



Press Release

GAROFALO HEALTH CARE S.P.A.: BOARD OF DIRECTORS APPROVES INTERIM FINANCIAL REPORT AT SEPTEMBER 30, 2021 WITH REVENUES OF €198.5M UP 35.8% ON 2020 AND UP 21.6% ON 2019 PRO-FORMA (+6.1% AT LIKE-FOR-LIKE PERIMETER)

OPERATING EBITDA ADJUSTED OF €36.2M, UP 71.0% ON €21.1M FOR 9M 2020 (+52.4% AT LIKE-FOR-LIKE PERIMETER)

PERFORMANCE OF THE ORGANIC PERIMETER IN THE THIRD QUARTER SIGNIFICANTLY ABOVE PRE-PANDEMIC LEVELS IN TERMS OF REVENUES, OP. EBITDA ADJUSTED AND MARGINS

NET PROFIT OF €13.1M, MORE THAN DOUBLED ON €4.8M FOR 9M 2020

NET FINANCIAL POSITION OF €137.4M, WITH AVAILABLE LIQUIDITY OF €38.1M

KEY 9M 2021 RESULTS

- Revenues of €198.5M, up 35.8% vs. €146.1M for 9M 2020⁽¹⁾ (+19.4% at like-for-like perimeter):
 - Compared to the pre-pandemic figure for 9M 2019 Pro-Forma (€163.2M), Revenues were up 21.6% (+6.1% at like-for-like perimeter)⁽¹⁾;
 - In the third quarter, Revenues of the organic perimeter were €52.4M, up 10.2% on 2019 Pro-Forma;
- Operating EBITDA Adjusted⁽²⁾ of €36.2M, up 71.0% on €21.1M for 9M 2020 (+52.4% at like-for-like perimeter). Margin of 18.2% vs. 14.5% for 9M 2020:
 - Compared to 9M 2019 Pro-Forma (€32.1M), Op. EBITDA Adjusted rose 12.5% (substantially in line at like-for-like perimeter, a particularly satisfying result in view of the support activities provided to the public healthcare system, particularly in the first quarter of the year, to tackle the pandemic);
 - In the third quarter, Operating EBITDA Adjusted of the organic perimeter was €10.0M (+28.8% vs. 2019 Pro-Forma), with the 19.1% margin outstripping the pre-pandemic figure (16.3%), confirming the managerial strength of the Group and in spite of the current challenging environment;
- Net Profit of €13.1M, more than 2.5 times the €4.8M for 9M 2020;
- Net Financial Position of €137.4M, with available liquidity of €38.1M:
 - Excluding non-recurring items, principally related to the ABB transaction and the acquisitions of Clinica S. Francesco and Domus Nova, the NFP would amount to €69.3M, with a cash generation of €28.4M in the nine months

Rome, November 12, 2021 – Garofalo Health Care S.p.A. (“GHC”), listed on the Euronext STAR segment of the Italian Stock Exchange, today approved the Interim Financial Report at September 30, 2021, drawn up as per Article 82 of the Issuers’ Regulation adopted with motion No. 11971 of May 14, 1999 and as per IAS/IFRS international accounting principles.

⁽¹⁾ 9M 2020 figures include the contribution for 2 months of XRay One (acquired in July 2020), while not including those of Clinica S. Francesco (acquired in April 2021) and Domus Nova (acquired in July 2021). The 2019 Pro-Forma figures include the full contribution of all the acquisitions realized in 2019, while not including the contribution of XRay One, Clinica S. Francesco and of Domus Nova, acquired in 2020 and 2021

⁽²⁾ Operating EBITDA Adjusted defined as EBIT + amortisation and depreciation + provisions and write-downs + non-core costs (these latter in 9M 2021 of approx. €4.1M, of which approx. €2.4M due to “extra-Covid costs” and approx. €1.7M due to M&A costs. Non-core costs in 9M 2020 of €2.8M concern for €2.4M “extra-Covid costs” and for €0.4M M&A costs)

Consolidated 9M revenues

As of September 30, 2021, GHC consolidated revenues totalled €198.5M, increasing 35.8% on €146.1M in 9M 2020, with this latter impacted, starting from March, by the national and local restrictions imposed to tackle the Covid-19 pandemic. These results include €25.3M concerning the contribution of XRay One (for 9 months), Clinica S. Francesco (for 6 months) and Domus Nova (for 2 months), facilities acquired in July 2020 and April and July 2021 respectively.

