



H1 2022 DIRECTORS' REPORT



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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.

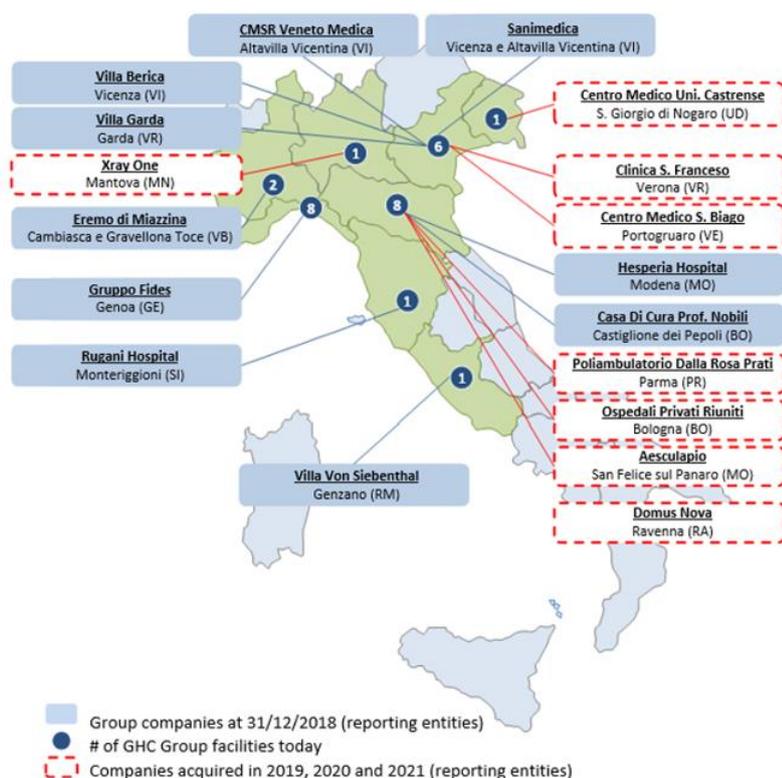
EXECUTIVE OFFICER FOR FINANCIAL REPORTING

LUIGI CELENTANO

1. GROUP STRUCTURE

Overview of the Group's healthcare facilities

The GHC Group is an Italian accredited private healthcare leader operating, at June 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 specialties, the use of cutting-edge technologies and highly-qualified personnel.



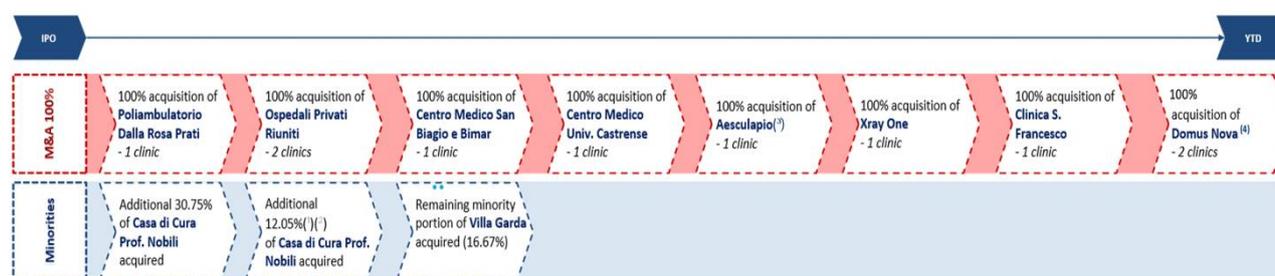
* Figures at 31.12.2021

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

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.

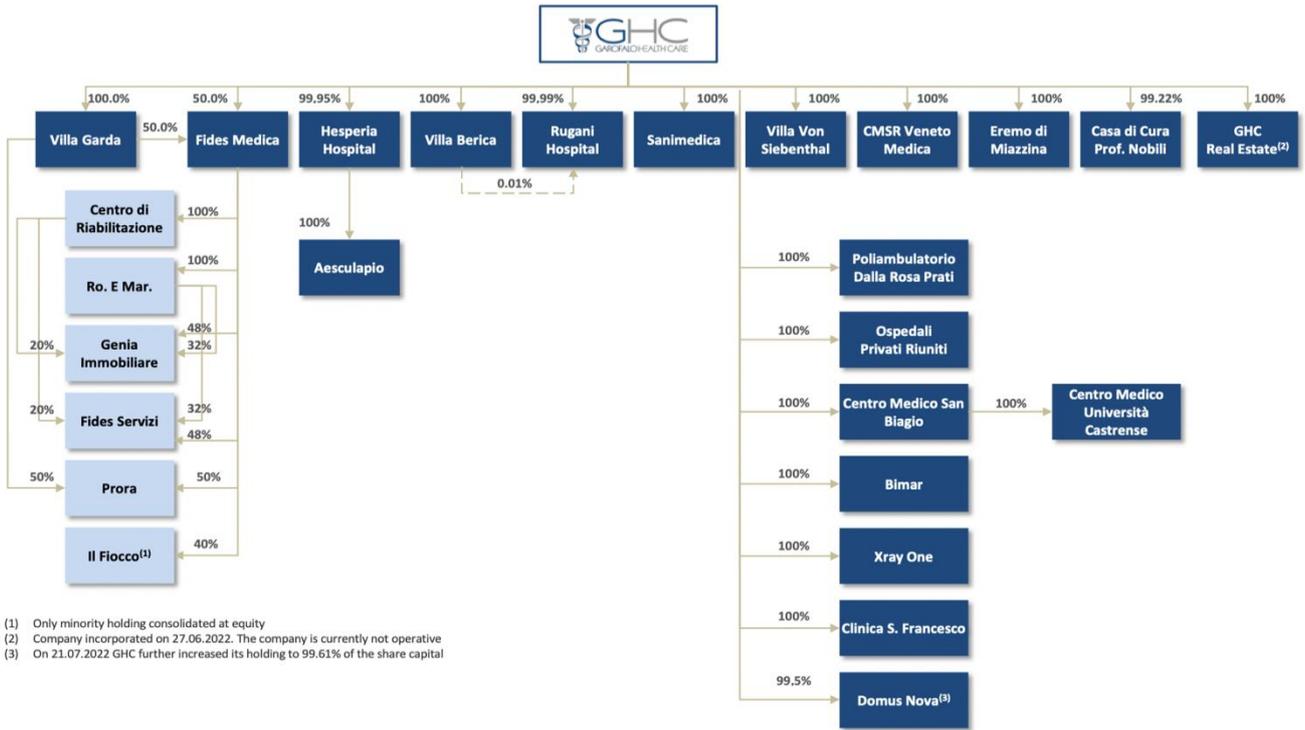
Between the IPO and June 30, 2022, the Group executed its acquisition-led growth strategy, with the acquisition of ten new clinics, as well as acquisitions of further minority holdings of existing subsidiaries (Casa di Cura Prof. Nobili and Villa Garda, now 100% owned), as set out below.



(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 June 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 incorporated on 27.06.2022. The company is currently not operative
 (3) On 21.07.2022 GHC further increased its holding to 99.61% of the share capital

Group activities by sector

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

Sector	ACUTE	POST-ACUTE		OUTPATIENT	DEPENDENCY CARE	Leases and other revenues deriving from non-core activities
		Long-term care	Rehabilitation			
Main services provided	<ul style="list-style-type: none"> Wide range of specialisations 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 	

⁽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.

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.

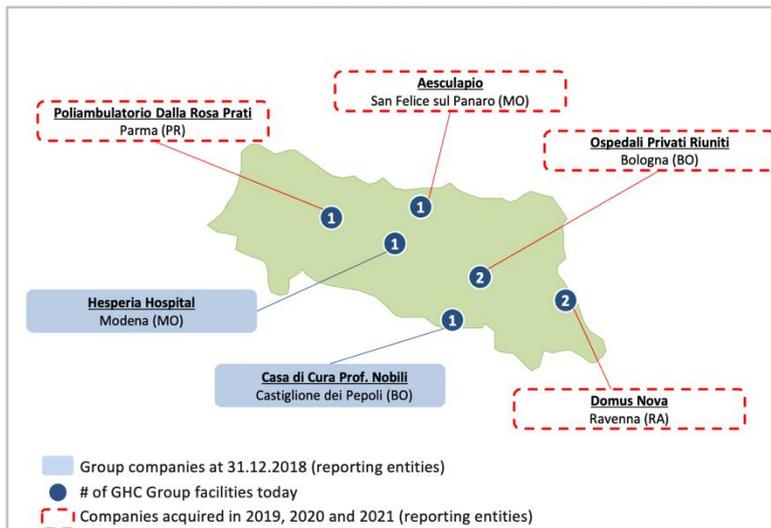
(2) Excluding 4 facilities, which belong to Il Fiocco Scrl, a company owned by Fides Medica, whose financial information is consolidated using the equity method

(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.

➤ **FOCUS: EMILIA-ROMAGNA REGION**

GEOGRAPHICAL POSITIONING OF GHC CLINICS



EMILIA-ROMAGNA INDICATORS

Highlights	
GDP pro-capita 2020	
33.6€k	27.8€k
Emilia-Romagna	Average Italy
Healthcare spend pro-capita 2020	
2,319€k	2,115€k
Emilia-Romagna	Average Italy

Source: Report OASI 2020, Istat Regional Accounts

GHC CLINICS: NON-FINANCIAL HIGHLIGHTS

Clinics (FY2021)	Beds	Admissions	Outpatient services	Employees	% male	% female
<i>Hospital services</i>	#	('000)	('000)	#	%	%
Hesperia Hospital	125	6.1	176.4	273	27%	73%
Ospedali Privati Riuniti	170	7.4	55.0	171	22%	78%
Domus Nova	252	4.3	159.0	202	21%	79%
Casa di Cura Prof. Nobili	86	2.3	64.0	91	18%	82%
<i>Outpatient and dependency care services</i>						
Poliambulatorio Dalla Rosa Prati	-	-	243.8	75	11%	89%
Aesculapio	-	-	52.3	23	9%	91%
Total	633	20.1	750.6	835	21%	79%

HESPERIA HOSPITAL (Modena)	
<i>National Healthcare Service accredited facility</i>	<i>Main services provided</i>
	<ul style="list-style-type: none"> ▪ Medical-surgical and thoracovascular cardiology ▪ Medicine and surgery, with specialisation in: ▪ Orthopaedics and traumatology ▪ Ophthalmology ▪ Urology ▪ Intensive, semi-intensive care and UTIC (Coronary Intensive Care Unit) service ▪ Multi-disciplinary outpatient activities ▪ Diagnostic Imaging Service with Nuclear Medicine (Scintigraphy), Low Radiation CT scan, MRI

OSPEDALI PRIVATI RIUNITI (Bologna)	
1. NIGRISOLI HOSPITAL	
<i>National Healthcare Service accredited facility</i>	<i>Main services provided</i>
	<ul style="list-style-type: none"> ▪ Medicine and surgery, with specialisation in: ▪ Recovery and functional rehabilitation ▪ Long-term care and extensive rehabilitation ▪ Orthopaedics ▪ Urology ▪ Outpatient services and instrumental diagnostics
2. VILLA REGINA	
<i>National Healthcare Service accredited facility</i>	<i>Main services provided</i>



- **Medicine and surgery, with specialisation in:**
 - Orthopaedics
 - Ophthalmology
 - Gynaecology
 - Otorhinolaryngology
 - Urology
 - Recovery and functional rehabilitation
 - Long-term care
 - Outpatient services and inpatient activities (ordinary or day surgery)
 - Emergency thoracolumbar ultrasound centre

DOMUS NOVA (Ravenna)

National Healthcare Service accredited facility

Main services provided



- Care services comprising various specialised inpatient units:
- General medicine and long-term care
- General surgery, primarily orthopaedic/prosthetic
- Specialist outpatient physiotherapy, dental and instrumental diagnostics services
- Dialysis services

POLIAMBULATORIO DALLA ROSA PRATI (Parma)

National Healthcare Service accredited facility

Main services provided



- Multi-disciplinary outpatient specialist services
- Diagnostic imaging service
- PET-TAC diagnosis service with latest-generation equipment
- Dental Clinic
- Physiokinesitherapy and rehabilitation treatments

CASA DI CURA PROF. NOBILI (Castiglione dei Pepoli locality, Bologna)

National Healthcare Service accredited facility

Main services provided



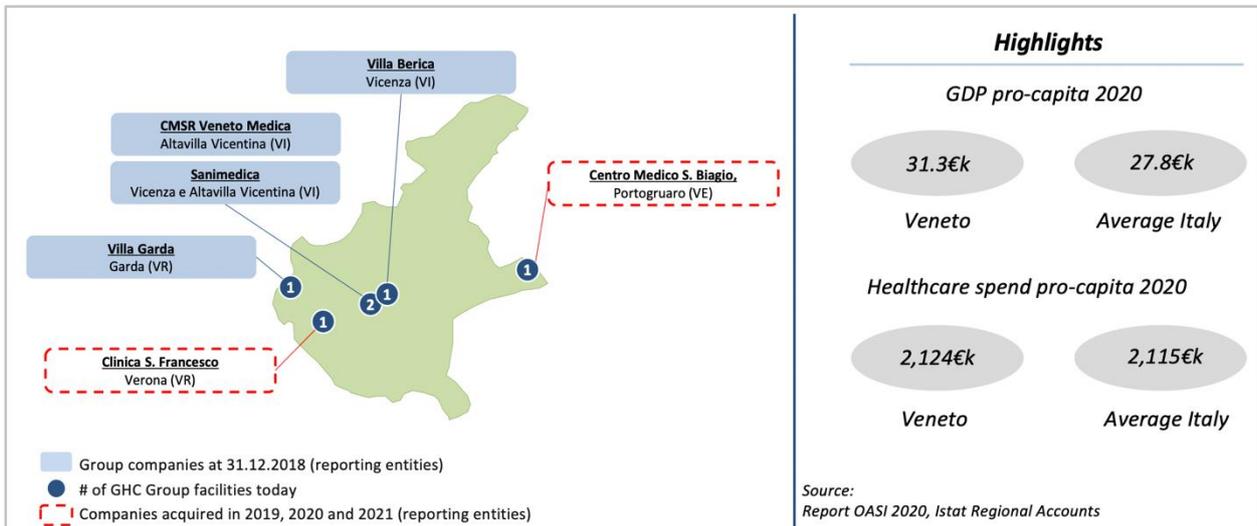
- Units specialising in:
- Orthopaedics and Traumatology
- General surgery
- General medicine and long-term care
- Multi-disciplinary outpatient services
- Dialysis services
- Diagnostic imaging service
- Outpatient services

AESCULAPIO (San Felice sul Panaro, Modena)	
National Healthcare Service accredited facility	Main services provided
	<ul style="list-style-type: none"> ▪ Outpatient specialist services: ▪ Diagnostic imaging service, radiology (Rx, Orthopantomax, Mammography, Ultrasound, MRI) ▪ Sample collection point ▪ Outpatient physical medicine and rehabilitation department

➤ **FOCUS: VENETO REGION**

GEOGRAPHICAL POSITIONING OF GHC CLINICS

VENETO REGION INDICATORS



GHC CLINICS: NON-FINANCIAL HIGHLIGHTS

Clinics (FY2021)	Beds	Admissions	Outpatient services	Employees	% male	% female
<i>Hospital services</i>	#	('000)	('000)	#	%	%
Casa di Cura Villa Berica	108	3.5	182.0	149	23%	77%
Casa di Cura Villa Garda	109	1.3	83.0	118	21%	79%
Clinica San Francesco	77	4.5	188.8	196	23%	77%
<i>Outpatient and dependency care services</i>						
CMSR Veneto Medica	-	-	191.1	52	25%	75%
Sanimedica	-	-	98.4	9	11%	89%
Centro Medico S. Biagio	-	-	162.8	30	10%	90%
Total	294	9.3	906.2	554	22%	78%

CASA DI CURA VILLA BERICA (Vicenza)	
<i>National Healthcare Service accredited facility</i>	<i>Main services provided</i>
	<ul style="list-style-type: none"> ▪ Internal medicine and general surgery, specialising in: ▪ Diabetology (in particular prevention and treatment of complications from diabetes affecting the lower limbs) ▪ Prosthetic hip surgery ▪ Osteoporosis and metabolic bone diseases
CASA DI CURA VILLA GARDA (Garda, Verona)	
<i>National Healthcare Service accredited facility</i>	<i>Main services provided</i>
	<ul style="list-style-type: none"> ▪ Inpatient diagnostic and treatment services ▪ Outpatient diagnostic and therapeutic services ▪ Cardiac and nutritional rehabilitation, specifically Cognitive Behavioural Therapy for eating disorders (CBT-ED) ▪ Radiology, echocardiography, doppler ultrasound, physiatry and psychology services
CENTRO MEDICO S. BIAGIO (Portogruaro)	
<i>National Healthcare Service accredited facility</i>	<i>Main services provided</i>
	<ul style="list-style-type: none"> ▪ Diagnostic imaging ▪ Echocardiography ▪ Ophthalmic outpatient surgery (cataract, vitro-resin, corneal transplants) ▪ Services for: <ul style="list-style-type: none"> ▪ Lower limb varices ▪ Sports medicine ▪ Dentistry
CLINICA SAN FRANCESCO (Verona)	
<i>National Healthcare Service accredited facility</i>	<i>Main services provided</i>
	<ul style="list-style-type: none"> ▪ Center for European Robotic Orthopedics ("C.O.R.E.") ▪ Diagnostic and instrumental services, both in ordinary inpatient and outpatient settings ▪ Plastic and reconstructive surgery, in particular breast surgery, with highly innovative techniques ▪ Diagnostic imaging and physiotherapy ▪ Main #SICM Center of the Italian Society of Hand Surgery

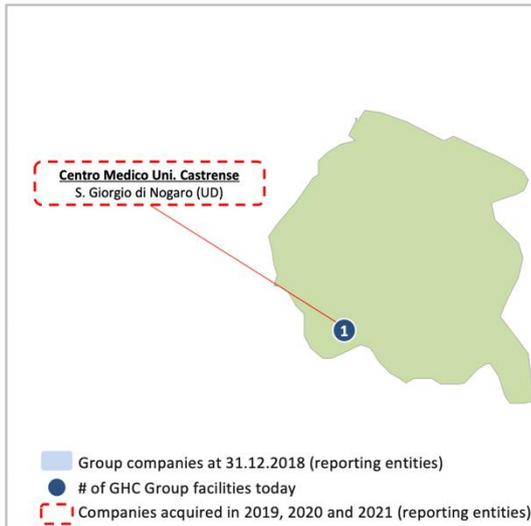
CMSR VENETO MEDICA and SANIMEDICA (Vicenza and Altavilla Vicentina)

<p>National Healthcare Service accredited facility (CMSR Veneto Medica)</p> 	<p>Main services provided</p> <p>CMSR Veneto Medica</p> <ul style="list-style-type: none"> ▪ Diagnostic imaging ▪ Clinical pathology laboratory and sports medicine service, both under solvency agreement ▪ Departments: <ul style="list-style-type: none"> ▪ Traditional radiology ▪ Nuclear medicine ▪ Ultrasound Department <p>Sanimedica</p> <ul style="list-style-type: none"> ▪ Department of Occupational Medicine that offers health monitoring service in the workplace in compliance with Legs. Decree No. 152/06 81/2008 on safety ▪ Outpatient health services for all the main specialist branches ▪ Outpatient surgery service
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➤ FOCUS: FRIULI VENEZIA GIULIA REGION

GEOGRAPHICAL POSITIONING OF GHC CLINICS

FRIULI-VENEZIA GIULIA INDICATORS



Highlights	
<i>GDP pro-capita 2020</i>	
30.6€k	27.8€k
<i>Friuli-Venezia Giulia</i>	<i>Average Italy</i>
<i>Healthcare spend pro-capita 2020</i>	
2,235€k	2,115€k
<i>Friuli-Venezia Giulia</i>	<i>Average Italy</i>

Source: Report OASI 2020, Istat Regional Accounts

GHC CLINICS: NON-FINANCIAL HIGHLIGHTS

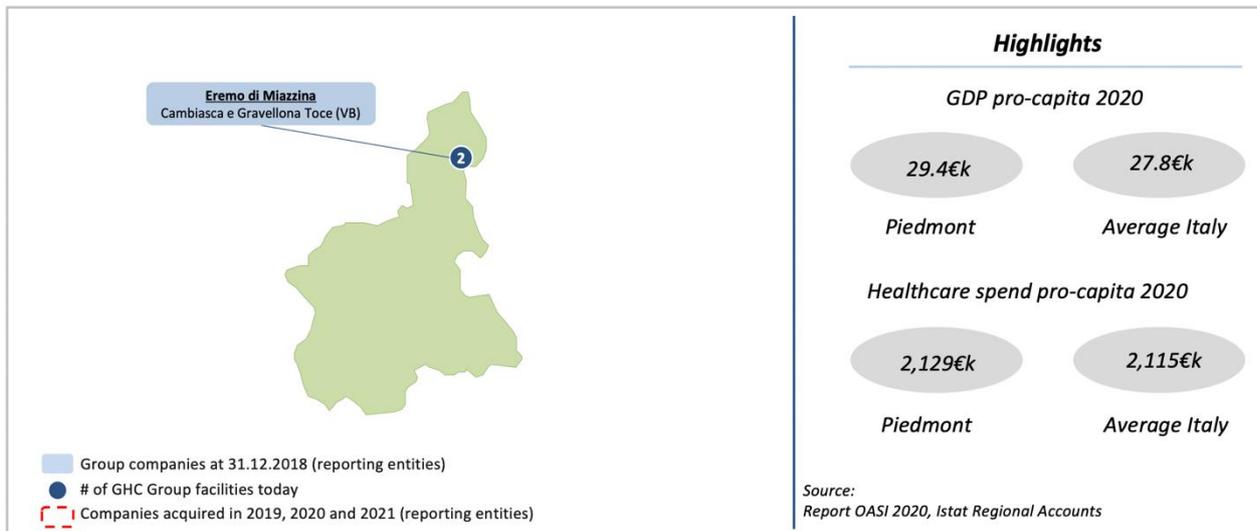
Clinics (FY2021)	Beds	Admissions	Outpatient services	Employees	% male	% female
<i>Outpatient and dependency care services</i>	#	('000)	('000)	#	%	%
Centro Medico Uni. Castrense	-	-	57.4	11	18%	82%

CENTRO MEDICO UNIVERSITÀ CASTRENSE (S. Giorgio di Nogaro)	
National Healthcare Service accredited facility	Main services provided
	<ul style="list-style-type: none"> Outpatient eye surgery services Diagnostic imaging service Sports medicine Dentistry

➤ FOCUS: PIEDMONT REGION

GEOGRAPHICAL POSITIONING OF GHC CLINICS

PIEDMONT REGION INDICATORS



GHC CLINICS: NON-FINANCIAL HIGHLIGHTS

Clinics (FY2021)	Beds	Admissions	Outpatient services	Employees	% male	% female
<i>Hospital services</i>	#	('000)	('000)	#	%	%
<i>Outpatient and dependency care services</i>						
Eremo di Miazzina	309	1.4	117.4	159	23%	77%

L'EREMO DI MIAZZINA (Cambiasca and Gravellona Toce)	
1. L'EREMO DI MIAZZINA	
National Healthcare Service accredited facility	Main services provided
	<ul style="list-style-type: none"> Post-acute hospital care for the full range of pathologies commonly experienced by the elderly and the sequelae of oncological and chronic degenerative pathologies

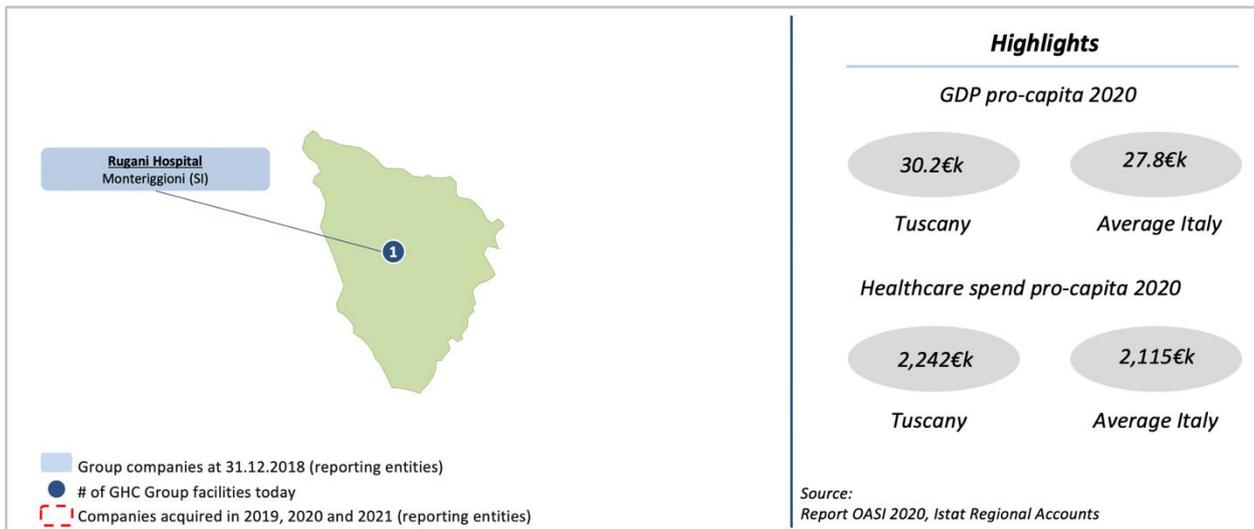
2. ISTITUTO RAFFAELE GAROFALO

National Healthcare Service accredited facility	Main services provided
	<ul style="list-style-type: none"> Recovery and intensive neurological, musculoskeletal, respiratory, cardiological and oncological functional rehabilitation Accredited outpatient treatment and complex outpatient ophthalmic surgery in private practice

