06.2022	31.12.2021
Gross value	29 206	29 437
Impairment	-2 739	-1 201
NET VALUE	**26 467**	**28 236**

b) Receivables

Trade and other receivables are recognised at their nominal value, i.e. the fair value on the date of initial recognition.

An impairment loss is recognised from the date of initial recognition of the receivable as required by IFRS 9. The amount provisioned depends both on the level of actual losses in prior years and on the risk assessment carried out on receivables in each of the countries in which the Group operates.

WCR, as calculated by the Korian group, includes the gross value of trade receivables.

In thousands of euros	30.06.2022	31.12.2021
Trade receivables	444 771	402 262
Impairment	-38 408	-37 589
NET VALUE	**406 364**	**364 674**

At 30 June 2022, additions to the consolidation scope increased "Trade receivables and related accounts" by €10.5 million.

Transfer and use of financial assets

In Italy, factoring contracts are used to assign a portion of the trade receivables of certain subsidiaries to a group of financial institutions, thereby transferring most of the risks and rewards attached to the receivables assigned (*pro soluto* factoring).
The risks and rewards test required by IFRS 9 has led the Group to derecognise almost all of the receivables assigned under these factoring programmes.
Receivables assigned by the Italian subsidiaries are sold at their nominal value less an initial charge of between 0.3% and 0.6%, which is recognised in other expenses, to which interest at the EURIBOR rate plus a margin is added and recorded as a financial expense.

At 30 June 2022, receivables assigned, derecognised and not yet collected by the factoring company totalled €35.5 million, i.e. 16% of the current flows assigned and derecognised during the last twelve months. At 31 December 2021, this amount totalled €40.5 million, i.e. 19% of the current flows assigned and derecognised during the financial year.

Breakdown of transfers of receivables assigned during the year (PROSOLUTO) in thousands of euros	**30.06.2022**	**Q1 2022**	**Q2 2022**
Receivables assigned	102 979	43 842	59 137
Receivables collected	103 710	46 376	57 333
Fees for management and collection of assigned receivables	-440	-218	-221
Corresponding financial expense	-418	-151	-267
Profit/(loss) on assignment	**-858**	**-369**	**-489**
NET CASH RECEIVED	**102 852**	**46 007**	**56 845**

c) Other receivables and currents assets

Other receivables and current assets break down as follows:

In thousands of euros	30.06.2022	31.12.2021
Tax receivables, excluding current taxes	82 442	94 926
Social security receivables	31 408	5 555
Advances and down payments	31 972	27 678
Prepaid expenses	85 634	66 096
Other debtors	266 540	245 691
Other receivables and current assets in WCR	**497 996**	**439 946**
Receivables on disposal and acquisition of non-current assets	-1 396	15 662
Impairment of other receivables	-9 880	-5 294
VALUE OF OTHER RECEIVABLES	**486 720**	**450 314**

In thousands of euros	30.06.2022	31.12.2021
Deposits and guarantees	2 316	1 271
Other financial assets	1 620	1 700
VALUE OF OTHER CURRENT FINANCIAL ASSETS	**3 936**	**2 971**
TOTAL OTHER CURRENT FINANCIAL ASSETS (NET)	**490 656**	**453 285**

d) Trade payables, other payables and accruals

Trade and other payables are recognised at historical cost (equal to the amortised cost).

In thousands of euros	30.06.2022	31.12.2021
Trade payables	493 627	499 717
TOTAL TRADE PAYABLES AND RELATED ACCOUNTS	**493 627**	**499 717**

In thousands of euros	30.06.2022	31.12.2021
Residents' deposits	58 344	59 088
Advances and down payments made on orders	38 992	36 859
Non-corporate income tax liabilities	86 102	70 934
Social security liabilities	369 460	335 526
Other liabilities	115 873	119 259
Deferred income	20 841	27 685
Total payables and accruals in WCR	**689 614**	**649 351**
Non-current asset suppliers	111 600	109 449
Dividends payable	30 186	1 728
TOTAL OTHER PAYABLES AND ACCRUALS	**831 400**	**760 528**

At 30 June 2022, additions to the consolidation scope increased “Trade payables and related accounts” by €7.8 million and “Other payables and accruals” by €1.1 million.

Change in working capital requirements

Working capital requirements comprise the following items:

In thousands of euros	31.12.2021	Change in consolidation scope	Change in WCR	Other changes	30.06.2022
Inventory [A]	*29 437*	*-73*	*-353*	*195*	*29 206*
Trade receivables and related accounts [B]	*402 262*	*10 538*	*35 097*	*-3 125*	*444 771*
Other receivables and current assets [C]	*439 946*	*-1 630*	*138 098*	*-78 418*	*497 996*
Trade payables and related accounts [D]	*499 717*	*7 798*	*-1 443*	*-12 445*	*493 627*
Other liabilities and accruals [E]	649 351	*1 161*	*130 784*	*-91 682*	689 614
WORKING CAPITAL REQUIREMENTS [F]=[D]+[E]-[A]-[B]-[C]	**277 422**	*124*	*-43 501*	*-22 779*	**211 267**

