



INTERIM FINANCIAL REPORT AT SEPTEMBER 30, 2022



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COMPANY INFORMATION

Registered office of Garofalo Health Care S.p.A.

Piazzale Delle Belle Arti, n.6 – 00196 Rome (RM)

Legal details of Garofalo Health Care S.p.A.

Share capital subscribed and paid-in Euro 31,570,000

Rome Company's Registration Office – Economic & Administrative Index No.: 947074

Tax Number: 06103021009

VAT Number: 03831150366

Website: <http://www.garofalohealthcare.com>

CORPORATE BOARDS

BOARD OF DIRECTORS

ALESSANDRO MARIA RINALDI	Chairperson
MARIA LAURA GAROFALO	Chief Executive Officer
ALESSANDRA RINALDI GAROFALO	Director
CLAUDIA GAROFALO	Director
GIUSEPPE GIANNASIO	Director
GUIDO DALLA ROSA PRATI	Director
JAVIER DE LA RICA ARANGUREN	Director
GIANCARLA BRANDA	Independent Director
FRANCA BRUSCO	Independent Director
NICOLETTA MINCATO	Independent Director
FEDERICO FERRO-LUZZI	Independent Director

CONTROL, RISKS AND SUSTAINABILITY COMMITTEE

FRANCA BRUSCO
FEDERICO FERRO LUZZI
NICOLETTA MINCATO

APPOINTMENTS AND REMUNERATION COMMITTEE

FEDERICO FERRO LUZZI
GIANCARLA BRANDA
FRANCA BRUSCO

BOARD OF STATUTORY AUDITORS

SONIA PERON	Chairperson
FRANCESCA DI DONATO	Statutory Auditor
ALESSANDRO MUSAIO	Statutory Auditor
ANDREA BONELLI	Alternate Auditor
MARCO SALVATORE	Alternate Auditor

INDEPENDENT AUDIT FIRM

EY S.P.A.

EXECUTIVE OFFICER FOR FINANCIAL REPORTING

LUIGI CELENTANO

1. METHODOLOGICAL NOTE

This Interim Report was drawn up according to Article 82-*ter* of the Issuers' Regulation, adopted with motion No. 11971 of May 14, 1999, introduced on the basis of Article 154-*ter*, paragraphs 5 and 6 of the Consolidated Finance Act ("CFA"). Therefore, the provisions of the international accounting standard covering interim reporting (IAS 34 "Interim Financial Reporting") were not adopted. All amounts are expressed in thousands of Euro, unless otherwise stated.

The publication of the Interim Financial Report at September 30, 2022 is governed by the Regulation of Markets organised and managed by "Borsa Italiana" and, in particular, Article 2.2.3, paragraph 3.

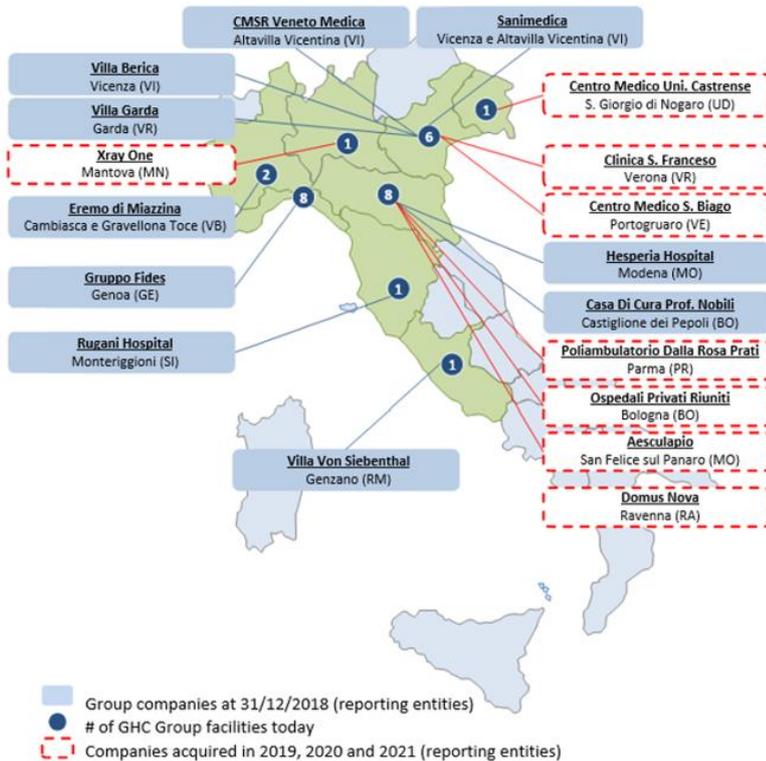
The accounting standards used by the Group are the International Financial Reporting Standards, endorsed by the European Union ("IFRS") and in application of Legislative Decree No. 38/2005 and the other Consob financial statements provisions. The accounting policies and consolidation principles adopted are the same as those utilised for the 2021 Consolidated Annual Financial Statements, to which reference should be made.

The Interim Report at September 30, 2022 was approved by the Board of Directors on November 14, 2022.

2. GROUP STRUCTURE

➤ Overview of the Group's healthcare facilities

The GHC Group is an Italian accredited private healthcare leader operating, at September 30, 2022, through 28 healthcare clinics, in addition to four clinics owned by Il Fiocco S.c.a.r.l., held 40% by GHC through the subsidiary Fi.d.es Medica S.r.l., offering a comprehensive range of services covering all areas of healthcare thanks to diversified specialisms, the use of cutting-edge technologies and highly-qualified personnel.



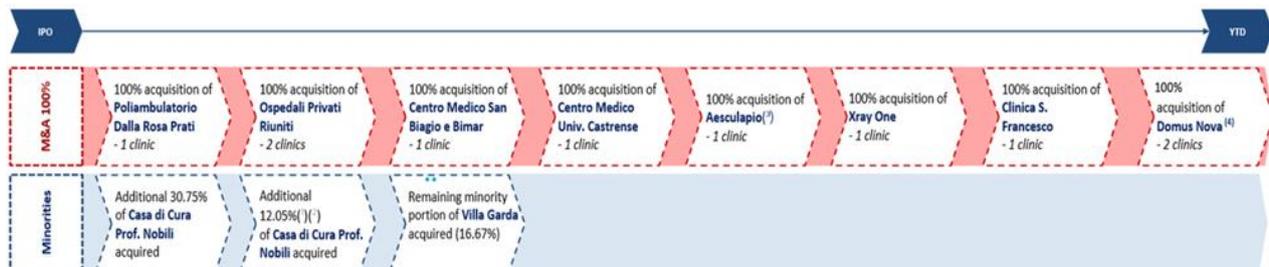
GHC Group - Highlights^(*)

28 Clinics	8 Regions
1,763 Beds	~34.5K Admissions
~2.0M Outpatient services	~4,000 Employees and collaborators
EE- Standard Ethics Investment Grade ESG Rating	78% Female employees

* Figures at 31.12.2021

The Group operates in regions of northern and central Italy that have been selected as attractive in terms of: i) per capita health spending, ii) above-average per capita income for Italy; iii) sound financial health of the Regional Health Service; and iv) internal transport infrastructure.

