

ANNUAL RESULTS 2023

A mission-driven company, strong in its singularities

Family-based, entrepreneurial, expert in transforming, humanist, demanding.

Stable, independent governance.

Focused on its commitment to society and stakeholder satisfaction.

2,150 employees hold 10% of the capital.

Delivering tangible ESG performance, in its DNA.

Dynamic growth in all business lines

Full occupancy in Rehabilitation Care | Occupancy in Nursing Homes : 94.3%

Operating sales: €719.8m, up 5.8%.

Organic growth: + 5.9%.

Solid performance in line with targets

Profit from recurring operations: €63.8m (-1.7%)

Net operating margin: 3.8% of sales; down 48 bp

Operating debt reduction: leverage of 1.76 x (vs. 1.87 x in 2022)

On-board growth: 1,700 beds to be cruised at full maturity

Strong investment capacity available for development

At the heart of the "Growing Together 3" project

A dynamic at every level of the company

To meet health, social and environmental challenges

"2023 was marked by a difficult environment for our sector, between multiple business and regulatory challenges, persistent staffing and inflation pressures. While these factors naturally had an impact on our operations, we must emphasize the great resilience of LNA Santé and the adaptability shown by our 9,000 professionals. Thanks to their commitment based on conviction and humility, we have stayed the course as a dynamic, demanding and caring healthcare operator, delivering solid social and economic performance in the face of often headwinds.

In the light of these challenges, our "Growing Together 3" project remains our compass. Shared by all, it guides our actions and decisions, while respecting our long-term commitments as a company with a mission. Both a source of inspiration and progress, it is a factor in the cohesion of our collective and a powerful lever for action.

In this respect, becoming a company with a mission is not a trivial choice: it is an affirmation of our desire to place people and ethics at the heart of our project, in the general interest. Our aim is to take a holistic and inclusive approach to care, fully integrating families and carers into the care pathway.

Solid on its foundations and with an entrepreneurial DNA, our family company is reinforcing its ambitions, enthusiastically involving all its stakeholders, with shared pride in our profession and the desire to boldly meet the health challenges, today and tomorrow".

Jean-Paul Siret - Chairman
Willy Siret - Managing Director
Damien Billard - Chief Financial Officer

RESULTS 2023

The Board of Directors of LNA Santé, a global healthcare operator, meeting on 26 March 2024 under the chairmanship of Jean-Paul Siret, approved the consolidated financial statements for the year ended 31 December 2023.

IFRS In €m	OPERATIONS			GROUP OPERATIONS + REAL ESTATE		
	2023	2022	Var.	2023	2022	Var.
Turnover	719.8	680.5	5.80%	736.1	728.2	1.10%
EBITDA	143	139.6	2.50%	148.8	142.8	4.20%
<i>as % of turnover</i>	19.90%	20.50%	- 64 bp	20.2%	19.60%	+ 60 bp
EBITDA excluding IFRS 16	71.2	70.3	1.30%	79.5	75.9	4.80%
<i>EBITDA excluding IFRS 16 as % of turnover</i>	9.90%	10.30%	- 44 bp	10.8%	10.40%	+ 38 bp
EBIT (Current operating income)	63.8	64.9	-1.70%	65	64.3	1.00%
<i>as % of turnover</i>	8.90%	9.50%	- 67 bp	8.8%	8.80%	+ 0 bp
Operating profit	61.3	65.3	-6.20%	63	63.8	-1.30%
Financial result	-18.9	-18	4.70%	-25.7	-20.6	24.60%
Profit before tax	42.4	47.3	-10.30%	37.3	43.2	-13.60%
Group net profit	27.6	29.3	-6.00%	23.4	25.8	-9.30%
<i>as % of sales</i>	3.80%	4.30%	- 48 bp	3.2%	3.50%	- 36 bp

An active business model in 2023

The LNA Santé Company

- **Launch of the "Growing Together 3" strategic project**, with a reaffirmed commitment to putting patients, residents and their carers at the heart of our business, with clear objectives for the next 5 years: to expand the number of beds to 15,000 in 125 establishments, and to build new service offerings with our customers and their carers.
- **Adoption** at the Annual General Meeting of **the company's mission statement status**, in line with our identity and values and as a natural extension of our CSR approach.

