



INTERIM FINANCIAL REPORT AT MARCH 31, 2023



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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 March 31, 2023 is governed by the Regulation of Markets organised and managed by "Borsa Italiana" and, in particular, Article 2.2.3, paragraph 3.

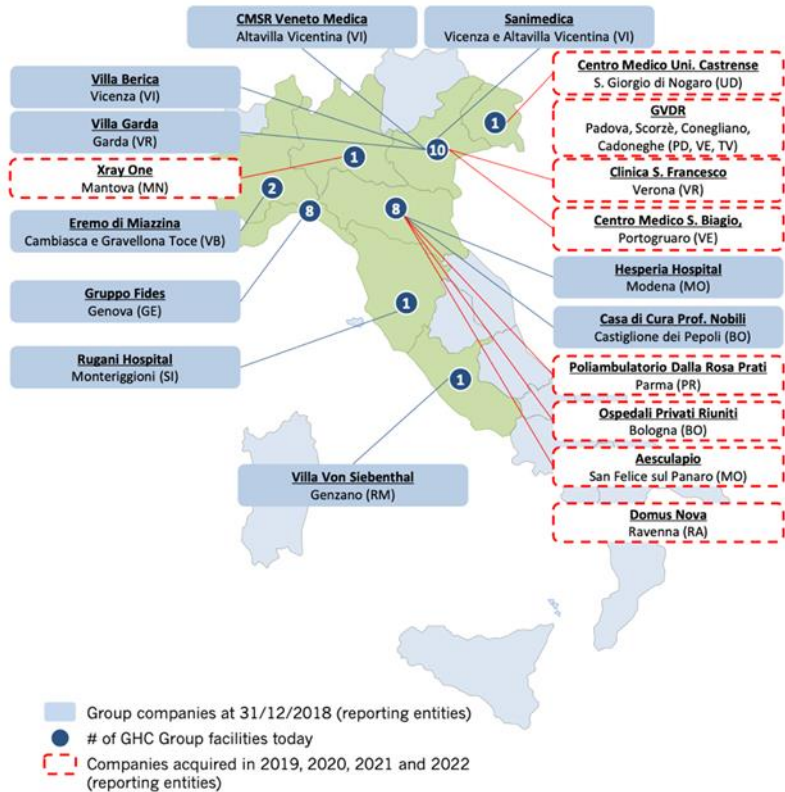
The accounting standards used by the Group are the International Financial Reporting Standards, endorsed by the European Union ("IFRS") and in application of Legislative Decree No. 38/2005 and the other Consob financial statements provisions. The accounting policies and consolidation principles adopted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

The Interim Financial Report at March 31, 2023 was approved by the Board of Directors on May 15, 2023.

2. GROUP STRUCTURE

➤ Overview of the Group's healthcare facilities

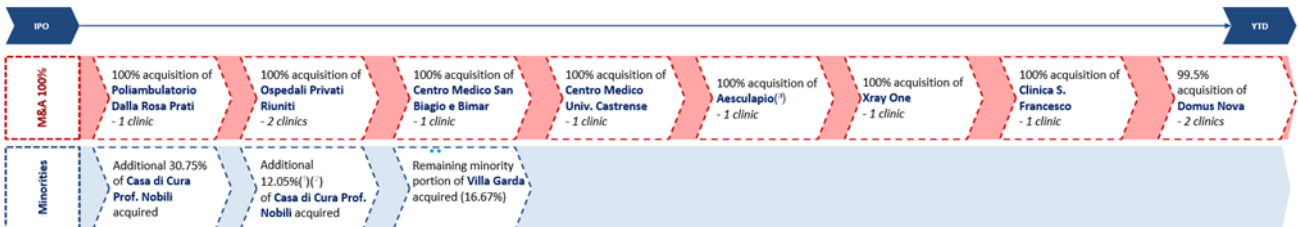
The GHC Group is an Italian accredited private healthcare leader operating, at March 31, 2023, through 32 healthcare clinics, in addition to four clinics owned by Il Fiocco S.c.a.r.l., held 40% by GHC through the subsidiary Fi.d.es Medica S.r.l., offering a comprehensive range of services covering all areas of healthcare thanks to diversified specialties, the use of cutting-edge technologies and highly-qualified personnel.



