2024 HALF-YEAR FINANCIAL REPORT

Contents

Chapter 1 HALF-YEAR MANAGEMENT REPORT

1.1 Message from the Chief Executive Officer

Through the dedication of all Clariane employees, for which I am grateful, and the relevance of our business model based on a diversified portfolio of businesses and geographical markets, Clariane achieved a solid performance in the first half, particularly in Germany, where we are seeing the initial impact of our plan to restore margins.

More than ever, we remain focused on fulfilling our mission of caring for fragile people and on implementing our non-financial commitments, both social and climate-related. The SBTi has validated our greenhouse gas reduction targets and we are having regular constructive discussions with our Mission Committee, which published its first report on its work in April.

I am delighted that we have already been able to complete three of the four key components of our plan to strengthen our financial position, which we began on 14 November 2023. In particular, the capital increases we carried out in June have bolstered our shareholder group, with the arrival of HLD Groupe and increased stakes for Flat Footed and Leima Valeurs, alongside our long-standing shareholder Crédit Agricole Assurances. We are actively working on completing our €1 billion asset disposal plan, of which we secured 40% in the first half of 2024. This final component of the plan will enable us to hit our 2025 debt reduction targets.

Buoyed by our achievements and the momentum resulting from our At Your Side corporate project, we are looking ahead to the second half of 2024 with confidence and determination.

Sophie Boissard, Chief Executive Officer of Clariane

1.2 Activities of the Clariane Group in the first half of 2024

1.2.1 SIGNIFICANT EVENTS IN FIRST-HALF 2024

UPDATE ON THE GROUP'S REFINANCING PLAN

On 14 November 2023, Clariane announced a €1.5 billion four-stage plan to strengthen the Group's financial structure, aimed at addressing the tougher conditions it faces in refinancing its upcoming debt maturities (the "Refinancing Plan").

Stages completed in 2023

The Group completed the first two stages of its Refinancing Plan in December 2023, namely:

- the formation – in conjunction with Crédit Agricole Assurances via its subsidiary Prévoyance Dialogue du Crédit Agricole ("Predica") – of the Gingko real estate partnership, raising €140 million on 15 December 2023, followed by the Juniper real estate partnership, raising €90 million on 28 December 2023 (this €90 million was repaid to Crédit Agricole Assurances in April 2024 when Clariane completed the sale of its operations in the United Kingdom);
- the arrangement and drawdown of the €200 million real estate-backed bridge term loan with Caisse Régionale de Crédit Agricole Mutuel de Paris et d'Île de France (CADIF), LCL and Crédit Agricole Corporate and Investment Bank (CACIB) (see "Capital increases" section below).

The other stages of the Refinancing Plan together with an update on their progress over the first half of 2024, i.e., (i) the capital increases (see "Capital increases" section below) and (ii) the programme for disposals of operating and real estate assets as well as capital partnerships aimed notably at creating a leaner geographical presence, with expected gross proceeds of approximately €1 billion (see "Asset disposal programme" section below), are described in the following paragraphs.

Capital increases

In connection with the third stage of the Refinancing Plan, on 17 May 2024, the Group announced two capital increases totalling around €328 million and consisting of:

- a capital increase of around €92.1 million reserved for HLD[1], Flat Footed[2] and Leima[3] (the "Reserved Capital Increase"); and
- a subsequent capital increase with preferential subscription rights for existing shareholders representing a maximum of approximately €236 million, carried out in accordance with the second resolution adopted by the Combined General Meeting on 26 March 2024 (the "Capital Increase with Preferential Subscription Rights").

These capital increases were preceded by a €5 reduction in the par value of Clariane SE's shares to €0.01 on 25 April 2024. As a result of this operation, at that date, Clariane SE's share capital was reduced to €1,069,692.29, comprising 106,969,229 fully paid-up shares, all of the same class, with a par value of €0.01 each. This amount was allocated to a restricted share premium account, in accordance with the decision of the Board of Directors pursuant to the first resolution of the General Meeting of 26 March 2024.

Reserved Capital Increase

The Reserved Capital Increase, which was approved in principle by more than 98% of the Company's shareholders present or represented at the General Meeting held on 10 June 2024, was carried out on 12 June 2024.

The gross amount of the Reserved Capital Increase, including the issue premium, totalled €92,099,997.60, corresponding to the issue of 35,423,076 new shares with a par value of €0.01, issued at a unit subscription price of €2.60. The costs associated with the capital increase were charged to share premiums in the amount of €2.1 million. The Reserved Capital Increase was subscribed for approximately €74.1 million by the HLD Europe investment group, for

[1] HLD subscribed to the Reserved Capital Increase via Ker Holding, a limited liability company (*société à responsabilité limitée*) incorporated under the laws of Luxembourg, whose registered office is at 9b boulevard Prince Henri L1724 Luxembourg (Grand Duchy of Luxembourg), registered with the Luxembourg Trade and Companies Registry under number B286532.

[2] Flat Footed subscribed to the Reserved Capital Increase via the funds (i) Flat Footed Series LLC – Fund 4, a limited liability company incorporated under the laws of the United States, having its registered office at Flat Footed Series LLC, Attn: CSC, 251 Little Falls Dr, Wilmington, DE 19808, United States, registered in the State of Delaware under number #6688169, (ii) FF Hybrid LP, a limited partnership incorporated under the laws of the United States, having its registered office at FF Hybrid LP, Attn: CSC, 251 Little Falls Dr, Wilmington, DE 19808, United States, registered in the State of Delaware under number #6101493, and (iii) GP Recovery Fund LLC, a limited liability company incorporated under the laws of the United States, having its registered office at GP Recovery Fund LLC, Attn: Cogency Global Inc, 850 New Burton Rd, Suite 201, Dover, Kent County, DE 19904, United States, registered in the State of Delaware under number #3776227.

[3] Leima Valeurs subscribed to the Reserved Capital Increase via Leima Valeurs a.s., a company incorporated under Czech law, whose registered office is located at Opletalova 1284/37, ZIP Code, 110 00 Prague 1, Czech Republic, registered in Prague under number B 28659/MSPHH.

approximately €15 million by the Flat Footed fund and for approximately €3 million by the Leima Valeurs fund.

HLD, Flat Footed and Leima Valeurs have agreed to hold the shares subscribed to under the Reserved Capital Increase for a period of 18 months after the 12 June settlement date for the new shares, subject to certain customary exceptions.

Capital Increase with Preferential Subscription Rights

The Capital Increase with Preferential Subscription Rights, carried out pursuant to the resolutions approved at the Combined General Meeting on 26 March 2024, was completed on 5 July 2024.

The gross amount of the Capital Increase with Preferential Subscription Rights (including the share premium) was €237,083,186.16, resulting in the issue of 213,588,456 new shares (the "New Shares") at a subscription price of €1.11 per share.

Following the subscription period which ended on 28 June 2024, total demand amounted to approximately €397 million, representing a subscription rate of 167.5%:

- 202,555,365 New Shares were subscribed on an irreducible basis (*à titre irréductible*), representing approximately 94.8% of the shares to be issued;
- applications for shares on a reducible basis (*à titre réductible*) concerned 155,109,132 new shares and were consequently only partially allocated, with 11,033,091 new shares allocated based on a coefficient of 0.090410327 calculated according to the number of rights tendered in support of subscriptions on an irreducible basis without resulting in the allocation of fractions of new shares or in the allocation exceeding the number of applications received for new shares on an irreducible basis.

In accordance with their subscription commitments (detailed in the prospectus on the Capital Increase with Preferential Subscription Rights), and following the process of allocating orders on a reducible basis as part of the Capital Increase with Preferential Subscription Rights, as far as the Company is aware, Crédit Agricole Assurances (via its subsidiary Predica), HLD Europe, Flat Footed and Leima Valeurs each subscribed to the following:

- Predica: 62,639,751 new shares (i.e., approximately 29.3% of the total amount of the Capital Increase with Preferential Subscription Rights);
- HLD: 51,992,418 new shares (i.e., approximately 24.3% of the total amount of the Capital Increase with Preferential Subscription Rights);
- Flat Footed: 24,805,624 new shares (i.e., approximately 11.6% of the total amount of the Capital Increase with Preferential Subscription Rights);
- Leima Values: 12,032,370 new shares (i.e., approximately 5.6% of the total amount of the Capital Increase with Preferential Subscription Rights).

In addition, investors other than Predica, HLD, Flat Footed and Leima Valeurs subscribed to 62,118,293 new shares for a total subscription amount of €68,951,305.23, representing approximately 29.1% of the total amount of the Capital Increase with Preferential Subscription Rights.

Further to the Capital Increase with Preferential Subscription Rights for existing shareholders, Clariane's share capital comprises 355,980,761 shares, each with a par value of €0.01, representing total share capital of €3,559,807.61.

Crédit Agricole Assurances through its subsidiary Predica, along with HLD, Flat Footed and Leima Valeurs, each undertook not to increase their respective stake in the Group’s share capital (held directly or indirectly, alone or in concert) beyond 29.99% of the share capital (or beyond 29.99% of the voting rights for Crédit Agricole Assurances through its subsidiary Predica) of the Group (subject to certain customary exceptions), for a period of 12 months in the case of Crédit Agricole Assurances/Predica and 36 months in the case of HLD, Flat Footed and Leima Valeurs following the settlement date of the new shares on 5 July 2024.

Crédit Agricole Assurances through its subsidiary Predica, along with HLD, Flat Footed and Leima Valeurs each agreed to a lock-up commitment in respect of the new shares for a period commencing on the date of approval by the AMF of the prospectus relating to the Capital Increase with Preferential Subscription Rights and expiring 90 calendar days following the settlement date of the New Shares on 5 July 2024, subject to certain customary exceptions. The Clariane Group also gave an undertaking to the banking syndicate to refrain from issuing any new shares for a period commencing on the date of approval by the AMF of the prospectus relating to the Capital Increase with Preferential Subscription Rights and expiring 180 calendar days after the settlement date of the New Shares on 5 July 2024, subject to certain customary exceptions.

Crédit Agricole Assurances (via its subsidiary, Predica), HLD, Flat Footed and Leima Valeurs have undertaken not to act in concert.

The net proceeds of the capital increases, representing approximately €324 million, were allocated as follows: €175 million to the early repayment of the outstanding real estate-backed bridge term loan and approximately €149 million to strengthening the Group's liquidity.

Following completion of the capital increases, and taking account of the anticipated cash requirements over the period, Clariane has sufficient working capital to meet its obligations over the next 12 months. After repayment of its forthcoming maturities, the net proceeds of the capital increases and the Group's cash will enable Clariane to meet the minimum liquidity condition of €300 million to renew its revolving credit facility (RCF) on 3 November 2024, if necessary.

Asset disposal programme

The fourth and final stage of the Refinancing Plan announced by the Group on 14 November 2023 is a programme for disposals of operating and real estate assets as well as capital partnerships aimed in particular at creating a leaner geographical presence, with expected gross proceeds of approximately €1 billion.

The Group launched this asset disposal programme in the first quarter of 2024, and to date has secured around 40% of the sales provided for in the programme, through:

- the disposal of its 50% stake in a real estate portfolio in the Netherlands to its partner Aedifica for a sale value of around €25 million;
- the disposal of all its operating and real estate activities and assets in the United Kingdom to Elevation Healthcare Property, a UK investment fund specialising in retirement and healthcare real estate, managed by Elevation Advisors LLP, for a gross sale value of GBP 207 million (approximately €243 million). The real estate assets sold were part of the "Juniper" real estate partnership signed with Predica (press release dated 28 December 2023). Predica subscribed to €90 million worth of bonds issued by Clariane & Partenaires Immobilier 5 ("CPI 5"), redeemable in CPI 5 preferred shares (the "ORAs"). Crédit Agricole Assurances, through its subsidiary Predica, was fully reimbursed for the €90 million following the sale of these UK assets in April 2024. The net disposal proceeds from this transaction will be used to repay around €100 million of the Group's outstanding debt contracted at the level of Clariane SE, in line with the mandatory early repayment clauses provided for in the Group's syndicated loan agreement, and the real estate bridge loan put in place at the end of 2023, without having a significant impact on the Group's financial leverage;
- the disposal (currently in progress) of the Group's hospital home care and home community nursing services activities in France, announced on 6 May 2024, for which the employee representative bodies concerned issued a favourable opinion on 14 May 2024 and for which a sale agreement subject to conditions precedent, in particular relating to the transfer of administrative authorisations by the competent health authorities, was signed on 29 May 2024.

Following these transactions, the Group has secured around 40% of its disposal programme to date. The progress of this programme has mainly resulted in the recognition to date of a loss of around €40 million on the disposal of the UK business, for which a provision was set aside in the 2023 consolidated financial statements.

The Group is actively working on several disposal scenarios to ensure that it achieves its target of €1 billion in gross proceeds from disposals by the end of 2025. Depending on the differences that may be observed between market values and values in use, some transactions could result in capital losses, in addition to the capital losses recognised in the 2023 financial statements.

GOVERNANCE

The Combined General Meeting of shareholders held on 26 March 2024 ratified the co-optation of Matthieu Lance as a Director.

Predica was reappointed as a Director at the Combined General Meeting of 10 June 2024.

This meeting also approved the appointment of:

- two independent Directors: Sylvia Metayer and Patricia Damerval;
- two Directors put forward by HLD Europe: Jean-Bernard Lafonta and HLD Europe;
- one Director put forward by Leima Valeurs: Ondřej Novák.

The terms of office of Jean-Bernard Lafonta, HLD Europe and Ondřej Novák took effect on the date of completion of the Reserved capital increase (see "Update on the Group's Refinancing Plan" above), i.e., 12 June 2024.

HLD Europe has given the Group an undertaking to cause the resignation of one of its candidates if its shareholding falls below 20% of the Group's capital under certain conditions, and of its other candidate if its shareholding falls and remains below 10% of the Group's capital for a period of 24 months. From 30 March 2025, HLD Europe may also propose a third Director for appointment if it holds 25% or more of the Group's capital.

Leima Valeurs has given the Group an undertaking to cause the resignation of Ondřej Novák if, within 24 months of his appointment, its shareholding has not reached at least 10% of the Group's capital and voting rights. Leima Valeurs has also undertaken to ensure that this Director shall resign if its shareholding falls below the 10% threshold.

The terms of office of Holding Malakoff Humanis and Catherine Soubie, who were not seeking reappointment, expired at the close of the Combined General Meeting of 10 June 2024.

FINANCING

Renewal of the revolving credit facility

Readers are reminded that in a press release dated 14 November 2023, following the publication of the Group's third-quarter revenue on 24 October 2023, the sharp fall in its share price, triggered by the revised leverage target for 31 December 2023 (increased from 3.5x to 3.8x), caused concern among some financial partners, jeopardising the completion of the two real estate partnership projects under negotiation, which were slated for completion by the end of 2023. In light of this situation, the Group drew down its revolving credit facility (RCF) lines on 3 November 2023 in an amount of €500 million for a period of six months.

On 3 May 2024, Clariane announced that it had renewed the drawdown of its RCF for a period of six months (expiring on 3 November 2024) for an amount of €492.5 million, in accordance with the terms of the agreement signed in 2019 and extended on 25 July 2023.

In addition to the customary conditions, the Group points out that any renewal of the drawdown of its RCF line for €492.5 million, which could next take place on its maturity date of 3 November 2024 for a maximum period of six months, is subject to a minimum liquidity level of €300 million on the day of the renewal, which includes the RCF drawn down.

Also, given the timing of the capital increases and the fact that they were interdependent, and in view of the asset disposal programme currently in progress, Clariane was granted a temporary waiver in respect of its Syndicated Loan Agreement – applicable only to the calculation of the leverage ratio at 30 June 2024 – under which consolidated net debt as defined in the initial agreement is reduced by the net proceeds of the capital increases, provided that these proceeds are received within 30 days of the end of the relevant covenant period[4].

At 30 June 2024, in application of this temporary waiver, the net debt taken into account to calculate the leverage ratio for the purposes of the leverage covenant was reduced by €234 million, corresponding to the net proceeds of the Capital Increase with Preferential Subscription Rights received on 5 July 2024.

Furthermore, the syndicated loan agreement subject to the financial covenant was amended on 17 June 2024, with consolidated EBITDA as defined in the initial agreement henceforth including EBITDA from disposal groups classified as held for sale and recognised in accordance with IFRS 5.

[4]This waiver has no effect on the calculation of the leverage ratio used in the syndicated loan to determine the mandatory early repayments, and in particular those applicable to the proceeds of asset disposals taking place during the second half of 2024.

Consequently, a negative €7.9 million in EBITDA (excluding IFRS 16) for the Group's Les Essentielles assisted living business was included in the EBITDA figure used for calculating the covenant ratio at end-June 2024.

1.3 Review of consolidated results and financial position at 30 June 2024

The indicators presented are those monitored by the Group's operating management, notably revenues and EBITDAR (Earnings Before Interest, Taxes, Depreciation, Amortisation and Rent).

EBITDAR, which is calculated based on the Group's income and expenses from ordinary operations, measures the Group's operating performance. This indicator is used in the industry to exclude the impact of real estate policies when assessing operating performance.

The comments below are based on the financial statements presented prior to the application of IFRS 16, for purposes of year-on-year comparison.

1.3.1 FIRST-HALF 2024 RESULTS

The Group's consolidated revenue in the first half of 2024 totalled €2,636 million, representing reported growth of 6.1% and organic growth of 6.8%. This performance confirms the relevance of the Group's strategy and business model, which is based on a diversified portfolio of businesses and geographical markets.

At 30 June 2024, the network consisted of 1,217 facilities versus 1,222 in at 31 December 2023, representing almost 90,000 beds. Disposals of facilities in the United Kingdom (12 facilities) and of Les Essentielles (18 facilities) in France were almost fully offset by adding three long-term care facilities to the portfolio in Spain and by bringing into service 29 greenfield facilities, mainly in France (13 new Ages & Vie facilities and one long-term care facility), Spain (eight healthcare facilities and services), the Netherlands (three long-term care facilities) and Belgium (three facilities).

The Group also continued its efforts to restructure its portfolio during the period, with the closure of seven facilities (four in Italy, two in Belgium and one in Germany).

On that basis, the Group's 60,000 healthcare professionals cared for around 566,000 residents and patients in the first six months of the year.

Organic revenue growth of 6.8% resulted from the following factors:

- higher business volumes for 3.2%. This had a net positive impact of €79 million (higher volume of days billed in mature networks and additional capacity coming onstream);

- price increases for 3.6%, with a positive impact of €92 million, particularly in France, Germany, in Belgium and Netherlands.

The sale of the hospital home care activities that is currently under way, and the disposal of the Les Essentielles that was completed on 30 June 2024 and which has been presented in discontinued operations since 2022, did not impact significantly the performance in the first half of 2024.

The Long-Term Care business, which accounted for just over 61% of the Group's business activity in the first half of 2024 versus 62% in the first half of 2023, generated revenue of €1,618 million, up from €1,540 million in the year-earlier period. This represented reported growth of 5.1% despite the disposal of Berkeley Care, which took effect on 9 April 2024, and organic growth of 7.2%. As of 30 June 2024, the Group operated 669 specialist nursing homes, a slight decrease compared with 31 December 2023 (674 facilities), mainly due to the disposal of the Group's UK businesses, which was partly offset by the opening of new facilities, particularly in Spain and the Netherlands.

Organic growth was driven by ongoing growth in business volumes, as reflected by the rising occupancy rate, which averaged 89.5% in the first half of 2024 (excluding the United Kingdom) versus 87.9% in the first half of 2023, and by price adjustments. It should be noted that the average occupancy rate in 30 June 2024 was 90.5% versus 88.3% as of June 2023.

The Healthcare business generated €680 million of revenue in the first half of 2024, around 26% of the Group total, with reported growth of 3.3% and organic growth of 3.5%, with 2.4% coming from higher business volumes and 1.1% from price adjustments. At 30 June 2024, the Group operated 281 facilities and consultation centres, up from 276 at 31 December 2023.

Business volumes in outpatient activities in France (consultations and partial hospitalisation) rose by 12%, with more than 292,000 outpatient care sessions during the period.

Revenue in the Community Care business, whose brands include Petits-fils and Ages & Vie, amounted to €338 million in the first half 2024. This represented almost 13% of the Group total, along with reported growth of 17.8% and organic growth of 12.6%.

In the first half of 2024, almost 64,000 patients used Clariane's Community Care services across its 267 shared housing facilities and home care branches.

Performance was driven by:

- further development of the shared housing network;
- ongoing strong growth in the home care network.

EBITDAR excluding IFRS 16 was €560 million in the first half of 2024, versus €538 million in the first half of 2023, representing growth of 4.0% as reported and 5.1% excluding disposals.

EBITDA excluding IFRS 16 amounted to €290 million versus €285 million in the first half of 2023, representing growth of 1.6% as reported and 3.5% excluding disposals. This performance was the result of margins remaining resilient in all regions despite the impact of cost inflation over the last 12 months. Initiatives adopted in Germany to adjust to particularly difficult sector conditions allowed the Group to increase its margins significantly compared with the first half of 2023.

The increase in EBITDA excluding IFRS 16 resulted from the positive impact of:

- higher business levels (positive €24 million impact);
- higher prices (positive €92 million impact) and a limited increase in operating expenses (up €79 million), resulting in a net positive price effect of €13 million.
- These positive effects more than offset the negative impact of:
- the decrease in the contribution of real estate development activities (negative €29 million impact);
- changes in scope (negative €4 million impact) mainly related to the disposal of the UK business.

Taking into account these effects, EBITDA margin excluding IFRS 16 was 11.0% in the first half of 2024, versus 11.4% in the same period of 2023. Adjusted for the effects of the reduction in real estate development activities, the margin was up 75 basis points, reflecting the limited increase in operating expenses and the initial effects of the recovery in Germany.

