



# INTERIM FINANCIAL REPORT AT MARCH 31, 2022



## CONTENTS

CORPORATE BOARDS.....	4
1. METHODOLOGICAL NOTE.....	5
2. GROUP STRUCTURE .....	5
➤ Overview of the Group's healthcare facilities .....	5
➤ The Garofalo Healthcare Group .....	6
➤ Group activities by sector .....	7
3. GHC GROUP FINANCIAL HIGHLIGHTS.....	8
3.1 GHC Group financial highlights.....	8
3.2 2022 Consolidated Revenues Overview.....	9
3.3. 2022 Consolidated Costs Overview .....	10
3.4. 2022 Consolidated Operating EBITDA and Operating EBITDA Adjusted .....	10
3.5. 2022 Consolidated EBIT and EBIT Adjusted Overview .....	10
3.6. 2022 Consolidated net profit overview .....	11
4. FINANCIAL HIGHLIGHTS - COMPARATIVE PRO-FORMA FIGURES .....	11
5. BALANCE SHEET .....	12
5.1. Balance Sheet.....	12
5.2. Net Financial Position .....	14
6. INVESTMENTS .....	15
6.1 Recurring investments.....	15
6.2 Capex in long-term development and organisational restructuring.....	15
7. COVID-19 OVERVIEW .....	15
8. MANAGEMENT AND CO-ORDINATION .....	16
9. SUBSEQUENT EVENTS .....	16
10. OUTLOOK .....	16
11. FINANCIAL STATEMENTS .....	18
12. DECLARATION OF THE EXECUTIVE OFFICER.....	22

**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.

### GENERAL MANAGER

UMBERTO SURIANI

### 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 March 31, 2022 is governed by the Regulation of Markets organised and managed by "Borsa Italiana" and, in particular, Article 2.2.3, paragraph 3.

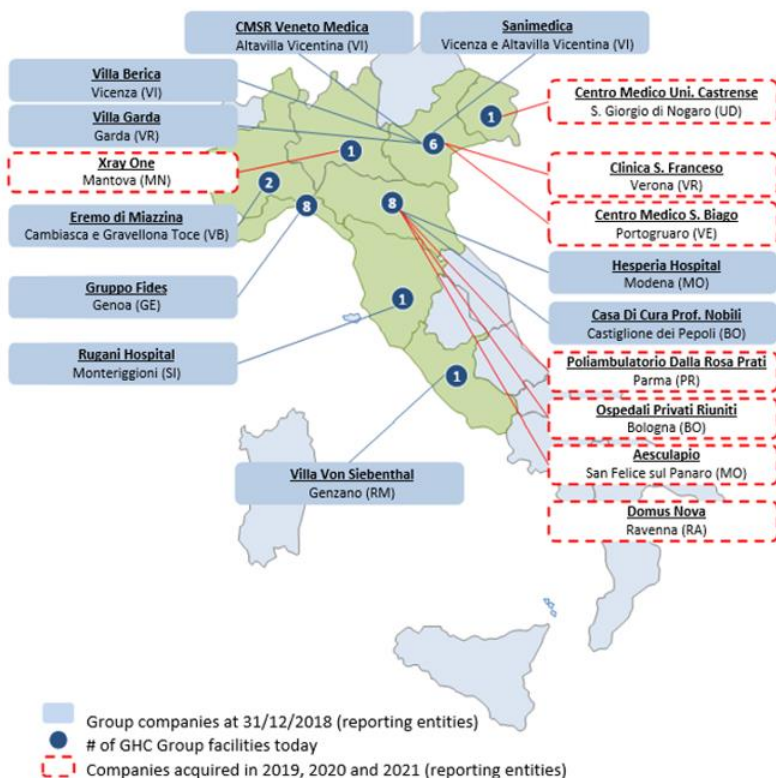
The accounting standards used by the Group are the International Financial Reporting Standards, endorsed by the European Union ("IFRS") and in application of Legislative Decree No. 38/2005 and the other CONSOB financial statements provisions. The accounting policies and consolidation principles adopted are the same as those utilised for the 2021 Consolidated Annual Financial Statements, to which reference should be made.

The Interim Financial Report at March 31, 2022 was approved by the Board of Directors on May 13, 2022.

## 2. GROUP STRUCTURE

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

The GHC Group is an Italian accredited private healthcare leader operating, at March 31, 2022, through 28 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 specialties, the use of cutting-edge technologies and highly-qualified personnel.

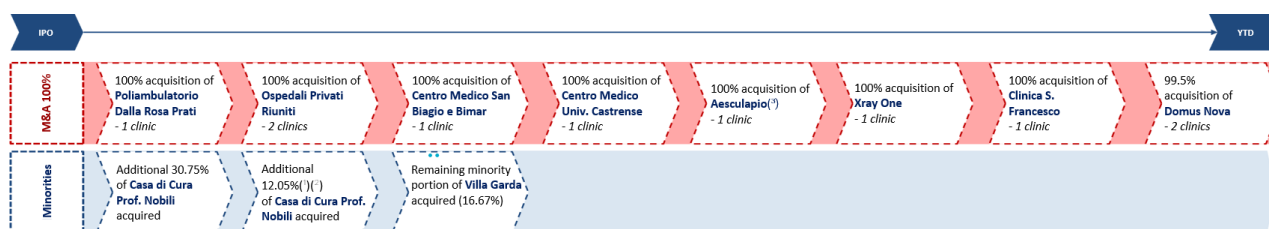


\* Figures at 31.12.2021

GHC Group - Highlights <sup>(*)</sup>	
28 Clinics	8 Regions
1,763 Beds	~34.5K Admissions
~2.0M Outpatient services	~4,000 Employees and collaborators
EE- Standard Ethics Investment Grade ESG Rating	78% Female employees

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.