➤ FOCUS: TUSCANY REGION

GEOGRAPHICAL POSITIONING OF GHC CLINICS

TUSCANY REGION INDICATORS



GHC CLINICS: NON-FINANCIAL HIGHLIGHTS

Clinics (FY2021)	Beds	Admissions	Outpatient services	Employees	% male	% female
Hospital services	#	('000)	('000)	#	%	%
Rugani Hospital	80	2.2	15.2	103	23%	77%

RUGANI HOSPITAL (Colombaio locality, Siena)

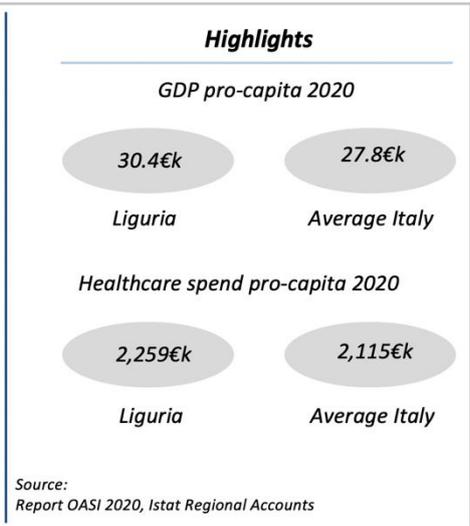
National Healthcare Service accredited facility	Main services provided
	<ul style="list-style-type: none"> Ophthalmology Orthopaedics Urology General surgery Otorhinolaryngology Motor Rehabilitation Diagnostic imaging for the provision of inpatient and outpatient activities Orthopaedic surgery

➤ FOCUS: LIGURIA REGION

GEOGRAPHICAL POSITIONING OF GHC CLINICS



LIGURIA REGION INDICATORS



GHC CLINICS: NON-FINANCIAL HIGHLIGHTS

Clinics (FY2021)	Beds	Admissions	Outpatient services	Employees	% male	% female
<i>Outpatient and dependency care services</i>	#	('000)	('000)	#	%	%
Fides Group (8 clinics)	358	0.9	-	83	19%	81%

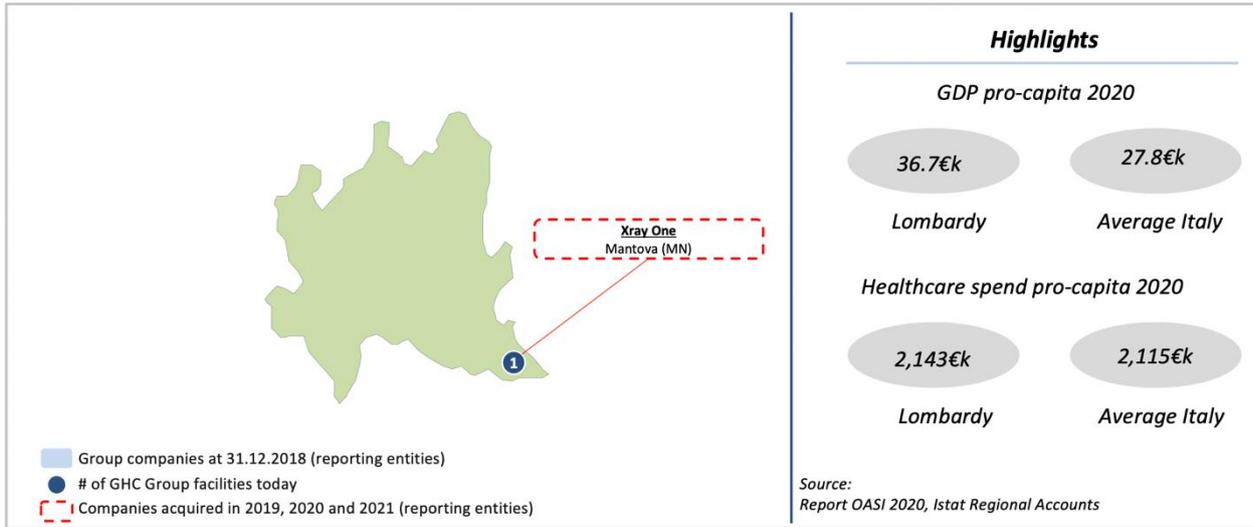
FIDES MEDICA GROUP (Genoa)

<i>National Healthcare Service accredited facilities</i>	<i>Main services provided</i>
	<ul style="list-style-type: none"> ▪ Full range of rehabilitation services, long-term residential care and reintegration into society ▪ In particular, the following services are provided: <ul style="list-style-type: none"> - Care for serious acquired brain injuries; - RSA rehabilitative and maintenance; - Treatment for individuals suffering from behavioural eating disorders, personality disorders; and - Long-stay admissions for the elderly

➤ FOCUS: LOMBARDY REGION

GEOGRAPHICAL POSITIONING OF GHC CLINICS

LOMBARDY REGION INDICATORS



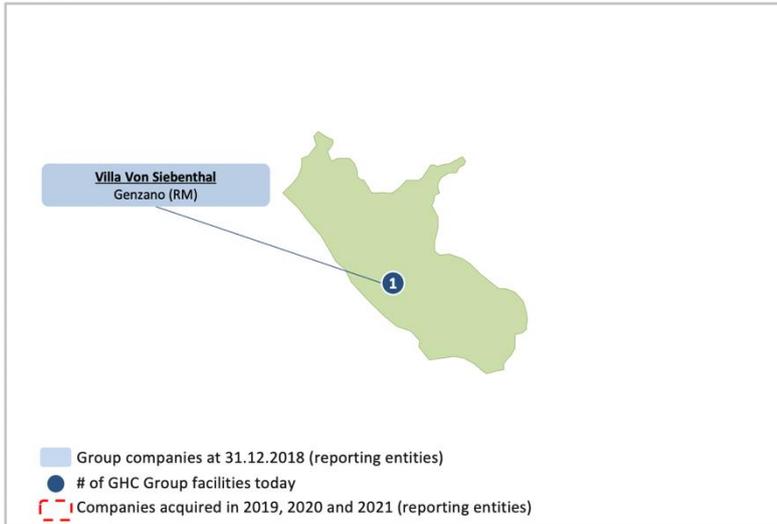
GHC CLINICS: NON-FINANCIAL HIGHLIGHTS

Clinics (FY2021)	Beds	Admissions	Outpatient services	Employees	% male	% female
<i>Outpatient and dependency care services</i>	#	('000)	('000)	#	%	%
XRay One	-	-	124.3	44	30%	70%

XRAY ONE (Poggio Rusco, Mantova)	
National Healthcare Service accredited facility	Main services provided
	<ul style="list-style-type: none"> Radiological diagnostics (MRI, CT, MOC, CR digitized mammography, ultrasound, abdominal, vascular and peripheral echocolor Doppler) Specialist medical services

➤ FOCUS: LAZIO REGION⁽²⁾

GEOGRAPHICAL POSITIONING OF GHC CLINICS



LAZIO REGION INDICATORS

Highlights	
<i>GDP pro-capita 2020</i>	
32.4€k	27.8€k
<i>Lazio</i>	<i>Average Italy</i>
<i>Healthcare spend pro-capita 2020</i>	
2,079€k	2,115€k
<i>Lazio</i>	<i>Average Italy</i>

Source:
Report OASI 2020, Istat Regional Accounts

GHC CLINICS: NON-FINANCIAL HIGHLIGHTS

Clinics (FY2021)	Beds	Admissions	Outpatient services	Employees	% male	% female
<i>Outpatient and dependency care services</i>	#	('000)	('000)	#	%	%
Villa Von Siebenthal	89	0.5	-	55	24%	76%

VILLA VON SIEBENTHAL (Genzano)	
National Healthcare Service accredited facility	Main services provided
	<ul style="list-style-type: none"> ▪ Neuropsychiatric treatments ▪ "Extensive" and "intensive" psychiatric treatment for adolescents ▪ Admissions for mental disorders, including adult patients, in both the acute and post-acute phases ▪ Admission of patients with drug addiction

⁽²⁾ Excluding the Parent Company GHC S.p.A.

Significant shareholders

The table below reports the Garofalo Health Care S.p.A. ownership structure at June 30, 2022, including significant equity interests.

Garofalo Health Care S.p.A. Shareholders	No. shares	% shares with voting rights	Voting rights	% voting rights
Controlling shareholders (*)	58,524,600	65.66%	58,524,600	64.26%
Market	30,609,253	34.34%	32,554,653	35.74%
Total shares with voting rights exercisable at Shareholders' Meeting	89,133,853	100.00%	91,079,253	100.00%
Treasury shares (**)	1,066,147		(**)	
TOTAL:	90,200,000			

(*) includes the direct and indirect holdings of the Chief Executive Officer Maria Laura Garofalo.

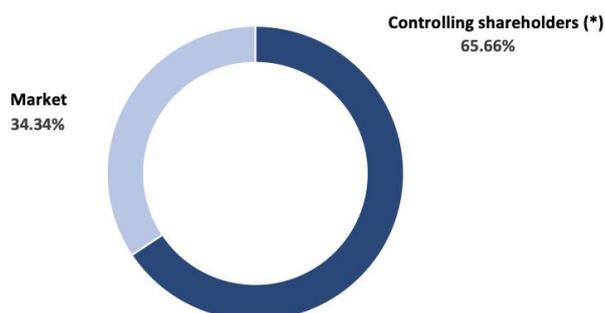
(**) Treasury shares with voting rights suspended at this Report

Garofalo Health Care S.p.A. shareholders with stakes greater than 5%	No. shares	% shares with voting rights	Voting rights	% voting rights
Larama 98 S.p.A. (***)	45,516,000	51.06%	45,516,000	49.97%
Maria Laura Garofalo	11,128,000	12.48%	11,128,000	12.22%
PII 4 S.à.r.l. (****)	8,173,653	9.17%	8,173,653	8.97%

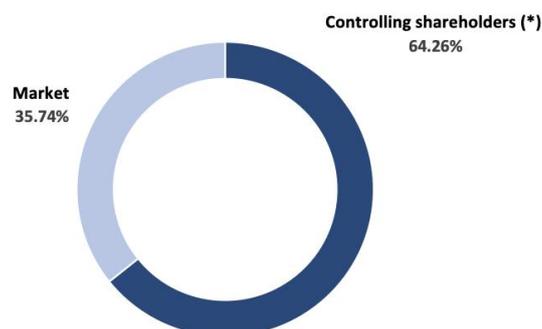
(***) linked to Maria Laura Garofalo

(****) vehicle company for the Peninsula Investments II S.C.A. fund

Percentage of shares with voting rights



Percentage of voting rights



As previously reported, in accordance with Article 127-quinquies of the CFA, Article 7 of the By-Laws states that each share held by the same shareholder for a continuous period of at least 24 months from the date of registration in the special list specifically established by the Company (the "List") confers two votes. In accordance with Article 127-quinquies, paragraph 7, of the CFA, Article 7 of the By-laws states that shares held prior to the commencement date of trading, and hence prior to the date of registration in the List, are also to be considered for the purpose of completing the period of continuous ownership required for multi-voting rights. For further information, please refer to the Multi-Voting Rights Regulation available from the Company's website, www.garofalohealthcare.com, which in accordance with Article 143-*quater* of the Regulation adopted by Consob with Motion No. 11971 of May 14, 1999, as supplemented and amended (the "Issuers' Regulation") also presents the identification details of the shareholders who have applied for registration in the List, with indication of their individual holdings – in any event exceeding the threshold indicated by Article 120, paragraph 2 of the CFA – date of registration and date of attainment of multi-vote rights.

GHC share performance in H1 2022

Garofalo Health Care S.p.A. been listed on the Euronext Milan market organised and managed by Borsa Italiana S.p.A. since November 9, 2018, while on March 25, 2021 GHC's shares were admitted to the Euronext STAR Milan - Segmento Titoli con Alti Requisiti (stringent requirements) Segment.

In the first six months of 2022, the GHC share declined 26.0%³. This movement however also reflects the deteriorating macroeconomic environment following the outbreak of the conflict between Russia and Ukraine in February 2022.

It should also be noted that since the day it was listed (November 9, 2018 at Euro 3.34 per share), the GHC share price has grown by 20.1% (as at June 30, 2022), remaining at all times above its placement price.

The table below outlines GHC share performance for the period covered:

Key stock exchange indicators for 2022 (Euro)	
IPO offer price on November 9, 2018	3.34
Closing price on June 30, 2022	4.01
Closing price on January 3, 2022 (initial day of trading of the year)	5.42
Number of GHC ordinary shares at June 30, 2022	90,200,000
Number of GHC ordinary shares at January 3, 2022	90,200,000
Treasury shares held on June 30, 2022	1,066,147
Ordinary shares in circulation on June 30, 2022	89,133,853
Treasury shares held on January 3, 2022	973,148
Ordinary shares in circulation on January 3, 2022	89,226,852
Market capitalisation on June 30, 2022 ⁽⁴⁾	357,426,751
Market capitalisation on January 3, 2022 ⁽⁴⁾	483,609,538

Coverage of GHC stock by financial analysts

At June 30, 2022, the GHC share was covered by 3 financial brokers (Equita SIM, Mediobanca and Exane BNP Paribas), who actively followed the GHC Group during the year with dedicated studies and analyses, consistently offering Buy or Outperform recommendations.

⁽³⁾ Calculated as the difference between the price of the GHC share at June 30, 2022 (Euro 4.01) and that at January 3, 2022 - first trading day of the year (Euro 5.42)

⁽⁴⁾ Calculated net of treasury shares held by the Company on the same date

2. GROUP PERFORMANCE

GHC Group financial highlights

The H1 2022 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 Op. EBITDA on the same period of the previous year.

The operating performance indicators for H1 2022 compared with the same period of 2021 are presented below.

The H1 2022 figures, in comparison to 2021, include also the full contribution of Clinica San Francesco S.r.l. (three-month contribution in the preceding half-year, as acquired on April 9, 2021) and of Domus Nova S.p.A., acquired on July 28, 2021.

Consolidated figures	2022		2021		2022 vs 2021	
	Euro '000	%	Euro '000	%	Euro '000	%
Revenues	166,288	100.0%	133,473	100.0%	32,814	24.6%
Total operating costs (exc. Adjustments) ⁵	(135,117)	-81.3%	(108,728)	-81.5%	(26,389)	24.3%
Op. EBITDA Adjusted	31,170	18.7%	24,745	18.5%	6,425	26.0%
Other Costs ("Adjustments") ⁶	(316)	-0.2%	(2,486)	-1.9%	2,170	-87.3%
Operating EBITDA	30,855	18.6%	22,259	16.7%	8,596	38.6%
Amortisation, depreciation & write-downs	(9,230)	-5.6%	(6,921)	-5.2%	(2,309)	33.4%
Impairments and other provisions	(2,230)	-1.3%	(1,288)	-1.0%	(942)	73.2%
EBIT	19,395	11.7%	14,050	10.5%	5,344	38.0%
EBIT Adjusted	19,710	11.9%	16,536	12.4%	3,174	19.2%
Net financial charges	(2,106)	-1.3%	(1,481)	-1.1%	(625)	42.2%
Profit before taxes	17,289	10.4%	12,570	9.4%	4,720	37.5%
Profit before taxes Adjusted	17,605	10.6%	15,055	11.3%	2,549	16.9%
Income taxes	(4,037)	-2.4%	(2,796)	-2.1%	(1,240)	44.4%
Net Profit	13,252	8.0%	9,773	7.3%	3,479	35.6%
Group net profit	13,244	8.0%	9,769	7.3%	3,475	35.6%
Minority interests	8	0.0%	4	0.0%	4	99.1%

⁵ 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)

⁶ 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)

2.1. 2022 Consolidated Revenues Overview

GHC consolidated revenues in H1 2022 amounted to Euro 166,288 thousand, up 24.6% on Euro 133,473 thousand in H1 2021.

The increase in revenues of Euro 32,814 thousand is due for Euro 26,345 thousand to the change in the consolidation scope, as the H1 2022 income statement includes the full contribution of Domus Nova S.p.A. and of Clinica San Francesco S.r.l. (which only contributed for three months in the preceding half-year), with the remainder due to the greater productivity of the companies at like-for-like scope.

The revenue increase also benefited from the partial reimbursement of the additional COVID costs⁷ incurred by the Group companies, also in previous years, totalling Euro 1,567 thousand, of which Euro 1,488 thousand received by the companies at like-for-like scope and Euro 79 thousand received by Clinica San Francesco S.r.l. and Domus Nova S.p.A..

Consolidated revenues in Euro thousands	H1 22 Actual	H1 21 Actual	H1 22 vs. H1 21 Euro '000	H1 22 vs. H1 21 %
Total	166,288	133,473	32,814	24.6%
<i>of which repayments of "additional COVID costs"</i>	<i>1,488</i>	<i>861</i>	<i>627</i>	<i>72.8%</i>
<i>of which Domus Nova + Clinica San Francesco*</i>	<i>35,285</i>	<i>8,861</i>	<i>26,424</i>	<i>298.2%</i>

* in 2021 Clinica San Francesco contributed only for three months, while Domus Nova was acquired in H2 2021

2.2. 2022 Consolidated Costs Overview

Consolidated operating costs in H1 2022, net of non-recurring costs and Adjustments of Euro 316 thousand, totalled Euro 135,117 thousand, increasing Euro 26,389 thousand (+24.3%) on Euro 108,728 thousand in H1 2021.

This increase in operating costs relates for Euro 20,370 thousand to the change in the consolidation scope, with Domus Nova S.p.A. joining the Group, and the full contribution of Clinica San Francesco S.r.l., with the remainder related to the increased production volumes and the rise in energy costs.

The Adjustments concern the charges incurred by the Group companies to combat the COVID-19 emergency which, net of reimbursements paid, totalled Euro 265 thousand, in addition to M&A costs of Euro 51 thousand. Non-recurring costs decreased Euro 2,170 thousand on H1 2021, due to the reduced COVID costs, totalling Euro 685 thousand, the recognition of greater reimbursements for Euro 707 thousand and lower M&A costs, amounting to Euro 779 thousand, as in the preceding period costs were incurred to acquire Clinica San Francesco S.r.l.

2.3. 2022 Consolidated Adjusted Operating EBITDA

In terms of margins, consolidated Operating EBITDA Adjusted⁸ totalled Euro 31,170 thousand, increasing Euro 6,425 thousand (+26.0%) on Euro 24,745 thousand in H1 2021, benefitting from the full contribution from the acquisitions of Domus Nova S.p.A. and Clinica San Francesco S.r.l., amounting to Euro 7,106 thousand in H1 2022.

Overall, in H1 2022 the Group's Operating EBITDA Adjusted margin was 18.7%.

Consolidated Op. EBITDA and Op. EBITDA Adj. in Euro thousands	H1 22 Actual	H1 21 Actual	H1 22 vs. H1 21 Euro '000	H1 22 vs. H1 21 %
Op. EBITDA Reported	30,855	22,259	8,596	38.6%
<i>+ additional COVID costs (net reimbursements)</i>	<i>265</i>	<i>1,656</i>	<i>(1,391)</i>	<i>-84.0%</i>
<i>+ M&A costs</i>	<i>51</i>	<i>830</i>	<i>(779)</i>	<i>-93.9%</i>
Op. EBITDA Adjusted	31,170	24,745	6,425	26.0%
<i>of which Domus Nova + Clinica San Francesco*</i>	<i>7,106</i>	<i>1,705</i>	<i>5,401</i>	<i>316.8%</i>
<i>Op. EBITDA Reported Margin (%)</i>	<i>18.6%</i>	<i>16.7%</i>	<i>-</i>	<i>-</i>

⁷ 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.

⁸ This indicator adjusts operating EBITDA for non-recurring revenues and costs (e.g. net impact of additional COVID costs) and 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 Adjusted Margin (%)	18.7%	18.5%	-	-
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* in 2021, Clinica San Francesco contributed only for three months, while Domus Nova was acquired in H2 2021.

2.4. 2022 Consolidated EBIT and EBIT Adjusted Overview

EBIT Adjusted in H1 2022 was Euro 19,710 thousand, up Euro 3,174 thousand (+19.2%) on Euro 16,536 thousand in 2021.

This result reflects amortisation, depreciation and write-downs of Euro 9,230 thousand, increasing Euro 2,309 thousand on H1 2021, mainly due to the change in scope during the period, as well as impairments and other provisions of Euro 2,230 thousand, rising Euro 942 thousand on H1 2021. The increase in value adjustments and other provisions on June 30, 2021 is due to the combined effect of the following factors: (i) increase in the provisions for healthcare risks, net of releases, for Euro 614 thousand; (ii) greater net accruals for Local Healthcare Authority (ASL) risks for Euro 530 thousand, (iii) increase in releases on doubtful debt provisions for Euro 104 thousand (iv) higher provisions for other risks - mainly labour-related - for Euro 97 thousand.

2.5. 2022 Consolidated net profit overview

The Net Profit was Euro 13,252 thousand, an increase of Euro 3,479 thousand on Euro 9,773 thousand in 2021.

This amount includes net financial charges of Euro 2,106 thousand, increasing Euro 625 thousand on 2021, mainly due to the higher Group debt following the latest acquisitions, in addition to income taxes of Euro 4,037 thousand, rising Euro 1,240 thousand on H1 2021, mainly due to the improved pre-tax result.

2.6. Pro-forma financial highlights

In order to ensure that the Company's figures for the period under review are sufficiently comparable with those of the previous year, the income statement is presented below, comparing H1 2022 with H1 2021 Pro-Forma⁹, i.e. retrospectively applying to January 1, 2021 the acquisition of Clinica San Francesco S.r.l. (on April 9, 2021) and the acquisition of Domus Nova S.p.A. (on July 28, 2021).

The pro-forma income statement presented below differs from that presented in the H1 2021 Directors' Report, which only took account of the acquisition of Clinica San Francesco S.r.l..

In addition to the IFRS-compliant indicators included in the official reporting formats, this Directors' Report also presents various alternative performance measures (APMs) employed by the management to monitor and evaluate the Group's performance. The details of the calculation of the APMs set out below are presented in a specific section of this report, to which the reader should refer for all further information.

Consolidated figures	H1 2022		H1 2021 pro-forma		2022 vs. 2021 pro-forma	
	Euro '000	%	Euro '000	%	Euro '000	%
Revenues	166,288	100.0%	157,475	100.0%	8,813	5.6%
Total operating costs (excl. Adjustments)	(135,117)	-81.3%	(130,593)	-82.9%	(4,524)	3.5%
Op. EBITDA Adjusted	31,170	18.7%	26,882	17.1%	4,289	16.0%
Other Costs ("Adjustments")	(316)	-0.2%	(2,486)	-1.6%	2,170	-87.3%
Operating EBITDA	30,855	18.6%	24,396	15.5%	6,459	26.5%
Amortisation, depreciation & write-downs	(9,230)	-5.6%	(9,127)	-5.8%	(103)	1.1%
Impairments and other provisions	(2,230)	-1.3%	(2,048)	-1.3%	(182)	8.9%
EBIT	19,395	11.7%	13,221	8.4%	6,174	46.7%

⁽⁹⁾ These Pro-Forma statements are drawn up on a voluntary basis and according to procedures agreed with the independent audit firm as per the International Standard of Related Services ("ISRS") 4400 issued by the IAASB.

EBIT Adjusted	19,710	11.9%	15,707	10.0%	4,004	25.5%
Net financial charges	(2,106)	-1.3%	(1,714)	-1.1%	(392)	22.9%
Profit before taxes	17,289	10.4%	11,507	7.3%	5,782	50.2%
Profit before taxes Adjusted	17,604	10.6%	13,993	8.9%	3,612	25.8%
Income taxes	(4,037)	-2.4%	(2,531)	-1.6%	(1,506)	59.5%
Net Profit	13,252	8.0%	8,976	5.7%	4,276	47.6%
Group net profit	13,244	8.0%	8,974	5.7%	4,270	47.6%
Minority interests	8	0.0%	2	0.0%	6	n/a

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 H1 2021.