Note 4: Employee expenses and benefits

The Group has set up a leveraged employee share ownership plan that offers employees the possibility to subscribe for shares at a discounted preferential price. To calculate the IFRS 2 expense measuring the employee benefit, the Group adjusts the amount of the discount granted to employees on the subscription price based on the following two components:

- the cost of the five-year period of non-transferability for the shares granted to employees. This cost is determined by taking into account the five-year lock-in period and is equal to the cost of a two-step strategy in which a market participant would sell the share at the end of the five-year lock-in period and simultaneously borrow the amount necessary to buy an immediately transferable share by financing the loan through the forward sale of that share and the dividends paid during the lock-in period. This cost is calculated on the basis of the following factors:
  - the subscription price, which is equal to the volume-weighted average price of Korian shares over the twenty trading days before the date the price is set, to which a discount is applied;
  - the award date of the rights is the date on which employees became aware of the precise terms and conditions of the offer, in particular the subscription price;
  - the loan rate offered to employees, which is used to determine the non-transferability cost of the shares, is the rate that a bank would offer to an individual with an average risk profile for a balloon-payment consumer loan with a term equal to the duration of the plan;
- the opportunity gain reflecting the specific benefit of offering employees the possibility of obtaining the same market terms as those of the Group.

Note 5: Goodwill, intangible assets and property, plant and equipment

5.1 Goodwill

In accordance with IFRS 3, at the acquisition date, business combinations are recognised as follows:

- the identifiable assets acquired and liabilities assumed are measured at fair value at the acquisition date;
- Non-controlling interests in the acquired business are measured either at fair value (i.e. with goodwill allocated to the non-controlling interests: the "full goodwill method") or at the proportionate share of the fair value of the net identifiable assets of the acquired entity (i.e. with no goodwill allocated to non-controlling interests: the "partial goodwill method"). This option is available on a case-by-case basis for each business combination;
- Acquisition costs are expensed when incurred and are reported in the consolidated income statement under "Gain/(Loss) on acquisition and disposal of consolidated entities";
- Any contingent consideration paid on business combinations is measured at fair value at the acquisition date. After the acquisition date, contingent consideration is recognised at fair value at each balance sheet date. After a period of one year following the acquisition date, any change in fair value is recognised in income. Within this one-year period, any changes in fair value explicitly linked to events subsequent to the acquisition date are also recognised in income. Other changes are charged in consideration of net goodwill.

At the acquisition date, goodwill is the difference between:

- The fair value of the consideration transferred, plus the amount of non-controlling interests in the acquiree and, where a business combination takes place in several stages, the fair value at the acquisition date of the acquirer's previously held equity interest in the acquiree, which is re-measured in the income statement; and
- The net balance of identifiable assets acquired and liabilities assumed at the acquisition date, measured at fair value.

Goodwill is not amortised. In accordance with IAS 36 "Impairment of Assets", goodwill is tested for impairment at least once a year, and more frequently if there is evidence of impairment.

Change in goodwill

Changes in the "Goodwill" item over the period ended 30 June 2022 are shown below:

In thousands of euros	30.06.2022	31.12.2021
Gross goodwill at the start of the period	**3 213 838**	**2 905 604**
Changes in scope	42 084	346 100
Final allocation of goodwill	-24 044	-38 940
Valuation of promise to purchase non-controlling interests	-	-
Disposals	-	-
Earn-outs	0	1 074
Reclassifications	-825	-
Assets held for sale	-	-
Gross goodwill at the end of the period	**3 231 053**	**3 213 838**
Impairment at the start of the period	-	-
Impairment during the period	-	-
Impairment at the end of the period	-	-
Net goodwill at the start of the period	**3 213 838**	**2 905 604**
NET GOODWILL AT THE END OF THE PERIOD	**3 231 053**	**3 213 838**

In thousands of euros	Group	France (1)	Germany	Benelux	Italy
Net goodwill at the start of the period	**3 213 838**	**1 795 340**	**721 672**	**266 102**	**430 724**
Changes in scope	41 260	11 600	0	210	29 449
Definitive allocation of goodwill	-24 044	-24 044	0	0	0
Earn-outs	0	0	0	0	0
NET GOODWILL AT THE END OF THE PERIOD	**3 231 053**	**1 782 897**	**721 672**	**266 312**	**460 173**

(1) Including €167.6M of goodwill in Spain et €39.2M of goodwill in the UK.

The allocation of goodwill corresponds primarily to the recognition of the following assets: authorisations, real estate complexes and leases. The change in goodwill in the first half of 2022 is primarily due to:

- In France: the impact of the final allocation of the purchase price of Centre de Psychothérapie d'Osny (France) (acquisition in July 2021).
- In Italy: the impact of the final allocation of the purchase price of "Sage" (acquisition in September 2021) and the provisional allocation of the purchase price of the Italian Hospital Group and the Maleo group.
- In the United Kingdom (goodwill recognised in France): the impact of the provisional allocation of the purchase price of the Beauty Group, as well as the final allocation of the goodwill of the Berkley Care Group (acquisition in March 2021).