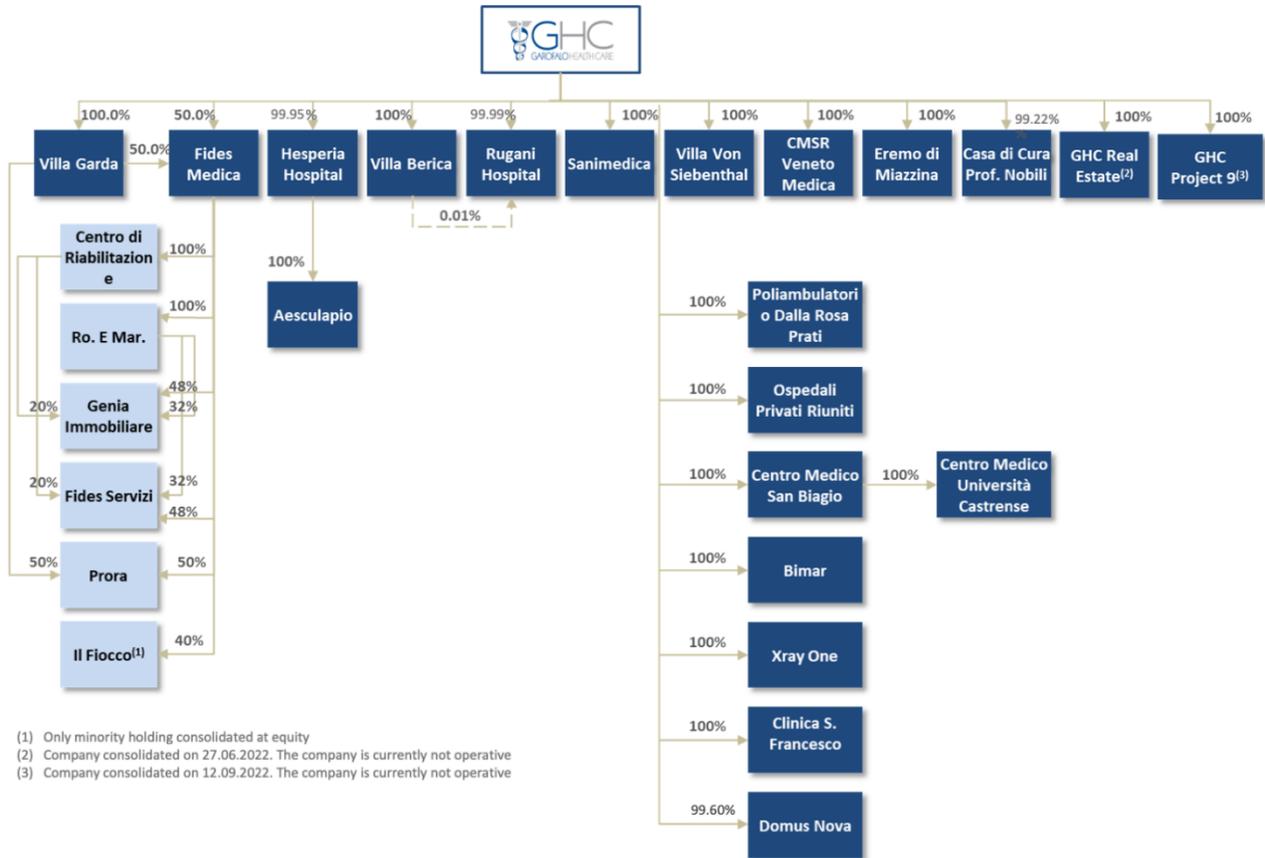
Between the IPO and September 30, 2022, the Group executed its acquisition-led growth strategy, with the acquisition of 10 new clinics, as well as acquisitions of further minority holdings of existing subsidiaries (Casa di Cura Prof. Nobili and Villa Garda, now 100% owned), as set out below.



(1) For a total of 95.35% of share capital and 98.8% of voting rights, considering treasury shares, of Casa di Cura Prof. Nobili
 (2) On 15.01.2020 GHC increased its holding to 99.2% of voting rights
 (3) Acquisition carried out by the subsidiary Hesperia Hospital
 (4) On 21.07.2022, GHC further increased its holding to 99.61% of the share capital

➤ **The Garofalo Healthcare Group**

The chart below shows the GHC Group’s structure at September 30, 2022, including the equity interest held by Garofalo Health Care S.p.A. (hereinafter also “GHC” or the “Company” or the “Parent Company” or the “Holding Company”) in each of the subsidiaries:



(1) Only minority holding consolidated at equity
 (2) Company consolidated on 27.06.2022. The company is currently not operative
 (3) Company consolidated on 12.09.2022. The company is currently not operative

➤ **Group activities by sector**

The following table breaks down the main specialties provided by the Group by sector and segment⁽¹⁾:

⁽¹⁾ It should be noted that the various types of assistance are classified as belonging either to the Hospital Sector or the Social Services and Dependency Care Sector depending on legislation and the specific region at hand.

Sector	ACUTE	POST-ACUTE		OUTPATIENT	DEPENDENCY CARE
		Long-term care	Rehabilitation		
Main services provided	<ul style="list-style-type: none"> Wide range of specialization in acute patient therapy, including: <ul style="list-style-type: none"> Heart surgery Cardiology (clinical and interventional) Orthopaedics Diabetology Urology Otorhinolaryngology General surgery Vascular surgery Gynaecology 	<ul style="list-style-type: none"> Long-term hospitalisations for patients suffering from: <ul style="list-style-type: none"> Disabling chronic conditions Subacute conditions after a previous acute hospitalisation that require treatment be continued for a certain period of time in a protected environment, in order to achieve a full recovery or to stabilise their condition 	<ul style="list-style-type: none"> Rehabilitation treatments, including: <ul style="list-style-type: none"> Cardiology Neurology Neuromotor Nutritional Respiratory Physiotherapy 	<ul style="list-style-type: none"> Outpatient services, consultations, and diagnostic services performed by hospital and non-hospital facilities: <ul style="list-style-type: none"> Doppler echocardiogram Holter test Doppler vascular ultrasound Myocardial perfusion imaging CT and Cardiac CT Ultrasound MRI Nuclear medicine Laboratory analyses Outpatient dialysis Ophthalmology Dental services PET/CT 	<ul style="list-style-type: none"> Assistance and treatment of specific conditions, including: <ul style="list-style-type: none"> Severe disabilities Patients with LIS (Locked-in Syndrome) or with amyotrophic lateral sclerosis in the terminal phase (NAC Departments – High Chronic Neurological Complexity Unit) Complex disabilities, mainly motor or clinical assistance and functional (Healthcare Assistance Continuity) Patients with severe acquired brain injury disabilities Psychiatric disorders and disorders related to the use of psychoactive substances

Brief description of the companies of the GHC Group

The GHC Group's 28 clinics are diversified by Regions and by sector, as shown below.