Balance Sheet

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

Consolidated figures Sources/Uses	2022	2021	Δ vs 2021
	June	December	Euro '000
Goodwill	70,635	70,265	370
Intangible and tangible assets	413,612	413,758	(146)
Financial assets	1,115	1,768	(652)
I Fixed capital	485,363	485,791	(428)
Trade Receivables	72,347	74,720	(2,373)
Inventories	4,281	4,322	(42)
Trade payables	(48,776)	(46,239)	(2,538)
Net Operating Working Capital	27,851	32,803	(4,952)
Other assets/liabilities	(29,554)	(27,896)	(1,658)
II Net Working Capital	(1,703)	4,907	(6,610)
Net deferred taxes	(57,237)	(58,272)	1,035
Provisions	(30,474)	(29,333)	(1,141)
III Total Uses (NET CAPITAL EMPLOYED)	395,948	403,093	(7,144)
IV Net financial debt	125,048	142,378	(17,330)
Minority interest shareholders' equity	269	262	8
Group shareholders' equity	270,631	260,453	10,178
V Shareholders' Equity	270,900	260,715	10,186
VI Total sources of financing	395,948	403,093	(7,144)

Fixed capital at June 30, 2022 amounted Euro 485,363 thousand, decreasing Euro 428 thousand on December 31, 2021, due mainly to the following factors: (i) increase in "Goodwill" of Euro 370 thousand following the merger of the company Studio Schio S.r.l. into Centro Medico San Biagio S.r.l.; (ii) net decrease of property, plant and equipment and intangible assets of Euro 146 thousand, following the investments in property, plant and equipment (Euro 8,474 thousand), net of amortisation and depreciation in the period (Euro 8,555 thousand); (iii) decrease in financial assets of Euro 652 thousand, mainly due to the cancellation of the investment in Studio Schio S.r.l., amounting to Euro 387 thousand, acquired at the end of 2021 and merged in H1 2022 into the parent company Centro Medico San Biagio S.r.l.

Operating net working capital reports a net decrease of Euro 4,952 thousand, based on the movements in the receipts and payments of the various operating companies.

Other net liabilities increased Euro 1,658 thousand, mainly due to the increase in employee payables for provisions for vacations and the thirteenth month.

The net working capital therefore reports a net decrease of Euro 6,610 thousand due to the net operating working capital changes and the changes of other assets and liabilities outlined previously.

Net deferred taxes decreased Euro 1,035 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.

The provisions at June 30, 2022 increased Euro 1,141 thousand on December 31, 2021, mainly due to the net increase in the post-employment benefit provision (Euro 1,037 thousand) following the increase in the inflation rate used to discount the provision, as per IAS 19.

Net Capital Employed at June 30, 2022 was Euro 395,948 thousand, decreasing Euro 7,144 thousand on Euro 403,093 thousand at December 31, 2021, mainly due to the decrease in net working capital (Euro 6,610 thousand).

At June 30, 2022, the Net Financial Position (NFP) of the Garofalo Health Care Group was Euro 125,048 thousand, with gross financial debt of Euro 165,945 thousand and liquidity of Euro 40,897 thousand. The NFP therefore decreased Euro 17,330 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 5,028 thousand and the repayment of the loan to the parent Larama (Euro 1,664 thousand).

Group Shareholders' Equity at June 30, 2022 totalled Euro 270,631 thousand, increasing Euro 10,178 thousand on December 31, 2021, mainly due to the profit for the period (Euro 13,244 thousand), net of the actuarial effect on the post-employment benefit provision (negative for Euro 1,019 thousand) and the acquisition of treasury shares (Euro 2,083 thousand).

Net Financial Position

Net financial debt was calculated according to the approach outlined in ESMA/2013/319 and Consob Communication No. DEM/6064293 of July 28, 2006.

A breakdown of the net financial debt at June 30, 2022 and December 31, 2021 is provided below.

Consolidated figures	2022 Euro '000	2021 Euro '000	Δ vs 2021 Euro '000
A Available liquidity	40,419	41,239	(820)
B Cash and cash equivalents	40	39	1
C Other current financial assets	439	136	303
D Liquidity	40,897	41,414	(517)
E Current financial debt	19,173	24,163	(4,990)
F Current portion of non-current financial debt	21,577	21,499	78
G Total current financial debt	40,749	45,662	(4,913)
H Net current financial debt (G - D)	(148)	4,248	(4,396)
I Non-current financial debt	125,196	138,130	(12,934)
J Debt instruments	0	0	0
K Trade payables and other non-current payables	0	0	0
L Non-current financial debt (I + J + K)	125,196	138,130	(12,934)
M Total financial debt (H + L)	125,048	142,378	(17,330)

As per the table above, liquidity totalled Euro 40,897 thousand and was substantially unchanged on the previous year.

The current financial debt decreased Euro 4,913 thousand, mainly due to the lesser use of bank lines and advances.

The non-current financial debt decreased Euro 12,934 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.

Summary of principal alternative performance measures reported for the GHC Group and basis of preparation

The GHC Group utilises some alternative performance measures (“APM’s”), which are not identified as accounting measures within IFRS, for management’s view on the performance of the Group. These alternative performance measures exclusively concern historical data of the Group and determined in accordance with those established by the Alternative Performance Indicators Orientations issued by ESMA/2015/1415 and adopted by CONSOB with communication No. 92543 of December 3, 2015. The APM’s in this Report refer to the performance for the accounting period of this Half-Year Financial Report and of the comparative periods and not to the expected performance of the Group and must not be considered as replacement of the indicators required by the accounting standards (IFRS).

The alternative performance measures utilised in the current report are as follows:

Operating EBITDA Adjusted

This indicator adjusts Operating EBITDA for non-recurring revenues and costs (e.g. net impact of additional COVID costs) and one-off costs (e.g. M&A costs) and ensures a like-for-like comparison with 2021.

Operating EBITDA Adjusted in H1 2022 totalled Euro 31,170 thousand, increasing Euro 6,425 thousand (+26.0%) on Euro 24,745 thousand in the previous year, mainly due to the change in the consolidation scope (Euro 6,053 thousand) and residually to the increased earnings of the companies at like-for-like scope.

Operating EBITDA Adjusted in H1 2022 outperformed also the H1 2021 Pro-Forma figure, amounting to Euro 26,882 thousand (+16.0%), thanks mainly to the recovery of operating efficiencies in H1 2022 by Clinica San Francesco S.r.l. and Domus Nova S.p.A .

Consolidated figures	H1 22 Actual Euro '000	H1 21 Actual Euro '000	H1 2021 Pro-Forma Euro '000
Operating EBITDA	30,855	22,259	24,396
Other Costs (Adjustments)	316	2,486	2,486
Operating EBITDA Adjusted	31,170	24,745	26,882

EBIT Adjusted

This indicator adjusts EBIT for the situations outlined above, and is provided to allow a like-for-like comparison with H1 2021.

As outlined in the table below, EBIT Adjusted in H1 2022, totalling Euro 19,710 thousand, increased Euro 3,174 thousand (+19.2%) on H1 2021 (Euro 16,536 thousand) and by Euro 4,004 thousand (+25.5%) on H1 2021 Pro-Forma (Euro 15,707 thousand).

Consolidated figures	H1 22 Actual Euro '000	H1 21 Actual Euro '000	H1 2021 Pro-Forma Euro '000
EBIT	19,395	14,050	13,221
Other Costs (Adjustments)	316	2,486	2,486
EBIT Adjusted	19,710	16,536	15,707

Operating EBITDA Adjusted Margin

The Operating EBITDA Adjusted Margin is calculated as Operating EBITDA Adjusted as a percentage of Revenues. In H1 2022, the Group Operating EBITDA Adjusted margin, which adjusts Operating EBITDA for the cases described above, was 18.7% (18.5% in H1 2021 and 17.1% for H1 2021 Pro-Forma).

Consolidated figures	H1 22 Actual Euro '000	H1 21 Actual Euro '000	H1 2021 Pro-Forma Euro '000
Operating EBITDA Adjusted	31,170	24,745	26,882
Revenues	166,288	133,473	157,475
Operating EBITDA Adjusted Margin	18.7%	18.5%	17.1%

EBIT and Operating EBITDA

The Group's consolidated Net Profit, EBIT and consolidated Operating EBITDA for H1 2022 and H1 2021, both actual and pro-forma, are reconciled below.

Consolidated figures	H1 22 Actual Euro '000	H1 21 Actual Euro '000	H1 2021 Pro-Forma Euro '000
Net Profit	13,252	9,773	8,976
Income taxes	4,037	2,796	2,531
Total investments at equity	(65)	(113)	(113)
Financial charges	2,247	1,638	1,872
Financial income	(76)	(45)	(45)
EBIT	19,395	14,050	13,221
Amortisation, depreciation and provisions	9,230	6,921	9,127
Impairments and other provisions	2,230	1,288	2,048
Operating EBITDA	30,855	22,259	24,396

Net Financial Debt / Net Equity

The following table illustrates the relationship between the Group's net debt (as defined in previous sections) and shareholders' equity.

Consolidated figures	H1 22 Actual Euro '000	FY 21 Actual Euro '000
Net financial debt	125,048	142,378
Net Equity	270,900	260,714
Ratio between net financial debt and net equity	0.5	0.5

3. SECTOR PERFORMANCE

3.1. Breakdown of and changes in Italian public healthcare expenditure (highlights from the OASI Report)

The Company periodically reports on the changes in and breakdown of public healthcare expenditure in Italy, taking as a reference public data provided in specialised and highly accredited sector reports such as the OASI Report. The most up-to-date OASI Report available, published in 2021 and covering the 2020 data, was covered by the Company in its Directors' Report at December 31, 2021, to which reference should be made for further details.

3.2. National Recovery and Resilience Plan ("NRRP")

In April 2021, the Italian Government drafted the National Recovery and Resilience Plan ("PNRR"), the document that illustrates to the European Commission the methods and areas of intervention with which Italy intends to invest the funds that will arrive under the Next Generation EU program, prepared in light of the COVID-19 pandemic.

the PNRR groups investment projects into 16 components, in turn grouped into 6 missions (Digitalisation, innovation, competitiveness, culture and tourism; Green revolution and ecological transition; Infrastructure for sustainable mobility; Education and research; Cohesion and inclusion; Health).

Specifically, Mission No. 6 has two components:

1. *Proximity networks, facilities and telemedicine for territorial health care*

Work in this area is designed to reinforce the services provided in the country by strengthening and creating national clinics and centres (such as Community Homes and Community Hospitals), home care, developing telemedicine and a more effective integration with all social-health services.

2. *Innovation, research, and digitalisation of the National Healthcare Service*

The measures included in this area will enable the upgrade and modernisation of existing technological and digital structures, and the completion and distribution of the Electronic Health File (*Fascicolo Sanitario Elettronico - FSE*), an improved capacity for delivery and monitoring of Essential Care Levels (ECL) through more effective information systems. Significant resources are also earmarked for scientific research, to encourage the transfer of technology, and to improve the skills and human capital of the National Healthcare Service, including through better staff training.

A table summarising the investments planned in relation to Mission No. 6 for a total of Euro 15.63 billion (to be used in the period 2021-2026) is presented below.

Components of Mission No. 6	Main guidelines and investment rationale
<p>Proximity networks, facilities and telemedicine for national health care (Euro 7.0 billion)</p>	<ul style="list-style-type: none"> - Strengthen the National Healthcare Service, aligning services with the needs of communities and patients, also in light of the critical issues emerging during the pandemic. - Strengthen outreach and home healthcare facilities and services - Develop telemedicine and overcome the fragmentation and lack of homogeneity of healthcare services offered in the country; - Develop advanced telemedicine solutions to support home care
<p>Innovation, research, and digitalisation of the National Healthcare Service (Euro 8.63 billion)</p>	<ul style="list-style-type: none"> - Develop a public health system that increases investments in the healthcare system in terms of human, digital, structural, instrumental and technological resources - Improve scientific research in biomedical and healthcare fields - Strengthen and innovate the technological and digital structure of the NHS at National and Regional level to ensure significant changes in the ways that healthcare is provided, improving the quality and timeliness of care, enhancing the role of the patient as an active part of the clinical and care process, and ensuring greater capacity for governance and health planning driven by data analysis, in full respect of the security and protection of data and information

3.3 State of advancement of the National Recovery and Resilience Plan (PNRR) at June 30, 2022

Italy met all 45 targets under the National Recovery and Resilience Plan in the first half of the year. Specifically, all 6 targets related to Mission No. 6 of the PNRR were achieved by June 30, 2022. The following are the targets and related milestones.

Targets as of June 30, 2022: areas of focus	Goal achieved
Defining a new organisational model of the regional healthcare network	<ul style="list-style-type: none"> - On June 22, 2022, the decree with the reform containing standards for regional care was published in the Official Gazette, after the favourable opinion of the Council of State and despite the lack of agreement at the State-Regions Conference
Modernisation of hospital technology and digitalisation	<ul style="list-style-type: none"> - Institutional Development Contracts signed with regions to bring on stream 7,700 more intensive and semi-intensive care beds and purchase more than 3,000 new pieces of equipment
Community home and personal care	<ul style="list-style-type: none"> - Institutional Development Contracts signed with regions that set deadlines and operational plans for investments in new Community Homes
Home as the first place for care and telemedicine	<ul style="list-style-type: none"> - On May 24, 2022, the decree of the Minister of Health on the "Digital Model for the introduction of home care" was published in the Official Gazette, with procedures for introducing telemedicine services and following approval by the State-Regions Conference. On March 18, 2022, the notice for expressions of interest for the introduction of the national telemedicine platform was also published
Home as the first place for care and telemedicine (Regional operating centres)	<ul style="list-style-type: none"> - Institutional Development Contracts signed with regions that set deadlines and operational plans for investments in new Regional operating centres
Strengthening intermediate healthcare and its facilities (Community Hospitals)	<ul style="list-style-type: none"> - Institutional Development Contracts signed with regions that set deadlines and operational plans for investments in new Community Hospitals

4. INVESTMENTS

4.1 Recurring investments

During H1 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.

4.2 Capex in long-term development and organisational restructuring

In H1 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	Highlights
Villa Fernanda and S. Marta (Fides Group)	 Villa Fernanda and S. Marta <i>in progress</i>	<ul style="list-style-type: none"> - Acquisition of building located in Genoa that had been used as a school in order to relocate the activities carried out at the Santa Marta facility to this property - Renovation activities at Santa Marta are in progress
Eremo di Miazzina	 Expansion of Istituto Raffaele Garofalo <i>in progress</i>	<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 are continuing on schedule
Hesperia Hospital Modena	 Expansion and reorganisation of existing clinic <i>in progress</i>	<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	 Domus Nova and San Francesco redevelopment <i>in progress</i>	<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

5. 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 the first half of 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 were then not continued in the second quarter
	Ospedali Privati Riuniti	<ul style="list-style-type: none"> Ward made available for COVID patients, 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 H1 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 H1 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 June 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.

6. 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.

7. SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

There were no subsequent events to period-end.

8. OUTLOOK

The Group is confident of continued organic growth in H2 2022, with Revenues and Op. EBITDA Adjusted expected to beat 2021, also at like-for-like consolidation scope. This outlook considers the growing importance of healthcare nationally, increasingly seen as an essential primary good, which plays an ever more important role in the accredited private sector, as part of the health and dependency care provision of the individual Regions, against a backdrop of growing care needs. It considers also the benefit from certain specific Group development plans, which shall progressively benefit from the completion of the expansion projects on the “new S. Marta” (in H2 2022).

It should be noted that these organic growth forecasts already include estimates for the higher energy-related costs, which it is assumed can be absorbed by budget increases (e.g. for the recovery of waiting lists).

Finally, in line with the Buy & Build strategy undertaken since the IPO, the Group confirms also for 2022 its strategic focus on M&A driven growth, through acquisitions of excellent clinics with non-dilutive performances, also going forward.

9. PRINCIPAL RISKS AND UNCERTAINTIES TO WHICH GAROFALO HEALTH CARE S.P.A. AND THE GROUP ARE EXPOSED

9.1. Risks associated with the liability of the Group's healthcare facilities for injuries caused to patients by physicians in the practice of their profession at the healthcare facilities

The Group is exposed to the risks associated with civil liability under the law for any injuries caused to patients hospitalized or receiving care in its healthcare facilities as a result of negligence and/or wilful misconduct in the provision of hospital and/or local residential and outpatient care by physicians and other healthcare professional malpractice, or financial risks as a result of incomplete insurance cover for potential claims.

In order to mitigate these risks, the GHC Group adopts actions to reinforce patient safety through the use, on the one hand, of ad hoc procedures and practices, consistent with the main guidelines and best practices at national/international level, also introducing training and information channels to raise awareness among operators in the area of management and reporting of adverse events/near misses and, on the other hand, through composite risk coverage, pursuant to Law No. 24 of March 8, 2017 (the "Gelli-Bianco Law" or "Law No. 24/2017"), through insurance (Domus Nova, Ospedali Privati Riuniti, Poliambulatorio Dalla Rosa Prati Villa Von Siebenthal, X-Ray One and Casa di Cura Prof. Nobili) and/or self-insurance (the remaining Facilities, setting aside an amount consistent with the volume and type of claims for which the risk of loss is estimated as probable on the basis of the opinion of external lawyers and internal analyses). On this point, moreover, the Group constantly monitors regulatory updates, with particular reference to the draft Implementing Decree of the aforementioned "Gelli-Bianco Law," which could entail (with respect to the wording of the draft Decree known to date) possible additional compliance requirements, as well as adjustments to certain ceilings.

9.2. Risks associated with the protection of personal and sensitive data and the implementation of the new Reg. No. 679/2016

In conducting its activities, the Group engages in substantial and ongoing processing of personal and healthcare data and particularly data regarding patients and medical and paramedical personnel. Accordingly, the Group must comply with both Regulation (EC) No. 679/2016 on personal data protection ("GDPR") and Legislative Decree No. 196/2003 (the "Privacy Code"), in addition to the orders issued by Italy's Personal Data Protection Authority. Each Group company has introduced structures and internal procedures to implement their personal data processing operations in compliance with law and has appointed a Data Protection Officer ("DPO") who supervises compliance with GDPR and other European and Italian personal data protection rules.

9.3. Risks associated with environmental issues and health and safety legislation

The Group's production activities are subject to environmental protection and occupational health and safety legislation. Workplace safety, health and hygiene are ensured through constant updates and performance of the mandatory legal inspections, in addition to the adoption of specific policies, management systems and procedures. The Group also relies on specific workplace health and safety consultants.

With regards to environmental risks, the main focus is the disposal of hazardous healthcare waste, particularly concerning the infection risk, in terms of which the Group companies take the necessary measures to ensure that they comply with laws and regulations applicable to the health sector.

At present, also in light of the periodic risk assessment surveys that the Group is conducting, there are no "direct" risks related to climate change, considering it necessary in any case to continue with the analysis activities for the identification of possible critical issues.

9.4. Risks associated with the administrative liability of companies for criminal offences pursuant to Legs. Decree No. 231/2001

The Group companies are exposed to the risk of incurring penalties deriving from the potential offences pursuant to Legislative Decree No. 231/01 in the event that the Group's organisation and management model on "the administrative responsibility of legal persons and of companies and associations, including those without legal personality" is found to be inadequate.

In order to create a set of rules to prevent unlawful conduct deemed potentially relevant to the application of this legislation, GHC (i) adopted an organisation and management model as per Article 6, paragraph 1, letter a) of Legislative Decree No. 231/2001 (the "231 Model")⁽¹⁰⁾, (ii) adopted the Group Ethics Code and (iii) appointed a Supervisory Board.

The Group companies with organisational autonomy have (i) adopted their own 231 Model, consistent with the 231 Model approved by the Parent Company, (ii) adopted the Group Code of Ethics and (iii) set up their Supervisory Boards.

9.5. Credit Risk

Credit risk is the risk that a counterparty does not fulfil its obligations relating to a financial instrument or a commercial contract.

This risk is managed by each Group company and the respective Directors and is periodically monitored by the Parent Company through financial and operating reports. The maximum exposure to the credit risk for the Group at June 30, 2022 and December 31, 2021 is represented by the book value of the assets recorded in the consolidated accounts under trade receivables.

The Group considers this risk as moderate, in view of the fact that GHC's receivables almost entirely concern public sector counterparties (hospital authorities and/or healthcare authorities), for whom a particular risk of insolvency is not considered. In particular, in H1 2022, as we sought to handle the difficulties caused by the COVID-19 pandemic, the Group closely monitored the collection of its trade receivables and does not report reduced average collection times from its public sector counterparties.

Therefore, according to the information currently available, the Company does not consider additional specific risks to have arisen on the recoverability of receivables from these parties.

9.6. Liquidity risk

Liquidity risk concerns the risk that the financial resources are not sufficient to meet financial and commercial obligations under the pre-established terms and maturities.

The Group considers this risk as moderate in view of the fact that Group clinics are mainly located in Regions with balanced healthcare budgets, which therefore reduces, if not entirely excludes, the risk that healthcare service payments are delayed or defaulted upon by these Regions.

Liquidity risk is managed by the individual Group companies and the respective Directors and is periodically monitored by the Parent Company through financial and operating reports. In this manner, the Group aims to ensure adequate coverage of its financial needs, monitoring loans, credit lines granted and relative utilisations in order to ensure optimum management of the resources and any temporary excess liquidity.

In addition, the Group seeks to maintain an optimal capital structure so as to gradually reduce its borrowing costs.

In H1 2022, the Group closely monitored its financial situation and did not require significant liquidity or working capital support.

The NFP at June 30, 2022 benefitted further from the advances disbursed by the main regions in which the Group operates for approx. Euro 10.5 million in 2020 and 2021. These granted GHC hospitals - due to the COVID-19 emergency - a monthly advance of between 80% and 100%, according to each individual case, of the agreed production for the year 2019 or that of the budget agreement.

⁽¹⁰⁾ The 231 Model was adopted by GHC's BoD on August 8, 2018 and was subsequently updated on July 30, 2020.

Therefore, on the basis of the information currently available, the Company expects that the funds and credit lines currently available, in addition to those that will be generated from operating and financial activities, will permit the Group to satisfy its requirements deriving from investment activities, working capital management and the repayment of debt in accordance with their contractual maturities.

9.7. Interest rate risk

The Group's interest rate risk derives from medium- and long-term debt at variable rates. In order to assess the potential economic and financial impact of any change in interest rates on the half year under review, a sensitivity analysis was carried out that simulates the effect of a 1% increase and a 0.25% decrease in the annual interest rate.

(In Euro thousands)	At June 30, 2022		
	Interest on mortgage loans	Interest +1%	Interest -0.25%
Total	1,096	1,415	1,096
Change		319	0*

* Reducing the interest rate by 0.25% would not have reduced the interest expense on the loan as it has a variable rate with zero floor

On November 16, 2021, the Group signed a loan contract for a total of Euro 221,000,000.00, of which Euro 138,864,162.98 allocated to settle the previous medium/long-term loan and the relative derivative contracts. The loan is at a variable rate, with a zero floor and is currently not hedged by derivatives. Management is assessing any risk hedges, constantly monitoring the interest rate curves.

9.8. Risks related to the conflict in Ukraine

In the recent framework of uncertainty generated by the conflict in Ukraine, the Group is monitoring the possible risks, direct and indirect, arising from this crisis on its operating activities, mainly related to procurement and the relative costs. Considering that the Group has no operations in Ukraine or Russia and has no direct exposure to these markets, in terms of either sales or purchases, there are no direct risks for the Group. An analysis was also carried out on the possible relationships, held in any capacity, with legal entities and/or individuals with registered office/residence in Russia. No findings are indicated in this regard.

However, this conflict 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 (e.g. electromedical equipment components, reagents, etc.). These indirect risks are not currently significant, but the Group will continue to monitor developments over the coming months.

9.9. Cybersecurity Risks

The Group constantly monitors possible attacks on its information systems and the relative exposure to risk, also in terms of the theft of sensitive data of a "managerial" nature of the companies and of a "personal" nature of patients. In order to combat these risks, the Company has therefore begun to deploy structured actions to consolidate its control systems. Given the type of activities carried out, the systems adopted and the current geo-political situation, with respect to which there has been a general intensification of cyber attacks, the Group has initiated a series of specific vulnerability assessment activities on all Facilities to assess the degree of exposure to cyber attacks. A process is also underway to standardise security equipment and software (Firewall UTM and Antivirus EPDR), including through the preparation of monitoring dashboards, through which the Group is able to assess the state of exposure to threats both on the perimeter network (Internet) and on the local network (PCs and Servers), the KPIs of information services, and increase awareness of possible cyber threats.

9.10. Risks relating to regulatory changes

The Group constantly monitors any updates in regulations, both health-related and non-health-related, that may result in a change in operating, economic and compliance conditions. Regulations are therefore analysed, including using expert third parties, assessing their possible effects also through sharing information with the Management of the Clinics.

9.11. Risks associated with the availability of specialised professionals

In the recent economic and social environment, a widespread phenomenon of health personnel turnover has emerged that may result in momentary staff shortages, leading to operational disruption and potential reductions in the quality delivered and perceived by patients. In this context, the GHC Group adopts policies at the local level for the introduction of specific and diversified recruiting channels, in addition to the activation of channels at the Holding Company level, with no particular critical issues in any case emerging in the period.

10. OTHER INFORMATION

10.1. Secondary offices

Garofalo Health Care S.p.A. did not have any branch offices at June 30, 2022.

10.2. Remuneration schemes based on financial instruments

Stock Grant Plan 2019 - 2021

On May 27, 2022, Garofalo Healthcare S.p.A. allocated the GHC S.p.A. shares to the beneficiaries of the "2019 - 2021 Stock-Grant Plan" (the "**Stock Grant Plan**"), reserved for directors and managers of the Company and/or Group companies occupying managerial positions deemed significant within the Group and exerting a material impact on the creation of value for the Company and its shareholders. With the allocation of the shares, the three-year Stock Grant Plan came to an end.

2021-2023 Performance Share Plan

On April 30, 2021, and on the proposal of the Board of Directors, the Shareholders' Meeting approved a new long-term incentive plan, the "2021-2023 Performance Share Plan" (the "**Performance Share Plan**"), reserved for the Chief Executive Officer and the General Manager of the Company, in addition to key personnel of the Company and/or of the Group, as identified at the sole discretion of the Board of Directors, in consideration of the Remuneration Policy and having heard - for members of the BoD - the opinion of the Appointments and Remuneration Committee.