There was no evidence of impairment at 30 June 2022.

5.2 Intangible assets

In accordance with IFRS 3, at the date control of a subsidiary is acquired, the identifiable assets acquired and liabilities assumed are measured at fair value.

Measurement of intangible assets

For this purpose, intangible assets representing operating licences acquired are measured at fair value at the acquisition date, determined using a multi-criteria approach that takes into account the characteristics of the facility, such as the sales multiple and cash flow obtained from the acquisition business plan.

In France, operating licences for retirement homes are granted for a period of 15 years and operating licences for post-acute and rehabilitation care and mental health clinics are granted for a period of 7 years (renewable). Operating licences may only be withdrawn if a facility's operations fail to comply with regulatory obligations, in particular with minimum competence and care standards, which is verified by assessment files and/or compliance inspections. Therefore, "licences" are considered to have an indefinite term and no amortisation is recognised in the consolidated financial statements.

Germany does not have a system of administrative licences for the operation of facilities, which are essentially subject to technical standards. Therefore, operating rights do not meet the definition of an identifiable intangible asset and, therefore, are not recognised and are a component of goodwill.

Regulations, at both the federal and regional levels, represent a substantial barrier to entry in the Belgian long-term care nursing home market. An operating licence must be granted and accommodation rates are controlled. Therefore, licences are recognised as intangible assets.

In Italy, national laws impose minimum structural requirements. Each region transposes these regulations into local rules. Italian facilities undergo inspections by the supervisory authorities under agreements entered into with such authorities.

In Spain, there is no system of administrative licences for the operation of retirement homes, which are essentially subject to technical standards. Therefore, operating rights do not meet the definition of an identifiable intangible asset. However, facilities can operate concerted beds through regional funding. In this specific case a licence is recognised, classified as an intangible asset, and then amortised over the duration of the concession granted by the region.

In the Netherlands, there are administrative licences, but there is no particular difficulty in obtaining them. Nevertheless, after a facility has been opened, it is possible to enter into a contract with an insurance company (operation under the VPT regime). Obtaining these contracts allows charging higher rates and provides easier access for residents. Contracts in existence at the acquisition date are therefore measured and recognised as intangible assets.

In the United Kingdom, administrative licences are required to operate facilities, but there is no particular difficulty in obtaining them. However, after the facilities have opened, the regulator (the Care Quality Commission) ensures compliance with quality and safety standards. Therefore, operating rights do not meet the definition of an identifiable intangible asset.

Impairment testing is conducted annually in accordance with the method described in the section of Note 1.4 entitled "Goodwill, intangible assets and property, plant and equipment".

In thousands of euros	Licences	Other	Total
Gross value at the start of the period restated	**2 040 962**	**296 969**	**2 337 931**
Change in scope	3 815	12 700	16 515
Disposals	-4 005	-1 084	-5 089
Acquisitions	0	26 088	26 088
Transfers	0	-10 787	-10 787
Gross value at the end of the period	**2 040 772**	**323 886**	**2 364 657**
Amortisation and impairment at the start of the period restated	**14 888**	**142 325**	**157 213**
Change in scope	890	2 630	3 520
Disposals	0	-258	-258
Amortisation and impairment	20	11 594	11 614
Transfers	-132	-31	-163
Amortisation and impairment at the end of the period	**15 666**	**156 260**	**171 925**
Net carrying amount at the start of the period restated	**2 026 073**	**154 644**	**2 180 718**
NET CARRYING AMOUNT AT THE END OF THE PERIOD	**2 025 107**	**167 626**	**2 192 732**

The valuations of licences are shown in the table below:

In thousands of euros	France (1)	Benelux	Italy	Total
Gross value at the start of the period	1 468 852	228 099	344 010	2 040 961
Impairment	14 888	0	0	14 888
Net carrying amount at the start of the period	**1 453 963**	**228 099**	**344 010**	**2 026 073**
Gross value at the end of the period	1 467 316	228 100	345 357	2 040 772
Impairment	14 888	0	778	15 666
Net carrying amount at the end of the period	**1 452 427**	**228 100**	**344 579**	**2 025 107**

(1) Including €44M in Spain.

No single licence represents a material amount for the Group.

5.3 Property, plant and equipment

Property, plant and equipment are reported at their acquisition cost, less investment subsidies, if any. Property, plant and equipment acquired as part of a business combination are measured at fair value at the acquisition date.

Key components of a non-current asset that have useful lives shorter than that of the asset itself are identified in order that they may be depreciated over their specific useful lives.

At each balance sheet date, the acquisition cost is reduced by total depreciation and any provisions for impairment that may have been recognised using the method described in Note 1 of the 2021 Universal Registration Document entitled "Impairment of plant, property and equipment, intangible assets and goodwill".

Leases

Since 1 January 2019, the Group has applied IFRS 16, which results in:

- ✓ the recognition of rights of use (operating leases under IAS 17) and lease liabilities;
- ✓ the reclassification of assets and liabilities recognised in connection with existing finance leases;
- ✓ the reclassification of incentives as a reduction of rights of use.

