



Press Release

GAROFALO HEALTH CARE S.P.A.: BOARD OF DIRECTORS APPROVES INTERIM FINANCIAL REPORT AT MARCH 31, 2023

STRONG START TO THE YEAR DRIVEN BY SIGNIFICANT DEVELOPMENT OF PRIVATE “OUT-OF-POCKET” AND OUTSIDE-REGION ACTIVITIES, CONFIRMING THE GROWING DEMAND FOR HEALTHCARE SERVICES

- REVENUES OF €92.3M VS. €80.4M IN Q1 2022 (+14.8%)
- EBITDA ADJ.⁽¹⁾ OF €18.8M VS. €14.3M IN Q1 2022 (+31%)
- GROUP NET PROFIT OF €8.7M VS €5.1M IN Q1 2022 (+72%)
- NFP OF €148.3M WITH FINANCIAL LEVERAGE⁽²⁾ CONTINUING TO FALL TO 2.3x

Rome, May 15, 2023 – Garofalo Health Care S.p.A. (“GHC”) today approved the Interim Financial Report at March 31, 2023, drawn up as per Article 82 ter of the Issuers’ Regulation adopted with motion No. 11971 of May 14, 1999 and as per IAS/IFRS international accounting principles.

Maria Laura Garofalo, Chief Executive Officer of GHC, stated: *“Our quarterly figures are the concrete representation of the impressive growth of the demand for assistance in our country. The imbalance between supply and demand has, in fact, resulted in a huge increase in waiting lists. A macroscopic situation that can only be resolved through the involvement of private accredited operators like us, given the endemic congestion of public hospitals. On the one hand, in fact, the more virtuous Regions are increasing the purchase of healthcare services from private operators, on the other hand, the number of private services with costs paid by the patient has grown, physiologically and to a more than considerable extent. Our managers, despite the conspicuous increase in production, have been able to keep costs under control and this trend which will persist in the long term will have a significant impact on the organic growth of our facilities.”*

⁽¹⁾ Operating EBITDA Adjusted defined as EBIT + depreciation and amortisation + provisions and write-downs + adjustments (these latter in Q1 2023 positive for approx. €1.0M and principally relating to the reimbursements recognised by the Regions to a number of Group facilities for “extra-Covid costs” incurred in 2021 and in Q1 2022). The adjustments in Q1 2022, negative for €0.9M, mainly relate to the “extra-Covid costs”. The “extra-Covid costs” are non-recurring costs incurred by the Group to tackle the COVID-19 emergency and concerning expenses for Personal Protective Equipment (“PPE”), swabs / tests, the preparation and management of triage areas and the dedicated distancing pathways

⁽²⁾ Calculated as the ratio between NFP and Operating EBITDA Adj. for the last 12 months, including the full contribution from the acquisition of GVDR in December 2022

Consolidated Revenues

GHC consolidated Revenues in Q1 2023 amounted to €92.3M, up 14.8% on €80.4M in Q1 2022. These results include the contribution for 3 months of GVDR, acquired in December 2022.

Revenues in Euro millions	Q1 2023	Q1 2022	vs. Q1 22 (€M)	vs. Q1 22 (%)
Total	92.3	80.4	+11.9	+14.8%

At like-for-like perimeter, i.e. excluding for 2023 the contribution for 3 months of GVDR, Revenues were up 10.0% on Q1 2022 (€88.5M vs €80.4M). These results mainly benefited from the increase in private patients (approx. +16.2% y/y) and Outside-Region (approx. +13.7% y/y) activities, which highlight the significant attractiveness of the Group within the general growing demand for healthcare services.

Consolidated Operating EBITDA Adjusted

Consolidated Operating EBITDA Adjusted in Q1 2023 was €18.8M, increasing 31.0% on €14.3M in the previous year. These results include the contribution for 3 months of GVDR, acquired in December 2022.

Op. EBITDA Adj. in Euro millions	Q1 2023	Q1 2022	vs. Q1 22 (€M)	vs. Q1 22 (%)
Total	18.8	14.3	+4.5	+31.0%

At like-for-like perimeter, i.e. excluding for 2023 the contribution for 3 months of GVDR, Op. EBITDA Adjusted was up 24.5% on Q1 2022 (€17.8M vs €14.3M) with a margin of 20.2% significantly increasing on the same quarter of the previous year (17.8%).