1.3.2 SIMPLIFIED INCOME STATEMENT

In millions of euros	First-half 2024 incl. IFRS 16	*IFRS 16 adj.*	First-half 2024 excl. IFRS 16	First-half 2023 incl. IFRS 16	*IFRS 16 adj.*	First-half 2023 excl. IFRS 16
Revenue and other income	***2,636.0***	**-**	**2,636.0**	***2,484.8***	**-**	**2,484.8**
EBITDAR	***557.2***	***(2.8)***	**560.0**	***520.2***	***(18.1)***	**538.3**
as a % of revenue	*21.1%*	-	*21.2%*	*20.90%*	*0*	*21.7%*
External rents	*(38.9)*	*231.2*	(270.1)	*(38.2)*	*214.8*	(253.0)
as a % of revenue	*1.5%*		*10.2%*	*1.50%*	*0*	*10.2%*
EBITDA	***518.3***	***228.5***	**289.9**	***482.0***	***196.7***	**285.3**
as a % of revenue	*19.7%*	-	*11.0%*	*19.40%*	*0*	*11.5%*
Operating income	***121.6***	***23.1***	**98.4**	***121.5***	***7.7***	**113.8**
as a % of revenue	*4.6%*	-	*3.7%*	*4.90%*	*0*	*4.6%*
Net financial expense	*(147.9)*	*(51.8)*	(96.1)	*(102.0)*	*(38.6)*	(63.5)
Pre-tax income/(loss)	***(26.4)***	***(28.7)***	**2.3**	***19.5***	***(30.8)***	**50.3**
Attributable net profit/(loss)	***(52.3)***	***(24.7)***	**(27.6)**	***1.2***	***(24.6)***	**25.8**
as a % of revenue	*-2.0%*	-	*-1.0%*	*0.00%*	*0*	*1.0%*

EBITDAR is the Group's preferred indicator for financial reporting purposes and corresponds to operating income before lease expenses, charges to depreciation, amortisation and provisions, other operating income and expenses, and gains and losses on acquisitions and disposals of consolidated entities in the core operating businesses.

EBITDA excluding IFRS 16 corresponds to EBITDAR excluding IFRS 16 after lease expenses prior to the application of IFRS 16.

1.3.3 FINANCIAL POSITION

The €1.5 billion Refinancing Plan announced by the Group on 14 November 2023, is intended to secure and accelerate Clariane's debt-reduction trajectory and enable the Group to have a financial position suited to an economic environment that has been made more difficult by inflation, higher interest rates and tougher conditions in the credit and real estate markets, and to give it room for manoeuvre in terms of executing its strategy

The Group's real estate portfolio had a value of €2,672 million at 30 June 2024, versus €3,189 million at 30 June 2023 and €3,007 million at 31 December 2023.

Two-thirds of this change was due to disposals in the first half of the year. It also reflects the continued increase in the average capitalisation rate, which now stands at 6.3% (versus 5.9% in December 2023 and 5.5% at 30 June 2023), although to a lesser extent in the first half compared with the previous six months.

Real-estate debt amounted to €1,680 million at 30 June 2024.

The Group's net debt was €3,771 million at 30 June 2024 versus €4,012 million at 30 June 2023 and €3,854 million at 31 December 2023.

The change in net debt reflects:

- gross borrowings and debt of €4,286 million at 30 June 2024 versus €4,387 million at 30 June 2023;
- a cash position of €515 million at 30 June 2024 versus €375 million at 30 June 2023.

1.3.4. ESG AND SOCIAL PERFORMANCE

In line with its 2024-2028 ESG strategy and its commitments as part of its transformation into a purpose-driven company, the Group achieved the following milestones in the first half of the year:

- After making a commitment to joining the Science Based Targets initiative (SBTi) in 2023, in June 2024, Clariane obtained official validation of its targets as regards reducing greenhouse gas (GHG) emissions in line with the Paris agreements. These targets apply to all emission scopes (Scopes 1 to 3):
    - o Clariane is committed to reducing its Scope 1 & 2 GHG emissions in absolute terms by 46.2% between 2021 and 2031;
    - o It is also committed to reducing its Scope 3 GHG emissions – arising from purchases of goods and services, waste and employee travel – in absolute terms by 27.5% between 2021 and 2031.

- A Climate Committee has been set up in 2024 to oversee this low-carbon trajectory, bringing together the Group's experts regarding the main sources of carbon reduction. This Committee meets once a quarter.
- The Group has also deployed a tool to measure its carbon footprint and monitor its low-carbon trajectory since March 2024, and it will be gradually rolled out across the various functions concerned. The tool will enable the Group to plan and measure its carbon-reduction initiatives.
- The Mission Committee's first report was completed and published in late April 2024, and sets out the Committee's opinions of the Company's initiatives in relation to each of its social and environmental targets. The report can be viewed on Clariane's website: https://www.clariane.com/sites/default/files/2024-05/clariane_rcm_2024_uk_mel_23052024.pdf
- In the first half of 2024, Clariane obtained Top Employer Europe 2024 certification from the Top Employers Institute, making it the first group in the healthcare and nursing industry to receive it at the European level. This certification recognises the Clariane group's commitment to its employees' working conditions and career development. Clariane had already achieved Top Employer certification in five countries. In Germany, Clariane obtained certification for the fourth consecutive year, in France for the third consecutive year, in Belgium and Italy for the second consecutive year and in the United Kingdom for the first time.
- At the end of 2023, Clariane negotiated and signed the European charter on the fundamental principles of social dialogue with the European Company Works Council and the European Federation of Public Service Unions (EPSU). Several indicators have been defined to monitor its implementation, including the transposition of the charter in the various countries (transposed and signed in Germany so far), the creation of national dialogue bodies in countries where they previously did not exist (completed in Spain), and social dialogue training for site managers (an e-learning module for all Group companies is currently being finalised). In June 2024, Clariane received a social innovation award for this initiative.
- Lastly, in early July 2024, the Group signed a partnership agreement with the University Hospital of Toulouse with a view to contributing to the WHO's ICOPE (Integrated Care for Older People) programme via its Petits-fils home care business. The ICOPE approach aims to help older people preserve and maintain the essential functions of mobility, memory, nutrition, humour, sight and hearing. For that purpose, the University Hospital of Toulouse's Department of Geriatric Medicine has developed a mobile app called Icope Monitor, which measures a person's capabilities in a few minutes with a view to preventing them from becoming dependent. Staff from pilot Petits-fils branches will receive training in rolling out the app among older adults that use the Petits-fils network in partnership with the Department of Geriatric Medicine.

1.4 Significant events since 30 June 2024

Details of events after the reporting date are provided in note 13 to the condensed half-year consolidated financial statements in this Half-Year Financial Report, and notably include the Capital Increase for a gross amount of approximately €237 million with preferential subscription rights for existing shareholders, which was settled on 5 July 2024, and the repayment, using the net proceeds from the capital increases, of the €175 million balance of the real estate bridge loan in mid-July 2024, in line with the Group's contractual commitments.

1.5 Risk factors

The Group does not foresee any risks other than those described in chapter 2, "Risk factors" of the 2023 Universal Registration Document, as amended by (i) section 3 of the amendment filed with the AMF on 31 May 2024 under number D. 24-0380-A01 and (ii) section 2 of the amendment filed with the AMF on 12 June 2024 under number D. 24-0380-A02.

Liquidity risk management

The Group's liquidity stood at €515 million at 30 June 2024, including €92 million in proceeds from the Reserved Capital Increase.

The net proceeds from the Capital Increase with Preferential Subscription Rights amounting to some €234 million were received on 5 July 2024.

In accordance with the Group's contractual commitments, the balance of the real estate bridge loan was repaid in advance of term, in mid-July 2024, in an amount of €175 million.

Following completion of the capital increases, and taking account of the anticipated cash requirements over the period, Clariane has sufficient working capital to meet its obligations over the next 12 months. After repayment of its forthcoming maturities, the net proceeds of the capital increases and the Group's cash will enable Clariane to meet the minimum liquidity condition of €300 million to renew its revolving credit facility (RCF) on 3 November 2024, if necessary.

Risk of breach of financial covenants and management of the Group's cross-default risk

The Group's €929 million syndicated loan, including, at 30 June 2024, a term tranche of €436.5 million (after repayment of €118.5 million in the first half of 2024) and the €492.5 million RCF (after repayment of €7.5 million in first-half 2024), as well as the €200 million real estate-backed bridge term loan taken out with Caisse Régionale de Crédit Agricole Mutuel de Paris et d'Île-de France, LCL and Crédit Agricole Corporate and Investment Bank in December 2023 (€175 million outstanding at 30 June 2024), is subject to a financial covenant on the leverage ratio.

These two contracts are also subject to a loan-to-value (LTV) covenant calculated at the level of the Group and set at 65%.

Under the terms of the Group's syndicated loan as amended in July 2023, the leverage ratio covenant will be gradually lowered, as follows: 4.5x in June 2024, 4.25x in December 2024, 4.0x in June 2025 and 3.75x in December 2025. On the basis of the most restrictive covenant calculation formula ((consolidated net debt [excl. IFRS 16 [- real estate debt)/(EBITDA [excl. IFRS 16] - 6.5% * real estate debt)) applicable to its bonds (i.e., under the terms of the issue agreements for issues prior to 2021), the Group has headroom in relation to the 4.5x threshold at 30 June 2024, representing around €100 million of EBITDA [excl. IFRS 16], or around €450 million of net debt [excl. IFRS 16], assuming all other calculation inputs remain the same.

The balance of the real estate bridge loan was repaid in advance of term, in mid-July 2024, in an amount of €175 million.

Other bank credit agreements have a covenant whose calculation formula has not been modified. Changes in the covenant are notified to these banks every six months. In addition, the renewal of the drawdown of the Group's RCF line for €492.5 million on 3 November 2024 would be subject to a minimum liquidity condition of €300 million on the date of renewal.

The Euro PP, *Schuldschein* and *Namensschuldverschreibung* bonds are also subject to covenants. The contracts all include covenants based on a secured debt ratio and a leverage ratio. The €40 million Euro PP issued in July 2023 is also subject to an LTV covenant. However, investors are only notified annually, at 31 December, of any changes in these covenants.

The Group has set itself a leverage ratio target of significantly less than 3x by 31 December 2025 and a target real estate loan-to-value ratio of 55%.

Also, given the timing of the capital increases and the fact that they were interdependent, and in view of the asset disposal programme currently in progress, Clariane was granted a temporary waiver in respect of its syndicated loan agreement – applicable only to the calculation of the leverage ratio at 30 June 2024 – under which consolidated net debt as defined in the initial agreement is reduced by the net proceeds of the capital increases, provided that these proceeds are received within 30 days of the end of the relevant covenant period[5].

At 30 June 2024, in application of this temporary waiver, the net debt taken into account to calculate the leverage ratio for the purposes of the covenant was reduced by €234 million,

[5]This waiver has no effect on the calculation of the leverage ratio used in the syndicated loan to determine the mandatory early repayments, and in particular those applicable to the proceeds of asset disposals taking place during the second half of 2024.

corresponding to the net proceeds of the Capital Increase with Preferential Subscription Rights received on 5 July 2024.

Furthermore, the syndicated loan agreement subject to the financial covenant was amended on 17 June 2024, with consolidated EBITDA as defined in the initial agreement henceforth including EBITDA from disposal groups classified as held for sale and recognised in accordance with IFRS 5.

Consequently, a negative €7.9 million in EBITDA (excluding IFRS 16) for the Group's Les Essentielles assisted living business was included in the EBITDA figure used for calculating the covenant ratio at end-June 2024.

There have been no changes in the management of the Group's cross-default risk compared with that described in chapter 2, "Risk factors" of the 2023 Universal Registration Document, as amended by (i) section 3 of the amendment filed with the AMF on 31 May 2024 under number D. 24-0380-A01 and (ii) section 2 of the amendment filed with the AMF on 12 June 2024 under number D. 24-0380-A02, and also described in note 9.2 "Net debt" to the consolidated financial statements.

Currency risk

Following the sale of all its operating and real estate activities and assets in the United Kingdom in April 2024, and the fact that all foreign transactions are now carried out in eurozone countries, the Group is no longer exposed to currency risk.

In the first half of 2024 there were no significant changes in the other risk factors described in chapter 2, "Risk factors" of the 2023 Universal Registration Document, as amended by (i) section 3 of the amendment filed with the AMF on 31 May 2024 under number D. 24-0380-A01 and (ii) section 2 of the amendment filed with the AMF on 12 June 2024 under number D. 24-0380-A02.

1.6 Related-party transactions

Details of related-party transactions in the first half of 2024 are disclosed in note 6 to the condensed half-year consolidated financial statements in this Half-Year Financial Report.

A number of related-party agreements have been entered into by Clariane in connection with the implementation of the Refinancing Plan. These agreements were subject to the procedure applicable to related-party agreements intended to avoid any conflicts of interest. In accordance with French law, the agreements were authorised by the Board of Directors prior to their signature and the Directors concerned (i.e., Predica, represented by Florence Barjou, and Matthieu Lance) did not take part in the related Board discussions or votes. Apart from the management agreement, which will be submitted to the shareholders at the next General Meeting, these related-party agreements were approved by the shareholders either at the 26 March 2024 General Meeting or at the General Meeting of 10 June 2024.

The table below provides further explanations about the agreements concerned. A summary of these regulated related-party agreements is also available on Clariane's website.

Date of agreement	**Type of agreement**	**Parties to the agreement**	**Terms**
13 November 2023 28 February 2024	Agreement on Clariane's Refinancing Plan Amendment to the original agreement	- Clariane - Predica	The agreement notably provides for: • The entry into exclusive negotiations with Predica, with a view to finalising before 15 December 2023, a real estate partnership covering 19 French assets representing a gross asset value of €267.8 million, excluding transfer duties. Predica will subscribe for €140 million in bonds issued by the Group's real estate subsidiary (SPV) holding these assets, redeemable in SPV shares, with a seven-year maturity and a fixed coupon of 10.5%. • A commitment by the Company to actively pursue and use its best efforts to finalise negotiations with a third-party investor regarding a second real estate partnership involving 11 UK assets with a gross asset value of approximately €227 million, excluding transfer duties, with the objective of finalising these negotiations as quickly as possible and completing this partnership before 30 November 2023. In the event that no firm agreement concerning said real estate partnership is reached before 30 November 2023, Predica undertook to take the place of the potential investor and to negotiate in good faith and as quickly as possible the legal documentation relating to this partnership for a total investment amount of approximately €90 million. Predica

			undertook to use its best efforts to complete the real estate partnership and disburse the subscription price no later than 31 December 2023. Alternatively, Predica undertook to consider and negotiate in good faith any real estate partnership or extension of an existing real estate partnership proposed by the Company for an equivalent amount on market terms. • The proposed capital increase of the Company with preferential subscription rights for existing shareholders, in order to raise an amount of €300 million to strengthen its equity, the completion of which will be guaranteed by (i) Predica, which will subscribe for up to €200 million place on an irreducible and reducible basis, and (ii) for the balance, by an underwriting agreement to be entered into with a syndicate of banks. The capital increase may be preceded by a reduction in the nominal value of the shares. Otherwise, the capital increase would be partially paid up in cash for an amount lower than the nominal value of the shares and, for the balance, by incorporation of premiums or reserves on the Company's balance sheet. The subscription price, which will be set by the Board of Directors, will be equal to the theoretical ex-right share price (TERP) of the share, subject to a discount in accordance with market practices. • Implementation by the Company, from 2024 onwards, of a disposal programme of operating and real estate assets, as well as capital partnerships, for proceeds of around €1 billion, helping to reduce its financial leverage and debt. The purpose of the amendment is to reflect certain commitments made by Predica in

			connection with its application to the AMF for exemption from the obligation to file a takeover bid, granted on 8 February 2024 on the basis of Articles 234-8, 234-9 2° and 234-10 of the AMF's General Regulations, in the event that Predica crosses the trigger threshold for filing a mandatory takeover bid as a result of subscribing to the Capital Increase. The amendment sets out the following clarifications and adjustments: • Predica's commitment to cap its voting rights at one-third of the voting rights of the shareholders present or represented at the 2024 General Meeting, for the resolutions relating to the Capital Increase and only for those resolutions; • Predica's commitment to subscribe to the Capital Increase on a reducible basis may also partly or wholly take the form of a guarantee commitment. This underwriting commitment on a reducible basis and/or guarantee may be reduced in favour of underwriting commitments and/or guarantees made by third-party shareholders or institutional investors. Predica undertakes to vote on the Company's Board of Directors in favour of any solution that would facilitate both the success of the Capital Increase and the reduction of Predica's underwriting commitment and/or guarantees; • in the event that Predica acquires control of the Company following completion of the Capital Increase, Predica undertakes to maintain the Company's listing and not to increase its equity interest for a minimum period of 12 months (instead of the six months provided for in the initial agreement).
27 December 2023	Agreement to implement a real estate partnership	- Clariane - Predica	The agreement notably provides for: • the implementation of a real estate partnership involving 11 assets and one plot of land in the United Kingdom

28 February 2024	covering 11 assets and one plot of land in the United Kingdom representing a gross asset value of GBP 198 million, excluding transfer duties, at 30 June 2023 Amendment to the original agreement		representing a gross asset value of GBP 198 million, excluding transfer duties, at 30 June 2023 (the "**UK Vehicle**"). Predica subscribed to €90 million worth of bonds issued by Clariane & Partenaires Immobilier 5 ("CPI 5"), redeemable in **CPI 5** preferred shares (the "**English ORAs**"); • the English ORAs were issued with a five-year maturity and a fixed coupon of 8% per annum; • The main terms and conditions of the real estate partnership are as follows: ○ a return of 8% per annum for Predica, increased by 2.5% assuming capitalisation of interest due; ○ redemption of the English ORAs in preferred shares at maturity, i.e., five years after their issuance; ○ an additional return of 2.5% per annum for Predica as from the redemption of the English ORAs in preferred shares and a right of priority in favour of Predica in the event of distribution of the proceeds from the sale of CPI 5 assets; ○ an option for the Company to redeem the English ORAs from Predica at any time during the four years and ten months following their issuance; ○ a five-year ban on the transfer of CPI 5 securities for Predica and the Company and a ten-year ban on pledging CPI 5 securities; ○ an option for Predica to leave the UK Vehicle from the fifth year with a right of priority in favour of the Company; ○ if the Company fails to exercise its right of priority, an option for Predica or CPI 5 to launch a process for the sale of all or part of the vehicle's shares or assets from the fifth year, with the possibility of appointing a Deputy Chief Executive Officer to lead the sale;

			○ sufficient power of the Company over key decisions in order to continue to fully consolidate the UK Vehicle in its financial statements prior to the conversion of the English ORAs and to ensure its accounting treatment in equity; ○ default events, including in particular the opening of insolvency proceedings against the Company, leading to accelerated redemption of the English ORAs in CPI 5 preferred shares and a right for Predica to buy back CPI 5 securities or assets at a 20% discount; • CPI 5 will use the amount from the English ORAs subscribed by Predica to repay the Company's shareholder current account within CPI 5. The amendment was entered into in the context of the Group's disposal of all its activities and assets in the United Kingdom and sets out the conditions under which the English ORAs will be redeemed in CPI 5 preferred shares, the terms of conversion of the preferred shares into ordinary CPI 5 shares and the distribution by CPI 5 of the proceeds in the event of the disposal of assets.
17 May 2024	Implementing agreement for the initial Memorandum of Understanding	- Clariane - Predica	The agreement forms part of the implementation of capital increases under the Memorandum of Understanding and provides in particular for the following: - A commitment by Predica to: ○ vote, at the Combined General Meeting of Clariane shareholders called on 10 June 2024, in favour of the resolutions concerning (i) the reserved capital increase, and (ii) the appointment of two Directors put forward by HLD Europe and one Director put forward by Leima Valeurs; ○ vote in favour of this capital increase at the meeting of Clariane's Board of Directors establishing the terms of the capital increase with preferential rights for existing shareholders; and ○ subscribe to the capital increase with preferential subscription rights for existing

			shareholders, (i) on an irreducible basis in proportion to its share in the capital, and (ii) on a reducible basis and/or as a guarantee for the balance, up to a maximum total amount of €200 million, provided that its total stake after completion of the capital increase does not exceed 29.9% of Clariane's share capital and voting rights. This maximum stake includes – for both Predica and other Crédit Agricole Group entities – (a) Clariane shares already held, (b) Clariane shares that may be acquired from other shareholders, and (c) any Clariane shares to be subscribed in the context of the capital increase with preferential subscription rights through the exercise of preferential subscription rights (y) attached to the Clariane shares referred to in (a) and (b) or (z) acquired from Holding Malakoff Humanis or other shareholders; and ○ not to acquire any Clariane shares following the capital increases, if such acquisitions would cause Predica, with regard to its shareholding and those of the other Crédit Agricole Group entities, to exceed the thresholds of 30% of Clariane's share capital or voting rights for a period of 12 months. - Clariane's undertaking to use its best efforts to assist Predica in acquiring, from shareholders wishing to sell, preferential subscription rights and/or Clariane shares enabling Predica to maintain its shareholding at the level of the shareholding it held prior to the reserved capital increase (i.e., 24.6%). - The waiver by Clariane and Predica, solely for the purposes of the two capital increases, of the conditions precedent not yet satisfied as regards a possible takeover as provided for in the Memorandum of Understanding (clearance relating to merger controls, regulatory authorisation required under the Foreign Subsidies Regulation, amendment of the terms of the contract for the issue of OCEANE bonds maturing in 2027), provided that Predica's stake does not exceed the maximum shareholding following the planned capital increases.

			- Further to the capital increases, the membership of Clariane's Board of Directors will comply with the principles set out in the Afep-Medef Code and will include: ○ at Predica's request, three Directors put forward by Predica if it holds 25% or more of Clariane's share capital (represented on the four Committees of the Board of Directors); ○ two Directors put forward for the Board of Directors by Predica if it holds 20% or more of Clariane's share capital (represented on the three Board committees: Audit Committee, Compensation and Appointments Committee and Investment Committee); and ○ one Director put forward by Predica if it holds between 10% and 20% of Clariane's share capital (represented, at Predica's discretion, on two of the following three Board Committees: Audit Committee, Compensation and Appointments Committee and Investment Committee). - In the event that Predica wishes to sell more than 0.5% of Clariane's share capital, Clariane undertakes to use its best efforts to facilitate this sale. - Predica has confirmed to Clariane, as necessary, that it is not acting in concert with any shareholder or third party. - If the capital increases are not completed, Clariane and Predica will remain bound by their obligations under the Memorandum of Understanding.
13 June 2024	Management agreement	- Clariane - Crédit Agricole Corporate and Investment Bank - BNP Paribas - Natixis - Société Générale	Management agreement entered into in connection with the Capital Increase with Preferential Subscription Rights, with a group of financial institutions acting as global coordinators, lead arrangers and bookrunners (the “Global Coordinators”). The Management Agreement provides for representations and warranties that are customary for this type of transaction. The terms and conditions applicable to the Global Coordinators' engagement are standard market terms and conditions for this type of transaction. The Management Agreement does not constitute a guarantee of successful performance within the meaning of Article L. 225-145 of the French Commercial Code.

