



# 2022 UNIVERSAL REGISTRATION DOCUMENT

## Annual Financial Report and Integrated Report



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The Universal Registration Document was filed on 27 April 2023 with the French Financial Markets Authority (Autorité des Marchés Financiers – AMF), in its capacity as competent authority under Regulation (EU) 2017/1129, without prior approval in accordance with Article 9 of said regulation.

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The Universal Registration Document may be obtained free of charge from the Company, as well as on the Company's website ([www.korian.com](http://www.korian.com)) and on the AMF's website ([www.amf-france.org](http://www.amf-france.org))

### HISTORICAL FINANCIAL INFORMATION

In accordance with Article 19 of Regulation (EC) 2017/1129, the following information is included by reference in this Universal Registration Document:

- the key figures on page 10 as well as the consolidated financial statements for the financial year ended 31 December 2021, the notes to the financial statements, the Statutory Auditors' report presented on pages 252 to 327 of the 2021 Universal Registration Document filed with the AMF on 28 April 2022 under number D.22-0380;
- the key figures on page 12 as well as the consolidated financial statements for the financial year ended 31 December 2020, the notes to the financial statements, the Statutory Auditors' report presented on pages 266 to 324 of the 2020 Universal Registration Document filed with the AMF on 20 April 2021 under number D.21-0331.

The Universal Registration Document is a reproduction of the official version of the Universal Registration Document, which was prepared in XHTML format and is available on the issuer's website.

# Message from the Chairman of the Board of Directors

**JEAN-PIERRE DUPRIEU**

Dear shareholders,

The year 2022 was marked by the shocking revelations contained in the book *Les Fossoyeurs*. By pointing a finger at the dishonest practices of management at one company, the book ultimately called into question the entire model of elderly care in place at French long-term care nursing homes, affecting the entire sector.

Korian's management responded swiftly to the situation by choosing to accelerate and further strengthen the Group's ambitions in terms of quality and consideration for residents, patients and teams, just as it did during the Covid-19 pandemic.

The Board of Directors, whose strong commitment I would like to reiterate here, has also worked to overcome this crisis, with the support of its Committees. Thanks to their efforts and expertise, the Board was able to effectively fulfil its role, supervising the Group's business activities, monitoring the capital markets, and developing additional indicators to strengthen how Korian monitors performance in terms of human resources and quality of care.

I would also like to convey the Board of Directors' deep and sincere gratitude to all the Group's employees for their exceptional commitment. It is they who, through their work and dedication, support our residents, patients and their loved ones with dignity, humanity and kindness.

## **INTERACTIONS BETWEEN THE BOARD OF DIRECTORS, ITS SPECIALIST COMMITTEES AND GROUP MANAGEMENT**

The serious accusations contained in *Les Fossoyeurs* created a shockwave of mistrust that affected all private care providers. For Korian, this shock took the form of a very sharp drop in share price. The Board of Directors naturally finds this situation unacceptable, as it in no way reflects the Group's fundamentals, whether the commitment and ethics of its teams, its operational performance or its financial strength. The Board expects that, in light of the clarification French public authorities have provided in recent months concerning regulation of the medico-social sector in France, the market environment will gradually allow the share price to regain a level consistent with the company's fundamentals.



Throughout the year, the Board of Directors relies on the preparatory work and recommendations of its four specialist Committees. This ensures that the Board makes informed decisions that are properly prepared and debated, based on the operational realities and practical challenges associated with the Group's transformation. The Board's work is further enriched by regular and in-depth exchanges with the Chief Executive Officer, members of the General Management Committee and certain members of Korian's executive management.

Whether in ESG, quality control, knowledge of the health sector, human resources or finance, the diversity of profiles and expertise that make up the Board of Directors and the skills of the four specialist Committees make it possible to build the appropriate strategy for

Korian, taking into account all the Group's financial and extra-financial challenges. In 2022, these competences were further enhanced by the appointment to the Board of Mr. Philippe Lévêque who, through his experience in the service of the public interest, brings expertise in ESG policy and dialogue with stakeholders.

The work of the Board of Directors also benefits from informal conversations between the Directors and Korian's Management, in particular during strategic seminars. The most recent seminar, for example, focused on the strategy for transformation and repositioning of the Group's healthcare activities in France. It took place at a recently inaugurated Inicea clinic, where the facility's teams exchanged with the Board to enhance its deliberations.