Consolidated EBIT and Consolidated Profit before taxes

Q1 2023 EBIT was €14.0M, increasing €6.1M on €7.8M in 2022 (+78.0%).

This result benefited from the lower net non-recurring costs (adjustments) for €1.9M, mainly due to: (i) the “extra-Covid costs” in the quarter that are significantly lower than those recorded in the previous year (€0.2M vs. €1.2M in Q1 2022) and (ii) the partial reimbursement in the quarter of the “extra-Covid costs” incurred by some Group companies, out of costs incurred in previous years, for a total of €1.3M (vs. €0.3M in Q1 2022).

This result reflect amortisation, depreciation and write-downs of approx. €5.0M in the period, increasing €0.4M on 2022, mainly due to the change in perimeter during the period, in addition to impairments and other provisions for €0.8M, decreasing €0.2M on €1.0M in 2022.

EBIT in Euro millions	Q1 2023	Q1 2022	vs. Q1 22 (€M)	vs. Q1 22 (%)
Total	14.0	7.8	+6.1	+78.0%

The Profit before taxes in Q1 2023 was €11.8M, up 75.6% on €6.7M in Q1 2022. This amount reflects net financial charges of €2.2M (€1.2M in Q1 2022).

Profit before taxes in Euro millions	Q1 2023	Q1 2022	vs. Q1 22 (€M)	vs. Q1 22 (%)
Total	11.8	6.7	+5.1	+75.6%



Consolidated Net Profit

The Group Net Profit was €8.7M, increasing €3.6M on €5.1M in Q1 2022. This amount reflects income taxes of €3.1M, increasing on €1.6M in 2022, principally due to the higher profit before taxes.

Net Profit in Euro millions	Q1 2023	Q1 2022	vs. Q1 22 (€M)	vs. Q1 22 (%)
Total	8.7	5.1	+3.6	+72.0%

GHC Group consolidated balance sheet highlights

Consolidated Net Financial Position

At March 31, 2023, the Net Financial Position (NFP) of GHC was €148.3M, comprising liquidity of €33.1M and financial debt of €181.4M.

Net Financial Position in Euro millions	Q1 2023	FY2022	Change vs. FY2022
Total	148.3	145.0	+3.3
Financial leverage (x) ⁽³⁾	2.3x	2.4x	-0.1x

The NFP at March 31, 2023 reflects the temporary increase in trade receivables, mainly concerning the activities carried out in 2022 for Outside-Region patients and not yet received by a number of Group facilities, which is estimated to be collected by the second quarter of the year, with a consequent positive impact for Net Operating Working Capital.

Capex

In Q1 2023, the Group invested a total of approx. €3.9M (€3.1M in Q1 2022). In particular, approx. €1.2M concerns expansion Capex mainly for the extraordinary project of Istituto Raffaele Garofalo (Eremo di Miazzina).

SUBSEQUENT EVENTS TO THE QUARTER

On May 4, 2023, Garofalo Health Care S.p.A. acquired an 86.95% stake in the share capital of Sanatorio Triestino S.p.A.. The latter company owns a well-established accredited care clinic in the city of Trieste, which has always constituted a point of reference in the area thanks to the quality of the services and facilities provided.

The transaction allows Garofalo Health Care S.p.A. to reinforce its presence in Friuli-Venezia Giulia, a Region where the Group already operates through the Centro Medico Università Castrense, which will enable the creation of significant synergies. Sanatorio Triestino also owns controlling interests in Eutonia S.r.l. Sanità & Salute, the largest physiotherapy and rehabilitation clinic in the Province of Trieste, and in Terme del Friuli-Venezia Giulia S.r.l., a company that currently manages the “Arta” and “Monfalcone” spas.

The Enterprise Value (100%) of the transaction is €16.9M, while the Equity Value is €13.2M, calculated based on the Net Financial Position at December 31, 2022. Approximately half of the acquisition shall be funded through own funds, with the other half coming from bank debt, as GHC has access to a new acquisitions Financing Line granted to the Group in 2021 by a syndicate of leading Italian banks.

