



Press Release

GAROFALO HEALTH CARE S.P.A.: BOARD OF DIRECTORS APPROVES H1 2022 CONSOLIDATED RESULTS

HALF-YEAR REVENUES OF €166.3M, UP 24.6% ON H1 2021 (+5.1% AT LIKE-FOR-LIKE PERIMETER)

OPERATING EBITDA ADJUSTED OF €31.2M, +26.0% ON H1 2021, WITH MARGIN OF 18.7%

RECORD MARGIN FOR CLINICA S. FRANCESCO AND DOMUS NOVA IN Q2, CONFIRMING CAPACITY TO INTEGRATE AND IMPROVE THE PERFORMANCES OF THE TARGETS POST-ACQUISITION

NET PROFIT OF €13.2M, UP OVER 35% ON H1 2021

STANDARD ETHICS RAISES COMPANY'S SUSTAINABILITY RATING TO *EE* ("STRONG")

KEY H1 2022 RESULTS

- Revenues of €166.3M, increasing 24.6% vs. €133.5M in H1 2021⁽¹⁾, also thanks to the increased activity with private patients (approx. +9.1% y/y) and out-of-region patients (approx. +11.3% y/y) - factors which highlight the significant attractiveness of the facilities of the Group - in addition to the increased activities related to the budget increases recognized in order to cut waiting lists and recover out-of-region patient flows:
 - At like-for-like perimeter, Revenues were €131.0M, up 5.1% vs. €124.6M in H1 2021;
 - Contribution of Clinica S. Francesco and Domus Nova (M&A 2021) of €35.3M, of which €18.4M in Q2, the best quarterly result of both companies therefore since acquisition;
- Op. EBITDA Adjusted⁽²⁾ of €31.2M, up 26.0% on €24.7M in H1 2021. Margin of 18.7% vs. 18.5% in H1 2021, a particularly satisfying result in view of the increased costs incurred for energy supplies:
 - At like-for-like perimeter, Op. EBITDA Adjusted was €24.1M (18.4% margin), up 4.4% vs. €23.0M in H1 2021;
 - Contribution of Clinica S. Francesco and Domus Nova of €7.1M, with a margin of 20.1%, ahead of the Group average. The contribution in Q2 was €4.1M, with record margin of 22.6%;
- Net profit of €13.2M, up 35.6% on €9.8M in H1 2021;
- Net Financial Position of €125.0M, improving €17.4M vs. €142.4M in FY 2021;
 - Excluding non-recurring items, the NFP would amount to €117.9M, with a cash generation in the six months of €24.5M

Rome, September 12, 2022 – Garofalo Health Care S.p.A. (“**GHC**”), listed on the Euronext STAR Milan segment of the Italian Stock Exchange, today approved the Half-Year Report at June 30, 2022, drawn up as per IAS/IFRS international accounting principles.

⁽¹⁾ H1 2021 figures include the contribution for only 3 months of Clinica S. Francesco (acquired in April 2021), while not including the contribution of Domus Nova (acquired in July 2021)

⁽²⁾ Operating EBITDA Adjusted defined as EBIT + amortisation and depreciation + provisions and write-downs + adjustments (these latter in H1 2022 totalling approx. €0.3M, principally due to the “extra-Covid costs”, net of repayments). The H1 2021 adjustments of €2.5M related for €1.7M to the “extra-Covid costs” - net of repayments - and for approx. €0.8M to M&A costs. The “extra-Covid costs” are non-recurring costs incurred by the Group to tackle the Covid-19 emergency and concerning expenses for Personal Protective Equipment (“PPE”), swabs / tests, the preparation and management of triage areas and the dedicated distancing pathways



The Chief Executive Officer of GHC, Ms. Maria Laura Garofalo, stated: “The results achieved in the half-year are very satisfactory and confirm how solid and robust our development model is, even in periods of severe turbulence in the national and international economic scenario such as the one we are going through. Just today the upgrade of the Standard Ethics rating to EE (strong) certified the effectiveness of the sustainability system and the constant attention to innovation of Garofalo Health Care, testifying the company's ability to involve all the people of the Group, in a widespread way, in this path guided by ESG criteria. Also for this reason, we remain optimistic for the rest of the year and confident of being able to confirm growing results.”