GHC Group - Highlights(*)	
32 Clinics	8 Regions
1,804 Beds	~35.5k Admissions
~2.4M Outpatient services	~4,000 Employees and collaborators
EE Standard Ethics Investment Grade ESG Ratina	77% Female employees

(*) Figures at 31.12.2022

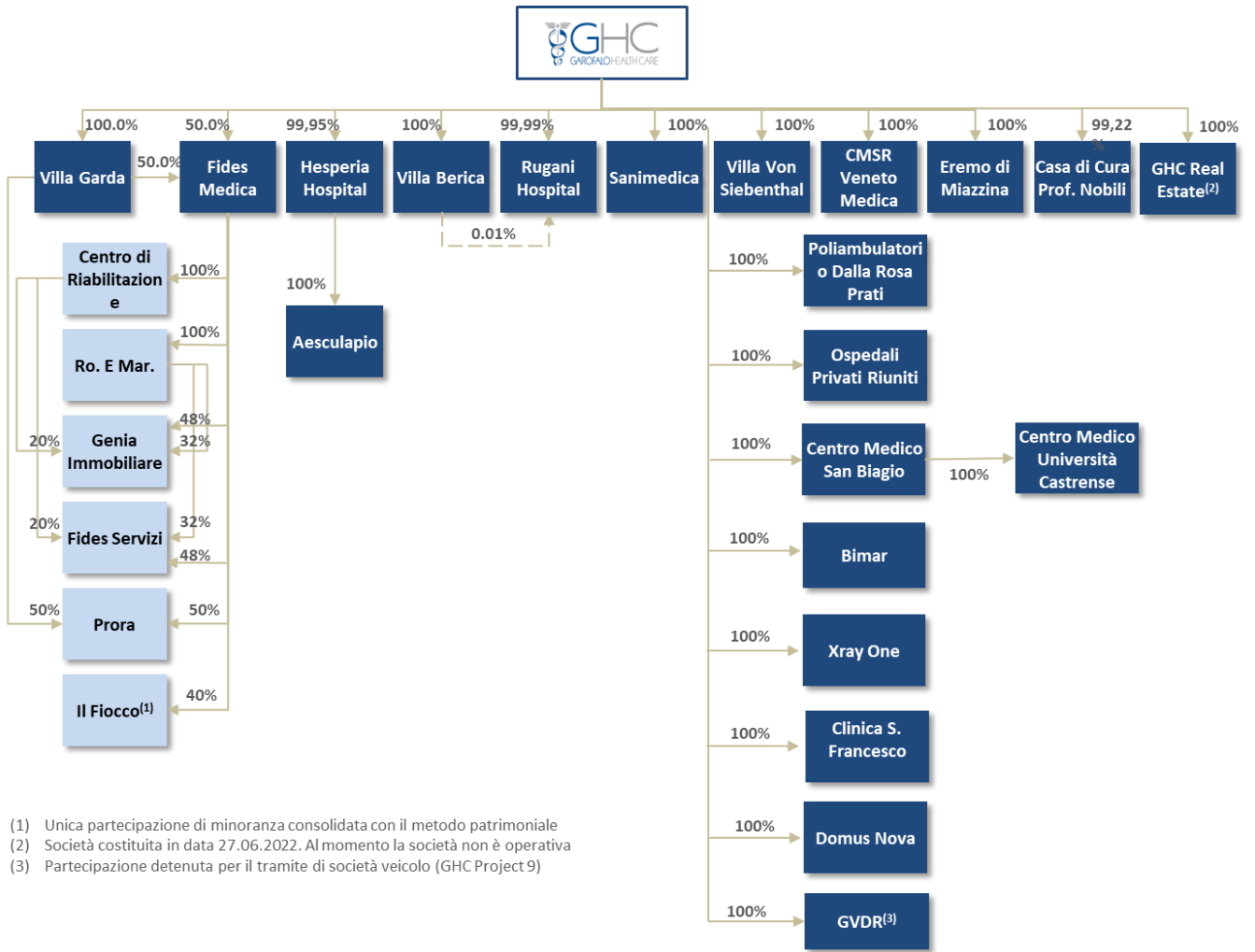
The Group operates in regions of northern and central Italy that have been selected as attractive in terms of: i) per capita health spending, ii) above-average per capita income for Italy; iii) sound financial health of the Regional Health Service; and iv) internal transport infrastructure.



(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, 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”) in each of the subsidiaries:



- (1) Unica partecipazione di minoranza consolidata con il metodo patrimoniale
- (2) Società costituita in data 27.06.2022. Al momento la società non è operativa
- (3) Partecipazione detenuta per il tramite di società veicolo (GHC Project 9)

➤ **Group activities by sector**

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

⁽¹⁾ 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.