These results also include €1.0M for the repayment of the “extra-Covid costs”⁽³⁾ incurred by the Group in the period (€0.3M in 9M 2020) and €1.6M related to the contribution of the Regional Healthcare System defined within the renewal of the National Collective Labour Contract (“NCLC”)⁽⁴⁾ with effects from July 2020 (€0.6M in 9M 2020).

Revenues in Euro millions	9M 2021	9M 2020	vs. 9M 20 (€M)	vs. 9M 20 (%)
Total	198.5	146.1	+52.4	+35.8%
<i>o/w at LFL perimeter</i>	<i>173.2</i>	<i>145.0</i>	<i>+28.2</i>	<i>+19.4%</i>
<i>o/w M&A 2020 and 2021</i>	<i>25.3</i>	<i>1.1</i>	<i>+24.2</i>	<i>-</i>

In comparison with the Pro-Forma 9M 2019 results, a period not impacted by the Covid-19 healthcare emergency, consolidated 9M 2021 revenues would increase by a total of €35.3M (+21.6%) or by €9.9M at like-for-like perimeter (+6.1%).

Revenues in Euro millions	9M 2021	9M 2019 Pro-Forma	vs. 9M 19PF (€m)	vs. 9M 19PF (%)
Total	198.5	163.2	+35.3	+21.6%
<i>o/w at LFL perimeter</i>	<i>173.2</i>	<i>163.2</i>	<i>+9.9</i>	<i>+6.1%</i>
<i>o/w M&A 2020 and 2021</i>	<i>25.3</i>	<i>-</i>	<i>+25.3</i>	<i>-</i>

Q3 consolidated revenue

In order to highlight the Group’s excellent Q3 performances, revenues for Q3 2021 (compared with Q3 2020) are presented below. These results, which include the contribution of XRay One and Clinica S. Francesco for 3 months and Domus Nova for 2 months⁽⁵⁾, indicate an increase of €8.8M (+15.6%).

At like-for-like perimeter, the results would indicate a €2.7M contraction (-4.9%), exclusively due to the fact that in the third quarter of the previous year, to recover the effects of the mandatory suspension of the activities linked to the pandemic, the facilities were able to increase their production capacity by exploiting that part of the budget not used during the first half of the year.

Revenues in Euro millions	Q3 2021	Q3 2020 ⁽⁵⁾	vs. Q3 20 (€M)	vs. Q3 20 (%)
Total	65.0	56.2	+8.8	+15.6%
<i>o/w at LFL perimeter</i>	<i>52.4</i>	<i>55.1</i>	<i>-2.7</i>	<i>-4.9%</i>
<i>o/w M&A 2020 and 2021</i>	<i>12.6</i>	<i>1.1</i>	<i>+11.5</i>	<i>-</i>

⁽³⁾ One-off 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 renewal of the “NCLC” concerned non-medical employees of private healthcare clinics

⁽⁵⁾ The Q3 2020 figures include only the XRay One contribution for 2 months

In comparison with the Q3 2019 Pro-Forma figure, Q3 Revenues would increase €17.5M (+36.8%) or €4.9M at like-for-like perimeter (+10.2%), with production levels significantly ahead of those reported pre-pandemic.