1.7 Outlook

The forecasts for the year ending 31 December 2024 presented below are based on data, assumptions and estimates considered reasonable by the Group at 30 June 2024. These data and assumptions may change or be modified as a result of uncertainties relating in particular to the economic, financial, accounting, competitive, regulatory and/or tax environment, or as a result of other factors of which the Group was not aware at 30 June 2024. In addition, the materialisation of certain risks described in chapter 2, "Risk factors" of the 2023 Universal Registration Document, as amended by (i) section 3 of the amendment filed with the AMF on 31 May 2024 under number D. 24-0380-A01 and (ii) section 2 of the amendment filed with the AMF on 12 June 2024 under number D. 24-0380-A02, could have an impact on the Group's business, financial position, earnings or outlook and therefore call into question these forecasts. Achieving these forecasts also depends on the success of the Group's strategy. The Group therefore gives no undertaking or guarantee that the forecasts presented in this section will be achieved.

The forecasts presented below were prepared on the basis of the following assumptions:

- implementation of the Refinancing Plan and access to the financing market;
- an occupancy rate in care homes that continues to rise gradually towards pre-Covid levels, depending on the country, as detailed below;
- no significant changes in the regulatory or tax environment existing at the date of the first and second amendments to the Universal Registration Document in any of the Group's countries;
- the introduction of a programme for controlling overheads at country and Group level;
- an asset portfolio worth €2,752 million at 31 December 2024 (pro forma for the disposal of assets in the United Kingdom) and an LTV of 55% even if the capitalisation rate were to rise from 5.9% at the end of 2023 to 6.6% at the end of 2026 (used as the basis for estimating the financial leverage at end-2025).

Financial forecasts for 2024

The forecasts for 2024 presented below were prepared in accordance with the accounting policies applied in the Group's consolidated financial statements for the year ended 31 December 2023.

The 2024 forecasts presented below along with their underlying assumptions, were drawn up in accordance with Delegated Regulation (EU) 2019/980 supplementing Regulation (EU) 2017/1129 and recommendations on forecasts issued by ESMA.

In 2024, the Group will continue to focus on improving its performance in a balanced way and on maintaining a high level of quality in all its activities, in line with its At Your Side corporate project.

Clariane expects:

- organic revenue growth to remain above 5%, supported by a steady increase in business volumes and ongoing price adjustments;
- EBITDA, excluding IFRS 16 and expected disposals, to remain at least stable taking into account the expected absence of any contribution from real estate development activities in 2024.

In line with the Refinancing Plan, the Group has made improving cash flow generation and controlling debt levels its top priorities. In terms of capital expenditure, the Group expects:

- to maintain its maintenance spending at a normal level, which should be around €100 million per year;
- annual growth investments to average around €200 million in 2024 and 2025, much less than in 2023.

Lastly, the Group is aiming to reduce its financial leverage ratio to below 3.0x and its LTV to 55% by the end of 2025 (see “Outlook for 2023-2026” below).

As regards non-financial indicators and adjusted for changes in scope resulting from the disposal plan, the Group has set the following targets:

- maintain a net promoter score (NPS) of at least 40 among residents/patients and families;
- continue having more than 7,000 staff members on qualifying training paths, in line with its purpose-driven commitments;
- reduce its lost-time accident frequency rate by at least a further 8 points;
- implement a low-carbon energy trajectory compatible with the Paris Agreements and validated by the Science Based Targets initiative (SBTi).

Outlook for 2023-2026

The Group's targets for the period from 1 January 2023 to 31 December 2026 are as follows:

- As regards revenue, it is aiming to achieve a compound annual growth rate (CAGR) of around 5%, supported by a steady increase in occupancy rates and business volumes, particularly in outpatient care, and by a catch-up effect in prices, particularly in Germany. This growth target reflects the following expected contributions of the Group's various geographical markets:
    - France: CAGR 2023-2026 of over 5%, based in particular on a gradual increase in the occupancy rate of long-term care nursing homes to 93% in 2028;
    - Germany: CAGR 2023-2026 of around 7%, excluding the 10% of facilities that the Group intends to cease operating;
    - Belgium & Netherlands: CAGR 2023-2026 of over 8%, based in particular on growth in the Dutch network from 52 to 90 facilities in operation and a gradual increase in the occupancy rate of long-term care nursing homes in Belgium to 97% in 2027;
    - Italy: CAGR 2023-2026 of 2% to 3%, based in particular on a gradual increase in the occupancy rate of long-term care nursing homes to 98% in 2028;
    - Spain: CAGR 2023-2026 of over 15%, 75% of which will come from service contracts.

Across the various geographies and based on the contributions set out above, growth in the Group's business segments should be as follows:

- Long-term Care: organic growth of 3% to 5% per year;
- Specialty Care: organic growth of 4% to 6% per year;
- Community Care: organic growth of over 10% per year.

- The Group is aiming to increase EBITDA margin excluding IFRS 16 by 100 to 150 basis points by 2026 compared with the 2023 figure of 12.2%, mainly through revenue growth achieved by increasing the occupancy rate and developing outpatient services, along with targeted improvement measures regarding central costs, expenditure on rent and energy costs, as well as an improved performance in Germany;
- Clariane is also aiming to reduce its financial leverage ratio to below 3.0x by 31 December 2025 and achieve an LTV of 55% in respect of its real estate debt by the same

date, reflecting the plan to strengthen its financial position but also a disciplined approach to expenditure: around €100 million per year for building maintenance and around €200 million in total for development expenditure including real estate, and an EBITDA-to-free operating cash flow conversion rate expected at around 40% from 2024. Accordingly, net debt excluding IFRS 16 should come down to around €2.7 billion to €3.0 billion in 2026, with real estate debt expected to be around €1.4 billion, giving an LTV of around 55% (assuming a capitalisation rate of 6.7%) and non-real-estate debt totalling €1.3 billion to €1.6 billion.

Chapter 2 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2024

2.1 Condensed half-year consolidated financial statements at 30 June 2024

Consolidated income statement

In thousands of euros	Notes	First-half 2024	First-half 2023
Revenue		**2,628,120**	**2,453,722**
Other income		7,884	31,100
Revenue and other income	**3.2**	**2,636,004**	**2,484,822**
Purchases used in the business	3.3	(222,574)	-205,134
Payroll expenses	4	(1,579,026)	(1,520,278)
External expenses	3.3	(288,521)	(268,016)
Taxes and duties		(27,183)	(23,890)
Other operating income and expenses		(362)	14,513
EBITDA		**518,338**	**482,017**
Depreciation/amortisation and impairment	3.3	(362,603)	(337,482)
Other income and expenses	3.4	(34,181)	(23,005)
Operating income	**3.1**	**121,554**	**121,529**
Cost of net debt	9.1	(80,661)	(48,230)
Other financial income and expense	9.1	(67,251)	(53,786)
Net financial expense	**9.1**	**(147,912)**	**(102,016)**
Pre-tax income/(loss)		**(26,358)**	**19,513**
Income tax	11	6,808	(4,774)
Profit/(loss) from consolidated companies		**(19,550)**	**14,739**
Profit/(loss) from equity-accounted companies	6	(580)	115
Net profit/(loss) from continuing operations		**(20,130)**	**14,854**
Net profit/(loss) from discontinued operations	2	(23,584)	(6,613)
Net profit/(loss)		**(43,714)**	**8,241**
Non-controlling interests	*	(8,543)	(7,033)
Net profit/(loss) attributable to owners of the Group		**(52,257)**	**1,208**
Earnings/(loss) per share attributable to owners of the Group (in euros)	8	(0.47)	0.00
Diluted earnings/(loss) per share attributable to owners of the Group (in euros)	8	(0.47)	(0.01)
Earnings/(loss) per share from continuing operations attributable to owners of the Group (in euros)	8	(0.26)	0.02
Diluted earnings/(loss) per share from continuing operations attributable to owners of the Group (in euros)	8	(0.26)	0.01
NET PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE GROUP		**(52,257)**	**1,208**
Recyclable items: impact of IFRS 9 and IFRS 2 (measurement of hedging instruments and free share plans), net of tax	*	(6,314)	(9,511)
Non-recyclable items: impact of IAS 19 (actuarial gains and losses)	*	(1,779)	721
Gains and losses recognised directly in equity (attributable to owners of the Group)	*	**(8,093)**	**(8,790)**
Gains and losses recognised directly in equity (non-controlling interests)	*	**116**	**(11)**
Net profit/(loss) and gains and losses recognised directly in equity (attributable to owners of the Group)	*	(60,350)	(7,582)
Net profit/(loss) and gains and losses recognised directly in equity (non-controlling interests)	*	8,659	7,022

** See consolidated statement of changes in equity.*

Consolidated statement of financial position

Assets

In thousands of euros	Notes	30.06.2024	31.12.2023
Goodwill	5.1	3,252,928	3,287,524
Intangible assets	5.2	2,345,248	2,342,997
Property, plant and equipment	5.3	3,185,013	3,144,386
Right-of-use assets	5.5	3,687,643	3,652,322
Non-current financial assets		108,031	108,941
Equity-accounted investments	6	58,252	58,831
Deferred tax assets	11	115,548	87,412
Non-current assets		**12,752,663**	**12,682,413**
Inventories	3.5	25,493	28,297
Trade receivables and related accounts	3.5	618,907	565,166
Other receivables and current assets	3.5	582,805	669,054
Current tax receivables		50,699	26,631
Financial instruments with a positive fair value	9.2/9.3	12,352	10,008
Cash and cash equivalents	9.3	515,195	677,879
Current assets		**1,805,451**	**1,977,035**
Assets held for sale	2.3	56,412	521,463
TOTAL ASSETS		**14,614,526**	**15,180,911**

Equity and liabilities

In thousands of euros	Notes	30.06.2024	31.12.2023
Share capital		1,424	534,143
Additional paid-in capital		1,295,896	1,206,250
Reserves and retained income		2,189,672	1,843,361
Equity attributable to owners of the Group	**7**	**3,486,992**	**3,583,754**
Non-controlling interests		369,653	353,716
Total equity		**3,856,645**	**3,937,470**
Provisions for pensions		82,851	78,130
Deferred tax liabilities	11	573,990	546,932
Other provisions	10	46,972	50,718
Borrowings and financial debt	9.2	3,156,630	3,494,575
Non-current lease liabilities	5.5	3,683,861	3,610,000
Other non-current liabilities		62,458	77,236
Non-current liabilities		**7,606,762**	**7,857,591**
Current provisions	10	28,837	74,067
Trade payables and related accounts	3.5	562,831	649,190
Other payables and accruals	3.5	984,789	921,356
Current tax payables		34,796	23,020
Current borrowings and bank overdrafts	9.2	1,129,070	1,037,472
Current lease liabilities	5.5	398,806	412,885
Financial instruments with a negative fair value	9.2/9.3	195	740
Current liabilities		**3,139,324**	**3,118,730**
Liabilities related to assets held for sale	2.3	11,795	267,120
TOTAL EQUITY AND LIABILITIES		**14,614,526**	**15,180,911**

Consolidated statement of cash flows

In thousands of euros	Notes	First-half 2024	First-half 2023
Net profit/(loss) from continuing operations		**(20,130)**	**14,854**
Income tax expense		(6,808)	4,774
Net depreciation/amortisation, impairment and provisions		290,990	323,716
Profit/(loss) from equity-accounted companies		580	(115)
Changes in fair value and non-cash items		(85)	(2,898)
Elimination of dividend income		(1)	(8)
Gains on disposals of assets		48,035	(2,525)
Elimination of acquisition costs of securities		198	1,554
Elimination of cost of net debt		146,858	100,699
Cash flow before cost of net debt		**459,637**	**440,051**
Change in inventories	3.5	1,899	(1,611)
Change in trade receivables	3.5	(55,776)	12,435
Change in trade payables	3.5	(130,860)	(23,366)
Change in other items	3.5	171,246	(111,532)
Change in working capital		**(13,491)**	**(124,074)**
Income taxes paid		**(2,237)**	**(11,721)**
Net cash from operations		**443,909**	**304,256**
Impact of changes in scope (acquisitions)	2	(37,689)	(152,827)
Impact of changes in scope (disposals)	2	194,616	(58,438)
Investments in property, plant and equipment and intangible assets	5.4	(156,296)	(276,547)
Other financial investments		(1,001)	694
Proceeds from disposals of non-current assets (excluding securities)		24,367	8,157
Net cash from (used in) investing activities		**23,997**	**(478,961)**
Net cash flow		**467,906**	**(174,705)**
Capital increases and related premiums		86,219	118,562
Treasury shares charged to equity		103	(3,092)
Increase in borrowings	9.2	46,235	289,214
Repayment of borrowings and financial debt	9.2	(298,275)	(355,355)
Repayment of lease liabilities	5.5	(213,370)	(197,383)
Other cash flow related to financing activities	7	(83,734)	1,651
Net interest paid		(141,241)	(23,500)
Dividends		(18,102)	(14,866)
Net cash used in financing activities		**(622,165)**	**(184,464)**
Impact of discontinued operations		(9,808)	(43)
Impact of exchange rate fluctuations		3	843
Change in cash and cash equivalents		**(164,064)**	**(358,369)**
Cash and cash equivalents at start of period		**675,179**	**732,970**
Cash and cash equivalents at end of period		**511,115**	**374,591**
o/w:			
Cash and cash equivalents of discontinued operations		0	(168)
Marketable securities	9.3	66,165	1,918
Cash at bank and at hand	9.3	449,030	373,088
Bank overdrafts	9.3	(4,080)	(247)

Consolidated statement of changes in equity

In thousands of euros	Share capital	Additional paid-in capital	Shares and equity instruments	Investments	Cash flow hedges and cost of hedging	Employee benefits	Charged directly to equity	Reserves and retained income	Equity attributable to owners of the Group	Non-controlling interests	Total equity
At 31 Dec. 2022	**532,526**	**1,205,655**	**(14,530)**	**533,543**	**111,115**	**(25,825)**	**201,098**	**995,640**	**3,539,222**	**328,655**	**3,867,877**
Dividends paid								(26,626)	(26,626)	(2,170)	(28,796)
Capital increase							(2,185)		(2,185)	51,621	49,436
Business combinations											
Treasury shares			(226)						(226)		(226)
Equity instruments							(5,257)		(5,257)		(5,257)
Impact of IFRS 16 restatement of leases (net of tax)							178		178		178
Acquisition of non-controlling interests and other changes								(1,450)	(1,450)	(12,583)	(14,033)
Net profit/(loss) for the period								**1,208**	**1,208**	**7,033**	**8,241**
Impact of IAS 19 (actuarial gains and losses)						721			721	56	777
Measurement of hedging derivatives and free share plans			2,331		(14,621)				(12,290)	(67)	(12,357)
Currency translation differences								2,779	2,779		2,779
Total comprehensive income/(loss)			**2,331**		**(14,621)**	**721**		**3,987**	**(7,582)**	**7,022**	**(560)**
At 30 June 2023	**532,526**	**1,205,655**	**(12,425)**	**533,543**	**96,494**	**(25,104)**	**193,834**	**971,551**	**3,496,074**	**372,545**	**3,868,620**
Dividends paid								81	81	(23,595)	(23,514)
Capital increase	1,617						2,185		3,802	(51,621)	(47,819)
Business combinations											
Treasury shares			(267)						(267)		(267)
Equity instruments							(6,277)		(6,277)		(6,277)
Impact of IFRS 16 restatement of leases (net of tax)							(178)		(178)		(178)
Acquisition of non-controlling interests and other changes		594					(13,254)	227,923	215,263	52,680	267,943
Net profit/(loss) for the period								**(106,453)**	**(106,453)**	**5,120**	**(101,333)**
Impact of IAS 19 (actuarial gains and losses)						9,493			9,493	36	9,529
Measurement of hedging derivatives and free share plans			1,389		(27,768)				(26,379)	(1,450)	(27,829)
Currency translation differences								(1,406)	(1,406)		(1,406)
Total comprehensive income/(loss)			**1,389**		**(27,768)**	**9,493**		**(107,859)**	**(124,745)**	**3,707**	**(121,038)**
At 31 Dec. 2023	**534,143**	**1,206,250**	**(11,303)**	**533,543**	**68,726**	**(15,611)**	**176,310**	**1,091,696**	**3,583,754**	**353,716**	**3,937,470**
Dividends paid										(3,309)	**(3,309)**
Capital increase	(532,719)	89,646						533,073	**90,000**		**90,000**
Business combinations											
Treasury shares			103						**103**		**103**
Equity instruments							(14,897)		**(14,897)**		**(14,897)**
Impact of IFRS 16 restatement of leases (net of tax)											
Acquisition of non-controlling interests and other changes		0					(7,615)	(104,003)	**(111,618)**	10,587	**(101,031)**
Net profit/(loss) for the period								**(52,257)**	**(52,257)**	**8,543**	**(43,714)**
Impact of IAS 19 (actuarial gains and losses)						(1,779)			**(1,779)**	3	**(1,776)**
Measurement of hedging derivatives and free share plans			425		(5,063)				**(4,638)**	113	**(4,525)**
Currency translation differences								(1,676)	**(1,676)**		**(1,676)**
Total comprehensive income/(loss)			**425**		**(5,063)**	**(1,779)**		**(53,933)**	**(60,350)**	**8,659**	**(51,691)**
At 30 June 2024	**1,424**	**1,295,896**	**(10,775)**	**533,543**	**63,663**	**(17,389)**	**153,798**	**1,466,832**	**3,486,992**	**369,653**	**3,856,645**

Notes to the consolidated financial statements

The condensed half-year consolidated financial statements were reviewed by the Audit Committee on 31 July 2024 and were approved for issue by the Board of Directors on 5 August 2024.

The Group and its subsidiaries are:

- companies operating care homes for elderly people who, due to their dependency, can no longer live at home. Their mission is to provide these people with dignified support and care until the end of their days, irrespective of their level of dependency;
- companies operating specialised clinics, which care for convalescent or disabled patients. Their purpose is to reduce physical and/or psychological disability or restore autonomy to help the patient return home and re-enter his/her social and work environment;
- companies operating assisted living facilities that offer independent seniors an environment that suits their lifestyle, while facilitating social interaction;
- companies operating home care facilities, which are healthcare facilities offering an alternative to hospitalisation;
- companies owning the real estate of the Group's facilities.

Note 1: Accounting principles

1.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with the international accounting standards and interpretations issued by the International Accounting Standards Board (IASB) and adopted by the European Union at the reporting date. These standards include International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS), together with their interpretations, and are available from the following European Union website:
https://finance.ec.europa.eu/regulation-and-supervision/financial-services-legislation/implementing-and-delegated-acts/international-accounting-standards-regulation_en.

The condensed consolidated half-year financial statements ("consolidated financial statements") were prepared in accordance with IAS 34 "Interim Financial Reporting", as adopted by the European Union. The condensed half-year consolidated financial statements do not include all the notes and disclosures required under IFRS for annual consolidated financial statements and should therefore be read in conjunction with the 2023 consolidated financial statements, in light of the specificities involved in preparing interim condensed consolidated financial statements described below.

1.2 IFRS standards, amendments and interpretations applied by the Group

The condensed consolidated financial statements were prepared using the same accounting policies and methods used to prepare the 2023 consolidated financial statements.

1.3 IFRS standards, amendments and interpretations applicable from January 2024 and not early adopted by the Group

- Amendments to IAS 1 "Presentation of Financial Statements: Non-current Liabilities with Covenants", dealing with the classification of loans with covenants (applicable from 1 January 2024).
- Amendments to IFRS 16 "Leases: Lease Liability in a Sale and Leaseback", dealing with the method to be used by the seller-lessee to measure a sale and leaseback transaction after the transaction date.
- Amendment to IAS 7 "Statement of Cash Flows" and IFRS 7 "Financial Instruments: Disclosures", clarifying the disclosures to be made in notes to financial statements in respect of supplier financing arrangements.

Analysis of the impact of the application of these standards and amendments is under way.

1.4 Presentation of the financial statements

The Group's consolidated financial statements are prepared on a historical cost basis except for assets and liabilities recognised at fair value in accordance with IFRS 9 (see note 9.3 "Financial assets and liabilities"). Current assets and liabilities are assets and liabilities held for use or sale as part of the normal operating cycle (less than one year). A current liability is an obligation that is expected to be settled within a short period of time as part of the normal operating cycle.

The consolidated financial statements are presented in thousands of euros.

Particularities specific to the preparation of the interim financial statements

a. Income tax

For interim financial statements, income tax expense (both current and deferred) is calculated for each tax entity by applying an estimated average annual tax rate to accounting profit for the period.

b. Employee benefits

Employee benefits for interim periods are calculated on the basis of actuarial measurements carried out at the end of the previous year. These measurements are adjusted where applicable to take into account plan curtailments, liquidations and other significant non-recurring events during the period. In addition, the amounts recognised in the statement of financial position for defined benefit plans are adjusted where applicable to take into account significant changes that have impacted the yield on bonds issued by blue chip companies in the relevant area (the benchmark used to determine discount rates), as well as the value and yield of plan assets.

Critical accounting estimates and judgements

To prepare the consolidated financial statements, the Group applies estimates and judgements that are regularly updated and that are based on historical experience and other factors, including expectations of future events deemed reasonable in view of the circumstances. For items subject to assumptions and estimates, the results of the sensitivity tests on accounting values with regard to the main assumptions are disclosed in the relevant notes.

In preparing the financial statements, the Group made significant estimates and judgements on the following items:

a. <u>Business combinations (notes 2 and 5.1)</u>

For acquisitions, pursuant to IFRS 3 "Business Combinations", the Group measures at fair value the assets acquired (in particular operating licences) and the liabilities assumed.

Liabilities, contingent price consideration and options related to commitments to purchase non-controlling interests are measured on the basis of information or situations existing at the date the financial statements are prepared (medium-term business plan), which may prove to be different from actual outcomes.

Changes in the fair value of liabilities corresponding to options (NCI puts) are recognised in shareholders' equity.

b. <u>Goodwill, intangible assets and property, plant and equipment (note 5)</u>

At the level of each CGU, the value in use of intangible assets and property, plant and equipment is derived from the Group's internal valuations, based on the medium-term business plans. The main assumptions used in these valuations (medium-term growth rate, discount rate, margin and perpetuity growth rate) are estimated by the Group.

