Press Release

ORPEA GROUPE

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UNDER THE ACCELERATED SAFEGUARD PLAN APPROVED BY THE SPECIALIZED COMMERCIAL COURT OF NANTERRE ON JULY 24TH, 2023, ORPEA ANNOUNCES THE LAUNCH OF A SHARE CAPITAL INCREASE WITH SHAREHOLDERS' PREFERENTIAL SUBSCRIPTION RIGHTS FOR AN AMOUNT OF APPROXIMATELY EUR 3.9 BILLION BACKSTOPPED BY THE UNSECURED CREDITORS OF THE COMPANY SUBSCRIBING BY WAY OF SET-OFF AGAINST THEIR UNSECURED CLAIMS

MAIN TRANSACTION TERMS

- **Subscription price: EUR 0.0601 per new share**
- **Subscription ratio: 999 new shares for 1 existing share**
- **Trading period for preferential subscription rights: from November 14th to November 23rd, 2023 inclusive**
- **Subscription period: from November 16th to November 27th, 2023 inclusive**
- **Capital increase backstopped by the unsecured creditors of the Company subscribing, if applicable, by way of set-off against their claims**

ORPEA S.A (The « **Company** »), announces today the launch of a share capital increase with shareholders' preferential subscription rights for an amount of approximately EUR 3.9 billion (the "**Equitization Capital Increase**")

The Capital Increase is carried out in the context of the accelerated safeguard plan adopted by the Nanterre Specialised Commercial Court on July 24th, 2023 (the "**Accelerated Safeguard Plan**") and aims at equitizing (by conversion and/or redemption) the entire unsecured indebtedness of the Company, amounting to approximately EUR 3.9 billion

In a ruling handed down on November 9, 2023, the Paris Court of Appeal rejected the appeals lodged by certain ORPEA shareholders and minority creditors against the decision of the *Autorité des marchés financiers* to grant the groupement comprising Caisse des dépôts et consignations, CNP Assurances, MAIF and MACSF an exemption from their obligation to file a public offer for the Company's shares.

The Groupement having made their investment conditional on the Paris Court of Appeal rejecting any appeal against the waiver decision granted by the *Autorité des marchés financiers*, this condition has now been met, enabling the accelerated safeguard plan for ORPEA to continue to be implemented.

REMINDER ON THE ACCELERATED SAFEGUARD PLAN

The Accelerated Safeguard Plan, provides for the implementation of three capital increases, namely (i) the Equitization Capital Increase as detailed in this press release, (ii) a capital increase without preferential subscription rights reserved to Caisse des Dépôts et Consignations, Mutuelle Assurance Instituteurs de France (MAIF), CNP Assurances and MACSF Epargne Retraite (or companies affiliated with them), with a priority right granted to the Existing Shareholders (as defined below) of the Company, allowing them to subscribe by preference to the shares so issued, in an amount (including the issue premium) of EUR 1,160,080,551.59, by way of issuance of 65,173,064,696 new shares at an issue price of EUR 0.0178 per new share (the "**Groupement Capital Increase**") and (iii) a capital increase with shareholders' preferential subscription right in an amount (including the issue premium) of EUR 390,019,672.62, by issuing 29,324,787,415 new shares at an issue price of EUR 0.0133 per new share, to which the members of the Groupement have committed to subscribe in the amount of approximately EUR 196 million, the balance, i.e. EUR 194 million, being backstopped by five institutions holding a significant portion of the Company's unsecured debt (the "**Rights Issue**" and together with the Equitization Capital Increase and the Groupement Capital Increase, the "**Capital Increases**", all three Capital Increases forming an indivisible whole).

In addition, in accordance with the terms of the Accelerated Safeguard Plan, the Company's Board of Directors decided on November 10, 2023 to reduce the Company's share capital, based on losses, by reducing the par value of the Company's shares from 1.25 euro to 0.01 euro per share (the "**First Capital Reduction**").

The amount of the First Capital Reduction, motivated by losses (in accordance with the provisions of article L. 225-204 of the French Commercial Code), is 80,220,375.24 euros and has been allocated to a special unavailable reserves account.

As a result of the First Capital Reduction, on the date of this press release, the Company's share capital stood at 646,938.51 euros, comprising 64,693,851 shares with a par value of 0.01 euro each.

