



Press Release

GAROFALO HEALTH CARE S.P.A.: BOARD OF DIRECTORS APPROVES H1 2023 CONSOLIDATED RESULTS

ORGANIC GROWTH CONTINUES THANKS TO CONSISTENT INCREASE IN “OUT-OF-POCKET” AND OUTSIDE-REGION ACTIVITIES, CONFIRMING THE GROWING CARE NEEDS ALREADY EMERGED IN Q1 THIS YEAR

- REVENUES OF €186.7M VS. €166.3M IN H1 2022 (+12.3%)
- OP. EBITDA ADJ.⁽¹⁾ OF €38.2M VS. €31.2M IN H1 2022 (+22.7%)
- GROUP NET PROFIT OF €15.9M VS. €13.2M IN H1 2022 (+20.4%)
- NFP OF €143.7M WITH FINANCIAL LEVERAGE⁽²⁾ REDUCING TO 2.1x AND CASH GENERATION FROM OPERATING ACTIVITIES IN THE 6 MONTHS OF €21.9M

Rome, September 12, 2023 – Garofalo Health Care S.p.A. (“GHC”) today approved the Half-Year Report at June 30, 2023, drawn up as per IAS/IFRS international accounting principles.

Maria Laura Garofalo, Chief Executive Officer of GHC, stated: “*The Group's activity in the first half of the year was absolutely of great importance, thanks to the organic growth that GHC recorded in the first six months compared to 2022. Our results are the confirmation of a country increasingly in need of assistance and investments in healthcare, which can be realized and reach their maximum potential through stronger partnerships between the public and private sectors. For this reason, we will continue to give high priority to the accredited activity and to fight the age-old problem of long waiting lists, as well as we will continue to develop activities for "out-of-pocket" and outside-region patients. We are confident that our strategy, together with the excellent work of all our employees and collaborators, shall ensure the Group's continued growth in the second half of the year.*”

⁽¹⁾ Operating EBITDA Adjusted defined as EBIT + depreciation and amortisation + provisions and write-downs + adjustments (these latter in H1 2023 positive for approx. €0.3M and mainly related to the reimbursements recognised by the Regions to some Group facilities for “extra-Covid costs” incurred in 2021 and in Q1 2022). The adjustments in H1 2022, negative for €0.3M, 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 (realized in December 2022) and of Sanatorio Triestino (realized in May 2023)

GHC Group H1 2023 consolidated key operating highlights

Consolidated Half-Year Revenues

GHC consolidated Revenues totalled €186.7M in H1 2023, up €20.4M on €166.3M in H1 2022 (+12.3%). In comparison with the previous period, these results include the additional contribution for 6 months of GVDR, acquired in December 2022, and the contribution for 2 months of Sanatorio Triestino, acquired in May 2023.

Revenues in Euro millions	H1 2023	H1 2022	vs. H1 '22 (€M)	vs. H1 '22 (%)
Total	186.7	166.3	+20.4	+12.3%

At like-for-like perimeter, Revenues were up 5.8% on H1 2022 (€175.8M vs. €166.3M). These results mainly benefited from the increase in private patients (approx. +12% y/y) and Outside-Region (approx. +7% y/y) activities, which highlight the significant attractiveness of the Group within the general growing demand for healthcare services.

Focus on Q2 2023 Consolidated Revenues

GHC consolidated Revenues in Q2 totalled €94.4M, up €8.5M on €85.9M in Q2 2022 (+9.9%). In comparison with the previous period, these results include the additional contribution for 3 months of GVDR, acquired in December 2022, and the contribution for 2 months of Sanatorio Triestino, acquired in May 2023.

Revenues in Euro millions	Q2 2023	Q2 2022	vs. Q2 '22 (€M)	vs. Q2 '22 (%)
Total	94.4	85.9	+8.5	+9.9%

At like-for-like perimeter, Revenues rose 1.6% on Q2 2022 (€87.3M vs. €85.9M). These results also benefited from the sustained increase of activities regarding private patients, in addition to the increase in Outside-Region activities.

Consolidated Half-Year Operating EBITDA Adjusted

Consolidated Operating EBITDA Adjusted for H1 2023 amounted to €38.2M, up 22.7% on €31.2M in the previous year, with a margin of 20.5% (vs. 18.7% in H1 2022).

