

Press Release

Creditor Group rejects GZO AG's approach to restructuring, publishes alternatives to save the Wetzikon hospital and urges bondholders to support their proposals at upcoming meeting

Wetzikon, 18 September 2024 – A creditor group led by Clearway Capital GmbH (“the Creditor Group”) holding 6.56% of the defaulted GZO AG 1.875% June 2024 bonds (ISIN CH0240109618) rejects the approach that the board has taken which would result in a haircut for creditors and has outlined multiple alternative options to enable GZO to repay its creditors in full. A full presentation named “A cure for GZO” can be found at www.gzo-bondholder.ch/documents/.

During a conference call on 28 August GZO AG has stated its intention to present a plan to creditors that will include a debt cut, a capital increase and a financing proposal for the completion of the new hospital building. This plan will be highly complex, and its success will depend on the following:

- Twelve shareholder municipalities that are willing to inject additional capital. This requires the approval of the relevant political authorities in each municipality.
- The company's ability to find a financing solution to complete the new hospital building
- Creditors accepting a haircut

Simultaneously, the hospital intends to seek a merger of its operations with other local hospitals.

The Creditor Group believes that this plan is very likely to fail due to its complexity and, even if successful, creditors would only receive the proceeds from the debt haircut after the plan's implementation, which we estimate will require over two years.

Multiple alternative recovery options exist. These include a distribution of cash holdings, the monetization of hospital assets, an explicit shareholder guarantee or a combination thereof.

To ensure that the interests of all creditors are protected, the Creditor Group urges all fellow bondholders to register their votes for the upcoming bondholder meeting which will be held on October 25th.

We have been made aware of various instances of bondholders being unable to register their votes and would welcome any bondholders experiencing difficulties in registering their votes for the upcoming meeting to reach out at contact@gzo-bondholder.ch.

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