

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, IN OR INTO ANY JURISDICTION WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OF SUCH JURISDICTION

FOR IMMEDIATE RELEASE

5 July 2021

Increased and final recommended offer for Spire Healthcare Group plc by Ramsay Health Care Limited⁽¹⁾

Introduction

On 26 May 2021, the Board of Spire Healthcare Group plc (the “Company” or “Spire”) and the Board of Ramsay Health Care Limited (“Ramsay”) announced that they had reached agreement on the terms of a cash offer to acquire the entire issued and to be issued share capital of Spire at a price of 240 pence per share (the “Initial Offer”). This offer was announced after extensive negotiation by the Board of Spire with Ramsay.

Since announcement of the Initial Offer, the Board has engaged extensively with shareholders and in particular noted the views of certain shareholders about the price under the Initial Offer. The Board has engaged with Ramsay and its advisers on the offer price.

The Board is pleased to note the announcement by Ramsay today where it has increased its offer price to acquire the Company to 250 pence per share and declared it as final with no further increases to be made (the “Increased Final Offer”).

The Increased Final Offer represents a 30% premium to the share price on the day prior to the announcement of the Initial Offer and a 41% premium to the three-month average share price prior to the announcement of the Initial Offer.

The Board believes that the Increased Final Offer is in the best interests of Spire shareholders as a whole, and accordingly unanimously recommends that shareholders vote in favour of the Increased Final Offer at the Court Meeting and General Meeting due to be held on 12 July 2021.

The Board considered a number of factors in determining to recommend the Increased Final Offer, and in particular encourages shareholders to carefully consider the following:

- The Increased Final Offer represents an enterprise value multiple of approximately 21.6x Spire’s adjusted post-IFRS 16 EBIT of £97.6 million for the year ended 31 December 2019 (prior to the COVID-19 pandemic), and a multiple of 33.4x the average annual discretionary free cash flow⁽²⁾ of approximately £31.2 million for the three financial years 2017-2019.
- The plans against which the Increased Final Offer have been assessed by the Board include the expectation of increases in patient volumes in 2021 and future years due to the unprecedented NHS waiting lists.

- The historical margins in 2017 and prior years are not reflective of the Board's expectations of long term margins, given ongoing investment requirements to maintain high standards of clinical care and the challenging regulatory environment.
- As described in further detail below, near term and longer term increases in patient volumes must be balanced against the need to use existing capacity safely, rising clinical costs, and ultimately the cost of increasing capacity. These factors will have an impact on the operating and cash margins of the business.
- The Board believes that, as an independently listed company, the risks from a sale of a material portion of the Company's freehold properties outweigh the benefits of realising cash proceeds. Further details are provided below.
- Trading in the first five months of 2021 reflects revenues above the equivalent period in 2019, with higher associated clinical staff and direct costs. Current NHS commissioning volumes remain low while self-pay volumes are very strong.
- The Board does not have a basis to change its 2021 outlook for the Company relative to that provided in May 2021.
- The Board has been open to competing offers and confirms that it is not currently in receipt of any approaches or offers from other bidders.
- The volume-weighted average share price in the three months prior to announcement of the Initial Offer on 26 May 2021 was 179 pence per Spire share, which is 29% below the offer price.
- In the event the Increased Final Offer is not implemented, the Board notes that there is likely to be an overhang on the Company's share price given that a material proportion of Spire's share register has moved from long term shareholders to hedge funds since the Initial Offer was announced.

(1) Ramsay reserves the right to increase the offer price if there is an announcement on or after the date of this announcement of an offer or a possible offer for Spire by a third party offeror or potential offeror.

Recommendation

The Spire Directors, who have been so advised by Goldman Sachs International and J.P. Morgan Cazenove as to the financial terms of the Increased Final Offer, consider the terms of the Increased Final Offer to be fair and reasonable. In providing their advice to the Spire Directors, Goldman Sachs International and J.P. Morgan Cazenove have taken into account the commercial assessments of the Spire Directors. Goldman Sachs International and J.P. Morgan Cazenove are providing independent financial advice to the Spire Directors for the purposes of Rule 3 of the Takeover Code.