**Adopting the status of a purpose-driven company is a major step in strengthening the bond of trust that exists between Korian and its stakeholders.**

The Board also investigates topics that are key for Korian, including its quality of service policy, governance, and tracking of strategic indicators with a particular focus on the people and staff of the Group's facilities. This work is carried out by the Ethics, Quality and CSR Committee, then shared and debated with the entire Board of Directors.

Lastly, the Board actively participates in shareholder dialogue thanks to governance roadshows, which I lead. These provide an opportunity for frank and constructive discussions with shareholders and help the Group to continuously improve.

## A EUROPEAN PURPOSE-DRIVEN COMPANY

All decisions taken by the Board of Directors are assessed in light of Korian's social and environmental objectives. As of 2019, the Group has adopted a clear ESG strategy based on 5 pillars, broken down into 15 commitments. The strategy, which runs through 2023, has made it possible to address the challenges posed by caring for elderly and fragile individuals. Implementation of this strategy and associated decisions are systematically reviewed by the Ethics, Quality & CSR Committee.

Following adoption at the General Meeting of 22 June 2022 of the resolution to transform Korian's corporate form into that of a European company, the Board of Directors has decided to propose to shareholders at the General Meeting of 2023 that the Group adopt the status of purpose-driven company. This transformation reflects Korian's desire to strengthen its social and environmental commitments to all its stakeholders.

Adopting the status of a purpose-driven company is a major step in strengthening the bond of trust that exists between Korian and its stakeholders, first and foremost among these its residents, patients, caregivers, staff and local authorities. By becoming a purpose-driven company, Korian undertakes to design, jointly with its stakeholders, methods and tools for providing considerate and caring support for elderly and fragile people, placing the Group's strength in innovation at the service of one of the major challenges European societies are facing.

## COMMITMENT OF DIRECTORS

Lastly, I would like to emphasise the full commitment of the Board of Directors, which is reflected, among other things, in the Board's active contributions to a large number of scheduled and extraordinary meetings as well as two strategic seminars, and in the extensive preparatory work of the Committees.

I would therefore like to thank all the members of the Board for their commitment, as well as the management, for their conscientiousness and dedication.

# Message from the Chief Executive Officer

**SOPHIE BOISSARD**

Dear Shareholders,

Following two long years of fighting Covid-19 on every front, 2022 proved to be another trying year for our Group and its stakeholders.

Like all those operating in the elderly care sector, we had to contend with significant fallout from the severe reputational crisis suffered by one of the sector's prominent companies, following revelations in the book, *Les Fossoyeurs*, published at the beginning of the year.

During this same period, soaring energy prices and tightening credit conditions clouded the economic outlook for businesses like our own that are subject to strict price regulation and draw on especially tight labor markets.

Despite these headwinds, we have continued the substantive work begun in 2019 to enhance the quality of care and treatment across our various networks. We are making progress on all indicators from our ESG roadmap and have, in fact, already achieved most of the objectives we set for 2023.

Against this background, I would like to warmly thank all the members of the Korian community who, each and every day, tangibly demonstrate their compassion and unfailing commitment to the care and well-being of our patients, residents and their loved ones.

## A MAJOR CRISIS IN FRANCE'S ELDERLY CARE SECTOR

At the beginning of the year, the elderly care sector in France was rocked by an unprecedented reputational crisis following the publication of *Les Fossoyeurs*, a book that seriously called into question the practices of a company that was previously considered a benchmark for the sector.

While these revelations focused on one specific player, they caused a wave of mistrust towards the entire sector. Public opinion was especially moved by the serious cases of abuse described in the book and called into question the effectiveness of existing prevention and control mechanisms.

As these events unfolded in the first months of 2022, Korian resolutely maintained a proactive policy towards its stakeholders: in each of our establishments, we held numerous meetings with families, allowing everyone to express themselves and ask questions. The national hotline was strengthened, as were the internal warning systems we have had in place since 2017. As of June 2022, Korian has furthermore decided to publish detailed indicators for each of its establishments, notably the number of employees, current rates, and results from the latest surveys conducted by independent third parties at the company's initiative. The Stakeholder Council, which has advised the leadership of Korian France since 2019, has devoted several of its meetings to examining these different actions and reviewing the policies in place at the company. The Board of Directors and its committees have also been very actively involved.

I would like to recognize and pay tribute here to the trust and attentiveness shown by all the members of the Korian community, at a time when it would have been easy to become discouraged in the face of such controversy and violent accusations.