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

Brief description of the companies of the GHC Group

The GHC Group's 32 clinics are diversified by Regions and by sector, as shown below.

Italian regions	no. Reporting Entities (19)	no. Clinics (32)	N. legal entities (legal persons) (25)	Sector	
				Hospital	Outpatient / Dependency care
Emilia-Romagna	<input type="checkbox"/> Hesperia Hospital	1	1	✓	
	<input type="checkbox"/> Aesculapio	1	1		✓
	<input type="checkbox"/> Casa di Cura Prof. Nobili	1	1	✓	
	<input type="checkbox"/> Poliambulatorio Dalla Rosa Prati	1	1		✓
	<input type="checkbox"/> Ospedali Privati Riuniti	2	1	✓	
	<input type="checkbox"/> Domus Nova	2	1	✓	
Veneto	<input type="checkbox"/> Villa Berica	1	1	✓	
	<input type="checkbox"/> CMSR Veneto Medica	1	1		✓
	<input type="checkbox"/> Sanimedica	1	1		✓
	<input type="checkbox"/> Villa Garda	1	1	✓	
	<input type="checkbox"/> Centro Medico S. Biagio ⁽¹⁾	1	2		✓
	<input type="checkbox"/> Clinica S. Francesco	1	1	✓	
	<input type="checkbox"/> GVDR	4	1		✓
Friuli Venezia-Giulia	<input type="checkbox"/> Centro Medico Università Castrensè	1	1		✓
Piedmont	<input type="checkbox"/> Eremo di Miazzina	2	1	✓	✓
Tuscany	<input type="checkbox"/> Rugani Hospital	1	1	✓	
Liguria	<input type="checkbox"/> Fides Group ⁽²⁾	8 ⁽³⁾	6 ⁽⁴⁾		✓
Lombardy	<input type="checkbox"/> XRay One	1	1		✓
Lazio	<input type="checkbox"/> 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

(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 2023 results report both revenue and Operating EBITDA growth on the same period of the previous year, mainly due to the increased production of the companies at like-for-like consolidation scope, in addition to the contribution of GVDR S.r.l. (acquired on December 6, 2022).

The operating performance indicators for Q1 2023 and Q1 2022 are presented below.

Consolidated figures	2023		2022		2023 vs. 2022	
	Euro '000	%	Euro '000	%	Euro '000	%
Revenues	92,285	100.0%	80,406	100.0%	11,879	14.8%
Total operating costs (excl. Adjustments)	(73,523)	-79.7%	(66,079)	-82.2%	(7,444)	11.3%
Op. EBITDA Adjusted	18,762	20.3%	14,327	17.8%	4,435	31.0%
Other revenues/costs ("Adjustments") ²	1,040	1.1%	(903)	-1.1%	1,943	n/a
Operating EBITDA	19,802	21.5%	13,424	16.7%	6,378	47.5%
Amortisation, depreciation, and write-downs	(5,004)	-5.4%	(4,584)	-5.7%	(420)	9.2%
Impairments and other provisions	(833)	-0.9%	(995)	-1.2%	161	-16.2%
EBIT	13,965	15.1%	7,845	9.8%	6,119	78.0%
Net financial charges	(2,215)	-2.4%	(1,156)	-1.4%	(1,060)	91.7%
Profit before taxes	11,749	12.7%	6,690	8.3%	5,060	75.6%
Income taxes	(3,060)	-3.3%	(1,637)	-2.0%	(1,423)	86.9%
Net Profit	8,690	9.4%	5,053	6.3%	3,637	72.0%
Group net profit	8,689	9.4%	5,050	6.3%	3,638	72.0%
Minority interests	1	0.0%	3	0.0%	(1)	-56.9%

3.2 2023 Consolidated Revenues Overview

GHC consolidated revenues in Q1 2023 amounted to Euro 92,285 thousand, up 14.8% on Euro 80,406 thousand in the same period of 2022.

The increase in revenues of Euro 11,879 thousand is due to the greater production of the companies at like-for-like consolidation scope, the increased reimbursement of additional COVID costs and for Euro 3,836 thousand the change in consolidation scope, as the first three months of 2023 benefited from the contribution of GVDR S.r.l., acquired on December 6, 2022.

