



# **INTERIM FINANCIAL REPORT AT SEPTEMBER 30, 2023**



## CONTENTS

<b>COMPANY INFORMATION</b> .....	3
<b>CORPORATE BOARDS</b> .....	4
<b>1. METHODOLOGICAL NOTE</b> .....	5
<b>2. GROUP STRUCTURE</b> .....	5
<b>3. GHC GROUP FINANCIAL HIGHLIGHTS</b> .....	9
<b>4. INVESTMENTS</b> .....	16
<b>5. MANAGEMENT AND CO-ORDINATION</b> .....	17
<b>6. SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD</b> .....	17
<b>7. OUTLOOK</b> .....	17
<b>8. FINANCIAL STATEMENTS</b> .....	18
<b>9. DECLARATION OF THE EXECUTIVE OFFICER</b> .....	22

## 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. METHODOLOGICAL NOTE

This Interim Report was drawn up according to Article 82-*ter* of the Issuers' Regulation, adopted with motion No. 11971 of May 14, 1999, introduced on the basis of Article 154-*ter*, paragraphs 5 and 6 of the Consolidated Finance Act ("CFA"). Therefore, the provisions of the international accounting standard covering interim reporting (IAS 34 "Interim Financial Reporting") were not adopted. All amounts are expressed in thousands of Euro, unless otherwise stated.

The publication of the Interim Financial Report at September 30, 2023 is governed by the Regulation of Markets organised and managed by "Borsa Italiana" and, in particular, Article 2.2.3, paragraph 3.

The accounting standards used by the Group are the International Financial Reporting Standards, endorsed by the European Union ("IFRS") and in application of Legislative Decree No. 38/2005 and the other Consob financial statements provisions. The accounting policies and consolidation principles adopted are the same as those utilised for the 2022 Consolidated Annual Financial Statements, to which reference should be made.

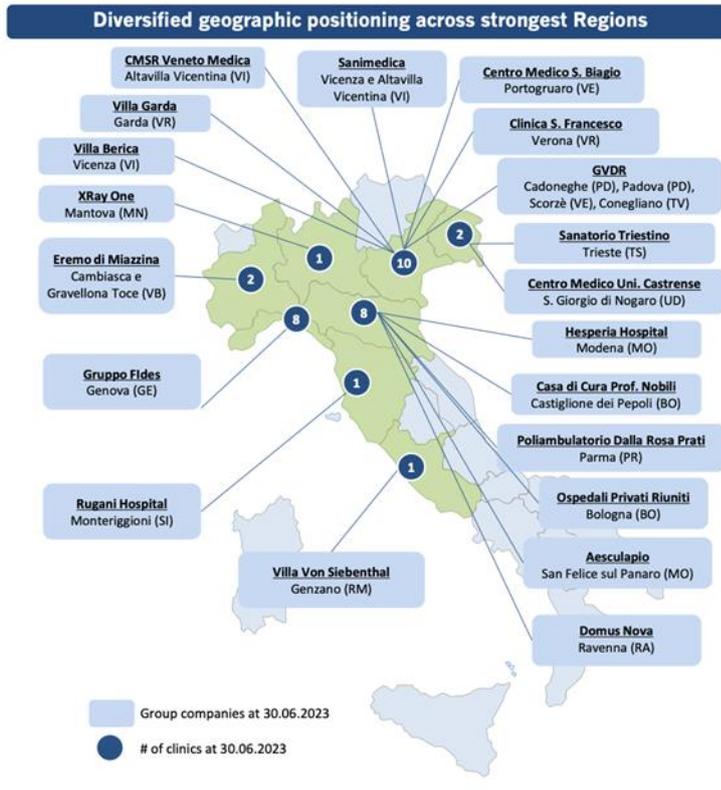
The Interim Report at September 30, 2023 was approved by the Board of Directors on November 14, 2023.

## 2. GROUP STRUCTURE

### ➤ Overview of the Group's healthcare facilities

The GHC Group is an Italian accredited private healthcare leader operating, at September 30, 2023, through 33 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 specialisms, the use of cutting-edge technologies and highly-qualified personnel.

Garofalo Health Care S.p.A. on May 4, 2023 acquired 86.95% of Sanatorio Triestino S.p.A. and in the following months purchased additional shares, eventually coming to hold 96.39% as of September 30, 2023. Sanatorio Triestino S.p.A. 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 Company, founded in 1897 in Trieste, is accredited with the Regional Health System (RHS). It has 80 medical-surgical beds (in the specialisms of general surgery, gynaecology, internal medicine, ophthalmology, orthopaedics and urology) and 40 long-term care beds. Sanatorio Triestino also owns the building in which it carries out its healthcare activities, which has an area of about 8,000m<sup>2</sup> and was extensively renovated in 2015, in addition to an area of over 6,000m<sup>2</sup> that may be built on. The newly-acquired company has a total budget of Euro 9.1 million, of which Euro 2.8 million for outpatient activity and Euro 6.3 million for inpatient activity. Sanatorio Triestino holds a majority interest in Terme del Friuli-Venezia Giulia S.r.l. ("Terme FVG"), a company that manages the "Arta" and "Monfalcone" thermal baths, and has a 50% interest in Eutonia S.r.l. Sanità & Salute ("Eutonia"), the largest physical therapy and rehabilitation company in the Province of Trieste.



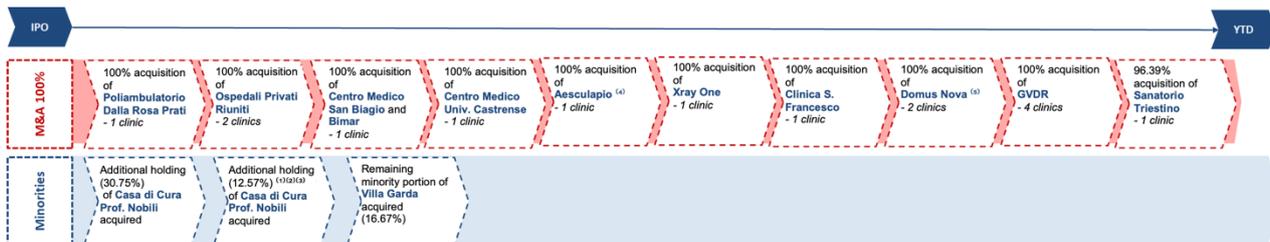
### GHC Group - Highlights(\*)



(\*) Figures at 31.12.2022 include also the contribution for 2022 of Sanatorio Triestino

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 September 30, 2023, the Group executed its acquisition-led growth strategy, with 10 acquisitions for 15 new clinics, in addition to acquisitions of further minority holdings of existing subsidiaries (Casa di Cura Prof. Nobili and Villa Garda, this latter now 100% owned), as set out below.