During this time, French public authorities have clarified and strengthened the regulatory framework applicable to the medico-social sector and tightened its rules with the introduction of systematic controls in each establishment every two years. Authorities have also determined that medico-social establishments will henceforth be subject, like healthcare facilities, to a compulsory quality certification procedure from 2023 onwards. I welcome these government initiatives, which were essential to restore confidence and demonstrate that the serious accusations made in the book arose from the behavior of the management team at a particular company and not the practices of an entire sector.

Unfortunately, the crisis triggered by the publication of *Les Fossoyeurs* developed further in the second half of 2022 as the perilous financial situation of the company involved came to light, leading to a financial restructuring that has yet to be completed at this time.

These episodes, combined with a more challenging economic climate, have led many investors to distance themselves from the sector, which has weighed heavily on the valuation of our Group and our stock market performance over the past year.

I am convinced that the clarification of the rules and quality requirements applicable to all players will make it possible to restore confidence and emerge from this crisis, which demonstrates, if any proof were needed, that in our professions, quality, social responsibility and ethics are critical to operational and economic performance. Ultimately, our activities remain more essential than ever to meet the enormous needs that exist in terms of prevention and support for people in fragile situations.



The resulting plan,  
“At Your Side”, will enable  
us to take a full stride forward.

## FROM “IN CARING HANDS”...

With our corporate project, “In Caring Hands,” announced in 2019, we launched a first step aimed at broadening our activities from eldercare to addressing all forms of vulnerability, whether related to age, health or isolation. This corporate project focused on three major areas:

### ■ commitment to the quality of care and human development

For the first time, we included ESG commitments at the heart of our roadmap, aimed at supporting the quality of our care, developing our human capital and strengthening our local roots. These 15 commitments were almost all achieved by 2022, a year ahead of the schedule we had set ourselves.

### ■ training new health professionals

One of our key commitments was undoubtedly our **qualifying training policy**, which in 2019 concerned less than 4% of the Group’s employees. In 2022, some 7,000 employees, or nearly 11% of our workforce, took part in one of the close to 150 degree-granting courses we offer at our own training centres or via partner schools and universities. For me, these numbers offer tangible proof of the vitality of our Group. This effort, coupled with our workplace health and safety policy, is a major advantage in attracting and retaining employees in labor markets that remain structurally tight.

Also in this period, we were able to carry out our first European-wide employee share ownership plan. Thanks to this initiative, which was co-financed by the company to ensure all employees could participate to some extent, we now have almost 10,000 employee shareholders, who, together, own approximately 3% of the company’s capital and thus have a say in the future of their company and in its major decisions.

### ■ investments to renovate and modernise

The year 2022 also concluded a major renovation and modernisation cycle, initiated in 2017 to support our commitment to quality.

Over 820 million euros were invested in 2022, of which more than 350 million euros in France. In the past five years, a total of nearly 50% of our care homes and healthcare facilities have been renovated and expanded to better meet the expectations of residents and patients with respect to comfort and privacy, to modernise equipment and technical facilities, and to set up consultation centers and outpatient units according to the needs of each region.

Commitment, training and investment have all supported activity in each of our business segments and across our various regions. Our revenue increased by 6.2% in terms of organic growth for 2022. Despite the high-inflation environment, our operating margin before rent remained strong at 24.1%. As a result of the significant investments made in 2022, our leverage increased to 3.7x, but remains well below covenant ratios of 4.5x. Once the various real estate partnership transactions planned for 2023 have been completed, and given our significantly lower investment needs over the next three years, our Group aims to be self-financing from 2024 onwards and to gradually bring leverage under 3x.

The achievements of our “In Caring Hands” project place us in a favorable position as we enter a new stage of maturity.

## TO “AT YOUR SIDE”

We took advantage of 2022 to study its turbulence and work on a new corporate project, commensurate with the new era we are now entering. The resulting plan, “At Your Side”, will enable us to take a full stride forward.

### ■ Strengthening our expertise in chronic diseases to address the exponential increase in needs

With this new project—and building on the expansion of our fields of intervention since 2019—we are **strengthening our expertise in chronic diseases, conditions that cannot be cured but for which treatment and support are possible**.

- According to the latest data from the World Health Organization (WHO), approximately 20 million people in France suffer from chronic diseases.
- According to the latest data from the Haute Autorité de Santé (HAS) in France, an estimated 12 million people suffer from mental health problems, i.e., close to 20% of the French population. Of these people, about 3 million suffer from severe psychiatric disorders requiring specialized care.

Rising needs as regards the prevention of vulnerability and care of chronic patients are indeed the main public health challenge of the coming decade.

