



Press Release

Nantes, 25 July 2024 at 6pm

Activity for the 1st half-year 2024

LNA Santé, a company with a mission, strengthened by its unique characteristics

Operating revenue: €386.3m

Organic growth: +5.7%

Robust business dynamics

with an occupancy rate > 94% for nursing homes

Confirmation of organic growth in 2024 > 4.5%

Under-funding of RC clinics

going against the grain of health issues and expertise sectors

"During the 1st half of 2024, LNA Santé maintained a robust business momentum, supported by the choices made in the transformation of its healthcare offering. The residents, patients and their carers, who are served by 9,000 employees who embody our DNA as a company with a mission, demonstrate the quality of our services every day through their trust.

Sales for the 2nd quarter reflect good progress on our roadmap. Close to 200 million, benefiting from organic growth of 6.7%, a sequential acceleration of 2 points compared with the previous quarter, contributing to a cumulative organic variation of 5.7%*, compared with a guidance of 4.5% for 2024. Operating activities, up 8.2%, also include the reactivation of external growth with the acquisition of a home hospital care facility in the Angers area, which will enable us to exceed the threshold of 1,000 patients cared for at home every day in areas with a high level of medical expertise.*

However, the solidity of our business plan is being challenged by very unfavourable regulatory changes in the healthcare sector, which are putting pressure on our economic performance. The deflation in revenue from expertise activities observed in our RC clinics in connection with the implementation of the pricing reform raises questions about the meaning of the State's underfunding of healthcare pathways. How can we come to terms with a system that leads to a race to the bottom in rehabilitation and threatens the quality of care and the proper execution of services provided within specialised sectors?

Because we have always been committed to meeting the challenges of healthcare, by deploying our expertise and our capacity for innovation and investment in local projects, it is up to us to share this concern about the disconnect between funding methods and healthcare needs caused by the ageing of the population and the increase in the number of frail people suffering from chronic illnesses. Faced with such challenges in the healthcare system, LNA Santé will continue to apply its experience, know-how and values in the service of the general interest, supported by its commitments as a company with a mission.

Willy Siret - Managing Director

Sales for the 1st half-year 2024

<i>In millions of euros</i>	Q2 2024	Q2 2023	Var. (corrected)	Var. orga. (corrected)	6 months 2024	6 months 2023	Var. (corrected)	Var. orga. (corrected)
Operating turnover	197.0	180.0	+ 9.4% (+ 7.3%*)	+ 8.9% (+ 6.7%*)	386.3	357.1	+ 8.2% (+ 6.1%*)	+ 7.9% (+ 5.7%*)
Healthcare sector France ** <i>of sales Operating</i>	77.0 39%	71.6 40%	+ 7.6%	+ 7.6%	150.4 39%	140.7 39%	+ 6.9%	+ 6.9%
Healthcare sector France *** <i>of sales Operating</i>	108.8 55%	98.2 55%	+ 10.7% (+ 6.8%*)	+ 9.7% (+ 5.9%*)	213.4 55%	195.7 55%	+ 9.1% (+ 5.2%*)	+ 8.6% (+ 4.7%*)
International sector Business line **** <i>of sales Operating</i>	9.5 5%	8.8 5%	+ 8.4%	+ 8.4%	19.0 5%	17.9 5%	+ 6.1%	+ 6.1%
Other sectors Operations	1.7	1.4	N/S	N/S	3.5	2.8	N/S	N/S
Real Estate turnover	1.9	1.9	+ 1.6%		3.3	6.6	- 49.8%	
Total	198.9	181.9	+ 9.4%		389.6	363.7	+ 7.1%	

Data not audited by the statutory auditors

* growth, or its organic component, presented corrected (x%) neutralises the impact on the RC clinics business of the reclassification of the financing of social measures (Ségur 1 & 2 and rider 32) included in sales in 2024 whereas they were recorded as a reduction in personnel costs in 2023.

** Medico-Social France : Nursing Homes in France

*** Healthcare France: Medical and rehabilitation care, psychiatric clinics, surgery and HAH in France

**** International Business: Nursing Homes in Belgium and clinics in Poland

Robust business for the 1st half-year 2024

Level of activity	6 months 2024	6 months 2023	Var.
Occupancy rate - Medical-social			
Nursing home in France	94.0%	93.7%	+0.3 pt
Nursing home in Belgium	92.5%	90.3%	+2.2 pts
Number of patients - Healthcare			
Hospitalisation at Home	1,002	856	+17%
RC/PSY France (day hospital)	1,059	974	+9%
RC/PSY France (full hospitalisation)	2,362	2,350	+0%

Occupancy rate: as a percentage of rooms available for sale in nursing homes
Number of patients: average number of patients seen per day across all facilities.

