clariane

2023 HALF-YEAR FINANCIAL REPORT

Chapter 1

HALF-YEAR MANAGEMENT REPORT

1.1 Message from the Chief Executive Officer

The transformation into a purpose-driven company, with overwhelming support from our shareholders at the 2023 Annual General Meeting, firmly anchors our social performance at the heart of our strategy, a major milestone for all stakeholders of Clariane. In an inflationary context, and a constrained tariff environment, our solid operational performance is a new testimony of our business model resilience supported by the complementarity of our three activity segments and of our different geographies. Despite a tightening credit market, and on the back of our financial partners confidence, we have also achieved major financial milestones, ensuring a good level of visibility for the next semesters.

Sophie Boissard, CEO of Clariane

1.2 Activities of Clariane group in the first half of 2023

1.2.1 KEY EVENTS DURING THE FIRST HALF OF 2023

GOVERNANCE

Annual General Meeting on 15 June 2023 has voted, at 99.9%, the transformation into a purpose driven company, with the creation of a mission committee, made up of representatives of patients and residents, employees and qualified personalities.

The Annual General Meeting also approved the change of the name of the European company, the Group's parent company, to Clariane. The Clariane Group retains the various expert brands under which it already operated:

- for nursing homes: Korian, Seniors Residencias, Berkley...
- for healthcare buildings and services: Inicea, Ita, Grupo 5, Lebenswert...
- for home and alternative housing: Petits-fils, Ages & Vie...

CHANGES IN THE PORTFOLIO

The Group strengthened its mental health offering in Spain with the acquisition of Grupo 5, with a capacity of around 3,000 beds. Over the half-year, the Group also delivered 987 beds linked to the completion of greenfield projects.

After a cycle of strong investment since 2019 to transform its network by adapting it to changing needs, the Group plans to sharply reduce the pace of investment from the second half of 2023, in line with its objective of deleveraging.

FINANCING:

On July 25, Clariane announced the signing of an extension to its unsecured syndicated credit facility for an amount of 505 million euros, slightly higher than the initial amount. The new maturity date is May 2026, corresponding to the maturity of the Group's 500 million euro[1] Revolving Credit Facility (RCF).

[1] *Revolving loan will reduce to 492.5 million euros from May 2024*

All existing partner banks have subscribed to the extension, while two new banks have joined the syndicate. Some Schuldschein debt holders transferred their positions to the extended syndicated loan.

In parallel with this transaction, Clariane also arranged an innovative sustainability-linked unsecured private placement financing with Eiffel Investment Group. In line with the Group's new ESG roadmap, the financial terms of this loan take into account the extra-financial commitments made by the Group in terms of quality of care and health and safety at work.

As expected, Clariane is also continuing to refinance its maturing real estate debt, and has contracted a total of 150 million euros since the beginning of the year.

1.3 Review of consolidated results and the financial position at 30 June 2023

The indicators presented are those monitored by the Group's operating management, notably revenues and EBITDAR (Earnings Before Interest, Taxes, Depreciation, Amortization and Rent).

EBITDAR, calculated on the basis of the company's current income and expenses, highlights the Group's operating performance. This indicator is used by the industry to assess a company's operating performance, excluding the effects of real estate policies.

The comments below are based on the financial statements presented before application of IFRS 16, for purposes of comparison with the previous year.

1.3.1 FIRST-HALF 2023 RESULTS

At June 30, 2023, Group revenues totaled 2,484.8 million euros, up +12.2% and +9.3% on an organic basis. The +2.9% impact of external growth was mainly due to the acquisition of Grupo 5 in Spain, which strengthened the Group's Mental Health business in Europe.

- Long-term care:
    - €1,539.6M revenue, i.e. 62% of Group revenue, with a 9.1% reported growth and 9.3% organic growth
    - Continued increase of occupancy rates:
    - Significant adjustments of regulated tariffs, notably in Germany, contributing to around 2/3 of organic growth
    - Delivery of 23 new or refurbished facilities during H1 2023

- Healthcare:
    - €658.6M revenue, i.e. 27% of Group revenue, with a 17.5% reported growth and 6.0% organic growth
    - Post-acute: continued modernisation of the network, with 8 projects to be delivered in 2023, including 5 already delivered
    - Mental health: closing of the acquisition of the Spanish platform Grupo 5 to strengthen the mental health activity, to represent c.€330m revenue in 2023 (France, Spain, Italy)
    - Continued strong increase in the number of patients cared for: +17%

- Community care:
    - €286.6M revenue, i.e. 12% of Group revenue, with a 17.7% reported growth and 16.7% organic growth
    - Continued development of Clariane shared housing concepts, essentially fuelled by the Ages & Vie roll-out
    - Continued high growth in the homecare network

Group EBITDAR generated in the first half of 2023 was stable overall at 538.3 million euros (+2.9%) compared with the first half of 2022. It rose in all countries except Germany, where the gradual increase in tariffs only partially offset the rise in costs. EBITDA, at 285.3 million euros, was stable compared with the first half of 2022 (+0.1%) due to higher rental costs.

1.3.2 SIMPLIFIED INCOME STATEMENT

In million of euros	30.06.2023 incl. IFRS 16	IFRS 16 adj.	30.06.2023 excl. IFRS	30.06.2022 incl. IFRS 16	IFRS 16 adj.	30.06.2022 excl. IFRS
Revenues and other income	***2 484,8***	**-**	**2 484,8**	***2 215,4***	**-**	**2 215,4**
EBITDAR	***520,2***	***(18,1)***	**538,3**	***521,1***	***(2,1)***	**523,1**
as % of revenue	*20,9%*	*-*	*21,7%*	*23,5%*	*-*	*23,6%*
External rents	*(38,2)*	*214,8*	(253,0)	*(34,4)*	*203,8*	(238,2)
as % of revenue	*1,5%*	*-*	*10,2%*	*1,6%*	*-*	*10,8%*
EBITDA	***482,0***	***196,7***	**285,3**	***486,6***	***201,7***	**284,9**
as % of revenue	*19,4%*	*-*	*11,5%*	*22,0%*	*-*	*12,9%*
Operating income	***121,5***	***7,7***	**113,8**	***132,5***	***22,8***	**109,7**
as % of revenue	*4,9%*	*-*	*4,6%*	*6,0%*	*-*	*5,0%*
Net financial income	*(102,0)*	*(38,6)*	(63,5)	*(103,3)*	*(33,9)*	(69,3)
Net income before tax	***19,5***	***(30,8)***	**50,3**	***29,3***	***(11,1)***	**40,4**
Net profit - Group share	***1,2***	***(24,6)***	**25,8**	***12,9***	***(8,8)***	**21,7**
as % of revenue	*0,0%*	*-*	*1,0%*	*0,6%*	*-*	*1,0%*

1.3.3 FINANCIAL POSITION

The amount of investments excluding maintenance, in H1 2023, was € 375 million, corresponding to the end of a cycle of investments previously committed, with notably the Grupo 5 acquisition closed in January 2023.

Clariane has now finalised its investment cycle, and expects net investments to amount to around €50m in H2 2023, enabling the Group to be self-financed.

Net financial debt was up €237m versus end of 2022, and is expected to decrease over H2 2023. Financial leverage is at 4.1x and Loan to Value is at 58%, reflecting the impact of capitalisation rate on the portfolio value as of June 2023. This constitutes a high point before realisation of the real estate monetisation expected in 2023.

At June 30, 2023, liquidity stood at 0.9 billion euros, including 500 million euros in undrawn RCFs.

1.3.4 HUMAN RESOURCES AND CSR COMMITMENTS

The extra-financial performance is in line with objectives set in the ESG 2019-2023 roadmap.

In terms of service quality, the different external audits and satisfaction survey conducted during the semester reflected in the continued improvement of our services reputation and the level of satisfaction of its families.

This ESG policy is also fully reflected in the Group financing strategy, as demonstrated by the issuance of a second sustainably-linked private placement of €40m in July, integrating ESG features inspired by our purpose-driven company initiatives.