GHC Group H1 2022 consolidated key operating highlights

Consolidated Half-Year Revenues

GHC consolidated revenues totalled €166.3M in H1 2022, up 24.6% on €133.5M in H1 2021, also thanks to the increased activity with private patients (approx. +9.1% y/y) and out-of-region patients (approx. +11.3% y/y) - factors which highlight the significant attractiveness of the facilities of the Group - in addition to the increased activities related to the budget increases recognized in order to cut waiting lists and recover out-of-region patient flows. These results include contributions of €35.3M from Clinica S. Francesco and Domus Nova, facilities acquired respectively in April and July 2021.

The increased revenues benefitted also from the partial repayment of the “extra-Covid costs” incurred by the Group companies, including from costs incurred in previous years, for a total of €1.6M.

Revenues in Euro millions	H1 2022	H1 2021	vs. H1'21 (€M)	vs. H1'21 (%)
Total	166.3	133.5	+32.8	+24.6%
<i>o/w at LFL perimeter</i>	<i>131.0</i>	<i>124.6</i>	<i>+6.4</i>	<i>+5.1%</i>
<i>o/w M&A 2021</i>	<i>35.3</i>	<i>8.9</i>	<i>+26.4</i>	<i>+298.2%</i>

Focus on Q2 2022 consolidated revenues

Group revenues in Q2 2022 totalled €85.9M, up €12.8M (+17.5%) on Q2 2021⁽³⁾. **This result includes €18.4M relating to the contribution of Clinica S. Francesco and Domus Nova, which returned their best quarterly performances since acquisition.**

Revenues in Euro millions	Q2 2022	Q2 2021 ⁽³⁾	vs. Q2'21 (€M)	vs. Q2'21 (%)
Total	85.9	73.1	+12.8	+17.5%
<i>o/w at LFL perimeter</i>	<i>67.5</i>	<i>64.2</i>	<i>+3.3</i>	<i>+5.1%</i>
<i>o/w M&A 2021</i>	<i>18.4</i>	<i>8.9</i>	<i>+9.5</i>	<i>+107.3%</i>

Consolidated Half-Year Operating EBITDA Adjusted

Consolidated Operating EBITDA Adjusted in H1 2022 was €31.2M, increasing 26.0% on €24.7M in the previous year. This result includes €7.1M regarding the contribution of Clinica S. Francesco and Domus Nova. At like-for-like perimeter, Op. EBITDA Adjusted was €24.1M (18.4% margin), up 4.4% vs. €23.0M in H1 2021.

Op. EBITDA Adj. in Euro millions	H1 2022	H1 2021	vs. H1'21 (€M)	vs. H1'21 (%)
Total	31.2	24.7	+6.4	+26.0%
<i>o/w at LFL perimeter</i>	<i>24.1</i>	<i>23.0</i>	<i>+1.0</i>	<i>+4.4%</i>
<i>o/w M&A 2021</i>	<i>7.1</i>	<i>1.7</i>	<i>+5.4</i>	<i>+316.8%</i>

⁽³⁾ The Q2 2021 figures include the contribution of Clinica S. Francesco for 3 months, although not including the contribution of Domus Nova, acquired in July 2021

In H1 2022, the Group Operating EBITDA Adjusted margin was 18.7%, increasing on 18.5% in the previous period. This result is particularly satisfying in view of the increased costs incurred for energy supplies in the period.

