

A valuation of GZO AG's Assets

August 2024

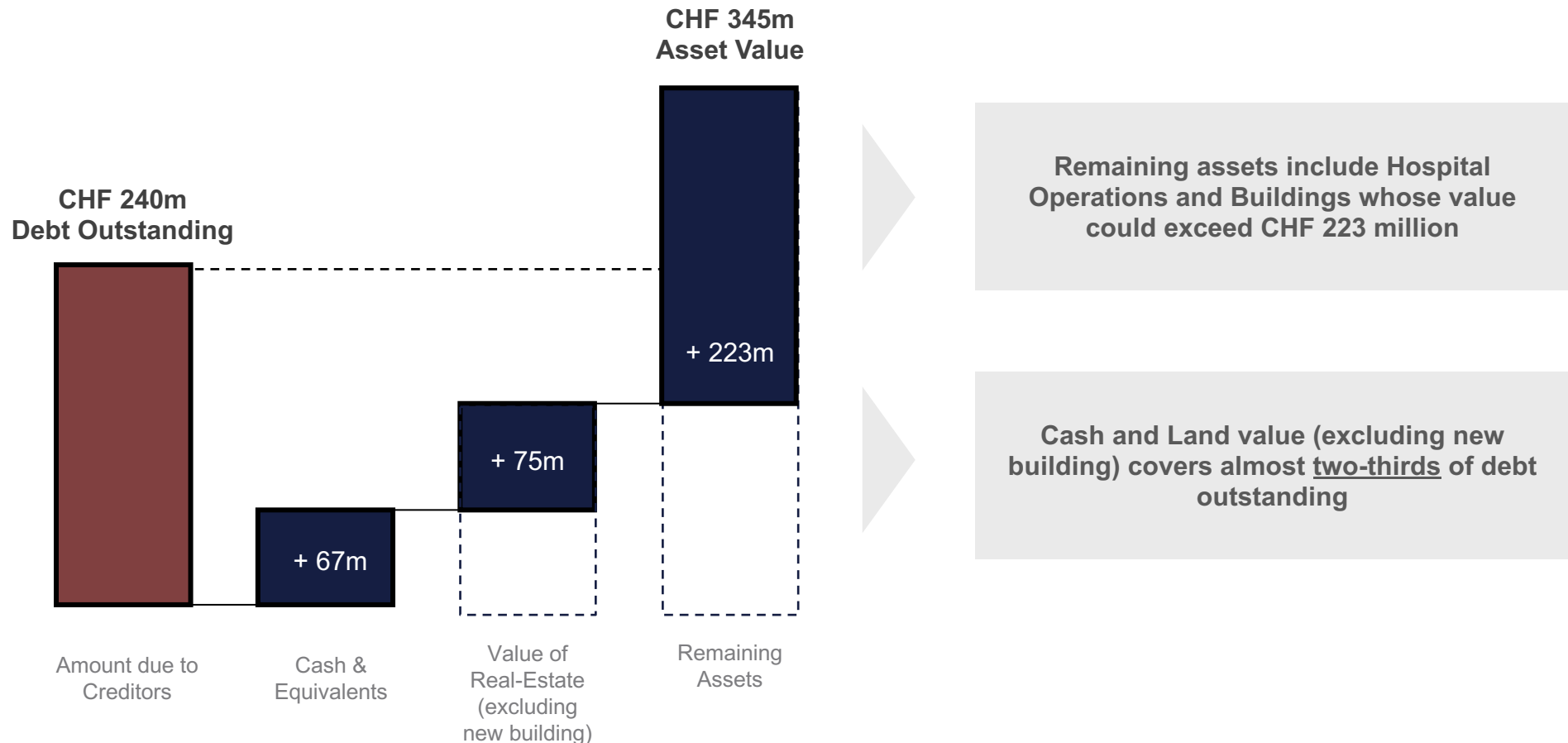
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GZO HAS SUFFICIENT ASSETS TO REPAY CREDITORS