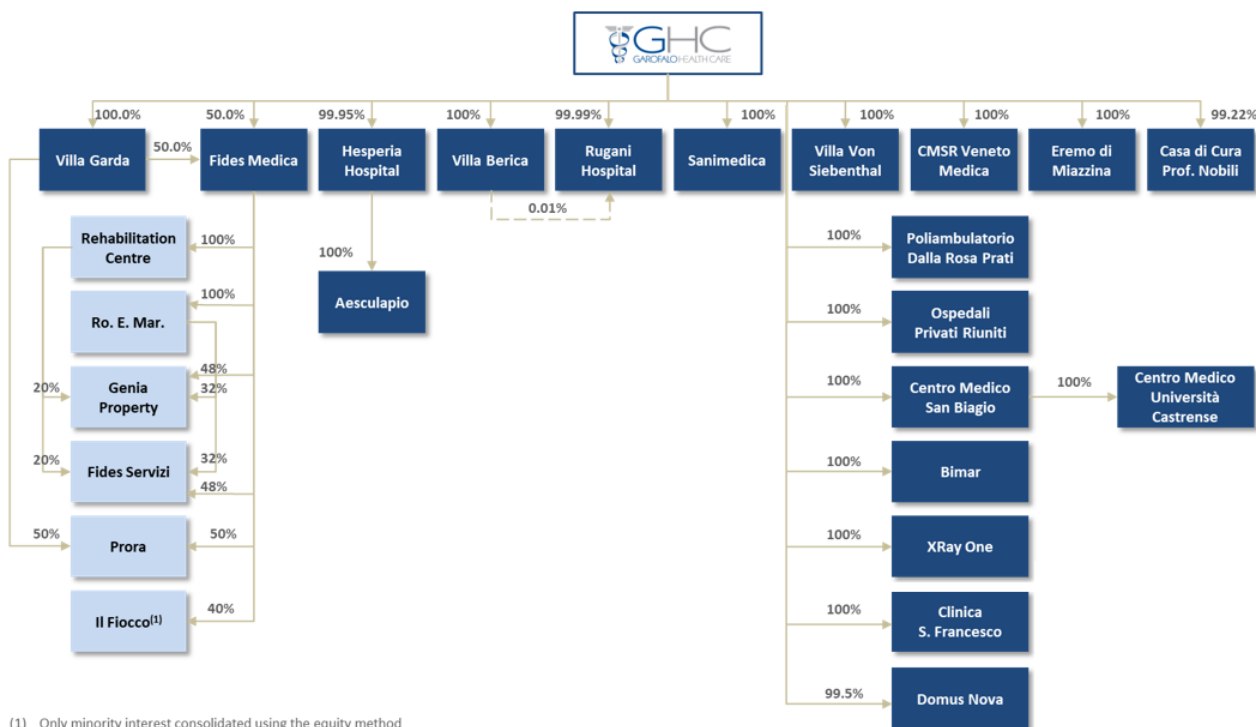
Between the IPO and March 31, 2022, the Group executed its acquisition-led growth strategy, with the acquisition of ten new clinics, as well as acquisitions of further minority holdings of existing subsidiaries (Casa di Cura Prof. Nobili and Villa Garda, now 100% owned), as set out below.



(1) For a total of 95.35% of share capital and 98.8% of voting rights, considering treasury shares, of Casa di Cura Prof. Nobili  
 (2) On 15.01.2020 GHC increased its holding to 99.2% of voting rights  
 (3) Acquisition carried out by the subsidiary Hesperia Hospital

### ➤ The Garofalo Healthcare Group

The chart below shows the GHC Group’s structure at March 31, 2022, 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:



(1) Only minority interest consolidated using the equity method

➤ **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 deriving from non-core activities	
		Long-term care	Rehabilitation				
<b>Main services provided</b>	<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>Mycardial 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>		

<sup>(1)</sup> It should be noted 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.

### Brief description of the companies of the GHC Group

The GHC Group's 28 clinics are diversified by Regions and by sector, as shown below.

Italian regions	No. Reporting Entities (18)	No. Clinics (28)	No. legal entities (legal persons) (24)	Sector	
				Hospital	Outpatient / Dependency care
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	✓	
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	✓	
Friuli Venezia-Giulia	• Centro Medico Università Castrense	1	1		✓
Piedmont	• Eremo di Miazzina	2	1	✓	✓
Tuscany	• Rugani Hospital	1	1	✓	
Liguria	• Fides Group <sup>(2)</sup>	g <sup>(3)</sup>	6 <sup>(4)</sup>		✓
Lombardy	• XRay One	1	1		✓
Lazio	• Villa Von Siebenthal	1	1		✓

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

(2) Excluding 4 facilities, which belong to Il Fiocco Scrl, 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. On December 31, Santa Marta temporarily stopped its activities in order to undergo a major renovation at the end of which, having obtained the authorisation to operate, it will be able to start the activity that, to all intents and purposes, will qualify as new compared to the previous one permanently transferred to 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.