Depreciation of property, plant and equipment

Depreciation of property, plant and equipment is calculated using the straight-line method over the useful lives set out below.

Categories	**Useful life**	**Method**
Structures	60 years	Straight line
Construction components	From 7 to 30 years	Straight line
Technical facilities	From 5 to 15 years	Straight line
Others improvements, fixtures and fittings	From 3 to 5 years	Straight line
Medical equipment	From 2 to 10 years	Straight line
Equipment and furniture	From 2 to 10 years	Straight line
Software	From 1 to 7 years	Straight line
Transport equipment	5 years	Straight line

In thousands of euros	Land	Buildings	Plant and machinery and other tangible assets	In progress and advance payments	Total
Gross value at the start of the period	**379 413**	**2 595 888**	**1 389 481**	**368 857**	**4 733 639**
Changes in scope	25 277	53 328	-602	-129	77 873
Disposals	-2 093	-40 604	-8 737	5 873	-45 560
Acquisitions	248	56 326	52 659	125 919	235 151
Transfers	6 619	86 101	58 453	-162 736	-11 563
Other	-1 515	-2 601	-469	0	-4 584
Gross value at the end of the period	**407 949**	**2 748 437**	**1 490 785**	**337 784**	**4 984 956**
Total depreciation at the start of the period	**789**	**762 633**	**890 152**	**1 903**	**1 655 477**
Changes in scope	0	2 128	-2 666	0	-538
Allowances	0	45 401	45 699	340	91 440
Disposals	0	-25 054	-7 064	-1 071	-33 188
Others	0	-2 611	-2 737	800	-4 548
Total depreciation at the end of the period	**789**	**782 497**	**923 385**	**1 972**	**1 708 644**
Net carrying amount at the start of the period	**378 624**	**1 833 254**	**499 329**	**366 954**	**3 078 162**
NET CARRYING AMOUNT AT THE END OF THE PERIOD	**407 160**	**1 965 940**	**567 400**	**335 811**	**3 276 312**

Borrowing costs

Pursuant to IAS 23, borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (in particular, buildings) are included in the cost of that asset. The borrowing rate that may be included is the average cost of the Group's debt after hedging.

5.4 Changes in cash flows in relation to acquisitions of non-current assets

Cash flows in relation to acquisitions of property, plant and equipment and intangible assets are shown below:

In thousands of euros	30.06.2022	30.06.2021
Acquisitions of intangible assets	-24 222	-19 397
Change in debt on acquisitions of intangible assets	11 577	-5 342
Acquisitions of property, plant and equipment	-245 717	-203 112
Change in debt on acquisitions of property, plant and equipment and other assets	-14 325	-22 051
INVESTMENTS IN PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS DISBURSED	**-272 687**	**-249 903**

5.5 Lease commitments

The IFRS 16 liability has been calculated using a lease term for real estate leases equal to the non-terminable period, extended, if applicable, by renewal options that the Group is reasonably certain it will use.

The discount rates applied are reviewed at each year-end, or more frequently if necessary.

Analysis of changes in rights of use by category of underlying assets

In thousands of euros	
Rights of use as at 31.12.2021	**3 469 383**
Inflows of assets, net of renegotiations	252 254
Depreciation and amortisation	-205 476
Lease terminations	-6 138
Change in consolidation scope	-66 509
Other changes	-5 991
Rights of use as at 30.06.2022	**3 437 522**

Analysis of changes in lease liabilities

In thousands of euros	
Lease liabilities as at 31.12.2021	**3 785 277**
Present value of debt and new leases	253 863
Debt repayment	-200 982
Reduction in lease duration/rent	-1 303
Change in consolidation scope	-74 898
Other changes	84
Lease liabilities as at 30.06.2022	**3 762 041**

Analysis of the maturities of lease liabilities at 30 June 2022

In thousands of euros	**Total**	**< 1 year**	**1 to 5 years**	**> 5 years**
LEASE LIABILITIES	**3 762 041**	331 629	1 209 495	2 220 918

Note 6: Shareholders' equity

There are no rights, privileges or restrictions attached to the shares comprising the share capital. Moreover, no shares are reserved for issue under options or share sale contracts.

At 30 June 2022, the share capital was €528,092,750. It is divided into 105,618,550 shares with a nominal value of €5 each, which are fully paid in and are all of the same class.

Following shareholder approval at the Combined General Meeting of 22 June 2022, the Company distributed a dividend of €0.35 per share, with the option to receive payment in shares (based on a share price of €16.18). The dividend, in cash and in shares, approved for the period totalled €37 million.

Hybrid Bonds

On 1 September 2021, the Group issued new undated unsubordinated bonds with an option for redemption in cash and/or in new and/or existing shares (ODIRNANE bonds), cancelling shareholders' pre-emptive subscription rights, for a nominal amount of €330 million. These bonds were issued with the following characteristics:

- A conversion premium of between 30% and 35%, which corresponds to a nominal share price of €43.51.
- These instruments will bear interest until 8 September 2026 at a fixed nominal annual rate of between 1.375 and 1.875% that is paid half-yearly, and which was paid for the first time

on 8 March 2022.

