



Continued implementation of the refinancing plan announced on 14 November 2023, with the AMF waiver granted

Paris, 8 February 2024 - Clariane (CLARIA.PA - ISIN FR0010386334), announces that, in the context of its global refinancing plan announced on 14 November 2023 (the "**Refinancing Plan**"), the *Autorité des marchés financiers* (AMF) has today granted Predica, a subsidiary of the Crédit Agricole Assurances Group and Clariane's largest reference shareholder, an exemption from the mandatory filing of a tender offer pursuant to Articles 234-8, 234-9 2° and 234-10 of the AMF's General Regulations (see AMF decision n° 224C0227 of 8 February 2024), in the event that Predica's subscription to the capital increase would cause it to exceed the threshold for a mandatory public offer.

The granting of this waiver is an important step towards the implementation of the proposed capital increase contemplated for in the Refinancing Plan.

It should be noted that:

- The Company's Board of Directors has approved a proposed capital increase for a gross subscription amount of approximately €300 million, carried out in cash with shareholders' preferential subscription rights maintained (the "**Capital Increase**");
- Crédit Agricole Assurances, which holds 24.7% of the share capital and voting rights via Predica, has undertaken to subscribe, subject to the fulfilment of the Pre-Conditions (as outlined below) and the market standard conditions for this type of transaction, (i) on an irreducible basis for the amount of its proportionate share in the share capital by exercising all the preferential subscription rights it will receive and (ii) on a reducible basis for a total combined cash subscription amount equal to the difference between 200 million euros and the total amount of its subscription on an irreducible basis;
- The Company has also received expressions of interest from banks to underwrite, subject to conditions precedent, the balance of the Capital Increase, i.e. up to a maximum of €100 million.

The Capital Increase will be launched subject to the adoption by the Extraordinary General Meeting of shareholders of the resolutions enabling it to be carried out and remains subject to the exercise of the following conditions precedent (the "**Pre-Conditions**"):

- Obtaining authorisation from the relevant competition authorities for the possible takeover of Clariane by Crédit Agricole Assurances, in the event that Crédit Agricole Assurances' subscription to the Capital Increase leads to such a takeover;
- Obtaining an amendment to the terms and conditions of the OCEANE bonds maturing in 2027 (0.875% - FR0013489739) in order to exclude from the early redemption provisions the case of a takeover of Clariane by Crédit Agricole Assurances by way of the Capital Increase;
- Submission by the independent expert appointed by the Company's Board of Directors of a fairness opinion confirming the fairness of the terms and conditions of the Capital Increase and the related agreements, including underwriting commitments;
- Approval of the prospectus for the Capital Increase by the AMF.

It should be noted that the Capital Increase will provide for the shareholders' preferential subscription rights to be maintained. Shareholders will therefore be able to subscribe to this Capital Increase in order to maintain their shareholding by benefiting from the discount. Otherwise, shareholders who do not wish to exercise their pre-emptive rights will be subject to significant dilution, which may be offset in whole or in part by the sale of their pre-emptive rights.

Crédit Agricole Assurances, which holds, via Predica, 24.7% of the Company's capital and voting rights, has undertaken to limit its voting rights at the General Shareholder Meeting called to vote on the resolutions relating to the Capital Increase to one third of the voting rights of the shareholders present or represented. It should be noted that a two-thirds majority of the votes cast by the shareholders present or represented is required for approval of the resolution relating to the Capital Increase.

It should be noted that the General Meeting called to vote on the resolutions relating to the Capital Increase will also be asked to authorise, in accordance with Article L. 225-38 of the French Commercial Code, the agreement entered into between the Company and Predica on 13 November 2023, providing for Crédit Agricole Assurances' support for the Refinancing Plan, by a majority of the shareholders present or represented at the meeting, with Predica not taking part in the vote.

It is also specified that in the event that Crédit Agricole Assurances' subscription to the Capital Increase leads to it taking control of Clariane, Crédit Agricole Assurances has undertaken to:

- ensure that the Company's Board of Directors and its committees are composed in accordance with the AFEP-MEDEF Code, with one half of the directors being independent in the absence of a controlling interest and one third in the event of a takeover, and to limit its representation to its percentage holding in the share capital;
- maintain the Company's listing, and not increase Crédit Agricole Assurances' level of shareholding, for a minimum period of 12 months, to enable the Company's shareholders who may or may not have participated in the Capital Increase to benefit from the favorable share price momentum that the Company hopes to regain following the strengthening of its shareholders' equity and throughout the implementation of the asset disposal program, which will generate gross proceeds of approximately 1 billion euros; and
- continue supporting the Company in ensuring its own development, in line with the voting policy of a major insurance group.

The Company has asked FINEXSI, an independent expert appointed by the Board of Directors at its meeting of 13 November 2023 in accordance with Article 261-3 of the AMF's General Regulations and best practice, to draw up an opinion as to whether it would be in the Company's interest to implement the Refinancing Plan. The conclusions of this opinion dated 23 January 2024, are reproduced in the appendix to this press release.