Accordingly, the Spire Directors recommend unanimously that Spire Shareholders vote in favour of the Scheme at the Court Meeting and the Special Resolution at the General Meeting as the Spire Directors who hold, or are otherwise beneficially interested in, Spire Shares have already irrevocably undertaken to do so in respect of their own beneficial holdings of, in aggregate, 1,263,387 Spire Shares representing approximately 0.3% of Spire's issued share capital on the last business day prior to this announcement.

The remainder of this announcement provides further detail on the points that were considered by the Board in determining to unanimously recommend the Increased Final Offer.

Current trading

In the first five months of 2021 (to 31 May 2021) revenues were higher than the equivalent period in 2019.

NHS volumes in Q2 2021 were materially below 2019 levels. Spire continues to anticipate the NHS will need to increase contracting with the independent sector in H2 2021, although it awaits clarity on the NHS's intentions in this regard. Spire has invested in self-pay and has seen significant growth in admissions in Q2 2021 relative to 2019. There has been a gradual return in PMI volumes to 2019 levels.

Operating costs in H1 2021 have been significantly affected by COVID-19. This includes extensive use of PPE, staff and patient testing, and increased staffing ratios for safe patient care. Staff absence is currently increasing in large part due to self-isolation required by Test and Trace, driving increased use of agency staff in a tight staffing market.

The Board does not have a basis to change its 2021 outlook for the Company relative to that provided in May 2021.

Longer term operating margins

Spire has ongoing investment requirements to maintain its high standards of clinical care in a challenging regulatory environment. Historical margins in 2017 and prior years are therefore not reflective of the Board's expectations of long term margins. These factors were reflected in the scenarios that the Board assessed as part of its recommendation of the Initial Offer and the Increased Final Offer, including ambitious off-setting efficiency plans, driven mainly through digitising existing business and clinical processes.

Going forward, any opportunities for Spire to increase admissions above current market expectations, whether NHS or private pay, will be balanced by the Company's continued focus on the safe use of existing capacity, near term availability and costs of clinical staff and consultant partners, and additional clinical recruitment and training, coupled with capacity increases to meet such demand. Therefore, any expansion in capacity would require higher levels of operating investment and capital expenditure than in current guidance.

The above factors will have an impact on the accounting and cash margin drop-through levels from any increased patient volumes.

Freehold properties

While the Board has always maintained that a blend of freehold and leasehold assets is necessary to deliver the Company's long-term strategy, its assessment prior to recommending the Initial Offer and the Increased Final Offer included an analysis of monetising Spire's freehold sites. Monetisation of freehold properties would provide an opportunity to realise cash proceeds for investment in the Company, reducing bank debt and potentially shareholder returns. However, the Board also gave consideration to the implications of a greater proportion of leased assets, for an independent listed company, such as significantly increased financial risk and reduced cash flow generation. The Board

believes that, as an independent listed company, the risks from a sale of a material portion of the Company's freehold properties outweigh the benefits of realising cash proceeds.

Procedures for the Meetings and Forms of Proxy

The Court Meeting and the General Meeting (together, the "**Meetings**") have been convened to be held on 12 July 2021 at 10.30 a.m. and 10.45 a.m. (or as soon thereafter as the Court Meeting concludes or is adjourned) respectively at the offices of J.P. Morgan, 60 Victoria Embankment, London EC4Y 0JP. Forms of Proxy in respect of the Court Meeting and the General Meeting should be returned so as to be received as soon as possible and in any event not later than:

- 10.30 a.m. on 8 July 2021 in respect of the Court Meeting; and
- 10.45 a.m. on 8 July 2021 in respect of the General Meeting.

Spire CSN Participants are reminded that Forms of Instruction for the Court Meeting and the General Meeting must be received by 10.30 a.m. and 10.45 a.m. respectively on 7 July 2021. Spire Shareholders and Spire CSN Participants who have already submitted Forms of Proxy or Forms of Instruction (as applicable) for the Court Meeting and the General Meeting and do not wish to change their voting instructions, need take no further action as their Forms of Proxy or Forms of Instruction (as applicable) will continue to be valid in respect of the Court Meeting and the General Meeting.

Spire Shareholders and Spire CSN Participants who have submitted Forms of Proxy or Forms of Instruction (as applicable) for the Court Meeting and / or the General Meeting and **who now wish to change their voting instructions**, should contact Equiniti Limited between 8.30 a.m. and 5.30 p.m. Monday to Friday (except public holidays in England and Wales) on 0371 384 2946 from within the UK or +44 121 415 0851 if calling from outside the UK. From outside the UK international rates apply. Please note that calls may be monitored or recorded and the shareholder helpline cannot provide financial, legal or tax advice or advice on the merits of the Transaction.