The market value of GZO AG's assets exceeds the amount due to creditors by a wide margin

THE COMPANY HAS CHF 67 MILLION OF LIQUIDITY

- GZO's current liquidity, of ~CHF 67 million represents 28% of the total amount due to creditors
- Initially held on the balance sheet to fund the construction of the new-building, the funds can be used to repay creditors or buy-back bonds at a discount to nominal value
- **The cash on hand also serves as a buffer for any interest due on the bonds that is not covered by cash flows from operations**

| | 31.12.2023 TCHF | 31.12.2022 TCHF |
|--|-----------------|-----------------|
| Flüssige Mittel | 49 337 | 37 500 |
| Wertschriften | 17 599 | 44 849 |
| Kurzfristige Geldanlagen | 0 | 17 000 |
| Forderungen aus Lieferungen und Leistungen | 23 123 | 22 275 |
| Sonstige kurzfristige Forderungen | 334 | 1 146 |
| Vorräte | 3 284 | 3 044 |
| Aktive Rechnungsabgrenzungen | 11 437 | 10 473 |
| Total Umlaufvermögen | 105 114 | 136 287 |

GZO currently has CHF 66.9 million in cash on its balance sheet that it does not need for day to day operations

THERE IS SUBSTANTIAL VALUE IN THE COMPANY'S REAL ESTATE

GZO's owns real estate assets that include over 58 thousand sqm of land and multiple buildings

- We have commissioned an independent valuation of GZO's real estate which conservatively indicates a value of **at least CHF 75 million** excluding the new development representing

Current Value of Real Estate

According to the expert's valuation, GZO's real estate is worth at least CHF 110 million, which we discount to reflect the age of the buildings resulting in **CHF75 million in current market value**, or 31% of the amount due to creditors

- No value** is ascribed to the new development which has a carrying value of **CHF 95 million**
- Should the hospital cease to operate, we estimate that GZO's land alone, upon conversion to residential use, is worth at least CHF 1500/sqm implying a value of **CHF 87 million** with no value given to the buildings

The considerable asset value provides the company with numerous options to raise cash to repay creditors, including but not limited to partial asset sales, sale-leaseback solutions, secured refinancing options, etc.

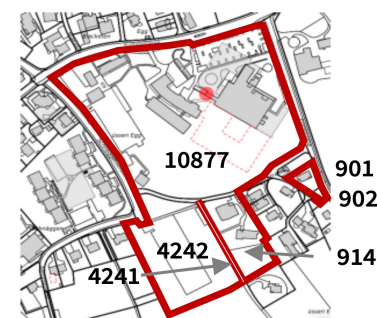
| <u>Building</u> | <u>Value</u> |
|-----------------------|---------------------------|
| A. Existing Hospital | 93 Million CHF |
| B. New Development | Not included in valuation |
| C. Personnel houses | 10.6 Million CHF |
| D. Other | 3.6 Million CHF |
| E. Provisional Bldgs. | No value |
| F. Parking | 2.4 Million CHF |
| Total | 110 Million CHF |

Jones Lang Lasalle IP, Inc



| <u>Plot</u> | <u>Size</u> |
|----------------|-------------------|
| Kat. Nr. 10877 | 40,751 sqm |
| Kat. Nr. 4242 | 11,518 sqm |
| Kat. Nr. 4241 | 509 sqm |
| Kat. Nr. 914 | 4,592 sqm |
| Kat. Nr. 901 | 799 sqm |
| Kat. Nr. 902 | 235 sqm |
| Total | 58,404 sqm |

