Press release

ORPEA GROUP

Puteaux (France), 13 July 2023 (8:00 AM CEST)

REQUEST TO THE SPECIALISED COMMERCIAL COURT OF NANTERRE FOR A RULING ON THE ACCELERATED SAFEGUARD PLAN THROUGH A CROSS-CLASS CRAM DOWN

OPERATING PERFORMANCE 2023: SALES GROWTH EXPECTED TO BE LOWER AND EBITDAR OUTLOOK ADJUSTED DOWNWARDS BY 15% TO 20% (EBITDAR BETWEEN €705M AND €750M)

CASH POSITION AT END-JUNE 2023 IN LINE WITH EXPECTATIONS

THE GROUP'S LIQUIDITY OUTLOOK REMAINS UNCHANGED OVER 2023 AND THE 2022-2025 BUSINESS PLAN HORIZON

Following the vote by the classes of affected parties on the ORPEA S.A. (the "Company") Accelerated Safeguard Plan, the results of which were made public on 28 June, on 11 July the Company applied to the Nanterre Specialised Commercial Court to have the Accelerated Safeguard Plan approved through a cross-class cram down.

In this context, the Company wishes to provide the market with additional information on its operating and financial position at 30 June 2023 and on its liquidity outlook.

To date, the information available on operating performance in the first half of 2023 and the trends observed suggest that there will be, on the one hand a slower growth of 2023 revenue and on the other hand a substantial lag in EBITDAR generation in 2023, in a range of -15% to -20% compared with the EBITDAR forecast of €881 million set out in the Updated November 2022 Business Plan communicated to the market on 12 May 2023 (i.e. EBITDAR comprised between €705 million and €750 million).

This gap is mainly due to the Group's activities in France. It is mainly due to lower revenue owing to occupancy rates at nursing homes in France remaining well below forecasts, in a still adverse reputational context, i.e. c. 83.4% on average over the first semester 2023. It is also due to higher-than-expected staff costs, designed both to increase salaries and thus attract and retain staff, and to improve the staffing levels and care of patients and residents.

However, in the short term, with regard to 2023 and the start of 2024, the Group's liquidity trajectory would remain virtually unchanged compared with an anticipated cash position of €803 million at the end of 2023 in the November 2022 Updated Business Plan. The negative impact on liquidity of the difference in operating performance will be offset by positive non-recurring tax items and the implementation of precautionary measures, in particular the reduction and postponement of capital expenditures, mainly linked to development.

As a result, at 30 June 2023, the Group had cash and cash equivalents of €527million[1], in line with the anticipated level, vs. an estimated net financial debt of €9,328 million (including €184 million of accrued interest; unaudited figures and excluding other IFRS adjustments), compared with a net financial debt of €8,897 million at 31 December 2022 (including €37 million of accrued interest). In addition, for the remainder of 2023, the remaining balance of the additional financing arranged with the Group's main banking partners, i.e. tranche D1B of €200 million, which can be drawn in early August[2], tranche D2 of €100 million, which can be drawn in early September, and tranche D3 of €100 million, which can be drawn if necessary in November[3], will ensure that the Group's liquidity needs are fully met until the Accelerated Safeguard Plan is implemented.

The anticipated delay in improving operating performance in France should also have an impact on the Group's EBITDAR in 2024 and 2025. The aim is to completely make up for this lag by 2026, with the anticipated EBITDAR margin of around 20% initially targeted for 2025 in the Updated November 2022 Business Plan.

Over the 2023-2025 period as a whole, the negative impact on liquidity of the anticipated lag in cumulative EBITDAR generation should be offset to a large extent by the positive non-recurring items recorded in 2023 and by lower development capital expenditure through the freezing or cancellation of the least advanced projects. As a result, by the end of 2025, and in line with the levels set out in the projections in the November 2022 Updated Business Plan, the Group's liquidity should remain above €0.55 billion, for a net financial debt of around €3.7 billion, with financial leverage staying at less than 6x (vs. a 5.5x target as per the November 2022 Updated Business Plan) and the Group's restored ability to refinance its residual debt when the time comes.

The Accelerated Safeguard Plan, of which the Company is seeking approval to the specialised Commercial Court of Nanterre through a cross-class cram down, is therefore likely to ensure the long-term viability of the Company and, more generally, that of the Group.

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[1] Following the drawdown in early June of tranche D1A of €200m

[2] Provided that the Accelerated Safeguard Plan has been approved by the Nanterre Commercial Court

[3] Provided that the Paris Court of Appeal has rejected the various appeals lodged against the waiver granted by the AMF

About ORPEA

ORPEA is a leading global player, expert in providing care for all types of frailty. The Group operates in 21 countries and covers three core businesses: care for the elderly (nursing homes, assisted living facilities, homecare and services), post-acute and rehabilitation care and mental health care (specialized clinics). It has more than 76,000 employees and welcomes more than 267,000 patients and residents each year.

https://www.orpea-group.com/en

ORPEA is listed on Euronext Paris (ISIN: FR0000184798) and is a member of the SBF 120, MSCI Small Cap Europe and CAC Mid 60 indices.

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