Continued good business momentum

In the 1st half of 2024, the occupancy rate of medical and social care facilities continued to rise compared with the same period in 2023:

- In French nursing homes, average occupancy represented 94.0% of capacity, up 0.3 points compared with the first half of 2023. This indicator, which is higher than the average for the sector, reflects the extent to which LNA Santé's Comfort and Elegance ranges meet the needs of its residents. Medical expertise, a strong local presence, high-quality hotel services, comfortable real estate infrastructures, the size of our establishments with a high staff-to-resident ratio and a culture of "caring and taking care of" are the pillars of our holistic support for residents and the recognised attractiveness of our service offering.

In Belgium, the occupancy rate for the first half was 92.5%, up 2.2 points over the period and also reflecting the good positioning of the portfolio. The occupancy rate will increase mechanically in the 2nd half-year under the full effect of the 14-bed reduction in the capacity of 2 nursing homes in Brussels (bringing the total number of beds from 555 to 541), following the entry into force of an order to close unoccupied beds in the capital.

For health clinics and home hospital care, the number of patient stays maintained its growth trajectory:

- In home hospital care, the number of patients cared for amounted to 1,002 patient stays in the first half of 2024, an increase of 146 compared with the same period last year, i.e. +17.1% including the acquisition of the period and +14.7% on a like-for-like basis. This trend illustrates the widespread use of a form of hospitalisation that is popular with patients and healthcare operators alike, and is activated whenever the patient's pathology and state of health allow.
- The number of inpatient stays in RC and psychiatry also rose by 9% to 1,059, reflecting the growing importance of outpatient services.
- For full hospitalisation in RC and psychiatry, the indicator shows a slight increase of 11 patients stays to 2,362, corresponding to a capacity utilisation rate of over 90%.

Growth in Operations in all business lines

In the 2nd quarter of 2024, LNA Santé's operating revenue came to €197.0m, up 9.4% on the same period of 2023. After neutralising the impact of the reclassification of financing for social measures under Ségur 1 & 2 and rider 32, which concerns RC clinics only, organic growth was a solid 6.7%*. Including the 0.6% contribution from the acquisition of an HAH facility on 1st June 2024, sales growth came to 7.3%*, compared with 9.4% on a reported basis.

Over the first half as a whole, Operating sales came to €386.3m, up by 8.2% on a reported basis and by 6.1%* after the above-mentioned neutralisation, breaking down into a 5.7%* organic component and a 0.3% external component. Sales can be analysed as follows:

- Revenue from nursing homes (**Medico-Social France**) came to €150.4m, up 6.9% on a purely organic basis, almost 90% of which was due to the impact of tariffs:
 - **Elegance nursing homes** reported a 7.2% increase in sales to €125.5m, driven by authorised price indexations and a slight rise in occupancy rates in the second quarter at the few establishments in the Paris region and the Provence-Alpes-Côte d'Azur region that were lagging behind.

- **Comfort nursing homes**, with moderate accommodation prices, recorded sales of €24.9m, up 5.7%.
- **French healthcare sales** rose by 9.1% to €213.4m in the first half of 2024 on a reported basis. On an organic basis, taking into account the reclassification of Ségur 1 & 2 and rider 32 social measures, growth came to 4.7%*, driven mainly by higher volumes in outpatient and homecare services. Including a 0.5% contribution from the acquisition of an HAH facility in the second quarter, six-month sales growth came to 5.2%*, compared with 9.1% as reported.