## 3. GHC GROUP FINANCIAL HIGHLIGHTS

### 3.1 GHC Group financial highlights

The Q1 2022 results report both revenue and Op. EBITDA growth on the same period of the previous year, mainly due to the contribution of Clinica San Francesco S.r.l. (acquired on April 9, 2021) and of Domus Nova S.p.A. (acquired on July 28, 2021), in addition to like-for-like consolidation scope growth.

The operating performance indicators for Q1 2022 compared with the same period of 2021 are presented below.



Consolidated figures	2022		2021		2022 vs 2021	
	Euro '000	%	Euro '000	%	Euro '000	%
<b>Revenues</b>	<b>80,406</b>	<b>100.0%</b>	<b>60,379</b>	<b>100.0%</b>	<b>20,027</b>	<b>33.2%</b>
Total operating costs (excl. Adjustments)	(66,079)	-82.2%	(49,781)	-82.4%	(16,298)	32.7%
<b>Op. EBITDA Adjusted</b>	<b>14,327</b>	<b>17.8%</b>	<b>10,598</b>	<b>17.6%</b>	<b>3,729</b>	<b>35.2%</b>
Other Costs ("Adjustments") <sup>2</sup>	(903)	-1.1%	(883)	-1.5%	(19)	2.2%
<b>Operating EBITDA</b>	<b>13,424</b>	<b>16.7%</b>	<b>9,715</b>	<b>16.1%</b>	<b>3,710</b>	<b>38.2%</b>
Amortisation, depreciation and write-downs	(4,584)	-5.7%	(3,121)	-5.2%	(1,463)	46.9%
Impairments and other provisions	(995)	-1.2%	(248)	-0.4%	(747)	301.6%
<b>EBIT</b>	<b>7,845</b>	<b>9.8%</b>	<b>6,345</b>	<b>10.5%</b>	<b>1,500</b>	<b>23.6%</b>
<b>EBIT Adjusted</b>	<b>8,748</b>	<b>10.9%</b>	<b>7,229</b>	<b>12.0%</b>	<b>1,519</b>	<b>21.0%</b>
Net financial charges	(1,156)	-1.4%	(646)	-1.1%	(510)	79.0%
<b>Profit before taxes</b>	<b>6,690</b>	<b>8.3%</b>	<b>5,700</b>	<b>9.4%</b>	<b>990</b>	<b>17.4%</b>
<b>Profit before taxes Adjusted</b>	<b>7,592</b>	<b>9.4%</b>	<b>6,583</b>	<b>10.9%</b>	<b>1,009</b>	<b>15.3%</b>
Income taxes	(1,637)	-2.0%	(1,415)	-2.3%	(222)	15.7%
<b>Net Profit</b>	<b>5,053</b>	<b>6.3%</b>	<b>4,285</b>	<b>7.1%</b>	<b>768</b>	<b>17.9%</b>
<b>Group net profit</b>	<b>5,050</b>	<b>6.3%</b>	<b>4,284</b>	<b>7.1%</b>	<b>766</b>	<b>17.9%</b>
Minority interests	3	0.0%	1	0.0%	1	108.6%

### 3.2 2022 Consolidated Revenues Overview

GHC consolidated revenues in Q1 2022 amounted to Euro 80,406 thousand, up 33.2% on Euro 60,379 thousand in the same period of 2021.

The revenue increase of Euro 20,027 thousand is due for Euro 16,913 thousand to the change in consolidation scope, as Q1 2022 benefited from the contribution of Clinica San Francesco S.r.l. acquired on April 9, 2021, and of Domus Nova, acquired on July 28, 2021, and for Euro 3,114 thousand increased production at like-for-like consolidation scope.

<sup>2</sup> Adjustments: these include non-recurring revenues and costs (e.g. net impact of additional COVID costs), one off costs (e.g. M&A costs) and "non-regular" costs (e.g. management incentive plans).

Consolidated revenues <i>in Euro thousands</i>	3M 2022 Actual	3M 2021 Actual	3M22 vs. 3M21 Euro '000	3M22 vs. 3M21 %
<b>Total</b>	<b>80,406</b>	<b>60,379</b>	<b>20,027</b>	<b>33.2%</b>
<i>of which repayments of "additional COVID costs"<sup>3</sup></i>	<i>292</i>	<i>560</i>	<i>(268)</i>	<i>-47.9%</i>
<i>of which Clinica San Francesco + Domus Nova</i>	<i>16,913</i>	<i>-</i>	<i>16,913</i>	<i>n/a</i>

### 3.3. 2022 Consolidated Costs Overview

Consolidated operating costs for Q1 2022, net of adjustments, totaled Euro 66,079 thousand, increasing Euro 16,298 thousand (+32.7%) on Euro 49,781 thousand in Q1 2021.