In December 2023, the Company completed the first two phases of the Refinancing Plan:

- The completion of the "Ginkgo" real-estate partnership for €140 million (press release dated 15 December 2023), followed by the completion of the "Juniper" real-estate partnership for €90 million (press release dated 28 December 2023);
- The arrangement and drawdown of a €200 million term loan with Caisse Régionale de Crédit Agricole Mutuel de Paris et d'Ile de France (CADIF), LCL and Crédit Agricole Corporate and Investment Bank (CACIB) (press release dated 28 December 2023). [This term bridge loan was used to repay 190 million euros in real-estate loans maturing in the first quarter of 2024]. It should be noted in this regard that in addition to the usual cases, the bridging loan must be repaid in advance in the event of abandonment of the Capital Increase project, unless the Company plans to raise financing in equity or quasi-equity. -equity or similar funds of a minimum amount of 300 million euros.

The Company intends to hold the General Meeting called to vote on the resolutions relating to the Capital Increase by end of March 2024.

The Company wishes to point out that the Capital Increase is an essential condition of its Refinancing Plan, and that in the event of its non-completion, the Company could face a liquidity risk and be forced to seek for an appropriate protection regime to renegotiate its debt with its creditors.

Warning

This press release does not constitute, and shall not be deemed to constitute, an offer to the public or an offer to purchase or the solicitation of public interest in a transaction by way of public offer, nor shall there be any sale of securities in any state or jurisdiction in which such offer, solicitation or sale would be unlawful absent registration or approval under the securities laws of such state or jurisdiction. The distribution of this document may be subject to specific restrictions in certain countries. Persons in possession of this document are required to inform themselves of and to observe any such local restrictions.

A prospectus relating to the capital increase will be submitted by Clariane S.E. to the Autorité des marchés financiers for approval before the effective launch of the capital increase.

All forward-looking statements included in this document speak only as of the date of this press release. Clariane S.E. undertakes no obligation and assumes no responsibility to update the information contained herein beyond what is required by applicable regulations.

About Clariane

Clariane is the leading European community for care in times of vulnerability. It has operations in seven countries: Belgium, France, Germany, Italy, the Netherlands, Spain and the United Kingdom.

Relying on their diverse expertise, each year the Group's 67,000 professionals provide services to over 800,000 patients and residents in three main areas of activity: long-term care nursing home (Korian, Seniors Residencias, Berkley, etc.), healthcare facilities and services (Inicea, Ita, Grupo 5, Lebenswert, etc.), and alternative living solutions (Petits-fils, Les essentiels, Ages et Vie, etc.).

In June 2023, Clariane became a purpose-driven company and added to its bylaws a new corporate purpose, common to all its activities: "To take care of each person's humanity in times of vulnerability".

Clariane has been listed on Euronext Paris Section A since November 2006 and is included in the following indices: SBF 120, CAC Health Care, CAC Mid 60, CAC Mid & Small and MSCI Global Small Cap

Euronext ticker: CLARI - ISIN: FR0010386334

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APPENDIX - Conclusions of the Finexsi report*¹



FINEXSI

Addendum to our report dated December 22, 2023 on the interest for CLARIANE S.E. to implement the plan to strengthen its financial structure announced to the market on November 14, 2023

Opening Remarks

As independent expert, we have drawn up a report dated December 22, 2023 on the interest for Clariane SE (hereinafter "the Company" or "Clariane") to implement the plan to strengthen its financial structure announced to the market on November 14, 2023.

This addendum supplements and replaces the conclusion set out in the report dated December 22, 2023.

The other elements of this report remain unchanged.

Conclusions

Since 2020, the business sector in which the Company operates has been heavily impacted by (i) the effects of the Covid-19 crisis, (ii) the crisis of mistrust caused by the Orpea scandal, and more recently (iii) the inflationary environment and rising interest rates.

This context has notably materialized, since July 2023, by a tightening of the financial conditions of the Company's *Term Loan* following its extension until May 2026, resulting in new constraints (i) on the financial leverage ratio (from 4.50x in December 2023 to 3.75x in December 2025) as well as (ii) the obligation to respect a minimum liquidity level of €300m in order to draw down and renew the RCF financing facility (which was drawn down on November 3, 2023 for an amount of €500m).

In its press release dated October 24, 2023, the Group indicated that it was facing a sudden and lasting tightening of credit conditions, affecting its financing plan consisting in particular of redeploying its debt. These factors have led the Group to make "*improving cash flow generation and controlling debt levels a priority [...]*". In the same press release, the Group also announced that its financial leverage ratio would be revised upwards to around 3.8x at the end of 2023 "*depending on the timetable for the completion of real estate partnership deals in progress*". In reaction to this announcement, Clariane's share price fell sharply, causing concern among some of its financial partners and in particular compromising the planned completion before the end of 2023 of the two real estate partnerships currently under negotiation.

