

# 5

## Activities and performance analysis



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## 5.1 Significant events in financial year 2022

Over 2022 Korian has continued to develop its network to best respond to the expanding needs for care across Europe:

### Care Homes:

- acceleration in adapting the network to high dependency needs with 65 facilities refurbished over the year, and 56 facilities have been sold or closed over the last 24 months (around 8% of the network).

### Healthcare facilities:

- pursuit of the modernisation of Korian network with notably 13 healthcare facilities built or extended in France, bringing the number of facilities restructured to c.50% of the network at the end of 2022. All French healthcare facilities now operating under the Inicea brand;
- acquisition of highly specialized healthcare facilities (including Mental Health) in Italy, with strong outpatient capacity: Italian Hospital Group (IHG) in Lazio and Borghi in Lombardia;
- development of the European mental health platform with the integration in Spain of ITA Salud and the acquisition of Grupo 5 (closed in January 2023), a high quality and complementary network with embedded growth.

### Alternative living solutions:

- Ages & Vie now has 243 co-living facilities in France, after completing 79 this year, compared to 44 in 2018;
- signature of a second Ages & Vie equity partnership with Banque des Territoires and Credit Agricole;
- strong growth of home care activities with 330 agencies (+60 in 2022), including 253 in France where the Petits-Fils franchise has become the largest private network, with more than 15,000 clients at the end of 2022.

At end December 2022, Group's network is composed of 87,994 beds, after the disposals and closings of 69 facilities in the last 24 months. During this period of 2 years the Group has also delivered around 3,500 beds through greenfield development.

## ESG & SOCIAL PERFORMANCE

Korian set out an ambitious ESG roadmap in 2019 with the majority of the targets set for 2023. At the end of the 2022 financial year a large number of these targets are already achieved.

Regarding the quality of care provided, 68% of Korian facilities have achieved ISO 9001 certification under the quality programme launched in 2019, and Korian's own Positive Care medical standards have been deployed at 97% of facilities, vs 72% in 2019.

The Group's Human Resources policy paying off handsomely, with 11.8% of staff now participating in training programmes that lead to professional certification, vs 4% in 2019. The number of work-related accidents fell by 15%. The number of women in the top 150 executives of the Company has now reached 56%.

2022 has also been marked by an active social dialogue and a new milestone in employee's engagement with the Group's first employee shareholding scheme:

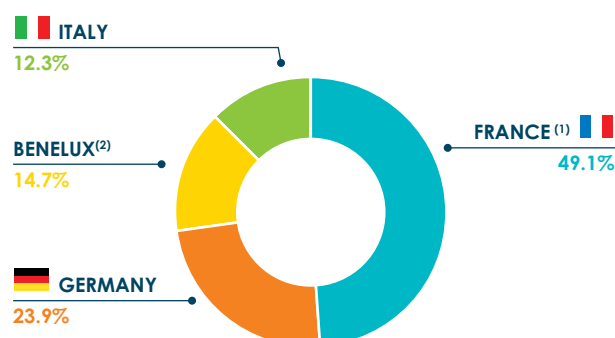
- Korus: a successful pan European shareholding plan with 15% of employees subscribing (25% in France) and now representing 3% of shareholding;
- following the transformation into a European company, the signature of an agreement to establish a European Company Works Council.

Finally, the Group supports local communities and plays an active role in protecting the environment. In 2022:

- 80% of purchasing was done locally in the countries of the Group and 99% of our facilities are involved in local projects;
- the Group's CO<sub>2</sub> emissions have been reduced by 24% compared to 2019.

## 5.2 Changes in business activities

### CHANGES IN BUSINESS ACTIVITIES



(1) Including Spain and the United Kingdom.  
(2) Including the Netherlands.

	Group		France <sup>(1)</sup>		Germany		Benelux <sup>(2)</sup>		Italy	
In millions of euros	2022	2021 <sup>(3)</sup>	2022	2021 <sup>(3)</sup>	2022	2021 <sup>(3)</sup>	2022	2021 <sup>(3)</sup>	2022	2021 <sup>(3)</sup>
Revenue	4,534.1	4,294.8	2,226.1	2,168.3	1,082.0	1,067.5	667.0	587.0	559.0	472.1
EBITDAR	1,090.7	1,071.1	577.5	536.9	253.9	298.7	142.0	138.6	117.2	96.9
Margin/Revenue	24.1%	24.9%	25.9%	24.8%	23.5%	28.0%	21.3%	23.6%	21.0%	20.5%

Korian uses EBITDAR and EBITDA as its benchmark indicators.