The Performance Share Plan is divided into three three-year cycles: 2021-2023, 2022-2024 and 2023-2025.

The purposes of the Performance Share Plan are:

- a) to promote the creation of sustainable value for the Company, shareholders and stakeholders, also in accordance with the indications of the Corporate Governance Code;
- b) guide management towards decisions that pursue the creation of value for the Group over the medium to long term;
- c) reinforce the policy of loyalty and engagement of staff members considered important to the Group;
- d) attract, motivate and retain personnel with the appropriate individual and professional skills to pursue and achieve the core business development objectives of the Company and the Group.

The free assignment and subsequent delivery of the shares are conditional on the achievement of predetermined performance objectives for each of the three cycles into which the Performance Share Plan is divided.

For further details on the Performance Share Plan, please refer (i) to the Remuneration Report prepared pursuant to Article 123-ter of the Consolidated Finance Act and Article 84-quater of the Consob Issuers' Regulation, approved by the Board of Directors on March 16, 2022, (ii) to the "Disclosure Document regarding the incentive plan known as the "2021-2023 Performance Share Plan"" prepared in accordance with Article 84-bis and Annex 3A, Schedule 7 Consob Issuers' Regulation, and (iii) the public disclosure pursuant to Article 84-bis, paragraph 5, of the Consob Issuers' Regulation, available on the Company's website www.garofalohealthcare.com, in the "Governance/Remuneration" section.

10.3. Treasury shares and shares of holding companies

At June 30, 2022, the Company held 1,066,147 treasury shares⁽¹¹⁾.

At June 30, 2022, neither the Company nor the other Group companies held parent company shares, nor had made purchases or disposals during the year of these shares, even through trust companies or nominees.

10.4. Health, environment and personnel

The Company and the Group operate in accordance with the principles of protecting worker health and safety and safeguarding the environment. In H1 2022, there were no events affecting workplace health and safety nor damages to the environment. For further information on and analysis regarding the matter, reference should be made to the "Consolidated non-financial report" prepared regarding financial year 2021 and published on the company's website.

10.5. Corporate governance and shareholders

The Company has adopted the corporate governance code approved in January 2020 by the Corporate Governance Committee (promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria) (the "**Corporate Governance Code**") and the corporate governance structure implemented by Garofalo Health Care S.p.A. has been designed in accordance with the recommendations set out in the Corporate Governance Code.

In accordance with Article 123-bis of the CFA, the Company is required to prepare a corporate governance and ownership structure report containing a general outline of the corporate governance system adopted by the Group and information on the ownership structure, including the adoption of the Corporate Governance Code, the main governance practices applied and the features of the risk management and internal control system with regards to the financial disclosure process.

This report was approved by the Board of Directors on March 16, 2022 and is available on the Company website www.garofalohealthcare.com, in the Governance/Shareholders' Meeting section. The Company is organised according to the traditional administration and control model, which includes the Shareholders' Meeting, the Board of Directors and the Board of Statutory Auditors.

The current Company By-Laws were approved by the Shareholders' Meeting in extraordinary session on September 26, 2018 and entered into effect on November 9, 2018, the trading commencement date of the Company shares on the Mercato Telematico Azionario (MTA) managed by Borsa Italiana S.p.A., and are available on the company website (www.garofalohealthcare.com, in the "Governance/Corporate Governance" section), in the updated version of January 26, 2021 following the share capital increase with exclusion of pre-emption rights in accordance with Article 2441, paragraph 4 of the Civil Code, approved by GHC's Board of Directors on January 20, 2021 and latterly on May 20, 2022 as the Board of Directors did not exercise the power granted by the Extraordinary Shareholders' Meeting of September 26, 2018 regarding the free increase of the share capital to service the Stock Grant plan. The By-Laws are the document that establishes the Company's essential characteristics and lays down the main rules for its organization and functioning, in addition to governing the composition, powers and relations of the Company's boards. The By-Laws also contain a description of the rights held by the shareholders and the manner in which those rights are exercised.

The main governing body is the Board of Directors, which bears primary responsibility for setting and pursuing the strategic objectives of the Company and the Group of which it is a part.

The Board of Directors of Garofalo Health Care S.p.A., which bears responsibility for the internal control and risk management system, in its role of guidance and coordination of the GHC Group, has prepared the "Guidelines for the Internal Control and Risk Management System" in order to ensure that the organization's principal risks are properly identified, measured, managed and monitored, in line with the Group's strategic objectives. The document laying down

⁽¹¹⁾ The treasury share purchases made by the Group are reported through Press Releases published on the Company website

the Guidelines for the Internal Control and Risk Management System was approved by the Board of Directors on April 18, 2019 and subsequently amended on October 19, 2020.

In particular, the document sets out the relevant rules and principles, duties and responsibilities and methods of coordination of the main participants in the GHC Group's Internal Control and Risk Management System. The Internal Control and Risk Management System plays a central role in the decision-making process of Garofalo Health Care S.p.A. as a listed company, and is defined, in accordance with the principles set out in Article 6 of Borsa Italiana's Corporate Governance Code, as the set of rules, procedures and organisational structures which ensure the effective and efficient identification, measurement, management and monitoring of the main business risks, in order to contribute to the sustainable success of the Company.

10.6. Related party transactions

Pursuant to Consob Resolution No. 17221 of March 12, 2010 as subsequently amended, it is reported that in H1 2022 the Group did not conclude any significant transactions or transactions with a significant effect on the Group's financial position or operating result for the year with related parties.

The information on related party transactions required by Consob Communication No. DEM/6064293 of July 28, 2006 is presented and disclosed in financial statements. For a more detailed account, refer to the notes on "Related party transactions" of the Company's consolidated condensed interim financial statements at June 30, 2022.

In accordance with Consob Resolution No. 17221 of March 12, 2010 and subsequent amendments, the Company adopted a related party transactions procedure by motion of the Board of Directors of November 27, 2018, as subsequently amended on June 22, 2021 (with entry into force on July 1, 2021), available, also pursuant to Article 2391-*bis* of the Civil Code, on the Company website www.garofalohealthcare.com in the Governance/Corporate Governance section.

The Company's Board of Directors bears primary responsibility for the proper application of the said procedure.

10.7. Opt-out from the obligation to publish disclosure documents on undertaking significant corporate transactions

On the admission to trading of shares on the main segment (Mercato Telematico Azionario) of the Italian Stock Exchange, in addition to the press release published on October 30, 2018, the company communicated the application of the simplified regime as per Article 70, paragraphs 8 and 71, paragraph 1-*bis*, of the Issuers' Regulation, applying therefore the exception from publication of the required disclosure documents as per Article 70, paragraphs 6 and 71, paragraph 1 of the Issuers' Regulation concerning significant merger, spin-off, share capital increase through conferment of assets in kind, acquisition, and sales operations.

Mr. Alessandro Maria Rinaldi

Legal representative

CONSOLIDATED FINANCIAL STATEMENTS

at June 30, 2022



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Parent Company Registered Office

Garofalo Health Care S.p.A.

Piazzale Belle Arti, 6 – Rome 00196

Parent Company Legal Details

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

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
FRANCA BRUSCO
GIANCARLA BRANDA

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

CONSOLIDATED FINANCIAL STATEMENTS AT JUNE 30, 2022

Consolidated balance sheet at June 30, 2022

<i>in Euro thousands</i>					
		At June 30, 2022	of which related parties	December 31, 2021	of which related parties
Goodwill	Note 2	70,635		70,265	
Other intangible assets	Note 3	195,811		195,828	
Property, plant and equipment	Note 4	216,896		217,006	
Investment property	Note 5	905		924	
Equity investments	Note 6	762		1,285	
Other non-current financial assets	Note 7	354		482	
Other non-current assets	Note 8	1,553		1,113	
Deferred tax assets	Note 9	10,704		9,660	
TOTAL NON-CURRENT ASSETS		497,620		496,564	
Inventories	Note 10	4,281		4,322	
Trade receivables	Note 11	72,347		74,720	
Tax receivables	Note 12	5,231		6,088	
Other receivables and current assets	Note 13	3,771		3,405	
Other current financial assets	Note 14	478		175	
Cash and cash equivalents	Note 15	40,419		41,239	
TOTAL CURRENT ASSETS		126,526		129,948	
TOTAL ASSETS		624,146		626,513	

<i>in Euro thousands</i>		At June 30, 2022	of which related parties	December 31, 2021	of which related parties
Share capital	Note 16	31,570		31,570	
Legal reserve	Note 16	532		471	
Other Reserves	Note 16	225,284		209,578	
Group Result	Note 37	13,244		18,834	
TOTAL GROUP SHAREHOLDERS' EQUITY		270,631		260,453	
Minority interest capital and reserves	Note 16	261		253	
Minority interest result	Note 37	8		9	
TOTAL SHAREHOLDERS' EQUITY		270,900		260,715	
Employee benefits	Note 17	13,024		11,987	
Provisions for risks and charges	Note 18	17,450		17,346	
Non-current financial payables	Note 19	125,196		138,130	1,645
Other non-current liabilities	Note 20	2,408		213	
Deferred tax liabilities	Note 9	67,941		67,932	
TOTAL NON-CURRENT LIABILITIES		226,020		235,608	
Trade payables	Note 21	48,776	58	46,239	45
Current financial payables	Note 22	40,749		45,662	
Tax payables	Note 23	4,352		3,860	
Other current liabilities	Note 24	33,349		34,429	
TOTAL CURRENT LIABILITIES		127,227		130,190	
TOTAL LIABILITIES		353,246		365,798	
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		624,146		626,513	

H1 2022 Consolidated income statement

<i>in Euro thousands</i>		For the period ended June 30			
		2022	of which related parties	2021	of which related parties
Revenues from services	Note 25	162,828		131,305	
Other revenues	Note 26	3,460		2,168	
TOTAL REVENUES		166,288		133,473	
Raw materials and consumables	Note 27	24,187		19,189	
Service costs	Note 28	67,094	236	55,177	1,025
Personnel costs	Note 29	36,785		30,725	
Other operating costs	Note 30	7,366		6,123	
TOTAL OPERATING COSTS		135,433		111,214	
TOTAL EBITDA		30,855		22,259	
Amortisation, depreciation & write-downs	Note 31	9,230		6,921	
Impairments and other provisions	Note 32	2,230		1,288	
TOTAL AMORTISATION, DEPRECIATION, WRITE-DOWNS, PROVISIONS AND OTHER ADJUSTMENTS		11,460		8,209	
EBIT		19,395		14,050	
Financial income	Note 33	76		45	
Financial charges	Note 34	(2,247)	(19)	(1,638)	(26)
Results of investments at equity	Note 35	65		113	
TOTAL FINANCIAL INCOME AND CHARGES		(2,106)		(1,481)	
PROFIT BEFORE TAXES		17,289		12,570	
Income taxes	Note 36	4,037		2,796	
NET PROFIT FOR THE PERIOD	Note 37	13,252		9,773	
Attributable to:					
Group		13,244		9,769	
Minority interest share		8		4	
Basic and diluted earnings per share (in Euro)	Note 38	0.15		0.11	

H1 2022 Comprehensive consolidated income statement

<i>(Euro thousands)</i>	At June 30, 2022	At June 30, 2021
NET PROFIT FOR THE PERIOD	13,252	9,773
Other components of the comprehensive income that will not subsequently be reclassified in profit/(loss) for the year		
Actuarial gains/(losses) on defined employee benefit plans	(1,341)	317
Tax effect	322	(76)
Total other components of comprehensive income that will not subsequently be reclassified to profit/(loss) for the period net of income taxes	(1,019)	241
Other components of the comprehensive income that may be subsequently reclassified to profit/(loss) for the year		
Fair value of derivative instruments	-	137
Tax effect	-	(33)
Total other comprehensive items that may be subsequently reclassified to profit/(loss) for the period net of income taxes	-	104
Profit/(loss) recognised to equity	(1,019)	345
Total comprehensive income	12,233	10,118
Attributable to:		
Group	12,225	10,114
Minorities	8	4

Statement of changes in consolidated shareholders' equity at June 30, 2022

in Euro thousands	Share capital	Legal reserve	Other reserves	Group net profit	Group shareholders' equity	Minority interest capital & reserves	Minority interest net profit	Total net equity
December 31, 2020	28,700	394	162,280	11,781	203,155	63	3	203,221
Allocation of result	-	77	11,704	(11,781)	-	3	(3)	-
Treasury share purchases	-	-	(877)	-	(877)	-	-	(877)
Share capital increase	2,870	-	38,067	-	40,937	-	-	40,937
Stock Grant reserve	-	-	(20)	-	(20)	-	-	(20)
Comprehensive profit/(loss)	-	-	345	9,769	10,114	-	4	10,118
Other movements	-	-	30	-	30	-	-	30
June 30, 2021	31,570	471	211,529	9,769	253,339	66	4	253,409
December 31, 2021	31,570	471	209,578	18,834	260,453	253	9	260,715
Allocation of result	-	61	18,773	(18,834)	-	9	(9)	-
Treasury share purchases	-	-	(2,083)	-	(2,083)	-	-	(2,083)
Stock Grant reserve	-	-	28	-	28	-	-	28
Comprehensive profit/(loss)	-	-	(1,019)	13,244	12,225	-	8	12,233
Other movements	-	-	8	-	8	(1)	-	7
June 30, 2022	31,570	532	225,285	13,244	270,631	261	8	270,900

Consolidated cash flow statement for the period ended June 30, 2022

In Euro thousands	June	
	2022	2021
OPERATING ACTIVITIES		
Profit for the period	13,252	9,773
<i>Adjustments for:</i>		
- <i>Amortisation and depreciation</i>	8,992	6,863
- <i>Provisions for employee benefit liabilities</i>	373	349
- <i>Provisions for risks and charges</i>	2,336	1,288
- <i>Doubtful debt provision</i>	133	57
- <i>Interest from discounting</i>	849	363
- <i>Change in investments in associates valued under the equity method</i>	(65)	(113)
- <i>Change in other non-current assets and liabilities</i>	1,884	(51)
- <i>Net change in deferred tax assets and liabilities</i>	(713)	281
- <i>Payments for employee benefits</i>	(678)	(553)
- <i>Payments for provisions for risks and charges</i>	(1,436)	(1,401)
<i>Changes in operating assets and liabilities:</i>		
<i>(Increase) decrease in trade and other receivables</i>	1,444	(3,101)
<i>(Increase) decrease in inventories</i>	42	(9)
<i>Increase (decrease) in trade and other payables</i>	2,538	813
<i>Other current assets and liabilities</i>	(362)	5,253
NET CASH FLOW FROM OPERATING ACTIVITIES (A)	28,588	19,812
CASH FLOW FROM INVESTING ACTIVITIES		
<i>Investments in intangible assets</i>	(402)	(280)
<i>Investments in tangible assets</i>	(6,741)	(15,818)
<i>Sale of tangible assets</i>	26	64
<i>Dividends from associates</i>	120	120
<i>Acquisition Clinica San Francesco</i>	-	(35,882)
CASH FLOW ABSORBED BY INVESTING ACTIVITIES (B)	(6,997)	(51,796)
CASH FLOW FROM FINANCING ACTIVITIES		
<i>Issue of medium/long term loans</i>	65	24,480
<i>Repayment of medium/long-term loans</i>	(11,111)	(8,721)
<i>Issue/(repayment) of short-term loans</i>	(5,028)	(1,333)
<i>Changes in other financial payables</i>	(4,254)	(1,981)
<i>Share capital increase and shareholder payments</i>	-	40,937
<i>(Acquisition) treasury shares</i>	(2,083)	(877)
NET CASH FLOW GENERATED/(ABSORBED) FROM FINANCING ACTIVITIES (C)	(22,411)	52,504
TOTAL CASH FLOWS (D=A+B+C)	(820)	20,520
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD (E)	41,239	24,810
CASH & CASH EQUIVALENTS AT END OF PERIOD (F=D+E)	40,419	45,330
Additional information:		
Interest paid	1,340	791
Income taxes paid	3,192	866

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS AT JUNE 30, 2022

Note 1. Accounting standards and preparation basis for the Consolidated Financial Statements at June 30, 2022

1.1 Company information

The publication of the Group's consolidated half-year financial statements for the period ended June 30, 2022 was approved by the Board of Directors on September 12, 2022.

GHC S.p.A. is a listed limited liability company domiciled in Italy with its registered office at Piazzale delle Belle Arti 6, Rome.

1.2 General Principles

The condensed consolidated half-year financial statements of the GHC Group for the period ended June 30, 2022 (the "**Consolidated Half-Year Financial Statements**") were prepared as per IAS 34

The accounting standards adopted for the preparation of the condensed consolidated half-year financial statements are those utilised for the 2021 consolidated financial statements of the Group, with the exception of the adoption of the new standards and amendments in force from January 1, 2022. Reference should be made to the subsequent section for further details.

The consolidated interim financial statements are presented in thousands of Euro and all the amounts are rounded to the nearest thousand, unless otherwise specified.

The Consolidated Interim Financial Statements have been prepared based on the historical cost principle, except for derivative financial instruments that have been recognized at fair value.

The consolidated half-year financial statements, in the absence of uncertainties or doubts about the ability to continue business in a foreseeable future, have been prepared on the basis of business continuity. Based on the aforementioned principle, the Company was considered able to continue its business and therefore the assets and liabilities were accounted for on the assumption that the company will be able to carry out its activities and meet its liabilities during the normal course of business activity.

1.3 Financial Statements

The Consolidated Interim Financial Statements of the Company consist of the Balance Sheet, Income Statement, Comprehensive Income Statement, Statement of Changes in Shareholders' Equity, Cash Flow Statement and Notes.

The Balance Sheet has been classified on the basis of the operating cycle, with the distinction between current/non-current items. Based on this distinction, assets and liabilities are considered current if they are to be realized or settled in the normal operating cycle. The revenue and cost items recorded during the year are presented in two tables: an income statement, which reflects the analysis of the aggregate costs by nature, and a comprehensive income statement. Lastly, the cash flow statement was prepared using the indirect method for determining the cash flows deriving from operating activities. With this method, the profit of the year is adjusted for the effects of the transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows.

1.4 Group Structure

The composition of the Group at June 30, 2022 is provided below:



(1) Only minority holding consolidated at equity
 (2) Company incorporated on 27.06.2022. The company is currently not operative
 (3) On 21.07.2022 GHC further increased its holding to 99.61% of the share capital

1.5 Consolidation principles and consolidation scope

The Consolidated Interim Half-Year Financial Statements include the financial statements of GHC and of its subsidiaries at June 30, 2022.

The details of the consolidated companies are shown below.

Company	Registered office	Relationship with the Parent Company	Consolidation Method	Percentage held (direct and indirect) at June 30	Percentage held (direct and indirect) at December 31
				2022	2021
Garofalo Health Care S.p.A.	Rome	Holding	Line-by-line	Holding	Parent company
Hesperia Hospital Modena S.r.l.	Modena	Subsidiary	Line-by-line	99.95%	99.95%
Casa di Cura Villa Berica S.r.l.	Vicenza	Subsidiary	Line-by-line	100%	100%
Rugani Hospital S.r.l.	Monteriggioni (SI)	Subsidiary	Line-by-line	100%	100%
CMSR Veneto Medica S.r.l.	Altavilla Vicentina (VI)	Subsidiary	Line-by-line	100%	100%
Sanimedica S.r.l.	Altavilla Vicentina (VI)	Subsidiary	Line-by-line	100%	100%
L'Eremo di Miazzina S.r.l.	Cambiasca (VB)	Subsidiary	Line-by-line	100%	100%

Casa di Cura Villa Garda S.r.l.	Garda	Subsidiary	Line-by-line	100%	100%
Villa Von Siebenthal S.r.l.	Genzano di Roma (RM)	Subsidiary	Line-by-line	100%	100%
Casa di Cura Prof. Nobili S.r.l.	Castiglione dei Pepoli (BO)	Subsidiary	Line-by-line	99.21%	99.21%
F.I.D.E.S. Medica S.r.l.	Piombino	Subsidiary	Line-by-line	100%	100%
Centro di Riabilitazione S.r.l.	Genoa	Subsidiary	Line-by-line	100%	100%
Genia Immobiliare S.r.l.	Genoa	Subsidiary	Line-by-line	100%	100%
Ro. E. Mar S.r.l.	Piombino	Subsidiary	Line-by-line	100%	100%
Fides Servizi S.c.a.r.l.	Genoa	Subsidiary	Line-by-line	100%	100%
PRORA S.r.l.	Genoa	Subsidiary	Line-by-line	100%	100%
Il Fiocco S.c.a.r.l. *	Genoa	Associate	Equity Method	40%	40%
Poliambulatorio Dalla Rosa Prati S.r.l.	Parma	Subsidiary	Line-by-line	100%	100%
Ospedali Privati Riuniti S.r.l.	Bologna	Subsidiary	Line-by-line	100%	100%
Centro Medico San Biagio S.r.l.	Fossalta di Portogruaro (VE)	Subsidiary	Line-by-line	100%	100%
Centro Medico Università Castrense S.r.l.	San Giorgio di Nogaro (UD)	Subsidiary	Line-by-line	100%	100%
Bimar S.r.l.	Fossalta di Portogruaro (VE)	Subsidiary	Line-by-line	100%	100%
Aesculapio S.r.l.	San Felice sul Panaro (MO)	Subsidiary	Line-by-line	99.95%	99.95%
XRy One S.r.l.	Poggio Rusco (MN)	Subsidiary	Line-by-line	100%	100%
Clinica San Francesco S.r.l.	Verona	Subsidiary	Line-by-line	100%	100%
Domus Nova S.p.A.	Ravenna	Subsidiary	Line-by-line	99.5%	99.5%
GHC Real Estate S.p.A.	Rome	Subsidiary	Line-by-line	100%	-

On June 26, 2022, the company GHC Real Estate S.p.A. was incorporated and is currently non-operative.

On July 21, 2022, GHC S.p.A. acquired 0.11% of the shares of Domus Nova S.p.A., increasing its holding therefore from 99.5% to 99.61%.

The ultimate parent of the Issuer is Raffaele Garofalo & C. S.A.p.A. with its registered office in Rome.

1.6 Summary of the main accounting standards

The accounting policies used, in addition to the consolidation criteria and methods applied to these condensed consolidated half-year financial statements at June 30, 2022, are the same as those adopted for the preparation of the consolidated financial statements at December 31, 2021, to which reference should be made for greater

*The equity investment is held by the subsidiary Fides Medica S.r.l

details.

The condensed consolidated half-year financial statements at June 30, 2022 do not however include all of the information required for the annual financial statements and should therefore be read together with the consolidated financial statements at December 31, 2021.

1.7 Discretionary valuations and significant accounting estimates

The preparation of the Financial Statements requires Directors to apply accounting standards and methodologies which, under certain circumstances, are based on assessments that require a high degree of subjectivity, on estimates based on historical experience and assumptions that are considered from time to time with reference to their reasonableness depending on the circumstances. The application of these estimates and assumptions affects the determination of the amounts shown in the financial statements, such as those shown in the balance sheet, in the income statement and in the cash flow statement, as well as the information provided. Estimates and assumptions are periodically reviewed and the effect of a change in an accounting estimate is immediately recognized through the income statement. The main processes of estimation and discretionary evaluation are related to the recognition and valuation of the financial statement items indicated below.

Period of depreciation of tangible assets and amortization of intangible assets and impairment test

Amortisation and depreciation of assets with definite useful life of tangible assets and intangible assets and the forecast data used for the purposes of impairment tests require a discretionary valuation by the directors, which is revised at each reporting date in order to verify that the amounts recorded are representative of the best estimate of costs that may be incurred by the Group and, if significant changes are detected, the amounts are reviewed and updated.

With regard to the impairment test, reference should be made to the paragraph "Impairment of assets" below in the present consolidated financial statements at June 30, 2022.

Legal proceedings

The Company is a party to various legal proceedings concerning claims for damages related to operations, tax, labour law or other contractual relations. These disputes are subject to many uncertainties, and the outcome of the individual positions is not predictable with certainty. Moreover, they often derive from complex legal problems subject to different degrees of uncertainty.

A provision is made in relation to a dispute or a request for compensation if the loss is probable and there will be an outflow of funds and when the amount can be reasonably estimated. If an outflow of funds becomes probable, but the amount cannot be estimated, this fact is reported in the notes.

Since these provisions are estimates, the resolution of some of these positions may require the Company to make payments in excess of the amounts provisioned or may require the Company to make payments in an amount that could not reasonably be estimated. The Company monitors the status of legal proceedings and regularly consults with legal and tax experts. Therefore, provisions for legal proceedings of the Company may change as a result of future developments on these matters.

Business Combinations

Accounting for business combinations entails allocating the difference between purchase cost and net carrying amount to the assets and liabilities of the acquired business. For the majority of assets and liabilities this

difference is allocated by recognizing the assets and liabilities at fair value. If positive, the unallocated portion is recognized as goodwill. If negative, it is recognized in the income statement. The Group bases its allocations on available information and, for the more significant business combinations, on external appraisals.

Deferred tax assets

Deferred tax assets are recognized with respect to deductible temporary differences between the values of assets and liabilities expressed in the financial statements compared to the corresponding tax value and tax losses that can be carried forward, to the extent that the existence of adequate future taxable profit is likely, with respect to which these losses may be used. A discretionary assessment is required of the directors to determine the amount of deferred tax assets that can be accounted for, which depends on the estimate of probable timing and the amount of future taxable profits.