Q2 Consolidated Operating EBITDA Adjusted

Operating EBITDA Adjusted in Q2 2022 was €16.8M, increasing €2.7M (+19.1%) on Q2 2021. **This result includes €4.1M related to the contribution of Clinica S. Francesco and Domus Nova, which recorded the best quarter since their acquisition with a record margin of 22.6%.**

At like-for-like perimeter, Op. EBITDA Adjusted was €12.7M (18.8% margin), up 2.1% vs. €12.4M in Q2 2021.

Op. EBITDA Adj. in Euro millions	Q2 2022	Q2 2021 ⁽³⁾	vs. Q2'21 (€M)	vs. Q2'21 (%)
Total	16.8	14.1	+2.7	+19.1%
<i>o/w at LFL perimeter</i>	12.7	12.4	+0.3	+2.1%
<i>o/w M&A 2021</i>	4.1	1.7	+2.4	+143.0%

The Group Operating EBITDA Adjusted margin in Q2 2022 was 19.6%, increasing on 19.4% in Q2 2021, also a particularly satisfying result in view of the increased costs incurred for energy supplies in the period.

Consolidated EBIT Adjusted and Consolidated Adjusted Pre-tax Profit

EBIT Adjusted⁽⁴⁾ in H1 2022 was €19.7M, up €3.2M on €16.5M in H1 2021 (+19.2%). This result reflects amortisation, depreciation and write-downs for €9.2M in the period, increasing €2.3M on H1 2021, mainly due to the change in perimeter during the period, as well as impairments and other provisions for €2.2M, up €0.9M on H1 2021.

EBIT Adj. in Euro millions	H1 2022	H1 2021	vs. H1'21 (€M)	vs. H1'21 (%)
Total	19.7	16.5	+3.2	+19.2%

The Adjusted Pre-tax Profit⁽⁵⁾ in H1 2022 was €17.6M, increasing 16.9% on €15.1M in H1 2021. The figure reflects net financial charges of €2.1M, increasing €0.6M on H1 2021, mainly due to M&A's carried out by the Company in 2021 which were partly financed by new financial debt.

Pre-tax Profit Adj. in Euro millions	H1 2022	H1 2021	vs. H1'21 (€M)	vs. H1'21 (%)
Total	17.6	15.1	+2.5	+16.9%

Consolidated reported Net Profit

The Group Net Profit was €13.2M, increasing €3.5M on €9.8M in H1 2021. This amount reflects income taxes of €4.0M (increasing on €2.8M in H1 2021, mainly due to the higher pre-tax profit) and is impacted by the adjustments outlined above ⁽²⁾.

Net Profit in Euro millions	H1 2022	H1 2021	vs. H1'21 (€M)	vs. H1'21 (%)
Total	13.2	9.8	+3.5	+35.6%

⁽⁴⁾ Adjusted EBIT defined as EBIT + adjustments previously described

⁽⁵⁾ Pre-tax Profit Adjusted described as the Pre-tax profit + adjustments as described above



GHC Group consolidated balance sheet highlights

Consolidated Net Financial Position

At June 30, 2022, the Net Financial Position (NFP) of GHC was €125.0M, comprising liquidity of €40.9M and financial debt of €165.9M.

Net Financial Position in Euro millions	H1 2022	FY 2021	Change vs. FY 2021
Total	125.0	142.4	-17.4
Financial leverage (x)	2.1x ⁽⁶⁾	2.6x	-0.5x

Excluding non-recurring items, the NFP would be €117.9M, improving €24.5M on December 31, 2021. These non-recurring items mainly concern: (i) expansion Capex (€4.8M) and (ii) non-recurring and one-off items totalling €2.3M, mainly for “extra-Covid” costs, M&A costs and the acquisition of treasury shares.

The NFP at both June 30, 2022 and December 31, 2021 includes the benefit from the advances disbursed in previous years ⁽⁷⁾ by the main Regions in which the Group operates, totalling approx. €10.5M.