- Co-construction and signature with our social partners of a **new 4-year agreement on "quality of life and working conditions"**, management of jobs and career paths, and diversity, based on positive social dialogue around a system designed to provide a concrete response to the challenges facing our business lines.
- Introduction of a **single management and non-management mutual insurance scheme** to support our recruitment policy.
- **Establishment of a Low Carbon COPIL**, with an approach based on the 5 most significant areas of emissions (food, energy, purchasing, property, travel), supported by the completion of a **second carbon assessment**.
- **2023 employee satisfaction survey** by The Boson Project: a score of 4.4/5.0 on pride in one's job and 3.8/5.0 on pride in working at LNA Santé, reflecting the quality of working life appreciated by our teams.
- **Deployment of the "ESPRIT" approach** within the network, based on three pillars: a common posture derived from the values and principles of LNA management, systematic questioning encouraged and a guideline to cultivate collective play and strengthen the power to act, in the service of "taking care".

Healthcare

- **Delivery of the new Rehabilitation Care clinic in Meaux**, representing 172 beds and places to date.
- **Delivery of the new Pharmacy for Internal Use (PIU)-HAH platform in Blois** to support strong growth in the Loir-et-Cher region and **ongoing construction of the Orléans platform** in the Loiret region.
- **Roll-out of the transformed Rehab. Clinic programme** with its processes, organisational model and electronic patient file.
- **HAS certification at the 2 highest levels** of the 5 health establishments concerned.

Medical and social services

- **Delivery of the 117-bed Villa Bourgailh in Pessac** from the merger of 2 existing sites.
- **Work in progress on the new 154-bed NH in Meaux**, as part of an RC-NH healthcare cluster
- **Successful external evaluation of the first 5 NH**, with 4 of them at the highest level

High occupancy levels

The **average occupancy rate** for France's medical and social **care sector was 94.3%** in 2023, 0.4 point higher than in 2022, marking a full recovery in activity following the health crisis, with the exception of 4 sites whose activity is lagging behind, with an occupancy rate close to 80%.

The Elegance care homes continued to market themselves effectively in a highly competitive environment and sector under severe pressure. Their occupancy rate stood at 93.8%, up 0.7 point on last year. The occupancy rate of NH Confort homes remained above 96%.

In the Healthcare France sector, the average **occupancy rate for RC and Psychiatry clinics** was **close to full capacity**, up by a strong 7.3 points year-on-year. Against a backdrop of underfunded tariffs, organic growth remained resilient at 3.2%. This reflects the attractiveness of our care offering, which is based on the expertise of our professionals, the quality of our clinical pathways and the performance of our technical platforms.

In **hospital at home care**, LNA Santé provided daily care to 869 patients over the past year, 127 more than in 2022, representing **growth of 17.1%**. For the 6th consecutive year, organic growth in HAH activity

exceeded 10%. The increased use of this type of care, actively favoured by patients at home and in institutions, is testimony to our expertise in high added-value social and medical care.

The average occupancy rate for the **four Belgian nursing homes** was **91.8%**, up 1.8 points on 2022. The lower level of activity compared with the French medical-social sector can be explained by the tighter competitive situation in the Brussels region and the renovation work carried out on one of our homes.

Sustained business momentum

At 31 December 2023, **the portfolio in operation**, including beds undergoing restructuring, **represented 9,390 beds in 85 establishments**. This represents a "cruising speed" capacity of 8,376 beds in 2023, in line with the facilities transformation plan. These beds meet LNA Santé's standards in every respect and form the basis of the company's performance.

Consolidated sales for 2023 amounted to €736.1 million, up 1.1% on 2022. **Operating revenues rose by 5.8% year-on-year to €719.8 million**, underpinned by **solid organic growth of 5.9% across all business lines**.

The property business is at a low point in terms of activity, given the internal cycle of transforming the offering, and represented €16.3 million over the year. This was mainly due to the completion of two construction projects: one for an RC clinic in Meaux and the other for an Elegance NH in Pessac.

A resilient operation

Operating EBITDA rose by 2.5% to €143.0 million in 2023. **This represents a margin on sales of 19.9%**, slightly down by 0.6 point compared with 2022, due to the lack of support from the public authorities in the face of inflation and the reduction in state aid in the French healthcare sector.