EBITDAR makes it possible to assess operating performance independently of the real estate policy (the ownership or rental of the facilities' premises has an impact on operating income). EBITDAR is operating income before the deduction of rental expenses that do not qualify as IFRS 16 leases, depreciation, amortisation and provisions and other income and expenses (see note 3.1 of paragraph 6.1 of this Universal Registration Document).

(1) Including Spain and the UK.

(2) Including the Netherlands.

(3) 2021 was restated to account for the effects of the final IFRIC ruling on the costs of the configuration and customisation of software used for SaaS type contracts, and of discontinued operations under IFRS 5, as described in note 1.3 of paragraph 6.1 of this Universal Registration Document.

In 2022, revenue totalled €4,534 million, up 5.6%, with a -3.6% impact from disposals and closings in the last 24 months, part of Korian efforts to streamline its asset portfolio in the long-term Care activities.

The overall organic growth of 6.2% reflects positive dynamics in the Group's three activities:

- care homes: the 7.2% organic growth was driven by the Group-wide recovery of occupancy rates and the ramping-up of new facilities in the Netherlands, Spain and the United Kingdom;
- healthcare facilities: organic growth is 3.1%, in an activity environment which has normalised, driven by continued enhancement of the network, with notably ambulatory activities growing by 18% at c. €152 million revenue, i.e. c.14% of healthcare revenue;
- alternative living solutions: organic growth is 7.5%, with a high growth trajectory fuelled by strong demand pressure in home care as well as assisted living facilities development.

The Group's **EBITDAR** in 2022 is €1,090.7 million and the EBITDAR margin is 24.1% reduced by 80 basis points on 2021 reflecting the impact of higher costs passed through in the revenue, notably due to the salary reset in Germany, time lag between tariff increase and costs inflation, and energy costs increase, which represent €20 million.

#### By country:

- In **France, Spain and the United-Kingdom**<sup>(1)</sup>, revenue growth is +2.7%, and 4.4% organically. The EBITDAR margin is recovering by 110 basis points from 24.8% to 25.9% mainly as a consequence of higher occupancy offsetting staff costs continued increase.

(1) Including €98 million for Spain and €47 million for the UK in 2022.

- In **Germany**, reported revenue rose by 1.4%, with 5.6% organic growth. Limited reported growth is the effect of the disposals of 30 facilities during the last two years.
- In the **Benelux** <sup>(1)</sup> region the reported growth remained high at 13.6% driven by the organic expansion in the Netherlands, as well as dynamic occupancy progress in Belgium. Organic growth stood at 14.0%. The EBITDAR margin decreased to 21.3% (versus 23.6% in 2021) following important pass-through effects, notably in relation salaries increase.
- In **Italy**, revenue was up by +18.4% driven by acquisitions with a continued focus on healthcare services with a training and local cluster approach in key regions. Organic growth was very resilient as well at 6.4% due to high nursing homes occupancy rate and dynamic healthcare activities, notably in outpatient care which register a 17% growth. The EBITDAR margin showed resiliency at 21.0% (versus 20.5% in 2021) in spite of a year marked by costs inflation.

## 5.3 Review of consolidated results and the financial position at 31 December 2022

### 5.3.1 CONSOLIDATED FINANCIAL STATEMENTS

It should be noted that the financial indicators Korian uses to monitor its performance exclude IFRS 16.

#### 5.3.1.1 Simplified consolidated income statement

EBITDAR is Korian's preferred indicator for measuring operational performance independently of its real estate strategy. EBITDAR is operating income before rental expenses that do not qualify as IFRS 16 leases, depreciation, amortisation and provisions and other income and expenses.

EBITDA is the aforementioned EBITDAR after rental expenses and thus reflects the performance of the Group's real estate strategy.