Revenues in Euro millions	Q3 2021	Q3 2019 Pro-Forma	vs. Q319PF (€m)	vs. Q319PF (%)
Total	65.0	47.5	+17.5	+36.8%
<i>o/w at LFL perimeter</i>	52.4	47.5	+4.9	+10.2%
<i>o/w M&A 2020 and 2021</i>	12.6	-	+12.6	-

9M Consolidated Operating EBITDA Adjusted

Consolidated Operating EBITDA Adjusted in the period was €36.2M, up 71.0% on €21.1M in the previous year, a period impacted by the suspension of the activities imposed from March, which did not allow for the full absorption of fixed costs. These results include €4.2M concerning the contribution of XRay One (for 9 months), Clinica S. Francesco (for 6 months) and Domus Nova (for 2 months), facilities acquired in July 2020 and April and July 2021 respectively.

Op. EBITDA Adj. in Euro millions	9M 2021	9M 2020	vs. 9M 20 (€M)	vs. 9M 20 (%)
Total	36.2	21.1	+15.1	+71.0%
<i>o/w at LFL perimeter</i>	32.0	20.9	+11.1	+52.4%
<i>o/w M&A 2020 and 2021</i>	4.2	0.2	+4.0	-

In 9M2021, the Group Operating EBITDA Adjusted margin was 18.2%, increasing on 14.5% in the previous period.

In comparison with the 9M 2019 Pro-Forma figures, Operating EBITDA Adjusted rose €4.1M (+12.5%). At like-for-like perimeter, Operating EBITDA Adjusted would be substantially in line with the pre-pandemic level. This is particularly significant in view of the contribution provided by the Group facilities during the 9M 2021 in support of the public healthcare system, which prevented a completely orderly and efficient operating scheduling.

Op. EBITDA Adj. in Euro millions	9M 2021	9M 2019 Pro-Forma	vs. 9M 19PF (€m)	vs. 9M 19PF (%)
Total	36.2	32.1	+4.1	+12.5%
<i>o/w at LFL perimeter</i>	32.0	32.1	-0.1	-0.5%
<i>o/w M&A 2020 and 2021</i>	4.2	-	+4.2	-

Q3 Consolidated Operating EBITDA Adjusted

Operating EBITDA Adjusted in Q3 2021 was €11.4M, growing €1.5M (+15.1%) on Q3 2020, with a margin of 17.6% in line with the previous year (17.7%) despite the lower production levels described above.

Growth at like-for-like perimeter would amount to €0.3M (+2.6%).

Op. EBITDA Adj. in Euro millions	Q3 2021	Q3 2020 ⁽⁵⁾	vs. Q3 20 (€M)	vs. Q3 20 (%)
Total	11.4	9.9	+1.5	+15.1%
<i>o/w at LFL perimeter</i>	10.0	9.7	+0.3	+2.6%
<i>o/w M&A 2020 and 2021</i>	1.4	0.2	+1.2	-



In comparison with Q3 2019 Pro-Forma, Operating EBITDA Adjusted in the third quarter would increase by €3.6M (+47.0%). At like-for-like perimeter, Operating EBITDA Adjusted would significantly improve either in absolute terms (+€2.2M or +28.8%) and in terms of margin (19.1% vs. 16.3%), confirming the managerial strength of the Group in spite of the current challenging environment.

Op. EBITDA Adj. in Euro millions	Q3 2021	Q3 2019 Pro-Forma	vs. Q3 19PF (€m)	vs. Q3 19PF (%)
Total	11.4	7.8	+3.6	+47.0%
<i>o/w at LFL perimeter</i>	<i>10.0</i>	<i>7.8</i>	<i>+2.2</i>	<i>+28.8%</i>
<i>o/w M&A 2020 and 2021</i>	<i>1.4</i>	<i>-</i>	<i>+1.4</i>	<i>-</i>

Consolidated reported net profit

The Group Net Profit in 9M 2021 was €13.1M (increasing compared to €4.8M in 9M 2020) and was affected by €4.1M of non-core costs related to the above-mentioned “extra-Covid costs” and M&A costs. The 9M 2019 Pro-Forma Group Net Profit would be €12.0M.