Liabilities for employee benefits (employee severance indemnity - "TFR") and provisions to the supplementary indemnity provision

The evaluation of the severance indemnity is carried out using actuarial valuations. The actuarial valuation requires the development of assumptions about discount rates, future salary increases, turnover and mortality rates. Due to the long-term nature of these plans, these estimates are subject to uncertainty.

Value adjustments on receivables

Value adjustments on receivables represent the best possible estimate made by management, based on the information held at the date of preparation of the financial statements

The estimates and assumptions are made by the directors with the support of the company departments and, when appropriate, of independent specialists and are reviewed periodically.

1.8 New accounting standards, interpretations and amendments adopted by the Group

The accounting standards, interpretations and amendments in force from January 1, 2022 govern facts and cases that do not have significant effects on the balance sheet, income statement, cash flow statement and the information contained in the consolidated interim financial statements.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

An onerous contract is one in which the non-discretionary costs (e.g. the costs that the Group cannot avoid because it is a party to a contract) required to fulfil the obligations undertaken are greater than the economic benefits theoretically obtainable from the contract. The amendment clarifies that in determining whether a contract is onerous or loss-generating, an entity must take into account those costs directly related to the contract for the provision of goods or services which include both incremental costs (e.g. the cost of direct labour and materials) and costs directly attributed to contractual activities (e.g. depreciation of equipment used to fulfil the contract and costs for contract management and supervision). General and administrative expenses are not directly related to a contract and are excluded unless they are explicitly chargeable to the counterparty based on the contract.

Reference to the Conceptual Framework – Amendments to IFRS 3

The amendments replace references to the Framework for the Preparation and Presentation of Financial Statements with references to the Conceptual Framework for Financial Reporting published in March 2018 and without a significant change in the standard's requirements. The Board also added an exception to the measurement principles of IFRS 3 to avoid the risk of potential "day-after" losses or gains arising from liabilities and contingent liabilities that would fall within the scope of IAS 37 or IFRIC 21 Levies, where contracted separately.

The exemption requires that entities apply the requirements of IAS 37 or IFRIC 21, instead of the Conceptual Framework, to determine whether a present obligation exists at the date of acquisition. The amendment also adds a new paragraph to IFRS 3 to clarify that contingent assets do not qualify as recognisable assets at the date of acquisition.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

The amendments prohibit entities from deducting from the cost of an item of property, plant and equipment any proceeds from the sale of products in the period in which the asset is brought to the location or condition necessary to be capable of operating in the manner intended by management. An entity therefore accounts for the revenues from the sale of those products, and the costs of producing those products in the income statement. These amendments had no impact on the Group's condensed consolidated half-year financial statements as no sales were made related to these items of property, plant and equipment before they came into operation, before or after the beginning of the previous comparative period.

Improvements to IFRS (2018-2020 cycle) including the following changes Amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards - Subsidiary as a first-time adopter

This amendment allows a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to account for cumulative translation differences based on the amounts recognised by the parent, considering the parent's date of transition to IFRS. This amendment also applies to associates or joint ventures that elect to apply paragraph D16(a) of IFRS 1.

Amendment to IFRS 9 - Fees in the '10 percent' test for derecognition of financial liabilities

The amendment clarifies the consideration an entity includes in assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the creditor and debtor, including fees paid or received by the originator or debtor on behalf of the other. No similar amendment has been proposed for IAS 39.

An entity applies the amendment to financial liabilities modified or exchanged or after the beginning of the fiscal year in which the entity first applies the amendment. An entity applies the amendment for fiscal years beginning on or after January 2022. Early application is permitted.

Amendment to IAS 41 - Taxation in Fair Value Measurements

The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets under IAS 41. An entity applies the change to fair value measurements beginning on or after the first annual reporting period beginning on or after January 1, 2022. Early application is permitted.

Amendment to IFRS 16 - illustrative examples

The amendment eliminates the illustration of lessor payments related to third-party assets improvements in Illustrative Example 13 accompanying IFRS 16. This eliminates potential confusion over the treatment of lease incentives in the application of IFRS 16.

The adoption of the above amendments had no impact on the Group's financial position and results.

IFRS accounting standards, amendments and interpretations not yet endorsed by the European Union

New standards	IASB Publication Date	Effective date
IFRS 14 Regulatory Deferral Accounts	January 2014	N/a

Amendments	IASB Publication Date	Effective date
Presentation of liabilities as current or non-current and subsequent - deferral first date of application [Amendments to IAS 1]	January 2020 July 2020	January 1, 2023
Deferred taxes related to assets and liabilities arising from a single transaction [Amendments to IAS 12]	May 2021	January 1, 2023
Disclosure of accounting policies [Amendment to IAS 1 and IFRS Practice Statement 2]	February 2021	January 1, 2023
Definition of accounting estimate [Amendment to IAS 8]	February 2021	January 1, 2023
IFRS 17 - Insurance Contracts, including amendments issued in June 2020	May 2018	January 1, 2023
Comparative information under the initial application of IFRS 17 and IFRS 9 [Amendments to IFRS 17 and IFRS 9]	December 2021	January 1, 2023

1.9 Seasonality

The sector in which the Group operates is expected to be fully operational in H1, given that some services are provided to a lesser extent in the second half of the year as a result of the holiday periods in August and December.

This information is provided to enable better understanding of the results, though management has concluded that this is not a "highly" seasonal industry as per IAS 34.

Note 2 Goodwill

Goodwill breaks down as follows:

<i>(Euro thousands)</i>	<i>At June 30</i>	<i>At December 31</i>
	2022	2021
Goodwill – CMSR Veneto Medica CGU	11,230	11,230
Goodwill – Villa Von Siebenthal CGU	2,957	2,957
Goodwill – Rugani Hospital CGU	6,935	6,935
Goodwill – Fides Group CGU	17,645	17,645
Goodwill – Casa di Cura Prof. Nobili CGU	47	47
Goodwill - Poliambulatorio Dalla Rosa Prati CGU	10,080	10,080
Goodwill– Ospedali Privati Riuniti CGU	3,006	3,006
Goodwill – Centro Medico San Biagio CGU	2,275	1,905
Goodwill – Aesculapio CGU	3	3
Goodwill – XRay One Srl CGU	629	629
Goodwill – Clinica San Francesco CGU	6,719	6,719
Goodwill – Domus Nova S.p.A. CGU	9,109	9,109
Total Goodwill	70,635	70,265

Goodwill consists of the difference between the fair value of the amount transferred and the net value of the amounts at the acquisition date of the identifiable assets acquired and of the liabilities assumed identifiable at fair value.

The increase is due to the consolidation of Studio Schio S.r.l., now merged into Centro Medico San Biagio S.r.l., a company that had acquired it in the previous year, but was not consolidated at the end of 2021 as of an intangible amount.

Verification of impairment of goodwill and intangible assets with indefinite useful life (impairment test)

Goodwill and accreditation acquired through business combinations were allocated for the purpose of verifying the impairment loss of the cash generating units identified for the Group at the level of the individual entity, except for the companies Centro di Riabilitazione S.r.l., Ro.E Mar. S.r.l., Genia Immobiliare S.r.l., Fides Medica S.r.l., Fides Servizi S.r.l., Prora S.r.l., identified as a single CGU, Fides Group and Centro Medico San Biagio S.r.l., Bimar S.r.l. and Studio Schio S.r.l. (now merged into Centro Medico San Biagio S.r.l.), also identified as a single CGU Centro Medico San Biagio.

At June 30, 2022, the Group has not performed an impairment test on assets with indefinite useful life in the absence of a trigger event, even considering the increase in inflation rates and market rates.

Note 3 Other intangible assets

The breakdown of the item Other intangible assets at June 30, 2022, compared with the same values at December 31, 2021, is as follows:

<i>(Euro thousands)</i>	<i>At June 30</i>	<i>At December 31</i>	<i>Change</i>
	2022	2021	2022 vs 2021
Development costs	939	-	939
Concessions, licenses, trademarks and similar rights	156	104	52
Accreditation	193,349	193,349	-
Software	884	963	(79)
Other intangible assets	367	363	3
Assets in progress and advances	118	1,048	(931)
Total other intangible assets	195,811	195,828	(17)

The table below shows the movements in individual items of Other intangible assets during the period ended June 30, 2022.

<i>in Euro thousands</i>	<i>Development costs</i>	<i>Concessions, licenses, trademarks & similar rights</i>	<i>Software</i>	<i>Accreditation</i>	<i>Other intangible assets</i>	<i>Assets in progress and payments on account</i>	<i>Total</i>
NBV at December 31, 2021	-	104	963	193,349	363	1,048	195,828
Acquisition	-	163	153	-	77	8	402
Amortisation	-	(148)	(196)	-	(74)	-	(417)
Transfers/Reclassifications	939	36	(36)	-	-	(939)	-
Net value at June 30, 2022	939	156	884	193,349	367	118	195,811

Development costs

Development costs, totalling Euro 939 thousand at June 30, 2022, concern the entry into service of a development project undertaken by the company Hesperia Hospital Modena S.r.l. relating to robotic prostatectomy and prostatic hyperplasia surgeries, resulting in a reclassification from assets in progress for Euro 939 thousand.

Concessions, licences, trademarks and similar rights

Concessions, licences, trademarks and similar rights, amounting to Euro 156 thousand at June 30, 2022, increased on December 31, 2021 by Euro 52 thousand, relating to investments made in H1 2022 for Euro 163 thousand (mainly by C.M.S.R. Veneto Medica S.r.l. for Euro 93 thousand and Garofalo HealthCare S.p.A. for Euro 32 thousand), net of the relative amortisation.

Software

Software refers to the applications used by the administrative offices of Group companies to keep the accounts and for management aspects relating to healthcare activity.

During the first half of 2022, the Group made investments in software of Euro 153 thousand, mainly concerning the company Casa di Cura Villa Berica S.r.l. (Euro 78 thousand) and Hesperia Hospital Modena S.r.l. (Euro 25 thousand).

Accreditation

The Accreditation account primarily refers to the amount by which the purchase costs exceed the fair value of the Group's share and, to a residual extent, the purchase of accreditation by Rugani Hospital S.r.l. A breakdown of the account for the period ended June 30, 2022 is illustrated below:

<i>in Euro thousands</i>	<i>At June 30</i>	<i>At December 31</i>	<i>Change</i>
	2022	2021	2022 vs 2021
Rugani Hospital CGU	330	330	-
Fides Medica Group CGU	8,257	8,257	-
Casa di Cura Prof. Nobili CGU	4,942	4,942	-
Poliambulatorio Dalla Rosa Prati CGU	13,396	13,396	-
Ospedali Privati Riuniti CGU	35,176	35,176	-
Centro Medico San Biagio e Bimar CGU	52,744	52,744	-
Centro Medico Università Castrense CGU	4,166	4,166	-
Aesculapio CGU	2,624	2,624	-
XRy One CGU	16,877	16,877	-
Clinica San Francesco CGU	41,841	41,841	-
Domus Nova CGU	12,996	12,996	-
Total accreditation	193,349	193,349	-

The fair value of the accreditation of all the above acquisitions, with the exception of that for Rugani Hospital S.r.l., was estimated through the purchase price allocation process of the acquired CGUs, by applying a technique based on the discounting of the economic results deriving from "in-agreement" services (multi-period excess earnings technique).

The Group has not carried out an impairment test on accreditation at June 30, 2022, as not required in the interim financial statements in the absence of a trigger event.

Other intangible assets

The account includes residual categories of assets, which, given their scarce significance, are not in a specific item. The balance at June 30, 2022 was Euro 367 thousand.

Assets in progress and advances

The item, totalling Euro 118 thousand, decreased due to the conclusion of a development project by Hesperia Hospital Modena S.r.l. (Euro 939 thousand).

Note 4 Property, plant and equipment

The table below shows the breakdown of Property, plant and equipment at June 30, 2022 compared with December 31, 2021.

<i>(Euro thousands)</i>	<i>At June 30</i>	<i>At December 31</i>	<i>Change</i>
	2022	2021	2022 vs 2021
Land and buildings	157,393	158,591	(1,198)
Leasehold improvements	3,205	3,474	(269)
Plant & machinery	9,973	10,228	(255)
Industrial & commercial equipment	18,154	19,221	(1,068)
Other assets	3,616	3,378	238
Right-of-use	14,599	15,840	(1,241)
Assets in progress and advances	9,957	6,274	3,683
Total	216,896	217,006	(110)

The following tables show the changes in the item in question for the period ended June 30, 2022.

<i>in Euro thousands</i>	<i>Land and buildings</i>	<i>Leasehold improvements</i>	<i>Plant and machinery</i>	<i>Industrial & commercial equipment</i>	<i>Other assets</i>	<i>Rights-of-use</i>	<i>Assets in progress and advances</i>	<i>Total</i>
NBV at December 31, 2021	158,591	3,474	10,228	19,221	3,378	15,840	6,274	217,006
Acquisition	2,043	24	619	1,181	753	40	3,814	8,474
Depreciation	(3,239)	(293)	(943)	(2,309)	(490)	(1,281)	-	(8,555)
Sales	-	-	(159)	(994)	(102)	-	-	(1,256)
Increase	(3)	-	-	-	-	-	-	(3)
Decrease	-	-	159	994	76	-	(2)	1,227
Transfers/Reclassifications	-	-	69	59	1	-	(128)	1
Change in consolidation scope	-	-	-	2	-	-	-	2
Net value at June 30, 2022	157,393	3,205	9,973	18,154	3,616	14,599	9,957	216,896

Land and Buildings

The item mainly includes the properties owned by the nursing homes and amounted at June 30, 2022 to Euro 157,393 thousand, compared to Euro 158,591 thousand in 2021.

The account in question decreased by a net amount of Euro 1,198 during H1 2022, primarily due to the combined effect of the following:

- i. Investments made by the Group of Euro 2,043 thousand, mainly concerning the signing of a lease contract on a building by GHC S.p.A. (Euro 1,730 thousand);
- ii. depreciation in the period of Euro 3,239 thousand.

Leasehold improvements

The item decreased by Euro 269 thousand on December 31, 2021 due to depreciation in the period of Euro 293 thousand, net of investments made of Euro 24 thousand.

Plant and machinery

The item decreased by Euro 255 thousand on December 31, 2021, mainly due to the following factors:

- i. investments amounting to Euro 619 thousand, chiefly attributable to Ospedali Privati Riuniti S.r.l. (Euro 439 thousand);
- ii. (depreciation in the period of Euro 943 thousand.

Industrial and commercial equipment

Industrial and commercial equipment amounted to Euro 18,154 thousand at June 30, 2022, compared to Euro 19,221 thousand at December 31, 2021. The net decrease of Euro 1,068 thousand was as a result of:

- i. investments of Euro 1,181 thousand, mainly concerning the companies Rugani Hospital S.r.l. (Euro 301 thousand), Hesperia Hospital Modena S.r.l. (Euro 207 thousand), Poliambulatorio Dalla Rosa Prati S.r.l. (Euro 105 thousand) and XRay One S.r.l. (Euro 126 thousand);
- ii. depreciation in the period of Euro 2,309 thousand.

Other assets

The item, which mainly includes cars, transport vehicles, EDP, furniture and fittings, amounts to Euro 3,616 thousand at June 30, 2022, with a net decrease of Euro 238 thousand compared to December 31, 2021. The change in the year was mainly due to:

- i. investments amounting to Euro 753 thousand, mainly attributable to Casa di Cura Villa Berica S.r.l. (Euro 177 thousand), C.M.S.R. Veneto Medica S.r.l. (Euro 147 thousand) and Hesperia Hospital Modena S.r.l. (Euro 110 thousand);
- ii. depreciation in the period of Euro 490 thousand.

Right-of-use

The account, amounting to Euro 14,599 thousand at June 30, 2022, includes the present value of hire contracts for periods in excess of 12 months and of an amount greater than Euro 5 thousand following the payment of set consideration. The decrease in the period of Euro 1,241 thousand mainly concerns depreciation in the period (Euro 1,281 thousand).

Assets in progress and advances

The item at June 30, 2022 totalled Euro 9,957 thousand, decreasing Euro 3,683 thousand on Euro 6,274 thousand at December 31, 2021. The decrease is mainly due to investments in the period of Euro 3,814 thousand, mainly concerning the companies L'Eremo di Miazzina S.r.l. (Euro 2,371 thousand), Hesperia Hospital Modena S.r.l. (Euro 179 thousand), Ro.e.Mar. S.r.l. (Euro 557 thousand), Ospedali Privati Riuniti S.r.l. (Euro 210 thousand) and Centro Medico San Biagio S.r.l. (Euro 239 thousand).

Note 5 Investment properties

The table below shows the breakdown of investment properties at June 30, 2022.

<i>(Euro thousands)</i>	<i>At June 30</i>	<i>At December 31</i>	<i>Change</i>
	2022	2021	2022 vs 2021
Investment property	905	924	(19)
Total investment properties	905	924	(19)

The Group's investment properties primarily refer to the apartments owned by L'Eremo di Miazzina S.r.l. of Euro 731 thousand, by Hesperia Hospital Modena S.r.l. of Euro 26 thousand and by FI.D.ES. Medica S.r.l. for Euro 148 thousand. These are properties not intended for industrial use or for use in the Group's core business, held specifically for investment purposes. Accordingly, pursuant to IAS 40, such investment properties have been classified as investments and measured according to the cost model. The value recognized is represented by historical cost, less cumulative depreciation charges. The change for the period is attributable solely to the depreciation for the period amounting to Euro 20 thousand.

The useful life of the Group's investment properties is 33 years, and depreciation is applied on a straight-line basis.

The assets have not been let. Accordingly, neither rent revenue nor direct operating costs are expected.

There are no restrictions on the Group's ability to monetize its investment properties, nor are there any contractual obligations to purchase, build or development investment properties or carry out maintenance, repairs or improvements.

See Note 39 for information on the fair value hierarchy for investment properties. It should be noted that:

- measurement is classified to Level 3 of the fair value hierarchy, meaning it is based on unobservable inputs obtained by estimating market value according to the average values in the Italian Agency of Revenue's O.M.I. database and the Borsino Immobiliare database for properties similar to those being measured;
- it should be noted that the fair value described above is greater than the current value in use, approximated by the item's net book value.

Note 6 Equity investments

The value of equity investments at June 30, 2022 was Euro 762 thousand and concerns investments in associates for Euro 671 thousand and capital instruments (classified as at fair value through profit and loss) for Euro 90 thousand.

Investments in associates

The table below contains a breakdown of investments in associates at June 30, 2022 and December 31, 2021.

<i>(Euro thousands)</i>	<i>At June 30</i>	<i>At December 31</i>	<i>Change</i>
	2022	2021	2022 vs 2021
Il Fiocco S.c.a.r.l.	671	809	(138)
Total investments in associates	671	809	(138)

The equity investments in associates refer solely to Il Fiocco S.c.a.r.l., in which the Group holds a 40% shareholding by virtue of the acquisition of the Fides Group completed in 2017. The item decreased by Euro 138 thousand on December 31, 2021, due to the combined effect of the share of the profit for the period of Euro 65 thousand, net of the dividends recognised by Fides Medica S.r.l. of Euro 203 thousand.

The key financial highlights for H1 2022 are set out below:

<i>in Euro thousands</i>	<i>At June 30</i>
	2022
Current Assets	1,326
Non-current assets	314
Current liabilities	(1,228)
Non-current liabilities	-
Shareholders' Equity	412
Shareholders' equity attributable to the Group - 40%	165
Goodwill	506
Carrying value of the Group's investment	671

<i>in Euro thousands</i>	<i>At June 30</i>
	2022
Revenues	2,762
Cost of sales	(2,484)
Amortisation, depreciation & write-downs	(48)
Financial charges	(1)
Profit before taxes	229
Income taxes	(66)
Net profit /(loss) from continuing operations	163
Other comprehensive items which may be subsequently reclassified to profit/(loss) for the period net of income taxes	-
Other comprehensive items which may not be subsequently reclassified to profit/(loss) for the period net of income taxes	-
Other comprehensive income from continuing operations	163

Net profit / (loss) attributable to the Group	65

At June 30, 2022, the associate did not have any contingent liabilities or commitments.

Capital instruments

A breakdown of equity investments is presented below.

<i>In Euro thousands</i>	At June 30	At December 31	Change
	2022	2021	2022 vs 2021
Studio Schio S.r.l.	-	387	(387)
La Cassa di Ravenna S.p.A.	24	24	-
Comex S.p.A. in liquidation	7	7	-
Copag S.p.A.	6	6	-
BCC S.p.A.	1	1	-
Valpolicella Benaco Banca	5	5	-
C.O.P.A.G. S.p.A.	9	9	-
CAAF Emilia Centrale	3	3	-
Poliambulatorio Exacta S.r.l.	11	11	-
Ottica Modenese S.r.l.	11	11	-
Rete di imprese	1	1	-
Idroterapic S.r.l.	10	10	-
Total share capital instruments	90	476	(387)

The balance of the item consists of equity investments in companies over which Hesperia Hospital Modena S.r.l., Casa di Cura Villa Garda S.r.l., Ospedali Privati Riuniti S.r.l., Centro Medico San Biagio S.r.l., Bimar S.r.l., Aesculapio S.r.l., XRay One S.r.l. and Domus Nova S.p.A. do not exercise either a dominant or a significant influence, and which in any event are less than one-fifth of share capital. The purchase cost approximates the fair value, since there is no active market for the equity interests in question, and the company plans to recover the entire purchase price upon their sale.

The decrease is due to the consolidation of Studio Schio S.r.l., now merged into Centro Medico San Biagio S.r.l., a company that had acquired it in the previous year, but was not consolidated at the end of 2021 as of an intangible amount.

It should be noted that (i) in the case of the equity investment in Poliambulatorio Exacta S.r.l., the gross book value of which is Euro 63 thousand, the total impairment loss of Euro 52 thousand recognised in previous years

was maintained since no signs of further impairment losses were identified.

Note 7 Other non-current financial assets

“Other non-current financial assets” amounted to Euro 354 thousand at June 30, 2022 and primarily includes the guarantee deposits of Group companies with third parties.

The following table presents a breakdown of the other non-current financial assets at June 30, 2022 and December 31, 2021.

<i>(Euro thousands)</i>	<i>At June 30</i>	<i>At December 31</i>	<i>Change</i>
	2022	2021	2022 vs 2021
Guarantee deposits	314	306	8
Financial receivables from others	40	176	(136)
Total other non-current financial assets	354	482	(128)

Note 8 Other non-current assets

“Other non-current assets” at June 30, 2022 amount to Euro 1,553 thousand and include for Euro 1,421 thousand the receivables due beyond one year relating to the substitute tax on the realignment of the accounting and tax values of the goodwill paid by the companies CMSR Veneto Medica S.r.l (Euro 800 thousand), Fides Medica S.r.l. (Euro 179 thousand), Rugani Hospital S.r.l. (Euro 85 thousand) and Domus Nova S.p.A. (Euro 357 thousand), with this latter previously classified to other current assets.

The following table breaks down other non-current assets at June 30, 2022 and December 31, 2021.

<i>(Euro thousands)</i>	<i>At June 30</i>	<i>At December 31</i>	<i>Change</i>
	2022	2021	2022 vs 2021
Realignment substitute tax credits	1,421	1,105	316
Non-current prepayments and accrued income	126	-	126
Other receivables	6	8	(2)
Total other non-current assets	1,553	1,113	440

Note 9 Deferred tax assets and liabilities

The composition of “Deferred tax assets and liabilities” at June 30, 2022, compared with the situation at December 31, 2021, is presented below.

<i>(Euro thousands)</i>	<i>At June 30</i>	<i>At December 31</i>	<i>Change</i>
	2022	2021	2022 vs 2021
Deferred tax assets:	10,704	9,660	1,044
Deferred tax liabilities:	(67,941)	(67,932)	(9)
Net balance	(57,237)	(58,272)	1,035

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary difference and the carry-forward of unused tax losses and unused tax credits can be utilised.

The increase in the period mainly concerns the recalculation of deferred tax assets by the companies Rugani Hospital S.r.l. and Hesperia Hospital Modena S.r.l., utilising the ordinary IRES rate of 24%, rather than the halved IRES rate which they benefitted from until 2021 as hospitals.

The following table presents the movements in deferred tax assets and liabilities for the first half of 2022 and the year ended December 31, 2021.

<i>(Euro thousands)</i>	<i>At June 30</i>	<i>At December 31</i>
	2022	2021
Net opening balance	(58,272)	(42,647)
Credit / (Debit) to the income statement	723	428
Other changes	(10)	(15,971)
Credit / (Debit) to equity	322	(82)
Net closing balance	(57,237)	(58,272)

Net deferred tax assets and liabilities amounted to a net liability of Euro 57,237 thousand at June 30, 2022.

Note 10 Inventories

The following table breaks down inventories at June 30, 2022, compared with December 31, 2021.

<i>(Euro thousands)</i>	<i>At June 30</i>	<i>At December 31</i>	<i>Change</i>
	2022	2021	2022 vs 2021
Raw materials, ancillaries and consumables	4,281	4,322	(41)
Inventories	4,281	4,322	(41)

At June 30, 2022, inventories totalled Euro 4,281 thousand, decreasing Euro 41 thousand on December 31, 2021 (Euro 4,322 thousand). The account, which consists solely of raw materials, supplies and consumables, refers to the materials used in the clinical and hospital activities of the Group's companies.