Capex

In H1 2022, the Group invested a total of approx. €8.9M, which includes Capex for maintenance (for €4.1M) and expansion (for €4.8M).

In particular, expansion Capex were mainly at the facilities of Eremo di Miazzina e di S. Marta (Fides Group).

SUBSEQUENT EVENTS

There were no subsequent events to period-end.

OUTLOOK

For the 2H 2022 the Group is confident it can continue its growth path with Revenues and Operating EBITDA Adjusted expected to beat 2021, also at like-for-like perimeter. This outlook considers the growing importance of healthcare at national level, increasingly seen as an essential primary good, which will determine an ever more important role of the private accredited sector within the individual Regional healthcare and dependency care activities, in a context of growing healthcare needs. The outlook above mentioned also considers 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 reducing the waiting list).

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

STANDARD ETHICS SUSTAINABILITY RATING

The Company announces that today Standard Ethics, an independent non-financial sustainability rating agency on environmental, social and governance (ESG) issues, raised GHC's rating to investment grade EE ("Strong"), with a stable outlook, from the previous EE- ("Adequate") awarded in October 2020.

Standard Ethics indicated - along with the adoption of strategies increasingly aligned with voluntary UN, OECD and EU guidance - the continued focus on innovation and the strengthening of the ESG framework as underlying the raise to the EE grade.

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

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



CONFERENCE CALL TO COMMENT ON THE H1 2022 RESULTS

The Company announces that this afternoon, September 12, 2022, at 4.30PM (CET) a conference call shall be held for investors and analysts to provide an overview of the key H1 2022 results.

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

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

The details to access the conference call are as follow:

Dial In:

Italy: +39 02 802 09 11

UK: +44 1 212818004

USA: +1 718 7058796

* * *

In accordance with Article 154-ter, paragraph 2 of Legislative Decree No. 58 of February 24, 1998, the Half-Year Report at June 30, 2022, approved today by the Board of Directors and including the Consolidated Half-Year Financial Statements at June 30, 2022, together with the declaration letter as per Article 154-bis, paragraph 5 of Legislative Decree No. 58/1998 and the Auditor's Report, in addition to the Interim Directors' Report, is available to the public at the registered office in Rome, Piazzale delle Belle Arti No. 6, in the specific section of the company website (www.garofalohealthcare.com, Investor Relations/Financial Statements and Reports section) and on the "eMarket STORAGE" authorised storage mechanism, managed by Spafid Connect S.p.A., available at www.emarketstorage.com. The notice shall be published in the IISole24Ore newspaper.

* * *

The Executive Officer for Financial Reporting, Mr. Luigi Celentano, states in accordance with paragraph 2, Article 154-bis of the Consolidated Finance Act that the accounting information in this press release corresponds to the underlying accounting documents, records and entries. The figures in this press release have been subject to limited audit.



* * *

The GHC Group

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

* * *

FOR FURTHER DETAILS:

Garofalo Health Care S.p.A.

