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AGREEMENT IN PRINCIPLE ON THE FINANCIAL RESTRUCTURING PLAN BETWEEN THE COMPANY, A GROUP OF FRENCH INVESTORS LED BY THE CAISSE DES DEPOTS ET CONSIGNATIONS AND A REPRESENTATIVE GROUP OF UNSECURED FINANCIAL CREDITORS OF ORPEA SA

ORPEA SA (the “**Company**”) takes note, on the basis of the minutes of the conclusions of the discussions between the parties established by the conciliator in the context of the conciliation procedure, that an agreement in principle¹ on a financial restructuring plan (the “**Agreement in Principle**”), has been reached between the Company and, on the one hand, a group of French long-term investors led by the Caisse des Dépôts et Consignations, accompanied by CNP Assurances, and also including the MAIF, accompanied by MACSF (together, the “**Groupement**”), and on the other hand, the five main institutions (the “**SteerCo**”) coordinating an enlarged group of unsecured financial creditors of ORPEA SA holding about 50% of the unsecured debt of the Company amounting to nearly 3.8 billion euros (the “**Unsecured Financial Creditors Supporting the Agreement in Principle**”).

In this context, the parties have expressed their support to the management and the Refoundation Plan of the Group, as presented by the Company in its press release dated 15 November 2022.

The contractual documentation (and in particular the termsheet and the lock-up agreement) formalizing the Agreement in Principle is being finalized between the parties.

As indicated by the Company in its previous communications, the implementation of the contemplated financial restructuring will lead to a massive dilution for existing shareholders.

Thus, following the transactions contemplated in the Agreement in Principle and detailed below, the existing shareholders, if they decide not to participate in the capital increases opened to them, would hold only about 0.4% of the capital of the Company, while the Groupement would hold about 50.2% of the capital of the Company and the unsecured financial creditors about 49.4% of the capital of the Company.

The Agreement in Principle meets ORPEA’s objectives to achieve a sustainable financial structure and to finance its Refoundation Plan presented on November 15, 2022, through:

¹ The implementation of which remains however subject to several conditions precedent, more fully described in paragraph 3 below.



- i. The conversion in equity of the unsecured financial indebtedness of ORPEA SA, corresponding to a decrease of the gross indebtedness of the Group of approximately 3.8 billion euros,
- ii. The equity injection in cash (new money equity) of EUR 1.55 billion, via capital increases that would be subscribed by the Groupement for around EUR 1,355 million in total, and a backstop for the balance up to 195 million euros, provided by the SteerCo,

These transactions are intended to ensure the Group's future financial balance, with a reduction of nearly 60% of its net debt on a *pro forma* basis at December 31, 2022, and ultimately a very significant reduction of its leverage ratio² to below 6.5x by 2025E³

Commenting on the agreement in principle, the Chairman of the Board of Directors, Guillaume Pepy, said: *"On behalf of the Board of Directors, I salute the outstanding work done by Laurent Guillot and the ORPEA teams to achieve an agreement in principle. The entry to the capital of the company of the Groupement of French investors led by the Caisse des dépôts et consignations is a guarantee of confidence in our business and our professionals. The agreement reached ensures the sustainability of ORPEA and allows the company to implement its Refoundation Plan ORPEA CHANGE!, in the service of the Group's first mission: to take care of the most fragile."*

Chief Executive Officer Laurent Guillot adds: *"The agreement in principle that we have found in the context of the conciliation procedure conducted under the aegis of the conciliator, Hélène Bourbouloux, will allow to restructure very significantly the company's balance sheet through a reduction of nearly 60% of its net indebtedness, a very significant strengthening of its equity, and a leverage ratio lowered to below 6.5x to 2025. Indeed, this agreement gives us the necessary financial resources to carry out our Refoundation Plan ORPEA CHANGE! presented on November 15. This Plan aims to set up an ethical, virtuous and quality business model that meets the major challenges of supporting all fragilities and especially dependence. The trust and commitment alongside ORPEA of the investors Group composed of the Caisse des dépôts et consignations, CNP Assurances, MAIF and MACSF, as well as a very large proportion of the Group's creditors, will support the rapid deployment of our transformation according to our main priorities: continuously improve the quality of care and support for our residents, patients and their families; guarantee the safety and improve the working conditions of our employees; implement the ethical and transparency principles attached to our mission."*