The discount rates and long-term growth rates are determined by the Group with assistance from an independent expert. The carrying amounts of assets are reviewed at least annually and whenever events or circumstances indicate that they may be impaired. Such events and circumstances may be the result of material adverse changes of a lasting nature that affect either the business environment or the assumptions or objectives used at the last reporting date.

c. <u>Leases (note 5.5)</u>

Pursuant to IFRS 16, lease liabilities are determined using a lease term on property leases that corresponds to the non-cancellable period plus any renewal options the Group is reasonably certain to exercise.

The Group has elected not to apply the exemption for identifiable low-value leases signed in France and Germany in relation to work clothing, or the short-term exemption for medical equipment in these two countries.

d. Classification of the CVAE tax

The Group has reviewed the accounting treatment of French CVAE tax on corporate added value in light of IFRS. According to its analysis, the CVAE meets the definition of an income tax as set out in IAS 12.2 "Income taxes based on taxable profits".

1.5 Going concern

The financial statements have been prepared on a going concern basis.

The Group's liquidity stood at €515 million at 30 June 2024, including €90 million in net proceeds from the Reserved Capital Increase.

The net proceeds from the Capital Increase with Preferential Subscription Rights amounting to some €234 million were received on 5 July 2024.

In accordance with the Group's contractual commitments, the balance of the real estate bridge loan was repaid in advance of term, in mid-July 2024, in an amount of €175 million.

Following completion of the capital increases, and taking account of the anticipated cash requirements over the period, Clariane has sufficient working capital to meet its obligations over the next 12 months. After repayment of its forthcoming maturities, the net proceeds of the capital increases and the Group's cash will enable Clariane to meet the minimum liquidity condition of €300 million to renew its revolving credit facility (RCF) on 3 November 2024, if necessary.

At 30 June 2024, and for a period of at least 12 months, the Group's liquidity is ensured by:

- the reserved capital increase carried out on 12 June 2024 and the capital increase with preferential subscription rights carried out on 5 July;
- the financing structure currently in place, including in particular the syndicated loan for which the renegotiation of an "amend an extend" agreement was finalised in July 2023 (the term tranche of €500 million was due to expire in May 2024), and the drawdown by the Group on 3 November 2023 of its revolving credit facility (RCF) for €500 million for a period of six months amid deteriorating market conditions and access to financing. On 3 May 2024, the RCF was renewed for a period of six months (expiring on 3 November 2024) for an amount of €492.5 million;

The Group is also actively pursuing the final part of its plan to strengthen its financial position, which it announced on 14 November 2023.

Note 2: Significant events of the period

2.1 Financing

Update on the Group's Refinancing Plan

On 14 November 2023, Clariane announced a €1.5 billion four-stage plan to strengthen the Group's financial structure, aimed at addressing the tougher conditions it faces in refinancing its upcoming debt maturities (the "Refinancing Plan").

Stages completed in 2023

The Group completed the first two stages of its Refinancing Plan in December 2023, namely:

- the formation – in conjunction with Crédit Agricole Assurances via its subsidiary Prévoyance Dialogue du Crédit Agricole ("Predica") – of the Gingko real estate partnership, raising €140 million on 15 December 2023, followed by the Juniper real estate partnership, raising €90 million on 28 December 2023 (this €90 million was repaid to Crédit Agricole Assurances in April 2024 when Clariane completed the sale of its operations in the United Kingdom);
- the arrangement and drawdown of the €200 million real estate-backed bridge term loan with Caisse Régionale de Crédit Agricole Mutuel de Paris et d'Île de France (CADIF), LCL and Crédit Agricole Corporate and Investment Bank (CACIB) (see "Capital increases" section below).

The other stages of the Refinancing Plan, corresponding to (i) the capital increases (see "Capital increases" section below) and (ii) the programme for disposals of operating and real estate assets as well as capital partnerships aimed notably at creating a leaner geographical presence, with expected gross proceeds of approximately €1 billion (see "Asset disposal programme" section below), are described in the following paragraphs.

Capital increases

In connection with the third stage of the Refinancing Plan, on 17 May 2024, the Group announced two capital increases totalling around €328 million and consisting of:

- a capital increase of around €92.1 million reserved for HLD[6], Flat Footed[7] and Leima[8] (the "Reserved Capital Increase"); and
- a subsequent capital increase with preferential subscription rights for existing shareholders representing a maximum of approximately €236 million, carried out in accordance with the second resolution adopted by the Combined General Meeting on 26 March 2024 (the "Capital Increase with Preferential Subscription Rights").

These capital increases were preceded by a €5 reduction in the par value of Clariane SE's shares to €0.01 on 25 April 2024. As a result of this operation, at that date, Clariane SE's share capital was reduced to €1,069,692.29, comprising 106,969,229 fully paid-up shares, all of the same class, with a par value of €0.01 each. This amount was allocated to a restricted share premium account, in accordance with the decision of the Board of Directors pursuant to the first resolution of the General Meeting of 26 March 2024.

Reserved Capital Increase

The Reserved Capital Increase, which was approved in principle by more than 98% of the Company's shareholders present or represented at the General Meeting held on 10 June 2024, was carried out on 12 June 2024.

The gross amount of the Reserved Capital Increase, including the issue premium, totalled €92,099,997.60, corresponding to the issue of 35,423,076 new shares with a par value of €0.01, issued at a unit subscription price of €2.60. The costs associated with the capital increase were charged to share premiums in the amount of €2.1 million. The Reserved Capital Increase was subscribed for approximately €74.1 million by the HLD Europe investment group, for

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[6] HLD subscribed to the Reserved Capital Increase via Ker Holding, a limited liability company (*société à responsabilité limitée*) incorporated under the laws of Luxembourg, whose registered office is at 9b boulevard Prince Henri L1724 Luxembourg (Grand Duchy of Luxembourg), registered with the Luxembourg Trade and Companies Registry under number B286532.

[7] Flat Footed subscribed to the Reserved Capital Increase via the funds (i) Flat Footed Series LLC – Fund 4, a limited liability company incorporated under the laws of the United States, having its registered office at Flat Footed Series LLC, Attn: CSC, 251 Little Falls Dr, Wilmington, DE 19808, United States, registered in the State of Delaware under number #6688169, (ii) FF Hybrid LP, a limited partnership incorporated under the laws of the United States, having its registered office at FF Hybrid LP, Attn: CSC, 251 Little Falls Dr, Wilmington, DE 19808, United States, registered in the State of Delaware under number #6101493, and (iii) GP Recovery Fund LLC, a limited liability company incorporated under the laws of the United States, having its registered office at GP Recovery Fund LLC, Attn: Cogency Global Inc, 850 New Burton Rd, Suite 201, Dover, Kent County, DE 19904, United States, registered in the State of Delaware under number #3776227.

[8] Leima Valeurs subscribed to the Reserved Capital Increase via Leima Valeurs a.s., a company incorporated under Czech law, whose registered office is located at Opletalova 1284/37, ZIP Code, 110 00 Prague 1, Czech Republic, registered in Prague under number B 28659/MSPHH.

approximately €15 million by the Flat Footed fund and for approximately €3 million by the Leima Valeurs fund.

HLD, Flat Footed and Leima Valeurs have agreed to hold the shares subscribed to under the Reserved Capital Increase for a period of 18 months after the 12 June settlement date for the new shares, subject to certain customary exceptions.

Capital Increase with Preferential Subscription Rights

The Capital Increase with Preferential Subscription Rights, carried out pursuant to the resolutions approved at the Combined General Meeting on 26 March 2024, was completed on 5 July 2024.

The gross amount of the Capital Increase with Preferential Subscription Rights (including the share premium) was €237,083,186.16, resulting in the issue of 213,588,456 new shares (the "New Shares") at a subscription price of €1.11 per share.

Following the subscription period which ended on 28 June 2024, total demand amounted to approximately €397 million, representing a subscription rate of 167.5%:

- 202,555,365 New Shares were subscribed on an irreducible basis (*à titre irréductible*), representing approximately 94.8% of the shares to be issued;
- applications for shares on a reducible basis (*à titre réductible*) concerned 155,109,132 new shares and were consequently only partially allocated, with 11,033,091 new shares allocated based on a coefficient of 0.090410327 calculated according to the number of rights tendered in support of subscriptions on an irreducible basis without resulting in the allocation of fractions of new shares or in the allocation exceeding the number of applications received for new shares on an irreducible basis.

In accordance with their subscription commitments (detailed in the prospectus on the Capital Increase with Preferential Subscription Rights), and following the process of allocating orders on a reducible basis as part of the Capital Increase with Preferential Subscription Rights, as far as the Company is aware, Crédit Agricole Assurances (via its subsidiary Predica), HLD Europe, Flat Footed and Leima Valeurs each subscribed to the following:

- Predica: 62,639,751 new shares (i.e., approximately 29.3% of the total amount of the Capital Increase with Preferential Subscription Rights);
- HLD: 51,992,418 new shares (i.e., approximately 24.3% of the total amount of the Capital Increase with Preferential Subscription Rights);
- Flat Footed: 24,805,624 new shares (i.e., approximately 11.6% of the total amount of the Capital Increase with Preferential Subscription Rights);
- Leima Values: 12,032,370 new shares (i.e., approximately 5.6% of the total amount of the Capital Increase with Preferential Subscription Rights).

In addition, investors other than Predica, HLD, Flat Footed and Leima Valeurs subscribed to 62,118,293 new shares for a total subscription amount of €68,951,305.23, representing approximately 29.1% of the total amount of the Capital Increase with Preferential Subscription Rights.

Further to the Capital Increase with Preferential Subscription Rights for existing shareholders, Clariane's share capital comprises 355,980,761 shares, each with a par value of €0.01, representing total share capital of €3,559,807.61.

Crédit Agricole Assurances through its subsidiary Predica, along with HLD, Flat Footed and Leima Valeurs, each undertook not to increase their respective stake in the Group’s share capital (held directly or indirectly, alone or in concert) beyond 29.99% of the share capital (or beyond 29.99% of the voting rights for Crédit Agricole Assurances through its subsidiary Predica) of the Group (subject to certain customary exceptions), for a period of 12 months in the case of Crédit Agricole Assurances/Predica and 36 months in the case of HLD, Flat Footed and Leima Valeurs following the settlement date of the new shares on 5 July 2024.

Crédit Agricole Assurances through its subsidiary Predica, along with HLD, Flat Footed and Leima Valeurs each agreed to a lock-up commitment in respect of the new shares for a period commencing on the date of approval by the AMF of the prospectus relating to the Capital Increase with Preferential Subscription Rights and expiring 90 calendar days following the settlement date of the New Shares on 5 July 2024, subject to certain customary exceptions. The Clariane Group also gave an undertaking to the banking syndicate to refrain from issuing any new shares for a period commencing on the date of approval by the AMF of the prospectus relating to the Capital Increase with Preferential Subscription Rights and expiring 180 calendar days after the settlement date of the New Shares on 5 July 2024, subject to certain customary exceptions.

Crédit Agricole Assurances (via its subsidiary, Predica), HLD, Flat Footed and Leima Valeurs have undertaken not to act in concert.

The net proceeds of the capital increases, representing approximately €324 million, were allocated as follows: €175 million to the early repayment of the outstanding real estate-backed bridge term loan and approximately €149 million to strengthening the Group's liquidity.

Following completion of the capital increases, and taking account of the anticipated cash requirements over the period, Clariane has sufficient working capital to meet its obligations over the next 12 months. After repayment of its forthcoming maturities, the net proceeds of the capital increases and the Group's cash will enable Clariane to meet the minimum liquidity condition of €300 million to renew its revolving credit facility (RCF) on 3 November 2024, if necessary.

Asset disposal programme

The fourth and final stage of the Refinancing Plan announced by the Group on 14 November 2023 is a programme for disposals of operating and real estate assets as well as capital partnerships aimed in particular at creating a leaner geographical presence, with expected gross proceeds of approximately €1 billion.

The Group launched this asset disposal programme in the first quarter of 2024, and to date has secured around 40% of the sales provided for in the programme, through:

- the disposal of its 50% stake in a real estate portfolio in the Netherlands to its partner Aedifica for a sale value of around €25 million;
- the disposal of all its operating and real estate activities and assets in the United Kingdom to Elevation Healthcare Property, a UK investment fund specialising in retirement and healthcare real estate, managed by Elevation Advisors LLP, for a gross sale value of GBP 207 million (approximately €243 million). The real estate assets sold were part of the "Juniper" real estate partnership signed with Predica (press release dated 28 December 2023). Predica subscribed to €90 million worth of bonds issued by Clariane & Partenaires Immobilier 5 ("CPI 5"), redeemable in CPI 5 preferred shares (the "ORAs"). Crédit Agricole Assurances, through its subsidiary Predica, was fully reimbursed for the €90 million following the sale of these UK assets in April 2024. The net disposal proceeds from this transaction will be used to repay around €100 million of the Group's outstanding debt contracted at the level of Clariane SE, in line with the mandatory early repayment clauses provided for in the Group's syndicated loan agreement, and the real estate bridge loan put in place at the end of 2023, without having a significant impact on the Group's financial leverage;
- the disposal (currently in progress) of the Group's hospital home care and home community nursing services activities in France, announced on 6 May 2024, for which the employee representative bodies concerned issued a favourable opinion on 14 May 2024 and for which a sale agreement subject to conditions precedent, in particular relating to the transfer of administrative authorisations by the competent health authorities, was signed on 29 May 2024.

Following these transactions, the Group has secured around 40% of its disposal programme to date. The progress of this programme has mainly resulted in the recognition to date of a loss of around €40 million on the disposal of the UK business, for which a provision was set aside in the 2023 consolidated financial statements.

The Group is actively working on several disposal scenarios to ensure that it achieves its target of €1 billion in gross proceeds from disposals by the end of 2025. Depending on the differences that may be observed between market values and values in use, some transactions could result in capital losses, in addition to the capital losses recognised in the 2023 financial statements.

Renewal of the revolving credit facility

Readers are reminded that in a press release dated 14 November 2023, following the publication of the Group's third-quarter revenue on 24 October 2023, the sharp fall in its share price, triggered by the revised leverage target for 31 December 2023 (increased from 3.5x to 3.8x), caused concern among some financial partners, jeopardising the completion of the two real estate partnership projects under negotiation, which were slated for completion by the end of 2023. In light of this situation, the Group drew down its revolving credit facility (RCF) lines on 3 November 2023 in an amount of €500 million for a period of six months.

On 3 May 2024, Clariane announced that it had renewed the drawdown of its RCF for a period of six months (expiring on 3 November 2024) for an amount of €492.5 million, in accordance with the terms of the agreement signed in 2019 and extended on 25 July 2023.

In addition to the customary conditions, the Group points out that any renewal of the drawdown of its RCF line for €492.5 million, which could next take place on its maturity date of 3 November 2024 for a maximum period of six months, is subject to a minimum liquidity level of €300 million on the day of the renewal, which includes the RCF drawn down.

Also, given the timing of the capital increases and the fact that they were interdependent, and in view of the asset disposal programme currently in progress, Clariane was granted a temporary waiver in respect of its syndicated loan agreement – applicable only to the calculation of the leverage ratio at 30 June 2024 – under which consolidated net debt as defined in the initial agreement is reduced by the net proceeds of the capital increases, provided that these proceeds are received within 30 days of the end of the relevant covenant period[9].

At 30 June 2024, in application of this temporary waiver, the net debt taken into account to calculate the leverage ratio for the purposes of the leverage covenant was reduced by €234 million, corresponding to the net proceeds of the Capital Increase with Preferential Subscription Rights received on 5 July 2024.

Furthermore, the syndicated loan agreement subject to the financial covenant was amended on 17 June 2024, with consolidated EBITDA as defined in the initial agreement henceforth including EBITDA from disposal groups classified as held for sale and recognised in accordance with IFRS 5.

Consequently, a negative €7.9 million in EBITDA (excluding IFRS 16) for the Group's Les Essentielles assisted living business was included in the EBITDA figure used for calculating the covenant ratio at end-June 2024.

[9]This waiver has no effect on the calculation of the leverage ratio used in the syndicated loan to determine the mandatory early repayments, and in particular those applicable to the proceeds of asset disposals taking place during the second half of 2024.

2.2 Changes in the scope of consolidation

At 30 June 2024, in addition to the parent company Clariane SE, the consolidation scope included 659 fully consolidated companies and five equity-accounted companies (see note 6 “Equity-accounted investments”). The number of consolidated companies was 703 at 31 December 2023.

By the end of June 2024, the Group had completed more than a quarter of the asset disposal programme announced on 14 November 2023 as part of the plan to strengthen its financial structure. Details of progress on the various stages of this Refinancing Plan are provided in note 2.1 “Financing” above. To date, the Group has completed around 40% of its disposal programme.

In 2022, the Group had also initiated the sale of its Les Essentielles assisted living facilities in France in light of developments in this business and the medium-term business plan. In the same year, the Group terminated its partnership in the assisted living residences business in Italy and converted its Como assisted living facility into a long-term care nursing home. In 2023, the Group sold four of its assisted living facilities in the first quarter. The net profit from its remaining assisted living facilities is shown separately under “Net profit/(loss) from discontinued operations” in the income statement (see note 2.3 “Material information on significant changes in scope”). On 26 June 2024, Clariane announced that it had sold its Les Essentielles assisted living business in France, to Odalys, a Duval group subsidiary. The transaction concerns the operation of 18 facilities. Odalys is absorbing all of the business' teams, and is assuming all of the commitments related to the scope concerned, including lease obligations. The sale is in line with the Group's strategy of reducing and focusing its investments on its three core businesses, namely Long-term Care, Specialty Care and Community Care solutions (see note 2.3 “Material information on significant changes in scope”– "Assets held for sale" section). This transaction is not included in the programme of disposals of operating and real estate assets and capital partnerships for an expected amount of around €1 billion in gross proceeds from disposals included in the plan to strengthen the financial structure announced on 14 November 2023.

2.3 Material information on significant changes in scope

Impact on cash of acquisitions and disposals of subsidiaries and joint ventures as well as changes in consolidation method

In thousands of euros	First-half 2024	First-half 2023
Purchase price of subsidiaries [A]	**(7,328)**	**(179,191)**
Cash out/cash in [B]	(38,525)	(156,961)
Remainder to be disbursed/cashed in [C] = [A] - [B]	**31,197**	**(22,230)**
Disposal price [D]	197,114	(338)
Cash acquired [E]	836	4,135
Cash divested [F]	(2,498)	(58,101)
IMPACT OF CHANGES IN SCOPE [G] = [E] + [F] + [B] + [D]	**156,927**	**(211,265)**

At 30 June 2024, the impact on cash of changes in scope related to acquisitions of subsidiaries and joint ventures was a negative €37.7 million, and the impact on cash of changes in scope related to disposals of subsidiaries and joint ventures was €194.6 million.

The subsidiaries acquired and sold during the period (excluding those identified as held for sale at end-December 2023 – see "Assets held for sale" section below) are not individually material.

Assets held for sale

In accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", assets or disposal groups held for sale within the meaning of the standard are presented on a separate line in the statement of financial position.

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. These assets are classified as held for sale only if their sale is highly probable within 12 months, if they are available for immediate sale, management has a committed plan to sell the assets and sufficient progress has been made in the sale process. In assessing whether a sale is highly probable, the Group takes into account, in particular, indications of interest and offers received from potential buyers, as well as the performance risks specific to certain transactions.

If assets or disposal groups held for sale represent a separate major line of business within the meaning of IFRS 5, they are presented as discontinued operations. When a business activity is classified as a discontinued operation, the comparative income statement and cash flow statement are restated as if the activity had met the criteria of a discontinued operation as of the start of the comparative period. Discontinued operations are presented on a single line on the face of the consolidated income statement. This line item, “Net profit/(loss) from discontinued operations”, includes the net profit after tax of operations sold or being sold up to the date of disposal.

At 30 June 2023, the Group presented separately the net profit from its assisted living facilities business on the "Net profit/(loss) from discontinued operations" line of the income statement. This business was sold in the first half of 2024 (see note 2.2 "Changes in the scope of consolidation"). These operations held for sale generated a loss of around €23.6 million at 30 June 2024, broken down into €10 million in operating losses for the period, similar to the losses recorded in previous half-year periods, and a disposal loss of €13.6 million.

At 30 June 2024, the Group no longer had any assets held for sale representing a separate major line of business within the meaning of IFRS 5, but the Group is actively pursuing its asset disposal programme and several disposal scenarios to ensure that it reaches its target of generating €1 billion in gross proceeds from disposals by the end of 2025.

The change in net profit/(loss) from discontinued operations (after tax) comprises the following:

In thousands of euros	**First-half 2024**	**First-half 2023**
Revenue	**14,595**	**11,536**
Other income		
Revenue and other income	**14,595**	**11,536**
Purchases used in the business	(2,673)	(2,603)
Payroll expenses	(6,042)	(6,166)
External expenses	(5,230)	(4,213)
Taxes and duties	(615)	(119)
Other operating income and expenses	(418)	700
EBITDA	**(383)**	**(865)**
Depreciation/amortisation and impairment	(6,000)	(6,450)
Other income and expenses	(1,075)	2,560
Operating income	**(7,458)**	**(4,753)**
Net financial expense	**(2,643)**	**(1,573)**
Pre-tax income/(loss)	**(10,101)**	**(6,327)**
Income tax	(103)	(286)
Profit/(loss) from discontinued operations	**(10,204)**	**(6,613)**
Profit/(loss) from equity-accounted companies	0	0
Net disposal gain/(loss) from discontinued operations	**(13,380)**	
Net profit/(loss) from discontinued operations	**(23,584)**	**(6,613)**

The change in cash flow of discontinued operations includes the following:

In thousands of euros	First-half 2024	First-half 2023
Net profit/(loss) from discontinued operations attributable to owners of the Group	**(10,204)**	**(6,613)**
Net cash from operating activities – Discontinued operations	1,398	6,606
Net cash from financing activities – Discontinued operations	2,818	8,169
Net cash used in investing activities – Discontinued operations	(1,276)	(8,204)
CHANGE IN CASH AND CASH EQUIVALENTS	**(7,264)**	**(43)**
Cash and cash equivalents at start of period	7,264	(125)
Cash and cash equivalents at end of period	0	(168)
CHANGE IN CASH AND CASH EQUIVALENTS	**(7,264)**	**(43)**
CHANGE IN CASH AND CASH EQUIVALENTS RELATED TO DISPOSALS	**(2,544)**	

On 6 May 2024, Clariane announced that it had received a put option agreement from Fondation Santé Service and that it had granted an exclusivity undertaking with a view to selling its hospital home care and home community nursing services (HAD/SSIAD) activities in France (see note 2.1 "Financing" – "Asset disposal programme" section). This agreement follows a bidding process involving several players in the sector. The activities sold by the Clariane Group represent eight hospital home care facilities, including two in the Île-de-France region, and three nursing home care service agencies. They employ 309 people (full-time equivalent) and generated around €46.5 million in revenue in 2023. On 14 May 2024, the planned sale of these activities was approved by the employee representative bodies. A sale agreement subject to conditions precedent, notably relating to the transfer of administrative authorisations by the competent health authorities, was signed on 29 May 2024. This transaction forms part of the plan to strengthen the Group's financial structure announced on 14 November 2023, which includes a programme of disposals of operating and real estate assets, as well as capital partnerships, for an expected amount of around €1 billion in gross proceeds from disposals, designed to reduce its debt and financial leverage. All the net proceeds from the sale will be used to pay down the Group's debt.