At the date of this document, the applicable conversion ratio is 1 Korian share for 1 ODIRNANE bond.

In accordance with IAS 32, these hybrid financial instruments were recognised as equity instruments for an amount net of interest and issue costs of €329.6 million at 30 June 2022 (€326.5 million at 31 December 2021 for the ODIRNANE bonds redeemed).

Placing of a £200 million green non-convertible hybrid bond

On 8 June 2021, Korian, announced the successful placement of a £200 million green non-convertible hybrid bond, with a coupon of 4.125%, and a first call date at par in March 2024. The transaction was issued in green format and the proceeds will be used to upgrade, acquire and develop real estate assets, primarily in the UK, with appropriate currency matching. The entire issue was recognised in equity.

OCEANE bonds

On 3 March 2021, Korian announced the successful placement of its issue of bonds convertible into and/or exchangeable for new and/or existing shares (OCEANE bonds) maturing in 2027 for a nominal amount of approximately €400 million.

The bonds were issued at par and their nominal value was set at €61.53 each, resulting in a conversion premium at the outset of 55% over the Company's reference share price.

Following the cancellation of 640,000 OCEANE bonds in the first half of 2022, the nominal value has been decreased to €360 million.

At the date of this document, the applicable conversion ratio is 1.102 Korian shares for 1 OCEANE bond.

In accordance with IAS 32, this OCEANE bond was divided into an equity component of €30 million (equal to the fair value of the call option sold to the bearer) and a debt component of €330 million.

Note 7: Earnings per share

Net earnings per share are calculated by dividing the Group's consolidated net income by the weighted average number of shares outstanding during the period.

Diluted net earnings per share are calculated on the assumption that all outstanding dilutive options are exercised using the "treasury stock method" defined in IAS 33 "Earnings per Share".

	30.06.2022	30.06.2021 restated*
Net income attributable to owners of the Group (in thousands of euros)	12 896	30 635
Weighted average number of shares oustanding (in thousands)	103 929	105 038
EARNINGS PER SHARE (IN EUROS)	**0.12**	**0.29**
Net income attributable to owners of the Group (in thousands of euros)	12 896	30 635
Impact of remuneration of equity items	-3 124	-3 667
Weighted average number of shares outstanding (in thousands)	103 929	105 038
Average number of shares in relation to stock options and free share adjustments	794	780
Average number of shares in relation to hybrid and OCEANE bond adjustments	14 430	15 786
Average number of shares used to calculate diluted earnings per share	119 153	121 605
DILUTED EARNINGS PER SHARE (IN EUROS)	**0.08**	**0.22**

**Includes the impact of the IFRIC's final decision on the costs of configuration and customizations of software used under a SaaS contract, as described in Note 1.2*

Note 8: Funding and financial instruments

8.1 Net financial income

Net financial income consists of net borrowing costs and other financial income items.

Net borrowing costs are equal to the interest expense on bank loans and bonds, the cost of hedging contracts, interest capitalised in accordance with IAS 23, the impact of the amortisation of capitalised issue expenses and the impact of amortisation in connection with the renegotiation and restructuring of debt and hedging instruments.

Other financial income items are primarily bank fees and charges paid (including factoring expenses), the financial cost of employee benefits and the financial expense in relation to the recognition of rights of use under leases in accordance with IFRS 16.

In thousands of euros	30.06.2022	30.06.2021
Cost of gross debt	**-40 441**	**-39 819**
Cost of hedging	-3 721	-2 710
Income from cash & cash equivalents	0	0
Cost of net debt	**-44 161**	**-42 529**
Bank fees and charges	-3 838	-3 830
Financial expenses on lease liabilities	-54 804	-55 046
Other financial expenses and income	-1 386	-260
Other financial income items	**-60 028**	**-59 135**
FINANCIAL INCOME	**-104 189**	**-101 664**

(1) Reclassification of IAS 23 capitalised interests for an amount of €0.7M and of the impact of the effective interest rate for an amount of €2.3M as cost of gross debt over the reporting period.

8.2 Net indebtedness

Net indebtedness consists of gross debt less liquid financial assets (marketable securities and cash and cash equivalents).

In thousands euros	30.06.2022	31.12.2021
Borrowings from credit institutions and financial markets	2 559 718	2 659 350
Real estate debt owed to financial counterparties (non-IFRS 16)	1 843 247	1 736 344
Other financial liabilities	101 757	29 598
Bank overdrafts	665	16 998
Borrowings and financial debt (A)	**4 505 388**	**4 442 290**
Marketable securities	28 462	142 337
Cash	855 935	1 072 227
Cash and cash equivalents (B)	**884 397**	**1 214 564**
NET DEBT (A) - (B)	**3 620 991**	**3 227 726**

Change in the Group's indebtedness at 30 June 2022

The Group's gross debt at 30 June 2022 breaks down as follows:

- A €500 million term tranche of a syndicated bank loan;
- Bonds placed with private investors and debts placed with credit institutions for a total amount of €2,059 million;
- Bank overdraft facilities for an amount of €0.7 million;
- Real estate liabilities of €1,843 million, consisting mainly of finance leases and bank loans, of which €316 million is NEU CP & NEU MTN used for real estate bridge financing.