OUTLOOK

The issue of healthcare nationally features secular demographic trends (such as an aging population and a higher incidence of chronic diseases than the European average), factors that are sharply increasing care needs, a situation which has been severely compounded by accumulated delays in the provision of services due to the pandemic.

⁽³⁾ Calculated as the ratio between NFP and Operating EBITDA Adj. for the last 12 months, including the full contribution from the acquisition of GVDR in December 2022.



In this context, the Group will continue to operate in 2023 by fully executing accredited activities, including the increased resources that may be allocated during the year for the reduction of waiting lists - as in previous years - and especially by strengthening and developing activities for private "out-of-pocket" patients on the back of the significant growth already achieved in the first quarter of the year.

It is also specified that the Group's expected results, when comparing with 2022, could benefit from the reduction in energy prices based on the sharply declining trend over the first quarter of the year, although external uncertainties remain in this area.

As highlighted by this latest acquisition of Sanatorio Triestino, the Group has confirmed its strategic focus on continuing to grow also through acquisitions acquiring additional excellent facilities with non-dilutive performances also in perspective.

Lastly, the Group announces that it is engaged in the execution phase of the activities aimed at concentrating its significant Real Estate assets, currently held by the subsidiaries, in an already established dedicated vehicle (GHC Real Estate), wholly controlled by the Parent Company.

CONFERENCE CALL OUTLINING THE Q1 2023 RESULTS

The company announces that this afternoon, May 15, 2023, at 5.30 PM (CET) a conference call shall be held for investors and analysts to provide an overview of the key Q1 2023 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

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The Interim Financial Report at March 31, 2023 is available to the public on the website www.garofalohealthcare.com, Financial Statements and Reports Section and on the eMarket Storage authorised storage mechanism (www.emarketstorage.com).

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



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The GHC Group

The GHC Group, listed on the Euronext STAR segment of the Italian Stock Exchange, is an Italian accredited private healthcare leader operating through 33 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 "Social Services and Dependency Care Sector").

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FOR FURTHER DETAILS:

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Q1 2023 Consolidated Income Statement of the GHC Group

<i>In Euro thousands</i>	Q1 2023	Q1 2022
Revenues from services	89,568	79,217
Other revenues	2,717	1,188
TOTAL REVENUES	92,285	80,406
Raw materials and consumables	12,515	11,944
Service costs	36,925	33,124
Personnel costs	19,084	18,265
Other operating costs	3,959	3,649
Amortisation, depreciation, and write-downs	5,004	4,584
Impairments and other provisions	833	995
TOTAL OPERATING COSTS	78,320	72,560
EBIT	13,965	7,845
Financial income	6	16
Financial charges	(2,221)	(1,171)
FINANCIAL INCOME AND CHARGES	(2,215)	(1,156)
PROFIT BEFORE TAXES	11,749	6,690
Income taxes	3,060	1,637
NET PROFIT FOR THE PERIOD	8,690	5,053
Group	8,689	5,050
Minority interests	1	3

Consolidated Balance Sheet of the GHC Group at March 31, 2023

ASSETS <i>In Euro thousands</i>	Q1 2023	Q1 2022
Goodwill	91,392	91,392
Other intangible assets	196,165	196,038
Property, plant and equipment	220,705	221,826
Investment property	875	885
Equity investments	827	826
Other non-current financial assets	546	517
Other non-current assets	2,158	2,330
Deferred tax assets	10,427	10,615
TOTAL NON-CURRENT ASSETS	523,093	524,430
Inventories	4,441	4,244
Trade receivables	93,455	76,479
Tax receivables	4,501	5,933
Other receivables and current assets	5,227	3,137
Other current financial assets	345	215
Cash and cash equivalents	32,709	31,382
TOTAL CURRENT ASSETS	140,678	121,390
TOTAL ASSETS	663,772	645,820