Op. EBITDA Adj. in Euro millions	H1 2023	H1 2022	vs. H1 '22 (€M)	vs. H1 '22 (%)
Total	38.2	31.2	+7.1	+22.7%

At like-for-like perimeter, Op. EBITDA Adjusted increased 15.5% on H1 2022 (€36.0M vs. €31.2M). This result benefits, in addition to the increased production volumes, from the significant decline in energy costs compared to H1 2022 and substantially aligned with 2021, year preceding the “energy shock”.

Focus on Q2 2023 Consolidated Operating EBITDA Adjusted

Consolidated Operating EBITDA Adjusted for Q2 2023 amounted to €19.5M, up 15.7% on €16.8M in the previous year, with a margin of 20.6% (vs. 19.6% in Q2 2022).

Op. EBITDA Adj. in Euro millions	Q2 2023	Q2 2022	vs. Q2 '22 (€M)	vs. Q2 '22 (%)
Total	19.5	16.8	+2.6	+15.7%

At like-for-like perimeter, Op. EBITDA Adjusted was up 7.9% on Q2 2022 (€18.2M vs. €16.8M), mainly due to the above-mentioned effects.

Consolidated Half-Year EBIT and Consolidated Profit before taxes

EBIT in H1 2023 was €26.0M, increasing €6.6M on €19.4M in H1 2022 (+34.1%).

This result benefited from the lower net non-recurring costs (adjustments) for €0.6M, mainly due to significantly lower “extra-Covid costs” in the period compared to previous year, partially offset by higher M&A costs for the acquisition of Sanatorio Triestino.

This result in addition reflects amortisation, depreciation and write-downs in the period of approx. €10.1M, increasing €0.9M compared to H1 2022, mainly for the change in perimeter, in addition to the value adjustments and other provisions for €2.4M, increasing €0.2M on €2.2M for H1 2022, although with a percentage incidence on Revenues substantially aligned with historical figures.

EBIT in Euro millions	H1 2023	H1 2022	vs. H1 '22 (€M)	vs. H1 '22 (%)
Total	26.0	19.4	+6.6	+34.1%

The Profit before taxes in H1 2023 was €21.5M, up 24.1% on €17.3M in H1 2022. This amount reflects net financial charges of €4.5M (€2.1M in H1 2022).

Profit before taxes in Euro millions	H1 2023	H1 2022	vs. H1 '22 (€M)	vs. H1 '22 (%)
Total	21.5	17.3	+4.2	+24.1%

Consolidated Half-Year Net Profit

The Group Net Profit was €15.9M, increasing €2.7M on €13.2M in H1 2022 (+20.4%). This amount reflects income taxes of €5.5M, increasing on €4.0M in H1 2022, mainly due to the higher profit before taxes.

Net Profit in Euro millions	H1 2023	H1 2022	vs. H1 '22 (€M)	vs. H1 '22 (%)
Total	15.9	13.2	+2.7	+20.4%

GHC Group consolidated balance sheet highlights

Consolidated Net Financial Position

At June 30, 2023, the Net Financial Position (NFP) of GHC was €143.7M, comprising liquidity of €35.6M and financial debt of €179.3M.

Net Financial Position in Euro millions	H1 2023	FY2022	Change vs. FY2022
Total	143.7	145.0	-1.3
<i>Financial leverage (x)⁽³⁾</i>	2.1x	2.4x	-0.3x

Excluding non-recurring items, NFP would be €123.1M, improving €21.9M on December 31, 2022. These non-recurring items are mainly attributable to the acquisition of Sanatorio Triestino, in addition to expansion Capex and other items mostly related to M&A costs and the purchase of treasury shares.

⁽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 (realized in December 2022) and of Sanatorio Triestino (realized in May 2023)



Capex

In H1 2023, the Group invested overall approx. €7.7M (€8.9M in H1 2022). In particular, approx. €2.2M concerns expansion Capex mainly related to the extraordinary project of Istituto Raffaele Garofalo (Eremo di Miazzina), whose activities have started in August 2023.

SUBSEQUENT EVENTS TO PERIOD-END

On July 28, 2023, Garofalo Health Care S.p.A. was awarded the assets of Aurelia 80 S.p.A. in liquidation ("Aurelia 80"), the operating holding company of the Aurelia Group, which operates in the accredited private hospital sector.

Specifically, the transaction involves the acquisition of the accredited private facility Aurelia Hospital and the shareholdings held by Aurelia 80 in 3 other accredited private healthcare facilities (European Hospital, Hospice S. Antonio da Padova and Struttura Residenziale Psichiatrica Samadi), located in Rome.

The facilities acquired are characterized by high levels of specialization, representing a point of reference not only for the Lazio Region but also for the entire national territory, having a total NHS budget of over €68M, as well as a total of 628 authorized beds (of which 500 accredited).