1.4 Significant events since 30 June 2023

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 and include in particular the extension of the syndicated credit facility.

1.5 Risk factors

No risks are foreseen other than those described in chapter 2 "Risk factors" of the 2022 Universal Registration Document, which was filed with the French Financial Markets Authority ("AMF") on 28 April 2023 under number D.23-0359.

There were no significant changes to these risk factors in the first half of 2023.

1.6 Related-party transactions

Details of related-party transactions in the first half of 2023 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 2022 Registration Document.

1.7 Outlook

Clariane confirms its financial objectives for 2023 i.e.:

- Expected organic growth of revenue more than 8%
- Stable EBITDAR in amount
- Progressive deleveraging path, with a financial leverage expected around 3.5x in December 2023, subject to completion calendar of planned Real Estate monetisation transactions

Chapter 2

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AT 30 JUNE 2023

2.1 Condensed half-year consolidated financial statements at 30 June 2023

Consolidated income statement

In thousands of euros	Notes	30.06.2023	30.06.2022 restated**
Revenue	**3.2**	**2 453 722**	**2 156 851**
Other income	3.2	31 100	58 537
Revenue and other income		**2 484 822**	**2 215 388**
Purchases used in the business	3.3	-205 134	-166 991
Payroll expenses	4	-1 520 278	-1 329 700
External expenses	3.3	-268 016	-216 684
Taxes and contributions		-23 890	-18 093
Other operating income and expenses		14 513	2 692
Earnings before interest, taxes, depreciation and amortisation		**482 017**	**486 612**
Depreciation/amortisation and impairment	3.3	-337 482	-316 822
Other operating income and expenses	3.4	-23 005	-37 255
Operating income	**3.1**	**121 529**	**132 536**
Cost of net debt	8.1	-48 230	-43 922
Other items of financial income	8.1	-53 786	-59 095
Financial income	**8.1**	**-102 016**	**-103 257**
Pre-tax income		**19 513**	**29 279**
Income tax	10	-4 774	-6 118
Profit/(loss) of consolidated companies		**14 739**	**23 161**
Profit/(loss) from equity-accounted companies		115	-775
Net income from continued operations		**14 854**	**22 386**
Net income from discontinued operations	2	-6 613	-2 631
Net income		**8 241**	**19 755**
Non-controlling interests	*	-7 033	-6 859
Net income attributable to owners of the Group		**1 208**	**12 896**
Earnings per share attrib. to owners of the Group (in euros)	7	0,00	0,12
Diluted earnings per share attrib. to owners of the Group (in euros)	7	-0,01	0,08
Earnings per share attrib. to owners of the Group of continued activities (in euros)	7	0,02	0,15
Diluted earnings per share attrib. to owners of the Group of continued activities (in euros)	7	0,01	0,10
NET INCOME ATTRIBUTABLE TO OWNERS OF THE GROUP		**1 208**	**12 896**
Recyclable items: impact of IFRS 9 and IFRS 2 (measurement of hedging instruments and free share plans) net of tax	*	-9 511	74 269
Non-recyclable items: impact of IAS 19 (actuarial gains and losses)	*	721	7 673
Gains and losses recognised directly in equity (attributable to owners of the Group)	*	**-8 790**	**81 942**
Gains and losses recognised directly in equity (non controlling interests)	*	**-11**	**3 120**
Net income and gains and losses recognised directly in equity (attributable to owners of the Group)	*	-7 582	94 838
Net income and gains and losses recognised directly in equity (non-controlling interests)	*	7 022	5 539

** see Changes in shareholders' equity*

***Includes the impact of IFRS 5 restatement (cf. note 1.3)*

Consolidated statement of financial position

Assets

In thousands of euros	Notes	30.06.2023	31.12.2022
Goodwill	5.1	3 346 592	3 237 256
Intangible assets	5.2	2 320 330	2 256 714
Property, plant and equipment	5.3	3 417 298	3 552 538
Rights of use	5.5	3 619 828	3 451 897
Financial assets		112 704	50 973
Equity-accounted investments		51 878	19 501
Deferred tax assets	10	121 466	86 934
Non-current assets		**12 990 096**	**12 655 813**
Inventories	3.5	29 873	28 623
Trade receivables and related accounts	3.5	492 563	440 368
Other receivables and currents assets	3.5	678 679	422 888
Current tax receivables		14 774	27 777
Financial instruments – assets	8.2	52 266	134 717
Cash and cash equivalents	8.3	375 007	733 710
Current assets		**1 643 162**	**1 788 083**
Assets held for sale	2	132 971	129 666
TOTAL ASSETS		**14 766 229**	**14 573 562**

Liabilities

In thousands of euros	Notes	30.06.2023	31.12.2022
Share capital		532 526	532 526
Premiums		1 205 655	1 205 655
Reserves and consolidated results		1 757 893	1 801 041
Equity attributable to owners of the Group		**3 496 074**	**3 539 222**
Non-controlling interests		372 545	328 655
Total shareholder's equity		**3 868 619**	**3 867 877**
Provisions for pensions		89 006	87 620
Deferred tax liabilities	10	627 502	603 680
Other provisions	9	43 336	46 528
Loans and financial liabilities	8.2	2 999 587	3 560 264
Non-current lease liabilities	5.5	3 565 152	3 371 411
Other non-current liabilities		77 154	73 941
Non-current liabilities		**7 401 737**	**7 743 444**
Provisions for current liabilities	9	20 266	15 786
Trade payables and related accounts	3.5	564 704	570 717
Other payables and accruals	3.5	957 521	865 883
Current tax payables		39 668	31 540
Borrowings due within one year and bank overdrafts	8.2	1 387 016	948 077
Current lease liabilities	5.5	396 243	390 793
Financial instruments - Liabilities	8.2	70	86
Current liabilities		**3 365 488**	**2 822 882**
Liabilities associated with assets held for sale	2	130 385	139 359
TOTAL LIABILITIES		**14 766 229**	**14 573 562**

Consolidated statement of cash flows

In thousands of euros	Notes	30.06.2023	30.06.2022 restated*
Net income from continued operations		**14 854**	**22 386**
Income tax expense		4 774	6 118
Net depreciation/amortisation and provisions		323 716	303 927
Net income of equity-accounted companies		-115	775
Gain (loss) due to changes in fair value and non-cash items		-2 898	-81
Elimination of dividend proceeds		-8	-366
Gain on disposal of assets		-2 525	11 884
Elimination of acquisition costs of investments		1 554	2 572
Elimination of cost of net financial debt		100 699	103 627
Cash flow before cost of net debt		**440 051**	**450 842**
Change in inventories	3.5	-1 611	328
Change in trade receivables	3.5	12 435	-34 801
Change in trade payables	3.5	-23 366	1 160
Change in other items	3.5	-111 532	-208
Change in working capital requirements		**-124 074**	**-33 521**
Income taxes paid		**-11 721**	**-42 545**
Net cash flow from operations		**304 256**	**374 776**
Impact of changes in scope (acquisitions)	2	-152 827	-166 791
Impact of changes in scope (disposals)	2	-58 438	3 645
Investments in property, plant and equipment and intangible assets disbursed	5.4	-276 547	-272 550
Other financial investments		694	1 172
Proceeds from disposals of non-current assets (excluding investments)		8 157	6 848
Net cash flow from investment transactions		**-478 961**	**-427 676**
Net cash flow		**-174 705**	**-52 901**
Capital increase and related premiums		118 562	10 667
Treasury shares charged to equity		-3 092	-39 532
Debt instruments issued	8.2	289 214	505 185
Repayment of borrowings and financial debt	8.2	-355 355	-398 101
Repayment of lease liabilities	5.5	-197 383	-195 425
Other financial flows in relation to financing activities		1 651	-34 502
Net interest paid	8.2	-23 500	-93 483
Dividends		-14 866	-8 881
Net cash flow in relation to financing activities		**-184 464**	**-254 072**
Impact of discontinued operations		-43	-3 141
Impact of exchange rate fluctuations		843	-3 727
CHANGES IN CASH POSITION		**-358 369**	**-313 841**
Cash position at the start of the period		**732 970**	**1 197 566**
Cash position at the end of the period		**374 591**	**883 731**
including			
Cash and cash equivalents of discontInued activities		-168	-3 293
Marketable securities	8.3	1 918	28 462
Cash and cash equivalents	8.3	373 088	859 228
Bank overdrafts	8.2	-247	-665

