



Press Release

GAROFALO HEALTH CARE S.P.A.: BOARD OF DIRECTORS APPROVES INTERIM FINANCIAL REPORT AT SEPTEMBER 30, 2023

RESULTS GROWING ACROSS ALL INDICATORS IN THE FIRST NINE MONTHS

PRIVATE "OUT-OF-POCKET" ACTIVITY UP SIGNIFICANTLY ALSO IN Q3 (+10.2% y/y)

- **REVENUES OF €263.1M VS. €236.6M IN 9M 2022 (+11.2%)**
- **OP. EBITDA ADJ.⁽¹⁾ OF €51.0M VS. €42.3M IN 9M 2022 (+20.4%)**
- **GROUP NET PROFIT OF €18.4M VS. €16.8M IN 9M 2022 (+9.8%)**
- **NFP OF €129.3M, WITH FINANCIAL LEVERAGE⁽²⁾ REDUCING TO 1.9x AND RECORD OPERATING CASH GENERATION IN THE 9 MONTHS OF €43.4M**

Rome, November 14, 2023 – Garofalo Health Care S.p.A. (“GHC”) today approved the Interim Financial Report at September 30, 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.

GHC Group 9M 2023 consolidated key operating highlights

Consolidated 9M Revenues

GHC Consolidated Revenues in the first nine months of 2023 totalled €263.1M, up €26.5M from €236.6M in 9M 2022 (+11.2%). In comparison with the previous period, these results include the additional contribution for 9 months of GVDR, acquired in December 2022, and the contribution for 5 months of Sanatorio Triestino, acquired in May 2023.

Revenues in Euro millions	9M 2023	9M 2022	vs. 9M '22 (€M)	vs. 9M '22 (%)
Total	263.1	236.6	+26.5	+11.2%

At like-for-like perimeter, Revenues were up 4.0% on 9M 2022 (€246.0M vs €236.6M). These results mainly benefited from the increase in private patients (approx. +11% y/y) and Outside-Region (approx. +5% y/y) activities, which highlight the significant attractiveness of the Group within the general growing demand for healthcare services.

Revenues Like-for-Like in Euro millions	9M 2023	9M 2022	vs. 9M '22 (€M)	vs. 9M '22 (%)
Total Like-for-Like	246.0	236.6	+9.4	+4.0%

⁽¹⁾ Operating EBITDA Adjusted defined as EBIT + depreciation and amortisation + provisions and write-downs + adjustments (these latter in 9M 2023 negative for approx. €0.3M and principally related to M&A costs, partly offset by 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 9M 2022, negative for €0.7M, were mainly related 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 estimate of the contribution for 12 months from the acquisition of GVDR (realized in December 2022) and of Sanatorio Triestino (realized in May 2023)

Focus on Q3 2023 Consolidated Revenues

GHC consolidated Revenues for the third quarter were €76.5M, up €6.2M from €70.3M in Q3 2022 (+8.8%). In comparison with the previous period, these results include the additional contribution for 3 months of GVDR, acquired in December 2022, and of Sanatorio Triestino, acquired in May 2023.

Revenues in Euro millions	Q3 2023	Q3 2022	vs. Q3 '22 (€M)	vs. Q3 '22 (%)
Total	76.5	70.3	+6.2	+8.8%

On a like-for-like basis, Revenues are in line with Q3 2022 (€70.3M vs. €70.3M), which however benefited from non-recurring items - i.e. not present in the third quarter of the current year - for approx. €1.8M and related to: (i) the partial reimbursement of "extra-Covid costs" incurred by certain Group companies in previous years (for approx. €1.1M) and (ii) energy tax credits (for approx. €0.7M). Excluding these non-recurring items, organic growth in the third quarter would have been 2.7%. It should be noted that also this result benefits from a sustained increase in private patient activity (approx. +10% y/y).

Revenues Like-for-Like in Euro millions	Q3 2023	Q3 2022	vs. Q3 '22 (€M)	vs. Q3 '22 (%)
Total Like-for-Like	70.3	70.3	-	-

Consolidated 9M Operating EBITDA Adjusted

Consolidated Operating EBITDA Adjusted for 9M 2023 amounted to €51.0M, up on €42.3M in the previous year (+20.4%), with a margin of 19.4% (vs. 17.9% in 9M 2022). This result reflects the performance of the third quarter, influenced as usual by seasonality issues linked to the reduced activity of the facilities during the summer months.

Op. EBITDA Adj. in Euro millions	9M 2023	9M 2022	vs. 9M '22 (€M)	vs. 9M '22 (%)
Total	51.0	42.3	+8.7	+20.4%

At like-for-like perimeter, Op. EBITDA Adjusted increased 13.5% on 9M 2022 (€48.1M vs. €42.3M). This result benefits, in addition to the increased production volumes, from the significant decline in energy costs compared to 9M 2022 and substantially in line with 2021, year preceding the "energy shock".