The Equity Value of the transaction is €47M, corresponding to an Enterprise Value of approx. €71M, calculated on the basis of the cumulative Net Financial Position as of December 31, 2022. The acquisition also includes the instrumental Real Estate assets of the healthcare facilities (with the exception of the Hospice S. Antonio da Padova), for a total area of approx. 32,000sqm to which to add a building area of over 2,000sqm which will be used for the realization of the "Cardiovascular Heart Center" at the Aurelia Hospital.

The acquisition will be financed with own resources and with recourse to bank debt, as GHC has the availability of a credit line for new acquisitions granted to the Group in 2021 by a pool of leading national banks.

The closing of the transaction, expected by the autumn of the current year, is subject to the occurrence of the usual conditions precedent for this type of transactions.

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.

In this context, the Group will continue to operate in 2023 by fully executing accredited activities, including the increased resources which have already been partly allocated, in addition to those that may be allocated in the second half of 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 two quarters of the year and of the discussions with social security institutions and healthcare funds.

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

Finally, the Group confirms that the activities aimed to concentrate its significant Real Estate assets in a dedicated vehicle entirely held by the Parent Company (GHC Real Estate), are proceeding according to plan and will be completed - for a significant majority of its real estate value - by the end of the current year.



CONFERENCE CALL OUTLINING THE H1 2023 RESULTS

The Company announces that this afternoon, September 12, 2023, at 4.00 PM (CET) a conference call shall be held for investors and analysts to provide an overview of the key H1 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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In accordance with Article 154-ter, paragraph 2 of Legislative Decree No. 58 of February 24, 1998, the Half-Year Report at June 30, 2023, approved today by the Board of Directors and including the Consolidated Half-Year Financial Statements at June 30, 2023, 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/Accounts 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.

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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.

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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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Consolidated Income Statement of the GHC Group at June 30, 2023

<i>In Euro thousands</i>	30/06/2023	of which related parties	30/06/2022	of which related parties
Revenues from services	182,514		162,828	
Other revenues	4,149		3,460	
TOTAL REVENUE	186,663		166,288	
Raw materials and consumables	25,295		24,187	
Service costs	74,951	400	67,094	236
Personnel costs	39,205		36,785	
Other operating costs	8,703		7,366	
TOTAL OPERATING COSTS	148,155		135,433	
TOTAL EBITDA	38,508		30,855	
Amortisation, depreciation & write-downs	10,080		9,230	
Impairments and other provisions	2,417		2,230	
TOTAL AMORTISATION, DEPRECIATION, WRITE-DOWNS, PROVISIONS AND OTHER ADJUSTMENTS	12,498		11,460	
EBIT	26,010		19,395	
Financial income	34		76	
Financial charges	(4,663)		(2,247)	
Results of investments at equity	83		65	
FINANCIAL INCOME AND CHARGES	(4,546)		(2,106)	
PROFIT BEFORE TAXES	21,464		17,289	
Income taxes	5,509		4,037	
NET PROFIT FOR THE PERIOD	15,955		13,252	
Group	15,939		13,244	
Minority interest share	16		8	
Basic and diluted earnings per share (in Euro)	0.18		0.15	

Consolidated Balance Sheet of the GHC Group at June 30, 2023

ASSETS <i>In Euro thousands</i>	30/06/2023	of which related parties	31/12/2022	of which related parties
Goodwill	90,204		91,392	
Other intangible assets	210,139		196,038	
Property, plant and equipment	228,845		221,826	
Investment property	865		885	
Equity investments	1,300		826	
Other non-current financial assets	585		517	
Other non-current assets	2,226		2,330	
Deferred tax income	11,001		10,615	
TOTAL NON-CURRENT ASSETS	545,165		524,430	
Inventories	4,714		4,244	
Trade receivables	85,652	1	76,479	1
Tax receivables	5,105		5,933	
Other receivables and current assets	6,378		3,137	
Other current financial assets	2,878		215	
Cash and cash equivalents	32,745		31,382	
TOTAL CURRENT ASSETS	137,472		121,390	
TOTAL ASSETS	682,637		645,820	