Moreover, at the end of the period, the Group's net cash position stood at €884 million, excluding bank overdraft facilities.

At 30 June 2002, debts secured by *in rem* security interests, such as pledges, mortgages and finance leases, accounted for 16.3% of gross debt.

Change in borrowings[3]

In thousands euros	31.12.2021	New loans	Loan repayments	Changes in scope	Other	30.06.2022	Current	Non-current
Loans	4 395 625	310 192	-262 999	7 237	-47 091	4 402 965	620 681	3 782 284
Employee profit sharing	75	0	0	0	0	75	0	75
Other loans and similar liabilities	29 592	217 035	-167 320	436	21 940	101 683	76 803	24 880
TOTAL LOANS AND FINANCIAL LIABILITIES	**4 425 291**	**527 227**	**-430 319**	**7 673**	**-25 150**	**4 504 723**	**697 484**	**3 807 239**

In thousands euros	New Loans 2022	Cash	Non Cash	Loan repayments in 2022	Cash	Non-Cash
Loans	310 192	305 784	4 408	-262 999	-262 999	0
Other loans and similar liabilities	217 035	199 401	17 635	-167 320	-135 102	-32 218
TOTAL LOANS AND FINANCIAL LIABILITIES	**527 227**	**505 185**	**22 042**	**-430 319**	**-398 101**	**-32 218**

[3] *Excluding bank overdrafts and short-term loans of €0.7M.*

Breakdown of financial liabilities by interest rate category

At 30 June 2022, the share of the Group's indebtedness at variable interest rates totalled 43% of gross financial liabilities.

In thousands of euros		30.06.2022	31.12.2021
Fixed rate	57%	2 551 302	2 630 731
Variable rate	43%	1 954 084	1 811 558
TOTAL		**4 505 388**	**4 442 290**

Breakdown of financial liabilities by maturity

In thousands of euros	30.06.2022	31.12.2021
< 1 year	698 149	734 127
Short-term financial liabilities	**698 149**	**734 127**
1 to 5 years	1 888 474	1 888 715
> 5 years	1 918 765	1 819 448
Non-current financial liabilities	**3 807 239**	**3 708 163**
TOTAL	**4 505 388**	**4 442 290**

Management of interest rate risk

The Group uses vanilla derivative financial instruments (swaps and caps) to hedge against the interest rate risk generated by its variable-rate financing. The Group applies hedge accounting (cash flow hedge) when the IFRS 9 hedging criteria are met.

The Group's strategy is to hedge its future exposures and to increase the share of fixed-rate debt in its portfolio of liabilities (to 57%), thereby locking in historically low rates. Most of the Group's medium- and long-term issues in the first half of the year were at fixed rates. After hedging is taken into account, 81% of gross debt and 100% of net debt is fixed-rate debt.

The market value of instruments purchased to hedge interest rate risk at 30 June 2022 was €(85.2) million, after adjustment for counterparty default risk.

At the balance sheet date, the sensitivity of the market value of derivatives to a change in market interest rates, before adjustment for counterparty default risk, was as follows:

- a 0.5% (50 basis points) increase in interest rates would raise the market value by €115.7 million;
- a 0.5% (50 basis points) decrease in interest rates would lower the market value by €63.2 million.

The table below presents the items of income, expenses, gains and losses recognised in profit or loss and in equity before deferred taxes as at 30 June 2022 for each type of financial instrument.

In thousands of euros	Impact on equity	Impact of hedging on net income	Impact of "undocumented" items on net income	Impact of counterparty default risk
Financial instruments eligible for hedge accounting	98 005	5 709		
Financial instruments ineligible for hedge accounting			471	
TOTAL	**98 005**	**5 709**	**471**	**-5 746**

Assets	**31.12.2021**	**Newly consolidated companies**	**Deconsolidated companies**	**Change**	**30.06.2022**
Interest rate swaps	3 282			61 791	65 072
Hedging options	0			0	0
Options	4 479			21 895	26 374
Total hedging instruments – Assets	**7 760**	**0**	**0**	**83 686**	**91 446**
Interest rate swaps	0			0	0
Options	0			0	0
Total ineligible financial instruments – Assets	**0**	**0**	**0**	**0**	**0**
Total impact of counterparty default risk – Credit Value Adjustment	**-417**	**0**	**0**	**-4 636**	**-5 053**
TOTAL FINANCIAL INSTRUMENTS – ASSETS	**7 343**	**0**	**0**	**79 050**	**86 393**