Italian regions	No. Reporting Entities (18)	No. Clinics (28)	No. legal entities (legal persons) (24)	Sector	
				Hospital	Outpatient / Dependency care
Emilia-Romagna	• Hesperia Hospital	1	1	✓	
	• Aesculapio	1	1		✓
	• Casa di Cura Prof. Nobili	1	1	✓	
	• Poliambulatorio Dalla Rosa Prati	1	1		✓
	• Ospedali Privati Riuniti	2	1	✓	
	• Domus Nova	2	1	✓	
Veneto	• Villa Berica	1	1	✓	
	• CMSR Veneto Medica	1	1		✓
	• Sanimedica	1	1		✓
	• Villa Garda	1	1	✓	
	• Centro Medico S. Biagio ⁽¹⁾	1	2		✓
	• Clinica S. Francesco	1	1	✓	
Friuli Venezia-Giulia	• Centro Medico Università Castrense	1	1		✓
Piedmont	• Eremo di Miazzina	2	1	✓	✓
Tuscany	• Rugani Hospital	1	1	✓	
Liguria	• Fides Group ⁽²⁾	8 ⁽³⁾	6 ⁽⁴⁾		✓
Lombardy	• XRay One	1	1		✓
Lazio	• Villa Von Siebenthal	1	1		✓

(1) Includes Centro Medico S. Biagio S.r.l. and Bimar S.r.l.

(2) Excluding 4 facilities, which belong to Il Fiocco Srl, a company owned by Fides Medica, whose financial information is consolidated using the equity method

(3) Fides Group Clinics: Residenza Le Clarisse, S. Marta, S. Rosa, Centro Riabilitazione, Villa S. Maria, Villa Del Principe, Le Note di Villa S. Maria, Villa Fernanda. On June 30, Santa Marta temporarily stopped its activities in order to undergo a major renovation at the end of which, having obtained the authorisation to operate, it will be able to start the activity that, to all intents and purposes, will qualify as new compared to the previous one permanently transferred to Villa Fernanda

(4) Fides Group legal entities: Fides Medica S.r.l., Centro di Riabilitazione S.r.l., RoEMar S.r.l., Genia Immobiliare S.r.l., Prora S.r.l., Fides Servizi S.r.l.

3. GHC GROUP FINANCIAL HIGHLIGHTS

3.1 GHC Group financial highlights

The 9M 2022 consolidated results, although impacted by the increase in electricity and gas prices, especially in the third quarter of the year, and by COVID-19 activities in support of the Public system, which in the early months of the year affected the full use of the production capacity of the clinics, indicate a significant increase both in terms of revenues and Operating EBITDA on the same period of the previous year.

The operating performance indicators for 9M 2022 and Q3 2022 compared with the same periods of 2021 are presented below. The 9M 2022 figures include also the full contribution of Clinica San Francesco S.r.l. (six-month contribution in 2021, as acquired on April 9, 2021) and of Domus Nova S.p.A., (two-month contribution in 2021, as acquired on July 28, 2021).

Consolidated figures	2022		2021		2022 vs 2021	
	Euro '000	%	Euro '000	%	Euro '000	%
Revenues	236,572	100.0%	198,468	100.0%	38,104	19.2%
Total operating costs (excl. "Adjustments") ²	(194,248)	-82.1%	(162,302)	-81.8%	(31,947)	19.7%
Op. EBITDA Adjusted	42,324	17.9%	36,166	18.2%	6,158	17.0%
Other Costs (Adjustments) ²	(729)	-0.3%	(4,139)	-2.1%	3,410	-82.4%
Operating EBITDA	41,595	17.6%	32,027	16.1%	9,568	29.9%
Amortisation, depreciation & write-downs	(13,906)	-5.9%	(11,125)	-5.6%	(2,781)	25.0%
Impairments and other provisions	(2,741)	-1.2%	(1,647)	-0.8%	(1,094)	66.5%
EBIT	24,948	10.5%	19,255	9.7%	5,692	29.6%
EBIT Adjusted	25,677	10.9%	23,395	11.8%	2,282	9.8%
Net financial charges	(3,293)	-1.4%	(2,321)	-1.2%	(972)	41.9%
Profit before taxes	21,655	9.2%	16,935	8.5%	4,720	27.9%
Profit before taxes Adjusted	22,384	9.5%	21,074	10.6%	1,310	6.2%
Income taxes	(4,863)	-2.1%	(3,871)	-2.0%	(992)	25.6%
Net Profit	16,792	7.1%	13,064	6.6%	3,728	28.5%
Group net profit	16,785	7.1%	13,061	6.6%	3,723	28.5%
Minority interests	7	0.0%	2	0.0%	5	193.2%

² Adjustments: these include non-recurring revenues and costs (e.g. net impact of additional COVID costs) and one-off costs (e.g. M&A costs)

3.2 2022 Consolidated Revenues Overview

GHC consolidated revenues in 9M 2022 amounted to Euro 236,572 thousand, up 19.2% on Euro 198,468 thousand in the same period of 2021.

The revenue increase of Euro 38,104 thousand is due for Euro 29,933 thousand to the change in consolidation scope, as the income statement in 9M 2022 benefited fully from the contribution of Clinica San Francesco S.r.l. acquired on April 9, 2021, and of Domus Nova, acquired on July 28, 2021, and for Euro 8,171 thousand from the companies at like-for-like consolidation scope.

The revenue increase also benefited from the partial reimbursement of the additional COVID costs³ incurred by the Group companies, also in previous years, totalling Euro 1,569 thousand, of which Euro 1,488 thousand received by the companies at like-for-like scope and Euro 81 thousand received by Clinica San Francesco S.r.l. and Domus Nova S.p.A.

Consolidated revenues in Euro thousands	9M 2022 Actual	9M 2021 Actual	9M 22 vs. 9M 21 Euro '000	9M 22 vs. 9M 21 %
Total	236,572	198,468	38,104	19.2%
<i>of which repayments of "additional COVID costs"</i>	<i>1,569</i>	<i>1,033</i>	<i>536</i>	<i>51.9%</i>
<i>of which Clinica San Francesco + Domus Nova</i>	<i>49,574</i>	<i>19,641</i>	<i>29,933</i>	<i>152.4%</i>

3.3. 2022 Consolidated Costs Overview

Consolidated operating costs for 9M 2022, net of adjustments, totalled Euro 194,248 thousand, increasing Euro 31,947 thousand (+19.7%) on Euro 162,302 thousand in the same period of 2021, of which Euro 23,698 thousand relates to the change in consolidation scope and Euro 8,249 thousand to the companies at like-for-like consolidation scope.