Since the Group does not consider this disposal group to represent a separate major line of business within the meaning of IFRS 5, it is presented within continuing operations.

In 2023, Clariane had also initiated the sale of its operating assets in the United Kingdom along with its interest in a real estate portfolio in the Netherlands to its partner Aedifica, also as part of the plan to strengthen the Group's financial structure. Since the Group does not consider these disposal groups to represent a separate major line of business within the meaning of IFRS 5, they were shown within continuing operations at end-2023. All its operating and real estate activities and assets in the United Kingdom were sold to Elevation Healthcare Property, a UK investment fund specialising in retirement and healthcare real estate, managed by Elevation Advisors LLP, for a gross sale value of GBP 207 million (approximately €243 million). The real estate assets sold were part of the "Juniper" real estate partnership signed with Predica (press release dated 28 December 2023). The full net proceeds from this sale, after repayment of (i) the real estate debt lodged in the United Kingdom for GBP 38 million and (ii) the GBP 90 million in bonds redeemable in shares subscribed by Predica and backed by these real estate assets, was used to pay down approximately €100 million of the Group's outstanding debt, with no material impact on financial leverage. An impairment loss of €41.5 million was recorded in the 2023 financial statements in respect of this transaction, corresponding to the difference between the sale price and the acquisition value of the assets as recognised in Clariane's financial statements, principally driven by the unfavourable trend in real estate capitalisation rates since the acquisition of these operating assets in the United Kingdom. The €39.5 million loss on this disposal is in line with the provision and therefore had no material impact on Clariane's earnings in 2024.

The Clariane Group’s 50% stake in a real estate portfolio in the Netherlands was also sold during the first half of the year to its partner Aedifica for a total sale value of around €25 million (see note 2.2 “Changes in the scope of consolidation”). A provision for impairment was recognised in the 2023 consolidated financial statements in respect of this transaction, in an amount of €4.5 million. The €5.5 million loss on this disposal in first-half 2024 is in line with the provision and therefore had no material impact on Clariane's earnings in 2024.

Assets

In thousands of euros	**30.06.2024**	**31.12.2023**
Goodwill	40,000	69,276
Intangible assets	5,256	168
Property, plant and equipment	2,215	307,173
Right-of-use assets	613	98,656
Non-current financial assets	57	13
Equity-accounted investments		
Deferred tax assets	79	14,374
Non-current assets	**48,220**	**489,660**
Inventories	463	308
Trade receivables and related accounts	6,118	4,872
Other receivables and current assets	994	18,249
Current tax receivables	7	4
Financial instruments with a positive fair value		(810)
Cash and cash equivalents	71	9,180
Assets held for sale	539	
Current assets	**8,192**	**31,803**
Assets held for sale	**56,412**	**521,463**
o/w Les Essentielles	**-**	*139,212*
o/w HAD/SSIAD	***55,873***	-
o/w Aedifica	**-**	*31,276*
o/w United Kingdom	**-**	*340,118*
o/w Belgium	***539***	*10,857*

Liabilities		
In thousands of euros	**30.06.2024**	**31.12.2023**
Provisions for pensions	286	63
Deferred tax liabilities	1,157	35,629
Other provisions	369	255
Borrowings and financial debt	198	44,089
Non-current lease liabilities	400	107,366
Other non-current liabilities		
Non-current liabilities	**2,410**	**187,402**
Current provisions	44	
Trade payables and related accounts	4,249	27,458
Other payables and accruals	4,681	37,402
Current tax payables	139	295
Current borrowings and bank overdrafts	37	1,033
Current lease liabilities	235	13,530
Financial instruments with a negative fair value		
Current liabilities	**9,385**	**79,718**
Liabilities related to assets held for sale	**11,795**	**267,120**
o/w Les Essentielles	**-**	*132,088*
o/w HAD	***11,795***	-
o/w Aedifica	**-**	*15,377*
o/w United Kingdom	**-**	*119,655*

Note 3: Segment reporting - EBITDAR - Working capital

3.1 Operating sectors

IFRS 8 requires the disclosure of segment-based information on the components of the Group, as reviewed and measured by the Group's management. These components (operating segments) are identified on the basis of internal reports that are regularly reviewed by the Group's operational management when deciding to allocate resources to these sectors and when assessing their performance.

The Clariane Group is organised into five operating segments: France, Germany, Belgium and Netherlands, Italy and Spain.

The Group's operational management monitors the indicators shown in the table below, and revenue and EBITDAR in particular.

EBITDAR, which is calculated based on the Group's income and expenses from ordinary operations, measures the Group's operating performance. This indicator is used in the industry to exclude the impact of real estate policies when assessing operating performance.

The Group's revenue for each segment has a similar profile in that it is derived from similar types of services, customers and contracts.

Operating segments – first-half 2024 *In thousands of euros*	Total	France	Germany	Benelux[1]	Italy	Spain & UK[2]
Revenue and other income	2,636,004	1,172,639	617,837	385,465	320,026	140,037
EBITDAR	557,217	256,676	121,540	82,306	69,739	26,956
	21.1%	*21.9%*	*19.7%*	*21.4%*	*21.8%*	*19.2%*

Reconciliation of EBITDAR to operating income for first-half 2024

In thousands of euros	
EBITDAR	**557,217**
Lease expenses	(38,879)
EBITDA	**518,338**
Depreciation/amortisation, impairment and provisions	(362,603)
Other income and expenses	(34,181)
Operating income	**121,554**

(1) Includes €74.5 million of revenue in the Netherlands.

(2) The Group divested its activities in the United Kingdom in April 2024, see note 2.1.

Operating segments – first-half 2023 *In thousands of euros*	Total	France	Germany	Benelux[1]	Italy	Spain & UK
Revenue and other income	2,484,822	1,096,007	572,982	367,878	311,519	136,436
EBITDAR	520,192	248,615	102,861	79,114	64,905	24,697
	20.9%	*22.7%*	*18.0%*	*21.5%*	*20.8%*	*18.1%*

Reconciliation of EBITDAR to operating income for first-half 2023

In thousands of euros	
EBITDAR	**520,192**
Lease expenses	(38,176)
EBITDA	**482,017**
Depreciation/amortisation, impairment and provisions	(337,482)
Other income and expenses	(23,005)
Operating income	**121,529**

(1) Includes €64.3 million of revenue in the Netherlands.

3.2 Revenue and other income

Clariane is organised around three main business units: Long-term Care, Specialty Care and Community Care. Revenue consists primarily of services in connection with health care, dependency care, accommodation and hospitality services. Revenue from these services is recognised when these services have been delivered, regardless of the source of payment.

Revenue and other income totalled €2,636 million for the year to 30 June 2024, an increase of €151 million compared to the previous period.

Other income chiefly corresponds to Ségur de la Santé financing for the medical, post-acute and rehabilitation care business in an amount of €7.9 million (Ségur Senior financing is included in revenue). The year-on-year decrease in this item is attributable to the fact that from 2024, healthcare fees incorporate around half of the amount that was previously included in Ségur de la Santé financing.

Revenue and other income from each business activity are shown below:

In thousands of euros	First-half 2024	First-half 2023
Care Homes	1,617,934	1,539,597
Healthcare	680,351	658,581
Alternative living solutions	337,719	286,643
TOTAL	**2,636,004**	**2,484,821**

3.3 Other current operating data

Purchases used in the business correspond mainly to purchases of raw materials, energy and various supplies, which increased by €17.4 million during the period, including a portion owing to higher energy costs.

External expenses consist mainly of fees and other remuneration paid to various intermediaries for €47.4 million, rental expenses under leases outside the scope of IFRS 16 for €38.9 million (see note 5.5 "Lease commitments"), upkeep and maintenance costs for €20.9 million, and subcontracting costs totalling €29.3 million.

"Depreciation/amortisation, impairment and provisions" includes (i) €341.8 million of depreciation and amortisation, of which €216.8 million related to depreciation charged against right-of-use assets and (ii) impairment and provisions in an amount of €20.8 million.

3.4 Other operating income and expenses

These items represent the impact of major events during the accounting period that could distort the interpretation of the Group's performance, particularly of EBITDAR (Earnings Before Interest, Taxes, Depreciation, Amortisation and Rent), which is the Group's preferred indicator for financial reporting purposes.

To facilitate the interpretation of operating performance, these income and expense items are presented separately in the income statement.

They mainly consist of:

- capital gains and losses on the disposal of investments, and significant and unusual impairment of non-current assets (property, plant and equipment and intangible assets);
- transaction costs for the period;
- certain restructuring or merger expenses, consisting mainly of restructuring costs that, because of their unusual nature and size, would distort operating income from ordinary operations (impact of real estate asset refinancing transactions and disposals carried out in connection with merger and acquisition transactions);
- other income and expenses such as provisions for material litigation.

In thousands of euros	First-half 2024	First-half 2023
Reorganisation, restructuring and other costs	(20,932)	(15,880)
Acquisition and growth project costs	(13,249)	(7,125)
TOTAL OTHER INCOME AND EXPENSES	**(34,181)**	**(23,005)**

Other income and expenses mainly include:

- €20.9 million in restructuring, reorganisation and other costs, mainly related to project terminations, non-recurring building costs, notably €3.2 million in France and €2 million in Germany, costs associated with site closures, including in Belgium for €7.3 million, as well as restructuring costs related to organisational changes within the Group's network, in particular in France for €4 million, Spain for €2 million and Germany for around €1 million;
- €13.2 million in acquisition and development costs, corresponding chiefly to costs associated with the Group’s Refinancing Plan launched on 14 November 2023, and mainly reflecting asset disposals during the period (see note 2.1. “Significant events of the period”).

3.5 Working capital

Current assets

a) Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of inventories of raw materials, goods for resale, personal protective equipment and other supplies consists of the purchase price excluding taxes, less discounts, rebates and other deductions obtained, plus incidental purchasing costs (transport, unloading charges, customs duties, purchasing commissions, etc.). These inventories are measured using the first-in first-out (FIFO) method.

In thousands of euros	30.06.2024	31.12.2023
Inventories	30,269	32,587
Impairment	(4,776)	(4,290)
NET VALUE	**25,493**	**28,297**

b) Receivables

Trade and other receivables are recognised at their nominal value, i.e., the fair value at the date of initial recognition.

An impairment loss is recognised as from the date of initial recognition of the receivable as required by IFRS 9. The level of provisioning depends both on the level of loss experienced in previous years and on the risk assessment performed on the receivables in each of the countries in which the Group operates.

In thousands of euros	30.06.2024	31.12.2023
Trade receivables	666,377	610,357
Impairment	(47,470)	(45,191)
NET VALUE	**618,907**	**565,166**

In accordance with IFRS 9, the Group's impairment rules for trade receivables depend on the sector, country and nature of the receivable.

Some receivables in certain countries, such as Italy and Germany, are more than four years old. In these countries, debts owed by residents are collected through dunning and court-ordered enforcement. As an execution order is valid for several years, and in many cases the Group must wait until a resident's former home is sold, receivables more than four years past due have not been written off.

Transfer and use of financial assets

As part of its financing policy, the Group has factoring agreements that allow a portion of trade receivables held by certain subsidiaries to be sold to a group of financial institutions. These transactions transfer substantially all the risks and rewards related to those receivables.
The risks and rewards test required under IFRS 9 has led the Group to derecognise almost all of the receivables assigned under these factoring contracts.

The receivables assigned by the Italian subsidiaries are sold at their nominal value less an initial charge of 0.3% to 0.6%, which is recognised in "Other expenses", to which interest at the Euribor rate plus a margin is added and recorded as a financial expense.

The Group's strategy has been implemented in Italy with *pro soluto* factoring. At 30 June 2024, assigned receivables derecognised and not yet collected by the factoring company represented €48.2 million, or 31% of current flows assigned and derecognised over the past twelve months. At 31 December 2023, this amount represented €43.7 million, i.e., 15% of the current amounts assigned and derecognised during the period.

Quarterly breakdown of receivables assigned under pro soluto factoring arrangements *In thousands of euros*	**First-half 2024**	**First-quarter 2024**	**Second-quarter 2024**
Receivables assigned	158,633	69,045	89,588
Receivables collected	156,953	68,758	88,195
Fees for the management and collection of assigned receivables	(834)	(357)	(477)
Corresponding financial expense	(1,473)	(579)	(894)
Profit/(loss) on assignment	**(2,307)**	**(936)**	**(1,371)**
NET CASH RECEIVED	**154,646**	**67,822**	**86,824**

c) Other receivables and currents assets

Other receivables and current assets consist of the following:

In thousands of euros	**30.06.2024**	**31.12.2023**
Tax receivables, excluding current taxes	182,155	162,785
Social security receivables	17,314	24,023
Advances and down payments	6,093	70,667
Prepaid expenses	64,084	47,262
Other debtors	281,404	323,581
Other receivables and current assets in working capital	**551,050**	**628,318**
Receivables on disposals and acquisitions of non-current assets	49,296	63,146
Impairment of other receivables	(20,486)	(24,126)
VALUE OF OTHER RECEIVABLES	**579,860**	**667,338**
Deposits and guarantees	1,645	1,679
Other non-current financial assets	1,300	36
VALUE OF OTHER CURRENT FINANCIAL ASSETS	**2,945**	**1,715**
TOTAL OTHER RECEIVABLES AND CURRENT ASSETS	**582,805**	**669,054**

The countries accounting for most of the "Other receivables and current assets" line are France (€400 million), Germany (€69 million) and Italy (€46 million).

d) Trade payables, other payables and accruals

Trade and other payables are recognised at historical cost (which is the amortised cost).

In thousands of euros	**30.06.2024**	**31.12.2023**
Trade payables	562,831	649,190
TOTAL TRADE PAYABLES AND RELATED ACCOUNTS	**562,831**	**649,190**

From an operational standpoint, the main contributors to trade payables are Italy (€205 million), France (€190 million), Germany (€77 million) and Belgium (€67 million).

In thousands of euros	**30.06.2024**	**31.12.2023**
Residents' deposits	65,869	64,941
Advances and down payments made on orders	65,193	78,896
Non-corporate income tax liabilities	171,765	159,886
Payroll liabilities	359,954	364,133
Other liabilities	196,995	121,837
Deferred income	36,190	26,477
Total payables and accruals in working capital	**895,966**	**816,170**
Payables to suppliers of non-current assets	89,005	104,494
Dividends payable	(182)	694
TOTAL OTHER PAYABLES AND ACCRUALS	**984,789**	**921,356**

From an operational standpoint, the main contributors to other payables and accruals are France (€650 million), Belgium (€117 million), Germany (€86 million) and Italy (€73 million).

Change in working capital

Working capital includes the following items:

In thousands of euros	**31.12.2023**	Changes in scope	Change in working capital	Other changes	**30.06.2024**
Inventories [A]	32,587	4	(1,899)	(423)	30,269
Trade receivables and related accounts [B]	610,357	2,190	55,776	(1,946)	666,377
Other receivables and current assets [C]	628,318	(161)	(74,332)	(2,775)	551,050
Trade payables and related accounts [D]	649,190	7,209	(130,860)	37,292	562,831
Other payables and accruals [E]	816,170	(2,130)	96,914	(14,988)	895,966
Working capital [F] = [D] + [E] - [A] - [B] - [C]	**194,098**	**3,046**	**(13,491)**	**27,448**	**211,101**

The Group excludes tax receivables and payables and investment-related receivables and payables from its calculation of working capital. Working capital is based on the gross value of inventories and receivables.

Note 4: Employee expenses and benefits

4.1 Staff costs

In thousands of euros	First-half 2024	First-half 2023
Wages and salaries	1,131,822	1,091,710
Payroll taxes	341,670	323,249
Compulsory employee profit sharing	4,160	4,002
Free share awards	524	3,517
Other payroll expenses	100,850	97,800
TOTAL	**1,579,026**	**1,520,278**

Staff costs rose by 3.9% in the first six months of the year, but declined as a proportion of revenue to 59.9% in first-half 2024 from 61.2% in the prior-year period.

4.2 Employee benefits

Pension costs for interim periods are calculated on the basis of actuarial valuations carried out at the end of the previous year.

4.3 Employee share ownership plan

In 2022, the Group set up a leveraged employee share ownership plan that offers employees the possibility to purchase the Group's shares at a discounted price. To calculate the IFRS 2 expense used to measure the employee benefit, the Group adjusts the amount of the discount granted to employees on the share subscription price in accordance with the following two factors:

- the cost of the five-year "lock-in", or non-transferability period, that applies to the shares granted to employees. This cost takes into account the five years during which the shares may not be sold or otherwise transferred, and is equivalent to the cost of a two-step investment strategy in which a market participant sells the shares at the end of the five-year period and borrows the amount necessary to buy an equivalent number of immediately transferable shares, this being financed by means of the forward sale of the shares and the dividends paid during the lock-in period. This cost is calculated on the basis of the following factors:
  - the share subscription price is the volume-weighted average price of Clariane shares over the 20 previous trading days, less a discount,
  - the award date of the rights under the plan is the date on which employees are informed of its specific terms and conditions, and of the share subscription price in particular,
  - the lending rate offered to employees, which is used to determine the non-transferability cost of the shares, is the rate that a bank would offer to an individual with an average risk profile for a balloon-payment consumer loan with a term equal to the duration of the plan;

- the opportunity gain offering employees the possibility of benefiting from the same market conditions as the Group.

No new employee share ownership plans have been set up by the Group since 2023.

4.4 Share-based payments

In accordance with IFRS 2, share-based payments – such as free shares granted to employees and officers – are expensed over the vesting period.

The Clariane Group has set up free share plans which are considered to be equity-settled within the meaning of IFRS 2 (plans settled by the delivery of Clariane shares at the end of the vesting period), for which an expense is recognised with a corresponding increase in equity. For these plans, the fair value of the equity instruments granted is the Clariane share price at the grant date less the expected dividends over the vesting period. The number of equity instruments granted may be reviewed during the vesting period to account for anticipated non-compliance with "non-market related" performance conditions or the turnover rate of the beneficiaries,

The fair value of IFRS 2 plans was determined by an external expert using valuation models that take into account the plan's specific characteristics, market data observed at the grant date and certain assumptions by the Group's management. Fair value is assessed twice a year, at 30 June and 31 December, taking into account changes in the probability of meeting the various conditions specific to each plan.

Outstanding free share plans with performance conditions (excluding the "Growth share plan")

For all free share plans subject to performance conditions, the shares are awarded to certain employees who are members of General Management and corporate officers. Vesting of these shares is subject to a service condition (continued employment by the Group throughout the vesting period) and, for certain plans, that the following performance targets are achieved:

- for the "2021 plan": 2023 revenue, Clariane's share price compared to the SBF 120 index over two reference periods, 2023 earnings per share and CSR criteria (percentage of women in top management, number of qualifying training paths and reduction in carbon emissions); The shares granted under the "2021 Plan" (with and without performance conditions) vested on 15 March 2024 and resulted in the allocation of 140,693 new shares to the beneficiaries of these plans;
- for the "2022 plan": 2024 revenue, 2024 earnings per share and CSR criteria (lost-time accident frequency rate and satisfaction rate among residents/patients and their families);

- for the "2023 plan": 2025 revenue, 2025 earnings per share, the composite indicator on quality and safety of care[10] and CSR criteria (percentage of women in top management and reduction in carbon emissions).

Outstanding free share plans with no performance requirements

In 2021, 2022 and 2023, three plans with no performance conditions were also granted to several employees identified as high potential employees and key resources for the Group, and to specific medical functions.

"Growth share plan"

Lastly, a special free share plan was set up in 2021 for the managers of new business activities, subject to the achievement of specific 2024 revenue and 2024 EBITDA targets for these new activities. Shares allocated under this plan vest in 2025.

In millions of euros	2021 free share plan #1	2021 free share plan #2	2021 free share plan #3	2022 free share plan #1	2022 free share plan #2	2023 free share plan #1	2023 free share plan #2	Total
A. Plan characteristics								
Terms of grant	Free	Free	Free	Free	Free	Free	Free	
Subject to service conditions	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
Subject to performance conditions	No	Yes	Yes	No	Yes	No	Yes	
Vesting date	15-Mar-24	15-Mar-24	15-Mar-25	22-Jun-25	22-Jun-25	15-Jun-26	15-Jun-26	
Number of shares outstanding	78,150	352,116	107,000	102,778	531,702	150,500	799,100	**2,121,346**
Accounting expense for 2021 excluding payroll taxes	0.36	1.22	0.22	N/A	N/A	N/A	N/A	**1.81**
Accounting expense for 2022 excluding payroll taxes	0.52	1.06	(0.07)	0.21	0.85	N/A	N/A	**2.56**
Accounting expense for 2023 excluding payroll taxes	0.42	1.94	0.11	0.42	0.40	0.14	0.42	**3.86**
Accounting expense for first-half 2024 excluding payroll taxes	(0.15)	(0.11)	0.27	0.21	0.11	0.14	0.11	**0.57**
Accounting expense for 2024 excluding payroll taxes (provisional)	(0.15)	(0.11)	0.35	0.42	0.45	0.27	0.36	**1.59**
B. Change in number of shares outstanding								
Number of shares initially granted	61,478	348,247	132,000	114,972	639,438	161,000	897,400	**2,354,535**
Number of shares cancelled in 2021	2,084	23,451	0	0	0	0	0	**25,535**
Number of shares cancelled in 2022	4,168	25,535	5,000	0	15,391	0	0	**50,094**
Number of shares cancelled in 2023	6,252	20,326	0	6,968	34,557	5,250	20,200	**93,553**
Number of shares cancelled in 2024	9,378	28,958	20,000	5,226	57,788	5,250	78,100	**204,700**
NUMBER OF SHARES VESTED	**38,554**	**102,139**	**0**	**0**	**0**	**0**	**0**	**140,693**
NUMBER OF SHARES OUTSTANDING	**39,596**	**249,977**	**107,000**	**102,778**	**531,702**	**150,500**	**799,100**	**1,980,653**
C. IFRS 2 valuation								
Share price at the grant date	30.5	30.5	30.5	14.83	14.83	7.51	7.51	
Expected volatility	N/A	33.50%	N/A	N/A	N/A	N/A	N/A	
Annual dividend	€0.30 in 2022 and 2023 €0.60 in 2024	€0.30 in 2022 and 2023 €0.60 in 2024	€0.30 in 2022 and 2023 €0.60 in 2024	€0.35 in 2022 €0.42 in 2023 €0.51 in 2024	€0.35 in 2022 €0.42 in 2023 €0.51 in 2024	€0.30 in 2023 €0.33 in 2024 €0.34 in 2025	€0.30 in 2023 €0.33 in 2024 €0.34 in 2025	
Risk-free interest rate	N/A	-0.71%	N/A	N/A	N/A	N/A	N/A	
IFRS 2 FAIR VALUE OF THE PLAN EXCLUDING PAYROLL TAXES	**1.15**	**4.11**	**0.65**	**1.25**	**2.01**	**0.80**	**1.51**	**11.48**
Equity-settled component	*1.15*	*4.11*	*0.65*	*1.25*	*2.01*	*0.80*	*1.51*	*11.48*
Cash-settled component	*0.00*	*0.00*	*0.00*	*0.00*	*0.00*	*0.00*	*0.00*	*0.00*

(*) Adjusted to account for Clariane's share issue with preferential subscription rights at the end of 2020.
(**) Dividends in respect of 2021 and 2022.