Consolidated Balance Sheet of the GHC Group at June 30, 2023

<i>LIABILITIES In Euro thousands</i>	30/06/2023	of which related parties	31/12/2022	of which related parties
Share capital	31,570		31,570	
Legal reserve	614		532	
Other reserves	246,811		225,542	
Group result	15,939		21,426	
TOTAL GROUP SHAREHOLDERS' EQUITY	294,935		279,070	
Minority interest capital and reserves	743		76	
Minority interest result	16		7	
TOTAL SHAREHOLDERS' EQUITY	295,694		279,153	
Employee benefits	13,472		13,551	
Provisions for risks and charges	21,010		19,152	
Non-current financial payables	131,948		132,165	
Other non-current liabilities	3,160		3,208	
Deferred tax charges	71,290		67,356	
TOTAL NON-CURRENT LIABILITIES	240,880		235,431	
Trade payables	56,402	376	51,100	38
Financial payables	47,362		44,443	
Tax payables	5,441		3,211	
Other current liabilities	36,857		32,482	
TOTAL CURRENT LIABILITIES	146,062		131,236	
TOTAL LIABILITIES	386,942		366,667	
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	682,637		645,820	

Consolidated Cash Flow Statement of the GHC Group at June 30, 2023

<i>In Euro thousands</i>	30/06/2023	30/06/2022
OPERATING ACTIVITIES		
Profit/(loss) for the period	15,955	13,252
<i>Adjustments for:</i>		
- <i>Amortisation and depreciation</i>	9,960	8,992
- <i>Provisions for employee benefit liabilities</i>	393	373
- <i>Provisions net of releases for risks and charges</i>	2,417	2,336
- <i>Provisions net of releases for doubtful debt provision</i>	121	133
- <i>Interest from discounting</i>	864	849
- <i>Other non-cash adjustments</i>	186	-
- <i>Change in investments in associates valued under the equity method</i>	(83)	(65)
- <i>Change in other non-current assets and liabilities</i>	54	1,884
- <i>Net change in deferred tax assets and liabilities</i>	149	(713)
- <i>Payments for employee benefits</i>	(629)	(678)
- <i>Payments for provisions for risks and charges</i>	(1,469)	(1,436)
<i>Changes in operating assets and liabilities:</i>		
<i>(Increase) decrease in trade and other receivables</i>	(5,318)	1,444
<i>(Increase) decrease in inventories</i>	(159)	42
<i>Increase (decrease) in trade and other payables</i>	1,552	2,538
<i>Other current assets and liabilities</i>	3,838	(362)
NET CASH FLOW FROM OPERATING ACTIVITIES (A)	27,831	28,588
CASH FLOW FROM INVESTING ACTIVITIES		
<i>Investments in intangible assets</i>	(687)	(402)
<i>Investments in tangible assets</i>	(6,746)	(6,741)
<i>(Investments)/disposals in financial assets</i>	(1,145)	-
<i>Sale of tangible assets</i>	313	26
<i>Dividends from associates</i>	-	120
<i>Sanatorio Triestino acquisition</i>	(10,516)	-
CASH FLOW ABSORBED BY INVESTING ACTIVITIES (B)	(18,780)	(6,997)

<i>In Euro thousands</i>	30/06/2023	30/06/2022
CASH FLOW FROM FINANCING ACTIVITIES		
<i>Issue of medium/long term loans</i>	7,518	65
<i>Repayment of medium/long-term loans</i>	(11,663)	(11,111)
<i>Issue/(repayment) of short-term loans</i>	(189)	(5,028)
<i>Changes in other financial payables</i>	(2,904)	(4,254)
<i>(Acquisition) treasury shares</i>	(450)	(2,083)
NET CASH FLOW GENERATED/(ABSORBED) FROM FINANCING ACTIVITIES (C)	(7,688)	(22,411)
TOTAL CASH FLOWS (D=A+B+C)	1,363	(820)
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD (E)	31,382	41,239
CASH & CASH EQUIVALENTS AT END OF PERIOD (F=D+E)	32,745	40,419
Additional information:		
Interest paid	2,934	1,340
Income taxes paid	2,862	3,192

Consolidated Net Financial Position of the GHC Group at June 30, 2023

<i>In Euro thousands</i>	30/06/2023	31/12/2022
A Available liquidity	32,745	31,382
B Cash equivalents	2,277	-
C Other current financial assets	601	215
D Liquidity	35,623	31,597
E Current financial debt	22,016	22,297
F Current portion of non-current financial debt	25,346	22,146
G Current financial debt	47,362	44,443
H Net current financial debt (G - D)	11,739	12,846
I Non-current financial debt	131,948	132,165
J Debt instruments	-	-
K Trade payables and other non-current payables	-	-
L Non-current financial debt (I + J + K)	131,948	132,165
M Total financial debt (H + L)	143,688	145,011