GHC GAROFALO HEALTH CARE

2023 DIRECTORS' REPORT

DIRECTORS' REPORT

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

CALL NOTICE

The Board of Directors meeting today approved the calling of the Shareholders' Meeting of Garofalo Health Care S.p.A. in ordinary and extraordinary session for April 29, 2024, in single call, to discuss and vote upon the following

Agenda

Ordinary Session

1. **Financial Statements of Garofalo Health Care S.p.A. at December 31, 2023. 2023 Directors' Report. Report of the Board of Statutory Auditors and of the Independent Audit Firm. Presentation of the Consolidated Financial Statements at December 31, 2023 and of the 2023 Consolidated Non-Financial Statement pursuant to Legislative Decree No. 254 of December 30, 2016 and Regulation (EU) No. 2020/852 of June 18, 2020. Resolutions thereon.**
2. **Allocation of the net profit. Resolutions thereon.**
3. **Resolutions on the Remuneration Policy and Report in accordance with Article 123-ter of Legislative Decree No. 58 of February 24, 1998 (CFA) and Article 84-quater of Consob Regulation No. 11971/1999 (Issuers' Regulation):**
   - **3.1. binding vote on the remuneration policy for 2024 set out in the first section of the Report. Resolutions thereon;**
   - **3.2. consultation on the second section of the report regarding remuneration paid in or relating to 2023. Resolutions thereon.**
4. **Long-term incentive plan "2024-2026 Performance Share Plan". Resolutions thereon.**
5. **Authorisation to purchase and dispose of treasury shares (buyback) as per and for the purposes of Articles 2357 and subsequent of the Civil Code, 132 of Legislative Decree No. 58 of February 24, 1998 (CFA) and 144-bis of Consob Regulation No. 11971/1999 (Issuers' Regulation), 5 of EU Regulation No. 596/2014 (MAR), 3 and 4 of Delegated Regulation (EU) No. 2016/1052, following revocation of the previous authorisation to purchase and dispose of treasury shares. Resolutions thereon.**
6. **Appointment of the Board of Directors:**
   - **6.1. Number of Board members.**
   - **6.2. Duration of office of the appointed Board of Directors.**
   - **6.3. Appointment of the Board of Directors.**
   - **6.4. Appointment of the Chairman of the Board of Directors.**
   - **6.5. Establishment of the remuneration of the members of the Board of Directors.**

   Resolutions thereon.
7. **Appointment of the Board of Statutory Auditors:**
   - **7.1. Appointment of the Statutory Auditors and Alternate Auditors.**
   - **7.2. Appointment of the Chairperson of the Board of Statutory Auditors.**
   - **7.3. Establishment of the relative remuneration.**

   Resolutions thereon.

Extraordinary session

1. **Amendments to Articles 15, 19, 30 and 36 of the By-Laws. Resolutions thereon.**

The Company has decided to utilise the option established by Article 106 of Decree Law No. 18 of March 17, 2020 (converted with amendments by Law No. 27 of April 24, 2020 as last extended by Law No. 21 of March 5, 2024), providing - also as an exception to the By-Laws - that the participation of shareholders at the Shareholders' Meeting will take place exclusively through the Designated Agent appointed pursuant to Article 135-undecies of the CFA, without physical attendance by shareholders, according to the procedures indicated in the call notice.

The call notice, accompanied by all of the information required by Article 125-bis of the CFA, in addition to all the documentation which shall be submitted to the Shareholders' Meeting in accordance with Articles 125-ter and 125-quater of the CFA, shall be made available to the public, in accordance with law, at the registered office of the company in Rome, Piazzale delle Belle Arti n. 6 and on the Company website www.garofalohealthcare.com, Governance / Shareholders' Meeting section and on the eMarket Storage (www.emarketstorage.com) authorised storage mechanism.

LETTER TO THE SHAREHOLDERS

Dear Stakeholders,

the financial year that has just ended was once again of great satisfaction for our Group, now an increasingly recognized player at national level for the quality of the health and social care services offered and for its ability to invest significant resources in the territories in which it is present, positioning itself as a precious and essential ally of the National Health System.

As we have always repeated since the IPO, the exponentially growing demand for health and social care needs, exacerbated post Covid, requires (and will increasingly require) growing collaboration between public and private accredited operators, the only ones capable of supporting the system by contributing - with care and managerial skills - to address the unavoidable and structural secular trends to which our country is exposed, such as the aging of the population, the widespread diffusion of chronic diseases, the increasingly dramatic emergency of waiting lists.

In this context, the economic, financial and non-financial results for the 2023 financial year are the clearest testimony to the value attributed to our facilities by patients and caregivers, as demonstrated by the increase in activity towards private patients (approx. +12% y/y) and Out-of-Region (approx. +4% y/y), a significant proxy of the Group's ability to respond not only to a generic demand for "care", but above all for "quality care".

A quality that is undoubtedly the result of the many and constant investments that our Group continues to make, amounting to approx. 18.5 million Euros between maintenance and expansion and development Capex. Resources dedicated to improving the comfort and functionality of our structures, expanding their technological equipment, ensuring energy efficiency and in some cases - following the entrepreneurial intuition that distinguishes us - expanding their surface area, thus managing to significantly improve our performances (both in terms of volumes and margins) also on an organic basis, as well demonstrated by the inauguration of the new wing of the Raffaele Garofalo Institute, in Piedmont, or by the new clinics created in the Cadoneghe (Padua) headquarters for GVDR.

2023 was then a year of great growth by external lines, with the acquisition in May of the Sanatorio Triestino - a historical reality of the city of Trieste and which has always been a point of reference for the territory - and with the announcement in July of the signing of the acquisition of the Aurelia Hospital Group (the closing of which was then finalized in November). An operation, the latter, with which not only GHC has recovered its origins, but above all has acquired a reality of enormous strategic and functional value, equipped with high levels of specialization and a point of reference not only for the Lazio Region but also for the entire national territory. A reality with enormous potential, unfortunately completely unexpressed until our entry due to the liquidation process that arose due to irreconcilable differences between the shareholders, which, consequently, led to large management inefficiencies that were only mitigated from the signing date. From that moment, however, we set to work without sparing ourselves, managing to achieve results in terms of EBITDA growth of 25% on a 12-month basis compared to our own estimates in July. For this reason I have no doubt that what was achieved in just a few months of "active management" in 2023 can only be the basis for even more significant results expected in 2024, an exercise that will give us even greater satisfaction.