Liabilities	**31.12.2021**	**Newly consolidated companies**	**Deconsolidated companies**	**Change**	**30.06.2022**
Interest rate swaps	21 631		-19	-20 803	808
Hedging options	1 037			-948	89
Options	-1 475			1 723	248
Total hedging instruments – Liabilities	**21 192**	**0**	**-19**	**-20 028**	**1 145**
0	629			-471	158
Options	0			0	0
Total ineligible financial instruments – Liabilities	**629**	**0**	**0**	**-471**	**158**
Total impact of counterparty default risk – Debit Value Adjustment	**-1 127**	**0**	**0**	**1 111**	**-17**
TOTAL FINANCIAL INSTRUMENTS – LIABILITIES	**20 693**	**0**	**-19**	**-19 388**	**1 286**
TOTAL NET	**-13 350**	**0**	**19**	**98 438**	**85 107**

Currency risk

The Group uses hedging instruments (currency swaps, forward sales/purchases, options) to hedge foreign exchange risk that may be generated by future investments or intra-group financing in foreign currencies. The Group applies hedge accounting (net investment hedge or fair value hedge) when the IFRS 9 hedging criteria are met.

Bank covenants at 30 June 2022

The Group's €1 billion syndicated loan (comprising a €500 million term tranche and a €500 million RCF) is subject to a financial covenant. Other bank loan agreements have similar covenants. Changes in the banking covenants are notified to the banks every six months.

	Korian Ratio	Maximum ratio authorised at 30 June
Leverage ratio adjusted in accordance with contract terms and conditions[4]	3.6x	<4.5x

8.3 Financial assets

Financial assets comprise:

- non-current financial assets: investments in non-consolidated companies, related receivables and guarantees and security deposits granted;
- current financial assets, including short-term financial derivative instruments and cash and cash equivalents (marketable securities).

In accordance with IFRS 9, financial assets are classified into one of the following three categories:

- financial liabilities recognised at amortised cost;
- financial liabilities recognised at fair value through other items of comprehensive income;
- financial liabilities recognised at fair value through income.

Cash and cash equivalents consist of immediately available liquidities (cash at bank and in hand) and short-term, highly liquid investments that are readily convertible into known amounts of cash and are exposed to an immaterial risk of change in value (short-term deposits with an initial term of less than three months and euro-denominated money market funds classified in the AMF's "short-term money market fund" category).

The carrying amount of financial assets is considered to be their fair value.

Cash and cash equivalents

In thousands of euros	30.06.2022	31.12.2021
Marketable securities	28 462	142 337
Cash and cash equivalents	855 935	1 072 227
TOTAL	**884 397**	**1 214 564**

Marketable securities comprise term deposits or euro-denominated open-ended investment funds with variable capital (SICAV) classified in the AMF's "short-term money market fund"

[4] *Ratio calculated with constant accounting method following the first application of the IFRIC interpretation relating to the recognition of configuration or customizations costs under a SaaS-type contract (IAS 38 Intangible Assets)*

category. In accordance with IAS 7, they are highly liquid, readily convertible into known amounts of cash and subject to an insignificant risk of changes in value.

Note 9: Provisions

A provision is recognised when, at the end of the period, the Group has a present obligation (legal or constructive) and it is probable that an outflow of resources that do not embody future economic benefits will be required to settle it.
Provisions are discounted if the effect of time is material. Increases in provisions due to the passage of time are recognised as financial expenses.
A provision for restructuring can only be recognised if the restructuring was publicly announced and a detailed restructuring plan has been drawn up or restructuring is underway at the balance sheet date.

A provision is recognised for disputes (e.g. employee disputes, tax audits, commercial disputes, etc.) if the Group has a liability towards a third party at the closing date. The amount of the provision reflects the best estimate of future expenditures.

Non-current provisions

In thousands of euros	Tax	Social contributions	Other	Total
Opening balance	**5 748**	**11 519**	**32 757**	**50 024**
Allowances	36	4 208	1 723	5 967
Uses	-912	-2 575	-4 544	-8 030
Reversals	0	-1 044	-1 099	-2 143
Changes in scope	0	0	2 329	2 329
Reclassifications	0	310	-310	0
Closing balance	**4 872**	**12 472**	**30 802**	**48 146**

Current provisions

In thousands of euros	Tax	Social contributions	Other	Total
Opening balance	**3 681**	**2 752**	**9 132**	**15 565**
Allowances	300	105	2 485	2 890
Uses	-593	0	-883	-1 477
Reversals	0	0	-2 353	-2 353
Changes in scope	0	0	-204	-204
Reclassifications	0	0	523	523
Closing balance	**3 388**	**2 857**	**8 700**	**14 944**

Non-IAS 12 tax disputes

Provisions for non-IAS 12 tax disputes (e.g. VAT disputes) are recognised for tax adjustments and tax disputes whose amounts have been contested. No individual dispute represents a material amount at 30 June 2022.

Employee disputes

The provisions recognised cover employee disputes and employment termination benefits. No individual dispute represents a material amount at 30 June 2022.

Risks relating to operating disputes ("Other" column)

The provisions recognised cover litigation concerning contractual disputes (suppliers and real estate) and disputes over medical liability. No individual dispute represents a material amount at 30 June 2022.