Note 11 Trade receivables

Trade receivables amounted to Euro 72,347 thousand at June 30, 2022, compared with Euro 74,720 thousand at December 31, 2021. The breakdown is reported below.

<i>(Euro thousands)</i>	<i>At June 30</i>	<i>At December 31</i>	<i>Change</i>
	2022	2021	2022 vs 2021
Receivables – private customers*	6,557	7,019	(462)
Receivables – ASL/USL/USLL (local health auth.)*	72,186	74,005	(1,819)
Other receivables	329	338	(9)
Doubtful debt provision	(6,724)	(6,643)	(81)
Total trade receivables	72,347	74,720	(2,373)

* the balance of the items at December 31, 2021 was reclassified for better presentation

Trade receivables refer solely to provisions rendered within Italy and there are no receivables due beyond twelve months. The decrease in trade receivables on December 31, 2021 is substantially due to an improvement in payment times by certain ASL's (local healthcare authorities).

The following is a breakdown of movements in the doubtful debt provision with an indication of accruals and uses:

<i>(Euro thousands)</i>	<i>Dec 31, 21</i>	<i>Provisions</i>	<i>Utilisations</i>	<i>Decrease</i>	<i>Transfers/Reclassifications</i>	<i>Jun 30, 2022</i>
Doubtful debt provision	6,643	237	(300)	(106)	250	6,724

The Doubtful debt provision decreased by Euro 81 thousand in H1 2022, due to the following factors:

- i. provisions for Euro 237 thousand, mainly by the companies Ospedali Privati Riuniti S.r.l. (Euro 156 thousand) and Hesperia Hospital Modena S.r.l. (Euro 63 thousand);
- ii. utilisations for Euro 300 thousand, mainly by Clinica San Francesco S.r.l. (Euro 185 thousand) and C.M.S.R. Veneto Medica S.r.l. (Euro 91 thousand);
- iii. releases for Euro 106 thousand, exclusively concerning Clinica San Francesco S.r.l.;

In terms of the mechanisms to calculate expected losses, in view of the nature of its receivables, the Company has decided to apply a loss-rate approach, which consists of determining percent loss rates on a statistical basis as a function of the losses recorded over respectively a twelve-month period and the residual lifetime of the receivables, and then adjusting these historical trends to take account of current conditions and future

expectations. Consequently, the Company has divided its receivables portfolio into uniform risk classes and then determined a loss rate for each uniform portfolio thus identified on the basis of the historical default experience for each portfolio. The Company then updated the historical rates thus obtained to take account of current economic conditions and reasonable expectations regarding future economic conditions. It should therefore be clarified that the Group maintained substantially the same collection times as prior to COVID.

Note 12 Tax receivables

The table below shows the breakdown of tax receivables at June 30, 2022, compared with December 31, 2021

<i>(Euro thousands)</i>	<i>At June 30</i>	<i>At December 31</i>	<i>Change</i>
	2022	2021	2022 vs 2021
Other receivables and current assets – tax receivables for IRES and IRAP refund applications	79	79	-
Tax receivables – IRES prepayment	1,469	2,361	(892)
Tax receivables – IRAP prepayment	668	455	213
Tax receivables – other tax receivables	3,015	3,192	(177)
Total tax receivables	5,231	6,088	(857)

Tax receivables at June 30, 2022 totalled Euro 5,231 thousand, decreasing Euro 857 thousand on December 31, 2021, mainly due to the utilisation of the IRES advance receivables to offset the tax payable from the tax consolidation (Euro 702 thousand).

At June 30, 2022, the item mainly comprised tax receivables arising from IRES and IRAP taxes (Euro 2,098 thousand) and other tax receivables (Euro 3,054 thousand).

The IRES advances of Euro 1,469 thousand mainly include the receivable of Centro Medico San Biagio S.r.l. for Euro 508 thousand and of the Parent Company GHC S.p.A. for Euro 473 thousand.

Other tax receivables of Euro 3,015 thousand refer primarily to the recognition of the tax credits for the investments made by Casa di Cura Villa Berica S.r.l. (Euro 494 thousand), C.M.S.R. Veneto Medica S.r.l. (Euro 710 thousand), Poliambulatorio Dalla Rosa Prati S.r.l. (Euro 242 thousand), Ospedali Privati Riuniti S.r.l. (Euro 581 thousand) and Aesculapio S.r.l. (Euro 449 thousand).

Note 13 Other receivables and current assets

Other receivables and current assets amounted to Euro 3,771 thousand at June 30, 2022, compared to Euro 3,405 thousand at December 31, 2021, an increase of Euro 366 thousand.

The changes in the account were as follows:

<i>(Euro thousands)</i>	<i>At June 30</i>	<i>At December 31</i>	<i>Change</i>
	2022	2021	2022 vs 2021
Other receivables and current assets - from suppliers for payments on account	282	226	56
Other receivables and current assets - from others	1,706	2,090	(384)
Other receivables and current assets - from employees	13	-	13
Other receivables and current assets - from social-security institutions	147	125	22
Other tax receivables	4	19	(15)
Other receivables and current assets - prepayments and accrued income (non-financial)	1,619	946	673
Total other receivables and current assets	3,771	3,405	366

The account mainly breaks down as follows:

- i. suppliers on account amounting to Euro 282 thousand, mainly relating to Hesperia Hospital Modena S.r.l. (Euro 178 thousand);
- ii. other receivables totalling Euro 1,706 thousand, mainly concerning Clinica San Francesco S.r.l. (Euro 568 thousand), Hesperia Hospital Modena S.r.l. (Euro 370 thousand), Rugani Hospital S.r.l. (Euro 223 thousand), Villa Von Siebenthal S.r.l. (Euro 256 thousand) and Domus Nova S.p.A. (Euro 174 thousand);
- iii. accrued income and prepayments relating to non-financial assets for Euro 1,619 thousand, mainly concerning Hesperia Hospital Modena S.r.l. (Euro 260 thousand), Casa di Cura Prof. Nobili S.r.l. (Euro 148 thousand), Garofalo HealthCare S.p.A. (Euro 101 thousand), Poliambulatorio Dalla Rosa Prati S.r.l. (Euro 196 thousand), Ospedali Privati Riuniti S.r.l. (Euro 109 thousand), Centro Medico San Biagio S.r.l. (Euro 113 thousand), Clinica San Francesco S.r.l. (Euro 164 thousand) and Domus Nova S.p.A. (Euro 146 thousand).

Note 14 Other current financial assets

Other current financial assets amounted to Euro 478 thousand at June 30, 2022, an increase of Euro 303 thousand on December 31, 2021. The balance mainly comprises receivables from factoring relating to Domus Nova (Euro 219 thousand) and receivables for dividends matured by Fides Medica S.r.l. from the associate "Il Fiocco S.r.l." for Euro 83 thousand.

Note 15 Cash and cash equivalents

The changes in the account were as follows.

<i>(Euro thousands)</i>	<i>At June 30</i>	<i>At December 31</i>	<i>Change</i>
	2022	2021	2022 vs 2021
Bank current accounts	39,798	41,027	(1,229)
Checks and cash	621	212	408
Total cash and cash equivalents	40,419	41,239	(820)

The amounts shown can be readily converted into cash and does not have a significant risk of change in value.

The GHC Group believes that the credit risk associated with cash and cash equivalents is limited because they primarily consist of deposits held with high standing national and international banking institutions.

The above account is also subject to the general impairment rule and the loss rate approach has therefore been used. However, in view of the fact that they are demand accounts, the expected losses over the 12 months and the expected losses of the useful life coincide.

See Note 19 Non-current financial payables – “Cash flow statement” for the composition of net financial position at June 30, 2022 and December 31, 2021.

Note 16 Shareholders' equity

Share capital

At June 30, 2022, the share capital amounted to Euro 31,570 thousand, fully paid-in, and consisted of 90,200,000 ordinary shares without par value.

The table below reports the GHC Group's ownership structure at June 30, 2022, including significant equity interests.

Number of ordinary shares	% share capital	Listed / Non listed	Rights and obligations
90,200,000	100%	Euronext STAR Milan	<p>Each Share entitles the owner to one vote. In accordance with Art. 127-<i>quinquies</i> of the CFA, Article 7 of the By-laws states that each share held by the same shareholder for a continuous period of at least 24 months from the date of registration in the special list specifically established by the Company confers two votes. For further information, reference should be made to paragraph 2, letter d), of the Corporate Governance Report.</p> <p>The shareholders' rights and obligations are as established in Articles 2346 <i>et seq.</i> of the Italian Civil Code and Article 7 of the By-laws with regard to multi-voting rights.</p>

Shareholder	Direct Shareholder	% of ordinary share capital	% of voting share capital
Garofalo Maria Laura ⁽¹⁾	Anrama S.p.A.	65.66% ⁽²⁾	64.26% ⁽²⁾
	Larama 98 S.p.A.		
	Garofalo Maria Laura		
Peninsula Capital II S.a.r.l. ⁽²⁾	PII 4 S.à.r.l.	9.17%	8.97%

As previously reported, in accordance with Art. 127-quinquies of the CFA, Article 7 of the By-laws states that each share held by the same shareholder for a continuous period of at least 24 months from the date of registration in the special list specifically established by the Company (the “List”) confers two votes.

After receiving valid applications for registration, the Company adds new entries to and updates the List with quarterly frequency, i.e. on March 31, June 30, September 30 and December 31 of each year, or with a different frequency in accordance with industry legislation, but always by the record date.

In accordance with Article 127-quinquies, paragraph 7, of the CFA, Article 7 of the By-laws states that shares held prior to the commencement date of trading, and hence prior to the date of registration in the List, are also to be considered for the purpose of completing the period of continuous ownership required for multi-voting rights.

According to the By-laws, multi-voting rights are also considered when evaluating quorum requirements to meet and pass resolutions based on percentages of share capital. In addition, multi-voting rights are without any effect on rights other than voting rights devolving on the basis of the possession of a particular portion of capital, such as the right to convene the Shareholders’ Meeting, the right to add items to the Agenda and the right to submit slates for the election of Directors. For further information, please refer to the Multi-Voting Rights Regulation available from the Company’s website, www.garofalohealthcare.com which in accordance with Article 143-quater of the Consob Issuers’ Regulation also presents the identification details of the shareholders who have applied for registration in the List, with indication of their individual holdings – in any event exceeding the threshold indicated by Article 120, paragraph 2 of the CFA – date of registration and date of attainment of multi-vote rights.

Legal reserve

At June 30, 2022, the legal reserve amounted to Euro 532 thousand, increasing Euro 61 thousand on December 31, 2021 due to the allocation of part of the net profit for 2021 resolved by the Shareholders’ Meeting on April 29, 2022, in accordance with Article 2430 of the Italian Civil Code.

Other reserves

The composition of the account “Other reserves” at June 30, 2022, with a comparison to December 31, 2021, is presented below.

⁽¹⁾ Source: GHC Group

⁽²⁾ Percentages concern number of total shares, including treasury shares

⁽²⁾ Source: GHC Group and Consob, values at the date of publication

<i>(Euro thousands)</i>	<i>At June 30</i>	<i>At December 31</i>	<i>Change</i>
	2022	2021	2022 vs 2021
Extraordinary reserve	12,303	12,122	181
Shareholder capital payments reserve	5,146	5,146	-
Conferment reserves	37,006	37,006	-
Share-based payments reserve	779	2,674	(1,895)
Provision as per Article 40 By-Laws	22	10	12
Reserve - IAS 19 Post-employment benefits	(2,070)	(995)	(1,074)
First Time Adoption Reserve	2,320	2,320	-
Retained earnings	74,459	55,640	18,819
Share Premium Reserve	101,413	101,413	-
Reserve for treasury shares in portfolio	(5,210)	(4,873)	(338)
AUCAP 2021 Reserve	(883)	(883)	-
Other reserves	225,284	209,578	15,706

At June 30, 2022, the account Other Reserves amounted to Euro 225,284 thousand, a net increase of Euro 15,706 thousand compared to December 31, 2021, mainly deriving from the combined effect of:

- i. decrease of Euro 1,895 thousand of the Share-based payments reserve following the allocation on May 27, 2022 of the GHC S.p.A shares to the beneficiaries of the “2019-2021 Stock Grant Plan”;
- ii. movement of Euro 1,074 thousand of the IAS 19 Post-employment benefit provision reserve following the changed underlying actuarial assumptions, including mainly a higher inflation rate;
- iii. increase of consolidated Retained earnings of Euro 18,819 thousand following the allocation of the profit for the previous year of the consolidated companies;
- iv. movement of Euro 338 thousand in the Treasury shares in portfolio reserve following the acquisition of 451,188 shares for Euro 2,083 thousand, partially offset by the allocation of 350,585 shares, totalling Euro 1,745 thousand, to the beneficiaries of the 2019-2021 Stock Grant Plan.

The IFRS first-time adoption reserve, amounting to a positive Euro 2,320 thousand at June 30, 2022, represents the effects on shareholders’ equity of the transition to IASs/IFRSs by the Garofalo Health Care Group.

Minority interest net equity

The minority interest share of capital and reserves amounted to Euro 261 thousand at June 30, 2022, compared with Euro 253 thousand in the previous year.

The account at June 30, 2022 amounted to Euro 8 thousand, compared to Euro 9 thousand in the previous year.

Note 17 Employee Benefits

This account includes post-employment benefits measured according to an actuarial assessment based on the projected unit credit method performed by independent actuaries in accordance with IAS 19 – *Employee Benefits*.

The main demographic assumptions use by the actuary for the half-year are as follows:

- the RG48 probability of death figures provided by the General Accounting Office, by gender;
- for the pension period, it was assumed that the first pensionable requisites for the General Compulsory Insurance were achieved.
- a primary annual rate of termination of employment due to causes other than death of 9.36%;
- an annual advance probability of 2%, with a maximum of two repetitions of requests;
- a percent advance requested of 100.00%;
- The rate curve based on the effective rate of return on bonds denominated in euro issued by major companies rated AA or higher was used for the technical discounting rate.

The main financial assumptions adopted by the actuary were as follows:

	At June 30	At December 31
	2022	2021
Annual inflation rate	4.00%	0.50%
Annual real remuneration rate by category:		
Executives	2.60%	2.60%
Managers	1.70%	1.70%
White-collar	1.40%	1.40%
Annual increase in post-employment benefit	3.74%	1.56%

The annual inflation rate rose significantly, from 0.50% at December 31, 2021 to 4.0% at June 30, 2022, resulting in an increase in “Net actuarial losses” reported in the following table (in Euro thousands):

<i>(Euro thousands)</i>	
December 31, 2021	11,987
Other changes	(8)
Net actuarial gains/(losses) recognised in the period	1,341
Transfer in/(out)	(678)
Cost for service	382
June 30, 2022	13,024

In accordance with IAS 19 – *Employee Benefits*, an analysis of the sensitivity to changes in the main actuarial assumptions used in the calculation model must be performed. The following tables show, in absolute and relative terms, changes in the liability measured according to IAS 19 (DBO) in the event of a positive or negative change of 10% in revaluation and/or discounting rates. The results obtained in thousands of Euro for the first half of 2022 are summarised in the following tables.

		At June 30, 2022		
		<i>Annual discount rate</i>		
		-10%	100%	10%
<i>Annual inflation rate</i>	-10%	12,893	12,527	12,178
	100%	13,406	13,024	12,644
	10%	13,956	13,538	13,141

Note 18 Provision for risks and charges

“Provisions for risks and charges” at June 30, 2022 and at December 31, 2021 respectively amounted to Euro 17,450 thousand and Euro 17,346 thousand and mainly include risks provisions for healthcare cases.

A breakdown of “Provisions for risks and charges” at June 30, 2022, compared with December 31, 2021, is presented below:

<i>(Euro thousands)</i>	<i>At June 30</i>	<i>At December 31</i>	<i>Change</i>
	2022	2021	2022 vs 2021
Provisions for risks and charges – End-of-service indemnity provisions	48	85	(38)
Provisions for risks and charges – Provisions for healthcare lawsuit risks	16,847	16,620	227
Provision for risks and charges – Other provisions for risks and charges	555	640	(85)
Total provisions for risks and charges	17,450	17,346	104

The changes in the “Provisions for risks and charges” at June 30, 2022, compared with the changes at December 31, 2021, are presented below.

<i>in Euro thousands</i>	<i>End-of-service indemnity provisions</i>	<i>Provisions for healthcare lawsuit risks</i>	<i>Other provisions for risks and charges</i>	<i>Total</i>
NBV at December 31, 2021	85	16,620	640	17,346
Provisions	24	2,599	65	2,688
Utilisations	(62)	(1,774)	(147)	(1,982)
Reversals	-	(348)	(3)	(352)
Transfers/Reclassifications	-	(250)	-	(250)
Net value at June 30, 2022	48	16,847	555	17,450

Provisions for risks and charges include the total end-of-service indemnities for directors of Euro 48 thousand at June 30, 2022, compared with a balance of Euro 85 thousand at December 31, 2021. The change in the account includes the provisions carried out by Rugani Hospital for Euro 10 thousand, by Casa di Cura del Prof. Nobili S.r.l. for Euro 12 thousand and by Hesperia Hospital Modena S.r.l. for Euro 2 thousand. Utilisations refer to Hesperia Hospital Modena S.r.l. (Euro 42 thousand) and Rugani Hospital S.r.l. (Euro 20 thousand).

Provisions for healthcare lawsuit and ASL risks amount to Euro 16,847 thousand at June 30, 2022, with a net increase over December 31, 2021 of Euro 227 thousand. The item includes liabilities deemed probable in respect of damage claims brought by patients of the facilities in the course of their healthcare services, both under accreditation from the government and privately. The accrual has been based on a thorough analysis of the damage claims brought in and out of court and also takes account of events that have occurred at the reporting date, even though not reported, for which the company, with the support of its legal counsel, has decided to recognise a provision in its accounts. The account also includes the risks on the controls carried out by the Local

Health Authority on clinical records and the risks of fee variations for services rendered to patients residing outside the Region. The change in the account was due to the following factors:

- (i) Provisions amounting to Euro 2,599 thousand, of which Euro 1,570 thousand refers to healthcare cases and Euro 1,029 thousand refers to Local Healthcare Authority (ASL) risks.
With regards to the healthcare cases, the provisions mainly concern Rugani Hospital S.r.l. (Euro 520 thousand), Casa di Cura Villa Berica S.r.l. (Euro 475 thousand), Ospedali Privati Riuniti S.r.l. (Euro 235 thousand) and Domus Nova S.p.A. (Euro 259 thousand).
For local healthcare authority risks, the provisions refer mainly to Hesperia Hospital Modena S.r.l. for Euro 280 thousand, Ospedali Privati Riuniti S.r.l. for Euro 454 thousand and Domus Nova S.p.A. for Euro 255 thousand.
- (ii) Utilisations amounting to Euro 1,774 thousand, of which Euro 988 thousand to healthcare cases and Euro 786 thousand to local healthcare authority (ASL) risks.
In the case of the healthcare cases, the accruals mainly refer to Rugani Hospital S.r.l. (Euro 231 thousand), Casa di Cura Villa Berica S.r.l. (Euro 198 thousand) and Domus Nova S.p.A. (Euro 416 thousand).
For local healthcare authority risks, the utilisations refer mainly to L'Eremo di Miazzina S.r.l. (Euro 546 thousand) and Ospedali Privati Riuniti S.r.l. (Euro 142 thousand).
- (iii) Releases amounting to Euro 348 thousand concerning healthcare cases for Euro 308 thousand and local healthcare authority (ASL) risks for Euro 40 thousand.
Releases for healthcare cases were mainly attributable to Hesperia Hospital Modena S.r.l. (Euro 84 thousand) and Domus Nova S.p.A. (Euro 147 thousand).
For local healthcare authority risks, the releases refer mainly to Domus Nova S.p.A. (Euro 37 thousand).

"Other risks provisions", which include the accruals for risks other than healthcare related, particularly regarding labour, amount at June 30, 2022 to Euro 555 thousand, decreasing Euro 85 thousand on December 31, 2021, due to the following factors:

- i. Provisions of Euro 65 thousand, entirely concerning Domus Nova S.p.A. following a dispute with a supplier.
- ii. Utilisations of Euro 147 thousand, entirely concerning C.M.S.R. Veneto Medica S.r.l. for labour disputes.

Note 19 Non-current financial payables

Non-current financial payables include medium-to-long-term, floating-rate bank loans.

The following table presents the figures for the Garofalo Health Care Group's outstanding financial payables at June 30, 2022 and December 31, 2021.

<i>(Euro thousands)</i>	<i>At June 30</i>	<i>At December 31</i>	<i>Change</i>
	2022	2021	2022 vs 2021
Other non-current financial payables	20,962	23,207	(2,245)
Medium/long-term loans and borrowings	104,234	114,923	(10,689)
Total non-current financial payables	125,196	138,130	(12,934)

The composition of “Other non-current financial payables” at June 30, 2022, compared with the situation at December 31, 2021, is presented below.

<i>(Euro thousands)</i>	<i>At June 30</i>	<i>At December 31</i>	<i>Change</i>
	2022	2021	2022 vs 2021
Shareholder loan	4	1,649	(1,645)
Financial payables for IFRS 16 Non-Current	13,039	14,306	(1,266)
Payables to leasing companies	7,607	7,252	355
Non-current accrued liabilities and deferred income	312	-	312
Total other non-current financial payables	20,962	23,206	(2,244)

The decrease in Other non-current financial payables compared to December 31, 2021 is due to the following factors:

- i. Full repayment of the interest-bearing financial payable to Larama 98 S.p.A, resulting in the reduction to almost zero of the item “Payables to shareholders for loans” at June 30, 2022;
- ii. Decrease of Euro 1,266 thousand of “financial payables for IFRS 16”, relating to the reclassification to current financial payables of the instalments maturing by June 30, 2023, amounting to Euro 1,306 thousand, net of the recognition of the new contracts, amounting to Euro 40 thousand;
- iii. Increase of “payables to leasing companies” for Euro 355 thousand from the recognition of new leasing contracts for Euro 1,355 thousand, net of the reclassification to short-term of the instalments maturing by June 30, 2023, amounting to Euro 1,000 thousand.

“Non-current bank payables” of Euro 104,234 thousand at June 30, 2022 decreased Euro 10,690 thousand on December 31, 2021, following the reclassification to current financial payables of the portion of the payable due by June 30, 2023, amounting to Euro 10,756 thousand, net of the drawdown of new loans for Euro 65 thousand.

The following tables present the loans contracted by Group companies in H1 2022 and the year ended on December 31, 2021, with a breakdown into amounts set to come due within and beyond 12 months.

Description	Annual interest rate at signing	Maturity	June 30, 2022	December 31, 2021
	%		in Euro thousands	
Unicredit Loan	Euribor 6M+1.57%	Dec 31, 26	125,698	136,422
BPER loan	Euribor 6M+2.4%	Jun 15, 21	63	-
Total			125,761	136,422
Of which:				
Bank payables - non-current portion of loans			104,234	114,923
Bank payables - current portion of loans			21,527	21,499

The Unicredit loan provides for the covenants shown in the table below to be calculated on December 31 of each calendar year on the basis of the pro-forma consolidated financial statements, net of the effect resulting from the application of IFRS16, starting from 2021.

Parameter	Threshold value					
	31.12.2021	31.12.2022	31.12.2023	31.12.2024	31.12.2025	from 31.12.2026
Leverage Ratio (Net financial debt / EBITDA)	≤4x	≤4x	≤4x	≤3.5x	≤3.25x	≤3x
Net Debt / NE	≤1.5x	≤1.5x	≤1.5x	≤1.5x	≤1.25x	≤1x

Changes in liabilities deriving from financing activities are presented below in accordance with IAS 7 *Statement of Cash Flows*:

(Euro thousands)	At June 30, 2022	Cash flows	Other changes	Reclassifications	At December 31, 2021
Other non-current financial payables	(20,962)	1,664	(1,726)	2,306	(23,206)
Medium/long-term loans and borrowings	(104,234)	(65)	-	10,756	(114,925)
Short-term loans and borrowings	(35,655)	16,140	(434)	(10,756)	(40,605)
Other current financial debt	(5,094)	2,609	(341)	(2,306)	(5,056)
Current financial receivables	478	-	303	-	175
Cash and cash equivalents	40,419	(820)	-	-	41,239
Net Financial Debt	(125,048)	19,528	(2,198)	-	(142,378)

The “Cash flow” column refers to the cash flows presented in the Consolidated Cash Flow Statement.

Note 20 Other non-current liabilities

Other non-current financial liabilities, totalling Euro 2,408 thousand, increased Euro 2,195 thousand on December 31, 2022, following mainly the reclassification of the non-current portion of the deferred income relating to the tax receivables matured on investments in “Industry 4.0” tangible assets made by the Group companies.

Note 21 Trade payables

“Trade payables”, totalling Euro 48,776 thousand at June 30, 2022, increased Euro 2,537 thousand on December 31, 2021 (Euro 46,239 thousand), mainly due to the increase in production in the period.

