



## Press Release

### GAROFALO HEALTH CARE S.P.A.: BOARD OF DIRECTORS APPROVES INTERIM FINANCIAL REPORT AT SEPTEMBER 30, 2022

#### KEY 9M 2022 RESULTS

- **REVENUES OF €236.6M, +19.2% ON €198.5M IN 9M 2021<sup>(1)</sup>**
  - Increased activity both with private patients (approx. +5.5% y/y) and out-of-Region patients (approx. +8.4% y/y) - factors which highlight the significant attractiveness of the facilities of the Group - and the 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 totalled €187.0M, up 4.6% vs. €178.8M in 9M 2021.
- **OPERATING EBITDA ADJUSTED<sup>(2)</sup> OF €42.3M: +17.1% ON €36.2M IN 9M 2021**
  - Margin of 17.9% vs. 18.2% in 9M 2021, impacted by higher energy costs - particularly in Q3. Excluding the net impact<sup>(3)</sup> related to the increased costs, the Group margin would be 19.1%:
  - At like-for-like perimeter, Op. EBITDA Adjusted was €33.5M (17.9% margin), substantially in line with €33.6M in 9M 2021, despite the higher energy costs.
- **NET PROFIT OF €16.8M: +28.5% ON €13.1M IN 9M 2021**
- **NET FINANCIAL POSITION OF €112.5M: IMPROVING NEARLY €30M OVER THE 9 MONTHS**
  - Financial leverage of 1.9x Op. EBITDA Adjusted<sup>(4)</sup>

**Rome, November 14, 2022** – Garofalo Health Care S.p.A. (“GHC”), listed on the Euronext STAR segment of the Italian Stock Exchange, today approved the Interim Financial Report at September 30, 2022, drawn up as per Article 82 of the Issuers’ Regulation adopted with motion No. 11971 of May 14, 1999 and as per IAS/IFRS international accounting principles.

**Chief Executive Officer of GHC, Ms. Maria Laura Garofalo**, stated: *"The data for the third quarter once again demonstrate the Group's ability to generate particularly solid operating performance, characterized by significant growth in turnover and a great ability to contain costs, as evidenced by a marginality in the nine months of 17.9% which, net of the exogenous phenomenon of energy, would have even been equal to 19.1%. Among the elements of satisfaction, I also point out our rigorous financial equilibrium and the great capacity to generate cash, which again this year allowed us to continue on our path of growth by external lines by acquiring a very important facility such as GVDR – transaction that will be finalized by year end – which we are certain will add further value to the Group starting next year".*

<sup>(1)</sup> 9M 2021 figures include the contribution for 6 months of Clinica S. Francesco (acquired in April 2021) and for 2 months of Domus Nova (acquired in July 2021)

<sup>(2)</sup> Operating EBITDA Adjusted defined as EBIT + amortisation and depreciation + provisions and write-downs + adjustments (these latter in 9M 2022 totaling approx. €0.7M, principally due to “extra-Covid costs”. The adjustments in 9M 2021 of €4.1M concern for €2.4M the “extra-Covid costs” and for approx. €1.7M 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

<sup>(3)</sup> Impact from the energy price increase, net of the relative tax credit, at like-for-like perimeter

<sup>(4)</sup> Calculated as the ratio between NFP and Operating EBITDA Adj. in the last 12 months based on the Pro-Forma figures, i.e. including in 9M 2022 and in Q4 2021 the full effect of the acquisitions made

### Consolidated 9M Revenues

GHC consolidated revenues in 9M 2022 totalled €236.6M, up 19.2% on €198.5M in 9M 2021, thanks to the increased activity both with private patients (approx. +5.5% y/y) and out-of-Region patients (approx. +8.4% y/y) - factors which highlight the significant attractiveness of the facilities of the Group - and the 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 €49.6M 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 cumulatively €1.6M.

Revenues in Euro millions	9M2022	9M2021	vs. 9M'21 (€M)	vs. 9M'21 (%)
<b>Total</b>	<b>236.6</b>	<b>198.5</b>	<b>+38.1</b>	<b>+19.2%</b>
<i>ow at LFL perimeter</i>	<i>187.0</i>	<i>178.8</i>	<i>+8.2</i>	<i>+4.6%</i>
<i>o/w M&amp;A 2021</i>	<i>49.6</i>	<i>19.6</i>	<i>+29.9</i>	<i>+152.4%</i>

### Focus on Q3 Consolidated Revenues

Group Revenues in Q3 2022 totalled €70.3M, up €5.3M (+8.1%) on Q3 2021<sup>(5)</sup>. At like-for-like perimeter, the results improved by €1.8M (+3.3%).