² 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)

Consolidated revenues <i>in Euro thousands</i>	1Q 2023 Actual	1Q 2022 Actual	1Q23 vs. 1Q22 Euro '000	1Q23 vs. 1Q22 %
Total	92,285	80,406	11,879	14.8%
<i>of which repayments of "additional COVID costs"</i>	1,225	292	933	319.4%
<i>of which GVDR</i>	3,836	0	3,836	n/a

The increased production of the companies at like-for-like consolidation scope was driven by the increase in services provided to private patients, increasing approx. 16% on Q1 2022, confirming the popularity of the Group clinics and highlighting the increasing demand for healthcare services on the Italian market.

3.3. 2023 Consolidated Costs Overview

Consolidated operating costs in the first three months of 2023, net of Adjustments, totalled Euro 73,523 thousand, increasing Euro 7,444 thousand (+11.3%) on Euro 66,079 thousand in the same period of 2022.

This increase derives for Euro 4,592 thousand from the increased production volumes of the companies at like-for-like consolidation scope and for Euro 2,852 thousand the change in consolidation scope.

In the first quarter of 2023, energy costs sharply declined on the average for the second half of 2022, with energy costs in fact accounting for 2.4% of revenues (2.6% in Q1 2022). Considering the cost of energy, net of the tax credit on the increase in energy and gas prices provided by current legislation, the impact on revenues in the first quarter of 2023 would be 1.8%, basically in line with the levels in 2021.

3.4. 2023 Consolidated Operating EBITDA and Operating EBITDA Adjusted

Consolidated Operating EBITDA Adjusted⁽³⁾ was Euro 18,762 thousand, up 31.0% on Euro 14,327 thousand in the same period of the previous year. The increase of Euro 4,435 thousand is due for Euro 3,506 thousand to the companies at like-for-like consolidation scope and for Euro 929 thousand the change in consolidation scope.

The Adjustments, positive for Euro 1,040 thousand (negative for Euro 903 thousand in Q1 2022), comprised: i) the reimbursements recognised to the Veneto clinics for Euro 1,300 thousand (Euro 292 thousand in Q1 2022) against the additional COVID costs incurred in 2021 and in Q1 2022; ii) the additional COVID costs incurred in Q1 2023 for Euro 234 thousand (Euro 1,170 thousand in Q1 2022) and iii) M&A costs for Euro 27 thousand (Euro 24 thousand in Q1 2022).

The Group's Operating EBITDA Adjusted Margin was 20.3%, compared to 17.8% in the previous year.

Operating EBITDA Reported was Euro 19,802 thousand, up 47.5% on Euro 13,424 thousand in the same period of the previous year.

Consolidated Op. EBITDA and Op. EBITDA Adj. <i>in Euro thousands</i>	1Q 2023 Actual	1Q 2022 Actual	1Q23 vs. 1Q22 Euro '000	1Q23 vs. 1Q22 %
Op. EBITDA Reported	19,802	13,424	6,378	47.5%
<i>+ additional COVID costs (net reimbursements)</i>	(1,067)	878	(1,945)	n/a
<i>+ M&A costs</i>	27	25	2	6.4%
Op. EBITDA Adjusted	18,762	14,327	4,435	31.0%
<i>of which GVDR</i>	929	-	929	n/a
<i>Op. EBITDA Reported Margin (%)</i>	21.5%	16.7%	-	-
<i>Op. EBITDA Adjusted Margin (%)</i>	20.3%	17.8%	-	-

³ This indicator adjusts operating EBITDA for non-recurring revenues and costs (e.g. net impact of additional COVID costs) and for one-off costs (e.g. M&A costs), in order to provide an adjusted metric and comparable with the company's historic figures.

3.5. 2023 Consolidated EBIT overview

EBIT in Q1 2023 was Euro 13,965 thousand, up Euro 6,120 thousand on Euro 7,845 thousand in the same period of the previous year.

This result includes amortisation, depreciation and write-downs in the period of Euro 5,004 thousand, increasing Euro 420 thousand on Q1 2022, mainly due to change in the consolidation scope, in addition to the adjustments and other provisions for Euro 834 thousand, decreasing Euro 161 thousand on Q1 2022.