The increase in production costs in Q1 2022 relates for Euro 13,713 thousand to the change in consolidation scope and for Euro 2,585 thousand to increased production volumes at like-for-like consolidation scope.

The Adjustments of Euro 903 thousand comprise non-recurring costs for Euro 878 thousand, mainly regarding charges incurred (net of reimbursements) by the Group companies to deal with the COVID-19 emergency, and one-off costs of Euro 25 thousand related to M&A's.

### 3.4. 2022 Consolidated Operating EBITDA and Operating EBITDA Adjusted

Consolidated Operating EBITDA Adjusted<sup>(4)</sup> was Euro 14,327 thousand, up 35.2% on Euro 10,598 thousand in the same period of the previous year.

The Group's Operating EBITDA Adjusted margin was 17.8%, compared to 17.6% in the previous year.

Consolidated Op. EBITDA and Op. EBITDA Adj. <i>in Euro thousands</i>	3M 2022 Actual	3M 2021 Actual	3M22 vs. 3M21 Euro '000	3M22 vs. 3M21 %
<b>Op. EBITDA Reported</b>	<b>13,424</b>	<b>9,715</b>	<b>3,709</b>	<b>38.2%</b>
<i>+ additional COVID costs (net reimbursements)</i>	<i>878</i>	<i>847</i>	<i>31</i>	<i>3.7%</i>
<i>+ M&amp;A costs</i>	<i>25</i>	<i>36</i>	<i>(11)</i>	<i>-30.6%</i>
<b>Op. EBITDA Adjusted</b>	<b>14,327</b>	<b>10,598</b>	<b>3,729</b>	<b>35.2%</b>
<i>of which Clinica San Francesco + Domus Nova</i>	<i>2,963</i>	<i>-</i>	<i>2,963</i>	<i>n/a</i>
<i>Op. EBITDA Reported Margin (%)</i>	<i>16.7%</i>	<i>16.1%</i>	<i>-</i>	<i>-</i>
<i>Op. EBITDA Adjusted Margin (%)</i>	<i>17.8%</i>	<i>17.6%</i>	<i>-</i>	<i>-</i>

### 3.5. 2022 Consolidated EBIT and EBIT Adjusted Overview

EBIT Adjusted in Q1 2022 was Euro 8,748 thousand, up Euro 1,519 thousand on Euro 7,229 thousand in the same period of the previous year (+21.0%).

This result includes amortisation, depreciation and write-downs in the period of Euro 4,584 thousand, increasing Euro 1,463 thousand on Q1 2021, mainly due to the change in consolidation scope, in addition to valuation adjustments and other provisions for Euro 995 thousand, increasing Euro 747 thousand on Q1 2021, both due to the change in consolidation scope and the provisions of the companies at like-for-like consolidation scope.

Consolidated EBIT and EBIT Adj. <i>in Euro thousands</i>	3M 2022 Actual	3M 2021 Actual	3M22 vs. 3M21 Euro '000	3M22 vs. 3M21 %
<b>Op. EBITDA Adjusted</b>	<b>14,327</b>	<b>10,598</b>	<b>3,729</b>	<b>35.2%</b>
<i>- Amortisation of intangible assets</i>	<i>(201)</i>	<i>(89)</i>	<i>(112)</i>	<i>125.4%</i>
<i>- Depreciation of property, plant &amp; equip.</i>	<i>(4,222)</i>	<i>(2,956)</i>	<i>(1,266)</i>	<i>42.8%</i>
<i>- Write-downs</i>	<i>(160)</i>	<i>(76)</i>	<i>(85)</i>	<i>111.7%</i>

<sup>3</sup> One-off costs incurred by the Group to tackle the COVID-19 emergency and concerning expenses for Personnel Protective Equipment ("PPE"), swabs / tests, the preparation and management of triage areas and the dedicated distancing pathways.

<sup>4</sup> This indicator adjusts operating EBITDA for non-recurring revenues and costs (e.g. net impact of additional COVID costs), one-off costs (e.g. M&A costs) and "non-regular" costs (e.g. management incentive plans), in order to provide an adjusted metric and comparable with the company's historic figures.

Amortisation, depreciation and write-downs	(4,584)	(3,121)	(1,463)	46.9%
- End of mandate provisions	(13)	(16)	3	-18.8%
- Healthcare lawsuit provisions	(502)	(243)	(259)	106.6%
- Local Health Authority risk provisions	(529)	(336)	(193)	57.4%
+ Release of provisions	49	347	(298)	-85.9%
<b>Impairments and other provisions</b>	<b>(995)</b>	<b>(248)</b>	<b>(747)</b>	<b>301.2%</b>
<b>= EBIT Adjusted</b>	<b>8,748</b>	<b>7,229</b>	<b>1,519</b>	<b>21.0%</b>
- Other costs (Adjustments)	(903)	(883)	(20)	2.3%
<b>= EBIT Reported</b>	<b>7,845</b>	<b>6,345</b>	<b>1,500</b>	<b>23.6%</b>
EBIT Adjusted Margin (%)	10.9%	12.0%	-	-
EBIT Reported Margin (%)	9.8%	10.5%	-	-

### 3.6. 2022 Consolidated net profit overview

The net profit was Euro 5,053 thousand, increasing Euro 768 thousand on Euro 4,285 thousand in Q1 2021.

