



Press Release

GAROFALO HEALTH CARE S.P.A.: BOARD OF DIRECTORS APPROVES INTERIM FINANCIAL REPORT AT MARCH 31, 2022

STRONG START OF THE YEAR, WITH REVENUES AND MARGINS SIGNIFICANTLY UP CHARACTERIZED BY AN INCREASE IN HEALTHCARE SERVICES WITH A GREATER TECHNOLOGICAL CONTENT

NET PROFIT OF €5.1M, UP 17.9%

NET FINANCIAL POSITION OF €134.2M, IMPROVING OVER €8M IN THE QUARTER

KEY Q1 2022 RESULTS

- **Revenues of €80.4M, up 33.2% vs. €60.4M in Q1 2021⁽¹⁾, of which €16.9M from the contribution of Clinica S. Francesco and Domus Nova acquired in 2021. At like-for-like perimeter, Revenues totalled €63.5M, up 5.2%**
- **Operating EBITDA Adjusted⁽²⁾ of €14.3M, up 35.2% vs. €10.6M in Q1 2021, of which €3.0M from the contribution of Clinica S. Francesco and Domus Nova. At like-for-like perimeter, Operating EBITDA Adjusted was €11.3M, up 7.2%**
- **Net Profit of €5.1M, up 17.9% on €4.3M in Q1 2021**
- **Net Financial Position of €134.2M, with liquidity of €43.8M:**
 - **Excluding non-recurring items, the NFP would amount to €130.6M, with cash generation in the quarter of €11.8M**

Rome, May 13, 2022 – 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 March 31, 2022, 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.

The Chief Executive Officer of GHC, Ms. Maria Laura Garofalo, stated: *“The performances of the first quarter demonstrate the solidity of our organizations and the high level of our management structure. I am particularly proud because these results come in a period of time in which, in addition to having continued to support the system in containing the pandemic, we have given ample space to assistance services with innovative and high-tech methods. A commitment aimed at guaranteeing high quality services that limit the potential onset of surgical complications and reduce recovery times in the convalescent phase”*

⁽¹⁾ Q1 2021 figures include the full contribution 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)

⁽²⁾ Operating EBITDA Adjusted defined as EBIT + amortisation and depreciation + provisions and write-downs + adjustments (these latter in Q1 2022 totalling approx. €0.9M, mainly due to “extra-Covid costs”. Adjustments in Q1 2021 were €0.9M, also mainly concerning “extra-Covid costs”. The “extra-Covid costs” are non-recurring costs incurred by the Group to tackle the Covid-19 emergency and concerning expenses for Personal Protective Equipment (“PPE”), swabs / tests, the preparation and management of triage areas and the dedicated distancing pathways

Consolidated Revenues

GHC consolidated revenues in Q1 2022 totalled €80.4M, up 33.2% on €60.4M in Q1 2021. These results include the contributions of €16.9M from Clinica S. Francesco and Domus Nova, facilities acquired respectively in April and July 2021.

Revenues in Euro millions	Q1 2022	Q1 2021	vs. Q1'21 (€M)	vs. Q1'21 (%)
Total	80.4	60.4	+20.0	+33.2%
<i>o/w at LFL perimeter</i>	63.5	60.4	+3.1	+5.2%
<i>o/w M&A 2021</i>	16.9	-	+16.9	-

Consolidated Operating EBITDA Adjusted

Consolidated Operating EBITDA Adjusted in Q1 was €14.3M, increasing 35.2% on €10.6M in the previous year. These results include the contribution of €3.0M from Clinica S. Francesco and Domus Nova, facilities acquired respectively in April and July 2021.

Op. EBITDA Adj. in Euro millions	Q1 2022	Q1 2021	vs. Q1'21 (€M)	vs. Q1'21 (%)
Total	14.3	10.6	+3.7	+35.2%
<i>o/w at LFL perimeter</i>	11.3	10.6	+0.7	+7.2%
<i>o/w M&A 2021</i>	3.0	-	+3.0	-

In Q1 2021, the Group Operating EBITDA Adjusted margin was 17.8%, increasing on 17.6% in the previous period.

Consolidated reported net profit

The Group Net Profit was €5.1M, increasing €0.8M on €4.3M in Q1 2021. This amount includes also the impact of the adjustments outlined above.

GHC Group consolidated balance sheet highlights at March 31, 2022

Consolidated Net Financial Position Overview

At March 31, 2022, the Net Financial Position (NFP) of GHC was €134.2M, comprising liquidity of €43.8M and financial debt of €178.0M.

Net Financial Position in Euro millions	Q1 2022	FY 2021	Change vs. FY 2021
Total	134.2	142.4	-8.2
<i>Financial leverage (x)</i>	2.4x ⁽³⁾	2.6x	-0.2x

Excluding non-recurring items, the NFP would be €130.6M, improving €11.8M on December 31, 2021. These non-recurring items mainly concern: (i) expansion Capex (€1.4M) and (ii) non-recurring items totalling €2.2M, mainly for extra-Covid costs and the acquisition of treasury shares.