<i>Consolidated EBIT and EBIT Adj.</i> in Euro thousands	1Q 2023 Actual	1Q 2022 Actual	1Q23 vs. 1Q22 Euro '000	1Q23 vs. 1Q22 %
Op. EBITDA Reported	19,802	13,424	6,378	47.5%
- Amortisation of intangible assets	(234)	(201)	(33)	16.2%
- Depreciation of property, plant & equip.	(4,606)	(4,222)	(384)	9.1%
- Write-downs	(164)	(160)	(4)	2.2%
Amortization, depreciation & write-downs	(5,004)	(4,584)	(420)	9.2%
- End of mandate provisions	(6)	(13)	7	-51.9%
- Healthcare lawsuit provisions	(663)	(502)	(161)	32.1%
- Local Health Authority risk provisions	(424)	(529)	106	-19.9%
- Other risk provisions	(11)	-	(11)	n/a
+ Release of provisions	270	49	221	451.9%
Impairments and other provisions	(834)	(995)	161	-16.2%
= EBIT	13,965	7,845	6,120	78.0%
<i>EBIT Margin (%)</i>	<i>15.1%</i>	<i>9.8%</i>	-	-

3.6. 2023 Consolidated Net Profit overview

The Net Profit was Euro 8,690 thousand, an increase of Euro 3,637 thousand on Euro 5,053 thousand in Q1 2022.

This amount takes account of net financial charges of Euro 2,215 thousand, increasing Euro 1,060 thousand on Q1 2022, due to the increase in interest rates, and of income taxes for Euro 3,060 thousand, increasing Euro 1,423 thousand on the same period of the previous year as a result of the improved pre-tax profit.

4. BALANCE SHEET AND FINANCIAL POSITION

4.1. Balance Sheet

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

Consolidated figures Uses	2023	2022	Δ vs 2022
	March	December	Euro '000
Goodwill	91,392	91,392	-
Intangible and tangible assets	417,745	418,750	(1,005)
Financial assets	1,373	1,344	29
I Fixed capital	510,509	511,485	(976)
Trade Receivables	93,455	76,479	16,976
Inventories	4,441	4,244	196
Trade Payables	(52,536)	(51,100)	(1,436)
Net Operating Working Capital	45,360	29,623	15,736
Other assets/liabilities	(30,329)	(27,501)	(2,828)
II Net Working Capital	15,031	2,122	12,908
Net deferred taxes	(57,057)	(56,740)	(316)
Provisions	(32,482)	(32,703)	221
III Total Uses (NET CAPITAL EMPLOYED)	436,001	424,164	11,837
IV Net financial debt	148,316	145,011	3,305
Minority interests net equity	30	83	(52)
Group shareholders' equity	287,654	279,070	8,583
V Shareholders' Equity	287,684	279,153	8,531
VI Total sources of financing	436,001	424,164	11,837

Fixed capital at March 31, 2023 amounts to Euro 510,509 thousand, decreasing Euro 976 thousand on December 31, 2022, due mainly to the amortisation and depreciation in the period of Euro 4,840 thousand, exceeding investments of Euro 3,856 thousand.

Net operating working capital at March 31, 2023 increased Euro 15,736 thousand on December 31, 2022, due to the increase in trade receivables, relating to a portion of the outside-region production in 2022, not yet received by the Emilia-Romagna clinics (approx. Euro 12.7 million) and by the company Centro Medico San Biagio (approx. Euro 2.5 million). It should be noted that these receivables are expected to be collected during the second quarter of 2023, with a resulting positive impact on Net Operating Working Capital.

Other assets and liabilities increased Euro 2,828 thousand, mainly due to the assessment of income taxes for the period.

The net working capital therefore reports a net increase of Euro 12,908 thousand due to the net operating working capital changes and the changes of other assets and liabilities outlined previously.

Net deferred taxes increased by Euro 316 thousand, attributable to the assessment of taxes for the period.

Provisions decreased by Euro 221 thousand on December 31, 2022, due to: (i) the decrease in the Post-employment benefit provision for a total of Euro 451 thousand (ii) the increase in the provisions for risks for Euro 230 thousand. The former is attributable to the decrease in the actuarial reserve resulting from the increase in interest rates. The increase in the risks provisions is due to the following combined effects: (i) net accruals (excess of provisions over releases) of Euro 838 thousand, mainly due for Euro 419 thousand to healthcare risks and for Euro 408 thousand to local health authority risks (ii) utilizations for Euro 608 thousand, mainly concerning healthcare cases (Euro 441 thousand).

Net capital employed at March 31, 2023, amounted to Euro 436,001 thousand, an increase of Euro 11,837 thousand on Euro 424,164 thousand at December 31, 2022.