- The EBITDA margin for the **French medical-social** sector, at 25.1% of sales, was down 49 basis points, as the increase in business was not enough to fully absorb inflation and the lower subsidies received (in particular those relating to Covid, which are non-renewable and received at the beginning of 2022).
- For the **French healthcare** sector, the margin stood at 16.9% of sales, down 80 basis points, due to the reduction in state subsidies (Covid surcharges and inflation financing in particular) and to the low level of the tariff campaign in spring 2023.
- For the **International Business Line** sector, the margin improved by 1.3 points to 17.9%. This increase is reflected in both countries: the Belgian establishments benefited from the recovery in their occupancy levels, and the Polish establishments from their ramp-up, in line with their integration into LNA Santé since their acquisition at the beginning of 2022.

The EBITDA margin for **establishments operating at full capacity** remained firm at 22.1% of sales, compared with 22.7% last year.

Excluding IFRS 16 (minus rents), the **operating EBITDA margin came to 9.9%** of sales, an announced decline of 44 basis points. This limited decline is explained by the overall control of rents.

EBITDA margin excluding IFRS 16 **for cruising sites was a resilient 11.3%**, down 38 basis points on the previous year.

EBIT (current operating income) came to **€65.0 million, up 1.0% year-on-year, in line with the guidance** given to the market of a stable performance. The operating margin was 8.8%, unchanged from one year to the next. Its operating component came to a solid €63.8 million, down 1.7% year-on-year, for a margin down 67 basis points to 8.9% of sales.

Consolidated operating profit was €63.0 million, down 1.3% from €63.8 million in 2022. This change includes an exceptional indemnity paid following the restructuring of a healthcare facility and non-recurring costs in anticipation of site departures.

Interest expense increased by 24.6% to €25.7 million, compared with €20.6 million in 2022, due to the sharp rise in money market rates, with the annual average 3-month Euribor rising from 0.34% in 2022 to 3.43% in 2023. However, this movement will be moderated by LNA Santé's debt reduction, the effectiveness of its hedging instruments and the diversification of its financial structure.

The apparent tax charge was 34.9%, compared with 36.9% last year. This change is explained by the halving of the CVAE rate.

Net profit (Group share) came to a firm €23.4 million, down 9.3% year-on-year. The net margin fell by 36 basis points to 3.2% of sales. Net profit from operations came to €27.6 million, giving a **robust net margin of 3.8% of sales**, a limited decline of 48 basis points.

A solid financial base for targeted growth

At 31 December 2023, **net financial debt stood at €366.8 million**. This was €17.9 million higher than at end-2022, due to the financing requirements of the real estate business. It should be noted that real estate debt is backed by assets of the same type that are being restructured or disposed of.

It includes operating debt of €125.4 million, an organic reduction of €5 million.

As a result, **Operating Leverage eased sharply to 1.76x**, compared with 1.87x a year earlier and a covenant ceiling of 4.25x. **Operating leverage stood at 28%**, against an agreed limit of 125%.

Available cash at the end of the year **amounted to €77.1 million**. It is strengthened by RCF drawing capacities of €105.5 million, bringing existing liquidity to more than €180 million to successfully implement LNA Santé's selective development plan.

Proposed dividend 2023

In line with a gradual payout policy consistent with earnings growth, the **payment of a dividend of €0.60 per share** will be proposed at the next General Meeting of Shareholders on 19 June 2024. This represents a payout ratio of 26%, which will consolidate control of LNA Santé and the independence of LNA Ensemble, which brings together 700 employee shareholders invested in the entrepreneurial adventure, with 74% of earnings reinvested in the company's project and the development of its activities.

GE3's strategic priorities for 2024

LNA Santé, a company with a mission, has included its social ambitions in its long-term commitments, its 5-year strategic priorities and its short-term decisions and actions. Among its strategic priorities for 2024, LNA Santé will focus on :

- Experimenting with and rolling out structuring initiatives to include patients, residents and their families in the running of our establishments,
- Implement the QLWC 2023-2027 commitments, giving priority to the fight against accidents at work,
- implement the new reform of RC funding, by strengthening medical information expertise,
- develop an intrapreneurial incubation system to give greater impact to initiatives and experiments,
- seize development opportunities and add to the authorisations of certain existing establishments,
- launch experiments to reduce the carbon footprint, with the aim of cutting emissions by 5% per FTE by 2024 and by 25% between 2022 and 2027.