Note 10: Taxes

In thousands of euros	30.06.2022	30.06.2021 restated**
Income Tax Expense	**-6 281**	**8 748**

***Includes the impact of the IFRIC's final decision on the costs of configuration and customizations of software used under a SaaS contract, as described in Note 1.2*

The Group's tax rate is 23.43%. The rate for the first half of 2022 is not representative due to the weak performance in the period and the country mix.

The income tax expense for the period is estimated on the basis of the Group's effective income tax rate, in accordance with IAS 34.

Note 11: Disputes

At the publication date of this document, to the best knowledge of the Company and its legal advisors, there are no disputes that are liable to have a material impact on the Group's business, results or financial position for which provisions have not been made.

Note 12: Post-closing events

Since 1 July 2022, the Group has carried out the following transactions.

<u>Launch of a second Ages & Vie investment programme</u>

On 8 July 2022, Korian, Crédit Agricole and Banque des Territoires announced a new investment partnership to provide financing of €400 million to develop a second inclusive housing programme that will create 330 Ages & Vie shared housing units to be delivered by 2025.

Under this 20-year partnership, the real estate investment will be financed through a real estate investment company, in which Korian has a 30% stake and interest, with the remaining 70% interest shared equally by Crédit Agricole, via a dedicated structure owned by Crédit Agricole Assurances and the Crédit Agricole Group's Regional Banks, and Banque des Territoires.

This investment agreement follows an initial agreement signed in 2019, which has already financed the construction of 300 houses in rural areas, the last of which will be fully delivered by 2023.

2022 distribution

Following shareholder approval at the Combined General Meeting of 22 June 2022, the Company will distribute a dividend of €0.35 per share, with the option to receive payment in shares (based on a share price of €16.18).

Signature of an agreement to acquire Grupo 5, specialised mental health provider in Spain

- High quality platform with 62 specialized facilities and care communities with 2,183 beds and 1,995 outpatient places across Spain with strong presence in Madrid, with c. €90m of expected revenue in 2022 and an embedded growth of 10% CAGR over the next 5 years
- Strong complementarity with Ita Salud Mental acquired in 2021
- Spain revenue will reach c.€220m in 2023, with healthcare activities to represent 65%
- Korian's mental health activities will represent c.€330m in 2023 (France, Spain, Italy)

Note 13: Other information

Related-party transactions

There were no significant changes in the terms of management remuneration compared to the information provided in the 2021 Universal Registration Document.

2.2 Statutory auditors' review report on the half-year financial information

For the period from 1 January to 30 June 2022

To the shareholders,

In compliance with the assignment entrusted to us by your General Meeting and in accordance with the requirements of Article L. 451-1-2(III) of the French Monetary and Financial Code (*Code monétaire et financier*), we hereby report to you on:

- the review of the accompanying condensed half-year consolidated financial statements of Korian, for the period from 1 January to 30 June 2022;
- the verification of the information presented in the half-year management report.

These condensed half-year consolidated financial statements are the responsibility of the board of directors. Our role is to express a conclusion on these financial statements based on our review.

1. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France.

A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical procedures. This work is less extensive than that required for an audit performed in accordance with the accounting standards applicable in France. Consequently, the assurance that the financial statements taken as a whole do not contain any material misstatements obtained based on a limited review is moderate assurance, which is lower than the assurance that would be obtained based on an audit.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated half-year financial statements are not prepared, in all material respects, in accordance with IAS 34, standard of the IFRS as adopted by the European Union applicable to interim financial information.

Without qualifying the conclusion expressed above, we draw your attention to Note 1.2. "IFRS standards, amendments and interpretations applied by the Group" in the notes to the condensed consolidated half-year financial statements, which describes the change in accounting policy as a result of the IFRIC interpretation on accounting for configuration or customisation costs in a cloud computing arrangement (IAS 38 Intangible Assets).

2. Specific verification

We have also verified the information presented in the half-year management report on the condensed consolidated half-year financial statements subject to our review.
We have no matters to report as to its fair presentation and consistency with the condensed consolidated half-year financial statements.

Courbevoie and ParisLa Défense, 28 July 2022

The Statutory auditors

MAZARS	ERNST & YOUNG et Autres
Anne Veaute	Anne Herbein

Chapter 3

DECLARATION OF THE PERSON RESPONSIBLE FOR THE DOCUMENT

I certify that, to the best of my knowledge, the condensed financial statements for the past six months have been prepared in accordance with applicable accounting standards and provide a true and fair view of the Company's assets, liabilities, financial position and earnings, as well as those of its consolidated subsidiaries, and that the accompanying half-year management report provides a fair view of the key events that have occurred during the first six months of the year, their impact on the financial statements and the major related-party transactions, as well as a description of the main risks and uncertainties to which the Company is exposed during the remaining six months of the year.

Paris, 28 July 2022
Sophie Boissard, Chief Executive Officer

KORIAN
A European company with share capital of €532,526,030
21-25 rue Balzac - 75008 Paris
Paris Trade and Companies Register No. 447 800 475