	FY 2022 Excluding IFRS 16	IFRS 16 adjustments	FY 2022 IFRS 16	FY 2021* Excluding IFRS 16	IFRS 16 adjustments	FY 2021* IFRS 16	Change 2022/2021
Revenues & other income	4,534.1	-	4,534.1	4,294.8	-	4,294.8	5.6%
EBITDAR	1,090.7	-18.4	1,072.3	1,071.1	-7.9	1,063.2	1.8%
as % of revenue	24.1%	-	23.6%	24.9%	-	24.8%	-80 bps
External rents	-483.5	414.5	-69.0	-473.9	410.0	-64.0	2.0%
EBITDA	607.1	-396.1	1,003.2	597.2	-402.1	999.3	1.7%
as % of revenue	13.4%	-	22.1%	13.9%	-	23.3%	-50 bps
Operating income	239.5	33.0	272.5	302.8	39.0	341.8	-20.9%
Net financial income	-144.2	-70.4	-214.6	-140.0	-68.5	-208.5	3.0%
<b>PROFIT (LOSS) BEFORE TAX</b>	<b>95.4</b>	<b>-37.4</b>	<b>57.9</b>	<b>162.8</b>	<b>-29.5</b>	<b>133.3</b>	<b>-41.4%</b>
<b>NET PROFIT GROUP SHARE</b>	<b>52.0</b>	<b>-30.0</b>	<b>22.1</b>	<b>113.8</b>	<b>-22.7</b>	<b>91.1</b>	<b>-54.3%</b>

\* 2021 was restated to account for the impact of the final IFRIC ruling on the configuration and customisation costs of software used for SaaS type contracts, and of discontinued operations under IFRS 5, as described in note 1.3 of paragraph 6.1 of this Universal Registration Document.

Korian's **EBITDA** totalled €607.1 million in 2022, up 1.7% on 2021 (-50 bps in margin from 13.9% to 13.4%), a resilient performance on the back of a stability of rental costs, reflecting Korian active rent management and past

investments in Real Estate. Including IFRS 16 impact, EBITDA is €1,003.2 million reflecting a 22.1% margin, down 120 bps vs 2021 in line with EBITDAR margin evolution.

(1) Including the Netherlands for €104 million.

Korian Real Estate portfolio has grown by c.€300 million to €3.5 billion. The capitalisation rate retained by independent expert has increased from 5.3% to 5.4%, reflecting the resilience of the Healthcare asset class in countries where Korian is present. Owned properties represent c.28% of Korian's network.

**Current Earnings before interest and taxes (EBIT)** amounted to €315.3 million, i.e. 7.0% of revenue (versus 8.0% in 2021).

**The Group's share of net profit** of €52.0 million (vs €113.8 million in 2021) was notably impacted by the exceptionally high level of non-recurring expenses incurred in 2022 for the transformation of the network in France, Germany and Belgium, which required the closing and sale of various facilities.

### 5.3.1.2 Simplified consolidated balance sheet

In millions of euros	31.12.2022	31.12.2021
<b>Non-current assets</b>	<b>12,655.8</b>	<b>12,102.7</b>
<b>Current assets</b>	<b>1,788.1</b>	<b>2,128.2</b>
Assets held for sale	129.7	77.2
<b>TOTAL ASSETS</b>	<b>14,573.6</b>	<b>14,308.1</b>

In millions of euros	31.12.2022	31.12.2021
<b>Total shareholder equity</b>	<b>3,867.9</b>	<b>3,764.4</b>
<b>Non-current liabilities</b>	<b>7,743.4</b>	<b>8,093.1</b>
<b>Current liabilities</b>	<b>2,822.9</b>	<b>2,406.5</b>
Liabilities associated with assets held for sale	139.4	44.0
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>14,573.6</b>	<b>14,308.1</b>

#### Assets

Non-current assets break down as follows:

- goodwill of €3,237.3 million, up by €23.4 million, mainly due to acquisitions in the United Kingdom and Italy and the reclassification, in accordance with IFRS 5, of goodwill allocated to discontinued operations as assets held for sale;
- intangible assets with a value of €2,256.7 million;
- property, plant and equipment, totalling €3,552.5 million, for an annual increase of €474.4 million;
- right-use-assets amounting to €3,451.9 million, vs €3,469.4 million in 2021. This decrease is attributable to the reclassification, in accordance with IFRS 5, of rights of use relating to discontinued operations as assets held for sale, and to disposals in Germany.

Current assets mainly comprise:

- trade receivables stood at €440.4 million;
- other receivables and current assets totalled €422.9 million, and thus declined by €30.4 million;
- cash and cash equivalents came to €733.7 million, down €480.9 million from 2021.

#### Shareholder's equity and liabilities

- Consolidated equity totalled €3,867.9 million, up €103.5 million versus 2021.
- Financial liabilities amounted to €4,508.3 million, up €66.1 million.
- Lease liabilities and commitments totalled €3,762.2 million, vs €3,785.3 million in 2021, this decrease being attributable to the reclassification, in accordance with IFRS 5, of lease liabilities relating to discontinued operations as assets held for sale, and to disposals in Germany.