Jones Lang Lasalle IP, Inc



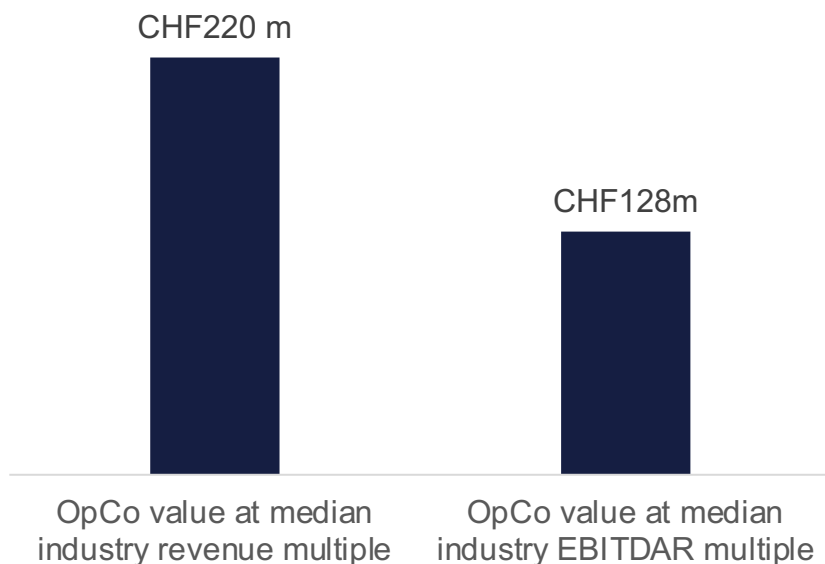
GZO's land is worth more than 31% of the amount due to creditors and various monetization options exist to allow the company to repay creditors

HOSPITAL OPERATIONS

Despite the significant indebtedness, the hospital's operations ("OpCo") are healthy and cash generative, producing CHF 155 million in revenue with a stated EBITDA target of 10-12%.

- **The operations alone, if valued in line with the sector, are worth up to CHF 128 million**
- As stated by the Company, as recently as December 2023, the Hospital was in talks with a strategic investor who had valued GZO AG's equity at CHF 120 million, implying an Enterprise Value of **CHF 380 million**

| In CHF million | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|-----------------|-------|-------|-------|-------|-------|-------|-------|
| Revenue | 145.4 | 143.8 | 149.0 | 148.5 | 153.8 | 156.7 | 154.9 |
| Annual Growth | | -1.1% | 3.6% | -0.4% | 3.6% | 1.9% | -1.1% |
| EBITDA | 13.2 | 12.3 | 16.6 | 12.3 | 15.5 | 14.8 | 2.2 |
| As % of revenue | 9.1% | 8.5% | 11.1% | 8.3% | 10.1% | 9.4% | 1.4% |
| EBIT | 6.2 | -1.7 | 5.3 | 0.1 | 6.5 | 5.5 | -7.6 |
| As % of revenue | 4.2% | -1.2% | 3.6% | 0.1% | 4.3% | 3.5% | -4.9% |
| Net Income | 2.3 | -9.3 | 2.7 | -4.4 | 3.5 | -2.5 | -11.6 |
| As % of revenue | 1.6% | -6.4% | 1.8% | -2.9% | 2.3% | -1.6% | -7.5% |

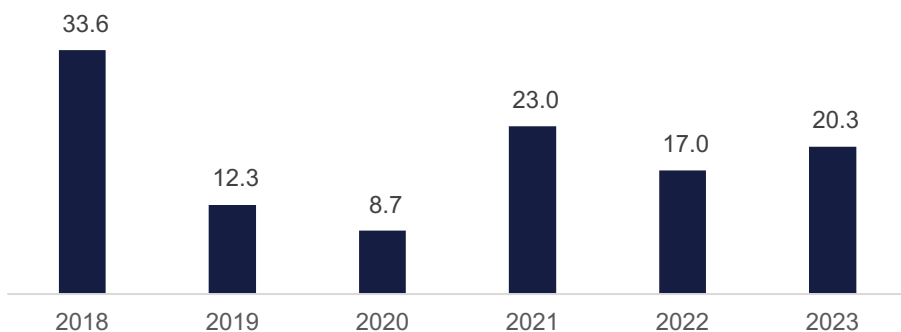


«Wir agieren und haben einen realistischen Plan, um dieses Jahr eine stabile finanzielle Situation zu erreichen», erklärt Matthias P. Spielmann, der CEO des GZO Spital Wetzikon. Als Ziel hat sich das Management die – allgemein bekannte – Ebitda-Marge von 10 bis 12 Prozent gesetzt. Diese gilt als «Benchmark», welche ein wirtschaftlich gesundes Spital erwirtschaften sollte.