The increase in production costs in 9M 2022 was also influenced by increasing energy prices, estimated to be approx. Euro 3.8 million, of which Euro 3.3 million relating to the companies at like-for-like consolidation scope.

Total Adjustments of Euro 729 thousand comprise non-recurring costs for Euro 654 thousand, mainly regarding charges incurred (net of reimbursements) by the Group companies to deal with the COVID-19 emergency, and one-off costs of Euro 75 thousand related to M&A's. Non-recurring costs decreased Euro 3,410 thousand on 9M 2021, of which Euro 1,737 thousand due to the reduced COVID costs, which totalled Euro 1,214 thousand, the recognition of greater reimbursements for Euro 523 thousand and lower M&A costs, amounting to Euro 1,673 thousand, since in the first nine months of 2021 costs were incurred to acquire Clinica San Francesco S.r.l. and Domus Nova S.p.A..

3.4. 2022 Consolidated Operating EBITDA and Operating EBITDA Adjusted

Consolidated Operating EBITDA Adjusted⁴ totalled Euro 42,324 thousand, increasing 17.0% on Euro 36,166 thousand in the same period of the previous year, benefitting from the full contribution of the acquisitions of Domus Nova S.p.A. and Clinica San Francesco S.r.l., amounting to Euro 8,821 thousand in 9M 2022.

Overall, the 9M 2022 Group Operating EBITDA Adjusted margin was 17.9%.

Consolidated Op. EBITDA and Op. EBITDA Adj. in Euro thousands	9M 2022 Actual	9M 2021 Actual	9M 22 vs. 9M 21 Euro '000	9M 22 vs. 9M 21 %
Op. EBITDA Reported	41,595	32,027	9,568	29.9%
<i>+ additional COVID costs (net reimbursements)</i>	<i>654</i>	<i>2,391</i>	<i>(1,737)</i>	<i>-72.6%</i>
<i>+ M&A costs</i>	<i>75</i>	<i>1,748</i>	<i>(1,673)</i>	<i>-95.7%</i>
Op. EBITDA Adjusted	42,324	36,166	6,158	17.0%
<i>of which Clinica San Francesco + Domus Nova *</i>	<i>8,821</i>	<i>2,586</i>	<i>6,235</i>	<i>241.1%</i>

³ Non-recurring costs incurred by the Group to tackle the COVID-19 emergency and concerning expenses for Personnel Protective Equipment ("PPE"), swabs / tests, the preparation and management of triage areas and the dedicated distancing pathways.

⁴ This indicator adjusts operating EBITDA for non-recurring revenues and costs (e.g. net impact of additional COVID costs) and for one-off costs (e.g. M&A costs), in order to provide an adjusted metric and comparable with the company's historic figures.

Op. EBITDA Reported Margin (%)	17.6%	16.1%	-	-
Op. EBITDA Adjusted Margin (%)	17.9%	18.2%	-	-

* in 2021, Clinica San Francesco contributed only for six months, and Domus Nova for only two months.

3.5. 2022 Consolidated EBIT and EBIT Adjusted Overview

EBIT Adjusted in 9M 2022 was Euro 25,677 thousand, up Euro 2,282 thousand (+9.8%) on Euro 23,395 thousand in the same period of the previous year.

This result includes amortisation, depreciation and write-downs in the period of Euro 13,906 thousand, increasing Euro 2,781 thousand on 9M 2021, mainly due to the change in consolidation scope (Euro 1,649 thousand), in addition to valuation adjustments and other provisions for Euro 2,741 thousand, increasing Euro 1,094 thousand on 9M 2021, both due to greater provisions at organic scope (Euro +792 thousand) and the change in consolidation scope (Euro +302 thousand).

EBIT Reported, net of Adjustments, was Euro 24,948 thousand, up Euro 5,692 thousand (+29.6%) on 9M 2021.

Consolidated EBIT and EBIT Adj. in Euro thousands	9M 2022 Actual	9M 2021 Actual	9M 22 vs. 9M 21 Euro '000	9M 22 vs. 9M 21 %
Op. EBITDA Adjusted	42,324	36,166	6,158	17.0%
- Amortisation of intangible assets	(639)	(434)	(205)	47.1%
- Depreciation of property, plant & equip.	(12,884)	(10,615)	(2,269)	21.4%
- Write-downs	(384)	(76)	(308)	406.0%
Amortisation, depreciation and write-downs	(13,906)	(11,125)	(2,781)	25.0%
- End of mandate provisions	(35)	(49)	14	-27.7%
- Healthcare lawsuit provisions	(1,839)	(1,364)	(475)	34.8%
- Local Health Authority risk provisions	(1,383)	(1,094)	(289)	26.4%
- Other risk provisions	(65)	(150)	85	-56.7%
+ Release of provisions	582	1,010	(428)	-42.4%
Impairments and other provisions	(2,741)	(1,647)	(1,094)	66.4%
= EBIT Adjusted	25,677	23,395	2,282	9.8%
- Other costs (Adjustments)	(729)	(4,139)	3,410	-82.4%
= EBIT Reported	24,948	19,255	5,692	29.6%
EBIT Adjusted Margin (%)	10.9%	11.8%	-	-
EBIT Reported Margin (%)	10.5%	9.7%	-	-

3.6. 2022 Consolidated net profit overview

The Net Profit was Euro 16,792 thousand, an increase of Euro 3,728 thousand on Euro 13,064 thousand in 9M 2021.

This amount includes net financial charges of Euro 3,293 thousand, increasing Euro 972 thousand on 9M 2021, mainly due to the higher Group debt following the latest acquisitions, in addition to income taxes of Euro 4,863 thousand, rising Euro 992 thousand on 9M 2021, mainly due to the improved pre-tax result.

3.7. GHC Group Q3 2022 financial highlights

The operating performance indicators for Q3 2022 compared with the same period of 2021 are presented below.

Consolidated figures	Q3 2022		Q3 2021		Q3 2022 vs. Q3 2021	
	Euro '000	%	Euro '000	%	Euro '000	%
Revenues	70,285	100.0%	64,995	100.0%	5,290	8.1%
Total operating costs (exc. Adjustments) ²	(59,131)	-84.1%	(53,573)	-82.4%	(5,558)	10.4%
Op. EBITDA Adjusted	11,154	15.9%	11,422	17.6%	(268)	-2.3%
Other Costs (Adjustments) ²	(414)	-0.6%	(1,653)	-2.5%	1,240	-75.0%
Operating EBITDA	10,740	15.3%	9,768	15.0%	972	10.0%
Amortisation, depreciation & write-downs	(4,676)	-6.7%	(4,205)	-6.5%	(472)	11.2%

Impairments and other provisions	(511)	-0.7%	(359)	-0.6%	(152)	42.4%
EBIT	5,553	7.9%	5,205	8.0%	348	6.7%
EBIT Adjusted	5,967	8.5%	6,858	10.6%	(891)	-13.0%
Net financial charges	(1,188)	-1.7%	(840)	-1.3%	(348)	41.4%
Profit before taxes	4,366	6.2%	4,365	6.7%	1	0.0%
Profit before taxes Adjusted	4,779	6.8%	6,019	9.3%	(1,239)	-20.6%
Income taxes	(826)	-1.2%	(1,074)	-1.7%	248	-23.1%
Net Profit	3,540	5.0%	3,291	5.1%	250	7.6%
Group net profit	3,541	5.0%	3,292	5.1%	248	7.5%
Minority interests	(1)	0.0%	(1)	0.0%	(0)	60.4%

3.8. Consolidated revenues – Q3 2022

In Q3, GHC consolidated revenues totalled Euro 70,285 thousand, increasing Euro 5,290 thousand (+8.1%) on Euro 64,995 thousand in the same period of 2021, of which Euro 3,509 thousand due to the change in consolidation scope and Euro 1,781 thousand to the companies at like-for-like consolidation scope.