### 5.3.2 FINANCIAL POSITION

The Group has generated €371 million of operating free cash flow in 2022 reflecting a catch-up effect after 2021 and 2020 levels impacted by the Covid-19 crisis. Maintenance or operating capex, included in the free cash flow, represent 2.2% of revenue in 2022.

Korian has maintained abundant liquidity with €734 million in cash and an undrawn RCF of €500 million. During the year Korian successfully raised €620 million in debt financing, including €215 million in the second half of the year.

At €181 million, growth investments were stable relative to 2021, as the Korian Group pursued its strategy of transforming its network to offer more specialised services and medical equipment and increase outpatient capacity. Acquisitions, which represented an investment of €190 million vs €220 million in 2021, targetted Healthcare, with acquisitions in Italy and of five facilities in the United Kingdom. Real estate investments totalled €460 million (near their 2021 level), with the construction of new facilities (greenfield projects) accounting for €224 million.

The balance sheet of Korian remains strong with a LTV of 55% and an operational leverage of 3.7x, leaving ample headroom compared to the Group's covenants of 4.5x and showing relative stability of the ratios despite an EBITDA under pressure from inflation effects and the absence of monetisation transaction on the real estate portfolio during the year.

The Group's net financial liabilities increased to €3,775 million at 31 December 2022 from €3,228 million at 31 December 2021. The real estate debt represents €1,914 million compared to a real estate portfolio value of €3,455 million (55% LTV).

<i>In millions of euros</i>	31.12.2022	31.12.2021
Borrowings from credit institutions and financial markets	2,571.6	2,659.4
Real estate debt owed to financial counterparties (excluding IFRS 16)	1,914.0	1,736.3
Other various financial liabilities	22.0	29.6
Bank overdraft facilities	0.7	17.0
<b>Borrowings and financial liabilities (A)</b>	<b>4,508.3</b>	<b>4,442.3</b>
Marketable securities	11.9	142.3
Cash and cash equivalents	721.8	1,072.2
<b>Cash (B)</b>	<b>733.7</b>	<b>1,214.6</b>
<b>NET DEBT (A) - (B)</b>	<b>3,774.6</b>	<b>3,227.7</b>
Lease liabilities and commitments	3,762.2	3,785.3
<b>NET DEBT AND LEASE LIABILITIES AND COMMITMENTS</b>	<b>7,536.8</b>	<b>7,013.0</b>

### 5.3.3 KORIAN SE ANNUAL FINANCIAL STATEMENTS

#### 5.3.3.1 Korian SE's individual income statement

<i>In millions of euros</i>	31.12.2022	31.12.2021
Revenue	32.3	23.5
Other operating income, reversals of provisions and expense transfers	6.2	3.4
<b>Total operating income</b>	<b>38.6</b>	<b>27.0</b>
Change in inventories	0.0	0.0
Other external purchases and expenses	-55.1	-38.1
Taxes and contributions	-1.2	-1.1
Staff costs	-48.6	-25.5
Depreciation/amortisation and provisions	-7.9	-7.5
Other expenses	-0.4	-1.1
<b>Total operating expenses</b>	<b>-113.2</b>	<b>-73.4</b>
<b>Operating results</b>	<b>-74.6</b>	<b>-46.5</b>
Group share of profit/loss	-0.3	0.1
<b>Net financial income</b>	<b>93.9</b>	<b>7.0</b>
<b>Non-recurring income</b>	<b>2.2</b>	<b>-17.3</b>
Income tax (consolidation gains)	-33.9	-31.0
<b>NET PROFIT (LOSS)</b>	<b>55.0</b>	<b>-25.6</b>

### 5.3.3.2 Income statement analysis

#### Operating results

Korian's obtains its revenue from the invoicing of the corporate services it provides to its French and foreign subsidiaries (invoicing of corporate expenses, head office rental and staff expenses).

In 2022, staff costs included €19.9 million for the employee share ownership plan, attributable to the matching employer contribution and losses on the treasury shares that were sold for the plan.

#### Net financial income

As the Group's holding company, Korian receives dividends from its subsidiaries. These dividends increased from €78.2 million in 2021 to €116.0 million in 2022.