IMPORTANT

Shareholders' attention is drawn to the fact that the subscription price of the New Shares to be issued as part of the Equitization Capital Increase is 3.38 times higher than the subscription price of the new shares to be issued as part of the Groupement Capital Increase, which stands at €0.0178 per share, which was determined by reference to the pre-money valuation (i.e. €1,151.6 million) retained by the parties to the Lock-Up Agreement for all the shares comprising the Company's share capital after completion of the Equitization Capital Increase and before issue of the new shares under the Groupement Capital Increase.

On this basis, assuming that the post-Equitization Capital Increase share price would be at the level of the subscription price of the Groupement Capital Increase (i.e. €0.0178 per share), an Existing Shareholder who decides to subscribe to the Equitization Capital Increase by exercising his preferential subscription rights would be exposed to a potential loss of market value of the shares thus subscribed of 70% on the amount invested. Existing Shareholders are therefore invited to consider carefully whether or not to subscribe to the Equitization Capital Increase, in view of the significant potential loss of value to which they would be exposed.

INDEPENDENT EXPERTISE

The Company appointed on a voluntary basis the firm Sorgem Evaluation, located at 11 rue Leroux, 75116 Paris, and represented by Mr. Maurice Nussenbaum, as independent expert, in accordance with Article 261-3 of the *Autorité des marchés financiers*' ("**AMF**") General Regulations, in order to give an opinion on the fairness of the terms and conditions of the Company's restructuring from the current shareholders' standpoint.

This independent expert's report, together with its *addendum*, provided at the Company's request, are available *in extenso*, in the Annex A of the securities note related to the Equitization Capital Increase, with the consent of Sorgem Evaluation which has approved its content and allowed the Company to report the conclusion of this expertise in publicly available documents.

MAIN TERMS OF THE EQUITIZATION CAPITAL INCREASE

The Equitization Capital Increase will be carried out with shareholders' preferential subscription rights (the "**Rights**"), pursuant to the 2nd resolution attached to the Accelerated Safeguard Plan, and will result in the issue of 64,629,157,149 new shares (the "**New Shares**"), at a subscription price of €0.0601 per New Share (i.e. EUR 0.01 nominal value and EUR 0.0501 issue premium), to be fully paid up upon subscription, representing gross proceeds, including the issue premium, of EUR 3,884,212,344.65.
Each of the Company's shareholders will receive one (1) Right for each share registered on his securities account as of November 15th, 2023. In order to allow the registration in securities accounts as of such date, the execution of purchases in the market of existing shares must occur on November 13rd, 2023 at the latest. Each Right will entitle its holder to subscribe for 999 New Shares on an irreducible basis (*à titre irréductible*). Subscriptions on a reducible basis (*à titre réductible*) will not be accepted.
New Shares not subscribed on an irreducible basis (*à titre irréductible*) will be subscribed by the unsecured creditors under their backstop commitment, by way of set-off against their claims.

On the basis of the closing price of the Company share on the regulated market of Euronext in Paris ("**Euronext Paris**") on November 9th, 2023, i.e. EUR 1.4045, the theoretical value of one (1) Right is EUR 1.3431 and the theoretical ex-right price of the share is EUR 0.0614.

For information purposes, the issue price reflects a discount of 2.19% compared to the theoretical value of the Company ex-right share, calculated on the basis of the closing price on November 9th, 2023, and a discount of 95.72% compared to the closing price on November 9th, 2023.

Investors' attention is however drawn to the fact that this value must be considered of little relevance, in particular to the extent that the current market price of the Company share is significantly uncorrelated with the theoretical value of a share post-Capital Increases. Using as a reference price the subscription price of the Groupement Capital Increase (i.e. 0.0178€), which is more than three times less than the issue price of the Equitization Capital Increase (EUR 0.0601 per share), hence removing any interest, for an Existing Shareholder (as defined hereafter), to participate in the Equitization Capital Increase, the value of a Right would be null.

These values do not necessarily reflect the value of the Rights during their trading period, the ex-right price of an existing share of the Company or the discounts, as determined in the market.

The Equitization Capital Increase will be open to the public in France only.

INDICATIVE TIMETABLE FOR THE EQUITIZATION CAPITAL INCREASE

The Rights will be detached on November 14th, 2023 and tradeable from November 14th, 2023 until November 23rd, 2023[1] inclusive on the regulated market of Euronext Paris under the ISIN code FR001400LAA6. The subscription period for the New Shares will be open from November 16th, 2023 until close of trading on November 27th, 2023. Unexercised Rights will automatically lapse at the end of the subscription period, i.e. on November 27th, 2023 at the close of trading.