The Company will now finalize the documentation (notably termsheet and lock-up agreements) necessary for the implementation of the Agreement in Principle (see in particular paragraph 3

² Net leverage ratio defined as Net financial debt / EBITDA Pre-IFRS 16.

³ On the basis of the business plan on which were based the objectives published by the Company on 15 November 2022.

below) with the Groupement and the Unsecured Financial Creditors Supporting the Agreement in Principle. It plans to submit, within the time limit of the current conciliation procedure, a request for the opening of an accelerated safeguard procedure to enable the implementation of the Agreement in Principle.

1. Main points of the Agreement in Principle

The parties converged on the following main points in the context of the Agreement in Principle:

- a) a first capital increase of Company with maintenance of the preferential subscription right of existing shareholders, to the tune of approximately EUR 3.8 billion, guaranteed by all the unsecured financial creditors of ORPEA SA who subscribe, where appropriate, by way of compensation with their existing claims; any cash proceeds resulting from the subscription by the existing shareholders to this capital increase will be used in full to repay the Company's unsecured financial creditors at par value in due proportion (The "**Capital Increase with Preferential Subscription Rights through Equitization of Unsecured Debt**");
- b) a second capital increase of the Company in cash without preferential subscription right of existing shareholders⁴ to allow the Groupement to subscribe to it up to approximately EUR 1.16 billion (new money equity) (the "**Groupement New Money Capital Increase**") and to hold approximately 50.2% of the capital and voting rights of the Company (on a fully diluted basis);
- c) a third capital increase of the Company in cash with preferential subscription right of the existing shareholders⁵, for an amount of approximately EUR 0.4 billion (the "**New Money Capital Increase with Preferential Subscription Rights**"), to which the members of the Groupement, which became shareholders of the Company upon completion of the Groupement New Money Capital Increase, undertake, in return for the allocation of the Warrants, to subscribe on an irreducible basis for approximately 0.2 billion euros by exercising their preferential subscription rights; in addition, the SteerCo members, in return for the allocation of the Warrants, would backstop the balance of the New Money Capital Increase with Preferential Subscription Rights, by subscribing in cash, up to EUR 195

⁴ Depending on the final conditions of the Plan, the possibility to subscribe for shareholders other than unsecured financial creditors, which became shareholders of the Company following the Capital Increase with Preferential Subscription Rights through Equitization of Unsecured Debt, could be envisaged.

⁵ Shareholders who can subscribe to the New Money Capital Increase with Preferential Subscription Rights through exercise of their preferential subscription rights up to the rights they will hold upon completion of the Groupement New Money Capital Increase will include, in addition to the current shareholders of the Company, (i) the unsecured financial creditors, which became shareholders of the Company following the Capital Increase with Preferential Subscription Rights through Equitization of Unsecured Debt and (ii) the members of the Groupement, which became shareholders of the Company following the Groupement New Money Capital Increase.

million, to the unsubscribed portion through exercise of their preferential subscription rights⁶.

After completion of the transactions provided for in the Agreement in Principle, and on the basis of the valuation of Company's equity retained by the parties for the purposes of these transactions, the unsecured financial creditors supporting the Agreement in Principle, could recover about 30% of the nominal amount of their claims (including a remuneration for their support expressed before the opening of the safeguard plan of 30 basis points of the nominal value of their claim), converted into capital as part of the Capital Increase with Preferential Subscription Rights through Equitization of Unsecured Debt.