Note 5: Goodwill, intangible assets and property, plant and equipment

5.1 Goodwill

In accordance with IFRS 3, at the acquisition date, business combinations are recognised as follows:

[10] *Indicator created in 2022 and serving as a basis for measuring the Group's requirements in terms of quality of care.*

- the identifiable assets acquired and the liabilities assumed are measured at fair value at the acquisition date;
- non-controlling interests are measured either at fair value (i.e., with goodwill allocated to non-controlling interests – the "full goodwill method") or at the proportionate share of the fair value of the acquired entity's identifiable net assets (i.e., with no goodwill allocated to non-controlling interests – the "partial goodwill method"). This option may be decided individually for each business combination;
- acquisition costs are expensed when incurred and are recorded under "Gain/(loss) on acquisitions and disposals of consolidated entities" in the consolidated income statement;
- any earn-out payments on business combinations are recognised at fair value at the acquisition date. After the acquisition date, earn-outs are recognised at fair value at each reporting date. Beyond one year after the acquisition date, any change in this fair value is recognised in income. Within this one-year period, any changes in fair value explicitly linked to events subsequent to the acquisition date are also recognised in income. Other changes are recognised against goodwill.

At the acquisition date, goodwill is the difference between:

- the fair value of the consideration transferred, plus the amount of non-controlling interests in the acquiree and, where a business combination takes place in several stages, the fair value at the acquisition date of the acquirer's previously held equity interest in the acquiree, which is remeasured in the income statement; and
- the net fair value of identifiable assets acquired and liabilities assumed at the acquisition date, measured at fair value.

Goodwill is not amortised. In accordance with IAS 36 "Impairment of Assets", goodwill is tested for impairment at least once a year, and more frequently if there is evidence of impairment.

Change in goodwill

Changes in goodwill in the first half of 2024 are as follows:

In thousands of euros	30.06.2024	31.12.2023
Gross goodwill at start of period	**3,287,524**	**3,237,256**
Acquisitions	4,653	126,759
Final allocation of goodwill	3,097	(23,289)
Valuation of commitment to purchase non-controlling interests		
Disposals	(1,394)	
Reclassifications and other impacts	(952)	1,074
Assets held for sale	(40,000)	(54,276)
Gross goodwill at end of period	**3,252,928**	**3,287,524**
Impairment at start of period		
Impairment during the period		
Impairment at end of period		
Net goodwill at start of period	**3,287,524**	**3,237,256**
NET GOODWILL AT END OF PERIOD	**3,252,928**	**3,287,524**

In thousands of euros	Group	France	Germany	Benelux[1]	Italy	Spain & UK[2]
Net goodwill at start of period	**3,287,524**	**1,574,015**	**721,672**	**268,960**	**430,672**	**292,205**
Changes in scope	2,307	4,138	(1,815)	(16)		
Final allocation of goodwill	3,097					3,097
Impairment						
Assets held for sale	(40,000)	(40,000)				
NET GOODWILL AT END OF PERIOD	**3,252,928**	**1,538,153**	**719,857**	**268,944**	**430,672**	**295,302**

(1) Includes €75.4 million of goodwill in the Netherlands.
(2) The Group's activities in the United Kingdom were classified as held for sale a 31 December 2023 and were sold in April 2024, see note 2.1.

Most goodwill arises from the recognition of licences, real estate developments and leases. The changes in this item in first-half 2024 are mainly attributable to:

- in France: the impact of classifying all the hospital home care and home community nursing services (HAD/SSIAD) activities in France as assets held for sale (see note 2.3 "Material information on significant changes in scope" – "Assets held for sale" section);
- in Spain: the impact of the final allocation of the purchase price of Grupo 5.

At 30 June 2024, the Group tested its goodwill and carried out a performance review of each CGU. No impairment was recognised as a result of these reviews, and sensitivity to changes in interest rates (WACC and long-term growth rates) remained in line with that observed at 31 December 2023.

5.2 Intangible assets

In accordance with IFRS 3, at the date control of a subsidiary is acquired, the identifiable assets acquired and liabilities assumed are measured at fair value.

Measurement of intangible assets

Operating licences acquired (intangible assets) are measured at the acquisition date at their fair value, which is determined using a multi-criteria approach that takes into account the characteristics of the facility, such as its revenue multiple, and the cash flow forecast in the business plan for the acquisition.

In France, licences to operate nursing homes are granted for a period of 15 years, and those for follow-up care and rehabilitation clinics, along with mental health clinics, for a renewable period of seven years. Operating licences may only be revoked if the facility fails to comply with its regulatory operating obligations, and in particular with minimum standards of competence and care, as verified by assessment records and/or compliance visits. Therefore, "licences" are considered to be indefinite-lived and no amortisation is recognised in the consolidated financial statements.

In Germany, a licence granted by the government is not required to operate facilities, which are essentially subject to technical standards. Therefore, operating rights do not meet the definition of an identifiable intangible asset and accordingly are not recognised or included in goodwill.
In Belgium, the long-term care market is subject to substantial regulatory barriers to entry, with regulation at regional level, operating licence requirements, and price controls on accommodation rates. Licences are therefore recognised as intangible assets.

In Italy, national laws impose minimum structural requirements. Each region transposes these regulations at its particular level. Italian institutions are subject to supervision by the regulatory authorities under agreements entered into with those authorities.

In Spain, a government licence is not required to operate retirement facilities, which are essentially subject to technical standards. Therefore, operating rights do not meet the definition of an identifiable intangible asset. However, facilities may share beds with other facilities under a regional funding programme. In this specific case a licence is recognised, classified as an intangible asset, and then amortised over the duration of the concession granted by the region.

In the Netherlands, operating licences exist but they are not particularly difficult to obtain. However, when a facility has been opened, it may enter into a contract with a private health insurer and provide home care under the VPT regime. These contracts make it possible to charge higher rates and provide more services to residents. Accordingly, contracts of this type in existence at the acquisition date are therefore recognised and measured as intangible assets.

Impairment testing is conducted annually in accordance with the method described in note 1.4, in the section entitled "Goodwill, intangible assets and property, plant and equipment".

In thousands of euros	**Licences**	**Other**	**Total**
Gross value at start of period	**2,151,205**	**416,261**	**2,567,466**
Changes in scope	(2,201)	86	(2,115)
Disposals	(3,505)	(194)	(3,699)
Acquisitions	1,402	25,962	27,364
Transfers	(5,409)	3,846	(1,563)
Gross value at end of period	**2,141,492**	**445,961**	**2,587,453**
Amortisation and impairment at start of period	**25,151**	**199,318**	**224,469**
Changes in scope	0	90	90
Disposals	(3,505)	(109)	(3,614)
Amortisation and impairment	985	20,668	21,653
Transfers	110	(503)	(393)
Amortisation and impairment at end of period	**22,741**	**219,464**	**242,205**
Net carrying amount at start of period	**2,126,054**	**216,943**	**2,342,997**
NET CARRYING AMOUNT AT END OF PERIOD	**2,118,751**	**226,497**	**2,345,248**

Licences break down as follows for each operating segment:

In thousands of euros	**France**	**Benelux**(1)	**Italy**	**Spain & UK**(2)	**Total**
Gross value at start of period	1,426,944	227,406	435,915	60,940	2,151,205
Impairment at start of period	13,905	197	6,216	4,832	25,151
Net carrying amount at start of period	**1,413,039**	**227,209**	**429,699**	**56,108**	**2,126,054**
Gross value at end of period	1,416,034	227,406	436,514	61,538	2,141,492
Impairment at end of period	10,376	197	6,351	5,817	22,741
Net carrying amount at end of period	**1,405,658**	**227,209**	**430,163**	**55,721**	**2,118,751**

(1) Includes €9 million in the Netherlands.
(2) The Group divested its activities in the United Kingdom in April 2024, see note 2.1.

Changes in licences in France are mainly attributable to the classification of all the hospital home care and home community nursing services (HAD/SSIAD) as assets held for sale for €5.2 million (see note 2.3 "Material information on significant changes in scope" – "Assets held for sale" section), and to two other disposals during the first half of the year, for €5.7 million.
No single licence represents a material amount for the Group.

5.3 Property, plant and equipment

Property, plant and equipment are reported at their acquisition cost, less any investment subsidies. Property, plant and equipment acquired as part of a business combination are measured at fair value at the acquisition date.
Key components of a non-current asset that have a useful life that is shorter than that of the asset itself are identified so that they may be depreciated over their own useful life.

At each reporting date, the historical cost is reduced by accumulated depreciation and any provisions for impairment determined as described in note 1 of the 2023 consolidated financial statements, in the section entitled "Impairment of property, plant and equipment, intangible assets and goodwill".

<u>LEASES</u>

Since 1 January 2019, the Group has applied IFRS 16, which results in:

- the recognition of right-of-use assets and lease liabilities;
- the reclassification of assets and liabilities recognised under existing finance leases;
- the reclassification of incentives as a reduction of rights-of-use assets.

<u>Depreciation of property, plant and equipment</u>

Depreciation of property, plant and equipment is calculated using the straight-line method over the useful lives set out below.

Category	Useful life (years)	Method
Structures	60	Straight line
Construction components	7 to 30	Straight line
Machinery and equipment	5 to 15	Straight line
Other improvements, fixtures and fittings	3 to 5	Straight line
Medical equipment	2 to 10	Straight line
Other equipment and furniture	2 to 10	Straight line
Software	1 to 7	Straight line
Vehicles	5	Straight line

In thousands of euros	Land	Buildings	Plant, machinery and other property, plant and equipment	Assets in progress and down payments	Total
Gross value at start of period	**349,795**	**2,763,651**	**1,660,371**	**307,364**	**5,081,181**
Changes in scope	(1,042)	(14,117)	(2,274)	(597)	(18,030)
Disposals	(4,704)	(22,528)	(5,376)	(1,619)	(34,227)
Acquisitions	1,523	30,164	43,263	91,376	166,326
Transfers	4,113	31,343	30,531	(63,830)	2,157
Other	1,041	3,088	402	1	4,532
Gross value at end of period	**350,726**	**2,791,601**	**1,726,917**	**332,695**	**5,201,939**
Accumulated depreciation at start of period	**789**	**887,585**	**1,046,914**	**1,506**	**1,936,794**
Changes in scope	0	(950)	(2,183)	0	(3,133)
Additions	0	37,002	56,226	0	93,228
Disposals	(66)	(5,696)	(4,081)	(540)	(10,383)
Other	0	2,282	(1,862)	0	420
Accumulated depreciation at end of period	**723**	**920,223**	**1,095,014**	**966**	**2,016,926**
Net carrying amount at start of period	**349,006**	**1,876,066**	**613,457**	**305,858**	**3,144,386**
NET CARRYING AMOUNT AT END OF PERIOD	**350,003**	**1,871,378**	**631,903**	**331,729**	**3,185,013**

<u>Borrowing costs</u>

Pursuant to IAS 23, borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (in particular, buildings) are included in the cost of that asset. The rate used to calculate borrowing costs is the average cost of the Group's debt after hedging.

Borrowing costs totalled €0.8 million at 30 June 2024, versus €2.7 million at 31 December 2023.

5.4 Changes in cash flows in relation to acquisitions of non-current assets

Cash flows relating to acquisitions of property, plant and equipment and intangible assets are shown below:

In thousands of euros	First-half 2024	First-half 2023
Acquisitions of intangible assets	(21,441)	(15,609)
Change in payables on acquisitions of intangible assets	(694)	986
Acquisitions of property, plant and equipment	(163,104)	(262,977)
Change in payables on acquisitions of property, plant and equipment and other assets	28,943	1,053
INVESTMENTS IN PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS	**(156,296)**	**(276,547)**

5.5 Lease commitments

Right-of-use assets recognised include the value of the associated lease liabilities, to which the following may be added where appropriate:

- lease payments made before the asset is made available;
- the initial direct costs incurred to obtain the lease, less any incentives received.

Right-of-use assets are depreciated on a straight-line basis over the term of the lease.

Lease liabilities represent the present value of:

- future lease payments (these include payments that are fixed or fixed in substance and those pegged to an index or rate);
- any incentives receivable;
- amounts that Clariane expects to pay under residual value guarantees;
- the exercise price of asset purchase options that the Group is reasonably certain to exercise;
- as well as any penalties that may be required to terminate the lease.

The Group recognises a weighted average lease term of 12 years.

The discount rates used are reviewed for each country at the end of each year and more frequently if necessary. These rates depend on the average incremental borrowing rate and average maturity for each country, as well as on the Group's leverage. The Group's average rate as of January 2024 is 4.94%. Real estate accounts for 99.7% of all leases. The remaining leases are for vehicles, power equipment, work clothes and medical equipment.

Payments on these exempted leases and variable payments continue to be recognised directly in operating expenses.

In thousands of euros	First-half 2024	First-half 2023
Short-term leases	(9,659)	(9,484)
Low value leases	(9,801)	(9,613)
Other lease expenses (fees and taxes)	(19,419)	(19,079)
Total	**(38,879)**	**(38,176)**

Change in right-of-use assets by category of underlying assets

In thousands of euros	
Right-of-use assets at 31 December 2022	**3,652,322**
Inflows of assets, net of renegotiations	290,617
Depreciation	(216,790)
Lease terminations	(8,300)
Changes in scope	8,801
Other changes	(39,007)
Right-of-use assets at 30 June 2024	**3,687,643**
- of which right-of-use real estate assets	*3,662,074*
- of which right-of-use non-real estate assets	*25,569*

Right-of-use assets at 30 June 2024 can be analysed by country as follows:

In thousands of euros	France	Germany	Belgium	Netherlands	Italy	Spain	Total
Right-of-use assets	1,182,879	1,100,755	879,998	286,333	176,067	61,611	**3,687,643**

Change in lease liabilities

In thousands of euros	
Lease liabilities at 31 December 2023	**4,022,885**
Present value of debt and new leases	290,617
Repayment of debt	(213,370)
Change in lease term/lease amount	(27,664)
Changes in scope	8,540
Other changes	1,659
Lease liabilities at 30 June 2024	**4,082,667**

Change in cash outflow on leases

In thousands of euros	First-half 2024	First-half 2023
Repayment of lease liabilities	(213,370)	(197,383)
Interest on lease liabilities	(66,299)	(56,428)
RENTAL EXPENSE UNDER LEASES	**(279,669)**	**(253,811)**

Maturity of lease liabilities at 30 June 2024

In thousands of euros	Total	Less than 1 year	1 to 5 years	More than 5 years
Lease liabilities	**4,082,667**	398,806	1,365,945	2,317,916

Maturity of undiscounted lease liabilities at 30 June 2024

In thousands of euros	Total	Less than 1 year	1 to 5 years	More than 5 years
Lease liabilities	**5,032,870**	500,541	1,735,252	2,797,077

The effect of discounting lease liabilities was a negative €950 million at end-June 2024.

Maturity of lease liabilities at 30 June 2024, discounted at the current rate

In thousands of euros	Total	Less than 1 year	1 to 5 years	More than 5 years
Lease liabilities	**3,668,858**	326,841	1,217,336	2,124,681

The effect of discounting lease liabilities at the 1 January 2024 rate was a negative €414 million at end-June 2024 compared with the historical rate used in the Group's 2023 consolidated financial statements.

Note 6: Equity-accounted investments

The respective contributions of associates and joint ventures to the statement of financial position at 30 June 2024 and 31 December 2023 and to the income statement for the years then ended are shown below:

In thousands of euros	Total at 30 June 2024	Vivason	Centro Clinico Colle Cesarano S.r.l.	Foncière A&V	Foncière A&V 2	SCI Korian Étoile Immobilier 3
Country		France	Italy	France	France	France
Percentage of shares held		**50%**	**30%**	**30%**	**30%**	**51%**
Statement of financial position						
Equity-accounted investments	**58,252**	18,625	743	22,854	4,363	11,666
Income statement						
Profit/(loss) from equity-accounted companies	**(580)**	-	(2)	(722)	143	2

In thousands of euros	Total at 31 Dec. 2023	Vivason	Centro Clinico Colle Cesarano S.r.l.	Foncière A&V	Foncière A&V 2	SCI Korian Étoile Immobilier 3
Country		France	Italy	France	France	France
Percentage of shares held		**50%**	**30%**	**30%**	**30%**	**51%**
Statement of financial position						
Equity-accounted investments	**58,831**	18,625	745	23,576	4,221	11,664
Income statement						
Profit/(loss) from equity-accounted companies	**(6,700)**	(119)	(12)	(4,533)	(1,730)	(305)

Note 7: Equity

There are no rights, privileges or restrictions attached to the shares that comprise the share capital. Nor are there any shares reserved for issue under share sale agreements or options.

On 15 March 2024, the Chief Executive Officer decided to draw up the definitive list of beneficiaries of these share plans, under which shares had been awarded on 24 February 2021, along with the final number of shares allocated to them under these two share plans. This decision was taken in accordance with the sub-delegation of powers granted by the Board of Directors on 28 February 2024 and after noting that 82 beneficiaries of the performance share plan and 37 beneficiaries of the share plan with no performance requirements had satisfied the service condition on 15 March 2024. The Chief Executive Officer therefore decided to increase Clariane's share capital by capitalising €703,465 from retained earnings to create 140,963 new ordinary shares, each with a par value of €5 for the beneficiaries.

Pursuant to the Board of Directors' decision to carry out a capital reduction for reasons other than losses by reducing the par value of existing shares and allocating the amount of the reduction to a restricted share premium account, and in accordance with the first resolution of the General Meeting of 26 March 2024, the share capital was reduced by €533,776,452.71 on 25 April, bringing Clariane SE's share capital to €1,069,692.29, comprising 106,969,229 fully paid-up *pari passu* shares, each with a par value of €0.01.

On 10 June 2024, following approval of the resolutions necessary for the completion of the reserved capital increase by more than 98% of shareholders present or represented at the Combined General Meeting, Clariane's Board of Directors decided to implement the delegation of authority granted by the Combined General Meeting of 10 June 2024 and to launch the reserved capital increase for a total cumulative amount including additional paid-in capital of €92,099,997.60 through the issue of 35,423,076 new shares at a price of €2.60 per share (of which €0.01 par value and €2.59 additional paid-in capital), the settlement of which took place on 12 June 2024. The costs associated with the capital increase were charged to share premiums in the amount of €2.1 million.

Further to the reserved capital increase, the Group's share capital amounted to €1,423,923.05, comprising 142,392,305 ordinary shares, each with a par value of €0.01.

This capital increase is part of the Group's Refinancing Plan announced on 14 November 2023 and detailed in note 2.1 "Financing" – "Update on the Refinancing Plan".

Share capital totalled €1,423,923.05 at 30 June 2024, comprising 142,392,305 fully paid-up *pari passu* ordinary shares, each with a par value of €0.01.

On 3 July 2024, Clariane announced the success of its capital increase with preferential subscription rights for existing shareholders, in accordance with the second resolution of the Combined General Meeting of 26 March 2024, which resulted in the issue of 213,588,456 new ordinary shares ("new shares"), to be subscribed in cash, at a subscription price of €1.11 per new share (i.e., €0.01 par value and €1.10 additional paid-in capital), representing a gross amount, including additional paid-in capital, of €237,083,186.16. Following this capital increase with preferential subscription rights for existing shareholders which was completed on 5 July 2024, Clariane's share capital comprises 355,980,761 shares, each with a par value of €0.01, representing total share capital of €3,559,807.61 (see note 13 "Events after the reporting date"). On 25 July 2023, Clariane announced that it had secured an extension to its syndicated term loan facility for €505 million. The documentation for this renewed syndicated facility stipulates that no dividends may be paid as long as financial leverage is above 3.5x, with distributions capped at 40% of net profit in any event. At 31 December 2023, financial leverage stood at 3.8x and no dividends will therefore be paid in respect of 2023.

Hybrid bonds

On 8 September 2021, the Group issued new undated unsubordinated bonds optionally redeemable in cash and/or in new and/or existing shares (ODIRNANE bonds), with cancellation of preferential subscription rights, for a nominal amount of €332.5 million. These bonds were issued with the following characteristics:

- a nominal value of €44.28 each, representing a conversion premium of 30.0% over the reference share price;
- interest due until 8 September 2026 at a fixed nominal annual rate of 1.875% paid half-yearly and initially on 8 March 2022;
- and as of 8 September 2026, interest at an annual rate equal to six-month Euribor plus 900 basis points, payable half-yearly in arrears on each interest payment date, and initially, if applicable, on 8 March 2027, unless interest payments are suspended.

At 30 June 2024, the applicable conversion ratio is 1,059 Clariane shares for 1 ODIRNANE bond.

In accordance with IAS 32, these hybrid financial instruments were recognised as equity instruments for an amount net of interest and issue costs of €321.6 million at 30 June 2024 (€324.3 million at 31 December 2023).