GHC Group consolidated balance sheet highlights at September 30, 2021

Consolidated Net Financial Position Overview

At September 30, 2021, the Net Financial Position (NFP) of GHC was €137.4M, with available liquidity of €38.1M, increasing €39.7M vs. €97.7M in FY 2020.

Net Financial Position in Euro millions	9M 2021	FY2020	Change vs. FY2020
Total	137.4	97.7	+39.7
<i>Financial leverage (x)</i>	<i>2.7x⁽⁶⁾</i>	<i>2.9x</i>	<i>-0.2x</i>

Excluding non-recurring items, the NFP would be €69.3M, improving €28.4M on December 31, 2020. These non-recurring items principally concern: (i) the accelerated book building transaction executed in January 2021 (€41.1M), (ii) the acquisitions of Clinica S. Francesco of Verona and of Domus Nova completed in April and July 2021 (€99.3M, including taxes), (iii) capex for extension and development (€4.1M) and (iv) non-recurring items totalling €5.8M, mainly related to additional extra-Covid costs, M&A costs and the purchase of treasury shares.

The NFP includes the benefit from the advances disbursed by the main Regions in which the Group operates⁽⁷⁾, totalling approx. €10.5M.

In addition to the above, the NFP at September 30, 2021 incorporates an improvement in Net Working Capital, registered mainly in the third quarter and linked to production seasonality, which is expected to be gradually reabsorbed during Q4 2021.

⁽⁶⁾ Calculated as the ratio between NFP and Operating EBITDA Adj. in the last 12 months based on the Pro-Forma figures, i.e. including in 9M 2021 and in Q4 2020 the full effect of the acquisitions made

⁽⁷⁾ In view of the Covid-19 emergency, as previously announced to the market, the Regions granted GHC's clinics a monthly advance of between 80% and 100%, according to each individual case, of the agreed regional and extra-regional production for the previous year or that of the budget agreement



SIGNIFICANT EVENTS AFTER THE YEAR END

On October 12, the Company completed the acquisition of Studio Schio S.r.l., a small outpatient clinic located in the municipality of San Donà di Piave (Venice), under the responsibility of ULSS 4 Veneto Orientale (also responsible for Centro Medico San Biagio S.r.l., a 100% subsidiary). The company is authorised and accredited for cardiology (examinations and instrumental tests) with a budget cap of Euro 250 thousand. The acquisition was completed by the subsidiary Centro Medico San Biagio S.r.l. and, immediately prior to closing, the acquiree's governance bodies were renewed with the appointment of Mr. Vincenzo Martino (current Chairman and Executive Director of Centro Medico San Biagio S.r.l.) as the new Sole Director of Studio Schio S.r.l.

OUTLOOK

In a context still affected by the national spread of Covid-19, the ongoing vaccination campaign and the measures approved at institutional level to support a rapid recovery are gradually restoring confidence that the situation will continue to improve, though some uncertainty remains regarding the variants of the virus. Assuming that the pandemic does not worsen, the Group, that in 2021 successfully continued its acquisition-led growth strategy completing two M&A transactions in April and July, in the final quarter of the year expects to see production volumes and margins in line with the 2019 pre-pandemic figures, across all operating segments. In line with the development path announced on IPO and formalised with the acquisitions of recent years, it is reasonable to consider that the acquisition-led growth process will continue, as the sector in which the GHC Group operates offers significant merger opportunities in a market that is still more fragmented than other European countries.

* * *

The Interim Financial Report at September 30, 2021 is available to the public on the Company's website www.garofalohealthcare.com in the *Financial Statements and Reports* section and on the eMarket Storage authorised storage mechanism (www.emarketstorage.com).

* * *

The Executive Officer for Financial Reporting, Luigi Celentano, states in accordance with paragraph 2, Article 154-*bis* of the Consolidated Finance Act that the accounting information in this press release corresponds to the underlying accounting documents, records and entries. The data in this press release has not been audited.