**Includes the impact of IFRS 5 restatement (cf. note 1.3)*

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 2021	**527 968**	**1 196 252**	**-7 848**	**534 075**	**-9 544**	**-33 198**	**236 392**	**1 049 190**	**3 493 287**	**271 131**	**3 764 418**
Dividends distributed								-28 088	**-28 088**	-8 808	**-36 896**
Capital increase	125							-125		20 460	**20 460**
Business combinations											
Treasury shares			-39 532						**-39 532**		**-39 532**
Equity instruments				-2 759					**-2 759**		**-2 759**
Impact of IFRS 16 on restatement of lease income (net of tax)							-271		**-271**		**-271**
Acquistion of non-controlling interests and other changes								-35 802	**-35 802**	-342	**-36 144**
Net income for the period restated*								***12 896***	***12 896***	***6 859***	***19 755***
Impact of IAS 19 (actuarial gains & losses)						7 673			**7 673**		**7 673**
Measurement of hedging derivatives and free share plans			1 896		72 645				**74 541**		**74 541**
Currency translation differences								-274	**-274**		**-274**
Comprehensive income			***1 896***		***72 645***	***7 673***		***12 622***	***94 836***	***6 859***	***101 695***
As at 30 June 2022	**528 093**	**1 196 252**	**-45 484**	**531 316**	**63 101**	**-25 525**	**236 121**	**997 797**	**3 481 671**	**289 300**	**3 770 971**
Dividends distributed								-8 870	**-8 870**	-6 801	**-15 671**
Capital increase	4 433	9 403					-4 771		**9 065**	36 096	**45 161**
Business combinations											
Treasury shares			29 135						**29 135**		**29 135**
Equity instruments				2 227			-30 203		**-27 976**		**-27 976**
Impact of IFRS 16 on restatement of lease income (net of tax)							-49		**-49**		**-49**
Acquistion of non-controlling interests and other changes								-2 538	**-2 538**	4 521	**1 983**
Net income for the period restated*								***9 164***	***9 164***	***2 419***	***11 583***
Impact of IAS 19 (actuarial gains & losses)						-300			**-300**	-14	**-314**
Measurement of hedging derivatives and free share plans			1 819		48 014				**49 833**	3 134	**52 967**
Currency translation differences								87	**87**		**87**
Comprehensive income			**1 819**		**48 014**	**-300**		**9 251**	***58 784***	***5 539***	***64 323***
As at 31 December 2022	**532 526**	**1 205 655**	**-14 530**	**533 543**	**111 115**	**-25 825**	**201 098**	**995 640**	**3 539 222**	**328 655**	**3 867 877**
Dividends distributed								-26 626	**-26 626**	-2 170	**-28 796**
Capital increase							-2 185		**-2 185**	51 621	**49 436**
Business combinations											
Treasury shares			-226						**-226**		**-226**
Equity instruments							-5 257		**-5 257**		**-5 257**
Impact of IFRS 16 on restatement of lease income (net of tax)							178		**178**		**178**
Acquistion of non-controlling interests and other changes								-1 450	**-1 450**	-12 583	**-14 033**
Net income for the period								**1 208**	**1 208**	**7 033**	**8 241**
Impact of IAS 19 (actuarial gains & losses)						721			**721**	56	**777**
Measurement of hedging derivatives and free share plans			2 331		-14 621				**-12 290**	-67	**-12 357**
Currency translation differences								2 779	**2 779**		**2 779**
Comprehensive income			***2 331***		***-14 621***	***721***		***3 987***	***-7 582***	***7 022***	***-560***
As at 30 June 2023	**532 526**	**1 205 655**	**-12 425**	**533 543**	**96 494**	**-25 104**	**193 834**	**971 551**	**3 496 074**	**372 545**	**3 868 620**

Notes to the consolidated financial statements

The consolidated financial statements were examined by the Audit Committee on 26 July 2023 and were approved by the Board of Directors on 27 July 2023.

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.
- companies operating specialised clinics, which care for convalescent or disabled patients. 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 own and manage the facilities' buildings.

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://finance.ec.europa.eu/regulation-and-supervision/financial-services-legislation/implementing-and-delegated-acts/international-accounting-standards-regulation_en

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 2022 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 2022.

1.3. Change of accounting method and retreatment of comparative information

Service residences have been classified as discontinued activities in accordance with the arrangement of the IFRS 5 norm, see section "Assets available for sale" of note 2. All impacts on aggregates of the financial statements for the comparative periods, affected by this accounting method change, have been removed are presented below:

In thousands of euros	30.06.2022 published	IFRS 5 restatement	30.06.2022 restated*
Revenue	**2 165 456**	**-8 605**	**2 156 851**
Other income	58 537	-	58 537
Revenue and other income	**2 223 993**	**-8 605**	**2 215 388**
Purchases used in the business	-168 474	1 483	-166 991
Payroll expenses	-1 333 450	3 750	-1 329 700
External expenses	-218 181	1 497	-216 684
Taxes and contributions	-18 587	494	-18 093
Other operating income and expenses	5 764	-3 072	2 692
Earnings before interest, taxes, depreciation and amortisation	**491 065**	**-4 453**	**486 612**
Depreciation/amortisation and impairment	-322 205	5 383	-316 822
Other operating income and expenses	-37 860	605	-37 255
Operating income	**131 000**	**1 536**	**132 536**
Cost of net debt	-44 161	-	-43 922
Other items of financial income	-60 028	933	-59 095
Financial income	**-104 189**	**932**	**-103 257**
Pre-tax income	**26 811**	**2 468**	**29 279**
Income tax	-6 281	163	-6 118
Profit/(loss) of consolidated companies	**20 530**	**2 631**	**23 161**
Profit/(loss) from equity-accounted companies	-775	-	-775
Net income from continued operations	**19 755**	**2 631**	**22 386**
Net income from discontinued operations	0	-2 631	-2 631
Net income	**19 755**	**-**	**19 755**
Non-controlling interests	-6 859	-	-6 859
Net income attributable to owners of the Group	**12 896**	**-**	**12 896**
Earnings per share attrib. to owners of the Group (in euros)	0,12	-	0,12
Diluted earnings per share attrib. to owners of the Group (in euros)	0,08	-	0,08
NET INCOME ATTRIBUTABLE TO OWNERS OF THE GROUP	**12 896**	**-**	**12 896**

**Include the impact of IFRS 5 restatement*

1.4. IFRS standards, amendments and interpretations applicable from 1st January 2023 and not adopted early by the Group

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.

1.5. 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 carrying amounts of assets are reviewed at least annually and when events or circumstances indicate that they may be impaired. Such events and circumstances may be the result of material adverse changes of a lasting nature that affect either the business environment or the assumptions or objectives used at the date of the last closing.

c. Leases (Note 5.5)

Pursuant to IFRS 16, lease liabilities are determined using a lease term on property leases that corresponds to the non-cancellable period plus any renewal options the Group is reasonably certain to exercise.

The Group has also elected to cease applying the low-value exemption to the new contract signed in France and Germany for identifiable work clothing and to cease applying the short-term exemption for medical equipment in these two countries.

d. Classification of CVAE (note 10.2)

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 profits”.

Note 2: Significant events of the period

Statutory modifications

The General Meeting of 15 June 2023 approved the following changes:

- The adoption of a new corporate purpose for the Group: "To take care of each person's humanity in times of vulnerability".
- The transformation into a purpose-driven company, within the definition of Article L 210-10 of the French Commercial Code.
- The modification of the corporate name of the European company that heads the Group, giving it the distinct name Clariane.