The issuance, settlement and delivery of the New Shares and commencement of trading on Euronext Paris are expected to take place on December 4th, 2023. The New Shares will immediately entitle their holders to receive dividends declared by the Company as from the date of issuance. They will be immediately fungible with existing shares of the Company and will be traded on the same trading line under the same ISIN code FR0000184798.

USE OF PROCEEDS

The estimated maximum gross proceeds of the capital increase are approximately EUR 3.9 billion.

Any amount in cash received by the Company in respect of the subscription by the shareholders for New Shares in the context of the Equitization Capital Increase resulting from the exercise of their Rights will be entirely allocated to the repayment of the unsecured indebtedness at par and pro rata, being reminded that the unsubscribed amount of the Equitization Capital Increase will be entirely subscribed for by the unsecured creditors by way of set-off against their unsecured claims.

DILUTION

The implementation of the Equitization Capital Increase, and more broadly of the Capital increases contemplated as part of the Accelerated Safeguard Plan, will result in a massive dilution for the Existing Shareholders (as defined hereafter).

[1] Due to processing delays, custodians may bring forward the cut-off dates and hours for receiving their clients' instructions in respect of their Rights. In this regard, custodians must inform their clients through corporate event notices and the relevant investors are invited to contact their custodians.

For illustrative purposes only, following the issue of the New Shares, an Existing Shareholder holding (as defined hereafter) 1.0% of the Company's share capital on October 31st, 2023, and not subscribing to the Equitization Capital Increase, would hold 0.0010% of the share capital.

Should Existing Shareholders (as defined hereafter) decide to sell their preferential subscription rights received as part of the Equitization Capital Increase and the Rights Issue, proceeds from such sale might prove insufficient to offset the aforementioned dilution.

Besides, Existing Shareholders willing to maintain their current shareholding level post Capital Increases through subscription would need to invest significant amounts to subscribe for new shares issued, and may suffer a very significant loss in market value of their investment, given that the issue price of the New Shares issued through the Equitization Capital Increase (EUR 0.0601 per share) is significantly higher than the issue price of the new shares to be issued through the Groupement Capital Increase and the Rights Issue (EUR 0.0178 and EUR 0.0133 per share respectively).

Illustrative example - Investments to be made by an Existing Shareholder holding 75 Shares on November 15, 2023 and wishing to maintain its current stake post-Capital Increases; loss of corresponding value estimated on the basis of a share price post-Capital Increases which would align with the theorical price of the share post Capital Increases (EUR 0.0170).

<u>Equitization Capital Increase</u>

The Existing Shareholder holding 75 shares of the Company on November 15, 2023, if it wishes not to be diluted as a result of the Equitization Capital Increase, should subscribe to the Equitization Capital Increase by exercising all of its Rights on an irreducible basis for up to 74,925 New Shares, corresponding to a total subscription price of EUR 4,503.

On this basis, and assuming that the share price after the Equitization Capital Increase would align with the subscription price of the Groupement Capital increase (for illustrative purposes), the value of the shares held by the Existing Shareholder would amount to EUR 1,335, with an investment thus corresponding to a potential loss of market value of the shares of EUR 3,168 (-70% of the invested amount).

<u>Groupement Capital Increase</u>

The Existing Shareholder having subscribed via the exercise of all its rights to the Equitization Capital Increase, if it wishes not to be subsequently diluted as a result of the Groupement Capital Increase, should exercise its priority right and subscribe on an irreducible basis to the Groupement Capital Increase up to its full priority. The number of shares retained for the priority right would be equal to: 75 shares (i.e. the number of shares held on November 15, 2023) + 74,925 New Shares (i.e. the number of New Shares subscribed as part of the Equitization Capital increase, provided that the Existing Shareholder holds its shares in the pure registered form on November 15, 2023) = 75,000 shares. The

Existing Shareholder could therefore place an irreducible priority subscription order for 75,555 new shares[2] issued as part of the Groupement Capital increase, for a total subscription price of EUR 1,345.