Among the satisfactions of the past year, I would also like to point out how during the year GHC consistently continued its commitment to sustainability, reaching all the ESG objectives indicated for 2023, among which we particularly remember the signing of a medium-term Group contract for the supply of electricity from renewable sources and the improvement of the long-term ESG rating assigned by Standard Ethics, which during the year raised GHC's long-term ESG rating to Investment Grade "EE+" level ("Very Strong") from the previous "EE" ("Strong"). For a Group like ours - "naturally sustainable" - a further and concrete recognition of the quality of the work carried out daily by our managers and by all ca. 5,500 people who dedicate their energies to caring "for others", actively and tangibly contributing to the sustainability of our country.

Schopenhauer said: "Health is not everything, but without health everything is nothing". A phrase that we firmly agree with, because health is the fundamental premise for any possibility of economic and social development.

For all this, we will continue to work and commit ourselves, also in 2024, to ensure that the demand for health continues to find the best answers. By dealing "with our head and our heart" with that very fundamental premise, the only one necessary to ensure our country has the future and development it deserves.

The Chief Executive Officer
Ms. Maria Laura Garofalo

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
LUCA MATRIGIANI (*)	Independent 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

(*) Co-opted by the Board of Directors on February 13, 2024

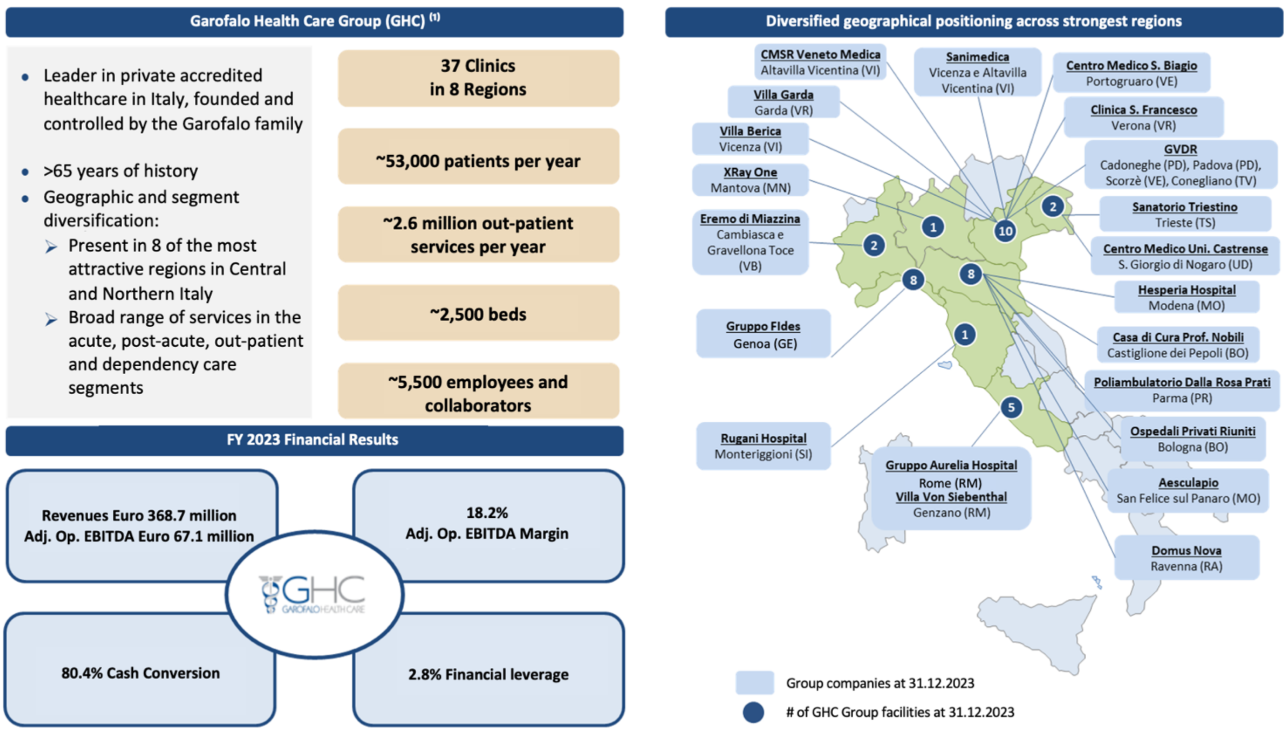
1.GROUP STRUCTURE

Overview of the Group's healthcare facilities

The GHC Group is an Italian accredited private healthcare leader operating, at December 31, 2023, through 37 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.

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 December 31, 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). Sanatorio Triestino also owns the building in which it carries out its healthcare activities, which has an area of about 8,000m^2 and was extensively renovated in 2015, in addition to an area of over 6,000m^2 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 31.05% interest in Eutonia S.r.l. Sanità & Salute ("Eutonia"), the largest physical therapy and rehabilitation company in the Province of Trieste.

On November 16, 2023, Garofalo Health Care S.p.A. completed the acquisition the assets of Aurelia 80 S.p.A. in liquidation ("Aurelia 80"), the operating holding company of the Aurelia Hospital Group, which operates in the accredited private hospital sector. Specifically, the transaction involved 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).