Revenues in Euro millions	Q32022	Q32021 <sup>(5)</sup>	vs. Q3'21 (€M)	vs. Q3'21 (%)
<b>Total</b>	<b>70.3</b>	<b>65.0</b>	<b>+5.3</b>	<b>+8.1%</b>
<i>ow at LFL perimeter</i>	<i>56.0</i>	<i>54.2</i>	<i>+1.8</i>	<i>+3.3%</i>
<i>o/w M&amp;A 2021</i>	<i>14.3</i>	<i>10.8</i>	<i>+3.5</i>	<i>+32.6%</i>

### 9M Consolidated Operating EBITDA Adjusted

Consolidated Operating EBITDA Adjusted in the nine months was €42.3M, increasing 17.1% on €36.2M in the previous year. These results include contributions of €8.8M from Clinica S. Francesco and Domus Nova, facilities acquired respectively in April and July 2021.

Op. EBITDA Adj. in Euro millions	9M2022	9M2021	vs. 9M'21 (€M)	vs. 9M'21 (%)
<b>Total</b>	<b>42.3</b>	<b>36.2</b>	<b>+6.1</b>	<b>+17.1%</b>
<i>ow at LFL perimeter</i>	<i>33.5</i>	<i>33.6</i>	<i>-0.1</i>	<i>-0.2%</i>
<i>o/w M&amp;A 2021</i>	<i>8.8</i>	<i>2.6</i>	<i>+6.2</i>	<i>+241.1%</i>

In 9M2022, the Group Operating EBITDA Adjusted margin was 17.9%, compared to 18.2% in the previous period.

This was entirely due to the higher costs incurred for energy and particularly in Q3. Excluding the net impact<sup>(3)</sup> from these increased costs, the Group margin would be 19.1%.

The margin of Clinica S. Francesco and Domus Nova in 9M 2022 was 17.8%, significantly up on 13.2% in the same period of the previous year.

<sup>(5)</sup> The Q3 2021 figures include the contribution of Clinica S. Francesco for 3 months and of Domus Nova for 2 months

### Q3 Consolidated Operating EBITDA Adjusted

Q3 2022 Operating EBITDA Adjusted was €11.2M, substantially in line with €11.4M in Q3 2021 and with a margin of 15.9%. This result was affected by the lower production typically seen over the summer months, in addition to the higher costs incurred for energy: excluding the net impact from the increased energy costs, the Group margin in the quarter would be 18.2%.

Op. EBITDA Adj. in Euro millions	Q32022	Q32021 <sup>(5)</sup>	vs. Q3'21 (€M)	vs. Q3'21 (%)
<b>Total</b>	11.2	11.4	-0.3	-2.3%
<i>ow at LFL perimeter</i>	9.5	10.5	-1.1	-10.3%
<i>o/w M&amp;A 2021</i>	1.7	0.9	+0.8	+94.6%

### Consolidated reported Net Profit

The Group Net Profit in 9M 2022 was €16.8M (up 28.5% on €13.1M in 9M 2021).

### GHC Group consolidated balance sheet highlights at September 30, 2022

#### Consolidated Net Financial Position Overview

At September 30, 2022, the Net Financial Position (NFP) of GHC was €112.5M, with liquidity of €49.2M, reducing €29.9M vs. €142.4M in FY 2021.

Net Financial Position in Euro millions	9M2022	FY2021	Change vs. FY 2021
<b>Total</b>	112.5	142.4	-29.9
<i>Financial leverage (x)</i>	1.9x <sup>(6)</sup>	2.6x	-0.7x

Excluding non-recurring items, the NFP would be €103.2M, improving €39.2M on December 31, 2021. These non-recurring items mainly concern: (i) expansion Capex (€6.2M) and (ii) non-recurring and one-off items totalling €3.2M, mainly for extra-Covid costs and the acquisition of treasury shares.

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

In addition to the above, the NFP at September 30, 2022 incorporates an improvement in net working capital, mainly in the third quarter and linked to production seasonality (i.e. following the collection of receivables relating to the previous months against the lower production in the summer months), which shall partially normalise in Q4 2022.

#### Capex

In 9M 2022, Group Capex were approx. €12.7M, which includes Capex for maintenance (for €6.5M) and expansion (for €6.2M).

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

<sup>(6)</sup> Calculated as the ratio between NFP and Operating EBITDA Adj. in the last 12 months based on the Pro-Forma figures, i.e. including in 9M 2022 and in Q4 2021 the full effect of the acquisitions made

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



## **SUBSEQUENT EVENTS**

On October 13, 2022, Garofalo Health Care S.p.A. signed a binding agreement for the acquisition of Gruppo Veneto Diagnostica e Riabilitazione S.r.l. (GVDR), one of the leading accredited private diagnostic centres in the Veneto region by volume and service quality. The transaction allows the GHC Group to expand in the strategic areas of Padua, Venice and Treviso, thus strengthening its presence in the Veneto region. The Enterprise Value of the transaction is €24.0M and the Equity Value, calculated on the basis of the provisional contractual Net Financial Position at June 30, 2022, is €24.9M.