* * *

The GHC Group

The GHC Group, listed on the Euronext STAR segment of the Italian Stock Exchange, is an Italian accredited private healthcare leader operating through 28 healthcare clinics demonstrating excellence, located in Italy's strongest regions and offering a comprehensive range of services covering all areas of healthcare thanks to diversified specialties, the use of cutting-edge technologies and highly-qualified personnel. The Group in fact operates across eight regions in Northern and Central Italy (Piedmont, Lombardy, Veneto, Friuli-Venezia Giulia, Emilia Romagna, Liguria, Tuscany and Lazio), covering in the hospital sector acute admissions, long-term care, post-acute rehabilitations and outpatient services (the "Hospital Sector"), and in the social services and dependency care sector covering residential admissions and district outpatient services (the "Dependency Care Sector").

* * *

FOR FURTHER DETAILS:

Garofalo Health Care S.p.A.

Mimmo Nesi - Investor Relator

Tel. +39 06 68489231 - ir@garofalohealthcare.com

Website: www.garofalohealthcare.com

Press Office

Close to Media

Via Caradosso, 8 - Milan

Tel.+39 02 7000 6237

Luca Manzato - luca.manzato@closetomedia.it

Lucia Nappa - lucia.nappa@closetomedia.it

Consolidated Income Statement of the GHC Group for 9M 2021

<i>In Euro thousands</i>	9M 2021	9M 2020
Revenues from services	195,682	144,737
Other revenues	2,786	1,389
TOTAL REVENUES	198,468	146,125
Raw materials and consumables	27,413	20,162
Service costs	83,481	62,111
Personnel costs	46,597	37,645
Other operating costs	8,950	7,887
Amortisation, depreciation & write-downs	11,125	8,388
Impairments and other provisions	1,647	1,123
TOTAL OPERATING COSTS	179,213	137,316
EBIT	19,255	8,810
Financial income	66	12
Financial charges	(2,567)	(1,963)
Results of investments at equity	180	183
TOTAL FINANCIAL INCOME AND CHARGES	(2,321)	(1,767)
PROFIT BEFORE TAXES	16,934	7,042
Income taxes	3,871	2,190
NET PROFIT FOR THE PERIOD	13,063	4,852
Group Result	13,061	4,852
Minority interests	2	0

Consolidated Balance Sheet of the GHC Group at September 30, 2021

ASSETS <i>In Euro thousands</i>	30/09/2021	30/09/2020
Goodwill	122,481	54,438
Other intangible assets	140,792	140,128
Property, plant and equipment	200,929	159,169
Investment property	934	963
Equity investments	866	928
Other non-current financial assets	407	236
Other non-current assets	1,086	1,199
Deferred tax assets	7,753	5,140
TOTAL NON-CURRENT ASSETS	475,248	362,200
Inventories	4,840	3,487
Trade receivables	62,121	61,411
Tax receivables	3,169	4,995
Other receivables and current assets	3,887	2,822
Other current financial assets	117	129
Cash and cash equivalents	38,106	24,810
TOTAL CURRENT ASSETS	112,240	97,654
TOTAL ASSETS	587,488	459,855

Consolidated Balance Sheet of the GHC Group at September 30, 2021

<i>LIABILITIES</i> <i>In Euro thousands</i>	30/09/2021	30/09/2020
Share capital	31,570	28,700
Legal reserve	471	394
Other reserves	210,543	162,280
Group result for the period	13,061	11,781
TOTAL GROUP SHAREHOLDERS' EQUITY	255,645	203,155
Minority interest capital and reserves	96	63
Minority interest result	2	3
TOTAL SHAREHOLDERS' EQUITY	255,743	203,222
Employee benefits	12,081	11,054
Provisions for risks and charges	17,129	12,045
Non-current financial payables	127,364	89,522
Other non-current liabilities	326	360
Deferred tax liabilities	47,903	47,787
Derivative financial instrument liabilities - non-current	321	326
TOTAL NON-CURRENT LIABILITIES	205,123	161,094
Trade payables	43,329	35,857
Current financial payables	47,934	32,782
Tax payables	2,942	1,403
Other current liabilities	32,417	25,498
TOTAL CURRENT LIABILITIES	126,621	95,540
TOTAL LIABILITIES	331,745	256,634
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	587,488	459,855