This amount includes net financial charges of Euro 1,156 thousand, increasing Euro 510 thousand compared on Q1 2021, due to the higher Group debt following the acquisitions in 2021, and income taxes of Euro 1,637 thousand, increasing Euro 222 thousand on the same period of the previous year as a result of the improved pre-tax profit.

## 4. FINANCIAL HIGHLIGHTS - COMPARATIVE PRO-FORMA FIGURES

In order to ensure sufficient comparability of company results for Q1 2022 with the same period of the previous year, the Pro-Forma<sup>(5)</sup> figures were prepared for Q1 2021. This involved giving retroactive effect to January 1, 2021 to the acquisition of Clinica San Francesco (which took place on April 9, 2021) and Domus Nova (which took place on July 28, 2021).

Consolidated figures	2022		2021 PRO FORMA		2022 vs. 2021 PF	
	Euro '000	%	Euro '000	%	Euro '000	%
<i>in Euro thousands</i>						
Revenues	80,406	100.0%	76,518	100.00%	3,888	5.1%
Total operating costs (excl. Adjustments)	(66,079)	-82.2%	(64,587)	-84.4%	(1,492)	2.3%
<b>Op. EBITDA Adjusted</b>	<b>14,327</b>	<b>17.8%</b>	<b>11,931</b>	<b>15.6%</b>	<b>2,396</b>	<b>20.1%</b>
Other Costs ("Adjustments")	(903)	-1.1%	(883)	-1.2%	(20)	2.3%
<b>Operating EBITDA</b>	<b>13,424</b>	<b>16.7%</b>	<b>11,048</b>	<b>14.4%</b>	<b>2,376</b>	<b>21.5%</b>
Amortisation, depreciation and write-downs	(4,584)	-5.7%	(4,541)	-5.9%	(43)	0.9%
Impairments and other provisions	(995)	-1.2%	(655)	-0.9%	(340)	51.9%
<b>EBIT</b>	<b>7,845</b>	<b>9.8%</b>	<b>5,852</b>	<b>7.6%</b>	<b>1,993</b>	<b>34.1%</b>

<sup>5</sup> These Pro-Forma statements are drawn up on a voluntary basis and are not according to procedures agreed with the independent audit firm as per the International Standard of Related Services ("ISRS") 4400 issued by the IAASB.

<b>EBIT Adjusted</b>	<b>8,748</b>	<b>10.9%</b>	<b>6,735</b>	<b>8.8%</b>	<b>2,013</b>	<b>29.9%</b>
Net financial charges	(1,156)	-1.4%	(804)	-1.1%	(352)	43.8%
<b>Profit/(loss) before taxes</b>	<b>6,690</b>	<b>8.3%</b>	<b>5,048</b>	<b>6.6%</b>	<b>1,642</b>	<b>32.5%</b>
<b>Profit before taxes Adjusted</b>	<b>7,592</b>	<b>9.4%</b>	<b>5,931</b>	<b>7.8%</b>	<b>1,661</b>	<b>28.0%</b>
Income taxes	(1,637)	-2.0%	(1,230)	-1.6%	(407)	33.1%
<b>Net Profit/(loss)</b>	<b>5,053</b>	<b>6.3%</b>	<b>3,818</b>	<b>5.0%</b>	<b>1,235</b>	<b>32.3%</b>
<b>Group net profit</b>	<b>5,050</b>	<b>6.3%</b>	<b>3,818</b>	<b>5.0%</b>	<b>1,232</b>	<b>32.3%</b>
Minority interests	3	0.0%	0	0.0%	3	n/a

Reference should be made to the previous paragraph for the changes in the main performance indicators, which includes the contribution of Clinica San Francesco and Domus Nova.

## 5. BALANCE SHEET

### 5.1. Balance Sheet

A breakdown of the Group's condensed consolidated balance sheet at March 31, 2022 and December 31, 2021 is provided below.

Consolidated figures - Sources and Uses <i>in Euro thousands</i>	2022	2021	Δ vs 2021
	March	December	Euro '000
Goodwill	70,265	70,265	0
Intangible and tangible assets	412,339	413,758	(1,419)
Financial assets	1,671	1,768	(97)
<b>I Fixed capital</b>	<b>484,275</b>	<b>485,791</b>	<b>(1,516)</b>
Trade Receivables	76,547	74,720	1,828
Inventories	4,299	4,322	(23)
Trade payables	(50,206)	(46,239)	(3,968)
<b>Net Operating Working Capital</b>	<b>30,640</b>	<b>32,803</b>	<b>(2,163)</b>
Other assets/liabilities	(28,351)	(27,896)	(454)
<b>II Net Working Capital</b>	<b>2,289</b>	<b>4,907</b>	<b>(2,617)</b>
Net deferred taxes	(58,363)	(58,272)	(91)
Provisions	(29,088)	(29,333)	245
<b>III Total Uses (NET CAPITAL EMPLOYED)</b>	<b>399,114</b>	<b>403,093</b>	<b>(3,979)</b>
<b>IV Net financial debt</b>	<b>134,241</b>	<b>142,378</b>	<b>(8,138)</b>
Minority Interest Net Equity	264	262	3
Group shareholders' equity	264,609	260,453	4,156
<b>V Shareholders' Equity</b>	<b>264,873</b>	<b>260,714</b>	<b>4,159</b>
<b>VI Total sources of financing</b>	<b>399,114</b>	<b>403,093</b>	<b>(3,979)</b>

Fixed capital at March 31, 2022 amounted to Euro 484,275 thousand, a decrease of Euro 1,516 thousand on December 31, 2021. The movement relates to amortisation and depreciation in the period of Euro 4,423 thousand, exceeding investments of Euro 3,063 thousand.