(1) For a total of 95.35% of the share capital and 98.8% of voting rights considering the treasury shares held by Casa di Cura Prof. Nobili  
 (2) On 15.01.2020 GHC further increased its holding to 99.22% of voting rights  
 (3) On 25.01.2023 GHC further increased its holding to 99.74% of voting rights  
 (4) Acquisition made by the subsidiary Hesperia Hospital  
 (5) In H2 2022, GHC acquired the residual holding (now holding 100%)

It is recalled that 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 clinic Aurelia Hospital and the stakes held by Aurelia 80 in 3 other accredited private healthcare clinics (European Hospital, Hospice S. Antonio da Padova and Struttura Residenziale Psichiatrica Samadi), located in Rome.

The acquired clinics are highly specialised, representing a benchmark not only for the Lazio Region but also for the entire country, having a total National Health System budget of more than Euro 68 million, in addition to 628 authorised beds (of which 500 are accredited).

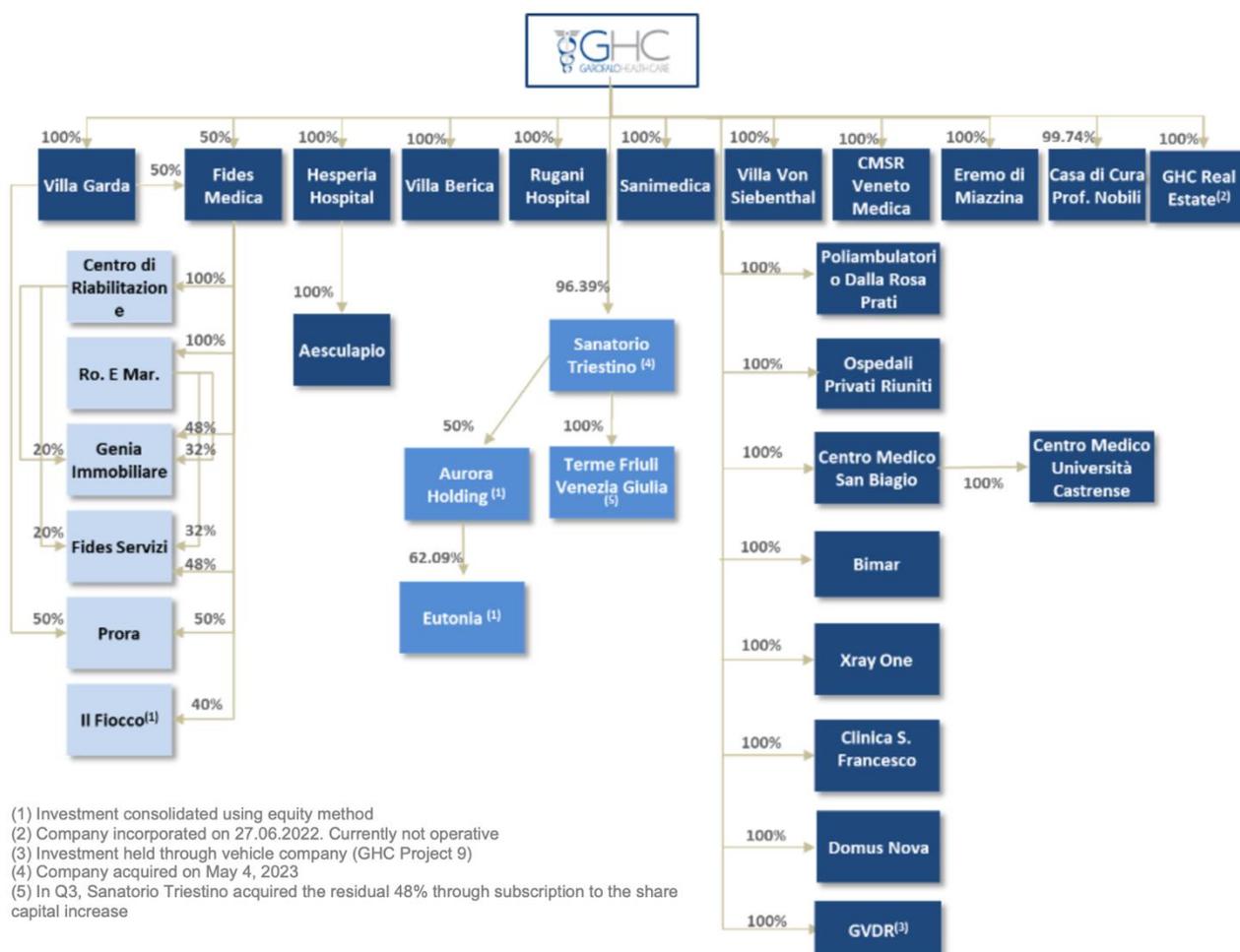
The Equity Value of the transaction is Euro 47 million, corresponding to an Enterprise Value of approx. Euro 71 million, calculated based on the total Net Financial Position at December 31, 2022. The acquisition also includes the real estate assets of the healthcare clinics (with the exception of Hospice S. Antonio da Padova), which cover a total area of approx. 32,000 sq. metres, in addition to a construction area of more than 2,000 sq. metres, which will be used for the construction of the "Cardiovascular Heart Centre" at Aurelia Hospital.

The acquisition shall be financed through own funds and 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.

The closing of the transaction, expected by the end of this year, is subject to the usual conditions for such transactions.