Consolidated revenues <i>in Euro thousands</i>	Q3 22	Q3 21	Q322 vs. Q321 Euro '000	Q322 vs. Q321 %
Total	70,285	64,995	5,290	8.1%
<i>of which repayments of "additional COVID costs"</i>	81	172	(91)	-52.9%
<i>of which 2021 M&A (Clinica San Francesco + Domus Nova)</i>	14,289	10,780	3,509	32.6%

3.9. Consolidated operating costs – Q3 2022

Consolidated operating costs for Q3 2022, net of Adjustments, totalled Euro 59,131 thousand, increasing Euro 5,558 thousand (+10.4%) on Euro 53,573 thousand in Q3 2021.

This increase is mainly attributable to increased energy prices, estimated at approx. Euro 2.1 million.

The Adjustments of Euro 414 thousand comprise non-recurring costs for Euro 390 thousand, mainly regarding charges incurred (net of reimbursements) by the Group companies to deal with the COVID-19 emergency, and one-off costs of Euro 24 thousand related to M&A's. The decrease of Euro 1,240 thousand on the previous period is chiefly due to lower M&A costs than in Q3 2021, which stemmed from the acquisition of Domus Nova S.p.A.

3.10. Q3 2022 Consolidated Operating EBITDA and Operating EBITDA Adjusted

As a result of the revenue and cost trends described above, consolidated Operating EBITDA Adjusted⁽⁵⁾ was Euro 11,154 thousand, decreasing Euro 268 thousand (-2.3%) from Euro 11,422 thousand in the Q3 2021. The Group's Operating EBITDA Adjusted Margin in Q3 2022 was 15.9%, down from 17.9% in the previous quarter, chiefly due to the sharp increase in energy prices from July 2022.

By contrast, Operating EBITDA Reported of Euro 10,740 thousand was up Euro 972 thousand (+9.9%) on Q3 2021, chiefly due to the lower impact of net COVID and M&A costs.

⁵ This indicator adjusts operating EBITDA for non-recurring revenues and costs (e.g. net impact of additional COVID costs) and for one-off costs (e.g. M&A costs), in order to provide an adjusted metric and comparable with the company's historic figures.

<i>Consolidated Op. EBITDA and Op. EBITDA Adj.</i> in Euro thousands	Q3 2022 Actual	Q3 2021 Actual	Q3 22 vs. Q3 21 Euro '000	Q3 22 vs. Q3 21 %
Op. EBITDA Reported	10,740	9,768	972	9.9%
+ additional COVID costs (net reimbursements)	390	735	(345)	-46.9%
+ M&A costs	24	918	(894)	-97.4%
Op. EBITDA Adjusted	11,154	11,422	(268)	-2.3%
<i>of which 2021 M&A (Clinica San Francesco + Domus Nova)</i>	1,715	881	834	94.6%
<i>Op. EBITDA Reported Margin (%)</i>	15.3%	15.0%	-	-
<i>Op. EBITDA Adjusted Margin (%)</i>	15.9%	17.6%	-	-

3.11. Q3 2022 Consolidated EBIT and EBIT Adjusted Overview

EBIT Adjusted in Q3 2022 was Euro 5,967 thousand, decreasing Euro 891 thousand (-13.0%) on Euro 6,858 thousand in the same period of the previous year.

This result includes amortisation, depreciation and write-downs in the period of Euro 4,676 thousand, increasing Euro 471 thousand on Q3 2021, mainly due to investments made, in addition to valuation adjustments and other provisions for Euro 511 thousand, increasing Euro 152 thousand on Q3 2021

EBIT Reported, net of Adjustments, was Euro 5,553 thousand, up Euro 348 thousand (+6.7%) on 9M 2021.

<i>Consolidated EBIT and EBIT Adj.</i> in Euro thousands	Q3 2022 Actual	Q3 2021 Actual	Q3 22 vs. Q3 21 Euro '000	Q3 22 vs. Q3 21 %
Op. EBITDA Adjusted	11,154	11,422	(268)	-2.3%
- Amortisation of intangible assets	(221)	(211)	(10)	4.8%
- Depreciation of property, plant & equip.	(4,310)	(3,974)	(336)	8.4%
- Write-downs	(146)	(20)	(126)	628.6%
Amortisation, depreciation and write-downs	(4,676)	(4,205)	(471)	11.2%
- End of mandate provisions	(11)	(16)	5	-29.7%
- Healthcare lawsuit provisions	(269)	(325)	56	-17.2%
- Local Health Authority risk provisions	(354)	(500)	146	-29.1%
+ Release of provisions	124	482	(358)	-74.3%
Impairments and other provisions	(511)	(359)	(152)	42.2%
EBIT Adjusted	5,967	6,858	(891)	-13.0%
- Other costs (Adjustments)	(414)	(1,653)	1,240	-75.0%
Reported EBIT	5,553	5,205	348	6.7%
<i>EBIT Adjusted Margin (%)</i>	8.5%	10.6%	-	-
<i>EBIT Reported Margin (%)</i>	7.9%	8.0%	-	-

3.12. Q3 2022 Consolidated Net Profit

The net profit in Q3 2022 was Euro 3,540 thousand, increasing Euro 250 thousand on Euro 3,291 thousand in Q3 2021.

This amount includes net financial charges of Euro 1,188 thousand, increasing Euro 348 thousand on Q3 2021, due to the higher Group debt following the acquisition of Domus Nova S.p.A. in July 2021, and income taxes of Euro 826 thousand, decreasing Euro 248 thousand on the same period of the previous year.

4. FINANCIAL HIGHLIGHTS - COMPARATIVE PRO-FORMA FIGURES

In order to ensure sufficient comparability of company results for 9M 2022 with the same period of the previous year, the Pro-Forma⁽⁶⁾ figures were prepared for 9M 2021. This involved giving retroactive effect to January 1, 2021 to the acquisition of Clinica San Francesco (which took place on April 9, 2021) and Domus Nova (which took place on July 28, 2021).