2. Shareholding and governance

Shareholding

Following the completion of the Capital Increase with Preferential Subscription Rights through Equitization of Unsecured Debt (and assuming that no existing shareholder subscribes to this first capital increase), the Groupement New Money Capital Increase, the New Money Capital Increase with Preferential Subscription Rights and in the event of the exercise of the Warrants by their holders, all the unsecured financial creditors and the Groupement will become the main shareholders of the Company.

According to the principles contained in the Agreement in Principle and the valuations adopted by the parties, and if:

- (i) no existing shareholder subscribed to the Capital Increase with Preferential Subscription Rights through Equitization of Unsecured Debt, and
- (ii) only the Unsecured Financial Creditors Supporting the Agreement in Principle and the members of the Groupement subscribe to the New Money Capital Increase with Preferential Subscription Rights, as per their respective backstop commitments⁷,

the percentages of holdings would be as follows:

- for existing Company shareholders to date, about 1.0% after the Capital Increase with Preferential Subscription Rights through Equitization of Unsecured Debt, and about 0.4% after the Groupement New Money Capital Increase, the New Money

⁶ In return for their commitment to backstop or subscribe to the New Money Capital Increase with Preferential Subscription Rights, a remuneration via the issuance of share warrants to the sole benefit of the the Groupement and the SteerCo members (the "**Warrants**"). The Warrants will give the right, to the Groupement and the SteerCo members only, to subscribe in the aggregate to 1.45% of the capital of the Company for a period of 6 month at the exercise price of 0.01 euro per share of the Company.

⁷ Then assuming that no other shareholder that unsecured financial creditors and the Groupement would subscribe to this capital increases.



Capital Increase with Preferential Subscription Rights and the exercise of the Warrants,

- for the Groupement, 50.2% after the Groupement New Money Capital Increase, after the New Money Capital Increase with Preferential Subscription Rights, and after exercise of the Warrants;
- for unsecured financial creditors, about 99.0% after the Capital Increase with Preferential Subscription Rights through Equitization of Unsecured Debt, and about 49.4% after the Groupement New Money Capital Increase, after the New Money Capital Increase with Preferential Subscription Rights and after the exercise of the Warrants.

	Current shareholders	Groupement	Unsecured financial creditors
After completion of the New Money Capital Increase with Preferential Subscription Rights through Equitization of Unsecured Debt (on a fully diluted basis)	1.0%	-	99.0%
After completion of the New Money Capital Increase with Preferential Subscription Rights through Equitization of Unsecured Debt, the Groupement New Money Capital Increase, the New Money Capital Increase with Preferential Subscription Rights and exercise of the Warrants (on a fully diluted basis)	0.4%	50.2%	49.4%

For illustrative purposes, the impact of the Capital Increase with Preferential Subscription Rights through Equitization of Unsecured Debt, the Groupement New Money Capital Increase, the New Money Capital Increase with Preferential Subscription Rights and the issue of the Warrants on the shareholding of a shareholder holding 1% of the Company's share capital before completion of these transactions would be the following:

Percentage of share capital	
No exercise of its preferential	Exercise of all its preferential subscription rights by the shareholder under the Capital Increase with Preferential Subscription Rights through Equitization of Unsecured Debt and the New



	subscription rights by the shareholder	Money Capital Increase with Preferential Subscription Rights
BEFORE completion of the Capital Increase with Preferential Subscription Rights through Equitization of Unsecured Debt, the Groupement New Money Capital Increase, the New Money Capital Increase with Preferential Subscription Rights and the issue of the Warrants	1.000%	1.000%
AFTER completion of the Capital Increase with Preferential Subscription Rights through Equitization of Unsecured Debt, the Groupement New Money Capital Increase, the New Money Capital Increase with Preferential Subscription Rights and the issue of the Warrants	0.004%	0.491% ⁸

In view of the dilution expected to result from the capital increases, the Board of Directors will, on a voluntary basis in accordance with Article 261- 3 of the AMF General Regulations, appoint an independent expert for the purpose of deciding on the financial restructuring. The independent expert will assess the financial conditions of the financial restructuring for shareholders and issue a report containing a fairness certificate that will be made available to shareholders.