### ➤ The Garofalo Healthcare Group

The chart below shows the GHC Group's structure at September 30, 2023, 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:



## ➤ Group activities by sector

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

Sector	ACUTE	POST-ACUTE		OUTPATIENT	DEPENDENCY CARE	Leases and other revenues from non-core activities
		Long-term care	Rehabilitation			
Main services provided	<ul style="list-style-type: none"> <li>Wide range of specialisations in acute patient therapy, including:               <ul style="list-style-type: none"> <li>Heart surgery</li> <li>Cardiology (clinical and interventional)</li> <li>Orthopaedics</li> <li>Diabetology</li> <li>Urology</li> <li>Otorhinolaryngology</li> <li>General surgery</li> <li>Vascular Surgery</li> <li>Gynaecology</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Long-term hospitalisations for patients suffering from:               <ul style="list-style-type: none"> <li>Disabling chronic conditions</li> <li>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</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Rehabilitation treatments, including:               <ul style="list-style-type: none"> <li>Cardiology</li> <li>Neurology</li> <li>Neuromotor</li> <li>Nutritional</li> <li>Respiratory</li> <li>Physiotherapy</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Outpatient services, consultations, and diagnostic services performed by hospital and non-hospital facilities:               <ul style="list-style-type: none"> <li>Doppler echocardiogram</li> <li>Holter test</li> <li>Doppler vascular ultrasound</li> <li>Myocardial perfusion imaging</li> <li>CT and Cardiac CT</li> <li>Ultrasound</li> <li>MRI</li> <li>Nuclear medicine</li> <li>Laboratory analyses</li> <li>Outpatient dialysis</li> <li>Ophthalmology</li> <li>Dental services</li> <li>PET/CT</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Assistance and treatment of specific conditions, including:               <ul style="list-style-type: none"> <li>Severe disabilities</li> <li>Patients with LIS (Locked-in Syndrome) or with amyotrophic lateral sclerosis in the terminal phase (NAC Departments - High Chronic Neurological Complexity Unit)</li> <li>Complex disabilities, mainly motor or clinical assistance and functional (Healthcare Assistance Continuity)</li> <li>Patients with severe acquired brain injury disabilities</li> <li>Psychiatric disorders and disorders related to the use of psychoactive substances</li> </ul> </li> </ul>	

## Brief description of the companies of the GHC Group

The GHC Group's 33 clinics are diversified by Region and by sector, as shown below.

Italian regions	No. Reporting Entities (20)	No. Clinics (33)	No. legal entities (legal persons) (26)	Sector	
				Hospital	Outpatient / Dependency care
Veneto	Villa Berica	1	1	✓	
	CMSR Veneto Medica	1	1		✓
	Sanimedica	1	1		✓
	Villa Garda	1	1	✓	
	Centro Medico S. Biagio <sup>(1)</sup>	1	2		✓
	Clinica S. Francesco	1	1	✓	
	GVDR	4	1		✓
Lombardy	Xray One	1	1		✓
Friuli Venezia-Giulia	Centro Medico Università Castranse	1	1		✓
	Sanatorio Triestino	1	1	✓	
Piedmont	Eremo di Miazzina	2	1	✓	✓
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	✓	
Tuscany	Rugani Hospital	1	1	✓	
Liguria	Fides Group <sup>(2)</sup>	8 <sup>(3)</sup>	6 <sup>(4)</sup>		✓
Lazio	Villa Von Siebenthal	1	1		✓

(1) Includes Centro Medico S. Biago S.r.l. and Bimar S.r.l.

(2) Excluding 4 facilities, which belong to "Il Fiocco scri", 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

(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.

<sup>(1)</sup> We note 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.

### 3. GHC GROUP FINANCIAL HIGHLIGHTS

#### GHC Group Financial Highlights

The 9M 2023 results indicate a significant increase both in terms of revenues and Operating EBITDA on the same period of the previous year.

The operating performance indicators for the first nine months of 2023 compared with the same period of 2022 are presented below.

In this regard, the 9M 2023 figures include also the full contribution of Gruppo Veneto Diagnostica e Riabilitazione S.p.A. (hereafter GVDR S.r.l.), acquired on December 6, 2022, and of Sanatorio Triestino S.p.A.<sup>2</sup>, acquired on May 4, 2023, not present in the same period of 2022.

Consolidated figures	9M 2023		9M 2022		2023 vs. 2022	
	Euro '000	%	Euro '000	%	Euro '000	%
<b>Revenues</b>	<b>263,131</b>	<b>100.0%</b>	<b>236,572</b>	<b>100.0%</b>	<b>26,559</b>	<b>11.2%</b>
Total operating costs (excl. "Adjustments") <sup>3</sup>	(212,162)	-80.6%	(194,248)	-82.1%	(17,913)	9.2%
<b>Op. EBITDA Adjusted</b>	<b>50,970</b>	<b>19.4%</b>	<b>42,324</b>	<b>17.9%</b>	<b>8,646</b>	<b>20.4%</b>
Other Costs (Adjustments) <sup>3</sup>	(299)	-0.1%	(729)	-0.3%	431	-59.0%
<b>Operating EBITDA</b>	<b>50,671</b>	<b>19.3%</b>	<b>41,595</b>	<b>17.6%</b>	<b>9,076</b>	<b>21.8%</b>
Amortisation, depreciation & write-downs	(15,543)	-5.9%	(13,906)	-5.9%	(1,637)	11.8%
Impairments and other provisions	(2,989)	-1.1%	(2,741)	-1.2%	(248)	9.0%
<b>EBIT</b>	<b>32,139</b>	<b>12.2%</b>	<b>24,948</b>	<b>10.5%</b>	<b>7,191</b>	<b>28.8%</b>
Net financial charges	(7,286)	-2.8%	(3,293)	-1.4%	(3,993)	121.2%
<b>Profit before taxes</b>	<b>24,853</b>	<b>9.4%</b>	<b>21,655</b>	<b>9.2%</b>	<b>3,198</b>	<b>14.8%</b>
Income taxes	(6,409)	-2.4%	(4,863)	-2.1%	(1,546)	31.8%
<b>Net Profit</b>	<b>18,444</b>	<b>7.0%</b>	<b>16,792</b>	<b>7.1%</b>	<b>1,652</b>	<b>9.8%</b>
<b>Group net profit</b>	<b>18,435</b>	<b>7.0%</b>	<b>16,785</b>	<b>7.1%</b>	<b>1,650</b>	<b>9.8%</b>
Minority interests	9	0.0%	7	0.0%	2	31.7%

<sup>2</sup> Including majority interest in Terme del Friuli Venezia Giulia s.r.l.