Consolidated figures <i>in Euro thousands</i>	9M 2022		9M 2021 PRO-FORMA		2022 vs. 2021 PF	
	Euro '000	%	Euro '000	%	Euro '000	%
Revenues	236,572	100.00%	224,624	100.0%	11,948	5.32%
Total operating costs (excl. non-core costs)	(194,248)	-82.11%	(186,710)	-83.1%	(7,538)	4.04%
Op. EBITDA Adjusted	42,324	17.89%	37,914	16.9%	4,410	11.63%
Other Costs ("Adjustments")	(729)	-0.31%	(4,139)	-1.8%	3,410	-82.38%
Operating EBITDA	41,595	17.58%	33,775	15.0%	7,820	23.15%
Amortisation, depreciation & write-downs	(13,906)	-5.88%	(13,151)	-5.9%	(755)	5.74%
Impairments and other provisions	(2,741)	-1.16%	(2,528)	-1.1%	(213)	8.43%
EBIT	24,948	10.55%	18,096	8.1%	6,852	37.86%
EBIT Adjusted	25,677	10.85%	22,235	9.9%	3,442	15.48%
Net financial charges	(3,293)	-1.39%	(2,436)	-1.1%	(857)	35.18%
Profit before taxes	21,655	9.15%	15,660	7.0%	5,995	38.28%
Profit before taxes Adjusted	22,384	9.46%	19,799	8.8%	2,585	13.06%
Income taxes	(4,863)	-2.06%	(3,941)	-1.8%	(922)	23.39%
Net Profit	16,792	7.10%	11,719	5.2%	5,073	43.29%
Group net profit	16,785	7.09%	11,722	5.2%	5,063	43.19%
Minority interests	7	0.00%	(3)	0.0%	10	-3.37%

As presented in the table above, all income statement indicators (Revenues, Operating EBITDA Adjusted, Operating EBITDA, EBIT, etc.) significantly improved on the pro-forma figures for 9M 2021.

⁽⁶⁾ These Pro-Forma statements are drawn up on a voluntary basis and are not according to procedures agreed with the independent audit firm as per the International Standard of Related Services ("ISRS") 4400 issued by the IAASB.

5. BALANCE SHEET AND FINANCIAL POSITION

5.1. Balance Sheet

A breakdown of the Group's condensed consolidated balance sheet at September 30, 2022 and December 31, 2021 is provided below.

Consolidated figures Uses	2022	2021	Δ vs 2021
	September	December	Euro '000
Goodwill	70,635	70,265	370
Intangible and tangible assets	412,880	413,758	(878)
Financial assets	1,117	1,768	(651)
I Fixed capital	484,632	485,791	(1,159)
Trade Receivables	57,681	74,720	(17,038)
Inventories	4,383	4,322	61
Trade payables	(44,549)	(46,239)	1,689
Net Operating Working Capital	17,515	32,803	(15,288)
Other assets/liabilities	(28,269)	(27,896)	(372)
II Net Working Capital	(10,753)	4,907	(15,660)
Net deferred taxes	(57,212)	(58,272)	1,061
Provisions	(29,641)	(29,333)	(308)
III Total Uses (NET CAPITAL EMPLOYED)	387,026	403,093	(16,066)
IV Net financial debt	112,522	142,378	(29,856)
Minority interest shareholders' equity	263	262	1
Group shareholders' equity	274,242	260,453	13,789
V Shareholders' Equity	274,504	260,714	13,790
VI Total sources of financing	387,026	403,093	(16,066)

Fixed capital at September 30, 2022 amounted to Euro 484,632 thousand, a decrease of Euro 1,159 thousand on December 31, 2021. The movement relates to amortisation and depreciation in the period of Euro 13,493 thousand, exceeding investments of Euro 12,670 thousand.

Net operating working capital at September 30, 2022 decreased Euro 15,288 thousand on December 31, 2021, due to the decrease in trade receivables, mainly related to the seasonality of operating activities, which in Q3 entails the collection of receivables related to the previous months, and lower sales in the summer months.

Other assets and liabilities increased Euro 372 thousand, mainly due to the assessment of income taxes for the period.

The net working capital therefore reports a net decrease of Euro 15,660 thousand due to the net operating working capital changes and the changes of other assets and liabilities outlined previously.

Net deferred taxes decreased Euro 1,061 thousand, mainly due to the increase in the deferred tax assets of Hesperia Hospital Modena S.r.l. and Rugani Hospital S.r.l., restated using the ordinary IRES rate as the subsidised IRES rate for hospitals available until 2021 could no longer be applied for both companies.

Provisions increased compared to December 31, 2021 by Euro 308 thousand, due to: (i) the increase in the Post-employment benefit provision for Euro 280 thousand (ii) the increase in the provisions for risks for Euro 28 thousand. In greater detail, the increase in the risks provisions is due to the following combined effects: (i) net accruals (excess of provisions over releases) of Euro 2,847 thousand, mainly due for Euro 1,422 thousand to healthcare risks and for Euro 1,328 thousand to local health authority risks (ii) utilisations for Euro 2,819 thousand, mainly concerning healthcare and local health authority cases (Euro 2,611 thousand).

Net capital employed at September 30, 2022 amounted to Euro 387,026 thousand, a decrease of Euro 16,066 thousand on Euro 403,093 thousand at December 31, 2021.

At September 30, 2022, the Net Financial Position (NFP) of the Garofalo Health Care Group was Euro 112,522 thousand, with gross financial debt of Euro 161,719 thousand and liquidity of Euro 49,197 thousand. The NFP therefore decreased Euro 29,856 thousand on December 31, 2021, thanks to the cash flow generated from operating activities, enabling the settlement of the initial instalment of the loan for Euro 11,111 thousand, the lesser use of advances and credit lines for Euro 9,057 thousand and the repayment of the loan to the parent Larama (Euro 1,664 thousand).

The Group shareholders' equity at September 30, 2022 of Euro 274,242 thousand increased Euro 13,789 thousand on December 31, 2021 due to the profit for the period of Euro 16,785 thousand, net of the purchase of treasury shares of Euro 2,426 thousand, and the decrease in the actuarial reserve on the post-employment benefits for Euro 563 thousand.

5.2. Net Financial Position

Net financial debt was calculated according to the approach outlined in ESMA Recommendation 2021/32-382-1138/ and Consob Communication No. DEM/6064293 of July 28, 2006.

A breakdown of the composition for the periods ending September 30, 2022 and December 31, 2021 is provided below.