Spire Shareholders are also reminded that completion and return of a Form of Proxy, or the appointment of a proxy electronically using CREST, will not prevent them from voting at the Court Meeting via the Virtual Meeting Platform. Please refer to pages 1 to 5 of the Scheme Document and the Virtual Meeting Guide for further information.

Capitalised terms in this announcement (the "Announcement"), unless otherwise defined, have the same meanings as set out in the scheme document dated 15 June 2021.

⁽²⁾ Defined as net increase in cash and cash equivalents before debt repayments, dividends, proceeds from asset disposals and exceptional items included in cash flow.

Enquiries:

Spire

Cora McCallum

Head of Investor Relations

+44 (0) 787 486 1656

Goldman Sachs International (Joint lead financial adviser)

Anthony Gutman

Nimesh Khiroya

Hakim Cherrouk

Cara Pazdon

+44 (0) 20 7774 1000

J.P. Morgan Cazenove (Joint lead financial adviser and joint corporate broker) +44 (0) 20 7742 4000

Dwayne Lysaght
James Mitford
Manita Shinh

Lazard (Financial adviser) +44 (0) 20 7187 2000

William Rucker
Dale Raine
Eric Stewart

Numis (Joint corporate broker) +44 (0) 20 7260 1000

James Black
Duncan Monteith

Instinctif (PR adviser)

Damian Reece
Guy Scarborough

+44 (0) 7931 598 593

+44 (0) 7917 178 920

Freshfields Bruckhaus Deringer LLP is retained as legal adviser to Spire.

Important notices relating to financial advisers

Goldman Sachs International, which is authorised by the Prudential Regulatory Authority and regulated by the Financial Conduct Authority and the Prudential Regulatory Authority in the United Kingdom, is acting as financial adviser exclusively for Spire and no one else in connection with the matters set out in this Announcement and will not be responsible to anyone other than Spire for providing the protections afforded to clients of Goldman Sachs International, or for providing advice in relation to the content of this Announcement or any matter referred to herein.

J.P. Morgan Securities plc, which conducts its United Kingdom investment banking business as J.P. Morgan Cazenove ("J.P. Morgan Cazenove"), is authorised in the United Kingdom by the Prudential Regulatory Authority and regulated in the United Kingdom by the Financial Conduct Authority and the Prudential Regulatory Authority. J.P. Morgan Cazenove is acting as financial adviser exclusively for Spire and no one else in connection with the matters set out in this Announcement and will not regard any other person as its client in relation to the matters set out in this Announcement and will not be responsible to anyone other than Spire for providing the protections afforded to clients of J.P. Morgan Cazenove, nor for providing advice in relation to the content of this Announcement or any matter referred to herein.

Lazard & Co., Limited ("Lazard"), which is authorised and regulated by the Financial Conduct Authority in the United Kingdom, is acting as financial adviser exclusively for Spire and no one else in connection with the matters set out in this Announcement and will not be responsible to any person other than Spire for providing the protections afforded to clients of Lazard, nor for providing advice in relation to the content of this Announcement or any matter referred to herein. Neither Lazard nor any of its subsidiaries, branches or affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Lazard in connection with this Announcement, any statement contained herein or otherwise.

Numis Securities Limited ("Numis"), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively for Spire and no one else in connection with the matters set out in this Announcement and will not regard any other person as its client in relation to the matters in this Announcement and will not be responsible to anyone other than Spire for providing the protections afforded to clients of Numis, nor for providing advice in relation to any matter referred to herein.

Further information

This Announcement is for information purposes only and is not intended and does not constitute, or form part of, an offer, invitation or the solicitation of an offer to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of any securities, or the

solicitation of any vote or approval in any jurisdiction, pursuant to the Transaction or otherwise. The Transaction is made solely by means of the Scheme Document which, together with the Forms of Proxy and the Forms of Instruction, contains the full terms and conditions of the Transaction, including details of how to vote in respect of the Transaction. Any decision in respect of, or other response to, the Transaction should be made only on the basis of the information in the Scheme Document.