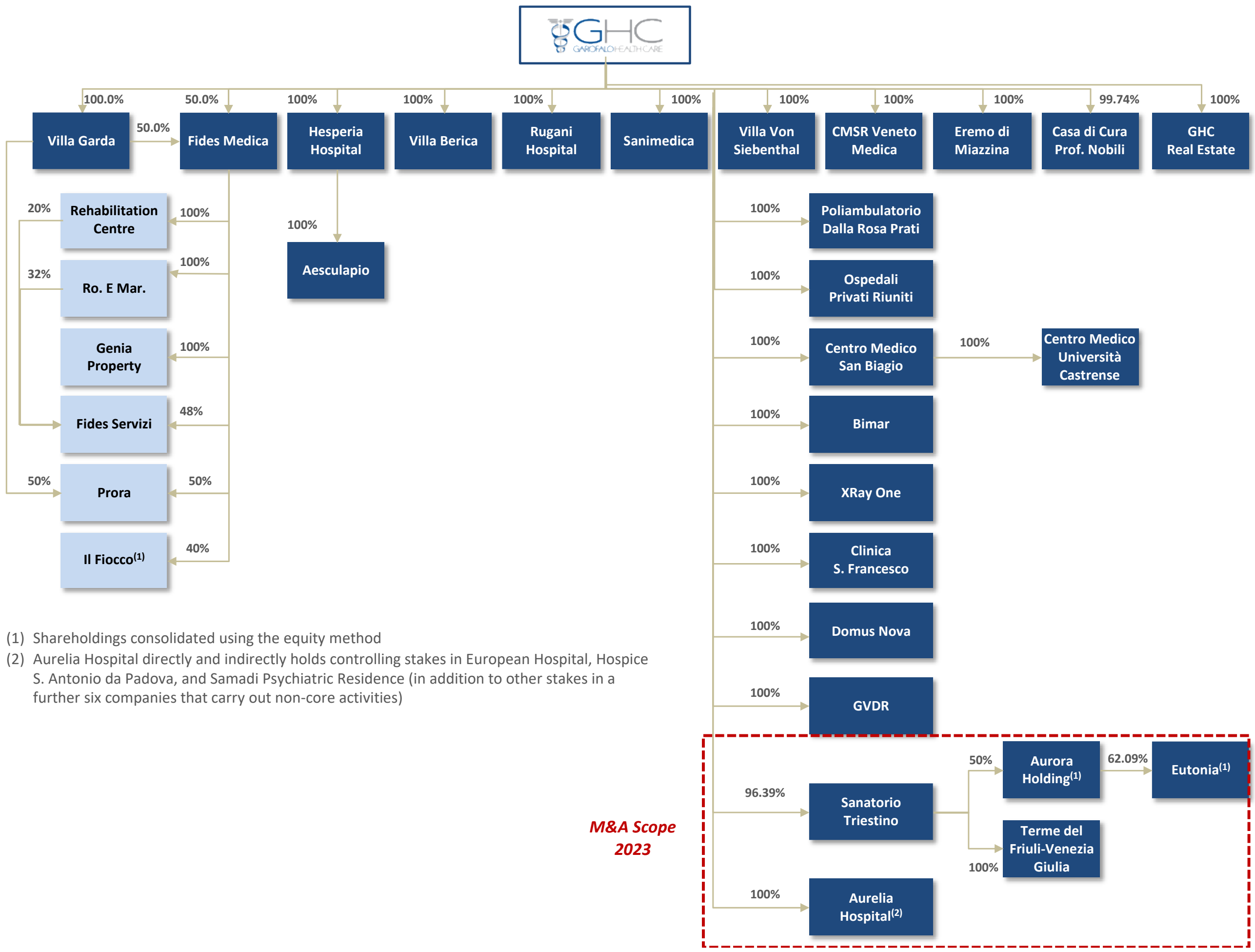


(1) Figures at 31.12.2023 including also the contribution from the acquisition of Sanatorio Triestino in May 2023, and of the 4 clinics based in Rome acquired in November 2023 (Aurelia Hospital, European Hospital, Hospice S. Antonio da Padova, Struttura Residenziale Psichiatrica Samadi)

The Group currently 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.

The Garofalo Healthcare Group

The chart below shows the GHC Group's structure at December 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 Company**") in each of the subsidiaries:



(1) Shareholdings consolidated using the equity method
(2) Aurelia Hospital directly and indirectly holds controlling stakes in European Hospital, Hospice S. Antonio da Padova, and Samadi Psychiatric Residence (in addition to other stakes in a further six companies that carry out non-core activities)

Group activities by sector

The following table details the main specialties provided by the Group, broken down geographically, by sector and by segment.

Sector	ACUTE	POST-ACUTE		OUTPATIENT	DEPENDENCY CARE
		Long-term care	Rehabilitation		
Main services provided	• **Wide range of specialisations in acute patient therapy, including:** – Heart surgery – Cardiology (clinical and interventional) – Orthopaedics – Diabetology – Urology – Otorhinolaryngology – General surgery – Vascular Surgery – Gynaecology	• **Long-term hospitalisations for patients suffering from:** – 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	• **Rehabilitation treatments, including:** – Cardiology – Neurology – Neuromotor – Nutritional – Respiratory – -Physiotherapy	• **Outpatient services, consultations, and diagnostic services performed by hospital and non-hospital facilities:** – 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	• **Assistance and treatment of specific conditions, including:** – 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

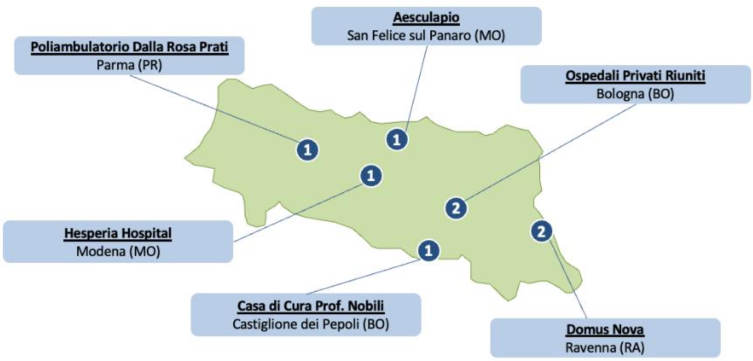
The GHC Group's 37 clinics are diversified by Region and by sector, as shown below.