Consolidated Balance Sheet of the GHC Group at March 31, 2023

<i>LIABILITIES</i> <i>In Euro thousands</i>	Q1 2023	Q1 2022
Share capital	31,570	31,570
Legal reserve	532	532
Other reserves	246,863	225,542
Group Net Profit	8,689	21,426
TOTAL GROUP SHAREHOLDERS' EQUITY	287,654	279,070
Non-controlling interests capital and reserves	29	76
Minority interest result	1	7
TOTAL SHAREHOLDERS' EQUITY	287,684	279,153
Employee benefits	13,100	13,551
Provisions for risks and charges	19,382	19,152
Non-current financial payables	130,894	132,165
Other non-current liabilities	2,877	3,208
Deferred tax liabilities	67,483	67,356
TOTAL NON-CURRENT LIABILITIES	233,737	235,431
Trade payables	52,536	51,100
Financial payables	50,477	44,443
Tax payables	5,349	3,211
Other current liabilities	33,989	32,482
TOTAL CURRENT LIABILITIES	142,350	131,236
TOTAL LIABILITIES	376,087	366,667
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	663,772	645,820

Consolidated Cash Flow Statement of the GHC Group at March 31, 2023

<i>In Euro thousands</i>	Q1 2023	Q1 2022
OPERATING ACTIVITIES		
Profit for the period	8,690	5,053
<i>Adjustments for:</i>		
- <i>Amortisation and depreciation</i>	4,840	4,424
- <i>Provisions for employee benefit liabilities</i>	179	182
- <i>Provisions net of releases for risks and charges</i>	833	995
- <i>Provisions net of releases for doubtful debt provision</i>	164	160
- <i>Interest from discounting</i>	1,946	996
- <i>Change in other non-current assets and liabilities</i>	(187)	1,496
- <i>Net change in deferred tax assets and liabilities</i>	217	(55)
- <i>Payments for employee benefits</i>	(281)	(384)
- <i>Payments for provisions for risks and charges</i>	(603)	(426)
<i>Changes in operating assets and liabilities:</i>		
(Increase) decrease in trade and other receivables	(17,140)	(1,988)
(Increase) decrease in inventories	(196)	23
Increase (decrease) in trade and other payables	1,436	3,968
Other current assets and liabilities	2,723	(848)
NET CASH FLOW FROM OPERATING ACTIVITIES (A)	2,621	13,595
CASH FLOW FROM INVESTING ACTIVITIES		
<i>Investments in intangible assets</i>	(360)	(264)
<i>Investments in tangible assets</i>	(3,365)	(2,799)
<i>(Investments)/disposals in financial assets</i>	(21)	-
<i>Sale of tangible assets</i>	13	-
CASH FLOW ABSORBED BY INVESTING ACTIVITIES (B)	(3,733)	(3,063)
CASH FLOW FROM FINANCING ACTIVITIES		
<i>Issue of medium/long term loans</i>	-	65
<i>Repayment of medium/long-term loans</i>	(153)	-
<i>Issue/(repayment) of short-term loans</i>	4,480	(5,562)
<i>Changes in other financial payables</i>	(1,438)	(1,212)
<i>(Acquisition) treasury shares</i>	(450)	(1,359)
NET CASH FLOW GENERATED/(ABSORBED) FROM FINANCING ACTIVITIES (C)	2,439	(8,068)
TOTAL CASH FLOWS (D=A+B+C)	1,327	2,464
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD (E)	31,382	41,239

<i>In Euro thousands</i>	Q1 2023	Q1 2022
CASH & CASH EQUIVALENTS AT END OF PERIOD (F=D+E)	32,709	43,703
Additional information:		
Interest paid	-	-
Income taxes paid	-	-

Consolidated Net Financial Position of the GHC Group at March 31, 2023

<i>In Euro thousands</i>	Q1 2023	FY 2022
(A) Available liquidity	32,709	31,382
(B) Cash equivalents	-	-
(C) Other current financial assets	345	215
(D) Liquidity (A+B+C)	33,054	31,597
(E) Current financial debt	26,744	22,297
(F) Current portion of non-current financial debt	23,733	22,146
(G) Total current financial debt (E + F)	50,477	44,443
(H) Net current financial debt (G - D)	17,422	12,846
(I) Non-current financial debt	130,894	132,165
(J) Debt instruments	-	-
(K) Trade payables and other non-current payables	-	-
(L) Non-current financial debt (I + J + K)	130,894	132,165
(M) Total financial debt (H + L)	148,316	145,011