The Group shareholders' equity at March 31, 2023 of Euro 287,684 thousand increased Euro 8,531 thousand on December 31, 2022 due to the profit for the period of Euro 8,690 thousand, and the increase in the actuarial reserve on the post-employment benefits for Euro 313 thousand, net of the purchase of treasury shares of Euro 448 thousand.

4.2. 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, 2023 and December 31, 2022 is provided below.

Consolidated figures	2023 Euro '000	2022 Euro '000	Δ vs 2022 Euro '000
A Available liquidity	32,709	31,382	1,327
B Cash equivalents	-	-	-
C Other current financial assets	345	215	130
D Liquidity	33,054	31,597	1,458
E Current financial debt	26,744	22,297	4,447
F Current portion of non-current financial debt	23,733	22,146	1,587
G Current financial debt	50,477	44,443	6,034
H Net current financial debt (G - D)	17,422	12,846	4,577
I Non-current financial debt	130,894	132,165	(1,271)
J Debt instruments	-	-	-
K Trade payables and other non-current payables	-	-	-
L Non-current financial debt (I + J + K)	130,894	132,165	(1,271)
M Total financial debt (H + L)	148,316	145,011	3,305

At March 31, 2023, the Net Financial Position (NFP) of the Garofalo Health Care Group amounts to Euro 148,316 thousand, comprising gross financial debt of Euro 181,371 thousand (Euro 50,477 thousand of current financial debt and Euro 130,894 thousand of non-financial debt) and liquidity of Euro 33,054 thousand. The NFP therefore increased Euro 3,305 thousand on December 31, 2022, mainly due to the increase in trade receivables, as commented upon in the previous paragraph, which has deferred the receipt of liquidity, which has remained substantially unchanged on the end of 2022, and has required the temporary use of advances and bank overdrafts, with a consequent increase in Current financial payables.

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 March 31, 2023 were unchanged on December 31, 2022 and amount to approx. Euro 10.5 million.

5. INVESTMENTS

5.1 Recurring investments

In Q1 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.

5.2 Capex in long-term development and organisational restructuring

In Q1 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	Highlights
Eramo di Miazzina	 <p><i>Expansion of Istituto Raffaele Garofalo</i></p> <p><i>in progress</i></p>	<ul style="list-style-type: none"> - Acquisition of a building of around 4,000m² 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. - At the end of 2022, the main works have been completed. - In Q123, the authorisation process for the accreditation of the clinic began.
Hesperia Hospital Modena	 <p><i>Expansion and organisational restructuring of existing</i></p> <p><i>in progress</i></p>	<ul style="list-style-type: none"> - 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. - Activities are currently underway.
Domus Nova	 <p><i>Upgrading Domus Nova and San Francesco</i></p> <p><i>in progress</i></p>	<ul style="list-style-type: none"> - Domus Nova: new reception area with reception desk, new elevator, pre-operative area. - San Francesco: new reception area, outpatient area on the ground floor, endoscopy department, interventions for CPI regulatory adaptations. - Activities are currently underway.

6. 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.

7. SIGNIFICANT EVENTS AFTER THE END OF THE QUARTER

On 4 May 2023 Garofalo Health Care S.p.A. acquired a stake equal to 86.95% of the share capital of Sanatorio Triestino S.p.A., owner of an accredited nursing home, historical reality of the city of Trieste and always a point of reference in the area for the quality of services and services provided.

The operation allows Garofalo Health Care S.p.A. to strengthen its presence in Friuli-Venezia Giulia, where the GHC Group is already present with the diagnostic centre Università Castrense, with which significant synergistic actions can be achieved.

Sanatorio Triestino also owns controlling interests in Eutonia S.r.l. Sanità & Salute, the largest physiotherapy and rehabilitation company in the Province of Trieste and in Terme del Friuli Venezia Giulia S.r.l., the company that currently manages the “Arta and “Monfalcone” spas.

The Enterprise Value of the transaction (100%) is equal to Euro 16.9 million, while the Equity Value is equal to Euro 13.2 million and is calculated on the basis of the Net Financial Position as at 31 December 2022.

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

8. OUTLOOK

The issue of health at national level is characterized by age-old demographic trends (such as the aging of the population and a higher incidence of chronic diseases compared to the European average), elements which are leading to clearly growing healthcare needs, the latter exacerbated exponentially by delays accumulated in the provision of services due to the pandemic.