In this context, the Company's statutory auditors sent a letter to Clariane on November 9, 2023, in accordance with the procedure set out in article L234-1 of the French Commercial Code, requesting explanations of the Group's situation and the measures envisaged to ensure its continued operation (phase 1 of the "*procédure d'alerte*"). Following the announcement to the market on November 14, 2023 of a plan to strengthen the Group's financial structure, and after

¹ Free translation of the Addendum dated January 23, 2024 – In case of discrepancies, only the French version shall prevail.

analysis of the elements presented in response by the Chairman of the Board of Directors of the company, the statutory auditors informed the Chairman of the Board of Directors that they were suspending the “*procédure d’alerte*”.

The plan to strengthen the Group's financial structure has four components: (1) the conclusion of two real estate partnerships for €140m and €90m respectively; (2) the securing of a €200m real estate bridging loan; (3) an asset disposal program worth around €1bn over 2024 and 2025, and (4) a proposed €300m capital increase.

As part of the assignment entrusted to us by Clariane to assess whether it would be in the Company's interest to implement the entire plan to strengthen its financial structure, our work focused in particular on becoming aware of the 2024 - 2028 business plan and perform a critical review of its main assumptions as well as the 2024 cash flow forecasts established by the Company and validated by the Board of Directors on December 14, 2023.

It emerges from our work :

- 1.** In the absence of implementation of the various components of the announced plan, and despite expected growth in business, the Company would have found itself in a situation of proven financial difficulty, with a potential breach of banking covenants linked to non-compliance with the financial leverage ratio as early as December 2023 (resulting in the immediate fall due of the €500m *Term Loan*, which the Company would not be able to repay), and would not have the minimum liquidity of €300m required to for the renewal of the RCF from April 2024, implying a mandatory early repayment of the €500m RCF which it would be unable to meet.
- 2.** The first two parts of the plan (real estate partnerships and drawing of the real estate bridging loan to refinance real estate loans maturing in early 2024) implemented by the Company in December 2023, enabled it to secure compliance with the financial leverage ratio on December 31, 2023. However, this situation does not appear to be sustainable if the proposed capital increase is abandoned, as this would lead to early repayment of the real estate bridging loan in April 2024 and failure to meet the minimum liquidity requirement at that date, implying the mandatory early repayment of the €500m RCF which the Company would be unable to meet.
- 3.** If the asset disposals planned for 2024 were to be completed, the Company would still be unable to meet the minimum liquidity requirement of €300m in April 2024, with the same consequences for the mandatory early redemption of the €500m RCF. This situation would also result in insufficient room for maneuver to ensure compliance with the financial leverage ratio as of June 30, 2024 and December 31, 2024.
- 4.** In this context, the €300m capital increase envisaged in June 2024 must, in addition to the other components of the plan, make it possible to comply with the minimum liquidity level at the end of April 2024 (confirmation of the proposed capital increase allowing the real estate bridging loan to be maintained, which is necessary for the Company to have a level of cash higher than the minimum liquidity requirement at that date), secure compliance with the leverage ratio as of June 30, 2024 and December 31, 2024, and put an end to the minimum liquidity requirement of €300m in July 2024 (due to the repayment of the RCF at that date).

We also note that if the proposed capital increase were to be abandoned, and in the absence of an alternative solution, this would give rise to significant uncertainty as to the Company's ability to continue as a going concern. The statutory auditors would then have to assess the consequences of this uncertainty, which would probably, according to us, lead them to reactivate the “*procédure d’alerte*” suspended on November 14, 2023. It should be noted that this situation, if it materialized today, would be likely to call into question certain existing financing arrangements.

In these circumstances, the completion of the €300m open capital increase planned for June 2024 appears to be an essential part of the plan to strengthen the Group's financial structure.

The size of the asset disposal program (€1bn over 2024 and 2025) appears significant and is also aimed at achieving a Group financial leverage ratio significantly below 3x by 2025, after completion of the capital increase and the entire asset disposal program.

With regards to the shareholder of Clariane, it should be noted that the €300m capital increase will be carried out with preferential subscription rights, enabling shareholders who wish to do so to exercise their preferential subscription rights under the same conditions as Predica, in order to maintain their percentage stake. However, following the completion of the capital increase, Predica, as part of its €200m guarantee commitment, could be led to increase its stake in the Company and take control of it, depending on the subscription rate of the other shareholders. In this respect, it is specified that we will issue a fairness opinion on the financial terms of the capital increase when they are known.

Consequently, we are of the opinion that the implementation of the plan to strengthen the financial structure announced to the market on November 14, 2023 is in the interest of Clariane, and appears essential to resolve its financial difficulties and ensure the sustainability of the Company.