Changes in the consolidation scope

At 30 June 2023, the consolidation scope included, in addition to the parent company Clariane SE, 714 fully consolidated and equity-accounted companies (714 at 31 December 2022).

The period ended 30 June 2023 was marked by the acquisition of Grupo 5. On January 11, 2023, Clariane announced the completion of the acquisition in Spain of specialist mental health operator Grupo 5. With expected sales of 330 million euros in 2023 in France, Spain and Italy, Clariane is the 3rd largest private player in the sector of mental health in Europe.

Material information on significant changes in scope

Impact on cash of acquisitions and disposals of subsidiaries and joint ventures as well as changes in consolidation method

In thousands of euros	30.06.2023	30.06.2022 restated*
Purchase price of subsidiaries [A]	**179 191**	**121 036**
Cash out/cash in [B]	156 961	178 033
Remaining to be disbursed/cashed in [C] = [A]-[B]	**22 230**	**-56 997**
Disposal price [D]	-338	18 267
Cash acquired [E]	4 135	5 517
Cash disposed of [F]	-58 101	-8 897
IMPACT OF CHANGES IN SCOPE [G] = [E] - [F] - [B] + [D]	**-211 265**	**-163 146**

**Includes the impact of IFRS 5 restatement (cf. note 1.3)*

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	107 598	
Intangible assets	52 565	
Property, plant and equipment	39 506	
Rights of use	6 589	
Equity-accounted investments	29 287	
Financial assets	412	
Deferred tax assets	1 135	
Financial instruments - assets	165	
Non-current assets	**237 257**	
Inventories	0	
Trade receivables and related accounts	12 261	
Other receivables and currents assets	3 380	
Current assets	**15 641**	
Non-controlling interests		**15 483**
Provisions for pensions		0
Deferred tax liabilities		16 666
Other provisions		157
Loans and financial liabilities		12 141
Non-current liabilities		5 551
Other non-current liabilities		108
Non-current liabilities		**34 622**
Provisions for current liabilities		7 483
Trade payables and related accounts		6 359
Other liabilities and accruals		6 776
Borrowings due within one year		7 656
Current lease liabilities		1 016
Financial instruments - liabilities		0
Current liabilities		**29 289**
ASSETS ACQUIRED	**252 898**	
LIABILITIES ASSUMED		**79 395**
Net contribution	**173 503**	

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 balance sheet. Non-current assets and groups of assets to be disposed of and classified as "held for sale" are measured at the lower of their carrying amount or fair value less costs to sell. These assets are classified as "held for sale" only if their sale is highly probable within 12 months, if they are available for immediate sale and if management has implemented a sale plan and sufficient progress has been made. 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. When a business activity is classified as a discontinued operation, the comparative income statement and cash flow statement are restated as if the activity had met the criteria of a discontinued operation as of the start of the comparative period. Discontinued operations are presented on a single line in the Group income statement. This line item, "Net profit from discontinued operations", includes the net profit after tax of operations sold or being sold up to the date of disposal.

In response to medium-term changes in its markets and corporate project, the Group has revised its strategy for its assisted living facilities dedicated to seniors and has decided to sell this activity. In 2022, this resulted in particular in the termination of its partnership in this business in Italy and the conversion of its Come facility into a long-term care nursing home and the sale of 4 service residences in the first quarter of 2023.

This activity was not classified as held for sale or discontinued at 30 June 2022. Accordingly, the comparative 2022 income statement and cash flow statement have been restated to present the impact of this business as a discontinued operation.

The net income of this activity is presented on the "discontinued operation" line of the income statement.

The assets and liabilities of activities sold or held for sales are presented on separate lines on the Group's balance sheet, without restatement of prior periods. This results in a net book liability which is lower than the fair value determined on the basis of discounted cash flows, as projected by management.

The net income after tax of discontinued operations is composed of the following:

In thousands of euros	30.06.2023	30.06.2022
Revenue	**11 536**	**8 605**
Other income		
Revenue and other income	**11 536**	**8 605**
Purchases used in the business	-2 603	-1 484
Payroll expenses	-6 166	-3 750
External expenses	-4 213	-1 497
Taxes and contributions	-119	-494
Other operating income and expenses	700	3 073
Earnings before interest, taxes, depreciation and amortisation	**-865**	**4 453**
Depreciation/amortisation and impairment	-6 450	-5 384
Other operating income and expenses	2 560	-606
Operating income	**-4 753**	**-1 536**
Financial income	**-1 573**	**-932**
Pre-tax income	**-6 327**	**-2 468**
Income tax	-286	-165
Profit/(loss) of consolidated companies	**-6 613**	**-2 633**
Profit/(loss) from equity-accounted companies	0	0
Net income from continued operations	**-6 613**	**-2 633**

Cash flow of discontinued operations is composed of the following:

In thousands of euros	30.06.2023	30.06.2022
Net income from discontinued operations	**-6 613**	**-2 631**
Cash flow from operating activities - Discontinued operations	6 606	-3 537
Cash flow from financing activities - Discontinued operations	8 169	3 167
Cash flow from investing activities - Discontinued operations	-8 204	-140
CHANGES IN CASH POSITION	**-43**	**-3 141**
Cash and cash equivalents at beginning of year	-125	
Cash and cash equivalents at end of year	-168	
CHANGES IN CASH POSITION	**-43**	

Real estate partnerships

The Group is pursuing its real estate strategy, in particular by maintaining the level of debt on its real estate assets at around 55% of "Loan to value" and by setting up long-term partnerships in dedicated structures that own its buildings outside developments. The analysis of these partnerships under IFRS 10 concluded that Clariane controls these dedicated structures.

In June 2023, Clariane signed a long-term real estate investment agreement with the following partners: Amundi Immobilier, Covéa, Crédit Agricole Assurances and Malakoff Humanis. This pan-European portfolio is valued at around 500 million euros and is around 40% leveraged. The partners hold 42% of the capital, for a total investment to date of 120 million euros.
This partnership is similar to previous ones, valued at around 1.3 billion euros:
- in 2020 with BNP Paribas Cardif and EDF for a total of €336 million, representing 49% of the real estate vehicle
- in 2021 with BAE Systems Pension Funds for a total of €98 million, also representing 49% of the real estate vehicle

These partnerships all have a duration of 15 years (from the date of signature), with a lock-up period of between 7 and 10 years. The annual remuneration of the partners in the form of dividends is projected in the business plan of each structure at between 4.5% and 6%. The agreements include a minimum level of return in the event of investor exit, and a maximum level enabling Clariane to retain the benefit of any future increase in portfolio value beyond this ceiling. The current values of the various partnership structures have not exceeded either the minimum or maximum levels.

Overall, around 60% of the Group's real estate portfolio is held in partnered structures. At 30 June, real estate partnerships accounted for €340 million of the Group's minority interests.

Changes in Ages et Vie partnerships

Following the amendment on 30 June 2023 of the Ages et Vies shareholders' agreement, reflecting new decision-making processes, the Group considers that it no longer exercises more than a significant influence with its 30% holding in the company. The table below provides summarized financial information on the impact of the change in equity method for Ages et Vies companies on the Group's balance sheet.