In this context, the Group will continue to operate in 2023 by fully implementing the accredited activity, including the increased resources that could be assigned during the year for the reduction of waiting lists - on a par with previous years - and above all by strengthening and developing the out-of-pocket private patient business on the back of the significant growth already recorded in the first quarter of the year.

It is also specified that the results expected by the Group, in comparison with 2022, could benefit from the reduction in energy prices on the basis of the sharply declining trend observed in the first quarter of the year, although elements of uncertainty remain in this area exogenous.

As evidenced by the latest acquisition of Sanatorio Triestino, the Group confirms its strategic intention to continue to grow also through acquisitions, continuing with the acquisition of excellent structures with non-dilutive performance, also in the future.

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

9. FINANCIAL STATEMENTS

BALANCE SHEET

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

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

INCOME STATEMENT

<i>in Euro thousands</i>	For the period ended March 31	
	2023	2022
Revenues from services	89,568	79,217
Other revenues	2,717	1,188
TOTAL REVENUES	92,285	80,406
Raw materials and consumables	12,515	11,944
Service costs	36,925	33,124
Personnel costs	19,084	18,265
Other operating costs	3,959	3,649
Amortisation, depreciation, and write-downs	5,004	4,584
Impairments and other provisions	833	995
TOTAL OPERATING COSTS	78,320	72,560
EBIT	13,965	7,845
Financial income	6	16
Financial charges	(2,221)	(1,171)
FINANCIAL INCOME AND CHARGES	(2,215)	(1,156)
PROFIT BEFORE TAXES	11,749	6,690
Income taxes	3,060	1,637
NET PROFIT FOR THE PERIOD	8,690	5,053
Attributable to:		
Group	8,689	5,050
Minority interests	1	3

CASH FLOW STATEMENT

In Euro thousands	March	
	2023	2022
Profit for the period	8,690	5,053
<i>Adjustments for:</i>		
- <i>Amortisation and depreciation</i>	4,840	4,424
- <i>Provisions for employee benefit liabilities</i>	179	182
- <i>Provisions net of releases for risks and charges</i>	833	995
- <i>Provisions net of releases for doubtful debt provision</i>	164	160
- <i>Interest from discounting</i>	1,946	996
- <i>Change in other non-current assets and liabilities</i>	(187)	1,496
- <i>Net change in deferred tax assets and liabilities</i>	217	(55)
- <i>Payments for employee benefits</i>	(281)	(384)
- <i>Payments for provisions for risks and charges</i>	(603)	(426)
<i>Changes in operating assets and liabilities:</i>		
<i>(Increase) decrease in trade and other receivables</i>	(17,140)	(1,988)
<i>(Increase) decrease in inventories</i>	(196)	23
<i>Increase (decrease) in trade and other payables</i>	1,436	3,968
<i>Other current assets and liabilities</i>	2,723	(848)
NET CASH FLOW FROM OPERATING ACTIVITIES (A)	2,621	13,595
CASH FLOW FROM INVESTING ACTIVITIES		
<i>Investments in intangible assets</i>	(360)	(264)
<i>Investments in tangible assets</i>	(3,365)	(2,799)
<i>(Investments)/disposals in financial assets</i>	(21)	-
<i>Sale of tangible assets</i>	13	-
CASH FLOW ABSORBED BY INVESTING ACTIVITIES (B)	(3,733)	(3,063)
CASH FLOW FROM FINANCING ACTIVITIES		
<i>Issue of medium/long term loans</i>	-	65
<i>Repayment of medium/long-term loans</i>	(153)	-
<i>Issue/(repayment) of short-term loans</i>	4,480	(5,562)
<i>Changes in other financial payables</i>	(1,438)	(1,212)
<i>(Acquisition) treasury shares</i>	(450)	(1,359)
NET CASH FLOW GENERATED/(ABSORBED) FROM FINANCING ACTIVITIES (C)	2,439	(8,068)
TOTAL CASH FLOWS (D=A+B+C)	1,327	2,464
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD (E)	31,382	41,239
CASH & CASH EQUIVALENTS AT END OF PERIOD (F=D+E)	32,709	43,703
Additional information:		
Interest paid	-	-
Income taxes paid	-	-

10. 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 March 31, 2023 corresponds to the underlying accounting documents, records and entries.

Rome, May 15, 2023

**Executive Officer for
Financial Reporting**

(Mr. Luigi Celentano)