

## ORPEA PUBLISHES THE SUMMARY OF THE EXTERNAL ASSESSMENT REPORT ON THE USE OF PUBLIC FUNDS AND BUSINESS RELATIONS WITH THIRD PARTIES

Puteaux, 8 June 2022 (7:00 PM CEST)

ORPEA announces that it has published on its [website](#) the summary of the final conclusions of Grant Thornton and Alvarez & Marsal's audits regarding the allegations in the book *Les Fossoyeurs* related, firstly, to the use of public funds and, secondly, to business relations with third parties including some public officials. This publication follows the publication of the preliminary findings on 26 April 2022.

The final conclusions of these firms on the subjects relating to the care of nursing home residents and to employment law will be made available to the public, in the same format and under the same conditions, as soon as possible following their transmission to the Company by the end of June at the latest.

**Philippe Charrier, Chairman and Chief Executive Officer, said:**

*"The publication of the conclusions of the external evaluation mission is in line with the full transparency approach adopted by the Board of Directors in response to the allegations made against the Group. Although the report demonstrates that some of these allegations cannot be substantiated, it also confirms failures and misconduct for which, once again, we would like to offer our most sincere apologies to all of our stakeholders. Since the departure of the former Chief Executive Officer on 30 January 2022, we have introduced emergency and structural measures to correct inefficient systems, eradicate inappropriate practices, sanction individual mistakes and take the relevant legal actions. We will continue resolutely along this path and provide the Group with the means to fully accomplish its mission and build the foundations of its future. Laurent Guillot, who will take up his position as Chief Executive Officer on July 1, will be responsible for building this new ORPEA always better meeting the expectations of the Group's stakeholders and employees."*

### The use of public funds

With regard to allegations relating to the improper use of public funds intended for the Group's nursing homes in France, ORPEA notes amongst others, that Grant Thornton and Alvarez & Marsal:

- found no evidence to support the following allegations:
  - maneuvering in the management of inspections by the authorities;
  - falsifying the production of supporting documentation intended for the authorities.
- observed:
  - non-eligible or excessive amounts declared to the authorities due to the lack of reliability of the workforce declaration processes;
  - a lack of reliability in the process for matching purchase orders, delivery notes and purchase invoices, which didn't allow the systematic detection of any fraud;
  - the granting of year-end discounts by certain important suppliers of products financed by public allowances not disclosed to the authorities as intended. These year-end discounts

- have allowed to fund Group activities or investments that were not directly care or dependency-related;
- a practice, which has been discontinued since 2017, of maximizing the consumption of the allowance for medical devices granted by the authorities to nursing homes. This was done through the invoicing by one supplier of services whose reality could not be verified and from which the Group benefited via the year-end discounts mechanism;
- the existence of surpluses in the allocations received from the authorities, the accounting treatment of which may have contributed to the Group's results; the existence of under-utilization of allocations received from the public authorities. The surpluses thus generated may have contributed to the Group's results.

Prior to the submission of the findings of these reports, ORPEA has implemented a range of remedial measures aiming at correcting its internal processes with the purpose of eradicating the practices identified above, where they still existed.

The results of all of these investigations were brought to the attention of the statutory auditors during their review of the financial statements for the 2021 financial year, as has this Press Release. The financial impact of the conclusions of these investigations has, to the best of the Group's knowledge, been taken into account in the financial statements approved by the Board of Directors.

### **Business relations with third parties**

ORPEA notes that Grant Thornton and Alvarez & Marsal did not find any elements that confirmed the allegations regarding inappropriate relations with public officials nor the allegation of the attempted bribery of Victor Castanet.

However, Grant Thornton and Alvarez & Marsal identified remunerations paid, with the approval of the former Chief Executive Officer or members of his team, to third party intermediaries whose very high amounts raise questions.

These remunerations were identified by the Group during its recent internal investigations and some of them are already included, among other transactions, in the complaint filed by ORPEA on 21 April 2022 with the Nanterre Public Prosecutor both in its own name and *ut singuli* for the companies of which it is a shareholder.

### **The legal and disciplinary actions taken by ORPEA**

The complaint against X filed by ORPEA concerns events relating to:

- capital partnerships, in particular during external growth transactions outside of France, involving complex economic and financial structures including entities under foreign law whose shareholders, beneficiaries or management are individuals or legal entities that have an economic connection with the Group. Some of these transactions raise questions and do not always allow for the clear identification of (i) their economic logic and (ii) the corporate interest, where applicable, for ORPEA, or the ORPEA Group of such a transaction;

- other economic transactions, in France or abroad, that appear to have been carried out without any clear justification for ORPEA or the ORPEA Group, or without the appropriate information or internal approval, and which may have had the effect or purpose of unduly benefiting third parties, in particular employees and/or former employees, or companies in which Group employees and/or former employees may have had a stake, or optimizing the tax regime of said third parties.

In support of those facts, ORPEA has provided the Nanterre Public Prosecutor, among others, with documents and reports drafted by several external parties mandated by the new management as well as other previous reports that were brought to the attention of the current General Management and Board of Directors in April 2022.

ORPEA and the ORPEA Group companies consider themselves to be the victims of any offences that may eventually be qualified as such. The ORPEA Group has therefore reserved the right to make subsequent claims for compensation in the complaint.

In this regard, investigations carried out by ORPEA or by the parties that it mandated have provided an idea, albeit only approximate, of the harm suffered, which remains non-material at the ORPEA Group level.

Disciplinary procedures are under way against all managers identified to date as having been involved in the events addressed in the complaint. Redundancies and dismissals have already been carried out.

Meanwhile, the terms of office of these individuals, when they held any, have been (or are currently in the process of being) terminated.

It is reminded that the work of Grant Thornton and Alvarez & Marsal is necessarily limited and partial their purpose being to verify allegations made in a book published in January 2022.

ORPEA confirms the information published today that it has been searched at its headquarters and in some of its facilities, following the issues raised by the joint IGAS-IGF (Inspectorates General) mission. ORPEA is mobilized to support the ongoing investigations.

About ORPEA ([www.orpea-corp.com](http://www.orpea-corp.com))

Founded in 1989, ORPEA is one of the world leaders in Dependency care (nursing homes, assisted living, post-acute and rehabilitation hospitals, mental health hospitals, home care services)

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

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