Italian regions	no. Reporting Entities (24)	no. Clinics (37)	no. legal entities (legal persons) (37)	Segment	
				Hospital	Social/ Dependency Care
Veneto	Villa Berica	1	1	✓	
	CMSR Veneto Medica	1	1		✓
	Sanimedica	1	1		✓
	Villa Garda	1	1	✓	
	Centro Medico S. Biagio	1	2(1)		✓
	Clinica S. Francesco	1	1	✓	
	GVDR	4	1		✓
Lombardy	XRay One	1	1		✓
Friuli Venezia-Giulia	Centro Medico Università Castrense	1	1		✓
	Sanatorio Triestino	1	2(2)	✓	
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(3)	8(4)	6(5)		✓
Lazio	Villa Von Siebenthal	1	1		✓
	Aurelia Hospital	1	7(6)	✓	
	European Hospital	1	1	✓	
	Hospice S. Antonio da Padova	1	1		✓
	Samadi Residential Psychiatric Care Facility	1	1		✓

(1) Also includes Bimar S.r.l.
(2) Also includes Terme del Friuli Venezia-Giulia S.r.l.
(3) Excluding 4 facilities belonging to Il Fiocco Scrl, a company owned by Fides Medica, whose financial information is consolidated using the equity method
(4) 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
(5) 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.
(6) Aurelia Hospital also includes other companies performing non-core activities (Ram S.r.l., Finaur S.r.l., Gestiport 86 S.p.A., Axa Residence S.p.A., Video 1 S.r.l., Radio IES S.r.l.)

➢ FOCUS: EMILIA-ROMAGNA REGION

GEOGRAPHICAL POSITIONING OF GHC CLINICS



Group companies at 31/12/2023 (reporting entities)
# of GHC Group facilities today

EMILIA-ROMAGNA INDICATORS

Highlights

GDP per capita 2022

€40.0k — *Emilia-Romagna*
€33.0k — *Average Italy*

Health expenditure per capita 2022

€2,432 — *Emilia-Romagna*
€2,260 — *Average Italy*

Source:
OASI Report 2023, Istat Conti Economici Territoriali

GHC CLINICS: NON-FINANCIAL HIGHLIGHTS

Clinics *(FY2023)*	Beds	Admissions	Outpatient services	Employees	% male	% female
Hospital services	#	('000)	('000)	#	%	%
Hesperia Hospital	125	6.0	162.4	266	24%	76%
Ospedali Privati Riuniti	170	7.4	60.1	157	21%	79%
Domus Nova	252	8.1	273.3	202	21%	79%
Casa di Cura Prof. Nobili	86	2.6	41.0	88	17%	83%
Outpatient and dependency care services	#	('000)	('000)	#	%	%
Poliambulatorio Dalla Rosa Prati	-	-	266.7	75	12%	88%
Aesculapio	-	-	52.6	20	10%	90%
Total	**633**	**24.2**	**856.1**	**808**	**21%**	**79%**

HESPERIA HOSPITAL (Modena)

National Health System accredited facility

Main services provided

- Medical-surgical and thoracovascular cardiology
- Medicine and surgery, with specialisation in:
  - Orthopaedics and traumatology
  - Ophthalmology
  - Urology, with state-of-the-art technological equipment (Da Vinci X robot, Holmio laser, and Green Laser)
- Intensive, semi-intensive care and UTIC service
- Multi-disciplinary outpatient activities
- Diagnostic Imaging Service with Nuclear Medicine (Scintigraphy), Low Radiation CT scan, 1.5 Tesla MRI
- Scoliosis and spine pathology centre

OSPEDALI PRIVATI RIUNITI (Bologna)

1. NIGRISOLI PRIVATE HOSPITAL

National Health System accredited facility	***Main services provided***
	▪ Medical and surgical treatment, specialising in: - General medicine - Recovery and functional rehabilitation - Long-term care and extensive rehabilitation - Orthopaedics - Urology - General surgery ▪ Outpatient services and instrumental diagnostics ▪ Laboratory analyses ▪ Diagnostic imaging service with CT, MRI and traditional radiology

2. VILLA REGINA PRIVATE HOSPITAL

National Health System accredited facility	***Main services provided***
	▪ **Medical and surgical treatment, specialising in:** - **Orthopaedics (including Mako robot-assisted surgery)** - **Ophthalmology** - **Gynaecology** - **Otorhinolaryngology** - **Urology** - **Recovery and functional rehabilitation** ▪ **Outpatient services and instrumental diagnostics** ▪ **Diagnostic imaging service with traditional radiology, 3D mammography and ultrasound**

DOMUS NOVA (Ravenna)

1. DOMUS NOVA

National Health System accredited facility	***Main services provided***
	▪ Care services comprising various specialised inpatient units: - General medicine and long-term care - General surgery - Orthopaedic prosthetics including robotic surgery ▪ Specialist outpatient physiotherapy and dental services ▪ Gynaecology and otorhinolaryngology ▪ Diagnostic imaging (MRI, CT, RX, MX, ECO, MOC) ▪ CAD dialysis service and digestive endoscopy
	▪

2. S. FRANCESCO PRIVATE HOSPITAL	
National Health System accredited facility	***Main services provided***
	▪ Outpatient eye surgery ▪ Rehabilitation medicine ▪ Outpatient services ▪ Diagnostic testing

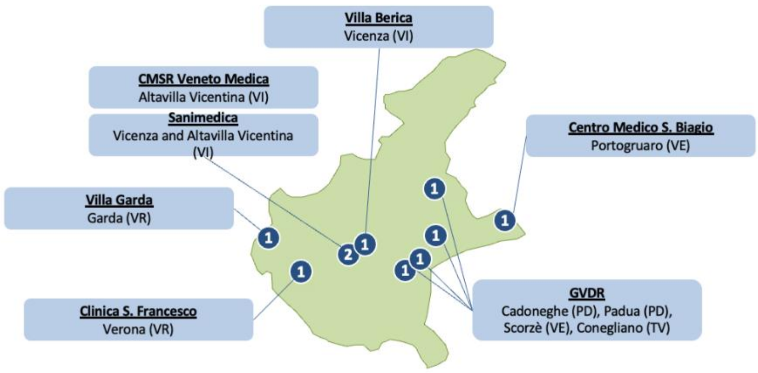
POLIAMBULATORIO DALLA ROSA PRATI (Parma)	
National Health System accredited facility	***Main services provided***
	▪ Multi-disciplinary outpatient specialist services ▪ Diagnostic imaging: Digital X-rays, orthopantomography, high-field MRIs with artificial intelligence, sedation service, CT scans ▪ PET-CT oncology diagnosis service ▪ Dental services, radiology, dedicated CT scans ▪ Physiokinesiotherapy and rehabilitation ▪ Blood collection point and analysis laboratory ▪ Plastic, eye, and vascular surgery