Consolidated Cash Flow Statement of the GHC Group at September 30, 2021

<i>In Euro thousands</i>	30/09/2021	30/09/2020
OPERATING ACTIVITIES		
Profit for the period	13,063	4,852
<i>Adjustments for:</i>		
- Amortisation and depreciation	11,047	8,362
- Provisions for employee benefit liabilities	503	412
- Provisions for risks and charges	1,647	1,123
- Doubtful debt provision	76	27
- Change in investments in associates valued under the equity method	(181)	(183)
- Change in other non-current assets and liabilities	(92)	15
- Net change in deferred tax assets and liabilities	341	406
- Payments for employee benefits	(774)	(846)
- Payments for provisions for risks and charges	(1,584)	(222)
<i>Changes in operating assets and liabilities:</i>		
(Increase) decrease in trade and other receivables	9,999	1,651
(Increase) decrease in inventories	(177)	(398)
Increase (decrease) in trade and other payables	(3,791)	(4,228)
Other current assets and liabilities	6,158	6,418
NET CASH FLOW FROM OPERATING ACTIVITIES (A)	36,235	17,388
CASH FLOW FROM INVESTING ACTIVITIES		
Investments in intangible assets	(854)	(342)
Investments in tangible assets	(19,644)	(4,162)
Sale of tangible assets	192	47
Dividends from associates	120	188
Acquisition of XRay One, net of cash acquired	-	(12,001)
Acquisition Clinica San Francesco	(36,562)	-
Acquisition Domus Nova	(31,119)	-
CASH FLOW ABSORBED BY INVESTING ACTIVITIES (B)	(87,868)	(16,269)
CASH FLOW FROM FINANCING ACTIVITIES		
Issue of medium/long term loans	43,401	11,380
Repayment of medium/long-term loans	(12,551)	(8,210)
Issue/(repayment) of short-term loans	(1,388)	(687)
Change in other non-current financial payables	(3,766)	(2,301)
Share capital increase and shareholder payments	40,937	-

<i>In Euro thousands</i>	30/09/2021	30/09/2020
Use of Reserve as per Article 40	(12)	(40)
(Acquisition) minority interests	-	(10)
(Acquisition) treasury shares	(1,692)	(329)
NET CASH FLOW GENERATED/(ABSORBED) BY FINANCING ACTIVITIES (C)	64,929	(197)
TOTAL CASH FLOWS (D=A+B+C)	13,296	922
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD (E)	24,810	27,763
CASH & CASH EQUIVALENTS AT END OF PERIOD (F=D+E)	38,106	28,685
Additional information:		
Interest paid	1,108	1,059
Income taxes paid	1,474	1,743

Consolidated Net Financial Position of the GHC Group at September 30, 2021

<i>In Euro thousands</i>	30/09/2021	31/12/2020
(A) Available liquidity	38,106	24,810
(B) Cash equivalents	41	41
(C) Other current financial assets	76	88
(D) Liquidity (A+B+C)	38,223	24,939
(E) Current financial debt	15,773	15,888
(F) Current portion of non-current financial debt	32,161	16,894
(G) Current financial debt (E + F)	47,934	32,782
(H) Net current financial debt (G - D)	9,711	7,843
(I) Non-current financial debt	127,364	89,522
(J) Debt instruments	321	326
(K) Trade payables and other non-current payables	-	-
(L) Non-current financial debt (I + J + K)	127,685	89,848
(M) Total financial debt (H + L)	137,396	97,691