Assets

In thousands of euros	30.06.2023	impact of change to equity method of A&V	30.06.2023 before the change to equity method
Goodwill	3 346 592		3 346 592
Intangible assets	2 320 330		2 320 330
Property, plant and equipment	3 417 298	-316 850	3 734 148
Rights of use	3 619 828	147 050	3 472 778
Financial assets	112 704	75 164	37 540
Equity-accounted investments	51 878	27 789	24 089
Deferred tax assets	121 466		121 466
Non-current assets	**12 990 096**	**-66 847**	**13 056 943**
Inventories	29 873		29 873
Trade receivables and related accounts	492 563	83 853	408 710
Other receivables and currents assets	678 679	-21 914	700 593
Current tax receivables	14 774	-1	14 775
Financial instruments – assets	52 266		52 266
Cash and cash equivalents	375 007	-58 259	433 266
Current assets	**1 643 162**	**3 679**	**1 639 483**
Assets held for sale	132 971		132 971
TOTAL ASSETS	**14 766 229**	**-63 168**	**14 829 397**

Liabilities

In thousands of euros	30.06.2023	impact of change to equity method of A&V	30.06.2023 before the change to equity method
Share capital	532 526		532 526
Premiums	1 205 655		1 205 655
Reserves and consolidated results	1 757 893		1 757 893
Equity attributable to owners of the Group	**3 496 074**		**3 496 074**
Non-controlling interests	372 545	-64 840	437 385
Total shareholder's equity	**3 868 619**	**-64 840**	**3 933 459**
Provisions for pensions	89 006		89 006
Deferred tax liabilities	627 502	1 936	625 566
Other provisions	43 336		43 336
Loans and financial liabilities	2 999 587	-86 475	3 086 062
Non-current lease liabilities	3 565 152	143 530	3 421 622
Other non-current liabilities	77 154		77 154
Non-current liabilities	**7 401 737**	**58 991**	**7 342 746**
Provisions for current liabilities	20 266		20 266
Trade payables and related accounts	564 704	-314	565 018
Other payables and accruals	957 521	-57 695	1 015 216
Current tax payables	39 668		39 668
Borrowings due within one year and bank overdrafts	1 387 016	-2 830	1 389 846
Current lease liabilities	396 243	3 520	392 723
Financial instruments - Liabilities	70		70
Current liabilities	**3 365 488**	**-57 319**	**3 422 807**
Liabilities associated with assets held for sale	130 385		130 385
TOTAL LIABILITIES	**14 766 229**	**-63 168**	**14 829 397**

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 Clariane 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.

To align with the Group's managerial organization, and following the significant revenue increase in Spain and UK, notably following the acquisition of Grupo 5 in Spain, the Group adds a geographical segment formed by Spain and UK.

Operating segments as at 30.06.2023 *In thousands of euros*	Total	France	Germany	Benelux (1)	Italy	Spain & UK
Revenue and other income	2 484 822	1 096 007	572 982	367 878	311 519	136 436
EBITDAR	520 192	248 615	102 861	79 114	64 905	24 697
	20,9%	*22,7%*	*18,0%*	*21,5%*	*20,8%*	*18,1%*

Bridge from EBITDAR to operating income as at 30.06.2023	
In thousands of euros	
EBITDAR	**520 192**
Lease expenses	-38 176
EBITDA	**482 017**
Depreciation/amortisation, impairment and provisions	-337 482
Other operating income and expenses	-23 005
Operating income	**121 529**

(1) Including revenue of €64.3M in Netherlands.

Operating segments as at 30.06.2022 restated* *In thousands of euros*	Total	France	Germany	Benelux (1)	Italy	Spain & UK
Revenue and other income	2 215 388	1 024 431	531 599	317 997	273 555	67 806
EBITDAR	521 067	255 469	129 649	63 345	55 065	17 539
	23,5%	*24,9%*	*24,4%*	*19,9%*	*20,1%*	*25,9%*

Bridge from EBITDAR to operating income as at 30.06.2022	
In thousands of euros	
EBITDAR	**521 067**
Lease expenses	-34 455
EBITDA	**486 612**
Depreciation/amortisation, impairment and provisions	-316 822
Other operating income and expenses	-37 255
Operating income	**132 536**

(1) Including revenue of €47.1 M in the Netherlands.

**Includes the impact of IFRS 5 restatement (cf. note 1.3)*

3.2 Revenue and other income

Clariane's positioning in the field of care and support services for seniors and vulnerable persons in Europe is structured around three business lines: long-term care, healthcare facilities, and community care (assisted living facilities and shared housing). Revenue consists primarily of services in connection with health care, dependency care, accommodation and hospitality services. These revenues are recognised as services are performed, regardless of the origin of payment.

Revenue and other income totalled €2,485 million for the period ended 30 June 2023, an increase of €270 million compared to the previous period.

Other income includes €10.7 million in compensation revenue recognised in connection with the loss of business in France and Netherlands as well as €20.4 million in "Segur de la Santé" financing for the medical care business (this revenues from Ségur de la Santé for the long term care business in France are included in revenues).

The breakdown of sales and other income by business line is as follows:

En milliers d'euros	30.06.2023	30.06.2022 restated *
Long term care	1 539 597	1 423 869
Healthcare	658 581	551 485
Community care	286 643	240 029
TOTAL	**2 484 821**	**2 215 383**

**Includes the impact of IFRS 5 restatement (cf. note 1.3)*

3.3 Other current operating data

Purchases correspond mainly to raw materials, energy, supplies and other materials. They are up by €(37) million compared with 2022, partly due to higher energy costs.

External expenses correspond mainly to fees and remuneration of intermediaries for €(45.5) million, rental expenses not covered by IFRS16 for €(38.2) million, upkeep and maintenance costs for €(17.5) million and subcontracting costs for €(30.9) million.

Depreciation, amortization and impairment includes €(316) million in depreciation, of which €(196) million in amortization of rights of use, and €(21) million in impairment and provisions.

3.4 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 (Earnings Before Interest, Taxes, Depreciation, Amortization and Rent), 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 to facilitate the understanding of the operational performance.

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	**30.06.2023**	**30.06.2022 restated ***
Restructuring	-11 593	-21 166
M&A an development costs	-10 483	-16 093
Others	-929	4
TOTAL OTHER OPERATING INCOME AND EXPENSES	**-23 005**	**-37 255**

**Includes the impact of IFRS 5 restatement (cf. note 1.3)*

The "other operating income and expenses" item includes primarily restructuring costs of €11.6 million and external transaction/development costs of €7.1 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	30.06.2023	31.12.2022
Gross value	33 104	31 884
Impairment	-3 231	-3 261
NET VALUE	**29 873**	**28 623**

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 level of provisioning depends both on the level of loss experienced in previous years and on the risk assessment performed on the receivables in each of the countries in which the Group operates.

In thousands of euros	30.06.2023	31.12.2022
Trade receivables	538 366	482 593
Impairment	-45 803	-42 225
NET VALUE	**492 563**	**440 368**

Transfer and use of financial assets

As part of its financing policy, the group has factoring agreements that allow a group of financial institutions to sell part of the trade receivables of certain subsidiaries with a transfer of almost all the risks and rewards attached to the sold outstandings. This strategy has been implemented in Italy with "pro soluto" factoring and in France with Natixis Factoring.

The risks and rewards test required under IFRS 9 has led the Group to derecognise almost all of the receivables assigned under these factoring contracts.

The receivables assigned by the Italian subsidiaries are sold at their nominal value less an initial charge of 0.3% to 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. Receivables assigned by French subsidiaries are assigned at their nominal value less an initial fee of 0.6%, which is recorded in other expenses, and interest at the zero-coupon rate, which is recorded in financial expenses.

At 30 June 2023, assigned receivables derecognized and not yet collected by the factoring company represented €58 million, or 19.5% of current flows assigned and derecognized over the past twelve months. At December 31, 2022, this amount represented €56.6 million, or 20% of current flows transferred and derecognized during the year.