<sup>3</sup> 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)

## 2023 Consolidated Revenues Overview

GHC consolidated revenues in 9M 2023 amounted to Euro 263,131 thousand, up 11.2% on Euro 236,572 thousand in the same period of 2022.

The increase in revenues of Euro 26,559 thousand is due to the increased production of the companies at like-for-like consolidation scope and for Euro 16,990 thousand to the change in consolidation scope, as 9M 2023 benefited from the full contribution of GVDR S.r.l., acquired on December 6, 2022, and for two months of Sanatorio Triestino S.p.A., acquired on May 4, 2023.

Consolidated revenues <i>in Euro thousands</i>	9M23 Actual	9M22 Actual	9M23 vs. 9M22 Euro '000	9M23 vs. 9M22 %
<b>Total</b>	263,131	236,572	26,559	11.2%
<i>of which repayments of "additional COVID costs"</i>	1,307	1,569	(262)	-17.6%
<i>of which GVDR, Sanatorio Triestino and Terme del FVG</i>	16,990	-	16,990	n/a

The increased production of the companies at like-for-like consolidation scope was supported also by the increase in services provided to private patients, up approx. 11.3% on 9M 2022, confirming the popularity of the Group clinics and highlighting the increasing demand for healthcare services on the Italian market.

## 2023 Consolidated Costs Overview

Consolidated operating costs in the first nine months of 2023, net of Adjustments, totalled Euro 212,162 thousand, increasing Euro 17,913 thousand (+9.2%) on Euro 194,248 thousand in the same period of 2022.

The increase derives for Euro 3,926 thousand from the increased production volumes of the companies at like-for-like consolidation scope and for Euro 13,987 thousand the change in consolidation scope.

In the first nine months of 2023, energy costs sharply declined on the average for the same period of 2022, with energy costs thereby accounting for 2.0% of consolidated revenues (3.2% in 9M 2022). Considering the cost of energy, net of the tax credit recognised on the increase in energy and gas prices under the current legislation, the impact on revenues in the first nine months of 2023 would be 1.7% - basically in line with 2021's levels, which has been taken as the benchmark year before the "energy shock" of 2022.

## 2023 Consolidated Operating EBITDA and Operating EBITDA Adjusted

Consolidated Operating EBITDA Adjusted<sup>4</sup> amounted to Euro 50,970 thousand, up 20.4% on Euro 42,324 thousand in 9M 2022. The increase of Euro 8,646 thousand is due for Euro 5,725 thousand to the companies at like-for-like consolidation scope and for Euro 2,921 thousand to the change in consolidation scope.

The Adjustments, negative for Euro 299 thousand (negative for Euro 729 thousand in 9M 2022), comprised: i) additional COVID costs incurred in the first nine months of 2023 for Euro 802 thousand (Euro 2,223 thousand in 9M 2022); ii) the reimbursements recognised against the additional COVID costs incurred in 2021 and in Q1 2022 for Euro 1,307 thousand (Euro 1,569 thousand in 9M 2022), of which Euro 82 thousand deriving from the change in scope; and iii) M&A costs for Euro 804 thousand (Euro 75 thousand in 9M 2022).

The Group's Operating EBITDA Adjusted Margin was 19.4%, increasing on 17.9% on 9M 2022.

Operating EBITDA was Euro 50,671 thousand, up 21.8% on Euro 41,595 thousand in the same period of the previous year.

<sup>4</sup> 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 and Op. EBITDA Adj. Consolidated in Euro thousands	9M23 Actual	9M22 Actual	9M23 vs. 9M22 Euro '000	9M23 vs. 9M22 %
<b>Op. EBITDA</b>	<b>50,671</b>	<b>41,595</b>	<b>9,076</b>	<b>21.8%</b>
+ additional COVID costs (net reimbursements)	(505)	654	(1,159)	-177.2%
+ M&A costs	804	75	729	972.0%
<b>Op. EBITDA Adjusted</b>	<b>50,970</b>	<b>42,324</b>	<b>8,646</b>	<b>20.4%</b>
of which GVDR, Sanatorio Triestino and Terme del FVG	2,921	-	2,921	n.a
Op. EBITDA Margin (%)	19.3%	17.6%	-	-
Op. EBITDA Adjusted Margin (%)	19.4%	17.9%	-	-

### 2023 Consolidated EBIT overview

EBIT in 9M 2023 was Euro 32,139 thousand, up Euro 7,191 thousand (+28.8%) on Euro 24,948 thousand in 9M 2022.

This result includes amortisation, depreciation and write-downs in the period of Euro 15,543 thousand, increasing Euro 1.637 thousand on 9M 2022, mainly due to change in the consolidation scope, in addition to the adjustments and other provisions for Euro 2,988 thousand, increasing Euro 247 thousand on 9M 2022, although accounting for a substantially similar proportion of revenues as in the past.

Consolidated EBIT in Euro thousands	9M23 Actual	9M22 Actual	9M23 vs. 9M22 Euro '000	9M23 vs. 9M22 %
<b>Op. EBITDA</b>	<b>50,671</b>	<b>41,595</b>	<b>9,076</b>	<b>21.8%</b>
- Amortisation of intangible assets	(743)	(639)	(105)	16.4%
- Depreciation of property, plant & equip.	(14,657)	(12,884)	(1,773)	13.8%
- Write-downs	(143)	(384)	241	-62.7%
<b>Amortisation, depreciation &amp; write-downs</b>	<b>(15,543)</b>	<b>(13,906)</b>	<b>(1,637)</b>	<b>11.8%</b>
- End of mandate provisions	(19)	(35)	17	-47.1%
- Healthcare lawsuit provisions	(2,161)	(1,839)	(322)	17.5%
- Local Health Authority risk provisions	(1,383)	(1,383)	(0)	0.0%
- Other risk provisions	(82)	(65)	(17)	25.6%
+ Release of provisions	657	582	75	12.9%
<b>Impairments and other provisions</b>	<b>(2,988)</b>	<b>(2,741)</b>	<b>(247)</b>	<b>9.0%</b>
<b>= EBIT</b>	<b>32,139</b>	<b>24,948</b>	<b>7,191</b>	<b>28.8%</b>
EBIT Margin (%)	12.2%	10.5%	-	-

### 2023 Consolidated Net Profit overview

The Net Profit was Euro 18,444 thousand, an increase of Euro 1,652 thousand on Euro 16,792 thousand in 9M 2022.