Consolidated figures	2022 Euro '000	2021 Euro '000	Δ vs 2021 Euro '000
A Cash and cash equivalents	48,893	41,239	7,654
B Other liquidity	-	39	(39)
C Other current financial assets	304	136	168
D Liquidity	49,197	41,414	7,783
E Current financial debt	15,019	24,163	(9,144)
F Current portion of non-current financial debt	22,425	21,499	927
G Current financial debt	37,444	45,662	(8,218)
H Net current financial debt (G - D)	(11,753)	4,248	(16,001)
I Non-current financial debt	124,275	138,130	(13,855)
J Debt instruments	-	-	-
K Trade payables and other non-current payables	-	-	-
L Non-current financial debt (I + J + K)	124,275	138,130	(13,855)
M Total financial debt (H + L)	112,522	142,378	(29,856)

As shown in the table above, liquidity increased Euro 7,654 thousand, thanks to operating cash flow generated, net of that used to reduce the current financial debt and capex in the period.

The current financial debt decreased Euro 8,218 thousand, mainly due to the lesser use of bank lines and advances.

The non-current financial debt decreased Euro 13,855 thousand, mainly due to the settlement of the first Unicredit loan instalment, totalling Euro 11,111 thousand, and the entire loan to the parent Larama, amounting to Euro 1,664 thousand.

6. INVESTMENTS

6.1 Recurring investments

In 9M 2022, the Group undertook investments in property, plant and equipment and intangible assets of a recurring nature. These were designed to support the production capacity of the Group's healthcare facilities and implement technological and the functional upgrades to medical devices and equipment that are essential in maintaining high quality standards in the services offered to patients.

6.2 Capex in long-term development and organisational restructuring

In 9M 2022, the Group continued investments in capex of a non-recurring nature within the framework of long-term development and organisational restructuring, with expansion projects designed to increase production capacity and diversify the type of services offered. A short description of these investments follows.

Clinic	Main expansion investments and organisational restructuring	Highlights
Villa Fernanda and S. Marta (Fides Group)	 <p>Villa Fernanda S. Marta <i>completed</i></p>	<ul style="list-style-type: none"> - Acquisition of a building located in Genoa, previously used as a school, to which the activities previously at the Santa Marta clinic were transferred in 2020 - The new Santa Marta clinic, allocated for dependency care activities with a focus on private patients, was opened on 28/09/2022 in the presence of the President of the Liguria Region Giovanni Toti.
Eremo di Miazzina	 <p>Expansion of Istituto Raffaele Garofalo <i>in progress</i></p>	<ul style="list-style-type: none"> - Acquisition of a building of around 4,000m² opposite Istituto Raffaele Garofalo, designed to improve hospital rehabilitation services, in addition to expanding and diversifying accredited specialist outpatient services which are today carried out at the IRG - The works have incurred a number of slowdowns due to difficulties in procuring certain raw materials
Hesperia Hospital Modena	 <p>Expansion and reorganisation of existing clinic <i>in progress</i></p>	<ul style="list-style-type: none"> - Expansion of production capacity with reorganisation of operating theatres and the creation, among others, of a new operating room and a new day-surgery, in addition to the creation of a new area for the centralised acceptance of specialised outpatient cases - The activities are currently ongoing
Domus Nova	 <p>Domus Nova and San Francesco redevelopment <i>in progress</i></p>	<ul style="list-style-type: none"> - Domus Nova: new reception area with reception desk, new lift, pre-operational area - San Francesco: new reception area, outpatient area on the ground floor, endoscopy department, work to comply with CPI regulations - Activities are currently underway

7. COVID-19 OVERVIEW

The contents of the disclosure below take due account of the indications provided by Consob in the attention call No. 1 of February 16, 2021, concerning "COVID 19 - attention call on financial reporting" as well as the recommendations provided by ESMA in the public statement "Implications of the COVID-19 outbreak on the half-yearly financial Reports" of May 20, 2020.

In 9M 2022, in view of the continued partial difficulties related to COVID-19, it is noted that all GHC Group clinics continued to provide support to the public healthcare system, managing at the same time not to compromise its operations. The following table presents the main activities in support of the public system:

Region	Clinic	Main activities carried out to support the public system
Emilia-Romagna	Hesperia Hospital	<ul style="list-style-type: none"> Local healthcare authority weekly operating room sessions made available in Q1 to the Policlinico and Modena for oncological senology procedures and for orthopaedic procedures. These agreements ended when the state of emergency concluded on March 31, 2022.
	Ospedali Privati Riuniti	<ul style="list-style-type: none"> Ward made available for COVID patients (closed in August), in addition to operating room sessions (until March) to allow the Istituto Ortopedico Rizzoli to carry out orthopaedic surgery at its clinic in Villa Regina.
Tuscany	Rugani Hospital	<ul style="list-style-type: none"> Wards opened in first three months dedicated to COVID patients emerging from the acute phase but still testing positive for the virus (10 beds), then closed in April

The GHC Group 9M 2022 consolidated results, although still partly impacted by the activities in support of the Public system, affecting the full use of the production capacity and a completely orderly and efficient operating scheduling, indicate a significant increase both in terms of revenues and Operating EBITDA on the same period of the previous year.

With reference to the 9M 2022 income statement, COVID-19 resulted at consolidated level in one-off costs (“additional COVID costs”) for Personnel Protective Equipment (“PPE”), swabs / tests, the preparation and management of triage areas and the dedicated distancing pathways, only in part reimbursed by the local health authorities.

As regards the Balance Sheet, COVID-19 resulted at consolidated level in the recognition in 2020 and 2021 to GHC clinics as a result of the COVID-19 emergency by the main Regions in which the Group operates of a monthly advance of between 80% and 100%, according to each individual case, of the agreed regional and extra-regional production for 2019 or that of the budget agreement. At September 30, 2022, these advances were unchanged on December 31, 2021 at approx. Euro 10.5 million. There were no delays in collections due to COVID-19.

8. MANAGEMENT AND CO-ORDINATION

Garofalo Health Care S.p.A is not subject to direction and co-ordination by another entity. Garofalo Health Care S.p.A is responsible for direction and co-ordination of all its subsidiaries.

9. SIGNIFICANT EVENTS AFTER THE END OF THE QUARTER

On October 13, 2022, Garofalo Health Care S.p.A. signed a binding agreement for the acquisition of Gruppo Veneto Diagnostica e Riabilitazione (GVDR), one of the leading accredited private diagnostic centres in the Veneto region by volume and service quality. The transaction allows the GHC Group to expand in the strategic areas of Padua, Venice and Treviso, thus strengthening its presence in the Veneto region.

The Enterprise Value of the transaction is Euro 24.0M and the Equity Value, calculated on the basis of the provisional contractual Net Financial Position at June 30, 2022 - which also includes the Post-employment benefit provision of approx. Euro 1.1M among the payables - is Euro 24.9M.

The transaction will utilise own funds and also bank debt, as GHC has a Financing Line for new acquisitions (totalling Euro 81M), for which it can draw down up to 80% of the purchase price.

The transaction is expected to be completed by the end of the year through a vehicle company wholly-owned by GHC.

This transaction, in line with the Buy & Build strategy undertaken since the IPO, confirms the Group's strategic intention to pursue M&A-driven growth, through acquisitions of excellent clinics with non-dilutive performances, also going forward.