The NFP includes the benefit of the advances disbursed in 2020 and 2021 by the main regions in which the Group operates⁽⁴⁾, totalling approx. €10.5M.

⁽³⁾ Calculated as the ratio between NFP and Operating EBITDA Adj. over the last 12 months, i.e. including also the estimated contribution of Domus Nova (acquired in July 2021) from April 2021

⁽⁴⁾ In view of the Covid-19 emergency, as previously announced to the market, the Regions in previous years granted GHC's hospital facilities 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



Capex

The Group invested a total of approx. €3.1M in Q1 2022, which include maintenance and expansion Capex. In particular, maintenance Capex in the quarter totalled €1.7M, while expansion Capex, which include the structural extensions, totalled €1.4M and were mainly at the facilities of Eremo di Miazzina and of S. Marta (Fides Group).

SIGNIFICANT EVENTS AFTER THE QUARTER

There were no subsequent events to the quarter.

OUTLOOK

For the year 2022 the Group is confident it can continue its growth path with Revenues and Operating EBITDA Adjusted expected to beat 2021, also at like-for-like perimeter. This outlook considers the growing importance of healthcare at national level, increasingly seen as an essential primary good, which will determine an ever more important role of the private accredited sector within the individual Regional healthcare and dependency care activities, in a context of growing healthcare needs.

It should be noted that these growth forecasts already include estimates for the higher energy-related costs, which are assumed can be largely absorbed by the budget increases (e.g. for reducing the waiting lists), also in view of their non-significant weight at Group level, taking into account that the GHC facilities are not considered "energy consuming" companies.

The conflict in Ukraine, however, is generating unexpected geopolitical instability which could entail, especially if protracted, indirect risks linked to a further increase in energy prices and, consequently, in the supply prices of certain consumables. These indirect risks are not currently significant, but the Group will continue to monitor developments over the coming months.

Finally, in line with the Buy & Build strategy undertaken since the IPO, the Group confirms its strategic focus on M&A driven growth, through acquisitions of excellent facilities with non-dilutive performances, also in perspective.

CONFERENCE CALL OUTLINING THE Q1 2022 RESULTS

The Company announces that this afternoon, May 13, 2022, at 4.30PM (CET) a conference call shall be held for investors and analysts to provide an overview of the key Q1 2022 results.

The Group's Chief Executive Officer Ms. Maria Laura Garofalo and the CFO Mr. Luigi Celentano, together with the top management, will take part in the conference call.

The call shall be held in Italian. A transcript of the call shall be made available also in English on the Company website (www.garofalohealthcare.com, Investor Relations / Presentations section).

The details to access the conference call are as follow:

Dial In:

Italy: +39 02 802 09 11

UK: +44 1 212818004

USA: +1 718 7058796



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The Interim Financial Report at March 31, 2022 is available to the public on the website www.garofalohealthcare.com, Financial Statements and Reports Section and on the eMarket Storage authorised storage mechanism (www.emarketstorage.com).

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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.

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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 "Regional and Social-Care Sector").

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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

Nicola Guglielmi - nicola.guglielmi@closetomedia.it

Lucia Nappa - lucia.nappa@closetomedia.it

Q1 2022 Consolidated Income Statement of the GHC Group

<i>In Euro thousands</i>	Q1 2022	Q1 2021
Revenues from services	79,217	59,308
Other revenues	1,188	1,071
TOTAL REVENUES	80,406	60,379
Raw materials and consumables	11,944	8,672
Service costs	33,124	24,805
Personnel costs	18,265	14,308
Other operating costs	3,649	2,878
Amortisation, depreciation and write-downs	4,584	3,121
Impairments and other provisions	995	248
TOTAL OPERATING COSTS	72,560	54,033
EBIT	7,845	6,345
Financial income	16	36
Financial charges	(1,171)	(682)
TOTAL FINANCIAL INCOME AND CHARGES	(1,156)	(646)
PROFIT BEFORE TAXES	6,690	5,700
Income taxes	1,637	1,415
NET PROFIT FOR THE PERIOD	5,053	4,285
Group	5,050	4,284
Minority interests	3	1

Consolidated Balance Sheet of the GHC Group at March 31, 2022

ASSETS <i>In Euro thousands</i>	31/03/2022	31/03/2021
Goodwill	70,265	70,265
Other intangible assets	195,893	195,828
Property, plant and equipment	215,532	217,006
Investment property	914	924
Equity investments	1,285	1,285
Other non-current financial assets	385	482
Other non-current assets	1,613	1,113
Deferred tax assets	9,579	9,660
TOTAL NON-CURRENT ASSETS	495,467	496,564
Inventories	4,299	4,322
Trade receivables	76,547	74,720
Tax receivables	6,008	6,088
Other receivables and current assets	4,265	3,405
Other current financial assets	135	175
Cash and cash equivalents	43,703	41,239
TOTAL CURRENT ASSETS	134,957	129,948
TOTAL ASSETS	630,424	626,513