Korian carries most of the Group's debt and financial instruments. Financial expenses on financial liabilities totalled €77.0 million in 2022, which is €13.8 million more than in 2021. This increase is explained by the €121 million increase in long-term borrowings and in interest rates. Korian recognised net financial income from financial instruments of €8.4 million in 2022 and made a net provision of €5 million for a foreign exchange loss on a GBP loan.

As the head company of the Group's cash pool, Korian paid €2.3 million in current account interest in 2022 (vs. €0.6 million in 2021) and received €16.3 million in current account interest from its subsidiaries (vs. €8.9 million in 2021).

#### Non-recurring income

Non-recurring income totalled €2.2 million in 2022. The non-recurring income of -€17.3 million in 2021 is attributable to the redemption of a bond and proceeds from securities transactions in connection with the creation of Korian France.

### 5.3.3.3 Korian SE balance sheet

	31.12.2022	31.12.2021
<b>ASSETS</b>		
Intangible assets	29.8	16.8
Property, plant and equipment	1.2	1.3
Financial assets	4,857.2	4,532.2
<b>Total non-current assets</b>	<b>4,888.1</b>	<b>4,550.3</b>
Raw materials and supplies		
Advances and deposits paid on orders		
Trade receivables	22.8	26.2
Other receivables	1,401.1	2,134.1
Cash and cash equivalent	418.4	717.2
Prepaid expenses	14.6	15.1
<b>Total current assets</b>	<b>1,856.8</b>	<b>2,892.6</b>
Debt issuance costs and bond redemption premiums	27.5	26.7
<b>TOTAL ASSETS</b>	<b>6,772.5</b>	<b>7,469.6</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Share capital	532.5	528.0
Reserves and premiums	1,473.7	1,464.3
Retained earnings	12.0	73.9
Result	55.0	-25.6
Regulated provisions	1.9	1.8
<b>Net financial situation</b>	<b>2,075.0</b>	<b>2,042.3</b>
Provisions for risks and expenses	11.8	6.8
Financial liabilities	4,594.6	5,371.2
Suppliers	8.4	15.4
Tax and social security liabilities	11.2	11.6
Other debts	61.2	12.9
<b>Total operating liabilities</b>	<b>4,687.1</b>	<b>5,417.9</b>
Deferred income	0.0	0.0
Unrealised foreign exchange gains	10.4	9.4
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>6,772.5</b>	<b>7,469.6</b>

Korian SE balance sheet totalled €6,772 million. This figure is essentially comprised of the following:

### Assets

- Non-current assets totalled €4,888 million, which account for nearly 72% of the balance sheet. They consist of:
  - €3,760 million in equity interests and related receivables;
  - €1,097 million in other non-current financial assets;
  - €31 million in tangible and intangible non-current assets.
- The other main items on the assets side of the balance sheet position break down as follows:
  - current accounts with subsidiaries in the amount of €1,373 million;
  - €418 million in cash and cash equivalents;
  - prepaid expenses of €15 million, for bond issuance costs spread over time.

### Liabilities and shareholders' equity

- The net financial position amounted to €2,075 million, up €33 million from 2021. This increase is mainly due to the annual net income and the payment of dividends.
- Financial liabilities, which totalled €4,595 million at 31 December 2022, consisted of €2,824 million in bonds, €1,108 million in loans and other debt to credit institutions, and €662 million in current accounts with subsidiaries.
- Trade payables amounted to €8.4 million, and broke down as follows: of which €3.3 million in provisions for invoices to be received and €5.1 in trade payables.

### 5.3.3.4 Customer and supplier payment times

In accordance with articles L. 441-6-1 and D. 4441-4 of the French Commercial Code, information on payment periods on debts owed to suppliers and debts owed by customers are shown in the table below.