A breakdown of the trade payable items at June 30, 2022 is presented below, compared with December 31, 2021:

<i>(Euro thousands)</i>	<i>At June 30</i>	<i>At December 31</i>	<i>Change</i>
	2022	2021	2022 vs 2021
Trade payables	26,505	25,094	1,411
Payables to doctors	2,292	2,175	118
Other payables	436	463	(27)
Payables for invoices to be received	20,520	19,522	998
Credit notes to be received	(977)	(1,015)	38
Total trade payables	48,776	46,239	2,537

Note 22 Current financial payables

The following table presents the figures for the Group’s outstanding current financial payables at June 30, 2022, compared with December 31, 2021.

<i>(Euro thousands)</i>	<i>At June 30</i>	<i>At December 31</i>	<i>Change</i>
	2022	2021	2022 vs 2021
Current bank payables	35,655	40,605	(4,950)
Total other current financial payables	5,094	5,057	38
Total current financial payables	40,749	45,662	(4,913)

Current bank payables consist primarily of bank overdrafts and short-term credit facilities, together with the portion of loans to be repaid in the following year.

The composition of “Current bank payables” at June 30, 2022, compared with the situation at December 31, 2021, is presented below.

<i>(Euro thousands)</i>	<i>At June 30</i>	<i>At December 31</i>	<i>Change</i>
	2022	2021	2022 vs 2021
Current bank payables (short-term portion of loans)	21,577	21,499	78
Current bank payables (current accounts)	3,399	6,271	(2,872)
Current bank payables (advances)	10,679	12,835	(2,156)
Total Current bank payables	35,655	40,605	(4,950)

The item “short-term portion of loans” at June 30, 2022, amounting to Euro 21,577 thousand, concerns loans to be repaid within the next 12 months. The increase of Euro 78 thousand is due to the following factors:

- i. Decrease due to the repayment of amounts maturing at June 30, 2022, totalling Euro 11,111 thousand.
- ii. Increase following the reclassification from non-current financial payables to current financial payables of the amount due within one year, totalling Euro 10,756 thousand;
- iii. Recognition of accrued interest, amounting to Euro 434 thousand.

The “Current bank payables (current accounts)”, amounting to Euro 3,399 thousand, reduced Euro 2,872 thousand on December 31, 2021 following the lesser use of the bank overdraft facilities.

“Bank payables for advances” of Euro 10,679 thousand at June 30, 2022 decreased Euro 2,156 thousand on December 31, 2021 following the reduced use of the advance lines of commercial invoices.

The composition of “Other current financial payables” at June 30, 2022, compared with the situation at December 31, 2021, is presented below.

<i>(Euro thousands)</i>	<i>At June 30</i>	<i>At December 31</i>	<i>Change</i>
	2022	2021	2022 vs 2021
Current financial payables - leasing companies	2,399	2,339	60
Current financial payables - accrued financial liabilities and deferred financial income	143	217	(73)
Financial payables for IFRS 16 Current	2,552	2,501	51
Total Other financial payables	5,094	5,057	38

The item "Payables to leasing companies", totalling Euro 2,399 thousand at June 30, 2022 (Euro 2,339 thousand at December 31, 2021), refers to the recognition of the current financial payable for the acquisition of leased assets accounted for according to the finance method and related primarily to the purchase of healthcare equipment. This increase is attributable to the reclassification of the payable due within the year, net of the portions paid.

"Accrued financial liabilities and deferred financial income" mainly concerns costs accruing at June 30, 2022.

"Payables for IFRS 16", amounting to Euro 2,552 thousand at June 30, 2022 (Euro 2,501 thousand at December 31, 2021), refer to the short-term portion of leases previously defined as operating leases. This increase is attributable to the reclassification of the payable due within the year, net of the portions paid.

Note 23 Tax payables

Tax payables include payables relating to IRES company income taxes, IRAP regional tax, tax consolidation and other current taxes. The breakdown is as follows.

<i>(Euro thousands)</i>	<i>At June 30</i>	<i>At December 31</i>	<i>Change</i>
	2022	2021	2022 vs 2021
Tax payables - IRES tax payables	3,130	3,020	110
Tax payables - IRAP tax payables	1,145	819	327
Tax payables - from tax consolidation	77	20	57
Total Tax payables	4,352	3,860	493

The IRES payable is attributable to the tax charge of the companies not included in the Group tax consolidation.

Note 24 Other current liabilities

At June 30, 2022 "Other current liabilities" totalled Euro 33,349 thousand and are compared below with December 31, 2021:

<i>(Euro thousands)</i>	<i>At June 30</i>	<i>At December 31</i>	<i>Change</i>
	2022	2021	2022 vs 2021
Social security institutions	3,943	4,775	(832)
Tax payables	143	70	73
Withholding tax payables	2,632	3,316	(684)
Employee payables	10,922	8,026	2,895
Other payables	15,709	18,242	(2,534)
Total Other current liabilities	33,349	34,429	(1.08)

The decrease in the item of Euro 1,081 thousand derives mainly from the following movements:

- i. decreases of "Social security payables" of Euro 832 thousand, mainly concerning Domus Nova S.p.A. (Euro 198 thousand), Eremo di Miazzina S.r.l. (Euro 113 thousand) and Hesperia Hospital Modena S.r.l. (Euro 189 thousand);
- ii. decrease in "Payables for withholding taxes" for Euro 684 thousand, mainly attributable to Hesperia Hospital Modena S.r.l. (Euro 85 thousand), Casa di Cura Prof. Nobili S.r.l. (Euro 77 thousand), Ospedali Privati Riuniti S.r.l. (Euro 164 thousand), Clinica San Francesco S.r.l. (Euro 129 thousand) and Eremo di Miazzina S.r.l. (Euro 170 thousand);
- iii. increase in "Employee payables" for Euro 2,895 thousand, mainly attributable to the accrual of the thirteenth-month salary and of accrued vacations, mainly related to Hesperia Hospital Modena S.r.l. (Euro 586 thousand), Casa di Cura Prof. Nobili S.r.l. (Euro 125 thousand), Ospedali Privati Riuniti S.r.l. (Euro 283 thousand), Casa di Cura Villa Garda S.r.l. (Euro 134 thousand), Casa di Cura Villa Berica S.r.l. (Euro 284 thousand), Domus Nova S.p.A. (Euro 363 thousand) and Clinica San Francesco S.r.l. (Euro 450 thousand);
- iv. Decrease of "Other payables" of Euro 2,534 thousand, mainly following the reclassification to non-current payables of the portion of tax receivables maturing beyond one year. The item comprises advances received from the ASL's (local healthcare authorities) as a measure to support companies affected by the COVID emergency (Euro 10,535 thousand).

Note 25 Revenues from services

Total revenues amounted to Euro 166,288 thousand in H1 2022, up Euro 32,814 thousand over the previous half year. The scope at June 30, 2022 includes the full contribution of Clinica San Francesco S.r.l., acquired on April 9, 2021, and of Domus Nova S.p.A., acquired on July 28, 2021.

The increase in revenues on the same period of the previous year is therefore due to the change in the consolidation scope, as outlined above, in addition to the increased volume of healthcare services provided. For further details, reference should be made to the Directors' Report.

In accordance with IFRS 15, the Group recognises revenues from services at the fair value of the consideration received or to be received, including adjustments relating to the overrun of revenue budgets (established in terms of maximum acceptable spending limits by the regions for services rendered by private healthcare facilities)

relating to services under accreditation, of which the regions notify each healthcare facility.

It should also be noted that revenues are accounted for when services are performed and that all revenues are derived from services provided in Italy.

The following table presents revenues from services for H1 2022 and H1 2021.

<i>(Euro thousands)</i>	H1				Change
	2022	% of total	2021	% of total	2022 vs 2021
Community and dependency care services	45,401	27.3%	42,353	31.7%	3,047
Total hospital services	117,427	70.6%	88,952	66.6%	28,476
Total revenues from services	162,828	97.9%	131,305	98.4%	31,523
Other revenues	3,460	2.1%	2,168	1.6%	1,291
Total revenues	166,288	100.0%	133,473	100.0%	32,814

The table below shows the breakdown of revenues from community and dependency care services for H1 2022 and H1 2021.

<i>(Euro thousands)</i>	H1				Change
	2022	% of total	2021	% of total	2022 vs 2021
Dependency care services	10,635	6.4%	9,851	7.4%	784
Community outpatient care services	34,766	20.9%	32,502	24.4%	2,264
Community and dependency care services	45,401	27.3%	42,353	31.7%	3,047

Revenues from dependency care services amounted to Euro 45,401 thousand in H1 2022, accounting for 27.3% of Group revenues and increasing Euro 3,047 thousand on H1 2021, thanks mainly to the increased production of the companies at like-for-like scope.

The table below presents the breakdown of revenues from hospital services for H1 2022 and H1 2021:

<i>(Euro thousands)</i>	H1				Change
	2022	% of total	2021	% of total	2022 vs 2021
Acute and post-acute care services	85,919	51.7%	68,471	51.3%	17,448
Outpatient services	31,508	18.9%	20,481	15.3%	11,027
Total hospital services	117,427	70.6%	88,952	66.6%	28,475

Revenues from hospital services, totalling Euro 117,427 thousand in H1 2022, account for 70.6% of Group revenues and increased Euro 28,475 thousand on H1 2021, mainly due to the changes in the scope.

Note 26 Other operating revenues

Other operating revenues totalled Euro 3,460 thousand in H1 2022, increasing Euro 1,292 thousand on H1 2021 (Euro 2,168 thousand), as per the following table:

<i>(Euro thousands)</i>	H1		Change
	2022	2021	2022 vs 2021
Other income - third parties	2,833	1,907	926
Tax credits	339	206	132
Gain on asset disposals	28	55	(27)
Income from insurance reimbursements	178	-	178
Income from tax credits	82	-	82
Total other operating revenues	3,460	2,168	1,292

The increase in this item is mainly due to "Other income", which increased Euro 856 thousand, mainly as a result of local government reimbursements (Euro 1,567 thousand) paid to companies for the costs incurred in 2020 and 2021 to comply with the measures to tackle COVID-19.

Note 27 Costs for raw materials, ancillary, consumables and goods

Costs for raw materials, ancillary, consumables and goods amounted to Euro 24,187 thousand for the first half of 2022, increasing Euro 4,998 thousand on H1 2021, mainly due to the change in scope outlined above.

The table below shows the breakdown of the account for H1 2022 and H1 2021.

<i>(Euro thousands)</i>	<i>H1</i>		<i>Change</i>
	2022	2021	2022 vs 2021
Healthcare supplies and prostheses	19,060	14,548	4,511
Medical and pharmacological material	3,033	2,815	218
Testing and hygienic materials	367	857	(490)
Change in inventories of raw materials, ancillary, consumables and goods	42	(9)	51
Other	1,687	979	708
Total raw materials, ancillary & consumables	24,187	19,189	4,998

In the first half of 2022, the most significant component of the costs of raw materials, ancillary and consumables was represented by the costs of healthcare supplies and prostheses of Euro 19,060 thousand, increasing Euro 4,511 thousand on the previous period.

The second-most significant cost component was that relating to the purchase of medical and pharmacological materials, amounting to Euro 3,033 thousand, increasing Euro 218 thousand on H1 2021 (Euro 2,815 thousand).

"Other" includes expenses for stationery, foodstuffs and other consumables.

This item includes costs incurred by the companies for COVID containment measures totalling Euro 431 thousand.

Note 28 Service costs

Service costs amounted to Euro 67,094 thousand in H1 2022, increasing Euro 11,917 thousand on H1 2021 (Euro 55,177 thousand), as outlined below.

(Euro thousands)	H1		Change
	2022	2021	2022 vs 2021
Medical and nursing care services	40,422	32,651	7,770
Owned asset maintenance services	2,477	2,204	273
Catering services	1,219	1,035	184
Technical healthcare services	3,112	2,985	126
Cleaning costs	1,337	1,258	79
Electricity	2,757	1,324	1,433
Coordinated long-term contractors	742	409	334
Director fees	2,041	2,029	12
Third-party processing (tests, etc.)	1,851	1,939	(88)
Legal fees	456	585	(129)
Linen hire	410	304	106
Technical consultancy fees	1,219	1,407	(188)
Other	9,050	7,046	2,004
Total service costs	67,094	55,177	11,917

The increase in service costs mainly relates to the change in the consolidation scope and the increase in production in H1 2022 on the same period of the previous year.

The rise in "Electricity" of Euro 1,433 thousand on H1 2021 derives for Euro 371 thousand from the change in the consolidation scope and for Euro 1,062 thousand to the increase in electricity prices in H1 2022.

The "other" item of Euro 9,050 thousand in H1 2022 mainly comprises:

- (i) water, telephone, methane and gas for Euro 1,890 thousand;
- (ii) administrative, fiscal, notarial and payroll consultancy services for Euro 855 thousand;
- (iii) third party liability, all risk and property insurance for a total of Euro 729 thousand;
- (iv) canteen services for Euro 439 thousand;
- (v) waste disposal service for Euro 446 thousand;
- (vi) linen washing services for Euro 308 thousand.

This item includes costs incurred for COVID containment measures totalling Euro 1,118 thousand.

Note 29 Personnel costs

Personnel costs amounted to Euro 36,785 thousand in H1 2022, increasing Euro 6,060 thousand over Euro 30,725 thousand in H1 2021.

The table below breaks down costs for H1 2022 and H1 2021.

<i>In Euro thousands</i>	<i>H1</i>		<i>Change</i>
	2022	2021	2022 vs 2021
Wages and salaries	26,967	22,463	4,503
Social security charges	7,766	6,567	1,199
Post-employment benefit provision	1,730	1,388	342
Other	322	307	15
Total personnel costs	36,785	30,725	6,060

The increase in personnel costs is mainly due to the change in the consolidation scope, in view of the full contribution of Clinica San Francesco S.r.l. and Domus Nova S.p.A.

This item includes costs incurred for COVID containment measures totalling Euro 284 thousand.

Note 30 Other operating costs

Other operating costs in H1 2022 amounted to Euro 7,366 thousand, rising Euro 1,243 thousand on Euro 6,123 thousand in H1 2021.

The table below breaks down costs for H1 2022 and H1 2021.

<i>(Euro thousands)</i>	<i>H1</i>		<i>Change</i>
	2022	2021	2022 vs 2021
Non-deductible VAT on a pro rata basis	5,902	4,719	1,183
Income taxes	738	615	124
Other operating charges	219	283	(64)
Prior year charges	122	107	16
Non-deductible expenses	105	27	78
Associations	154	96	58
Other costs	126	277	(150)
Total other operating costs	7,366	6,123	1,243

The increase in the item was mainly due to the change in the consolidation scope.

Note 31 Amortisation, depreciation and write-downs

Amortisation, depreciation and write-downs in H1 2022 amounted to Euro 9,230 thousand in H1 2021, increasing Euro 2,309 thousand over Euro 6,921 thousand in H1 2021.

The table below shows the breakdown of and changes in the account in question for the periods ended June 30, 2022 and June 30, 2021.

<i>(Euro thousands)</i>	<i>H1</i>		<i>Change</i>
	2022	2021	2022 vs 2021
Depreciation Assets	417	223	195
Depreciation Tangible and investment Properties	8,574	6,641	1,933
Write-downs	238	57	181
Total amortisation, depreciation and write-downs	9,230	6,921	2,309

The increase in the item was mainly due to the change in the consolidation scope.

For a breakdown of the items regarding amortisation and depreciation and the write-down of receivables, reference should be made to the tangible and intangible asset tables and finally to the table outlining the doubtful debt provision presented in the notes to the balance sheet.

Note 32 Impairments and other provisions

Impairments and other provisions amounted to Euro 2,230 thousand in H1 2022, increasing Euro 942 thousand on Euro 1,288 thousand in the previous half year.

The table below shows the breakdown of and changes in the account in question for the periods ended June 30, 2022 and June 30, 2021.

<i>(Euro thousands)</i>	<i>H1</i>		<i>Change</i>
	2022	2021	2022 vs 2021
Provision for risks on legal cases in progress	2,599	1,632	967
Release of risk provisions	(458)	(527)	69
Other provisions	89	183	(93)
Total impairments and other provisions	2,230	1,288	942

Accruals for new lawsuits brought in H1 2022 total Euro 2,599 thousand and are attributable to healthcare lawsuits for Euro 1,570 thousand and to Local Healthcare Authority (ASL) risks for Euro 1,029 thousand.

As regards the healthcare lawsuits, the amounts accrued in the financial statements are provisions recognised on the basis of external legal advice, and are designed to cover the risks deemed probable for damage claims brought from patients. More specifically, these amounts relate mainly to the companies Rugani Hospital S.r.l. (Euro 520 thousand), Casa di Cura Villa Berica S.r.l. (Euro 475 thousand), Ospedali Privati Riuniti S.r.l. (Euro 235 thousand) and Domus Nova S.p.A. (Euro 259 thousand).

As regards Local Healthcare Authority risks, provisions were prudentially recognized to cover any risks on controls which the Local Healthcare Authority carries out periodically on clinical records and on the risks of fee variations for services rendered to patients residing outside the Region, aspects which are defined by the competent authorities over a long period of time beyond the financial year. The provisions refer to the companies Hesperia Hospital Modena S.r.l. for Euro 280 thousand, Ospedali Privati Riuniti S.r.l. for Euro 454 thousand and Domus Nova S.p.A. per Euro 255 thousand.

The release of provisions for risks, amounting to Euro 458 thousand, is composed of the release of the doubtful debt provision (Euro 106 thousand, attributable to Clinica San Francesco S.r.l.), the release of ASL risks for Euro 40 thousand (mainly attributable to Domus Nova S.p.A.) and the release of the provision for risks due to healthcare cases for Euro 308 thousand, attributable to Domus Nova S.p.A. for Euro 147 thousand and Hesperia Hospital Modena S.r.l. for Euro 84 thousand. These releases relate to the settlement of certain healthcare disputes where it was necessary to review, on the basis of external legal advice, the estimate of the provision for risks with respect to the provisions made in previous years. In certain cases, in fact, the facility's non-liability was ascertained and in others, the indemnity obligation of the company was established for a lower amount than that estimated, with the consequent release of the remaining balance to the income statement.

Other provisions at June 30, 2022 amount to Euro 89 thousand and mainly include a provision by Domus Nova S.p.A. for a dispute with a supplier.

Note 33 Financial income

Financial income amounted to Euro 76 thousand in H1 2022, an increase of Euro 31 thousand on H1 2021.

The table below shows the breakdown of and changes in the account in question for the periods ended June 30, 2022 and June 30, 2021.

<i>(Euro thousands)</i>	<i>H1</i>		<i>Change</i>
	2022	2021	2022 vs 2021
Interest income	1	1	-
Other income	75	44	31
Total financial income	76	45	31

The item consists almost exclusively of dividends received by Hesperia Hospital Modena S.r.l. from a company in which it holds a minority interest.

Note 34 Financial charges

Financial charges amount to Euro 2,247 thousand in H1 2022, increasing by Euro 609 thousand compared to Euro 1,638 thousand in the previous year.

The table below presents the breakdown and movement in the item in H1 2022 and H1 2021.

<i>(Euro thousands)</i>	<i>H1</i>		<i>Change</i>
	2022	2021	2022 vs 2021
Interest charges on loans	1,532	864	667
Bank interest charges	25	16	9
Interest charges on advances	21	26	(6)
Other interest charges	495	603	(108)
Financial charges	174	128	45
Total financial charges	2,247	1,638	609

The increase in financial charges is mainly attributable to the item "interest charges on loans" and is due to the increase in bank debt required to fund the purchase of Clinica San Francesco S.r.l. and Domus Nova S.p.A..

Note 35 Results of investments at equity

The table below presents the breakdown and movement in the item in H1 2022 and H1 2021.

<i>(Euro thousands)</i>	<i>H1</i>		<i>Change</i>
	2022	2021	2022 vs 2021
Share of result	65	113	(48)
Total	65	113	(48)

The item in H1 2022 amounted to Euro 65 thousand and includes the Group's share of the result of the associate Il Fiocco S.c.a.r.l..

Note 36 Income taxes

The table below presents the breakdown and movement in income taxes in H1 2022 and H1 2021.

<i>(Euro thousands)</i>	<i>H1</i>		<i>Change</i>
	2022	2021	2022 vs 2021
Current taxes	4,251	2,489	1,762
Deferred tax income	(723)	114	(836)
Deferred tax charges	-	127	(127)
Other	509	67	442
Total income taxes	4,037	2,796	1,241

In the first half of 2022, income taxes amounted to Euro 4,037 thousand, increasing Euro 1,241 thousand on the preceding period, mainly due to higher current taxes for Euro 1,762 thousand following the increase in Group company revenues.

"Other", amounting to Euro 509 thousand in the first half of 2022, increased Euro 442 thousand compared to the same period of the previous year as a result of the 2021 IRES tax balance paid by Hesperia Hospital Modena S.r.l. and Rugani Hospital S.r.l. (Euro 388 thousand), due to the application of the ordinary IRES rate of 24% instead of the half-rate provided for hospitals until December 31, 2021.

Note 37 Net profit for the period

The H1 2022 net profit was Euro 13,252 thousand, increasing on Euro 3,479 thousand in H1 2021, thanks to the change in the consolidation scope and the increased Group operations compared to the first half of 2021.

Note 38 Basic and diluted earnings per share

The basic earnings per share is calculated by dividing the profit attributable to the ordinary shareholders of the Parent Company by the average weighted number of ordinary shares outstanding during the period.

The diluted earnings per share is calculated by dividing the profit attributable to the ordinary shareholders of the Parent Company by the average weighted number of ordinary shares outstanding.

Information is shown below for the calculation of the basic and diluted earnings per share:

<i>(Euro thousands)</i>	<i>H1</i>	<i>H1</i>
	2022	2021
Net profit attributed to the shareholders of the Parent company	13,244	9,769
Number of ordinary shares at end of year/period*	89,133,853	89,644,292
Earnings per share – basic (Euro)	0.15	0.11
Earnings per share – diluted (Euro)**	0.15	0.11

The number of ordinary shares decreased compared to the first half of the previous year due to the greater number of treasury shares.

* Amount net of treasury shares

** Amount net of treasury shares but including the 155,027 performance shares plan shares

Note 39 Fair value hierarchy

The following table presents the carrying amount of outstanding financial instruments (current and non-current financing) stated in the balance sheet, with a comparison to their fair values.

<i>(Euro thousands)</i>	<i>At June 30, 2022</i>		<i>At December 31, 2021</i>	
	<i>Book value</i>	<i>Fair value</i>	<i>Book value</i>	<i>Fair value</i>
Securities investments	905	1,845	924	1,845
Loans	125,761	125,681	136,423	139,771
Capital instruments	671	671	809	809

The financial liabilities set out above have been assigned to level 2 of the fair value hierarchy (for both for H1 2022 and H1 2021).

Management has verified that the fair values of the other items approximate their carrying amounts due to the short-term maturities of these instruments.

Fair Value - Hierarchy

fair value concerns the price that will be received for the sale of an asset or which will be paid for the transfer of a liability in an ordinary transaction settled between market operators, at the measurement date (“exit price”).

All financial instruments at fair value, or for which disclosure is provided, are classified into the three fair value categories described below, based on the lowest level of input significant to determining overall fair value:

- Level 1: Listed prices (not adjusted) in an active market for identical assets and liabilities.
- Level 2: valuation techniques for which the lowest level of input significant to determining fair value is directly or indirectly observable;
- Level 3: valuation techniques for which the lowest level of input significant to determining fair value is not observable.

At the end of each period, the Group determines whether financial instruments measured at fair value on a recurring basis have been transferred between levels of the hierarchy and reviews their classification (on the basis of the lowest level of input significant to determining overall fair value).

Valuation processes

For recurring and non-recurring measurement at fair value of instruments classified to level 3 of the fair value hierarchy, the Group uses valuation processes to establish valuation procedures and principles and analyse changes in the measurement of fair value from one period to the next.

It should be noted that there have been no changes in the levels of the fair value hierarchy used for the purpose of measuring financial instruments since the last annual financial statements and that the methodologies used in measuring this Level 2 and Level 3 fair value are consistent with the last annual financial statements.

The valuation techniques and specific considerations for level 3 input data are explained in further detail below.

Valuation techniques and hypotheses

The fair value of a financial asset or liability is the price that would be received to sell an asset or that would be paid to transfer a liability in a normal transaction on the principal (or most advantageous) market at the measurement date, under current market conditions (exit price), regardless of whether the price is directly observable or estimated using another valuation technique.

The following methods and assumptions were used to estimate the fair value:

- The fair value of securities quoted in an active market is based on the quoted price at the balance sheet date. The fair value of securities not quoted in an active market, such as bank loans or other financial liabilities, finance lease commitments or other non-current financial liabilities, is estimated on the basis of future cash flows, discounted by applying the current rates available for debt with similar terms, such as credit risk and residual maturity. The fair value of shares is sensitive to both a possible change in expected cash flows and/or the discount rate and a possible change in growth rates. For estimation purposes, management must use the unobservable input data presented in the following tables. Management regularly assesses a series of possible alternatives to such significant input data and determines their impact on total fair value.

- The fair value of the ordinary non-listed shares was estimated through the discounted cash flow model (DCF). The valuation requires management to make assumptions with regards to the model inputs, including the projected cash flows, the discount rate, the credit risk and the volatility. The probability of differing estimates within the interval may be reasonably verified and are utilised in management's estimates of the fair value of these non-listed investments;
- The Group undertakes derivative financial instruments with a range of counterparties, principally financial institutions with allocated credit ratings. The derivatives valued using measurement techniques with market recordable data principally consist of interest rate swaps. The most utilised measurement techniques include the "swaps" models, which utilise the calculation of the present value. The models consider various inputs, including the credit quality of the counterparty and interest rate curves. All derivative contracts are fully covered by cash, thus eliminating the risk of default by the Group.