Consolidated Balance Sheet of the GHC Group at March 31, 2022

<i>LIABILITIES</i> <i>In Euro thousands</i>	31/03/2022	31/03/2021
Share capital	31,570	31,570
Legal reserve	471	471
Other reserves	227,518	209,578
Group Net Profit	5,050	18,834
TOTAL GROUP SHAREHOLDERS' EQUITY	264,609	260,453
Non-controlling interests capital and reserves	262	253
Minority interest result	3	9
TOTAL SHAREHOLDERS' EQUITY	264,873	260,714
Employee benefits	11,174	11,987
Provisions for risks and charges	17,914	17,346
Non-current financial payables	137,073	138,130
Other non-current liabilities	2,112	213
Deferred tax liabilities	67,942	67,932
TOTAL NON-CURRENT LIABILITIES	236,215	235,608
Trade payables	50,206	46,239
Current financial payables	41,006	45,662
Tax payables	5,408	3,860
Other current liabilities	32,716	34,430
TOTAL CURRENT LIABILITIES	129,336	130,190
TOTAL LIABILITIES	365,551	365,798
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	630,424	626,513

Consolidated Cash Flow Statement of the GHC Group at March 31, 2022

<i>In Euro thousands</i>	31/03/2022	31/03/2021
OPERATING ACTIVITIES		
Profit for the period	5,054	4,285
<i>Adjustments for:</i>		
- <i>Amortisation and depreciation</i>	4,424	3,046
- <i>Provisions for employee benefit liabilities</i>	182	170
- <i>Provisions for risks and charges</i>	995	248
- <i>Doubtful debt provision</i>	160	76
- <i>Change in other non-current assets and liabilities</i>	1,496	88
- <i>Net change in deferred tax assets and liabilities</i>	(55)	212
- <i>Payments for employee benefits</i>	(384)	(336)
- <i>Payments for provisions for risks and charges</i>	(426)	(423)
<i>Changes in operating assets and liabilities:</i>		
(Increase) decrease in trade and other receivables	(1,988)	(2,071)
(Increase) decrease in inventories	23	(278)
Increase (decrease) in trade and other payables	3,968	1,961
Other current assets and liabilities	(848)	(14)
NET CASH FLOW FROM OPERATING ACTIVITIES (A)	12,599	6,964
CASH FLOW FROM INVESTING ACTIVITIES		
<i>Investments in intangible assets</i>	(264)	(110)
<i>Investments in tangible assets</i>	(2,799)	(4,244)
<i>(Investments)/disposals in financial assets</i>	-	(4,600)
<i>Sale of tangible assets</i>	-	133
CASH FLOW ABSORBED BY INVESTING ACTIVITIES (B)	(3,063)	(8,822)
CASH FLOW FROM FINANCING ACTIVITIES		
<i>Issue of medium/long term loans</i>	65	4,700
<i>Repayment of medium/long-term loans</i>	-	(3,727)
<i>Issue/(repayment) of short-term loans</i>	(5,562)	(639)
<i>Changes in other financial payables</i>	(216)	-
<i>Share capital increase and shareholder payments</i>	-	41,088
<i>(Acquisition) treasury shares</i>	(1,359)	-
NET CASH FLOW GENERATED/(ABSORBED) FROM FINANCING ACTIVITIES (C)	(7,072)	41,422
TOTAL CASH FLOWS (D=A+B+C)	2,464	39,564
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD (E)	41,239	24,810

<i>In Euro thousands</i>	31/03/2022	31/03/2021
CASH & CASH EQUIVALENTS AT END OF PERIOD (F=D+E)	43,703	64,374
Additional information:		
Interest paid	-	299

Consolidated Net Financial Position of the GHC Group at March 31, 2022

<i>In Euro thousands</i>	31/03/2022	31/03/2021
(A) Available liquidity	43,703	41,239
(B) Cash equivalents	39	39
(C) Other current financial assets	96	136
(D) Liquidity (A+B+C)	43,838	41,414
(E) Current financial debt	18,702	24,163
(F) Current portion of non-current financial debt	22,304	21,499
(G) Total current financial debt (E + F)	41,006	45,662
(H) Net current financial debt (G - D)	(2,833)	4,248
(I) Non-current financial debt	137,073	138,130
(J) Debt instruments	-	-
(K) Trade payables and other non-current payables	-	-
(L) Non-current financial debt (I + J + K)	137,073	138,130
(M) Total financial debt (H + L)	134,241	142,378