#### ► PAYMENT TIMES – IN ACCORDANCE WITH SECTION I OF ARTICLE D. 441-4 OF THE FRENCH COMMERCIAL CODE.

	Article D. 441-I 1°: Invoices received, unpaid at year-end and past due						Article D. 441-I 2°: Invoices issued, unpaid at year-end and past due					
	0 days (for information)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and over	Total (1 day or more)	0 days (for information)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and over	Total (1 day or more)
<b>(A) PAYMENTS IN ARREARS BY TIME PERIOD</b>												
Number of invoices	84	142	123	34	110	409	0	1	8	1	53	63
Total amount of invoices, incl. VAT	1,285,848	1,739,389	1,206,393	216,026	678,474	3,840,281	23,485	143,721	27,363	1,205,405	1,399,975	
Percentage of total purchases, incl. VAT, in the year	1.68%	2.28%	1.58%	0.28%	0.89%	5.03%						
Percentage of revenue, incl. VAT, in the year							0.00%	0.09%	0.56%	0.11%	4.69%	5.44%
<b>(B) INVOICES EXCLUDED FROM (A) RELATING TO DISPUTED PAYABLES AND RECEIVABLES OR NOT IN THE ACCOUNTS</b>												
Number of invoices excluded												
Total amount of invoices excluded												
<b>(C) REFERENCE PAYMENT TERMS USED (CONTRACTUAL OR STATUTORY PAYMENT TIME – ARTICLE L. 441-6 OR ARTICLE L. 443-1 OF THE FRENCH COMMERCIAL CODE)</b>												
Payment deadlines used to assess late payments	Contractual payment time: the invoice due date less the document date						Contractual payment time: the invoice due date less the document date					
	Statutory deadlines: 45 days from the invoice date						Statutory deadlines: 45 days from the invoice date					



### 5.3.3.5 Sumptuary expenses and overhead to be reintegrated

Sumptuary expenses subject to article 39-4 of the French General Tax Code amounted to €188,461 for the financial year ending 31 December 2022.

### 5.3.3.6 Information on existing branches (article L. 232-1 of the French Commercial Code)

In accordance with article L. 232-1 of the French Commercial Code, the Company reports that at 31 December 2022 it maintained five branches located at:

- Parc de la Duranne 3, 165 avenue Galilée – 13857 Aix-en-Provence;
- Allée de Roncevaux, 31420 L'Union;
- 2, rue du Chemin de Femmes – 91300 Massy;
- Zone Industrielle, 25870 Devecey;
- 59, rue Denuzière, 69002 Lyon.

### 5.3.3.7 Key financial figures over the past five years

Type of indications/Periods	31.12.2022	31.12.2021	31.12.2020	31.12.2019	31.12.2018
Duration of the period	12 months	12 months	12 months	12 months	12 months
<b>FINANCIAL POSITION FOR THE PERIOD</b>					
a) Share capital	€532,526,030	€527,968,290	€525,190,790	€413,641,350	€409,882,125
b) Number of shares issued	106,505,206	105,593,658	105,038,158	82,728,270	81,976,425
<b>COMPREHENSIVE INCOME OF ACTUAL OPERATIONS</b>					
a) Revenue excluding taxes	€32,340,053	€23,543,623	€139,053,371	€130,980,560	€83,774,203
b) Profit before taxes, profit-sharing and share plans, amortisation/depreciation and provisions	€29,041,815	-€48,299,365	-€3,863,364	€71,657,468	€55,610,984
c) Corporate income tax	-€33,855,527	-€31,010,733	-€27,313,116	-€10,173,504	-€25,882,269
d) Profits after taxes, but before amortisation/depreciation and provisions	€62,897,342	-€17,288,632	€23,449,752	€81,830,972	€81,493,253
e) Profits after taxes, profit-sharing and share plans, amortisation/depreciation and provisions	€55,004,898	-€25,638,960	€4,980,816	€66,961,178	€69,629,923
f) Amount of profit distributed	-	€36,957,780	€31,511,447	-	€49,191,338
g) Employee profit-sharing	-	-	-	-	-
<b>EARNINGS PER SHARE</b>					
a) Earnings after taxes, but before amortisation/depreciation	€0.59	-€0.16	€0.22	€0.99	€0.99
b) Earnings after taxes, amortisation/depreciation and provisions	€0.52	-€0.24	€0.05	€0.81	€0.85
c) Dividend per share		€0.35	€0.30	-	€0.60
d) Other distributions		-	-	-	-
<b>EMPLOYEES</b>					
a) Headcount	150	443	623	513	446
b) Total payroll	€19,803,572	€17,741,064	€47,972,614	€39,413,810	€33,548,145
c) Sums paid as social benefits	€28,828,197	€7,802,087	€22,683,494	€17,188,802	€14,782,372

### 5.3.3.8 Research and development

Korian established its Foundation for Ageing Well to facilitate research and studies in the human and social sciences at its facilities in partnership with university research centres. This work has not resulted in any applications for patents of any business significance for Korian.

The various projects conducted enable the development and evaluation of new therapies, which may involve

non-drug therapies or the improvement of existing drug prescriptions. Research is also underway to determine the potential impact of robotics and artificial intelligence on quality of life for facility residents, and work for caregivers.