Net operating working capital at March 31, 2022 decreased Euro 2,163 thousand on December 31, 2021, due to the increase in trade payables related to the seasonality of goods and service purchases.

Other assets and liabilities decreased Euro 454 thousand, mainly due to the assessment of income taxes for the period.

The net working capital therefore reports a net decrease of Euro 2,617 thousand due to the net operating working capital changes and the changes of other assets and liabilities outlined previously.

Provisions reduced compared to December 31, 2021 by Euro 245 thousand, due to: (i) the decrease in the Post-employment benefit provision for Euro 813 thousand (ii) the increase in the provisions for risks for Euro 568 thousand. In greater detail, the increase in the risks provisions is due to the following combined effects: (i) net accruals (excess of provisions over releases) of Euro 995 thousand, mainly due for Euro 467 thousand to healthcare risks and for Euro 514 thousand to local health authority risks (ii) utilisations for Euro 427 thousand, mainly concerning healthcare cases (Euro 367 thousand).

Net Capital Employed at March 31, 2022, amounted to Euro 399,114 thousand, a decrease of Euro 3,979 thousand on Euro 403,093 thousand at December 31, 2021.

At March 31, 2022 the Net Financial Position (NFP) of the Garofalo Health Care Group was Euro 134,241 thousand decreasing Euro 8,138 thousand on December 31, 2021 thanks to the operating cash flow generated net of investments, financial charges and income taxes paid in the period.

The Group shareholders' equity at March 31, 2022 of Euro 264,609 thousand increased Euro 4,156 thousand on December 31, 2021 due to the profit for the period of Euro 5,050 thousand, the increase in the actuarial reserve on the post-employment benefits for Euro 465 thousand, net of the purchase of treasury shares of Euro 1,359 thousand.

## 5.2. 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 March 31, 2022 and December 31, 2021 is provided below.

Consolidated figures	2022 Euro '000	2021 Euro '000	Δ vs 2021 Euro '000
A Available liquidity	43,703	41,239	2,464
B Cash equivalents	39	39	-
C Other current financial assets	96	136	(40)
<b>D Liquidity</b>	<b>43,838</b>	<b>41,414</b>	<b>2,424</b>
E Current financial debt	18,702	24,163	(5,461)
F Current portion of non-current financial debt	22,304	21,499	805
<b>G Total current financial debt</b>	<b>41,006</b>	<b>45,662</b>	<b>(4,656)</b>
<b>H Net current financial debt (G - D)</b>	<b>- 2,833</b>	<b>4,248</b>	<b>(7,081)</b>
I Non-current financial debt	137,073	138,130	(1,057)
J Debt instruments	-	-	-
K Trade payables and other non-current payables	-	-	-
<b>L Non-current financial debt (I + J + K)</b>	<b>137,073</b>	<b>138,130</b>	<b>(1,057)</b>
<b>M Total financial debt (H + L)</b>	<b>134,241</b>	<b>142,378</b>	<b>(8,138)</b>

The main changes in the items comprising the Net Financial Position are described below.

Liquidity increased Euro 2,424 thousand, thanks to operating cash flow generated, net of that used to reduce the current financial debt and capex in the period.

Total current financial debt of Euro 41,006 thousand decreased Euro 4,656 thousand, mainly due to the lesser use of short-term credit lines, such as advances on invoices and current account overdrafts. Current financial debt of Euro 18,702 thousand at March 31, 2022 includes liabilities for lease contracts of Euro 4,924 thousand (Euro 4,840 thousand at December 31, 2021).

Non-current financial debt of Euro 137,073 thousand includes payables for lease contracts of Euro 20,418 thousand (Euro 21,557 thousand at December 31, 2021); the decrease of Euro 1,057 thousand is mainly due to the reclassification of the payable for lease contracts due within one year.




## 6. INVESTMENTS

### 6.1 Recurring investments

In Q1 2022, the Group continued 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 functional upgrades to medical devices and equipment that are essential in maintaining high quality standards in the services offered to patients.

### 6.2 Capex in long-term development and organisational restructuring

In Q1 2022, 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.