This amount takes account of net financial charges of Euro 7,286 thousand, increasing Euro 3,993 thousand on 9M 2022, due to the increase in interest rates, and of income taxes for Euro 6,409 thousand, increasing Euro 1,546 thousand on the same period of the previous year, mainly as a result of the improved pre-tax profit.

### GHC Group Q3 2023 financial highlights

The operating performance indicators for Q3 2023 compared with the same period of 2022 are presented below.

Consolidated figures	Q3 2023		Q3 2022		Q3 2023 vs. Q3 2022	
	Euro '000	%	Euro '000	%	Euro '000	%
<b>Revenues</b>	<b>76,469</b>	<b>100.0%</b>	<b>70,285</b>	<b>100.0%</b>	<b>6,184</b>	<b>8.8%</b>
Total operating costs (excl. "Adjustments") <sup>3</sup>	(63,747)	-83.4%	(59,131)	-84.1%	(4,616)	7.8%
<b>Op. EBITDA Adjusted</b>	<b>12,722</b>	<b>16.6%</b>	<b>11,154</b>	<b>15.9%</b>	<b>1,568</b>	<b>14.1%</b>
Other Costs ("Adjustments") <sup>3</sup>	(558)	-0.7%	(414)	-0.6%	(145)	35.0%
<b>Operating EBITDA</b>	<b>12,163</b>	<b>15.9%</b>	<b>10,740</b>	<b>15.3%</b>	<b>1,423</b>	<b>13.3%</b>
Amortisation, depreciation & write-downs	(5,463)	-7.1%	(4,676)	-6.7%	(787)	16.8%
Impairments and other provisions	(571)	-0.7%	(511)	-0.7%	(61)	11.9%
<b>EBIT</b>	<b>6,129</b>	<b>8.0%</b>	<b>5,553</b>	<b>7.9%</b>	<b>576</b>	<b>10.4%</b>
Net financial charges	(2,740)	-3.6%	(1,188)	-1.7%	(1,552)	130.7%
<b>Profit before taxes</b>	<b>3,389</b>	<b>4.4%</b>	<b>4,366</b>	<b>6.2%</b>	<b>(976)</b>	<b>-22.4%</b>
Income taxes	(901)	-1.2%	(826)	-1.2%	(75)	9.0%
<b>Net Profit</b>	<b>2,489</b>	<b>3.3%</b>	<b>3,540</b>	<b>5.0%</b>	<b>(1,052)</b>	<b>-29.7%</b>
<b>Group net profit</b>	<b>2,496</b>	<b>3.3%</b>	<b>3,541</b>	<b>5.0%</b>	<b>(1,045)</b>	<b>-29.5%</b>
Minority interests	(7)	0.0%	(1)	0.0%	(6)	466.8%

### Consolidated revenues – Q3 2023

In Q3 2023, Group consolidated revenues totalled Euro 76,469 thousand, increasing Euro 6,184 thousand (+8.8%) on Euro 70,285 thousand in the same period of 2022, substantially due to the change in consolidation scope (Euro 6,114 thousand).

Consolidated revenues <i>in Euro thousands</i>	Q3 2023	Q3 2022	Q3 2023 vs. Q3 2022 Euro '000	Q3 2023 vs. Q3 2022 %
<b>Total</b>	<b>76,469</b>	<b>70,285</b>	<b>6,184</b>	<b>8.8%</b>
<i>of which repayments of "additional COVID costs"</i>	-	81	(81)	-100.0%
<i>of which GVDR, Sanatorio Triestino and Terme del FVG</i>	6,114	-	6,114	n/a

### Consolidated operating costs – Q3 2023

Consolidated operating costs for Q3 2023, net of adjustments, totalled Euro 63,747 thousand, increasing Euro 4,616 thousand (+7.8%) on Euro 59,131 thousand in Q3 2022, mainly due to the change in scope (Euro 5,440 thousand), which offset the reduction in costs by the companies at like-for-like consolidation scope (Euro -824 thousand), mainly due to the decrease in energy costs.

### Q3 2023 Consolidated Operating EBITDA and Operating EBITDA Adjusted

Consolidated Operating EBITDA Adjusted<sup>6</sup> was Euro 12,722 thousand, up 14.1% on Euro 11,154 thousand in the same period of the previous year. The increase of Euro 1,568 thousand is due for Euro 894 thousand to the companies at like-for-like consolidation scope and for Euro 674 thousand to the change in consolidation scope.

The Adjustments, negative for Euro 558 thousand (negative for Euro 414 thousand in Q3 2022), consist of: i) additional covid costs incurred in Q3 2023 of Euro 165 thousand (Euro 390 thousand in Q3 2022); ii) M&A costs of Euro 394 thousand (Euro 24 thousand in Q3 2022).

The Group's Operating EBITDA Adjusted Margin was 16.6%, increasing on 15.9% in the previous year.

Operating EBITDA was Euro 12,163 thousand, up 13.3% on Euro 10,740 thousand in the same period of the previous year.

Op. EBITDA and Op. EBITDA Adj. Consolidated <i>in Euro thousands</i>	Q3 2023	Q3 2022	Q3 2023 vs. Q3 2022 Euro '000	Q3 2023 vs. Q3 2022 %
<b>Op. EBITDA</b>	<b>12,163</b>	<b>10,740</b>	<b>1,423</b>	<b>13.3%</b>
+ additional COVID costs (net reimbursements)	165	390	(225)	-57.8%
+ M&A costs	394	24	370	n.a.
<b>Op. EBITDA Adjusted</b>	<b>12,722</b>	<b>11,154</b>	<b>1,568</b>	<b>14.1%</b>
of which GVDR, Sanatorio Triestino and Terme del FVG	674	-	674	n/a
Op. EBITDA Margin (%)	15.9%	15.3%	-	-
Op. EBITDA Adjusted Margin (%)	16.6%	15.9%	-	-

### Q3 2023 Consolidated EBIT

EBIT in 9M 2023 was Euro 6,129 thousand, up Euro 576 thousand on Euro 5,553 thousand in the same period of the previous year.