Thus, in order to maintain its percentage of participation unchanged following the Equitization Capital Increase and the Groupement Capital Increase, the Existing Shareholder holding 75 shares should subscribe for 150,480 new shares in aggregate and invest a total of EUR 5,848.

On this basis, and assuming that the share price after the Groupement Capital Increase would align with the subscription price of the Groupement Capital increase (for illustrative purposes), the value of the shares held by the Existing Shareholder would amount to EUR 2,680, corresponding to a potential loss of market value of the shares of EUR 3,168 (-54% of the cumulative invested amount).

Rights Issue

The Existing Shareholder having subscribed up to its full entitlements in the Equitization Capital Increase and the Groupement Capital Increase, if it wishes not to be subsequently diluted as a result of the Rights Issue, should exercise all of its preferential subscription rights on an irreducible basis for up to 33,992 new shares[3] issued as part of the Rights Issue, i.e. a total subscription price of EUR 452.

Thus, in order to maintain its percentage of interest unchanged following the three Capital Increases, the Existing Shareholder holding 75 shares before the launch of the Equitization Capital Increase would have to invest a total of EUR 6,300.

On this basis, and assuming that the share price after the Capital Increases would align with the theorical share price post Capital Increases, i.e. EUR 0.0170 (for illustrative purposes), the value of the securities held by the Existing Shareholder would amount to EUR 3,132, corresponding to a potential loss of market value of EUR 3,168 (-50% of the cumulative invested amount).

GUARANTEE / BACKSTOP COMMITMENT

The issue of the New Shares is neither guaranteed by a banking syndicate nor underwritten.

Nonetheless, under the terms of the Safeguard Plan, the issue of the News Shares is the subject of backstop commitments by the unsecured creditors of the Company subscribing by way of set-off against their claims, up to the portion of the issue that would have not been subscribed through the exercise of Rights and in proportion to the principal amount of unsecured debt that they hold individually in relation to the total principal amount of unsecured debt of the Company (rounded down to the lower integer).

[2] The Existing Shareholder may subscribe to the Groupement Capital Increase (65,173,064,696 shares to issue) up to the share of its eligible shares in the capital of the Company post Equitization Capital Increase, being specified that if the exercise of the right of priority results in a number of shares other than a whole number, then the number of shares to which this Existing Shareholder can subscribe will be rounded down to the lower integer.
On this basis, in the example, the Existing Shareholder will therefore be able to subscribe to (75,000/64,693,851,000) x 65,173,064,696 = 75,555 new shares under his priority right.

[3] The Existing Shareholder will be granted a preferential subscription right per share held, with 31 preferential subscription rights giving the right to subscribe to 7 new shares as part of the Rights Issue.

These backtop commitments cover the entire issue.

These backstop commitments do not constitute a “*garantie de bonne fin*” within the meaning of article L.225-145 of the French *Code de commerce*

AVAILABILITY OF THE PROSPECTUS

The prospectus (the « **Prospectus** ») approved by the AMF under number 23-465 on November 10, 2023 and comprised of (i) ORPEA S.A. 2022 universal registration document filed with the AMF on June 7, 2023 under number D. 23-0461 (the “Universal Registration Document” or “URD”), (ii) an amendment to the URD filed with the AMF on November 10, 2023 under number D.23-0461-A01 (the “Amendment to the URD”), (iii) the securities note dated November 10, 2023 (the “Securities Note”) and (iv) the summary of the Prospectus (included in the Securities Note and attached hereafter) is available on the websites of the AMF (www.amf-france.org) and the Company (www.orpea-group.com). Copies of the Prospectus are available free of charge at the Company’s registered office (12, rue Jean Jaurès, 92813 Puteaux).

Potential investors are advised to read the Prospectus before making an investment decision in order to fully understand the potential risks and rewards associated with the decision to invest in the New Shares. The approval of the Prospectus by the AMF should not be understood as an endorsement of the offer or admission to trading on Euronext Paris of the New Shares.

RISK FACTORS

Investors’ attention is drawn to the risk factors relating to the Company included in chapter 2 « Internal Control and Risk Factors » of the URD as updated in chapter 2 of the Amendment to the URD and the risk factors relating to the transaction and the New Shares mentioned in chapter 2 “Risk Factors” of the Securities Note, in particular risk factor 2.1 related to the massive dilution implied by the Capital Increases and the need for Existing Shareholders to invest significant amounts if they want to maintain their stakes unchanged.

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/

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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