Facility	Main expansion and reorganizational investments	Highlights
Villa Fernanda and S. Marta (Gruppo Fides)	 <b>Villa Fernanda</b>  <b>S. Marta</b> <i>In progress</i>	<ul style="list-style-type: none"> <li>- Acquisition of building located in Genoa, previously used as a school, where in 2020 has been relocated the activity previously carried out at the Santa Marta facility</li> <li>- Renovation activities of Santa Marta are in progress. S. Marta will be dedicated to assistance activity with a focus on private patients</li> </ul>
Eremo di Miazzina	 <b>Expansion of Istituto Raffaele Garofalo</b>  <i>In progress</i>	<ul style="list-style-type: none"> <li>- Acquisition of a building of around 4,000smq 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 IR</li> <li>- The activities are continuing on schedule</li> </ul>
Hesperia Hospital Modena	 <b>Expansion and reorganization of existing facility</b>  <i>In progress</i>	<ul style="list-style-type: none"> <li>- Expansion of production capacity with reorganisation of operating theatres and the creation, among others, of a new operating room and a new day-surgery, in addition to the creation of a new area for the centralised acceptance of specialised outpatient cases</li> <li>- The activities are currently ongoing</li> </ul>

## 7. COVID-19 OVERVIEW

The contents of the disclosure below take due account of the indications provided by Consob in the attention call No. 1 of February 16, 2021, concerning "COVID 19 - attention call on financial reporting" as well as the recommendations provided by ESMA in the public statement "Implications of the COVID-19 outbreak on the half-yearly financial Reports" of May 20, 2020.

During the quarter, and particularly in January and February, the GHC Group clinics continued to support the public system, while at the same time not compromising operating activities. The GHC Group consolidated results for Q1 2022 in fact report, also at like-for-like consolidation scope, improved production on the same period of the previous year.

The following table presents the main activities in support of the public system:

Region	Clinic	Main activities carried out to support the public system
Emilia-Romagna	Hesperia Hospital	<ul style="list-style-type: none"> <li>Local health authority weekly operating room sessions made available to the Policlinico and Modena for oncological senology procedures and for orthopaedic procedures.</li> </ul>
	Ospedali Privati Riuniti	<ul style="list-style-type: none"> <li>Ward made available for COVID patients in addition to operating room sessions to allow the Istituto Ortopedico Rizzoli to carry out orthopaedic surgery at its clinic in Villa Regina.</li> </ul>
Tuscany	Rugani Hospital	<ul style="list-style-type: none"> <li><b>Opened wards dedicated to COVID patients emerging from the acute phase but still testing positive for the virus (10 beds)</b></li> </ul>

With reference to the Q1 2022 income statement, COVID-19 resulted at consolidated level in one-off costs (“additional COVID costs”) for Personnel Protective Equipment (“PPE”), swabs / tests, the preparation and management of triage areas and the dedicated distancing pathways, only in part reimbursed by the local health authorities.

As regards the Balance Sheet, COVID-19 resulted at consolidated level in the recognition to GHC hospital clinics as a result of the COVID-19 emergency by the main Regions in which the Group operates of advances paid in 2020 and 2021. At March 31, 2022, these advances amounted to Euro 10.5 million.

## 8. 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.

## 9. SUBSEQUENT EVENTS

There were no subsequent events to the quarter.

## 10. OUTLOOK

For the year 2022 the Group is confident of continued growth with Revenues and Op. EBITDA Adjusted expected to beat 2021, also at like-for-like consolidation scope. This outlook considers the growing importance of healthcare nationally, increasingly seen as an essential primary good, which plays an ever more important role in the accredited private sector, as part of the health and dependency care provision of the individual Regions, against a backdrop of growing care needs.

It should be noted that these growth forecasts already include estimates for the higher energy-related costs, which it is assumed can be absorbed by budget increases (e.g. for the recovery of waiting lists), also in view of their insignificant weight at Group level, taking into account that the GHC clinics are not considered "energy-consuming" companies.

The conflict in Ukraine, however, is generating unexpected geopolitical instability which could entail, especially if protracted, indirect risks linked to a further increase in energy prices and, consequently, in the supply prices of certain consumables. These indirect risks are not currently significant, but the Group will continue to monitor developments over the coming months.



Finally, in line with the Buy & Build strategy undertaken since the IPO, the Group confirms its strategic focus on M&A driven growth, through acquisitions of excellent clinics with non-dilutive performances, also going forward.

## 11. FINANCIAL STATEMENTS

### BALANCE SHEET

	For the period ended March 31	For the year ended December 31
<i>in Euro thousands</i>	2022	2021
Goodwill	70,265	70,265
Other intangible assets	195,893	195,828
Property, plant and equipment	215,532	217,006
Investment property	914	924
Equity investments	1,285	1,285
Other non-current financial assets	385	482
Other non-current assets	1,613	1,113
Deferred tax assets	9,579	9,660
<b>TOTAL NON-CURRENT ASSETS</b>	<b>495,467</b>	<b>496,564</b>
Inventories	4,299	4,322
Trade receivables	76,547	74,720
Tax receivables	6,008	6,088
Other receivables and current assets	4,265	3,405
Other current financial assets	135	175
Cash and cash equivalents	43,703	41,239
<b>TOTAL CURRENT ASSETS</b>	<b>134,957</b>	<b>129,948</b>
<b>TOTAL ASSETS</b>	<b>630,424</b>	<b>626,513</b>