This result includes amortisation, depreciation and write-downs in the period of Euro 5,463 thousand, increasing Euro 787 thousand on Q3 2022, mainly due to change in the consolidation scope, in addition to the adjustments and other provisions for Euro 571 thousand, increasing Euro 60 thousand on Q3 2022.

Consolidated EBIT <i>in Euro thousands</i>	Q3 2023	Q3 2022	Q3 2023 vs. Q3 2022 Euro '000	Q3 2023 vs. Q3 2022 %
<b>Op. EBITDA</b>	<b>12,163</b>	<b>10,740</b>	<b>1,423</b>	<b>13.3%</b>
- Amortisation of intangible assets	(276)	(221)	(55)	25.0%
- Depreciation of property, plant & equip.	(5,164)	(4,310)	(854)	19.8%
- Write-downs	(23)	(146)	123	-84.2%
<b>Amortisation, depreciation &amp; write-downs</b>	<b>(5,463)</b>	<b>(4,676)</b>	<b>(787)</b>	<b>16.8%</b>
- End of mandate provisions	(6)	(11)	6	-48.9%
- Healthcare lawsuit provisions	(333)	(269)	(64)	23.7%
- Local Health Authority risk provisions	(397)	(354)	(43)	12.1%
- Other risk provisions	(60)	0	(60)	n/a
+ Release of provisions	225	124	101	81.2%
<b>Impairments and other provisions</b>	<b>(571)</b>	<b>(511)</b>	<b>(60)</b>	<b>11.8%</b>
<b>= EBIT</b>	<b>6,129</b>	<b>5,553</b>	<b>576</b>	<b>10.4%</b>
EBIT Reported Margin (%)	8.0%	7.9%	-	-

### Q3 2023 Consolidated Net Profit

The net profit was Euro 2,489 thousand, decreasing Euro 1,052 thousand on Euro 3,540 thousand in Q3 2022.

This amount takes account of net financial charges of Euro 2,740 thousand, increasing Euro 1,552 thousand on Q3 2022, due to the increase in interest rates, and of income taxes of Euro 901 thousand, increasing Euro 75 thousand on the same period of the previous year.

## Balance Sheet

A breakdown of the Group's condensed consolidated balance sheet at September 30, 2023 and December 31, 2022 is provided below.

Consolidated figures Uses	2023	2022	Δ vs 2022
	September	December	Euro '000
Goodwill	90,204	91,392	(1,188)
Intangible and tangible assets	438,251	418,750	19,502
Financial assets	1,924	1,344	580
<b>I Fixed capital</b>	<b>530,379</b>	<b>511,485</b>	<b>18,894</b>
Trade Receivables	64,336	76,479	(12,143)
Inventories	4,791	4,244	547
Trade Payables	(50,532)	(51,100)	568
<b>Net Operating Working Capital</b>	<b>18,595</b>	<b>29,623</b>	<b>(11,028)</b>
Other assets/liabilities	(27,920)	(27,501)	(419)
<b>II Net Working Capital</b>	<b>(9,325)</b>	<b>2,122</b>	<b>(11,447)</b>
Net deferred taxes	(60,427)	(56,740)	(3,686)
Provisions	(33,207)	(32,703)	(504)
<b>III Total Uses (NET CAPITAL EMPLOYED)</b>	<b>427,420</b>	<b>424,164</b>	<b>3,257</b>
<b>IV Net financial debt</b>	<b>129,307</b>	<b>145,011</b>	<b>(15,704)</b>
Minority interest net equity	517	83	434
Group shareholders' equity	297,596	279,070	18,526
<b>V Shareholders' Equity</b>	<b>298,113</b>	<b>279,153</b>	<b>18,960</b>
<b>VI Total sources of financing</b>	<b>427,420</b>	<b>424,164</b>	<b>3,257</b>

Fixed capital at September 30, 2023 was Euro 530,379 thousand, increasing Euro 18,894 thousand on December 31, 2022, due to the following factors:

- reduction in goodwill of Euro 1,188 thousand, following the completion of the Purchase Price Allocation of GVDR S.r.l., which resulted in the reclassification to Intangible Assets of Euro 13,854 thousand, net of the increase from the settlement of the price paid to acquire GVDR S.r.l. (Euro 1,124 thousand), from the deferred taxes, calculated on the value of the accreditation, recognised as an increase to goodwill (Euro 3,865 thousand) and of the recognition of provisional goodwill on Sanatorio Triestino, amounting to Euro 7,677 thousand;
- increase in tangible and intangible assets due to the above-stated effect of the reclassification of a portion of the GVDR S.r.l. goodwill (Euro 13,854 thousand) and the change in the scope following the acquisition of Sanatorio Triestino (Euro 9,883 thousand), net of movements in the period (amortisation and depreciation, investments etc.).

Net Operating Working Capital at September 30, 2023 decreased Euro 11,028 compared to December 31, 2022, mainly attributable to the collection of receivables from outside region activities for 2022 of a number of companies in Emilia Romagna through factoring transactions (Euro 12.5 million). In the third quarter of 2023, net working capital

decreased by approx. Euro 15.4 million as a result of the seasonality of operating activities, which involves, in the third quarter of each year, the collection of receivables related to previous months, against lower production in the summer months.

Other assets and liabilities are essentially unchanged on the previous year.

The net working capital therefore reports a net decrease of Euro 11,447 thousand, due to the above decrease in net operating working capital.

Net deferred taxes increased Euro 3,686 thousand, mainly due to the recognition of the deferred tax liabilities calculated on the GVDR accreditation (Euro 3,865 thousand).

The provisions at September 30, 2023 increased Euro 504 thousand on December 31, 2022, due to: (i) the increase in risks provisions for Euro 1,866 thousand, deriving from net accruals (excess of accruals over releases) totalling Euro 3,062 thousand, mainly due to healthcare risks (Euro 1,657 thousand) and local healthcare authority risks (Euro 1,324 thousand), in addition to the change in consolidation scope of Euro 835 thousand, net of capital utilisations of Euro 2,031 thousand, principally concerning healthcare lawsuits (Euro 1,410 thousand) (ii) decrease in the Post-employment benefit provision of Euro 1,362 thousand, due mainly to the increase in the interest rate used to discount the estimated future debt.