Note 40 Commitments and Guarantees

Commitments and guarantees at June 30, 2022 are described below.

Guarantees provided by the Group in favour of third parties

Guarantor	Beneficiary	Guarantee type	Maturity	Commitment	Borrower
Centro Medico San Biagio S.r.l.	Unicredit S.p.A., Banco BPM S.p.A., Intesa San Paolo S.p.A.	Independent guarantee	15/12/2026	16,498,057	GHC S.p.A.
Centro Medico Università Castrense S.r.l.	Unicredit S.p.A., Banco BPM S.p.A., Intesa San Paolo S.p.A.	Independent guarantee	15/12/2026	1,965,580	GHC S.p.A.
Ospedali Privati Riuniti S.r.l.	Unicredit S.p.A., Banco BPM S.p.A., Intesa San Paolo S.p.A.	Independent guarantee	15/12/2026	11,067,100	GHC S.p.A.
Clinica San Francesco S.r.l.	Unicredit S.p.A., Banco BPM S.p.A., Intesa San Paolo S.p.A.	Independent guarantee	15/12/2026	31,597,413	GHC S.p.A.
Domus Nova S.p.A.	Unicredit S.p.A., Banco BPM S.p.A., Intesa San Paolo S.p.A.	Independent guarantee	15/12/2026	6,613,320	GHC S.p.A.
L'Eremo di Miazzina S.r.l.	Unicredit S.p.A., Banco BPM S.p.A., Intesa San Paolo S.p.A.	Independent guarantee	15/12/2026	4,259,930	GHC S.p.A.
Fides Medica S.r.l.	Unicredit S.p.A., Banco BPM S.p.A., Intesa San Paolo S.p.A.	Independent guarantee	15/12/2026	8,756,848	GHC S.p.A.
Roemar S.r.l.	Unicredit S.p.A., Banco BPM S.p.A., Intesa San Paolo S.p.A.	Independent guarantee	15/12/2026	824,702	GHC S.p.A.
Fides Servizi S.c.a.r.l.	Unicredit S.p.A., Banco BPM S.p.A., Intesa San Paolo S.p.A.	Independent guarantee	15/12/2026	241,341	GHC S.p.A.
Rugani Hospital S.r.l.	Unicredit S.p.A., Banco BPM S.p.A., Intesa San Paolo S.p.A.	Independent guarantee	15/12/2026	740,051	GHC S.p.A.
Casa di Cura Villa Berica S.r.l.	Unicredit S.p.A., Banco BPM S.p.A., Intesa San Paolo S.p.A.	Independent guarantee	15/12/2026	825,105	GHC S.p.A.
Villa Von Siebenthal S.r.l.	Unicredit S.p.A., Banco BPM S.p.A., Intesa San Paolo S.p.A.	Independent guarantee	15/12/2026	3,610,736	GHC S.p.A.
C.M.S.R. Veneto Medica S.r.l.	Unicredit S.p.A., Banco BPM S.p.A., Intesa San Paolo S.p.A.	Independent guarantee	15/12/2026	3,526,835	GHC S.p.A.
Casa di Cura Villa Garda S.r.l.	Unicredit S.p.A., Banco BPM S.p.A., Intesa San Paolo S.p.A.	Independent guarantee	15/12/2026	2,626,907	GHC S.p.A.
XRy One S.r.l.	Unicredit S.p.A., Banco BPM S.p.A., Intesa San Paolo S.p.A.	Independent guarantee	15/12/2026	7,918,249	GHC S.p.A.
Poliambulatorio Dalla Rosa Prati S.r.l.	Unicredit S.p.A., Banco BPM S.p.A., Intesa San Paolo S.p.A.	Independent guarantee	15/12/2026	2,877,228	GHC S.p.A.
Aesculapio S.r.l.	Unicredit S.p.A., Banco BPM S.p.A., Intesa San Paolo S.p.A.	Independent guarantee	15/12/2026	609,615	GHC S.p.A.
Fides Medica S.r.l.	Carige	Letter of indemnity	Until revocation	1,950,000	Centro di Riabilitazione S.r.l.
GHC S.p.A.	Carige	Letter of indemnity	Until revocation	1,820,000	Fides Medica S.r.l.

GHC S.p.A.	Carige	Letter of indemnity	Until revocation	845,000	Roemar S.r.l.
GHC S.p.A.	Carige	Omnibus Guarantee	Until revocation	325,000	Roemar S.r.l.
GHC S.p.A.	Carige	Omnibus Guarantee	Until revocation	260,000	Fides Medica S.r.l.
Fides Medica S.r.l.	Carige	Letter of indemnity	Until revocation	206,582	Il Fiocco S.c.a.r.l.
Fides Medica S.r.l.	Carige	Letter of indemnity	Until revocation	200,000	Centro di Riabilitazione S.r.l.
Fides Medica S.r.l.	Monte dei Paschi	Letter of indemnity	Until revocation	150,000	Prora Srl
Fides Medica S.r.l.	Carige	Letter of indemnity	Until revocation	80,000	Il Fiocco S.c.a.r.l.
Fides Medica S.r.l.	Intesa SanPaolo	Omnibus Guarantee	Until revocation	80,000	PRORA S.r.l.
Fides Medica S.r.l.	UBI	Letter of indemnity	Until revocation	50,000	Centro di Riabilitazione S.r.l.
Fides Medica S.r.l.	Carige	Letter of indemnity	Until revocation	26,000	Il Fiocco S.c.a.r.l.
L'Eremo di Miazzina S.r.l.	Intesa SanPaolo	Letter of indemnity	31/12/2038	100,000	L'Eremo di Miazzina S.r.l.

Guarantees given to and by third parties on behalf of the Group

Guarantor	Beneficiary	Guarantee type	Maturity	Commitment	Borrower
Intesa SanPaolo	Unione dei comuni dell'Appennino Bolognese	Letter of indemnity	31/05/2022	37,406	Casa di Cura Prof.Nobili S.r.l.
BPER	University of Ferrara	Letter of indemnity	30/09/2023	166,666	Hesperia Hospital Modena S.r.l.
Banca Popolare di Sondrio	Privata Leasing spa	Letter of indemnity	31/03/2025	300,000	XRy One S.r.l.
Cassa di Ravenna	Zeroemission H S.r.l.	Guarantee	09/01/2028	40,000	Domus Nova S.p.A.
BPER	Sardaleasing	Guarantee	31/12/2023	5,678	Domus Nova S.p.A.
Medio Credito Centrale	BNL S.p.A.	Guarantee	01/07/2028	153,900	Aesculapio
Intesa SanPaolo	Amministrazione Principe Pallavicino	Letter of indemnity	31/08/2036	40,000	Prora S.r.l.
Intesa SanPaolo	Amministrazione Principe Pallavicino	Letter of indemnity	31/08/2036	20,000	Prora S.r.l.
Intesa SanPaolo	Università UniCamillus	Guarantee	04/10/2024	200,562	Ospedali Privati Riuniti Srl
Banca Prealpi San Biagio	BMFİN	Letter of indemnity	Until revocation	360,000	Centro Medico San Biagio S.r.l.

No expected losses on guarantees have come to light.

Note 41 Financial risk management

This section contains a description of the financial risks to which the Group and its subsidiaries are exposed, together with the policies and strategies employed by the Company and its subsidiaries to manage the risks concerned during the year to June 30, 2022.

It should be noted that there are no plans for changes in the risk management policies set out below.

GHC and its subsidiaries are exposed to financial risks in their activities, and in particular risks of the following types:

- Credit risk arising from commercial transactions or financing activity;

- Liquidity risk, related to the availability of financial resources and access to the credit market;
- Market risk, and more specifically:
 - a) Operational risk relating to the conduct of the business;
 - b) Foreign exchange risk relating to transactions in currency areas other than their functional currency;
 - c) Interest rate risk relating to the Company's exposure to interest-bearing financial instruments;
 - d) Price risk, due to changes in quoted commodities prices.

The management and monitoring system for the main risks involves the Group's director and management, the directors and boards of directors of the consolidated companies and company personnel.

The primary goal of risk management is to protect the company's stakeholders (shareholders, employees, customers and suppliers) and financial integrity, as well as to safeguard the environment.

The risk management policy applied by the Group regards the setting of guidelines at the central level on which to base the operational management of market, liquidity risk, cash flow risks and for the monitoring of results achieved.

For greater details on financial risk management, reference should be made to paragraph 8 of the H1 2022 Directors' Report.

Note 42 Legal disputes and contingent liabilities

Healthcare damage compensation claims

For requests for damages for activities carried out at the clinics, the Group recognises in the financial statements a "provision for risks for healthcare cases" for all disputes whose outcome is deemed "probable" based on the opinion of the external lawyers following the case. For disputes deemed "probable", at June 30, 2022, the value of the "provision for risks for health cases" totalled Euro 11,359 thousand.

It should also be noted that there are lawsuits whose risk is deemed possible by legal advisors, against which no provisions for risks have been made, as per international accounting standards.

Administrative and other disputes

The company Rugani Hospital S.r.l. has the following proceedings underway:

- appeal to the Supreme Court against the judgement rendered *inter partes* by the Court of Appeal of Florence, Labour Section, filed on May 24, 2018 No. 526/2018 (R.G.N. 86/2018) in the context of judgement No. 264/2016 RG regarding the definition of the type of employment relationship of certain professional nurses. On the basis of an opinion from the company's legal counsel, the risk has been deemed "probable" and an accrual of Euro 87 thousand has been made to other provisions for risks and charges.
- Appeal before the Court of Siena, Labour Section, against the Injunction Order of the Siena Labour Inspectorate (R.G.N. 813/2018), related to the same dispute referred to in point 1. The Judge temporarily granted a stay of the order. On the basis of an opinion from the company's legal counsel, the risk has been deemed "probable" and an accrual of Euro 14 thousand has been made to other provisions for risks and charges. The judgment is expected to be filed in the second half of the year.

Villa Von Siebenthal S.r.l. has two ongoing proceedings:

- the without-recourse factoring agreement for the receivables claimed by Villa Von Siebenthal S.r.l. from the Italian national and regional health system. SIFIN S.r.l. sued Villa Von Siebenthal S.r.l. before the Civil Court of Rome in connection with the above agreement, seeking payment of Euro 220 thousand. By entry of appearance and reply of June 20, 2009, Villa Von Siebenthal S.r.l. entered an appearance in the proceedings, petitioning the court to reject the claims made by SIFIN S.r.l. and lodging a counter-claim for a declaratory judgement finding the agreement void and ordering a refund of the sum to the factor by way of interest and fees, while also contesting the manner in which SIFIN S.r.l. forbore the interest accrued from the Lazio Region.

By interim judgement No. 6850/2014, filed on March 25, 2014, the judge re-opened the proceedings “in order to determine the exact amount of the parties reciprocal claims by ordering court-appointed expert testimony.”

In the expert witness report filed, the court-appointed expert concluded that the difference between the sums owed by Villa Von Siebenthal S.r.l. to SIFIN S.r.l. and those owed by SIFIN S.r.l. to Villa Von Siebenthal S.r.l. result in:

- a balance payable by Villa Von Siebenthal of Euro 40 thousand (if the sums due to Sifin by Villa Von Siebenthal by way of interest are calculated at the legal rate);
- a balance receivable by Villa Von Siebenthal of Euro 675 thousand (if the sums due by Sifin to Villa Von Siebenthal by way of interest are calculated at the legal rate).

Following the hearing for the entry of conclusions held on July 6, 2016, by final judgement No. 2670/2017, filed on February 10, 2017, the judge ordered SIFIN S.r.l. to pay Villa Von Siebenthal S.r.l. the sum of Euro 138 thousand, in addition to the legal fees arising from the claim, expenses and additional amounts due by law.

SIFIN S.r.l. filed the following appeals against the above judgements before the Rome Court of Appeal:

- appeal against interim judgement No. 6850/2014. The case was enrolled as no. 3098/2015, General Registry. By entry of appearance and reply of September 24, 2015, Villa Von Siebenthal S.r.l. entered an appearance in the proceeding, petitioning the court to reject the claims made by SIFIN and also lodging a counter-appeal. On January 25, 2019 the parties specified their respective conclusions and the case was retained for decision, with time limits pursuant to Article 190 of the Civil Procedure Code for the filing of closing statements and replies. By order of August 27, 2019, the Court of Appeal set a new hearing for the definition of conclusions due to the replacement of a member of the Board, adjourning the case for the same tasks to the hearing of February 26, 2020, subsequently adjourned to the hearing of October 28, 2020;
- appeal against definitive judgement No. 2670/2017. The case was enrolled as no. 3212/2017, General Registry. By entry of appearance and reply of July 25, 2017, Villa Von Siebenthal S.r.l. entered an appearance in the proceeding, petitioning the court to reject the claims made by SIFIN S.r.l. and also lodging a counter-appeal. On January 25, 2019 the parties specified their respective conclusions and the case was retained for decision, with time limits pursuant to Article 190 of the Civil Procedure Code for the filing of closing statements and replies. By order of August 27, 2019, the Court of Appeal set a new hearing for the definition of conclusions due to the replacement of a member of the Board, adjourning the case for the same tasks to the hearing of February 26, 2020, subsequently adjourned to the hearing of October 28, 2020;
- pending the appeal process, petition for a writ of interlocutory precautionary attachment pursuant to Articles 669-*quater* and 671 of the Italian Civil Procedure Code, seeking attachment of all sums on deposit in current accounts held by Villa Von Siebenthal S.r.l., the accounts receivable claimed by the latter and all other items of moveable and/or immoveable property, up to the amount of Euro 161 thousand. By Order dated February 12, 2018, the Court of Appeal of Rome rejected the appeal brought by SIFIN S.r.l. The risk, following the opinion of its lawyers, is quantified as "possible" and no liability has been recorded in the Financial Statements for these proceedings.

On December 20, 2020, the Court of Appeal of Rome issued a sentence declaring null and void the sentence of the Court of Rome's first instance, which was not final (there had been two sentences in the first instance: the first, which was not final, postponed the quantification of payables/receivables between the parties to a second one). The substantial effect of the decision of the Court of Appeal of Rome is that each of the parties involved must begin an autonomous judgement in order to assess their respective cases: Sifin is seeking repayment of the sum of Euro 137 thousand (having definitively renounced, according to the Court of Appeal, the original claim of Euro 157 thousand), Villa Von Siebenthal S.r.l. is seeking Euro 700 thousand, as compensation for damages after Sifin, despite not being entitled to it, waived all the interests due for late payment related to Asl RM6.

- This case concluded in April 2022 with a settlement deed.
- A social-security dispute; the company received a request from the INPS regional directorate for Lazio for documents in connection with inspection assessments of the relationship between the supplier Futura soc. coop. and Villa Von Siebenthal S.r.l., and specifically the service agreement between the two companies. Following the inspection, on April 4, 2017 Villa Von Siebenthal S.r.l. received consolidated assessment and notification report no. 2016003251/S1 in which it is claimed that Villa Von Siebenthal S.r.l., by virtue of the service agreement with Futura soc. coop., is jointly and severally liable with this latter company for payments of mandatory social-security contributions for the period from April 2013 to November 2015, amounting to Euro 100 thousand. In the opinion of the company's legal counsel, the risk may be deemed "possible" and hence no liability has been recognized in respect of this proceeding.

As regards Centro di Riabilitazione S.r.l., it should be noted that an investigation which began on May 18, 2020 (the date of the search and seizure order pursuant to Articles 247 and 253 of the Italian Criminal Procedure Code) is underway, in which the health management of the facility's RSA wards is under investigation for the crime of culpable epidemic (as part of an investigation involving a total of six RSA facilities operating in Liguria). The Prosecutor's Office bases this putative crime on a numerical comparison between the raw mortality rate of previous years and that of 2020. The Rehabilitation Center was searched and seized by the judicial police on behalf of the Public Prosecutor's Office on May 21, 2020, during which the mobile devices of the General Manager and the Operations Manager were also seized. The Public Prosecutor's Office has also recently appointed two hygienist physicians from San Martino as consultants to analyse medical records in order to determine whether any of the deaths that occurred between February 20, 2020 and April 20, 2020 were due to undiagnosed COVID-19 symptoms. This is despite the fact that, as we recall, social-health facilities in Liguria were given access to the results of molecular testing on clinical respiratory samples from the month of April only, following the conclusion of the serum-prevalence survey conducted on the entire population housed at those facilities. In December 2020, notice was received that the preliminary investigation, which was scheduled to conclude on December 19, 2020, had been extended for an additional 6 months. In May 2021, further notice was received that the preliminary investigation, which was scheduled to conclude on June 19, 2021, had been extended for an additional 6 months, i.e. until January 19, 2022 (6 months, in addition to 1 month's holiday suspension). To date, no other extension requests have been served. The report by the technical experts appointed by the Public Prosecutors has not yet been filed.

Disputes with local healthcare authorities

The following disputes are pending between L'Eremo di Miazzina S.r.l., on the one hand, and the Verbano-Cusio-Ossola local health authority and the Piedmont Region, on the other.

- Dispute between the Verbano-Cusio-Ossola local health authority and L'Eremo di Miazzina S.r.l. regarding healthcare services in 2014, 2015 and 2016. In a letter dated July 14, 2017, the Verbano-Cusio-Ossola local health authority requested that the company issue various credit notes in respect of the years indicated above, claiming a reduction due to a purported lack of continuity of care. The company

rejected this claim on the basis that it had not exceeded the threshold triggering the above reduction for patients from Piedmont, and that the said reduction – particularly for the years 2014 and 2015 – could not be applied to out-of-region patients, especially in the light of the position taken by the Piedmont Region in its Regional Council Motion of November 2016. Finally, the company also argued that it had never exceeded the reduction thresholds due to a lack of continuity in care in 2016 as well. On the basis of an opinion from the company’s legal counsel, the risk of loss associated with this case has been deemed “probable” and an accrual to the provision of Euro 1,466 thousand was thus recognised at June 30, 2022. In view of the age and quantity of the receivables, the company L'Eremo di Miazzina s.r.l., having heard the opinion of its legal advisors and subject to the successful outcome of any settlement agreements that may be reached between the parties, intends to take legal action for receivables arising from the years 2014 and 2015. Assessments of receivables arising from subsequent years will depend on the outcome of this litigation.

- On September 5, 2018 inspectors from the Local Labor Directorate of Novara – Verbano-Cusio-Ossola issued report no. 000-2018-525-02 disputing the position of several self-employed nurses. Position statements refuting this report were prepared and filed on November 6, 2018, together with documents and motions for personal hearings and the relevant motion for dismissal. The Labour Inspectorate has yet to reply. According to the company’s legal counsel, the risk of an unfavourable outcome in this case is “possible”. Consequently, no provision has been recognised.
- On October 28, 2019 (following transmission to the competent offices of the report No. 000-2018-525-02, referred to above) INAIL - National Institute for Insurance against Accidents at Work, Verbano Cusio Ossola office - transmitted to L'Eremo di Miazzina S.r.l. a "certificate of variation" which adjusted the premium (after recalculation of total salaries for the period January 1, 2014 - December 31, 2017) for a total of Euro 16 thousand. An appeal has been filed with the Court of Verbania and the first hearing has been set for 09/09/2020. Following the above-mentioned hearing and with a sentence dated September 10, the judge decided to reject the appeal presented and ordered the company to pay the amounts due (Euro 16 thousand). The Company deemed it necessary to file an appeal, filed on December 21, 2020, with the Turin Court of Appeals. On May 12, 2021 the Turin Court of Appeal upheld the appeal of L'Eremo di Miazzina S.r.l. without any charge.

On October 1, 2021, the company was notified by certified e-mail from the INPS of a request to regularise the contribution portion, linked to the previous INAIL dispute, amounting to Euro 365,000. Eremo di Miazzina immediately filed an administrative appeal, which was rejected on January 7, 2022; further defensive legal action is pending. After consultation with legal advisors and in view of the outcome of the same lawsuit with INAIL described above, it was not deemed necessary to make any provisions for risks and charges.

Note 43 Related party transactions

Transactions and balances with related parties are illustrated in the tables below. The companies listed are considered related parties as they are directly or indirectly related to the majority shareholders of the Garofalo Health Care Group.

Pursuant to Consob Motion No. 17221 of March 12, 2010, it is reported that in the first half of 2022 and 2021 the Group did not conclude any significant transactions or transactions with a significant effect on the Group’s financial position or operating result for the year with related parties.

Note 1.4 contains information on the Group’s structure, including details regarding subsidiaries and the Parent Company.

The following table shows the total amount of related party transactions during the period ended June 30, 2022:

June 30, 2022	Receivables		Payables		Costs		Revenues	
<i>(Euro thousands)</i>	Fin/Tax	Trade/Other	Fin/Tax	Trade/Other	Fin.	Com.	Fin.	Com.
LARAMA 98 SPA	-	-	-	-	19	-	-	-
Aurelia Hospital	-	-	-	(2)	-	-	-	-
Lorena Paolucci	-	-	-	(36)	-	114	-	-
LEDCON srl	-	-	-	(20)	-	40	-	-
A.M. Rinaldi	-	-	-	-	-	41	-	-
Maria Laura Garofalo	-	-	-	-	-	41	-	-

It should be noted that as of November 2018 GHC has adopted an internal procedure for the precise identification of the Company's related parties. This is designed to identify the principles to which the Company adheres in order to ensure the transparency and substantial and procedural correctness of related party transactions carried out, directly or through subsidiaries.

Note 44 Significant events after June 30, 2022

There were no significant events after the end of the first half of 2022.

Note 45 Remuneration of the Board of Directors and Board of Statutory Auditors

The remuneration paid to members of the Board of Directors of Garofalo HealthCare S.p.A. and the companies under its direct or indirect control, in all capacities and forms, during the periods ended June 30, 2022 and June 30, 2021 amounted to Euro 2,041 thousand and Euro 2,029 thousand, respectively.

The remuneration accrued to the Board of Statutory Auditors of Garofalo Health Care S.p.A and its direct and indirect subsidiaries for H1 2022 and H1 2021 amounted to Euro 180 thousand and Euro 213 thousand.

Note 48 Number of employees

The following table provides a concise comparison of the number of employees by category at June 30, 2022, compared to December 31, 2021.

<i>Employees by category</i>	<i>Number of employees at 30/06/2022</i>	<i>Number of employees at 31/12/2021</i>
Executives	16	16
White-collar	539	592
Doctors	46	41
Technicians	192	150
Nurses/auxiliaries	954	973
Blue-collar	125	89

Total	1,872	1,862
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It should be clarified that the figure indicated in the table above refers to the exact number of employees at June 30, 2022.

Note 47 Information on share-based remuneration plans

Stock Grant Plan 2019 - 2021

On May 27, 2022, Garofalo HealthCare S.p.A. allocated the GHC S.p.A. shares to the beneficiaries of the “2019 - 2021 Stock-Grant Plan” (the “**Stock Grant Plan**”), reserved for directors and managers of the Company and/or Group companies occupying managerial positions deemed significant within the Group and exerting a material impact on the creation of value for the Company and its shareholders. With the allocation of the shares, the three-year Stock Grant Plan came to an end.

2021-2023 Performance Share Plan

On April 30, 2021, and on the proposal of the Board of Directors, the Shareholders’ Meeting approved a new long-term incentive plan, the “2021-2023 Performance Share Plan” (the “**Performance Share Plan**”), reserved for the Chief Executive Officer and the General Manager of the Company, in addition to key personnel of the Company and/or of the Group, as identified at the sole discretion of the Board of Directors, in consideration of the Remuneration Policy and having heard - for members of the BoD - the opinion of the Appointments and Remuneration Committee.

At June 30, 2022, no shares had been allocated.

For further details, reference should be made to paragraph 10.2 Remuneration schemes based on financial instruments in the H1 2022 Directors’ Report.

Note 48 Positions or transactions arising from exceptional and/or unusual transactions

In accordance with Consob Communication No. DEM/6064293 of July 28, 2006, the company did not undertake any atypical or unusual transactions as set out in the Communication.

Mr. Alessandro Maria Rinaldi

Legal representative

AUDITORS' REPORT ON THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AT JUNE 30, 2022



Garofalo Health Care S.p.A.

Review report on the interim condensed consolidated financial statements as at June 30, 2022

Review report on the interim condensed consolidated financial statements (Translation from the original Italian text)

To the Shareholders of
Garofalo Health Care S.p.A.

Introduction

We have reviewed the interim condensed consolidated financial statements, comprising the consolidated balance sheet, the consolidated income statement, the comprehensive consolidated income statement, the statement of changes in consolidated shareholders' equity and consolidated cash flow statement and the related explanatory notes of Garofalo Health Care S.p.A. and its subsidiaries (the Garofalo Health Care Group") as of 30 June 2022. The Directors of Garofalo Health Care S.p.A. are responsible for the preparation of the interim condensed consolidated financial statements in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with review standards recommended by Consob (the Italian Stock Exchange Regulatory Agency) in its Resolution no. 10867 of 31 July 1997. A review of interim condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the interim condensed consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements of Garofalo Health Care Group as of June 30, 2022 are not prepared, in all material respects, in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Perugia, September 12, 2022

EY S.p.A.
Signed by: Andrea Eronidi, Statutory Auditor

This report has been translated into the English language solely for the convenience of international readers