Korian provided €701,100 in funding and 3 FTEs to its Foundation for Ageing Well in 2022.

## 5.4 Proposed allocation of profit and dividend payment

### 5.4.1 DIVIDENDS PAID OVER THE PAST THREE YEARS

The payment of dividends or any other distribution depends on the Group's financial results, notably its net profit and its investment policy.

The dividend payment policy is explained in section 7.3.6 of this document. The table below shows the amounts of the dividends and distributed income eligible for the 40% allowance provided for in Article 158, par. 3-2, of the French General Tax Code in respect of the three previous financial years:

Financial year in question (financial year distributed)	Number of shares comprising the share capital	Number of shares receiving dividends	Dividend paid per share	Revenue distributed per share	
				Eligible for the 40% tax credit provided for in article 158, par. 3-2, of the French General Tax Code	Ineligible for the 40% tax credit provided for in article 158, par. 3-2, of the French General Tax Code
2021 (2022)	105,618,550	103,280,392	€0.35	€0.35 <sup>(1)</sup>	€0
2020 (2021)	105,038,158	104,943,487	€0.30	€0.30 <sup>(2)</sup>	€0
2019 (2020) <sup>(3)</sup>	-	-	-	-	-

(1) The Combined General Meeting of 22 June 2022 granted each shareholder of the Company the option of receiving payment of the dividend in cash or in shares.

(2) The Combined General Meeting of 27 May 2021 granted each shareholder of the Company the option of receiving payment of the dividend in cash or in shares.

(3) In view of the magnitude of the health crisis and in solidarity with its stakeholders, the Annual General Meeting of 22 June 2020 decided to allocate the entire profit for the 2019 financial year to retained earnings and therefore did not pay a dividend.

### 5.4.2 APPROPRIATION OF PROFIT FOR 2022

At its meeting of 21 February 2023, the Board of Directors noted that the net profit for 2022 was €55,004,897.85 and decided to make the following proposals at the 2023 General Meeting called to approve the annual accounts for the 2022 financial year:

- appropriate €2,750,244.90 from this profit and allocate it to the legal reserve, in accordance with the provisions set out in Article L. 232-10 of the French Commercial Code;
- recognise that the balance of profit for the year ended 31 December 2022 after allocation to the legal reserve, combined with the previous year's retained earnings of €11,950,027.70 enables distributable earnings of €64,204,680.65; and
- allocate these distributable earnings as follows:
  - to the payment of dividends of: €26,626,301.50,
  - to the "retained earnings" account: €37,578,379.15.

It should be noted that the total dividend payment of €26,626,301.50 is based on the number of Korian shares at 24 April 2023, i.e. 106,505,206 shares, and that the final dividend payment will take into account the number of shares held by the Company on the dividend payment date. Accordingly, when the dividend is paid, the portion corresponding to the Company's treasury shares will be allocated to the retained earnings account. A dividend of €0.25 will thus be paid for each of the Company's shares that is entitled to receive dividends, and shareholders will have the option to receive their dividends in the form of shares. The ex-dividend date on the regulated Euronext Paris exchange will be 21 June 2023, and the dividend payment date is set for 13 July 2023.

## 5.5 Legal and arbitration proceedings

There are currently no governmental, court or arbitration proceedings involving the Company, including any pending or threatened proceedings of which the Company is aware, which may have, or have had over the past 12 months, a material impact on the financial position or profitability of the Company and/or the Group.

## 5.6 Significant changes in the Group's financial position since the end of the last financial year

We are unaware of any significant change in the Group's financial position since the end of the last financial year for which audited financial statements have been issued.

## 5.7 Material events since the year-end

### COMPLETION OF THE ACQUISITION OF GRUPO 5

On 11 January 2023, Korian announced the closing of its acquisition of the Spanish mental health operator Grupo 5 (about 3,000 employees) after obtaining the necessary approvals from regulatory and competition authorities. This acquisition, which should generate revenue of around €120 million in 2023, is in keeping with the Group's strategy to develop its Healthcare activities and marks a further step in building a leading platform of mental health services in Europe.

### FINANCING WITH THE EUROPEAN INVESTMENT BANK

On 9 February 2023, Korian announced a €150 million financing agreement with the European Investment Bank, to fund the adaptation and development in Germany of the Group's co-living facilities concept for the elderly. Korian already operates 243 Ages & Vie co-living facilities in France, for which the EIB provided €135 million in co-financing in 2020 and 2021. Korian has now decided to deploy this new housing concept to Germany, with an affordable offering that has been adapted to the country's social system.