It is specified that the members of the Groupement intend to act in concert. The SteerCo members have stated that they do not intend to act in concert and will not act in concert towards the Company at the date of completion of the transaction.

The Groupement will undertake, pursuant to the Agreement in Principle, not to file a public offer over the shares of Orpea during the 5 years following the date of completion of the transaction.

Governance

The principles governing the composition of the Board of Directors following the transactions and set out in the Agreement in Principle are as follows:

- Separation of the functions of Chairman of the Board of Directors and Chief Executive Officer
- Board of Directors with 13 members, comprising:
 - The Chief Executive Officer of the Company
 - Two representatives of employees, pursuant to applicable legal provisions
 - 7 members appointed by the Groupement including 3 members presenting independence features (“*administrateurs présentant des qualités d’indépendance*”)
 - 3 independent directors as per AFEP-MEDEF regulations

⁸ Corresponding for the existing shareholder to an additional investment in cash amounting to €61.24 per share held.



- A Board observer for the first shareholder (among the creditors who became shareholders) after the Groupement.

3. Conditions precedent and implementation

The implementation of the Agreement in Principle remains subject to the completion of several conditions precedent and in particular to:

- (i) the finalization of the required contractual documentation, including a termsheet and a lock-up agreement,
- (ii) the initiation of an expedited safeguard proceeding by the Nanterre Commercial Court,
- (iii) the drafting and execution of an agreement with the Company's secured bank creditors under tranches A, B and C to adjust the existing contractual documentation, as well as the obtaining new financings,
- (iv) the approval by the *Autorité des marchés financiers* of the prospectuses relating to the proposed capital increases,
- (v) the Groupement obtaining a definitive waiver from the obligation to submit a public bid on the ORPEA's shares as a result of the financial restructuring,
- (vi) obtaining the necessary regulatory approvals, if any, and
- (vii) the approval of the safeguard plan by the Nanterre Commercial Court.

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The Company confirms that information that could be qualified as inside information within the meaning of Regulation No. 596/2014 of 16 April 2014 on market abuse and that may have been given on a confidential basis to the various stakeholders in the context of the negotiations has indeed been published to the market, either in the past or in the context of this press release, with the aim of re-establishing equal access to information relating to the Group between the investors.

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About ORPEA

ORPEA is a leading global player, expert in the care of all types of frailty. The Group operates in 22 countries and covers three core businesses: care for the elderly (nursing homes, assisted living, home care), post-acute and



rehabilitation care and mental health care (specialized clinics). It has more than 72,000 employees and welcomes more than 255,000 patients and residents each year.

<https://www.orpea-group.com/>

ORPEA is listed on Euronext Paris (ISIN: FR0000184798) and is a member of the SBF 120, STOXX 600 Europe, MSCI Small Cap Europe and CAC Mid 60 indices.

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Warning - Forward-looking information

This press release contains forward-looking information that involve risks and uncertainties, concerning the Group's expected growth and profitability in the future which may significantly impact the expected performance indicated in the forward-looking statements. These risks and uncertainties are linked to factors out of the control of the Company and not precisely estimated, such as future market conditions. Any forward-looking statements made in this press release are statements about the Company's expectations about a future situation and should be evaluated as such. Further events or actual results may differ from those described in this press release due to a number of risks and uncertainties that are described in the 2021 Company's Universal Registration Document available on the Company's website and on the Autorité des Marchés Financiers website(www.amf-france.org), and in the Half-Year 2022 financial report which is available on the Company's website.

This press release is for information purposes only and does not constitute an offer to sell or a solicitation of an offer to buy any securities in any jurisdiction