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

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

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

## **OUTLOOK**

The Group in the first 9 months of 2022 saw a significant boost to operating activities and the value of production on 2021, both for the organic perimeter and for the 2 companies acquired last year. This growth offsets at operating margin level the increased costs for energy which - particularly in Q3 this year - rose significantly and in excess of expectations. The Group for Q4 2022 is confident that it will deliver production volumes broadly in line with the same period of 2021, while operating margins may be affected by the energy cost uncertainties.

In terms of energy, the Company has defined specific initiatives to improve energy efficiency and is working concretely on their implementation. These initiatives particularly focus on: (i) reducing the electricity and gas supply price at Group level and (ii) optimising energy consumption through an investment plan for all Group facilities. The Company expects to see the initial benefits during the coming year.

## **CONFERENCE CALL TO COMMENT ON THE 9M 2022 RESULTS**

The company announces that this afternoon, November 14, 2022, at 4.30PM (CET) a conference call shall be held for investors and analysts to provide an overview of the key 9M 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](http://www.garofalohealthcare.com), Investor Relations / Presentations section).

The details to access the conference call are as follow:

### **Dial In:**

Italy: +39 02 802 09 11

UK: +44 1 212818004

USA: +1 718 7058796



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The Interim Financial Report at September 30, 2022 is available to the public on the Company's website [www.garofalohealthcare.com](http://www.garofalohealthcare.com) in the Financial Statements and Reports section and on the eMarket Storage authorised storage mechanism ([www.emarketstorage.com](http://www.emarketstorage.com)).

\* \* \*

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

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### **The GHC Group**

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

\* \* \*

### **FOR FURTHER DETAILS:**

Garofalo Health Care S.p.A.

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### GHC Group Consolidated Income Statement

<i>In Euro thousands</i>	<b>30/09/2022</b>	<b>30/09/2021</b>
Revenues from services	230,462	195,682
Other revenues	6,110	2,786
<b>TOTAL REVENUES</b>	<b>236,572</b>	<b>198,468</b>
Raw materials and consumables	33,350	27,413
Service costs	97,708	83,481
Personnel costs	53,212	46,597
Other operating costs	10,707	8,950
Amortisation, depreciation & write-downs	13,906	11,125
Impairments and other provisions	2,741	1,647
<b>TOTAL OPERATING COSTS</b>	<b>211,624</b>	<b>179,213</b>
<b>EBIT</b>	<b>24,948</b>	<b>19,255</b>
Financial income	79	66
Financial charges	(3,438)	(2,567)
Results of investments at equity	65	180
<b>TOTAL FINANCIAL INCOME AND CHARGES</b>	<b>(3,293)</b>	<b>(2,321)</b>
<b>PROFIT BEFORE TAXES</b>	<b>21,655</b>	<b>16,935</b>
Income taxes	4,863	3,871
<b>NET PROFIT FOR THE PERIOD</b>	<b>16,792</b>	<b>13,064</b>
Group	16,785	13,061
Minority interests	7	2

### GHC Group Consolidated Balance Sheet

<b>ASSETS</b> <i>In Euro thousands</i>	<b>30/09/2022</b>	<b>30/09/2021</b>
Goodwill	70,635	70,265
Other intangible assets	195,773	195,828
Property, plant and equipment	216,213	217,006
Investment property	895	924
Equity investments	762	1,285
Other non-current financial assets	355	482
Other non-current assets	1,521	1,113
Deferred tax assets	10,739	9,660
Assets for derivative financial instruments - non-current	0	0
Defined benefit plan activities	0	0
<b>TOTAL NON-CURRENT ASSETS</b>	<b>496,892</b>	<b>496,564</b>
Inventories	4,383	4,322
Trade receivables	57,681	74,720
Tax receivables	5,523	6,088
Other receivables and current assets	3,116	3,405
Other current financial assets	304	175
Cash and cash equivalents	48,893	41,239
Assets for derivative financial instruments - current	0	0
Assets held-for-sale	0	0
<b>TOTAL CURRENT ASSETS</b>	<b>119,900</b>	<b>129,948</b>
<b>TOTAL ASSETS</b>	<b>616,793</b>	<b>626,513</b>