The Net Capital Employed at September 30, 2023 amounted to Euro 427,420 thousand, an increase of Euro 3,257 thousand on Euro 424,164 thousand at December 31, 2022.

Group Shareholders' Equity at September 30, 2023 totalled Euro 297,596 thousand, increasing Euro 18,526 thousand on December 31, 2022, mainly due to the profit for the period (Euro 18,435 thousand), and the actuarial effect on the post-employment benefit provision (for Euro 1,101 thousand), net of the acquisition of treasury shares (Euro 1,030 thousand).

### **Net Financial Position**

Net financial debt was calculated according to the approach outlined in ESMA Recommendation 2021/32-382-1138/ and Consob Communication No. DEM/6064293 of July 28, 2006.

A breakdown of the composition for the periods ending September 30, 2023 and December 31, 2022 is provided below.

Consolidated figures	September 30, 2023 Euro '000	December 31, 2022 Euro '000	Δ vs 2022 Euro '000
A Available liquidity	43,359	31,382	11,977
B Cash and cash equivalents	2,289	0	2,289
C Other current financial assets	603	215	387
<b>D Liquidity</b>	<b>46,250</b>	<b>31,597</b>	<b>14,653</b>
E Current financial debt	17,769	22,297	(4,528)
F Current portion of non-current financial debt	27,214	22,146	5,068
<b>G Current financial debt</b>	<b>44,982</b>	<b>44,443</b>	<b>540</b>
<b>H Net current financial debt (G - D)</b>	<b>(1,268)</b>	<b>12,846</b>	<b>(14,114)</b>
I Non-current financial debt	130,575	132,165	(1,590)
J Debt instruments	-	-	-
K Trade payables and other non-current payables	-	-	-
<b>L Non-current financial debt (I + J + K)</b>	<b>130,575</b>	<b>132,165</b>	<b>(1,590)</b>
<b>M Total financial debt (H + L)</b>	<b>129,307</b>	<b>145,011</b>	<b>(15,704)</b>

At September 30, 2023, the Net Financial Position (NFP) of the Garofalo Health Care Group amounts to Euro 129,307 thousand, comprising gross financial debt of Euro 175,557 thousand (Euro 44,982 thousand of current financial debt and Euro 130,575 thousand of non-financial debt) and liquidity of Euro 46,250 thousand. The NFP therefore improved

Euro 15,704 thousand on December 31, 2022, thanks to the cash flows generated by operating activities of approx. Euro 43.4 million, which were absorbed by the acquisition of Sanatorio Triestino and expansion and organisational restructuring investments.

With regards to the NFP, COVID-19 resulted in the recognition at consolidated level in 2020 and 2021 of funding advances disbursed by the main regions in which the Group operates. These advances at June 30, 2023 were unchanged on December 31, 2022 and amount to approx. Euro 10.5 million.

## 4. INVESTMENTS

### 4.1 Recurring investments

During the first nine months of 2023, 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 9M 2023, 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 and organisational restructuring	Highlights
Eremo di Miazzina	 <p><i>Expansion of Istituto Raffaele Garofalo</i></p> <p><i>in progress</i></p>	<ul style="list-style-type: none"> <li>- Acquisition of a building of around 4,000m<sup>2</sup> 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.</li> <li>- In Q4 2023 the new Istituto Raffaele Garofalo in Gravellona Toce (VB) is scheduled to open.</li> </ul>
Hesperia Hospital Modena	 <p><i>Expansion and organisational restructuring of existing clinic</i></p> <p><i>in progress</i></p>	<ul style="list-style-type: none"> <li>- Increased production capacity with the reorganisation of the operating block and the creation, <i>inter alia</i>, of a new operating room and a new day-surgery room, as well as the construction of a new area to be used for centralised acceptance for outpatient specialty care.</li> <li>- The construction and fitting out of the new multi-speciality operating room have concluded and will enter into service in Q4 2023.</li> </ul>
Domus Nova	 <p><i>Upgrading Domus Nova and San Francesco</i></p> <p><i>in progress</i></p>	<ul style="list-style-type: none"> <li>- Domus Nova: new reception area with reception desk, new elevator, pre-operative area.</li> <li>- San Francesco: new reception area, outpatient area on the ground floor, endoscopy department, interventions for CPI regulatory adaptations.</li> <li>- Activities are currently underway.</li> </ul>
GVDR	 <p><i>Expansion of Cadoneghe headquarters</i></p> <p><i>in progress</i></p>	<ul style="list-style-type: none"> <li>- The new wing houses on the ground floor the neuropsychology rehabilitation activities with a gym of approx. 400m<sup>2</sup>, while the first floor has an operating room and an out-patient operating room with latest generation equipment.</li> <li>- In Q4 2023, the extension of the Cadoneghe headquarters is scheduled to open.</li> </ul>

## 5. 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.

## 6. SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

There were no subsequent events to period-end.

## 7. 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 Q4 2023 by fully executing accredited activities, including through increased resources allocated for the reduction of waiting lists - 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 nine months of the year and the contacts undertaken with pension providers and health funds.

We also highlight that the Group's results, when comparing with 2022, may also benefit in the last quarter of the year from lower energy prices, based on the sharply declining trend already seen in the first nine months of 2023.

Finally, the Group confirms that the activities to concentrate its significant real estate assets in a dedicated vehicle entirely held by the Parent Company (GHC Real Estate), are proceeding on schedule.