CASA DI CURA PROF. NOBILI (Castiglione dei Pepoli locality, Bologna)	
National Health System accredited facility	***Main services provided***
	▪ Units specialising in: - Orthopedics and Traumatology - General surgery - General medicine and long-term care ▪ Multi-disciplinary outpatient services ▪ Dialysis Centre ▪ Diagnostic imaging with 1.5 Tesla MRI ▪ Outpatient clinic and blood collection point ▪ First Aid Point and Local Emergency Ambulance Service

AESCULAPIO (San Felice sul Panaro, Modena)	
National Health System accredited facility	***Main services provided***
	▪ Outpatient specialist services ▪ Diagnostic imaging service, radiology (RX, Orthopanoramic, Mammography, Ultrasound, MRI) ▪ Sample collection point ▪ Outpatient physical medicine and rehabilitation department

➢ FOCUS: VENETO REGION

GEOGRAPHICAL POSITIONING OF GHC CLINICS



Group companies at 31/12/2023 (reporting entities)

# of GHC Group facilities today

VENETO REGION INDICATORS

Highlights

GDP per capita 2022

€37.2k	€33.0k
Veneto	*Average Italy*

Health expenditure per capita 2022

€2,303	€2,260
Veneto	*Average Italy*

Source:
OASI Report 2023, Istat Conti Economici Territoriali

GHC CLINICS: NON-FINANCIAL HIGHLIGHTS

Clinics *(FY2023)*	Beds	Admissions	Outpatient services	Employees	% male	% female
Hospital services	#	('000)	('000)	#	%	%
Casa di Cura Villa Berica	108	3.7	175.5	146	22%	78%
Casa di Cura Villa Garda	109	1.7	81.4	113	20%	80%
Clinica San Francesco	77	5.4	185.3	204	24%	76%
Outpatient and dependency care services	#	('000)	('000)	#	%	%
CMSR Veneto Medica	-	-	164.2	55	25%	75%
Sanimedica	-	-	61.4	9	11%	89%
Centro Medico S. Biagio	-	-	169.4	30	7%	93%
GVDR	-	-	389.5	85	26%	74%
Total	**294**	**10.8**	**1,226.8**	**642**	**22%**	**78%**

CASA DI CURA VILLA BERICA (Vicenza)

National Health System accredited facility	***Main services provided***
	▪ **Internal medicine and general surgery, specialising in:** - **Gynaecology** - **Prosthetic hip surgery** - **Diabetology (in particular prevention and treatment of complications from diabetes affecting the lower limbs)** - **Osteoporosis and metabolic bone diseases** - **Centre for Minimally Invasive Hepatology and Oncological Therapies for thermal ablation treatment of small tumours**

CASA DI CURA VILLA GARDA (Garda, Verona)	
National Health System accredited facility	***Main services provided***
	▪ Inpatient rehabilitation and Day Hospital in the fields of cardiology, motor skills, and nutrition (for patients with severe obesity/eating disorders) ▪ Diagnostic services: laboratory analysis (blood collection centre), radiology, nutrition, physiatry, gynaecology, cardiology, and outpatient treatment: physical therapy, psychology, and psychiatry ▪ Main services: traditional radiology, ultrasound, bone densitometry, ECG, echocardiography, Doppler ultrasound, cardiac and blood pressure Holter, stress testing, outpatient rehabilitation and appointments with: nutrition, cardiology, physiatry, psychiatry, psychology, and gynaecology

CENTRO MEDICO S. BIAGIO (Portogruaro)	
National Health System accredited facility	***Main services provided***
	▪ Outpatient eye surgery (cataracts, vitreoretinal, corneal transplants, etc.). ▪ In participation with the Banca degli Occhi del Veneto Foundation ▪ Specialist diagnostic radiology and imaging ▪ Digestive endoscopy ▪ Echocardiography, stress testing ▪ Sports medicine ▪ Dentistry ▪ Laboratory analyses ▪ Wide range of medical and surgical specialities

CLINICA SAN FRANCESCO (Verona)	
National Health System accredited facility	***Main services provided***
	▪ Center for European Robotic Orthopedics ("C.O.R.E.") ▪ Main #SICM Center of the Italian Society of Hand Surgery ▪ Post-mastectomy reconstructive breast surgery using highly innovative techniques ▪ First and second-level cardiology centre ▪ Ophthalmology specialising in cataract surgery ▪ High-level diagnostic platform with 4 MRIs and 1 CT scan ▪ Inpatient and outpatient rehabilitation with Hunova robot

CMSR VENETO MEDICA and SANIMEDICA (Vicenza and Altavilla Vicentina)	
National Health System accredited facility (CMSR Veneto Medica)	***Main services provided***
	CMSR Veneto Medica ▪ **Diagnostic imaging using cutting-edge technologies, including: Dual Force CT scan capable of reconstructing the affected organ in 3D, with such speed and precision that drugs are not needed to slow the heartbeat, and a brand-new, Total Body 3 Tesla MRI system** ▪ **Clinical pathology laboratory under solvency agreement** ▪ **Departments:** - **Traditional radiology** - **Ultrasound Department** Sanimedica ▪ **Department of Occupational Medicine that offers health monitoring service in the workplace in compliance with Legs. Decree No. 152/06 81/2008 on safety** ▪ **Outpatient health services for all the main specialist branches** ▪ **Outpatient surgery service**

GVDR (Cadoneghe, Scorzè, Padua, Conegliano)

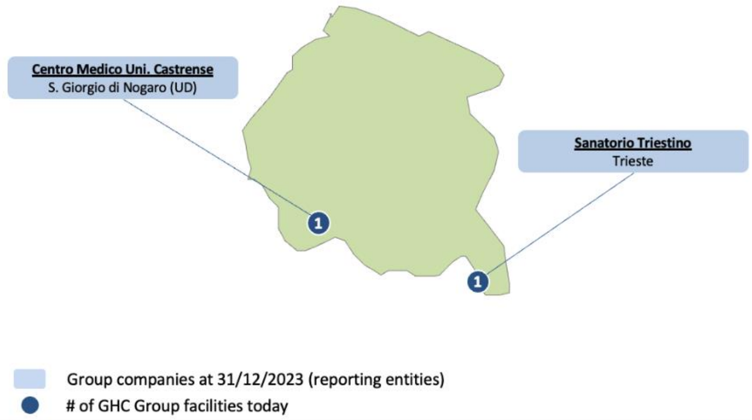
National Health System accredited facility