NEW DEVELOPMENT

GZO has spent CHF 115 million on the new building which is claimed to be 70% complete.

Amount spent on construction project by year
(million CHF)



The building is currently held on the books at a **carrying value of CHF95 million**:

- The value of CHF 95 million was approved by the Board of Directors on April 19, 2024
- The accounts were audited and signed off on by KPMG
- The accounts were subsequently approved by shareholders at the annual shareholder meeting held on June 21, 2024

| | Unbebaute Grundstücke | Grundstücke und Bauten | Installationen | Sachanlagen in Bau | Ubrige Sachanlagen | Total |
|--------------------------------------|-----------------------|------------------------|----------------|--------------------|--------------------|---------|
| Anschaffungskosten | | | | | | |
| Stand per 01.01.2023 TCHF | 2 880 | 175 621 | 18 214 | 84 186 | 40 607 | 321 508 |
| Zugänge | 0 | 0 | 0 | 25 896 | 1 114 | 27 010 |
| Veränderung Konsolidierungskreis | 0 | 0 | 0 | 0 | 0 | 0 |
| Umgliederungen | 0 | 0 | 0 | -2 994 | 1 760 | -1 234 |
| Abgänge | 0 | -27 | 0 | 0 | -1 600 | -1 627 |
| Stand per 31.12.2023 TCHF | 2 880 | 175 594 | 18 214 | 107 088 | 41 881 | 345 657 |
| Kumulierte Wertberichtigungen | | | | | | |
| Stand per 01.01.2023 TCHF | 0 | 136 118 | 11 556 | 0 | 30 787 | 178 461 |
| Abschreibungen | 0 | 1 084 | 795 | 0 | 3 076 | 4 955 |
| Veränderung Konsolidierungskreis | 0 | 0 | 0 | 0 | 0 | 0 |
| Wertbeeinträchtigungen | 0 | 3 484 | 402 | 0 | 0 | 3 885 |
| Umgliederungen | 0 | 0 | 0 | 0 | 0 | 0 |
| Abgänge | 0 | 0 | 0 | 0 | -1 546 | -1 546 |
| Stand per 31.12.2023 TCHF | | 140 686 | 12 753 | 0 | 32 317 | 185 755 |

GZO AG Jahresrechnung 2023

| Folgende Zahlungen wurden kumulativ für das Bauprojekt «Gesamterweiterung» bereits getätigt: | 2023 TCHF |
|--|----------------|
| Vorprojekt (Sachanlagen in Bau) | 11 242 |
| Akonto-Zahlungen nach Baufortschritt Totalunternehmer (Sachanlagen in Bau) | 83 957 |
| Zwischentotal | 95 199 |
| Bauprovisorien (in Betrieb) | 13 010 |
| Haus G (in Betrieb) | 6 664 |
| Total Zahlungen Bauprojekt | 114 873 |

GZO AG Jahresrechnung 2023

There are multiple alternative use cases for the new building. Even at a discount to carrying value there is substantial value in the building.

CONCLUSIONS

- GZO owns a collection of highly valuable assets including a profitable hospital, land, buildings and it has substantial liquidity on its balance sheet exceeding what it needs for day-to-day operations
- The value of the assets is **significantly higher** than the outstanding amounts due to creditors. Accordingly, creditors are unlikely to agree to any proposals that do not involve full payment of principal, particularly since more than two-thirds of creditors must agree.
- Consequently, **the likely outcome of the moratorium will be a liquidation** which is not in the best interest of shareholders, of the hospital, its employees, its patients or the local communities.

For this reason, an extension of the bonds is the only solution to ensure the continuity of the hospital

Get in touch with us: www.gzo-bondholder.ch

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