Breakdown of transfers of receivables assigned during the year (PROSOLUTO) in thousands of euros	30.06.2023	Q1 2023	Q2 2023
Receivables assigned	148 384	61 867	86 516
Receivables collected	146 896	57 623	89 273
Fees for management and collection of assigned receivables	-813	-291	-522
Corresponding financial expense	-1 165	-451	-714
Profit/(loss) on assignment	**-1 978**	**-741**	**-1 237**
NET CASH RECEIVED	**144 918**	**56 882**	**88 037**

c) Other receivables and currents assets

Other receivables and current assets break down as follows:

In thousands of euros	30.06.2023	31.12.2022
Tax receivables, excluding current taxes	132 539	99 628
Social security receivables	48 632	7 308
Advances and down payments	51 744	35 099
Prepaid expenses	84 698	60 521
Other debtors	358 176	241 862
Other receivables and current assets in WCR	**675 789**	**444 418**
Receivables on disposal and acquisition of non-current assets	23 850	-9 127
Impairment of other receivables	-23 185	-15 258
VALUE OF OTHER RECEIVABLES	**676 454**	**420 033**

In thousands of euros	30.06.2023	31.12.2022
Deposits and guarantees	1 569	2 221
Other financial assets	656	636
VALUE OF OTHER CURRENT FINANCIAL ASSETS	**2 225**	**2 857**
TOTAL OTHER CURRENT FINANCIAL ASSETS (NET)	**678 679**	**422 888**

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	30.06.2023	31.12.2022
Trade payables	564 704	570 717
TOTAL TRADE PAYABLES AND RELATED ACCOUNTS	**564 704**	**570 717**

In thousands of euros	30.06.2023	31.12.2022
Residents' deposits	63 416	62 287
Advances and down payments made on orders	56 285	44 648
Non-corporate income tax liabilities	145 363	95 935
Social security liabilities	404 817	356 817
Other liabilities	105 596	117 648
Deferred income	32 748	25 472
Total payables and accruals in WCR	**808 225**	**702 807**
Non-current asset suppliers	122 331	162 637
Dividends payable	26 964	438
TOTAL OTHER PAYABLES AND ACCRUALS	**957 521**	**865 883**

Change in working capital requirements

Working capital requirements comprise the following items:

In thousands of euros	31.12.2022	Change in consolidation scope	Change in WCR	Other changes	30.06.2023
Inventory [A]	31 884	-5	1 611	-386	33 104
Trade receivables and related accounts [B]	482 593	96 005	-12 435	-27 797	538 366
Other receivables and current assets [C]	444 418	-20 781	206 510	45 642	675 789
Trade payables and related accounts [D]	570 717	5 074	-23 366	12 279	564 704
Other liabilities and accruals [E]	702 807	6 807	94 978	3 633	808 225
WORKING CAPITAL REQUIREMENTS [F]=[D]+[E]-[A]-[B]-[C]	**314 629**	**-63 338**	**-124 074**	**-1 547**	**125 670**

The Group excludes tax receivables and payables, as well as investment-related receivables and payables, from its WCR calculation. WCR is based on the gross value of inventories and receivables.

Note 4: Employee expenses and benefits

4.1 Staff costs

In thousands of euros	30.06.2023	30.06.2022 restated*
Wages	1 091 710	953 004
Social contributions	323 249	284 934
Employee profit sharing	4 002	5 415
Free share awards	3 517	2 033
Other personnel expenses	97 800	84 315
TOTAL	**1 520 278**	**1 329 700**

*Includes the impact of IFRS 5 restatement (cf. note 1.3)

Staff costs rose by 14% in the first half of 2023, to 61.2% of revenues compared with 60.0% in the first half of 2022, an increase largely due to the increase in salaries in Germany for around 25%, linked to a decision by the German government, effective from September 2022.

4.2 Employee benefits

Pension costs for an interim period are calculated on the basis of actuarial valuations carried out at the end of the previous year. Following the vote on the pension reform, the Group changed its retirement assumptions for non-executive employees. The impact of this change in assumption is €(2.2) million on the amount of the provision, all other things being equal.

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 2023 are shown below:

In thousands of euros	**30.06.2023**	**31.12.2022**
Gross goodwill at the start of the period	**3 237 256**	**3 213 838**
Changes in scope	119 836	97 739
Final allocation of goodwill	-12 237	-58 104
Valuation of promise to purchase non-controlling interests		
Disposals		-749
Reclassifications and other impacts	1 738	-3 010
Asset held for sale		-12 458
Gross goodwill at the end of the period	**3 346 592**	**3 237 256**
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	**3 237 256**	**3 213 838**
NET GOODWILL AT THE END OF THE PERIOD	**3 346 592**	**3 237 256**

In thousands of euros	Group	France	Germany	Benelux (1)	Italy	Spain & UK
Net goodwill at the start of the period	**3 237 256**	**1 571 155**	**721 672**	**268 960**	**454 671**	**220 798**
Changes in scope	121 574	309				121 265
Definitive allocation of goodwill	-12 237	493			-12 730	
Asset held for sale						
NET GOODWILL AT THE END OF THE PERIOD	**3 346 592**	**1 571 957**	**721 672**	**268 960**	**441 941**	**342 063**

(1) Including € 75,4 M of goodwill in Netherlands.

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 2023 is primarily due to:

- In Italy: the impact of the final allocation of the purchase price of Italian Hospital Group and Maleo Group.
- In Spain: the impact of the preliminary purchase price allocation for Grupo 5.

There was no evidence of impairment at 30 June 2023.

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 “Goodwill, intangible assets and property, plant and equipment” of Note 1.5.

In thousands of euros	Licences	Other	Total
Gross value at the start of the period restated*	**2 095 838**	**346 748**	**2 442 586**
Change in scope	39 298	9 099	48 397
Disposals	0	-92	-92
Acquisitions	0	15 591	15 591
Transfers	0	9 685	9 685
Gross value at the end of the period	**2 135 135**	**381 032**	**2 516 167**
Amortisation and impairment at the start of the period restated *	**16 974**	**168 898**	**185 872**
Change in scope	-2 502	-1 668	-4 170
Disposals	0	-74	-74
Amortisation and impairment	989	12 857	13 846
Transfers	0	361	361
Amortisation and impairment at the end of the period	**15 462**	**180 374**	**195 836**
Net carrying amount at the start of the period restated*	**2 078 863**	**177 851**	**2 256 714**
NET CARRYING AMOUNT AT THE END OF THE PERIOD	**2 119 673**	**200 658**	**2 320 330**

*Includes the impact of IFRS 5 restatement (cf. note 1.3)

The valuations of licences are shown in the table below by operating segment:

In thousands of euros	France	Benelux (1)	Italy	Spain & UK	Total
Gross value at the start of the period	1 426 722	228 297	396 780	44 038	2 095 838
Impairment	13 905	197		2 872	16 974
Net carrying amount at the start of the period	**1 412 817**	**228 100**	**396 780**	**41 166**	**2 078 863**
Gross value at the end of the period	1 426 722	228 297	419 978	60 138	2 135 135
Impairment	13 905	197	-2 502	3 861	15 462
Net carrying amount at the end of the period	**1 412 817**	**228 100**	**422 479**	**56 277**	**2 119 673**

(1) Including € 9M in Netherlands.

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 2022 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	**402 282**	**2 939 982**	**1 578 610**	**401 655**	**5 322 529**
Changes in scope	3 763	-93 841	6 055	-147 811	-231 834
Disposals	-5	-718	-2 325	-9 545	-12 593
Acquisitions	3 589	52 459	21 762	141 987	219 797
Transfers	2 295	110 332	6 639	-141 274	-22 008
Other	2 099	5 526	762	0	8 387
Gross value at the end of the period	**414 023**	**3 013 739**	**1 611 504**	**245 013**	**5 284 279**
Total depreciation at the start of the period	**789**	**800 321**	**967 742**	**1 139**	**1 769 991**
Changes in scope	0	-3 159	2 946	0	-213
Allowances	0	49 892	47 352	0	97 244
Disposals	0	-1 918	-804	0	-2 722
Others	0	3 292	-611	0	2 681
Total depreciation at the end of the period	**789**	**848 427**	**1 016 625**	**1 139**	**1 866 980**
Net carrying amount at the start of the period	**401 493**	**2 139 661**	**610 868**	**400 516**	**3 552 538**
NET CARRYING AMOUNT AT THE END OF THE PERIOD	**413 234**	**2 165 312**	**594 879**	**243 874**	**3 417 298**

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	30.06.2023	30.06.2022*
Acquisitions of intangible assets	-15 609	-24 222
Change in debt on acquisitions of intangible assets	986	11 577
Acquisitions of property, plant and equipment	-262 977	-245 580
Change in debt on acquisitions of property, plant and equipment and other assets	1 053	-14 325
INVESTMENTS IN PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS DISBURSED	**-276 547**	**-272 550**

**Includes the impact of IFRS 5 restatement (cf. note 1.3)*

5.5 Lease commitments

The amount of the right-of-use recognized includes the value of the associated lease liability, plus, where applicable:

 rents paid before the asset is made available,

 initial direct costs incurred to obtain the lease, and less any incentives received.

