

Press Release

## **GZO AG: Creditor group demands resignation of trustees due to conflicts of interest**

Wetzikon, 20 November 2024 – Clearway Capital GmbH (“Clearway”), the leader of the creditor group holding 6.56% of the defaulted GZO AG (“GZO” or “the Company”) 1.875% June 2024 bonds (ISIN CH0240109618), has written to the district court of Hinwil formally requesting the immediate removal of the trustees.

Following the positive opinion provided by the trustees on GZO’s proposed restructuring plan, it has become clear that they are not acting in the interest of creditors, contrary to their fiduciary duty.

On October 25<sup>th</sup>, GZO presented a restructuring plan that would result in a 65% to 70% haircut for creditors while the current shareholder municipalities would retain 100% ownership of a profitable and debt-free business. For perspective, the amount GZO intends to pay out to creditors is less than the current cash on hand.

Under the bankruptcy process, creditors would receive the *entire* cash balance, *plus* whatever the business and any other assets are worth. Despite this, the trustees supported GZO’s plan and justified it by providing creditors with a valuation based on the assumption that, in the event of bankruptcy, GZO will cease to exist as a going concern. This is not only highly unrealistic considering that GZO is a profitable business, but also very misleading and damaging to both creditors and to the hospital itself.

Clearway questions the trustees’ motives, particularly considering the conflict of interest arising from the fact that one of the trustees, Ms Umbach-Spahn, is reportedly married to Patrick Umbach, a member of the municipal council of Gossau, one of the twelve shareholder communities of GZO. Furthermore, Gossau’s mayor, Jörg Kündig, also happens to be the chairman of GZO’s board of directors responsible for the current situation.

In light of these facts and considering that both trustees are partners of the same law firm, the creditor group is demanding the immediate resignation of both trustees and has written to the district court of Hinwil outlining the facts.

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