<i>In millions of euros</i>	Q2 2024	Q2 2023	Var. (corrected)	Var. orga. (corrected)	6 months 2024	6 months 2023	Var. (corrected)	Var. orga. (corrected)
Clinics (SMR, surgery, psychiatry)	81.9	76.4	+ 7.2% (+ 2.2%*)	+ 7.2% (+ 2.2%*)	162.6	152.6	+ 6.5% (+ 1.5%*)	+ 6.5% (+ 1.5%*)
Hospitalisation at home	26.9	21.8	+ 23.2%	+ 18.8%	50.8	43.0	+ 18.0%	+ 15.8%
Total Health Operations France	108.8	98.2	+10.7% (+ 6.8%*)	+ 9.7% (+ 5.9%*)	213.4	195.7	+ 9.1% (+ 5.2%*)	+ 8.6% (+ 4.7%*)

* growth, or its organic component, presented corrected (x%) neutralises the impact on the RC clinics business of the reclassification of the financing of social measures (Ségur 1 & 2 and rider 32) included in sales in 2024 whereas they were recorded as a reduction in personnel costs in 2023.

Healthcare activity is the result of the following contributions:

- On-site clinics (**Medical and Rehabilitation Care, Psychiatry, Surgery**) generated sales of €162.6m in the first half, an increase of 6.5% on a reported basis, but limited to 1.5%* after neutralising the reclassification of Ségur 1 & 2 and rider 32 social measures, well below the level of inflation in current expenses. This very low level of growth, compared with the increase in volumes, reflects the deleterious effect of the pricing reform on RC clinics, suggesting that specialised care is not being sufficiently valued,
- **Hospitalisation A Homes (HAH) structures** continued their sustained pace of growth, with organic growth of 15.8% in the first half. Growth stood at 18.0% and benefited from the integration of the Saint-Sauveur HAH in Angers, which was taken over by LNA Santé during the 2nd quarter of 2024. This new establishment, which brings the number of HAHs in operation to 11, cares for 120 patients across a large geographical area in Maine et Loire.
- The **International Sectors** posted sales of €19.0m in the first half of 2024, showing steady growth since the start of the year. Purely organic growth came to 6.1%, broken down as follows:
 - **Nursing homes in Belgium** generated sales of €16.7m in the first half, up 7.0% on the same period last year,
 - **Polish clinics generated sales** of €2.4m in the first half of 2024, a slight increase of 0.4%.

Real Estate business not significant, awaiting a rebound in the 2nd half

Real Estate sales amounted to €3.3m in the first half of 2024, half the figure for the 1st half of 2023. After a slow 1st quarter, sales began to recover in the 2nd quarter, with a slight 1.9% increase to €1.9m. The delay in disposals seen at the start of the year should be absorbed in the second half of the year, with the momentum of programmes to market property assets either en bloc or individually. As a result, Real Estate sales should enter a long growth cycle in line with the transformation plan for healthcare establishments, mainly in the healthcare sector. This trajectory should become more tangible by the end of the year.

Outlook

As of the date of this press release, there were 86 establishments in operation with 9,615 beds and places, plus a reservoir of 872 beds to be installed or taken over, giving an authorised stock of 10,487 beds.

LNA Santé will publish its half-year results on 18 September after the close of trading. These will benefit from the dynamic growth of its business, particularly in its nursing homes and HAH. However, as announced in previous communications, the reform of the financing of RC clinics will weigh on the performance of the Healthcare France sector. As a result, the company is adopting a reasonably cautious approach to the landing of its half-year results for 2024.

Thanks to the positive trend in its business in the first half of the year, and despite the dilutive impact of the tariff reform on margins, LNA Santé is nevertheless maintaining its forecast for organic growth of over 4.5%* for 2024 as a whole, with the confirmed aim of pursuing growth while maintaining a solid base of performance, driving the transformation of its portfolio and controlling the Group's financial structure. Beyond this, the family-run company is keeping firmly on course with its "Growing Together 3" project, to guide its strategic priorities, activate the levers for action and unite the LNA entrepreneurial collective. The next half-yearly results publication will review these advances at mid-year.

Next publication:

The interim results for 2024 will be published on 18 September 2024 at the close of trading.

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 in 86 establishments (surgical, rehabilitation and mental health clinics, hospitals at home, nursing homes, health centers and kindergardens).

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

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Glossary

The **cruising regime** corresponds to beds that comply with LNA Santé's operating plan (quality of care, target size of establishment, new state of property, trained and involved management, efficient organisation).

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

For 2024, **growth**, or its **corrected organic** component (x%*), is adjusted for the impact on the RC clinics business of the reclassification of funding for social measures (Ségur 1 & 2 and rider 32) included in sales in 2024 whereas they were recorded as a reduction in personnel costs in 2023.