Rights of use are amortized on a straight-line basis over the lease term.

Lease liability comprises the present value of :

 of future rents payable (these include rents that are fixed or fixed in substance, as well as those whose variability depends on an index or rate);

 inducements receivable;

 amounts Clariane expects to pay under residual value guarantees;

 the exercise price of asset purchase options that the Group is reasonably certain to exercise;

 and penalties payable in the case of termination.

The IFRS 16 liability has been determined using a lease term for property leases corresponding to the non-cancellable period, plus any renewal options whose use by the Group is reasonably certain.

Analysis of changes in lease liabilities

In thousands of euros	
Lease liabilities as at 30.06.2022	**3 762 204**
Present value of debt and new leases	273 956
Debt repayment	-204 805
Reduction in lease duration/rent	-16 727
Change in consolidation scope	129 580
Other changes	17 187
Lease liabilities as at 30.06.2023	**3 961 395**

The increase in rental debt is impacted by €147 million relating to leases with the Ages & Vie real estate companies, which have been restated under IFRS 16 following the change in consolidation method.

Analysis of the maturities of lease liabilities at 30 June 2023

In thousands of euros	**Total**	**< 1 year**	**1 to 5 years**	**> 5 years**
LEASE LIABILITIES	**3 961 395**	396 243	1 300 842	2 264 310

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 2023, share capital stood at €532,526,030. It is divided into 106,505,206 fully paid-up shares, all of the same class, with a par value of €5 each.

Following approval by shareholders at the Combined General Meeting on June 15, 2023, the Company has distributed a dividend of €0.25 per share, with an option for payment in shares (based on a price per share of €6.86). The total dividend payout for the year, in cash and in shares, amounted to €27 million.

Hybrid Bonds

On 1 September 2021, the Group issued 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 €332.5 million. These bonds were issued with the following characteristics:

- with a nominal value of €44.28 each, representing a conversion premium of 30.0% over the reference share price,
- interest until September 8, 2026, at a fixed rate of 1.875% per annum, payable semi-annually for the first time on March 8, 2022,
- and from September 8, 2026, interest at an annual rate equal to the six-month Euribor rate plus 900 basis points, payable semi-annually in arrears on each interest payment date, and for the first time, if applicable, on March 8, 2027, subject to a suspension of interest payments.

At the date of this document, the applicable conversion ratio is 1.024 Clariane shares for 1 ODIRNANE.
In accordance with IAS 32, these hybrid financial instruments were recognized as equity instruments in an amount net of interest and issue costs of €318.4 million at 30 June 2023 (€329.4 million at December 31, 2022).

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

On 8 June 2021, Clariane 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

On 3 March 2020, Clariane 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 30 June 2023, the applicable conversion ratio is 1.129 Clariane 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).

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".

	30.06.2023	30.06.2022 restated*
Net income attributable to owners of the Group (in thousands of euros)	1 208	12 896
Net income attributable to owners of the Group of continued activities (in thousands of euros)	7 820	15 526
Weighted average number of shares oustanding (in thousands)	317 584	103 929
EARNINGS PER SHARE (in euros)	**0,00**	**0,12**
EARNINGS PER SHARE OF CONTINUED ACTIVITIES (in euros)	**0,02**	**0,15**
Net income attributable to owners of the Group (in thousands of euros)	1 208	12 896
Impact of remuneration of equity items	-3 116	-3 124
Weighted average number of shares outstanding (in thousands)	317 584	103 929
Average number of shares in relation to stock options and free share adjustments	1 451	794
Average number of shares in relation to hybrid and OCEANE bond adjustments	23 298	14 430
Average number of shares used to calculate diluted earnings per share	342 333	119 153
DILUTED EARNINGS PER SHARE (in euros)	**-0,01**	**0,08**
DILUTED EARNINGS PER SHARE OF CONTINUED ACTIVITIES (in euros)	**0,01**	**0,10**

**Includes the impact of IFRS 5 restatement (cf. note 1.3)*

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	30.06.2023	30.06.2022 *
Cost of gross debt	**-72 244**	**-40 441**
Cost of hedging	24 014	-3 721
Income from cash & cash equivalents	0	0
Cost of net debt	**-48 230**	**-44 162**
Bank fees and charges	-2 813	-3 821
Financial expenses on lease liabilities	-56 803	-53 890
Other financial expenses and income	5 830	-1 384
Other financial income items	**-53 786**	**-59 095**
FINANCIAL INCOME	**-102 016**	**-103 257**

**Includes the impact of IFRS 5 restatement (cf. note 1.3)*

8.2 Net indebtedness

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

In thousands euros	30.06.2023	31.12.2022
Borrowings from credit institutions and financial markets	2 442 975	2 571 598
Real estate debt owed to financial counterparties (non-IFRS 16)	1 919 270	1 914 046
Other financial liabilities	23 808	21 957
Bank overdrafts	550	740
Borrowings and financial debt (A)	**4 386 603**	**4 508 341**
Marketable securities	1 919	11 918
Cash	373 088	721 792
Cash and cash equivalents (B)	**375 007**	**733 710**
NET DEBT (A) - (B)	**4 011 596**	**3 774 631**

Change in the Group's indebtedness at 30 June 2023

The Group's gross debt at 30 June 2023 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 €1,969 million;
- Bank overdraft facilities for an amount of €0.5 million;
- Real estate liabilities of €1,919 million, consisting mainly of finance leases and bank loans, of which €78 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 €375 million, excluding bank overdraft facilities.

At 30 June 2023, debts secured by in rem security interests, such as pledges, mortgages and finance leases, accounted for 21.3% of gross debt.

The consolidation with equity method of the Ages & Vie entities had a favorable impact of €31 million on net debt, in line with net cash and debt in the vehicles. Nevertheless, the Group continues to carry debt granted by the European Investment Bank, the sole purpose of which is to finance Ages & Vie. Opposite this debt, the Group has a receivable on similar terms from Ages & Vie for €75 million, presented under non-current assets. Including this receivable, the Group's net debt is €3,936 million, the reference net debt used to calculate operating leverage under the Syndicated Credit Facility signed on July 25, 2023 with the Group's banking partners.

Change in borrowings[2]

In thousands euros	31.12.2022	New loans	Loan repayments	Changes in scope	Other	30.06.2023	Current	Non-current
Loans	4 486 199	306 900	-357 334	-71 736	-14 645	4 349 384	1 362 714	2 986 670
Employee profit sharing	75					75		75
Other loans and similar liabilities	21 327	17 013	-23 694	2 386	19 562	36 594	23 977	12 617
TOTAL LOANS AND FINANCIAL LIABILITIES	**4 507 601**	**323 913**	**-381 028**	**-69 350**	**4 917**	**4 386 053**	**1 386 691**	**2 999 362**

In thousands euros	New Loans 2023	Cash	Non Cash	Loan repayments in 2023	Cash	Non-Cash
Loans	306 900	302 357	4 543	-357 334	-357 334	
Other loans and similar liabilities	17 013	-13 143	30 156	-23 694	1 979	-25 673
TOTAL LOANS AND FINANCIAL LIABILITIES	**323 913**	**289 214**	**34 699**	**-381 028**	**-355 355**	**-25 673**

Breakdown of financial liabilities by interest rate category

At 30 June 2023, the share of the Group's indebtedness at variable interest rates totalled 42% of gross financial liabilities.