	For the period ended March 31	For the year ended December 31
<i>in Euro thousands</i>	2022	2021
Share capital	31,570	31,570
Legal reserve	471	471
Other reserves	227,518	209,578
Group Net Profit	5,050	18,834
<b>TOTAL GROUP SHAREHOLDERS' EQUITY</b>	<b>264,609</b>	<b>260,453</b>
Non-controlling interests capital and reserves	262	253
Minority interest result	3	9
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>264,873</b>	<b>260,714</b>
Employee benefits	11,174	11,987
Provisions for risks and charges	17,914	17,346
Non-current financial payables	137,073	138,130
Other non-current liabilities	2,112	213
Deferred tax liabilities	67,942	67,932
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>236,215</b>	<b>235,608</b>
Trade payables	50,206	46,239
Current financial payables	41,006	45,662
Tax payables	5,408	3,860
Other current liabilities	32,716	34,430
<b>TOTAL CURRENT LIABILITIES</b>	<b>129,336</b>	<b>130,190</b>
<b>TOTAL LIABILITIES</b>	<b>365,551</b>	<b>365,798</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>630,424</b>	<b>626,513</b>

**INCOME STATEMENT**

<i>in Euro thousands</i>	For the period ended March 31	
	2022	2021
Revenues from services	79,217	59,308
Other revenues	1,188	1,071
<b>TOTAL REVENUES</b>	<b>80,406</b>	<b>60,379</b>
Raw materials and consumables	11,944	8,672
Service costs	33,124	24,805
Personnel costs	18,265	14,308
Other operating costs	3,649	2,878
Amortisation, depreciation and write-downs	4,584	3,121
Impairments and other provisions	995	248
<b>TOTAL OPERATING COSTS</b>	<b>72,560</b>	<b>54,033</b>
<b>EBIT</b>	<b>7,845</b>	<b>6,345</b>
Financial income	16	36
Financial charges	(1,171)	(682)
<b>TOTAL FINANCIAL INCOME AND CHARGES</b>	<b>(1,156)</b>	<b>(646)</b>
<b>PROFIT BEFORE TAXES</b>	<b>6,690</b>	<b>5,700</b>
Income taxes	1,637	1,415
<b>NET PROFIT FOR THE YEAR</b>	<b>5,053</b>	<b>4,285</b>
Attributable to:		
Group	5,050	4,284
Minority interests	3	1

**CASH FLOW STATEMENT**

In Euro thousands	March	
	2022	2021
<b>OPERATING ACTIVITIES</b>		
<b>Profit for the period</b>	<b>5,054</b>	<b>4,285</b>
<i>Adjustments for:</i>		
- <i>Amortisation and depreciation</i>	4,424	3,046
- <i>Provisions for employee benefit liabilities</i>	182	170
- <i>Provisions for risks and charges</i>	995	248
- <i>Doubtful debt provision</i>	160	76
- <i>Change in other non-current assets and liabilities</i>	1,496	88
- <i>Net change in deferred tax assets and liabilities</i>	(55)	212
- <i>Payments for employee benefits</i>	(384)	(336)
- <i>Payments for provisions for risks and charges</i>	(426)	(423)
<i>Changes in operating assets and liabilities:</i>		
<i>(Increase) decrease in trade and other receivables</i>	(1,988)	(2,071)
<i>(Increase) decrease in inventories</i>	23	(278)
<i>Increase (decrease) in trade and other payables</i>	3,968	1,961
<i>Other current assets and liabilities</i>	(848)	(14)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES (A)</b>	<b>12,599</b>	<b>6,964</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
<i>Investments in intangible assets</i>	(264)	(110)
<i>Investments in tangible assets</i>	(2,799)	(4,244)
<i>(Investments)/disposals in financial assets</i>	-	(4,600)
<i>Sale of tangible assets</i>	-	133
<b>CASH FLOW ABSORBED BY INVESTING ACTIVITIES (B)</b>	<b>(3,063)</b>	<b>(8,822)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
<i>Issue of medium/long term loans</i>	65	4,700
<i>Repayment of medium/long-term loans</i>	-	(3,727)
<i>Issue/(repayment) of short-term loans</i>	(5,562)	(639)
<i>Changes in other financial payables</i>	(216)	-
<i>Share capital increase and shareholder payments</i>	-	41,088
<i>(Acquisition) treasury shares</i>	(1,359)	-
<b>NET CASH FLOW GENERATED/(ABSORBED) FROM FINANCING ACTIVITIES (C)</b>	<b>(7,072)</b>	<b>41,422</b>
<b>TOTAL CASH FLOWS (D=A+B+C)</b>	<b>2,464</b>	<b>39,564</b>
<b>CASH &amp; CASH EQUIVALENTS AT BEGINNING OF PERIOD (E)</b>	<b>41,239</b>	<b>24,810</b>
<b>CASH &amp; CASH EQUIVALENTS AT END OF PERIOD (F=D+E)</b>	<b>43,703</b>	<b>64,374</b>
<b>Additional information:</b>		
Interest paid	-	299
Income taxes paid	-	-

## 12. DECLARATION OF THE EXECUTIVE OFFICER

The Executive Officer for Financial Reporting of the company Garofalo HealthCare S.p.A., Mr. Luigi Celentano, declares in accordance with Article 154-*bis*, No. 154, of Legislative Decree February 24, 1998, that the accounting information contained in this Interim Report at March 31, 2022 corresponds to the underlying accounting documents, records and entries.

Rome, May 13, 2022

**Executive Officer for  
Financial Reporting**

(Mr. Luigi Celentano)