The company is looking forward to 2024 with confidence, strengthened by its unique features and a project that demonstrates its resilience in a challenging environment. In 2024, LNA Santé is aiming **organic growth of 4.5%** and operating sales in excess of €750 million, excluding acquisitions.

The quality of fully established facilities should enable us to deliver an EBITDA margin excluding IFRS 16 of close to 11% of sales in in the cruising segment alone, against a backdrop of slowing inflation. Debt leverage should remain between 2.0x and 2.75x post-acquisitions.

LNA Santé also intends to pursue its development by sticking to its policy of targeted acquisitions, with an investment capacity of €150 million. It plans to continue transforming the existing network, with a reservoir of 1,700 beds and places to be cruised at full maturity (900 beds undergoing restructuring and 800 to be installed), out of **a total restructured stock of 10,300 beds by 2028**, excluding new developments.

**Next press release: 2024 1st quarter revenue
2 May 2024 at market close**

About LNA Santé :

LNA Santé is a family-run company based in Nantes, founded in 1990. Our business is caring for people who are frail or losing their independence. We are a global healthcare player, with 9,000 professionals working in over 85 establishments (surgical, rehabilitation and mental health clinics, home hospitals, nursing homes, health centres and kindergarden). As a company with a mission, we are committed to working together to take concrete action in response to health, social and environmental issues.

For more information, please consult the website: www.lna-sante.com

LNA shares are listed in compartment B of Eurolist by Euronext Paris.
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Glossary

NH : Nursing Homes

RC : Rehabilitation Care

HAH : Hospital At Homes

The **cruising phase** corresponds to beds that comply with LNA Santé's operating plan (quality of care, target size of establishment, new state of real estate, trained and involved management, efficient organisation). **Facilities undergoing restructuring** or in the opening phase are facilities taken over or opened approximately 1 year ago, undergoing renovation and/or expansion to bring them up to Group standards (cruising speed).

The **International Sectors** segment includes NHs in Belgium and clinics in Poland.

The **French Medico-Social** sector covers the activities of nursing homes in France.

The **French Healthcare** sector covers the activities of the RCs, psychiatry, surgery and HAH.

Organic sales growth corresponds to the change in sales:

- between Y-1 and Y of establishments existing in Y-1,
- between Y-1 and Y for establishments opened in Y-1 or Y,
- between Y-1 and Y of establishments restructured in accordance with LNA Santé specifications or whose capacity increased in Y-1 or Y,
- in Y compared with the equivalent period in Y-1 for establishments acquired in Y-1.

Free Cash Flow corresponds to cash flow from operating activities less sustaining capital expenditure and interest paid.

EBIT corresponds to recurring operating income. It is obtained from operating profit adjusted for other income, expenses and provisions for liabilities and charges that are unusual and material in nature.

EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation) corresponds to operating profit before other operating income and expenses, depreciation, amortisation and provisions, after allowances and reversals for impairment in value of property inventories.

Net financial debt: Gross financial debt, excluding lease obligations introduced by IFRS 16, less cash and cash equivalents and derivative assets, plus property leasing commitments.

Net financial debt from operations: gross financial debt from operations, excluding rental obligations as defined by IFRS 16, plus equity contributed to property, less cash and cash equivalents and derivative assets.

Net cash consists of cash and cash equivalents less bank overdrafts.

Operating leverage represents the ratio of net operating debt to operating EBITDA excluding IFRS 16.

Operating gearing is the ratio of net operating debt to adjusted operating equity.

Adjusted operating equity represents consolidated operating equity, excluding the impact of IFRS 16, plus operating deferred tax liabilities, excluding the impact of IFRS 16, relating mainly to the valuation of operating intangible assets.

ESPRIT: Teams united by a responsible attitude embodied by all (managerial approach based on the LNA Santé DNA)

PIU: Pharmacy for Internal Use

QLWC : Quality of Life and Working Conditions