In thousands of euros		30.06.2023	31.12.2022
Fixed rate	58%	2 543 896	2 722 737
Variable rate	42%	1 842 707	1 785 604
TOTAL		**4 386 603**	**4 508 341**

[2] *Excluding bank overdrafts and short-term loans of €0.5 million.*

Breakdown of financial liabilities by maturity

In thousands of euros	30.06.2023	31.12.2022
< 1 year	1 387 241	948 271
Short-term financial liabilities	**1 387 241**	**948 271**
1 to 5 years	1 589 407	1 850 241
> 5 years	1 409 955	1 709 829
Non-current financial liabilities	**2 999 362**	**3 560 070**
TOTAL	**4 386 603**	**4 508 341**

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 has reassessed its future exposure to interest-rate risks in light of its ambition to reduce its operating leverage and future debt levels. Following this assessment, the Group decided to unwind certain hedges in line with its policy of progressive hedging, as shown by the main variation in the table below. Part of the unwound hedges was considered ineffective at the start of the new debt trajectory, and was therefore recognized directly in P&L for an amount of €14.8 million.

The market value of instruments purchased to hedge interest rate risk at 30 June 2023 was €52.2 million, after adjustment for counterparty default risk.

At the closing 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 €67.1 million;
- a 0.5% (50 basis points) decrease in interest rates would lower the market value by €44.1 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 2023 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	-84 959	6 869		
Financial instruments ineligible for hedge accounting			284	
TOTAL	**-84 959**	**6 869**	**284**	**-4 794**

Assets	31.12.2022	Newly consolidated companies	Deconsolidated companies	Change	30.06.2023
Interest rate swaps	90 194	165		-56 264	33 930
Foreign exchange swaps					189
Hedging options					
Options	48 509			-28 543	19 966
Total hedging instruments – Assets	**138 703**	**165**		**-84 807**	**54 085**
Interest rate swaps	99			1	100
Options					
Total ineligible financial instruments – Assets	**99**			**1**	**100**
Total impact of counterparty default risk – Credit Value Adjustment	**-4 085**			**2 167**	**-1 918**
TOTAL FINANCIAL INSTRUMENTS – ASSETS	**134 717**	**165**		**-82 639**	**52 266**

Liabilities	31.12.2022	Newly consolidated companies	Deconsolidated companies	Change	30.06.2023
Interest rate swaps	79			-77	2
Foreign exchange swaps					
Hedging options					
Options					
Total hedging instruments – Liabilities	**79**			**-77**	**2**
Interest rate swaps	8			-8	
Options					
Total ineligible financial instruments – Liabilities	**8**			**-8**	
Total impact of counterparty default risk – Debit Value Adjustment	**-1**			**69**	**68**
TOTAL FINANCIAL INSTRUMENTS – LIABILITIES	**86**			**-16**	**70**
TOTAL NET	**134 631**	**165**		**-82 600**	**52 196**

Currency risk

The Group may be exposed to the risk of fluctuations in exchange rates in respect of financial flows exchanged as part of intra-group financing activities (mainly at the parent company) or through future investments in foreign currencies.

Most of these flows are hedged, except for cash flows forming an integral part of net investments in subsidiaries.

The Group uses vanilla hedging instruments (currency swaps, forward sales/purchases, options) to cover its currency risk, and applies hedge accounting (Net Investment Hedge or Fair Value Hedge) when the IFRS 9 hedge criteria are met.

At 30 June 2023, the Group held hedging instruments for a notional amount of £81.4 million, corresponding to the cash pooling outstanding between Clariane and its UK subsidiaries.

Liquidity risk

Clariane closely monitors its cash position and liquidity requirements, both for operations and growth. It then implements its strategy of diversifying sources of financing and optimizing the cost of its debt. Clariane has set up a centralized international cash management system through cash pooling, enabling optimum use of its resources. The raising of new financing from banks or the financial markets is managed by the Group's central services. Group subsidiaries may obtain financing outside the Group, mainly for real estate financing.

At 30 June 2023, liquidity stood at 0.9 billion euros, including 500 million euros in undrawn RCFs.

On July 25, 2023, Clariane announced the signing of an extension to its unsecured syndicated credit facility for an amount of 505 million euros, slightly higher than the initial amount. The new maturity of this loan is May 2026, corresponding to the maturity of the Group's Revolving Credit Facility (RCF).

Bank covenants at 30 June 2023

The Group's €1 billion syndicated loan (including a €500 million term tranche and a €500 million RCF) is subject to a financial covenant. The extension of the term tranche has given rise to a review of the formula for calculating the leverage ratio for the syndicated loan to include the claim on A&V as presented above.

	Clariane Ratio	Maximum ratio authorised as at 30 June
Leverage ratio adjusted in accordance with contract terms and conditions*	4.1x	<4.5x

* 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)

Other bank credit agreements have a covenant whose calculation formula has not been modified. Changes in the covenant are notified to these banks every six months.

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	30.06.2023	31.12.2022
Marketable securities	1 919	11 918
Cash and cash equivalents	373 088	721 793
TOTAL	**375 007**	**733 710**

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" 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	**5 849**	**11 590**	**29 089**	**46 528**
Allowances		2 465	1 807	4 272
Uses	-888	-1 724	-3 752	-6 365
Reversals		-317	-179	-496
Changes in scope			157	157
Reclassifications			-760	-760
Closing balance	**4 961**	**12 014**	**26 361**	**43 336**

Current provisions

In thousands of euros	Tax	Social contributions	Other	Total
Opening balance	**3 424**	**4 097**	**8 265**	**15 786**
Allowances	817	588	4 608	6 013
Uses	-650	-2 412	-2 755	-5 817
Reversals		-658	-2 541	-3 199
Changes in scope			7 483	7 483
Reclassifications				
Closing balance	**3 591**	**1 615**	**15 060**	**20 266**

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 2023.

Employee disputes

The provisions recognised cover employee disputes and employment termination benefits. No individual dispute represents a material amount at 30 June 2023.

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 2023.

Note 10: Taxes

In thousands of euros	30.06.2023	30.06.2022 restated*
Current taxes	-31 062	-13 302
Deferred taxes	26 288	7 183
Income Tax Expense	**-4 774**	**-6 118**

The Group's tax rate is 24.5%. The rate for the first half of 2023 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

On July 25, Clariane announced the signing of an extension to its unsecured syndicated credit facility for an amount of 505 million euros, slightly higher than the initial amount. The new maturity date is May 2026, corresponding to the maturity of the Group's existing 500 million euro[3] Revolving Credit Facility (RCF).

All current partner banks have subscribed to this extension, while two new banks have joined the syndicate. Some holders of Schuldschein debt have transferred their positions to the extended syndicated loan.
In parallel with this transaction, Clariane also arranged an unsecured sustainability-linked private placement financing with Eiffel Investment Group. In line with the Group's new ESG roadmap, the financial terms of this loan take into account the extra-financial commitments made by the Group in terms of quality of care and health and safety at work.
To this end, a highly incentivized interest rate structure provides for upward or downward adjustment, depending on whether or not extra-financial objectives are met.

Note 13: Other information

3 Revolving loan reduced to 492.5 million euros from May 2024

Related-party transactions

The Annual General Meeting of June 15, 2023 approved the resolution concerning the remuneration of corporate officers, raising to 500,000 euros the total annual amount allocated to directors as remuneration for their work, and also approved the resolution concerning the gross fixed annual remuneration of the Managing Director, which rose to 520,000 euros (compared with 450,000 euros in previous years), representing a 15.6% increase as from January 1, 2023, which remains below the average salary increases observed over the same period in the main countries where the Group operates.

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

For the period from 1 January to 30 June 2023

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 Clariane (formerly called Korian), for the period from 1 January to 30 June 2023;
- 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.

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.

The Statutory auditors

Mazars
Paris - La Défense, 28 July 2023

Stéphane Marfisi
Associate

ERNST & YOUNG et Autres
Paris - La Défense, 28 July 2023

Anne Herbein
Associate

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 2023
Sophie Boissard, Chief Executive Officer

clariane
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