Mimmo Nesi - Investor Relator

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

Website: www.garofalohealthcare.com

Press Office

Barabino & Partners

Maximilian Parboni - m.parboni@barabino.it

Tel. +39 335 8304078

Lidy Casati - l.casati@barabino.it

Tel. +39 342 1056079

Consolidated Income Statement of the GHC Group for H1 2022

<i>In Euro thousands</i>	H1 2022	of which related parties	H1 2021	of which related parties
Revenues from services	162,828		131,305	
Other revenues	3,460		2,168	
TOTAL REVENUES	166,288		133,473	
Raw materials and consumables	24,187		19,189	
Service costs	67,094	236	55,177	1,025
Personnel costs	36,785		30,725	
Other operating costs	7,366		6,123	
TOTAL OPERATING COSTS	135,433		111,214	
TOTAL EBITDA	30,855		22,259	
Amortisation, depreciation & write-downs	9,230		6,921	
Impairments and other provisions	2,230		1,288	
TOTAL AMORTISATION, DEPRECIATION, WRITE-DOWNS, PROVISIONS AND OTHER ADJUSTMENTS	11,460		8,209	
EBIT	19,395		14,050	
Financial income	76		45	
Financial charges	(2,247)	(19)	(1,638)	(26)
Results of investments at equity	65		113	
TOTAL FINANCIAL INCOME AND CHARGES	(2,106)		(1,481)	
PROFIT BEFORE TAXES	17,289		12,570	
Income taxes	4,037		2,796	
NET PROFIT FOR THE PERIOD	13,252		9,773	
Group	13,244		9,769	
Minority interests	8		4	
Basic and diluted earnings per share (in Euro)	0.15		0.11	

Consolidated Balance Sheet of the GHC Group at June 30, 2022

ASSETS <i>In Euro thousands</i>	30/06/2022	of which related parties	31/12/2021	of which related parties
Goodwill	70,635		70,265	
Other intangible assets	195,811		195,828	
Property, plant and equipment	216,896		217,006	
Investment property	905		924	
Equity investments	762		1,285	
Other non-current financial assets	354		482	
Other non-current assets	1,553		1,113	
Deferred tax assets	10,704		9,660	
TOTAL NON-CURRENT ASSETS	497,620		496,564	
Inventories	4,281		4,322	
Trade receivables	72,347		74,720	
Tax receivables	5,231		6,088	
Other receivables and current assets	3,771		3,405	
Other current financial assets	478		175	
Cash and cash equivalents	40,419		41,239	
TOTAL CURRENT ASSETS	126,526		129,948	
TOTAL ASSETS	624,146		626,513	

Consolidated Balance Sheet of the GHC Group at June 30, 2022

<i>LIABILITIES</i> <i>In Euro thousands</i>	30/06/2022	of which related parties	31/12/2021	of which related parties
Share capital	31,570		31,570	
Legal reserve	532		471	
Other Reserves	225,284		209,578	
Group Result	13,244		18,834	
TOTAL GROUP SHAREHOLDERS' EQUITY	270,631		260,453	
Minority interest capital and reserves	261		253	
Minority interest result	8		9	
TOTAL SHAREHOLDERS' EQUITY	270,900		260,715	
Employee benefits	13,024		11,987	
Provisions for risks and charges	17,450		17,346	
Non-current financial payables	125,196		138,130	1,645
Other non-current liabilities	2,408		213	
Deferred tax liabilities	67,941		67,932	
TOTAL NON-CURRENT LIABILITIES	226,020		235,608	
Trade payables	48,776	58	46,239	45
Current financial payables	40,749		45,662	
Tax payables	4,352		3,860	
Other current liabilities	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	

Consolidated Cash Flow Statement of the GHC Group at June 30, 2022

<i>In Euro thousands</i>	30/06/2022	30/06/2021
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>In Euro thousands</i>	30/06/2022	30/06/2021
Repayment of medium/long-term loans	(11,111)	(8,721)
Issue/(repayment) of short-term loans	(5,028)	(1,333)
Changes in other financial payables	(4,254)	(1,981)
Share capital increase and shareholder payments	-	40,937
(Acquisition) treasury shares	(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

Consolidated Net Financial Position of the GHC Group at June 30, 2022

<i>In Euro thousands</i>	30/06/2022	31/12/2021
A Available liquidity	40,419	41,239
B Cash and cash equivalents	40	39
C Other current financial assets	439	136
D Liquidity	40,897	41,414
E Current financial debt	19,173	24,163
F Current portion of non-current financial debt	21,577	21,499
G Total current financial debt	40,749	45,662
H Net current financial debt (G - D)	(148)	4,248
I Non-current financial debt	125,196	138,130
J Debt instruments	0	-
K Trade payables and other non-current payables	0	-
L Non-current financial debt (I + J + K)	125,196	138,130
M Total financial debt (H + L)	125,048	142,378