The ODIRNANE contract also provides for a 500-basis-point increase in the coupon if Clariane decides not to redeem the bonds following a change of control (defined as holding (i) the majority of the voting rights attached to the shares or if no Clariane shareholders hold a higher percentage, or (ii) more than 40% of these voting rights).

Placement of a GBP 200 million non-convertible green hybrid bond

On 8 June 2021, Clariane announced the successful placement of a GBP 200 million non-convertible hybrid green perpetual bond paying an initial coupon of 4.125%. In accordance with the terms and conditions of the issue, this coupon was increased to 13.168% on 15 June 2024 (based on the five-year gilt yield observed on that date plus 9.079%), for a period of five years from that date. The bond is redeemable at par, at the issuer's discretion, on 15 June each year (the anniversary date of the issue).

The proceeds of this green bond will be used to upgrade, purchase and develop real estate assets. The entire issue was recognised in equity.

OCEANE bonds

On 3 March 2020, Clariane announced the successful placement of its issue of bonds convertible into and/or exchangeable for new and/or existing shares (OCEANE) maturing in 2027 for a nominal amount of approximately €400 million.

The bonds were issued at par and their nominal value was set at €61.53 each, resulting in a conversion premium of 55% over the Company's reference share price.

The cancellation of 640,000 OCEANE bonds in the first half of 2022 reduced the nominal value to €360 million. The applicable conversion ratio is 1.168 Clariane shares for 1 OCEANE bond at 30 June 2024. In accordance with IAS 32, the cancellation of these OCEANE bonds reduced the fair value of the redemption option sold to holders to €30 million. The OCEANE contract provides holders with the option of requesting redemption of the instrument at par plus interest accrued to the redemption date in the event of a change of control (defined as holding (i) the majority of the voting rights attached to the shares or if none of the Company's shareholders holds a higher percentage, or (ii) more than 40% of these voting rights).

Real estate partnerships

The Group pressed ahead with its real estate strategy during the period, setting up long-term partnerships in the form of special-purpose vehicles holding its non-development assets. Based on an analysis of these partnerships in light of IFRS 10, Clariane was not found to control these vehicles.

At 30 June 2024, the Group formed part of the following real estate partnerships:

- the partnership entered into in 2020 with BNP Paribas Cardif and EDF Invest for a total of €336 million, representing 49% of the shares in the real estate vehicle, worth €1 billion. This partnership provides for the following:
  - a term of 15 years,
  - a guarantee for investors of a level of return between a specified floor and a cap. This means that if an investor exits with an IRR below the floor, Clariane will compensate the loss so that the investor's IRR is equivalent to the floor. Conversely, if the investor achieves an IRR higher than the cap, Clariane will receive the amount needed to return the investor's IRR to a level equivalent to the cap (the IRR cap may be increased in certain specific cases),
  - decisions on payouts of dividends and other issue premiums to be made annually by the parties. The annual remuneration anticipated in the business plan in the form of dividends is 4.5% on average over the term of the plan,
  - a non-transferability period of seven years, except in the case of unrestricted transfers provided for in the shareholders' agreement,
  - at the end of this period, an option for investors to sell their shares during two annual windows, subject to Clariane's right of first refusal,
  - if Clariane does not exercise its right of first refusal, or if Clariane's offer is rejected by the seller, the seller may appoint an investment bank to organise a sale process,
  - a tag-along right for investors in the event of the sale of shares in the vehicle by Clariane,
  - an obligation for investors to sell their shares in the vehicle (drag-along) if Clariane receives an offer for 100% of its shares,
  - unwinding of the vehicle after 14 years, through the sale of investors' shares or, failing that, the sale of portfolio assets,
  - Clariane has the majority of seats on the Supervisory Board and unanimous decisions are considered to be protective rights for investors;
- The partnership entered into in 2021 with BAE Systems Pension Funds for a total of €98 million, also representing 49% of the shares in the real estate vehicle, worth €320 million. This partnership provides for the following:
  - a term of 15 years,
  - a guarantee for investors of a level of return between a specified floor and a cap. This means that if an investor exits with an IRR below the floor, Clariane will compensate the loss so that the investor's IRR is equivalent to the floor. Conversely, if the investor achieves an IRR higher than the cap, Clariane will receive the amount needed to return the investor's IRR to a level equivalent to the cap (the IRR cap may be increased in certain specific cases),

- decisions on payouts of dividends and other issue premiums to be made annually by the parties. The annual remuneration anticipated in the business plan in the form of dividends is 4.5% on average over the term of the plan,
- a non-transferability period of seven years, except in the case of unrestricted transfers provided for in the shareholders' agreement,
- at the end of this period or if the Company is delisted, an option for investors to sell their shares once a year, subject to Clariane's right of first refusal,
- if Clariane does not exercise its right of first refusal, or if Clariane's offer is rejected by the seller, the seller may appoint an investment bank to organise a sale process,
- a tag-along right for investors in the event of the sale of shares in the vehicle by Clariane,
- an obligation for investors to sell their shares in the vehicle (drag-along) if Clariane receives an offer for 100% of its shares,
- a purchase option for Clariane, between the tenth and the fourteenth anniversary of the transaction,
- unwinding of the vehicle after 14 years, through the sale of investors' shares or, failing that and in certain cases, the sale of portfolio assets,
- Clariane has the majority of seats on the Supervisory Board and unanimous decisions are considered to be protective rights for investors;

- The real estate partnership entered into with Amundi Immobilier, Covéa, Crédit Agricole Assurances and Malakoff Humanis in June 2023 covers a pan-European portfolio of 46 assets located in France (13 assets), Italy (13), Spain (9 assets), Germany (7 assets) and the Netherlands (4 assets), representing a value of around €500 million, and is around 40%-leveraged in the financial statements as at 31 December 2023. The partners hold around 42% of the capital, for a total investment of €120 million. The amounts released by the investors at closing were used to repay intra-group current account receivables, mainly generated when the vehicle was set up. This partnership provides for the following:
  - a term of 15 years,
  - a guarantee for investors of a level of return between a specified floor and a cap. This means that if an investor exits with an IRR below the floor, Clariane will compensate the loss so that the investor's IRR is equivalent to the floor. Conversely, if the investor achieves an IRR higher than the cap, Clariane will receive the amount needed to return the investor's IRR to a level equivalent to the cap (the IRR cap may be increased in certain specific cases),
  - decisions on payouts of dividends and other issue premiums to be made annually by the parties. The partners' projected annual remuneration in the form of dividends is 5% over the term of these business plans;
  - a non-transferability period of eight years applicable to the shares, except in the case of unrestricted transfers provided for in the shareholders' agreement,

- at the end of this period, an option for investors to sell their shares during two annual windows (a single window for the partnership with BAE Systems Pension Funds), subject to Clariane's right of first refusal;
- if Clariane does not exercise its right of first refusal, or if Clariane's offer is rejected by the seller, the seller may appoint an investment bank to organise a sale process; - a tag-along right for investors in the event of the sale of shares in the vehicle by Clariane;
- an obligation for investors to sell their shares in the vehicle (drag-along) if Clariane receives an offer for 100% of its shares,
- a call option for Clariane, between the tenth and fourteenth anniversaries of the transaction, at a price enabling each investor to achieve a defined IRR;
- unwinding of the vehicle after 14 years, through the sale of investors' shares or, failing that, the sale of portfolio assets,
- Clariane has the majority of seats on the supervisory board and unanimous decisions are considered to be protective rights for investors;

- in the event of a delisting or a takeover bid for the Company's shares (unless the Company is ultimately controlled by the Covéa group, the Crédit Agricole Assurances group, the Malakof Humanis group and/or the Amundi group), end of the non-transferability period, early exercise of the Clariane call option or early launch of the fourteenth-year vehicle unwinding mechanism.
- The real estate partnership entered into with Predica in December 2023 for €140 million as part of the Refinancing Plan announced on 14 November 2023, covering 19 French assets representing a gross asset value of €263.6 million, excluding transfer duties. Predica subscribed to €140 million worth of bonds issued by Korian & Partenaires Immobilier 12 ("KPI 12"), redeemable in KPI 12 preferred shares (the "ORAs"). This partnership provides for the following:
  - a return of 10.5% per annum for Predica, increased by 2.5% assuming capitalisation of interest due,
  - redemption of the French ORAs in preferred shares at maturity, i.e., seven years after their issuance,
  - an additional return of 5% per annum for Predica as from the redemption of the French ORAs in preferred shares,
  - an option for Clariane to redeem the French ORAs from Predica at any time during the six years and ten months following their issuance,
  - a seven-year ban on the transfer of KPI 12 securities for Predica and Clariane, and a ten-year ban on pledging KPI 12 securities,
  - an option for Predica to leave the vehicle from the seventh year, with a right of priority in favour of Clariane,

- if Clariane fails to exercise its right of priority, an option for Predica to launch a process for the sale of all or part of the vehicle (assets or securities) from the seventh year, with the possibility of appointing a Deputy Chief Executive Officer to lead this sale and a priority transfer of the proceeds of the sale to Predica,
- power of Clariane over key decisions,
- restrictive events of default or early redemption, including in particular non-compliance with certain key provisions of the agreements, leading to accelerated redemption of the French ORAs in KPI 12 preferred shares and a right for Predica to buy back KPI 12 shares or assets at a discount.

As part of the Refinancing Plan announced on 14 November, at the end of December 2023 the Group entered into a real estate partnership with Predica for €90 million, covering 11 UK assets with a gross value of around €227 million, excluding transfer duties. Predica subscribed for €90 million in bonds issued by Clariane & Partenaires Immobilier 5 ("CPI 5"), redeemable in CPI 5 preferred shares (the "ORAs"), with a five-year maturity and a fixed coupon of 8.0%. Crédit Agricole Assurances, through its subsidiary Predica, was fully reimbursed for the €90 million following the sale of these UK assets in April 2024 (see note 2.1 “Financing” – “Asset disposal programme” section).

Overall, the Group's real estate portfolio, valued at €2,672 million, is 71%-held under partnerships through the various holding structures described above.

Development partnership with Banque des Territoires

In June 2023, Clariane signed a new partnership with Banque des Territoires to support the development of its healthcare network in France. Under this new partnership, Banque des Territoires acquired a 49% stake in the capital of an investment vehicle, with Clariane holding the remaining 51%. Five projects in France have been identified for the first phase, representing a target investment of around €150 million over a four-year period. The Group exercises joint control over this investment vehicle. The business plan for the vehicle and any investments are subject to the agreement of all investors. At the end of June 2024, this investment vehicle had equity of €21.9 million. This partnership provides for the following:

- a term of 15 years,
- decisions on payouts of dividends and other issue premiums to be made annually by the parties,
- a non-transferability period of eight years applicable to the shares, except in the case of unrestricted transfers provided for in the shareholders' agreement,
- at the end of this period, an option for the partners to leave the vehicle during two annual windows, with the other partner then having a preferential right to buy the shares held by the

selling party. If beneficiaries do not exercise their preferential right, any sale to a third party must be approved by the General Meeting,

- a tag-along right for each party in the event of a sale of shares in the vehicle by the other party,
- an option for Clariane to purchase Banque des Territoires shares in 2031 and 2032, then in 2035 and 2036.

Note 8: Earnings per share

Earnings per share are calculated by dividing the Group's consolidated net profit by the weighted average number of shares outstanding during the period.
Diluted earnings per share are calculated assuming the exercise of all existing dilutive options and using the "share buyback" method defined in IAS 33 "Earnings per share".

In light of the attributable net loss for first-half 2024 and in accordance with IAS 33 "Earnings per Share", potential performance shares to be distributed are not taken into account in calculating the weighted average number of shares in issue due to the anti-dilutive effect.

	First-half 2024	First-half 2023
Net profit/(loss) attributable to owners of the Group (in thousands of euros)	(52,257)	1,208
Net profit/(loss) from continuing operations attributable to owners of the Group (in thousands of euros)	(28,673)	7,820
Weighted average number of shares outstanding (in thousands)	110,238	317,584
EARNINGS/(LOSS) PER SHARE (in euros)	**(0.47)**	**0.00**
EARNINGS/(LOSS) PER SHARE FROM CONTINUING OPERATIONS (in euros)	**(0.26)**	**0.02**
Net profit/(loss) attributable to owners of the Group (in thousands of euros)	(52,257)	1,208
Net profit/(loss) from continuing operations attributable to owners of the Group (in thousands of euros)	(28,673)	7,820
Remuneration of dilutive equity instruments	-	(3,116)
Weighted average number of shares outstanding (in thousands)	110,238	317,584
Average number of shares relating to stock options and free shares	1,691	1,451
Average number of shares relating to hybrid and OCEANE bonds	14,797	23,298
Restatement of anti-dilutive shares	(16,488)	-
Average number of shares used to calculate diluted earnings/(loss) per share	**110,238**	**342,333**
DILUTED EARNINGS/(LOSS) PER SHARE (in euros)	**(0.47)**	**(0.01)**
DILUTED EARNINGS/(LOSS) PER SHARE OF CONTINUING OPERATIONS (in euros)	**(0.26)**	**0.01**

Note 9: Financing and financial instruments

9.1 Net financial expense

Net financial expense consists of cost of net debt and other financial items.

Cost of net debt consists of interest expense on bank and bond debt, costs related to hedging, interest capitalised in accordance with IAS 23, the impact of amortising capitalised issuance costs and amortisation impacts related to the renegotiation and restructuring of debt and hedging instruments.

Other financial items are primarily bank fees and charges paid (including factoring expenses), the interest cost on employee benefits and financial expenses in relation to the recognition of right-of-use assets under leases.

In thousands of euros	**First-half 2024**	**First-half 2023**
Cost of gross debt	**(93,251)**	**(72,244)**
Cost of hedging	12,590	24,014
Cost of net debt	**(80,661)**	**(48,230)**
Bank fees and commissions	(6,625)	(2,813)
Financial expenses on lease liabilities	(69,055)	(56,803)
Other financial income and expenses	8,429	5,830
Other financial income and expense	**(67,251)**	**(53,786)**
NET FINANCIAL EXPENSE	**(147,912)**	**(102,016)**

Net financial expense amounted to €147.9 million in the first half of 2024, compared with €102 million for the same year-ago period, reflecting the lower contribution from interest rate hedges following the €14.8 million gain recognised in the first half of 2023 linked to the unwinding of a portion of the Group's hedges that were considered ineffective, and the cost of the bridge financing put in place to ensure the Group's liquidity pending the disposals and capital increases that were finalised in July 2024.

9.2 Net debt

Net debt consists of gross debt less liquid financial assets, i.e., marketable securities and cash.

In thousands of euros	**30.06.2024**	**31.12.2023**
Borrowings from credit institutions and financial markets	2,492,658	2,582,887
Real estate debt owed to financial counterparties (excluding IFRS 16)	1,751,692	1,911,767
Other miscellaneous financial debt	37,270	26,830
Bank overdrafts	4,080	10,563
Borrowings and financial debt (A)	**4,285,700**	**4,532,047**
Marketable securities	66,165	81,985
Cash at bank and at hand	449,030	595,894
Cash and cash equivalents (B)	**515,195**	**677,879**
NET DEBT (A) - (B)	**3,770,505**	**3,854,168**

The Group's gross debt at 30 June 2024 breaks down as follows:

- a syndicated bank loan comprising a term tranche of €436.5 million due in May 2026, and a revolving tranche of €492.5 million, on which the amount currently drawn falls due on 4 November 2024;
- bonds placed with private investors and borrowings from credit institutions for a total amount of €1,564 million;
- real estate debt of €1,752 million, consisting mainly of leases and bank loans used for bridge finance;
- other miscellaneous financial debt of €37.3 million;
- bank overdraft facilities totalling €4.1 million.

The reduction in gross debt over the period is attributable to the repayment of scheduled maturities and to early repayments of other debt further to the sale of all the operating and real estate activities and assets in the United Kingdom to Elevation Healthcare Properties (see note 2 "Significant events of the period").

The Group continues to carry debt granted by the European Investment Bank, the sole purpose of which is to finance Ages & Vie, which was equity-accounted in 2023. At 30 June 2024, the Group also had a receivable on similar terms with Ages & Vie for €72.2 million, presented under non-current assets. Including this receivable, the Group's net debt represented €3,698 million. This amount was the reference net debt used to calculate operating leverage under the syndicated loan signed by the Group with its banking partners on 25 July 2023.

At 30 June 2024, the Group's net cash position stood at €515 million, excluding bank overdrafts, and debts secured by *in rem* security interests, such as pledges, mortgages and finance leases, accounted for 28.8% of gross debt.

Change in borrowings

In thousands of euros	31.12.2023	New borrowings	Repayments of borrowings	Changes in scope	Other	30.06.2024	Current	Non-current
Borrowings	4,471,627	50,789	(298,857)	(6,020)	22,832	4,240,371	1,084,766	3,155,605
Compulsory employee profit sharing	45					45		45
Other loans and similar liabilities	49,813	177,799	(37,605)	(132,855)	(15,948)	41,204	39,937	1,267
Bank overdrafts	10,563				(6,483)	4,080	4,080	
TOTAL BORROWINGS AND FINANCIAL DEBT	**4,532,048**	**228,588**	**(336,462)**	**(138,875)**	**401**	**4,285,700**	**1,128,783**	**3,156,917**

In thousands of euros	New borrowings in 2024	Cash	Non-cash	Repayments of borrowings in 2024	Cash	Non-cash
Borrowings	50,789	(88,621)	139,410	(298,857)	(293,252)	(5,605)
Other loans and similar liabilities	177,799	134,856	42,943	(37,605)	(5,023)	(32,582)
TOTAL BORROWINGS AND FINANCIAL DEBT	**228,588**	**46,235**	**182,353**	**(336,462)**	**(298,275)**	**(38,187)**

Floating and fixed-rate financial debt

At 30 June 2024, 46% of the Group's gross financial debt was at floating rates.

In thousands of euros		30.06.2024	31.12.2023
Fixed rate	54%	2,330,163	2,353,285
Floating rate	46%	1,955,537	2,178,762
TOTAL		**4,285,700**	**4,532,047**

Financial debt by maturity

Financial debt excluding lease liabilities by maturity

In thousands of euros	30.06.2024	31.12.2023
Less than 1 year	1,129,070	1,037,472
Short-term financial debt	**1,129,070**	**1,037,472**
1 to 5 years	2,313,247	2,510,026
More than 5 years	843,383	984,549
Long-term financial debt	**3,156,630**	**3,494,575**
TOTAL	**4,285,700**	**4,532,047**

Financial debt excluding short-term lease liabilities by type

In thousands of euros	1 July 2024 to 30 June 2025
Real estate debt owed to financial counterparties	347,496
Bonds placed with private investors and debts placed with credit institutions	247,483
Other miscellaneous financial debt and bank overdrafts	41,591
Short-term repayments	**636,570**
Revolving credit facility (rollover in November 2024)	492,500
Total short-term financial debt	**1,129,070**

Financial debt including lease liabilities by maturity

In thousands of euros	30.06.2024	31.12.2023
Less than 1 year	1,527,876	1,450,357
Short-term financial debt	**1,527,876**	**1,450,357**
1 to 5 years	3,679,192	3,854,582
More than 5 years	3,161,299	3,249,993
Long-term financial debt	**6,840,491**	**7,104,575**
TOTAL	**8,368,367**	**8,554,932**

Financial debt including undiscounted lease liabilities by maturity

In thousands of euros	30.06.2024	31.12.2023
Less than 1 year	1,629,611	1,525,856
Short-term financial debt	**1,629,611**	**1,525,856**
1 to 5 years	4,048,499	4,128,917
More than 5 years	3,640,460	3,690,071
Long-term financial debt	**7,688,959**	**7,818,988**
TOTAL	**9,318,570**	**9,344,844**

At 30 June 2024, the full drawdown on the syndicated RCF facility fell due on 3 May 2024 and was rolled over for six months in an amount of €492.5 million. The RCF facility matures in May 2026.

Bank covenants at 30 June 2024

The Group's €929 million syndicated loan, including, at 30 June 2024, a term tranche of €436.5 million (after repayment of €118.5 million in the first half of 2024) and the €492.5 million RCF (after repayment of €7.5 million in first-half 2024), as well as the €200 million real estate-backed bridge term loan taken out with Caisse Régionale de Crédit Agricole Mutuel de Paris et d'Île-de France, LCL and Crédit Agricole Corporate and Investment Bank in December 2023 (€175 million outstanding at 30 June 2024), is subject to a financial covenant on the leverage ratio.

These two contracts are also subject to a loan-to-value (LTV) covenant calculated at the level of the Group and set at 65%.

	Clariane ratio	Maximum ratio authorised at 30 June
Contractual leverage*	3.6x	<4.5x
LTV ratio under the terms of the contracts**	63%	≤65%

* (Consolidated net debt [excl. IFRS 16] - real estate debt)/(EBITDA [excl. IFRS 16] -5.8% × real estate debt), with real estate debt restated for receivables from non-consolidated real estate vehicles.
** (Real estate debt / value of real estate portfolio), with real estate debt restated for receivables from non-consolidated real estate vehicles and the value of the real estate portfolio.

Under the terms of the Group's syndicated loan as amended in July 2023, the leverage ratio covenant will be gradually lowered, as follows: 4.5x in June 2024, 4.25x in December 2024, 4.0x in June 2025 and 3.75x in December 2025. On the basis of the most restrictive covenant calculation formula ((consolidated net debt [excl. IFRS 16] - real estate debt)/(EBITDA [excl. IFRS 16] - 6.5% * real estate debt)) applicable to its bonds (i.e., under the terms of the issue agreements for issues prior to 2021), the Group has headroom in relation to the 4.5x threshold at 30 June 2024, representing around €100 million of EBITDA [excl. IFRS 16], or around €450 million of net debt [excl. IFRS 16], assuming all other calculation inputs remain the same.
The balance of the real estate bridge loan was repaid in advance of term, in mid-July 2024, in an amount of €175 million.
Other bank credit agreements have a covenant whose calculation formula has not been modified. Changes in the covenant are notified to these banks every six months.
In addition, the renewal of the drawdown of the Group's RCF line for €492.5 million on 3 November 2024 would be subject to a minimum liquidity condition of €300 million on the date of renewal.

The Euro PP, *Schuldschein* and *Namensschuldverschreibung* bonds are also subject to covenants. The contracts all include covenants based on a secured debt ratio and a leverage ratio. The €40 million Euro PP issued in July 2023 is also subject to an LTV covenant. However, investors are only notified annually, at 31 December, of any changes in these covenants.
The Group has set itself a leverage ratio target of significantly less than 3x by 31 December 2025 and a target real estate loan-to-value ratio of 55%.