### INFORMATION ON THE FIRST QUARTER OF 2023

In the first quarter of 2023, Korian posted revenue growth of 11.8%, to €1,218.2 million, of which 8.8% from strong organic growth:

- increase in the occupancy rate in the Long-term care nursing homes segment (+1.7 point since the first quarter of 2022);
- high level of activity for the Healthcare segment, benefiting from an increase in outpatient care;
- ramp-up of recently delivered facilities (Greenfield), particularly in the Netherlands;
- impact of rate increases.

The reported growth was supported by solid organic growth, with reported growth being impacted by the acquisition of Grupo 5 and the disposals and closures completed in 2022, particularly in Germany.

All countries posted dynamic organic growth:

- revenue in **France** reached €534.8 million, with organic growth of 4.5%, driven by rate adjustments and the dynamic development of the Community Care segment;
- **Germany** generated revenue of €282.6 million, with organic growth of 12.1% driven by rate increases reflecting higher salary costs from September 2022. The reported growth was 4.9% due to the sale and closure of facilities in 2022;

- the activity in **Benelux** was particularly dynamic with 18.0% organic growth, reflecting the upward trend in occupancy rates in Belgium and the continued ramp-up of recent facilities in the Netherlands. Total revenue amounted to €180.6 million, i.e. a reported growth of 17.9%;
- **Italy** continued to grow with reported growth of 19.0% to reach €152.7 million in revenue, reflecting in particular the recent acquisitions (notably Italian Hospital Group acquired in the first half of 2022), as well as strong organic growth of 8.9% driven by the ramp-up of acquired assets and the continued strengthening of outpatient care;
- in **Spain** and the **United Kingdom**, revenue increased by 106.9%, notably reflecting the integration in January 2023 of the Grupo 5 mental health operator. The organic growth of 7.1% reflects the recovery in occupancy in both countries and the ramp-up of recent facilities.

## ADOPTION OF THE STATUS OF A PURPOSE DRIVEN COMPANY

As announced and following the work undertaken by the Group Management Board and the Board of Directors, work in which all stakeholders were involved, it will be proposed, at the 2023 General Meeting, to adopt the status of a purpose driven company within the meaning of Article L. 210-10 of the French Commercial Code. In this context, the General Meeting will be asked to define a new purpose for the Group, common to all business activities, both at home and in facilities: "take care of each person's humanity in times of vulnerability".

It will also be proposed to integrate five commitments inherent to the achievement of the mission into the Articles of Association: consideration, equity, innovation, the primacy of local roots and sustainability in the use of natural resources.

In the event of the adoption of the status of a purpose driven company, a Mission Committee, in charge of monitoring the execution of the mission via the implementation of the related operational objectives, will be set up.

## 5.8 Foreseeable changes – Outlook

Korian's medium-term financial outlook reflects the evolution of the Group's strategic priorities and is marked by sustained and essentially organic growth, a rebound in margin amounts after 2023, and prioritisation of investments to reduce the Group's debt leverage and thus strengthen its statement of financial position.

The significant investments made in the Group's network in recent years, including the development of outpatient services and the opening of new facilities (around 3,500 beds over the last two years), the normalisation of occupancy rates and activity, as well as price increases reflecting cost increases, currently enable Korian to benefit from strong embedded growth.

The growth prospects are also supported by Korian's strategic priorities, as part of the "At your side" corporate project, including:

- the strengthening of fundamentals, supporting our overall level of activity, beyond the effects of "normalisation";
- the focus on the development of solutions in the alternative living solutions business, in response to a strong acceleration in demand in all the countries where the Group operates.

Korian therefore expects organic growth of more than 8% in 2023, and more than 5% in 2024-2025.

In the short term, margins will grow less quickly than revenue and are expected to be stable in amount in 2023 compared to 2022, reflecting the cost inflation and the repercussions of salary expenses in regulated rates.

From 2024, the evolution of margins should follow the growth in revenue, under the effect of the increase in occupancy rates, the development of outpatient services and home care services.

The Group has invested heavily in the transformation of its network and the diversification of its activities since 2018. The gradual slowdown in investments from 2023 is expected to enable the Group to reduce its debt leverage to below 3.5x in 2023, and to approximately 3x in 2024 and 2025.