## 8. FINANCIAL STATEMENTS

### BALANCE SHEET

	September 30	December 31
<i>in Euro thousands</i>	2023	2022
Goodwill	90,204	91,392
Other intangible assets	210,142	196,038
Property, plant and equipment	227,254	221,826
Investment property	856	885
Equity investments	1,300	826
Other non-current financial assets	624	517
Other non-current assets	2,194	2,330
Deferred tax assets	10,928	10,615
<b>TOTAL NON-CURRENT ASSETS</b>	<b>543,501</b>	<b>524,430</b>
Inventories	4,791	4,244
Trade receivables	64,336	76,479
Tax receivables	5,029	5,933
Other receivables and current assets	10,415	3,137
Other current financial assets	2,891	215
Cash and cash equivalents	43,359	31,382
<b>TOTAL CURRENT ASSETS</b>	<b>130,821</b>	<b>121,390</b>
<b>TOTAL ASSETS</b>	<b>674,322</b>	<b>645,820</b>

	September 30	December 31
<i>in Euro thousands</i>	2023	2022
Share capital	31,570	31,570
Legal reserve	614	532
Other reserves	246,977	225,542
Group result	18,435	21,426
<b>TOTAL GROUP SHAREHOLDERS' EQUITY</b>	<b>297,596</b>	<b>279,070</b>
Minority interest capital and reserves	508	76
Minority interest result	9	7
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>298,113</b>	<b>279,153</b>
Employee benefits	12,188	13,551
Provisions for risks and charges	21,019	19,152
Non-current financial payables	130,575	132,165
Other non-current liabilities	2,980	3,208
Deferred tax liabilities	71,355	67,356
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>238,117</b>	<b>235,431</b>
Trade payables	50,532	51,100
Current financial payables	44,982	44,443
Tax payables	5,891	3,211
Other current liabilities	36,688	32,482
<b>TOTAL CURRENT LIABILITIES</b>	<b>138,093</b>	<b>131,236</b>
<b>TOTAL LIABILITIES</b>	<b>376,209</b>	<b>366,667</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>674,322</b>	<b>645,820</b>

**INCOME STATEMENT**

<i>in Euro thousands</i>	For the period ended September 30	
	2023	2022
Revenues from services	258,104	230,462
Other revenues	5,028	6,110
<b>TOTAL REVENUES</b>	<b>263,131</b>	<b>236,572</b>
Raw materials and consumables	34,813	33,350
Service costs	108,050	97,708
Personnel costs	57,205	53,212
Other operating costs	12,392	10,707
<b>TOTAL OPERATING COSTS</b>	<b>212,460</b>	<b>194,977</b>
<b>TOTAL EBITDA</b>	<b>50,671</b>	<b>41,595</b>
Amortisation, depreciation & write-downs	15,543	13,906
Impairments and other provisions	2,989	2,741
<b>TOTAL AMORTISATION, DEPRECIATION, WRITE-DOWNS, PROVISIONS AND OTHER ADJUSTMENTS</b>	<b>18,532</b>	<b>16,647</b>
<b>EBIT</b>	<b>32,139</b>	<b>24,948</b>
Financial income	82	79
Financial charges	(7,451)	(3,438)
Results of investments at equity	83	65
<b>FINANCIAL INCOME AND CHARGES</b>	<b>(7,286)</b>	<b>(3,293)</b>
<b>PROFIT BEFORE TAXES</b>	<b>24,853</b>	<b>21,655</b>
Income taxes	6,409	4,863
<b>NET PROFIT FOR THE PERIOD</b>	<b>18,444</b>	<b>16,792</b>
Attributable to:		
Group	18,435	16,785
Minority interests	9	7

## CASH FLOW STATEMENT

In Euro thousands	September	
	2023	2022
<b>OPERATING ACTIVITIES</b>		
<b>Net profit for the period</b>	<b>18,444</b>	<b>16,792</b>
<i>Adjustments for:</i>		
- Amortisation and depreciation	15,400	13,522
- Provisions for employee benefit liabilities	600	551
- Provisions net of releases for risks and charges	2,989	2,741
- Provisions net of releases for doubtful debt provision	143	384
- Interest from discounting	2,800	1,880
- Other non-cash adjustments	276	-
- Change in investments in associates valued under the equity method	(83)	(65)
- Change in other non-current assets and liabilities	(133)	1,919
- Net change in deferred tax assets and liabilities	62	(883)
- Payments for employee benefits	(1,088)	(1,012)
- Payments for provisions for risks and charges	(1,959)	(1,917)
<i>Changes in operating assets and liabilities:</i>		
(Increase) decrease in trade and other receivables	15,976	15,859
(Increase) decrease in inventories	(237)	(61)
Increase (decrease) in trade and other payables	(4,318)	(1,689)
Other current assets and liabilities	(64)	(1,489)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES (A)</b>	<b>48,808</b>	<b>46,530</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Investments in intangible assets	(965)	(585)
Investments in tangible assets	(10,146)	(10,328)
(Investments)/disposals in financial assets	(1,145)	(36)
Sale of tangible assets	402	30
Dividends from associates	80	163
Sanatorio Triestino acquisition	(10,754)	-
<b>CASH FLOW ABSORBED BY INVESTING ACTIVITIES (B)</b>	<b>(22,528)</b>	<b>(10,755)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Issue of medium/long term loans	7,518	65
Repayment of medium/long-term loans	(11,959)	(11,114)
Issue/(repayment) of short-term loans	(4,408)	(9,057)
Changes in other financial payables	(4,424)	(5,589)
(Acquisition) treasury shares	(1,030)	(2,426)
<b>NET CASH FLOW GENERATED/(ABSORBED) FROM FINANCING ACTIVITIES (C)</b>	<b>(14,304)</b>	<b>(28,121)</b>
<b>TOTAL CASH FLOWS (D=A+B+C)</b>	<b>11,977</b>	<b>7,654</b>
<b>CASH &amp; CASH EQUIVALENTS AT BEGINNING OF PERIOD (E)</b>	<b>31,382</b>	<b>41,239</b>
<b>CASH &amp; CASH EQUIVALENTS AT END OF PERIOD (F=D+E)</b>	<b>43,359</b>	<b>48,893</b>
<b>Additional information:</b>		
Interest paid	2,994	1,340
Income taxes paid	3,390	3,757

## 9. DECLARATION OF THE EXECUTIVE OFFICER

The Executive Officer for Financial Reporting of the company Garofalo Health Care S.p.A., Mr. Luigi Celentano, declares in accordance with Article 154-bis of Legislative Decree No. 58 of February 24, 1998, that the accounting information contained in this Interim Financial Report at September 30, 2023 corresponds to the underlying accounting documents, records and entries.

Rome, November 14, 2023

**Executive Officer for  
Financial Reporting**

(Mr. Luigi Celentano)