Also, given the timing of the capital increases and the fact that they were interdependent, and in view of the asset disposal programme currently in progress, Clariane was granted a temporary waiver in respect of its syndicated loan agreement – applicable only to the calculation of the leverage ratio at 30 June 2024 – under which consolidated net debt as defined in the initial agreement is reduced by the net proceeds of the capital increases, provided that these proceeds are received within 30 days of the end of the relevant covenant period[11].

[11]This waiver has no effect on the calculation of the leverage ratio used in the syndicated loan to determine the mandatory early repayments, and in particular those applicable to the proceeds of asset disposals taking place during the second half of 2024.

At 30 June 2024, in application of this temporary waiver, the net debt taken into account to calculate the leverage ratio for the purposes of the covenant was reduced by €234 million, corresponding to the net proceeds of the Capital Increase with Preferential Subscription Rights received on 5 July 2024.

Furthermore, the syndicated loan agreement subject to the financial covenant was amended on 17 June 2024, with consolidated EBITDA as defined in the initial agreement henceforth including EBITDA from disposal groups classified as held for sale and recognised in accordance with IFRS 5.

Consequently, a negative €7.9 million in EBITDA (excluding IFRS 16) for the Group's Les Essentielles assisted living business was included in the EBITDA figure used for calculating the covenant ratio at end-June 2024.

Liquidity risk

The Group's liquidity stood at €515 million at 30 June 2024, including €90 million in net proceeds from the Reserved Capital Increase.

The net proceeds from the Capital Increase with Preferential Subscription Rights amounting to some €234 million were received on 5 July 2024.

In accordance with the Group's contractual commitments, the balance of the real estate bridge loan was repaid in advance of term, in mid-July 2024, in an amount of €175 million.

Following completion of the capital increases, and taking account of the anticipated cash requirements over the period, Clariane has sufficient working capital to meet its obligations over the next 12 months. After repayment of its forthcoming maturities, the net proceeds of the capital increases and the Group's cash will enable Clariane to meet the minimum liquidity condition of €300 million to renew its revolving credit facility (RCF) on 3 November 2024, if necessary.

Cross-default risk

Most of Clariane SE's loan, bank credit and bond debt agreements (including Euro PP and *Schuldschein*/NSV), except agreements relating to hybrid debt) contain default or accelerated repayment clauses ("Events of Default").

These default clauses cover events that give the lenders/carriers the right to demand immediate and unconditional early repayment and to block all new drawdowns in the case of revolving credit facilities.

The Group's bank and bond financing generally contain default clauses that are customary for these types of agreements, including but not limited to the following:

a. Payment default concerning a debt due and payable (interest or principal at maturity) gives rise to an event of default under said financing agreement:
   - all Clariane SE financing agreements contain this type of payment default clause;
   - the shareholders' agreements for the Group's various real estate vehicles are not affected.
     - If Clariane SE defaults on a given debt, this automatically triggers an event of default on the agreement concerned.
     - These agreements generally provide for a grace period, with default triggered only if the debt in question remains unpaid following expiry of the grace period (usually a few days) stipulated in the financing agreement.

b. Non-compliance with bank and/or bond covenants stipulated in the agreement:
   - bank and bond covenants (see above);
   - financial difficulties:
     - Events of default stipulated in the financing agreements are usually linked to financial difficulties experienced by Clariane SE and/or its subsidiaries (or main subsidiaries), and in particular known or expected financial difficulties, discontinued operations, insolvency proceedings, enforcement proceedings and material adverse effects,
     - If Clariane SE or one of its subsidiaries were to find itself in one of the above situations, this would automatically lead to an event of default on the financing agreement concerned;
   - disputes and judicial and/or arbitration decisions:
     - Some financing agreements also stipulate events of default linked to disputes over a certain amount or to a failure to comply with a court and/or arbitration ruling,
     - A grace period is applicable to any such events of default;
   - the financing agreements stipulate that a failure by the borrower to meet its obligations under the agreement will constitute an event of default, subject to a grace period;
   - certain specific financing agreements such as green bonds and sustainability-linked notes stipulate events of default relating to specific criteria in the event of a failure to comply with the obligations set out in the agreement, primarily the required delivery of certificates stating compliance with the contractual commitments.

c. Cross-default/cross-acceleration clauses
   - Cross-payment default: in a cross-payment default, payment default on a debt due and payable (in excess of the trigger thresholds set out below) automatically leads to an event of default in the agreement containing the cross-payment default clause.
     - With the exception of a credit agreement with BPI, all Clariane SE's bank loan and credit agreements along with *Schuldschein*/NSV debt contain this type of cross-payment default clause. If Clariane SE or one of its subsidiaries defaults on another debt, this

automatically triggers an event of default on the agreements concerned. These agreements generally stipulate that the cross-default event is only triggered if the debt in question remains unpaid following expiry of the grace period (usually a few days) stipulated in the agreement for the other loan,

  - With the exception of *Schuldschein*/NSV debt, the cross-default clauses in the terms and conditions of bond issues (including Euro PPs) do not cover defaults on other debt (and therefore do not result in a cross-default on the bond debt);

- Cross-acceleration clause or termination or suspension of covenants: in this case, the acceleration (i.e., early repayment call) by financial creditors of another debt due to the occurrence of any event of default (e.g., breach of covenant or non-compliance with an obligation) stipulated in the related agreement) automatically triggers an event of default under the agreement containing the cross-acceleration clause. Some agreements also include a cross-default provision in the event that lenders (e.g., of a revolving credit) decide to terminate or suspend their financing commitment as a result of an event of default.
  - For cross-acceleration to be triggered, (i) an event of default must have occurred on the other debt and (ii) the lenders of the other debt must, as a result, have decided to accelerate the debt,
  - With the exception of agreements for hybrid or *Schuldschein*/NSV debt and two credit agreements (with BPI and CIC), all agreements for Clariane SE's bank loans and borrowings and bond debt contain a cross-acceleration clause,
  - This means that if an event of default occurs on a financing agreement and the creditors concerned accelerate the related debt, this triggers an event of default on virtually all of Clariane SE's bank and bond debt,
  - Certain bank loan and credit agreements (including the syndicated facility) also stipulate that if an event of default occurs on an agreement for a given debt (e.g., revolving credit facility) and the lenders concerned decide to suspend or terminate their commitment, this will trigger an event of default on these agreements;
- Cross-default clause: in a cross-default clause, the occurrence of any event of default in an agreement for a given debt automatically triggers an event of default in the agreement containing the cross-default clause.
  - This clause allows the beneficiary creditors to take advantage of an event of default on any other debt, even if the creditors under this other debt do not demand early repayment. This type of clause therefore entails a greater risk of contagion,
  - However, with the exception of three credit agreements (and for these to a limited extent), none of the agreements for Clariane SE's bank and bond debt contain this type of extended cross-default clause, thereby limiting the risk of contagion in the event of default,

- The credit agreement with BAML does however contain such a clause. In these agreements, however, the scope of the cross-default clause is limited as it does not cover all events of default but only the non-performance (upon expiry of any applicable grace period) by a Group entity of its obligations under a different agreement for another debt, unless challenged in good faith. This means that the cross-default clause in this agreement can only be triggered in the event of a breach of an obligation (such as a financial covenant, a leverage limit or a negative pledge) but not in the event of another type of event of default.

In the case of Clariane SE's bank and bond financing, cross-default clauses are not triggered if the total amount of the debt affected by the default(s) is lower, depending on the agreement, than either €20 million or €30 million (subject to certain contracts providing for a lower threshold).

Management of interest rate risk

The Group uses derivative financial instruments (swaps and caps) to hedge against interest rate risk on its floating-rate debt. The Group applies cash flow hedge accounting when the IFRS 9 hedging criteria are met.

The Group has reassessed its future exposure to interest rate risks in light of its goal of reducing its operating leverage and future debt, and its hedging position was broadly reduced in 2023.

At 30 June 2024, the net market value of instruments purchased to hedge interest rate risk was €12.2 million, after adjusting for counterparty default risk.

At the closing date, the sensitivity of the market value of derivatives to a change in market interest rates, before adjustment for counterparty default risk, was as follows:

- a 1% (100-basis-point) increase in interest rates would lead to a market value of €29.9 million;
- a 1% (100-basis-point) decrease in interest rates would lead to a negative market value of €3.7 million.

The table below presents the items of income, expenses, gains and losses recognised in income and in equity at 30 June 2024 for each type of financial instrument (before deferred taxes).

In thousands of euros	Impact on equity	Impact of hedging on net profit	Impact of non-eligible hedges on net profit	Impact of counterparty default risk
Financial instruments eligible for hedge accounting	2,674	1,405		(1,247)
Financial instruments not eligible for hedge accounting			58	
TOTAL	**2,674**	**1,405**	**58**	**(1,247)**

Assets	31.12.2023	Changes in scope	Increase	Decrease	30.06.2024
Interest rate swaps	3,914		933	(539)	4,308
Currency swaps					
Hedging options	449			(449)	0
Options	4,453		3,856	(210)	8,100
Total hedging instruments (positive fair value)	**8,816**		**4,789**	**(1,197)**	**12,408**
Interest rate swaps					
Options					
Total non-eligible financial instruments (positive fair value)					
Total impact of counterparty default risk – Credit value adjustment	**1,191**			**(1,247)**	**(56)**
TOTAL FINANCIAL INSTRUMENTS (POSITIVE FAIR VALUE)	**10,008**		**4,789**	**(2,445)**	**12,352**

Liabilities	31.12.2023	Changes in scope	Increase	Decrease	30.06.2024
Interest rate swaps	1,310		76	(661)	725
Currency swaps					
Hedging options					
Options	(599)			98	(501)
Total hedging instruments (negative fair value)	**711**		**76**	**(563)**	**224**
Interest rate swaps	29			(58)	(29)
Options					
Total non-eligible financial instruments (negative fair value)	**29**			**(58)**	**(29)**
Total impact of counterparty default risk – Credit value adjustment					
TOTAL FINANCIAL INSTRUMENTS (NEGATIVE FAIR VALUE)	**740**		**76**	**(621)**	**195**
TOTAL NET	**9,268**		**4,714**	**(1,824)**	**12,157**

Currency risk

Following the disposal of all its operating and real estate activities and assets in the United Kingdom in April 2024, and the fact that all foreign transactions are now carried out in eurozone countries, the Group is no longer exposed to currency risk, and therefore no longer had any hedging instruments at end-June 2024.

9.3 Financial assets and liabilities

Financial assets and liabilities comprise:

- non-current financial assets: equity interests in non-consolidated companies, related receivables, and guarantees and deposits granted;
- current financial assets: short-term financial derivatives, cash and cash equivalents (marketable securities);
- non-current financial liabilities: borrowings and financial debt, and other miscellaneous liabilities;
- current financial liabilities: short-term derivatives, short-term borrowings and financial debt, trade payables and other miscellaneous liabilities.

In accordance with IFRS 9, financial assets and liabilities are classified into one of the following three categories:

- items carried at amortised cost;
- items carried at fair value through other comprehensive income;
- items carried at fair value through profit or loss.

Cash and cash equivalents consist of immediately available liquidities (cash at bank and in hand) and short-term, highly liquid investments that are readily convertible into known amounts of cash and are exposed to an insignificant risk of changes in value (short-term deposits with an initial term of less than three months and euro-denominated SICAV money market funds classified in the AMF's "short-term money market fund" category).

Cash and cash equivalents

In thousands of euros	30.06.2024	31.12.2023
Marketable securities	66,165	81,985
Cash and cash equivalents	449,030	595,894
TOTAL	**515,195**	**677,879**

Marketable securities comprise term deposits and euro-denominated SICAV money market funds classified in the AMF's "short-term money market fund" category and compliant with IAS 7, i.e., they are highly liquid, readily convertible into known amounts of cash and subject to an insignificant risk of changes in value.

Fair value of financial assets and liabilities

The carrying amounts of financial assets and liabilities (excluding derivatives) are representative of their fair value.

The table below analyses financial instruments recognised at fair value by measurement method. The following measurement methods have been defined
as follows:

- Level 1: fair value based on prices quoted on an active market;
- Level 2: fair value measured using observable market inputs (other than quoted prices included in level 1);
- Level 3: fair value measured using unobservable market inputs (amortised cost).

In thousands of euros	30.06.2024	Financial assets at amortised cost	Financial assets at fair value through profit or loss				Financial assets at fair value through other comprehensive income	Fair value measurement		
								Level 1	Level 2	Level 3
			Cash and cash equivalents	Non-consolidated equity investments	Derivatives not eligible for hedge accounting	Impact of counterparty default risk – Credit value adjustment	Cash flow hedging derivatives	Active markets	Observable inputs	Unobservable inputs
Non-current assets										
Non-consolidated equity investments	*695*			*695*						*695*
Security deposits	*105,870*	*105,870*								*105,870*
Other long-term investments	*1,466*	*1,466*								*1,466*
Non-current financial assets	**108,031**	**107,336**		**695**						**108,031**
Current assets										
Trade receivables and related accounts	**618,907**	**618,907**								**618,907**
Other receivables	*579,860*	*579,860*								*579,860*
Deposits and guarantees	*2,945*	*2,945*								*2,945*
Other receivables and current financial assets	**582,805**	**582,805**								**582,805**
Derivative instruments (positive fair value)	**12,352**					**(56)**	**12,408**		**12,352**	
Marketable securities	*66,165*		*66,165*					*66,165*		
Cash at bank and at hand	*449,030*		*449,030*						*449,030*	
Cash and cash equivalents	**515,195**		**515,195**					**66,165**	**449,030**	

In thousands of euros	30.06.2024	Financial liabilities at amortised cost	Financial liabilities at fair value through profit or loss			Financial liabilities at fair value through other comprehensive income	Fair value measurement		
			Fair value hedging derivatives	Derivatives not eligible for hedge accounting	Impact of counterparty default risk – Debit value adjustment	Cash flow hedging derivatives	Level 1 Active markets	Level 2 Observable inputs	Level 3 Unobservable inputs
Non-current liabilities									
Loans from credit institutions	*1,751,408*	*1,751,408*							*1,751,408*
Funding of real estate debt	*1,404,197*	*1,404,197*							*1,404,197*
Compulsory employee profit sharing	*45*	*45*							*45*
Other miscellaneous financial debt	*980*	*980*							*980*
Borrowings and financial debt	**3,156,630**	**3,156,630**							**3,156,630**
Commitment to purchase non-controlling interests	**32,263**	**32,263**							**32,263**
Other non-current liabilities	**30,195**	**30,195**							**30,195**
Current liabilities									
Loans from credit institutions	*741,250*	*741,250*							*741,250*
Funding of real estate debt	*347,495*	*347,495*							*347,495*
Bank overdrafts	*4,080*	*4,080*							*4,080*
Other miscellaneous financial debt	*36,244*	*36,244*							*36,244*
Current borrowings and bank overdrafts	**1,129,070**	**1,129,070**							**1,129,070**
Derivative instruments (negative fair value)	**195**			**(29)**		**224**		**195**	
Trade payables and related accounts	**562,831**	**562,831**							**562,831**
Residents' deposits	*65,869*	*65,869*							*65,869*
Other liabilities	*918,920*	*918,920*							*918,920*
Other payables and accruals	**984,789**	**984,789**							**984,789**

Note 10: Provisions

A provision is recognised at the reporting date when the Group has a present legal or constructive obligation and it is probable that an outflow of resources from which no future economic benefits are expected will be required to settle this obligation.

Provisions are discounted if the effect of time is material. Increases in provisions due to the passage of time are recognised as financial expenses.

A provision for restructuring can only be recognised if there is a detailed formal plan for the restructuring and a valid expectation has been raised in those affected that the plan has been implemented – either by starting to implement the plan or announcing its main features to those affected at the reporting date.

A provision is recognised for disputes (e.g., employee disputes, tax audits, commercial disputes, etc.) if the Group has an obligation towards a third party at the reporting date. The amount of the provision reflects the best estimate of future expenditures.

Non-current provisions

In thousands of euros	Tax	Social contributions	Other	Total
Opening balance	**4,272**	**13,574**	**32,872**	**50,718**
Additions	100	10,192	1,661	11,953
Reversals (utilisations)	(1,614)	(8,263)	(2,445)	(12,322)
Reversals (surplus)		(589)	(870)	(1,459)
Changes in scope			900	900
Reclassifications		(41)	(2,777)	(2,818)
Closing balance	**2,758**	**14,873**	**29,341**	**46,972**

Current provisions

In thousands of euros	Tax	Social contributions	Other	Total
Opening balance	**1,532**	**7,439**	**65,096**	**74,067**
Additions	59	1,085	2,449	3,593
Reversals (utilisations)	(443)	(288)	(3,978)	(4,709)
Reversals (surplus)	(99)		(45,324)	(45,423)
Changes in scope				
Reclassifications		(44)	1,353	1,309
Closing balance	**1,049**	**8,192**	**19,596**	**28,837**

Non-IAS 12 tax disputes

Provisions for tax disputes falling outside the scope of IAS 12 (e.g., VAT disputes) include provisions for tax reassessments and for disputes where the amounts concerned have been contested. No individual dispute represented a material amount at 30 June 2024.

Employee disputes

The provisions recognised cover labour court disputes and employment termination benefits. No individual dispute represented a material amount at 30 June 2024.

Other risks

Other provisions mainly cover litigation concerning supplier and real estate contractual disputes and disputes over medical liability. No individual dispute represented a material amount at 30 June 2024.

The decrease in current provisions set aside for other risks is mainly due to the €41.5 million reversal of the provision for losses recognised in 2023 in connection with the disposal of operations in the United Kingdom (see note 2.3 "Material information on significant changes in scope" – "Assets held for sale" section).

Note 11: Taxes

In thousands of euros	First-half 2024	First-half 2023
Current taxes	9,137	(31,062)
Deferred taxes	(2,329)	26,288
Income tax expense	**6,808**	**(4,774)**

The income tax expense recognised at 30 June is based on the weighted average tax rate expected at year-end, estimated at around 25%.

With regard to the future implementation of OECD Pillar Two Model Rules, the Group has no operations in countries where a minimum income tax could be due. It therefore does not therefore expect any impact from the introduction of Pillar Two.

The Group also applied the minimal tests under country-by-country reporting (CbCR) and Pillar Two rules to ensure that it is eligible for the transitional Pillar Two safe harbours.

Note 12: Contingent liabilities and commitments

As of the publication date of this document, to the best knowledge of the Group and its legal advisers, there are no disputes that are likely to have a material impact on the Group's business, results or financial position for which provisions have not been made.

Note 13: Events after the reporting date

Under the third stage of the Refinancing Plan unveiled by the Group on 14 November 2023, Clariane announced the success of its capital increase with preferential subscription rights for existing shareholders for around €237 million on 3 July 2024. The gross amount of the capital increase with preferential subscription rights (including additional paid-in capital) is €237,083,186.16, resulting in the issue of 213,588,456 new shares at a subscription price of €1.11 per share. Details of this operation are provided in note 2.1 "Financing" – "Update on the

Refinancing Plan" section. In line with the Group's contractual commitments, the outstanding €175 million of the real estate bridge loan was repaid in full in mid-July 2024, using the net proceeds from the capital increases.

In addition, and in accordance with the commitments it made when it adopted the status of a purpose-driven company in 2023 and the resolutions adopted by the General Meeting of 26 March 2024, Clariane plans to launch a capital increase reserved for employees in the coming months, depending on market conditions, which will give employees a vested interest in the plan to strengthen the Group's financial structure and in its At Your Side corporate project.

Note 14: Other information

Executive compensation

The General Meeting of 10 June 2024 approved the resolutions on the 2024 compensation policies for the Chief Executive Officer, the Chairman of the Board of Directors and the corporate officers as presented in sections 4.2.1.1 and 4.2.1.2 of Clariane's 2023 Universal Registration Document.

Note 15: Off-balance-sheet commitments

Commitments given and received by the Group correspond to contractual obligations that have not yet been fulfilled and are subject to the fulfilment of conditions or subsequent transactions.

At 30 June 2024, the Group was not aware of any commitments likely to have a material impact on its current or future position.

2.2 Statutory Auditors' review report on the half-year financial information

This is a free translation into English of the Statutory Auditors' review report on the half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users.

This report includes information relating to the specific verification of information given in the Group's half-yearly management report.

This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

For the period from 1 January to 30 June 2024

To the Shareholders,

In compliance with the assignment entrusted to us by your General Meeting and in accordance with the requirements of Article L. 451-1-2(III) of the French Monetary and Financial Code (*Code monétaire et financier*), we hereby report to you on:

- the review of the accompanying condensed half-year consolidated financial statements of Clariane (formerly Korian), for the period from 1 January to 30 June 2024;
- the verification of the information presented in the half-year management report.

These condensed half-year consolidated financial statements are the responsibility of the board of directors. Our role is to express a conclusion on these financial statements based on our review.

1. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France.

A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical procedures. This work is less extensive than that required for an audit performed in accordance with the accounting standards applicable in France. Consequently, the assurance that the financial statements taken as a whole do not contain any material misstatements obtained based on a limited review is moderate assurance, which is lower than the assurance that would be obtained based on an audit.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated half-year financial statements are not prepared, in all material respects, in accordance with IAS 34, standard of the IFRS as adopted by the European Union applicable to interim financial information.

2. Specific verification

We have also verified the information presented in the half-year management report on the condensed consolidated half-year financial statements subject to our review.

We have no matters to report as to its fair presentation and consistency with the condensed consolidated half-year financial statements.

The Statutory Auditors

Mazars	ERNST & YOUNG et Autres
Paris – La Défense, 5 August 2024	Paris – La Défense, 5 August 2024
Stéphane Marfisi	Anne Herbein
Partner	Partner

Chapter 3 STATEMENT BY THE PERSON RESPONSIBLE FOR THE HALF-YEAR FINANCIAL REPORT

I certify that, to the best of my knowledge, the condensed financial statements for the past six months have been prepared in accordance with applicable accounting standards and provide a true and fair view of the Company's assets, liabilities, financial position and earnings, as well as those of its consolidated subsidiaries, and that the accompanying half-year management report provides a fair view of the significant events that have occurred during the first six months of the year, their impact on the financial statements and the major related-party transactions, as well as a description of the main risks and uncertainties to which the Company is exposed during the remaining six months of the year.

Paris, 5 August 2024

Sophie Boissard, Chief Executive Officer

clariane

A European company with share capital of €3,559,807.61

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