Main services provided

- Diagnostic imaging (under agreement with the RHS and private providers)
- Physical and Rehabilitation Medicine (under agreement with the RHS and private providers)
- Outpatient Multi-Specialist:
  - Cadoneghe: Gynaecology and Otorhinolaryngology under agreement with the RHS and private providers, other specialities only under private arrangements
  - Padua: private practice only
  - Scorzè: Cardiology and neurology under agreement with the RHS and private providers, other specialities only under private arrangements
  - Conegliano: Cardiology, Neurology, and Dermatology under agreement with the RHS and private providers, other specialities only under private arrangements
- Private Analysis Laboratory in Cadoneghe and Conegliano
- Health & Wellness Gym (Cadoneghe)
- Occupational Medicine and Business Services
- The Group has run the leading Lymphology Centre for patients with lymphedema and lipoedema since 2017.

➢ FOCUS: FRIULI VENEZIA GIULIA REGION

GEOGRAPHICAL POSITIONING OF GHC CLINICS



FRIULI-VENEZIA GIULIA INDICATORS

Highlights

GDP per capita 2022

€36.0k	*€33.0k*
Friuli-Venezia Giulia	*Average Italy*

Health expenditure per capita 2022

€2,440	*€2,260*
Friuli-Venezia Giulia	*Average Italy*

Source:
OASI Report 2023, Istat Conti Economici Territoriali

GHC CLINICS: NON-FINANCIAL HIGHLIGHTS

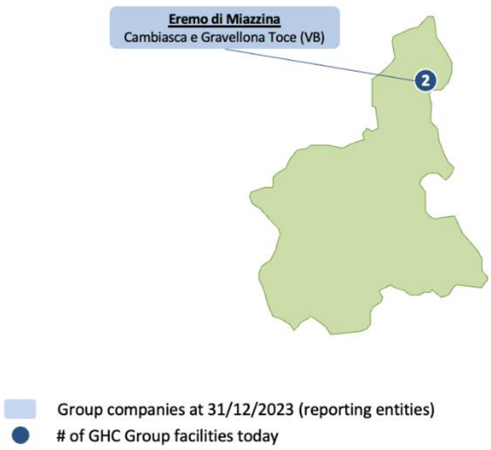
Clinics *(FY2023)*	Beds	Admissions	Outpatient services	Employees	% male	% female
Hospital services	#	('000)	('000)	#	%	%
Sanatorio Triestino (incl. Terme del Friuli-Ven. Giulia)	118	2.9	150.2	180	27%	73%
Outpatient and dependency care services	#	('000)	('000)	#	%	%
Centro Medico Uni. Castrense	-	-	61.1	11	18%	82%
Total	**118**	**2.9**	**211.3**	**191**	**27%**	**73%**

SANATORIO TRIESTINO (Trieste)	
National Health System accredited facility	***Main services provided***
	▪ **Medical and surgical inpatient treatment, specialising in general surgery, orthopaedics, internal medicine, urology, gynaecology, vascular surgery, and plastic surgery (private)** ▪ **Outpatient multi-specialist** ▪ **Diagnostic imaging** ▪ **Laboratory analyses** ▪ **RSA** ▪ **Sanatorio Triestino also owns controlling interests in Eutonia S.r.l. Sanità & Salute ("Eutonia"), the largest physiotherapy and rehabilitation clinic in the Province of Trieste, and in Terme del Friuli-Venezia Giulia S.r.l. ("Terme FVG"), a company that currently manages the "Arta" and "Monfalcone" spas.**

CENTRO MEDICO UNIVERSITÀ CASTRENSE (S. Giorgio di Nogaro)	
National Health System accredited facility	***Main services provided***
	▪ Outpatient eye surgery services ▪ Diagnostic imaging service ▪ Sports medicine ▪ Dentistry

➢ FOCUS: PIEDMONT REGION

GEOGRAPHICAL POSITIONING OF GHC CLINICS



PIEDMONT REGION INDICATORS

Highlights

GDP per capita 2022

€34.4k	*€33.0k*
Piedmont	*Average Italy*

Health expenditure per capita 2022

€2,242	*€2,260*
Piedmont	*Average Italy*

Source:
OASI Report 2023, Istat Conti Economici Territoriali

GHC CLINICS: NON-FINANCIAL HIGHLIGHTS

Clinics *(FY2023)*	Beds	Admissions	Outpatient services	Employees	% male	% female
Hospital services ***Outpatient and dependency care services***	#	('000)	('000)	#	%	%
Eremo di Miazzina	**309**	**1.0**	**145.5**	**135**	**25%**	**75%**

<table>
<tr><th colspan="2">L'EREMO DI MIAZZINA (Cambiasca and Gravellona Toce)</th></tr>
<tr><th colspan="2">1. L'EREMO DI MIAZZINA (Cambiasca)</th></tr>
<tr><td>National Health System accredited facility</td><td>Main services provided</td></tr>
<tr><td></td><td>▪ Post-acute hospital care for the full range of pathologies commonly experienced by the elderly and the sequelae of oncological and chronic degenerative pathologies</td></tr>
<tr><th colspan="2">2. ISTITUTO RAFFAELE GAROFALO (Gravellona Toce)</th></tr>
<tr><td>National Health System accredited facility</td><td>Main services provided</td></tr>
<tr><td></td><td>▪ First and second-level rehabilitation
▪ Specialist outpatient clinic with the following accredited branches: first-level imaging diagnostics (ultrasound, MOC, colour-echo-Doppler, traditional radiology, MRI), cardiology (ECG-echocardiogram, cardiac and blood pressure Holter), ophthalmology, physical and rehabilitation medicine, psychology, and neurology
▪ Blood collection point for laboratory analysis activities</td></tr>
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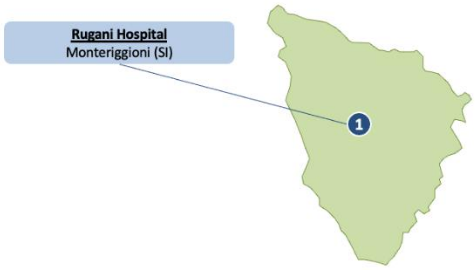
➢ FOCUS: TUSCANY REGION