10. OUTLOOK

In the first 9 months of 2022, compared to 2021, the Group achieved a significant increase in operating activity and in the value of production, both for the companies in the organic perimeter and for the 2 companies acquired last year. This growth made it possible to offset, in terms of operating margins, the higher costs related to energy supply prices which, especially in the third quarter of this year, recorded a significant and higher than expected increase. In the last quarter of 2022, the Group is confident that it will be able to achieve a production volume substantially in line with the same period of 2021 against an operating margin that could be affected by the uncertainty of the energy price trend.

With reference to the topic of energy, it should be noted that the Company has defined specific initiatives to support energy efficiency and is working concretely for their implementation. In particular, these initiatives concern (i) the reduction of the price of electricity and gas supply at Group level and (ii) the optimization of energy consumption through an investment plan for all Group structures. The Company expects to reap the first benefits during the next year.

11. FINANCIAL STATEMENTS

BALANCE SHEET

	For the period ended September 30	For the year ended December 31
<i>in Euro thousands</i>	2022	2021
Goodwill	70,635	70,265
Other intangible assets	195,773	195,828
Property, plant and equipment	216,213	217,006
Investment property	895	924
Equity investments	762	1,285
Other non-current financial assets	355	482
Other non-current assets	1,521	1,113
Deferred tax assets	10,739	9,660
Assets for derivative financial instruments - non-current	0	0
Defined benefit plan activities	0	0
TOTAL NON-CURRENT ASSETS	496,892	496,564
Inventories	4,383	4,322
Trade receivables	57,681	74,720
Tax receivables	5,523	6,088
Other receivables and current assets	3,116	3,405
Other current financial assets	304	175
Cash and cash equivalents	48,893	41,239
Assets for derivative financial instruments - current	0	0
Assets held-for-sale	0	0
TOTAL CURRENT ASSETS	119,900	129,948
TOTAL ASSETS	616,793	626,513

	For the period ended September 30	For the year ended December 31
<i>in Euro thousands</i>	2022	2021
Share capital	31,570	31,570
Legal reserve	532	471
Other Reserves	225,355	209,578
Group result for the period	16,785	18,834
TOTAL GROUP SHAREHOLDERS' EQUITY	274,242	260,453
Minority interest capital and reserves	256	253
Minority interest result	7	9
TOTAL SHAREHOLDERS' EQUITY	274,504	260,714
Employee benefits	12,267	11,987
Provisions for risks and charges	17,373	17,346
Non-current financial payables	124,275	138,130
Other non-current liabilities	2,412	213
Deferred tax liabilities	67,950	67,932
TOTAL NON-CURRENT LIABILITIES	224,278	235,608
Trade payables	44,549	46,239
Current financial payables	37,444	45,662
Tax payables	4,543	3,860
Other current liabilities	31,474	34,430
TOTAL CURRENT LIABILITIES	118,010	130,190
TOTAL LIABILITIES	342,288	365,798
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	616,793	626,513

INCOME STATEMENT

<i>in Euro thousands</i>	For the period ended September 30	
	2022	2021
Revenues from services	230,462	195,682
Other revenues	6,110	2,786
TOTAL REVENUES	236,572	198,468
Raw materials and consumables	33,350	27,413
Service costs	97,708	83,481
Personnel costs	53,212	46,597
Other operating costs	10,707	8,950
Amortisation, depreciation & write-downs	13,906	11,125
Impairments and other provisions	2,741	1,647
TOTAL OPERATING COSTS	211,624	179,213
EBIT	24,948	19,255
Financial income	79	66
Financial charges	(3,438)	(2,567)
Results of investments at equity	65	180
TOTAL FINANCIAL INCOME AND CHARGES	(3,293)	(2,321)
PROFIT BEFORE TAXES	21,655	16,935
Income taxes	4,863	3,871
NET PROFIT FOR THE PERIOD	16,792	13,064
Attributable to:		
Group	16,785	13,061
Minority interests	7	2

CASH FLOW STATEMENT

In Euro thousands	September	
	2022	2021
OPERATING ACTIVITIES		
Net Profit for the period	16,792	13,064
<i>Adjustments for:</i>		
- Amortisation and depreciation	13,522	11,047
- Provisions for employee benefit liabilities	551	503
- Provisions net of releases for risks and charges	2,741	1,647
- Provisions net of releases for doubtful debt provision	384	76
- Interest from discounting	1,880	584
- Change in investments in associates valued under the equity method	(65)	(181)
- Change in other non-current assets and liabilities	1,919	(92)
- Net change in deferred tax assets and liabilities	(883)	341
- Payments for employee benefits	(1,012)	(774)
- Payments for provisions for risks and charges	(1,917)	(1,584)
<i>Changes in operating assets and liabilities:</i>		
(Increase) decrease in trade and other receivables	15,859	9,999
(Increase) decrease in inventories	(61)	(177)
Increase (decrease) in trade and other payables	(1,689)	(3,791)
Other current assets and liabilities	(1,489)	5,574
NET CASH FLOW FROM OPERATING ACTIVITIES (A)	46,530	36,235
CASH FLOW FROM INVESTING ACTIVITIES		
Investments in intangible assets	(585)	(854)
Investments in tangible assets	(10,328)	(19,644)
(Investments)/disposals in financial assets	(36)	-
Sale of tangible assets	30	192
Dividends from associates	163	120
Acquisition Domus Nova	-	(31,119)
Acquisition Clinica San Francesco	-	(36,562)
CASH FLOW ABSORBED BY INVESTING ACTIVITIES (B)	(10,755)	(87,868)
CASH FLOW FROM FINANCING ACTIVITIES		
Issue of medium/long term loans	65	43,401
Repayment of medium/long-term loans	(11,114)	(12,551)
Issue/(repayment) of short-term loans	(9,057)	(1,388)
Changes in other financial payables	(5,589)	(3,766)
Share capital increase and shareholder payments	-	40,937
Use of Reserve as per Article 40	-	(12)
(Acquisition) treasury shares	(2,426)	(1,692)
NET CASH FLOW GENERATED/(ABSORBED) FROM FINANCING ACTIVITIES (C)	(28,121)	64,929
TOTAL CASH FLOWS (D=A+B+C)	7,654	13,296
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD (E)	41,239	24,810
CASH & CASH EQUIVALENTS AT END OF PERIOD (F=D+E)	48,893	38,106
Additional information:		
Interest paid	1,340	1,108
Income taxes paid	3,757	1,474

12. DECLARATION OF THE EXECUTIVE OFFICER

The Executive Officer for Financial Reporting of the company Garofalo Health Care S.p.A., Mr. Luigi Celentano, declares in accordance with Article 154-bis of Legislative Decree No. 58 of February 24, 1998, that the accounting information contained in this Interim Financial Report at September 30, 2022 corresponds to the underlying accounting documents, records and entries.

Rome, November 14, 2022

**Executive Officer for
Financial Reporting**

(Mr. Luigi Celentano)