### GHC Group Consolidated Balance Sheet

<i>LIABILITIES</i> <i>In Euro thousands</i>	30/09/2022	30/09/2021
Share capital	31,570	31,570
Legal reserve	532	471
Other Reserves	225,355	209,578
Group result for the period	16,785	18,834
<b>TOTAL GROUP SHAREHOLDERS' EQUITY</b>	<b>274,242</b>	<b>260,453</b>
Minority interest capital and reserves	256	253
Minority interest result	7	9
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>274,504</b>	<b>260,714</b>
Employee benefits	12,267	11,987
Provisions for risks and charges	17,373	17,346
Non-current financial payables	124,275	138,130
Other non-current liabilities	2,412	213
Deferred tax liabilities	67,950	67,932
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>224,278</b>	<b>235,608</b>
Trade payables	44,549	46,239
Current financial payables	37,444	45,662
Tax payables	4,543	3,860
Other current liabilities	31,474	34,430
<b>TOTAL CURRENT LIABILITIES</b>	<b>118,010</b>	<b>130,190</b>
<b>TOTAL LIABILITIES</b>	<b>342,288</b>	<b>365,798</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>616,793</b>	<b>626,513</b>

## GHC Group Consolidated Cash Flow Statement

<i>In Euro thousands</i>	30/09/2022	30/09/2021
<b>OPERATING ACTIVITIES</b>		
<b>Profit for the period</b>	<b>16,792</b>	<b>13,064</b>
<i>Adjustments for:</i>		
- Amortisation and depreciation	13,522	11,047
- Provisions for employee benefit liabilities	551	503
- Provisions net of releases for risks and charges	2,741	1,647
- Provisions net of releases for doubtful debt provision	384	76
- Interest from discounting	1,880	584
- Change in investments in associates valued under the equity method	(65)	(181)
- Change in other non-current assets and liabilities	1,919	(92)
- Net change in deferred tax assets and liabilities	(883)	341
- Payments for employee benefits	(1,012)	(774)
- Payments for provisions for risks and charges	(1,917)	(1,584)
<i>Changes in operating assets and liabilities:</i>		
(Increase) decrease in trade and other receivables	15,859	9,999
(Increase) decrease in inventories	(61)	(177)
Increase (decrease) in trade and other payables	(1,689)	(3,791)
Other current assets and liabilities	(1,489)	5,574
<b>NET CASH FLOW FROM OPERATING ACTIVITIES (A)</b>	<b>46,530</b>	<b>36,235</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Investments in intangible assets	(585)	(854)
Investments in tangible assets	(10,328)	(19,644)
(Investments)/disposals in financial assets	(36)	-
Sale of tangible assets	30	192
Dividends from associates	163	120
Acquisition Domus Nova	-	(31,119)
Acquisition Clinica San Francesco	-	(36,562)
<b>CASH FLOW ABSORBED BY INVESTING ACTIVITIES (B)</b>	<b>(10,755)</b>	<b>(87,868)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Issue of medium/long term loans	65	43,401
Repayment of medium/long-term loans	(11,114)	(12,551)
Issue/(repayment) of short-term loans	(9,057)	(1,388)
Changes in other financial payables	(5,589)	(3,766)

<i>In Euro thousands</i>	30/09/2022	30/09/2021
Share capital increase and shareholder payments	-	40,937
Use of Reserve as per Article 40	-	(12)
(Acquisition) treasury shares	(2,426)	(1,692)
<b>NET CASH FLOW GENERATED/(ABSORBED) FROM FINANCING ACTIVITIES (C)</b>	<b>(28,121)</b>	<b>64,929</b>
<b>TOTAL CASH FLOWS (D=A+B+C)</b>	<b>7,654</b>	<b>13,296</b>
<b>CASH &amp; CASH EQUIVALENTS AT BEGINNING OF PERIOD (E)</b>	<b>41,239</b>	<b>24,810</b>
<b>CASH &amp; CASH EQUIVALENTS AT END OF PERIOD (F=D+E)</b>	<b>48,893</b>	<b>38,106</b>
<b>Additional information:</b>		
Interest paid	1,340	1,108
Income taxes paid	3,757	1,474

### GHC Group Consolidated Net Financial Position

<i>In Euro thousands</i>	30/09/2022	31/12/2021
(A) Available liquidity	48,893	41,239
(B) Cash and cash equivalents	-	39
(C) Other current financial assets	304	136
<b>(D) Liquidity (A+B+C)</b>	<b>49,197</b>	<b>41,414</b>
(E) Current financial debt	15,019	24,163
(F) Current portion of non-current financial debt	22,425	21,499
<b>(G) Total current financial debt (E + F)</b>	<b>37,444</b>	<b>45,662</b>
<b>(H) Net current financial debt (G - D)</b>	<b>(11,753)</b>	<b>4,248</b>
(I) Non-current financial debt	124,275	138,130
(J) Debt instruments	-	-
(K) Trade payables and other non-current payables	-	-
<b>(L) Non-current financial debt (I + J + K)</b>	<b>124,275</b>	<b>138,130</b>
<b>(M) Total financial debt (H + L)</b>	<b>112,522</b>	<b>142,378</b>