With this in mind, we will, of course, actively continue strengthening the fundamentals: our medical expertise and quality policies, supported by an external certification process, as well as our training policies and investments in digital innovations and health data.



To achieve this, we will capitalize on three centres for shared development, positioned at Group level so as to benefit all our activities: our new corporate university, Korian Solutions, and our medical research and health innovation department.

### ■ Innovating to meet health needs locally

Two basic trends are now structuring the regions we operate in: the risk of medical deserts and the growing demand for home care and support.

The shortage of health professionals is becoming a major concern. In France alone 10,000 additional doctors and 30,000 nurses are needed today. According to the OECD, with just 6.4 nurses per 1,000 inhabitants, France is already well below the 8.8 average of member countries.

These figures highlight difficulties and inequalities in access to care that are likely to worsen in years to come.

Our Group, which operates in more than 700 regions and communities across Europe, offering a range of complementary areas of expertise, seeks to combine its efforts with those of other healthcare players to address these challenges. We already support more than 800,000 people, both in our facilities and in their homes. Our ambition is to at least double our intake and follow-up capacities by 2026, particularly in areas where medical services are lacking.

The second secular trend underway is the move towards care and ageing well at home.

A growing consensus is taking shape around a new vision of old age that favors home care as much as possible, reserving long-term care nursing homes for situations of significant dependency that caregivers cannot address alone without risk to themselves and/or the fragile individual. Korian has contributed to this twofold evolution for several years by:

- designing home-based solutions and shared housing solutions that meet the desire to age at home while being well cared for and supported (Petit Fils, Ages & Vie);
- honing our expertise in the areas of dependency and neurodegenerative diseases in long-term care nursing homes;
- and developing intensive home care and outpatient post-acute care.

The strategic choices we have made in recent years allow us to tackle the major shifts taking place in the eldercare, health and elderly sector with confidence: yesterday's investments have grown into innovative offerings ready to meet the needs of today, and even more so, those of tomorrow.

### ■ Becoming a purpose-driven Company to secure the trust of our stakeholders

Lastly, we are determined to **strengthen our bond of trust and alignment with stakeholders, both overall and at the local level.**

This is the whole purpose of the approach to governance we have adopted since 2019, first of all at the level of our facilities, by establishing family and patient councils, and encouraging social dialogue locally, and secondly, via stakeholder councils set up in each of the Group's main countries that include representatives from the sector's main patient and professional associations.

That is why we will be proposing at the Shareholders' Annual General Meeting to be held in June that the Group adopt **the status of a purpose-driven company** as understood under Article L.210-10 of the French Commercial Code. This regime, which stipulates long-term institutional representation of stakeholders, should be set to become mandatory for all companies in the sector in France by 2025.

As part of this new regime, a new statutory body will be created to work alongside the Group's Board of Directors, in the form of **a permanent Mission Committee**, representing the stakeholder bodies set up at country level. The Committee will make it possible for the Group's management to maintain regular and structured dialogue with stakeholders and, conversely, permit the latter to monitor from within how actions the Group undertakes to guarantee the quality of care in its various networks are implemented.



We will propose to the General Assembly a new “raison d'être”, or corporate purpose, for our Group, applicable to all our activities, both in the home and at our facilities, namely to: **“Take care of each person's humanity in times of vulnerability.”**

Also in the context of this new regime, we will propose to the General Assembly **a new “raison d'être”,** or corporate purpose, for our Group, applicable to all our activities, both in the home and at our facilities, namely to: **“Take care of each person's humanity in times of vulnerability.”**

We will further propose to incorporate in our statutes **five commitments that are integral to achieving our mission:** consideration, fairness, innovation, locality and sustainability in our use of natural resources.

**Our new ESG roadmap for the next five years will be grounded in these five commitments.** It is also in light of these five commitments that the future Mission Committee will undertake its dialogue with the Group's management bodies.

And lastly, to affirm this new stage of maturity and major transformation for our Group, **we will propose a name for our European company**, the overarching structure and symbol of our community, united around a shared mission and distinct from the names specific to each network and family of activities that you are familiar with and which we wish to keep: Korian for medicalized nursing homes, Inicea for healthcare activities, Petits-Fils for home care, Ages & Vie or Casa Barbara for shared living communities.

This new community is Clariane.

Dear shareholders, employees and stakeholders more broadly, despite the current turbulence, I look forward to 2023 and the years beyond with great confidence, my assurance fueled by the conviction that more than ever, with your support, we are doing truly useful work.

My deepest thanks to all of you.