Op. EBITDA Adj. Like-for-Like in Euro millions	9M 2023	9M 2022	vs. 9M '22 (€M)	vs. 9M '22 (%)
Total Like-for-Like	48.1	42.3	+5.8	+13.5%

Focus on Q3 2023 consolidated Operating EBITDA Adjusted

Consolidated Operating EBITDA Adjusted for Q3 2023 amounted to €12.7M, up on €11.1M in the previous year (+14.1%), with a margin of 16.6% (vs. 15.9% in Q3 2022).

Op. EBITDA Adj. in Euro millions	Q3 2023	Q3 2022	vs. Q3 '22 (€M)	vs. Q3 '22 (%)
Total	12.7	11.1	+1.6	+14.1%

At like-for-like perimeter, Op. EBITDA Adjusted was up 8.0% on Q3 2022 (€12.0M vs. €11.1M), mainly due to the above-mentioned effects.

Op. EBITDA Adj. Like-for-Like in Euro millions	Q3 2023	Q3 2022	vs. Q3 '22 (€M)	vs. Q3 '22 (%)
Total Like-for-Like	12.0	11.1	+0.9	+8.0%

Consolidated 9M Net Profit

The Group Net Profit was €18.4M, increasing €1.6M on €16.8M in 9M 2022 (+9.8%). This amount reflects income taxes of €6.4M, increasing on €4.9M in 9M 2022, mainly due to the higher profit before taxes.

Net Profit in Euro millions	9M 2023	9M 2022	vs. 9M '22 (€M)	vs. 9M '22 (%)
Total	18.4	16.8	+1.6	+9.8%

GHC Group 9M consolidated balance sheet highlights

Consolidated Net Financial Position

At September 30, 2023, the Net Financial Position (NFP) of GHC was €129.3M, comprising liquidity of €46.2M and financial debt of €175.5M.

Net Financial Position in Euro millions	9M 2023	FY 2022	Change vs. FY 2022
Total	129.3	145.0	-15.7
Financial leverage (x) ⁽³⁾	1,9x	2.4x	-0.5x

Excluding non-recurring items, the NFP would be €101.6M, improving €43.4M on December 31, 2022. These non-recurring items are mainly attributable to the acquisition of Sanatorio Triestino, to the payment - at signing and as deposit - of a portion of the price due for the acquisition of the hospital assets of the Aurelia 80 Group, in addition to expansion Capex and other items mostly related to M&A costs and the purchase of treasury shares.

In addition to the above, the NFP at September 30, 2023 incorporates an improvement in net working capital registered 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).

Capex

During 9M 2023 the Group invested a total of approx. €11.6M (€12.7M in 9M2022). In particular, approx. €3.4M concerns expansion Capex mainly for the extraordinary project of Istituto Raffaele Garofalo (Eremo di Miazzina), entering into use from August 2023.

SUBSEQUENT EVENTS TO PERIOD-END

There were no subsequent events to period-end.

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 healthcare 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 healthcare 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.

⁽³⁾ Calculated as the ratio between NFP and Operating EBITDA Adj. for the last 12 months, including the estimate of the contribution for 12 months from the acquisition of GVDR (realized in December 2022) and of Sanatorio Triestino (realized in May 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 according to plan.

CONFERENCE CALL OUTLINING THE 9M 2023 RESULTS

The Company announces that this afternoon, November 14, 2023, at 4:00PM (CET) a conference call shall be held for investors and analysts to provide an overview of the key 9M 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 September 30, 2023 is available to the public on the Company's website www.garofalohealthcare.com in the Accounts 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 have 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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Consolidated Income Statement of the GHC Group at September 30, 2023

<i>In Euro thousands</i>	30/09/2023	30/09/2022
Revenues from services	258,104	230,462
Other revenues	5,028	6,110
TOTAL REVENUES	263,131	236,572
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
TOTAL OPERATING COSTS	212,460	194,977
TOTAL EBITDA	50,671	41,595
Amortisation, depreciation & write-downs	15,543	13,906
Impairments and other provisions	2,989	2,741
TOTAL AMORTISATION, DEPRECIATION, WRITE-DOWNS, PROVISIONS AND OTHER ADJUSTMENTS	18,532	16,647
EBIT	32,139	24,948
Financial income	82	79
Financial charges	(7,451)	(3,438)
Results of investments at equity	83	65
FINANCIAL INCOME AND CHARGES	(7,286)	(3,293)
PROFIT BEFORE TAXES	24,853	21,655
Income taxes	6,409	4,863
NET PROFIT FOR THE PERIOD	18,444	16,792
Group	18,435	16,785
Minority interests	9	7