GEOGRAPHICAL POSITIONING OF GHC CLINICS



Group companies at 31/12/2023 (reporting entities)

# of GHC Group facilities today

TUSCANY REGION INDICATORS

Highlights

GDP per capita 2022

€35.1k	*€33.0k*
Tuscany	*Average Italy*

Health expenditure per capita 2022

€2,359	*€2,260*
Tuscany	*Average Italy*

Source:
OASI Report 2023, Istat Conti Economici Territoriali

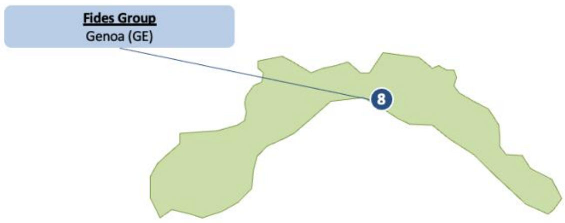
GHC CLINICS: NON-FINANCIAL HIGHLIGHTS

Clinics *(FY2023)*	Beds	Admissions	Outpatient services	Employees	% male	% female
Hospital services	#	('000)	('000)	#	%	%
Rugani Hospital	**80**	**2.1**	**21.4**	**89**	**27%**	**73%**

RUGANI HOSPITAL (Colombaio locality, Siena)	
National Health System accredited facility	***Main services provided***
	▪ **Ophthalmology** ▪ **Orthopaedics, with a focus on prosthetic surgery and spinal surgery** ▪ **Urology** ▪ **General surgery** ▪ **Otorhinolaryngology** ▪ **Functional rehabilitation** ▪ **Inpatient and outpatient diagnostic imaging**

➢ FOCUS: LIGURIA REGION

GEOGRAPHICAL POSITIONING OF GHC CLINICS



Group companies at 31/12/2023 (reporting entities)
# of GHC Group facilities today

LIGURIA REGION INDICATORS

Highlights

GDP per capita 2022

€35.8k	*€33.0k*
Liguria	*Average Italy*

Health expenditure per capita 2022

€2,455	*€2,260*
Liguria	*Average Italy*

Source:
OASI Report 2023, Istat Conti Economici Territoriali

GHC CLINICS: NON-FINANCIAL HIGHLIGHTS

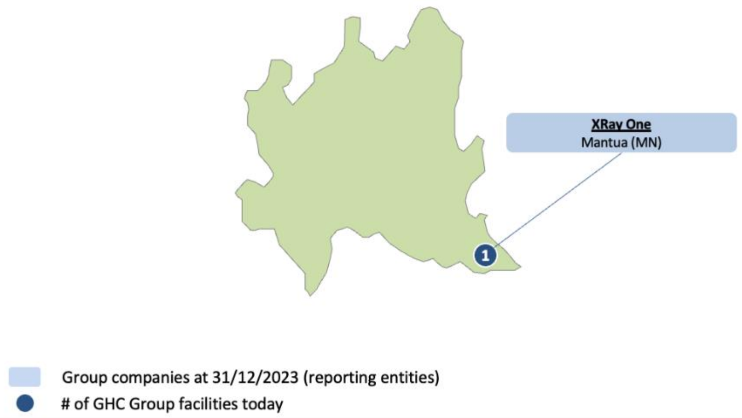
Clinics *(FY2023)*	Beds	Admissions	Outpatient services	Employees	% male	% female
Outpatient and dependency care services	#	('000)	('000)	#	%	%
Fides Group (8 clinics)	399	0.9	-	83	18%	82%

FIDES MEDICA GROUP (Genoa)	
National Health System accredited facilities	*Main services provided*

- **Full range of rehabilitation services, long-term residential care and reintegration into society**
- **In particular, the following services are provided:**
  - **Care for serious acquired brain injuries**
  - **RSA rehabilitative and maintenance**
  - **Treatment for individuals suffering from behavioural eating disorders, personality disorders**
  - **Long-stay admissions for the elderly**

➢ FOCUS: LOMBARDY REGION

GEOGRAPHICAL POSITIONING OF GHC CLINICS



LOMBARDY REGION INDICATORS

Highlights

GDP per capita 2022

€44.4k	*€33.0k*
Lombardy	*Average Italy*

Health expenditure per capita 2022

€2,266	*€2,260*
Lombardy	*Average Italy*

Source:
OASI Report 2023, Istat Conti Economici Territoriali

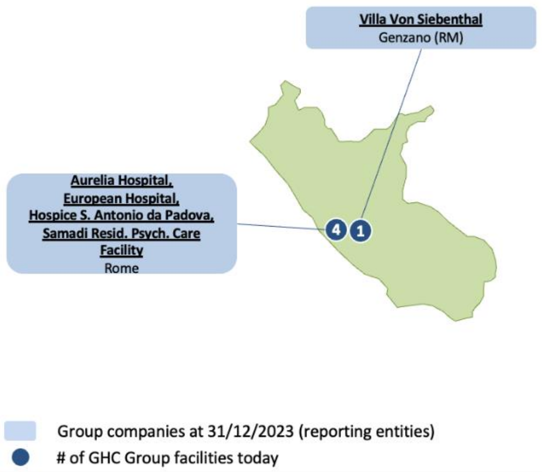
GHC CLINICS: NON-FINANCIAL HIGHLIGHTS

Clinics *(FY2023)*	Beds	Admissions	Outpatient services	Employees	% male	% female
Outpatient and dependency care services	#	('000)	('000)	#	%	%
XRay One	**-**	**-**	**123.9**	**37**	**30%**	**70%**

XRAY ONE (Poggio Rusco, Mantova)	
National Health System accredited facility	***Main services provided***
	▪ **Radiological diagnostics (MRI, CT, MOC, CR digitised mammography, ultrasound, abdominal, vascular and peripheral echocolordoppler, Cone Beam)** ▪ **Specialist medical services (first and second-level cardiology, orthopaedics, surgery, vascular surgery, gastroenterology, gynaecology, neurology, neurosurgery, ophthalmology, otorhinolaryngology, pulmonology, urology)** ▪ **Dental and orthodontic services** ▪ **Physiatry and rehabilitation, hydro-kinesiotherapy, shockwave therapy, osteopathy**