This Announcement does not constitute a prospectus or prospectus equivalent document.

Overseas shareholders

The release, publication or distribution of this Announcement in or into jurisdictions other than the United Kingdom may be restricted by law. The availability of the Scheme to Spire Shareholders who are not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions in which they are resident. Persons who are not resident in the United Kingdom or who are subject to other jurisdictions should inform themselves of, and observe, any applicable requirements.

Unless otherwise determined by Ramsay and/or Ramsay UK or required by the Takeover Code, and permitted by applicable law and regulation, the Transaction shall not be made available, directly or indirectly, in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction and no person may vote in favour of the Transaction by any such use, means, instrumentality or from within a Restricted Jurisdiction or any other jurisdiction if to do so would constitute a violation of the laws of that jurisdiction. Accordingly, copies of this Announcement and all documents relating to the Transaction are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction, and persons receiving this Announcement and all documents relating to the Transaction (including custodians, nominees and trustees) must not mail or otherwise distribute or send them in, into or from such jurisdictions where to do so would violate the laws of that jurisdiction.

The Transaction is subject to the applicable requirements of the Takeover Code, the Panel, the London Stock Exchange and the Financial Conduct Authority.

Notice to U.S. investors in Spire

The Transaction relates to shares of a company incorporated in England and Wales and is proposed to be effected by means of a scheme of arrangement under the laws of England and Wales. A transaction effected by means of a scheme of arrangement is not subject to the tender offer rules or proxy solicitation rules under the US Exchange Act. Accordingly, the Transaction is subject to the disclosure and procedural requirements applicable in the United Kingdom to schemes of arrangement which differ from the disclosure requirements of the US tender offer and proxy solicitation rules.

The financial information included in this Announcement and the Scheme Document has been prepared in accordance with IFRS and may not be comparable to the financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States.

If, in the future, Ramsay and/or Ramsay UK exercises its right to implement the Transaction by means of a Takeover Offer and determines to extend the Takeover Offer into the United States, such offer would be made in compliance with all applicable US laws and regulations, including any applicable exemptions under the US Exchange Act. Such a Takeover Offer would be made in the United States by Ramsay and/or Ramsay UK and no one else.

In accordance with normal United Kingdom practice, Ramsay, Ramsay UK or its nominees or its brokers (acting as agents) may from time to time make certain purchases of, or arrangements to purchase, shares or other securities of Spire outside of the US, other than pursuant to the Transaction, until the date on which the Transaction and/or Scheme becomes Effective, lapses or is otherwise withdrawn. If such purchases or arrangements to purchase were to be made they would occur either in the open market at prevailing prices or in private transactions at negotiated prices. Any information about such purchases or arrangements to purchase shall be disclosed as required in the UK, shall be reported to a Regulatory Information Service and shall be available on the London Stock Exchange website at www.londonstockexchange.com.

The receipt of consideration by a US holder for the transfer of Spire Shares pursuant to the Scheme will likely be a taxable transaction for US federal income tax purposes. Each Spire Shareholder is urged to consult their independent professional adviser immediately regarding the tax consequences of the Transaction applicable to them, including their applicable US state and local as well as overseas and other tax laws.

Publication on website and availability of hard copies

A copy of this Announcement and the documents required to be published pursuant to Rule 26 of the Takeover Code is and will be available (subject to certain restrictions relating to persons resident in Restricted Jurisdictions) for inspection free of charge on Spire's website at www.spirehealthcare.com by no later than 12 noon London time on the Business Day following the Announcement.

Neither the contents of those websites nor the content of any other website accessible from hyperlinks on those websites is incorporated into, or forms part of, this Announcement.

Spire Shareholders may request a hard copy of this Announcement by contacting Equiniti Limited during business hours on 0371 384 2946 (from within the UK) or on +44 121 415 0851 (from outside the UK) or by submitting a request in writing to Equiniti Limited at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA. If you have received this Announcement in electronic form, copies of this Announcement and any document or information incorporated by reference into this document will not be provided unless such a request is made.

Disclosure requirements of the Takeover Code

Under Rule 8.3(a) of the Takeover Code, any person who is interested in 1% or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 pm (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm (London time) on the 10th business day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Takeover Code, any person who is, or becomes, interested in 1% or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 pm (London time) on the business day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at

www.thetakeoverpanel.org.uk, including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.