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

ASSETS <i>In Euro thousands</i>	30/09/2023	31/12/2022
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
TOTAL NON-CURRENT ASSETS	543,501	524,430
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
TOTAL CURRENT ASSETS	130,821	121,390
TOTAL ASSETS	674,322	645,820

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

<i>LIABILITIES</i> <i>In Euro thousands</i>	30/09/2023	31/12/2022
Share capital	31,570	31,570
Legal reserve	614	532
Other reserves	246,977	225,542
Group result	18,435	21,426
TOTAL GROUP SHAREHOLDERS' EQUITY	297,596	279,070
Minority interest capital and reserves	508	76
Minority interest result	9	7
TOTAL SHAREHOLDERS' EQUITY	298,113	279,153
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
TOTAL NON-CURRENT LIABILITIES	238,117	235,431
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
TOTAL CURRENT LIABILITIES	138,093	131,236
TOTAL LIABILITIES	376,209	366,667
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	674,322	645,820

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

<i>In Euro thousands</i>	30/09/2023	30/09/2022
OPERATING ACTIVITIES		
Net profit for the period	18,444	16,792
<i>Adjustments for:</i>		
- <i>Amortisation and depreciation</i>	15,400	13,522
- <i>Provisions for employee benefit liabilities</i>	600	551
- <i>Provisions net of releases for risks and charges</i>	2,989	2,741
- <i>Provisions net of releases for doubtful debt provision</i>	143	384
- <i>Interest from discounting</i>	2,800	1,880
- <i>Other non-cash adjustments</i>	276	-
- <i>Change in investments in associates valued under the equity method</i>	(83)	(65)
- <i>Change in other non-current assets and liabilities</i>	(133)	1,919
- <i>Net change in deferred tax assets and liabilities</i>	62	(883)
- <i>Payments for employee benefits</i>	(1,088)	(1,012)
- <i>Payments for provisions for risks and charges</i>	(1,959)	(1,917)
<i>Changes in operating assets and liabilities:</i>		
<i>(Increase) decrease in trade and other receivables</i>	15,976	15,859
<i>(Increase) decrease in inventories</i>	(237)	(61)
<i>Increase (decrease) in trade and other payables</i>	(4,318)	(1,689)
<i>Other current assets and liabilities</i>	(64)	(1,489)
NET CASH FLOW FROM OPERATING ACTIVITIES (A)	48,808	46,530
CASH FLOW FROM INVESTING ACTIVITIES		
<i>Investments in intangible assets</i>	(965)	(585)
<i>Investments in tangible assets</i>	(10,146)	(10,328)
<i>(Investments)/disposals in financial assets</i>	(1,145)	(36)
<i>Sale of tangible assets</i>	402	30
<i>Dividends from associates</i>	80	163
<i>Sanatorio Triestino acquisition</i>	(10,754)	-
CASH FLOW ABSORBED BY INVESTING ACTIVITIES (B)	(22,528)	(10,755)

<i>In Euro thousands</i>	30/09/2023	30/09/2022
CASH FLOW FROM FINANCING ACTIVITIES		
<i>Issue of medium/long term loans</i>	7,518	65
<i>Repayment of medium/long-term loans</i>	(11,959)	(11,114)
<i>Issue/(repayment) of short-term loans</i>	(4,408)	(9,057)
<i>Changes in other financial payables</i>	(4,424)	(5,589)
<i>(Acquisition) treasury shares</i>	(1,030)	(2,426)
NET CASH FLOW GENERATED/(ABSORBED) FROM FINANCING ACTIVITIES (C)	(14,304)	(28,121)
TOTAL CASH FLOWS (D=A+B+C)	11,977	7,654
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD (E)	31,382	41,239
CASH & CASH EQUIVALENTS AT END OF PERIOD (F=D+E)	43,359	48,893
Additional information:		
Interest paid	2,994	1,340
Income taxes paid	3,390	3,757

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

<i>In Euro thousands</i>	30/09/2023	31/12/2022
A Available liquidity	43,359	31,382
B Cash and cash equivalents	2,289	0
C Other current financial assets	603	215
D Liquidity	46,250	31,597
E Current financial debt	17,769	22,297
F Current portion of non-current financial debt	27,214	22,146
G Current financial debt	44,982	44,443
H Net current financial debt (G - D)	(1,268)	12,846
I Non-current financial debt	130,575	132,165
J Debt instruments	-	-
K Trade payables and other non-current payables	-	-
L Non-current financial debt (I + J + K)	130,575	132,165
M Total financial debt (H + L)	129,307	145,011