➢ FOCUS: LAZIO REGION[1]

GEOGRAPHICAL POSITIONING OF GHC CLINICS



LAZIO REGION INDICATORS

Highlights

GDP per capita 2022

€37.2k	*€33.0k*
Lazio	*Average Italy*

Health expenditure per capita 2022

€2,173	*€2,260*
Lazio	*Average Italy*

Source:
OASI Report 2023, Istat Conti Economici Territoriali

GHC CLINICS: NON-FINANCIAL HIGHLIGHTS

Clinics (*FY2022*)	Beds	Admissions	Outpatient services	Employees	% male	% female
Hospital services	#	('000)	('000)	#	%	%
Aurelia Hospital	291	6.3	20.9	446	37%	63%
European Hospital	144	3.0	21.5	172	28%	72%
Outpatient and dependency care services	#	('000)	('000)	#	%	%
Samadi Residential Psychiatric Care Facility	68	0.5	-	35	51%	49%
Hospice S. Antonio da Padova	125	0.9	-	53	36%	64%
Villa Von Siebenthal	89	0.5	-	52	23%	77%
Total	**717**	**11.1**	**42.4**	**758**	**34%**	**66%**

[1] Excluding the Parent Company GHC S.p.A. and other companies of the Aurelia Hospital Group that do not perform core activities

AURELIA HOSPITAL (Rome)	
National Health System accredited facility	***Main services provided***
	**▪ Inpatient, acute, and intensive rehabilitation services, with specialisations in: - Medicine (cardiology, general medicine) - Surgery (general surgery, minimally-invasive surgery, vascular surgery, orthopaedics and traumatology, urology, gynaecology), including the use of robotics such as the MAKO for robotic orthopaedic surgery and the Da Vinci for urology and general surgery ▪ Services including: Short Observation, Intensive Care, and Coronary Intensive Care ▪ Specialist outpatient clinic with a focus on sports traumatology (shoulder and knee surgery) ▪ Diagnostic imaging with CT, 1.5 Tesla MRI and traditional radiology ▪ Laboratory analyses ▪ It also houses: - Level I Emergency and Admission Department (EAD) with 24-hour heliport - High-intensity residential care - Outpatient dialysis centres - Haemodynamics and Digestive Endoscopy Service**

EUROPEAN HOSPITAL (Rome)	
National Health System accredited facility	***Main services provided***
	▪ A leading centre for cardiovascular sciences (heart surgery, interventional cardiology, vascular surgery) for 40 years, and a national and international point of reference for research into heart diseases ▪ Services provided: ▪ Medicine and surgery, with specialisation in: - Minimally-invasive surgery - Plastic, Reconstructive, and Aesthetic Surgery - Gynaecology and Medically Assisted Procreation (MAP) - Internal medicine - Orthopaedics and traumatology - Neurosurgery - Clinical neurology - Coloproctology - Ophthalmology - Urology, with modern technology (Holmio laser) ▪ Intensive, semi-intensive care and UTIC service ▪ Multi-disciplinary outpatient activities ▪ Diagnostic imaging service with state-of-the-art multi-layer CT, CT angiography, 1.5 Tesla MRI, traditional radiology ▪ Laboratory analyses

HOSPICE S. ANTONIO DA PADOVA (Rome)

National Health System accredited facility	*Main services provided*
	▪ A facility providing palliative care services both in hospice and home care settings ▪ Services are provided to individuals in an advanced stage of illness, with the goal of providing constant support to patients and their families

SAMADI PSYCHIATRIC RESIDENTIAL FACILITY (Rome)	
National Health System accredited facility	*Main services provided*
	▪ The facility operates in the field of mental health and related disorders ▪ Four different types of inpatient care, rehabilitation, and social intervention are provided: - S.T.P.I.T - Psychiatric Intensive Territorial Treatment - S.R.T.R.i. - Intensive Therapeutic Rehabilitation Residential - S.R.T.R.e. - Extensive Therapeutic Rehabilitation Residential - S.R.S.R. 24 - High-Care Socio-Rehabilitation Residential ▪ The innovative "Multi-Family Psychoanalysis Group" ("MFPG") system was adopted in 2021. Originating in Argentina, the system is also used by some Mental Health Departments and local communities. This methodology was also extended to intensive care patients (i.e. S.T.P.I.T and S.R.T.R.i) and is based on the collaboration and involvement of the patient's entire family unit in therapy.

VILLA VON SIEBENTHAL (Genzano)	
National Health System accredited facility	*Main services provided*
	▪ Neuropsychiatric treatments ▪ "Extensive" and "intensive" psychiatric treatment for adolescents ▪ Admissions for mental disorders, including adult patients, in both the acute and post-acute phases ▪ Admission of patients with drug addiction ▪ Clinical pharmacological and rehabilitation research with international partnerships

Significant shareholders

The table below reports the Garofalo Health Care S.p.A. ownership structure at December 31, 2023, including significant equity interests.

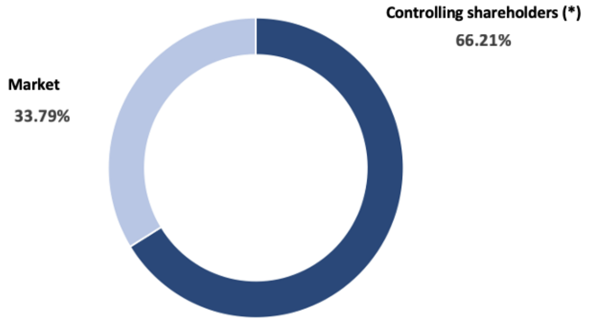
Garofalo Health Care S.p.A. shareholders	No. share	% shares with voting rights	Voting rights	% voting rights
Controlling shareholder (*)	58,629,600	66.21%	58,629,600	64.79%
Market	29,921,333	33.79%	31,866,733	35.21%
Total shares with voting rights at the Shareholders' Meeting	**88,550,933**	**100.00%**	**90,496,333**	**100.00%**
Treasury shares (**)	1,649,067		(**)	
TOTAL:	**90,200,000**			

(*) includes shares held directly and indirectly by the Chief Executive Officer Maria Laura Garofalo
(**) Treasury shares with suspended voting rights at 31.12.2023

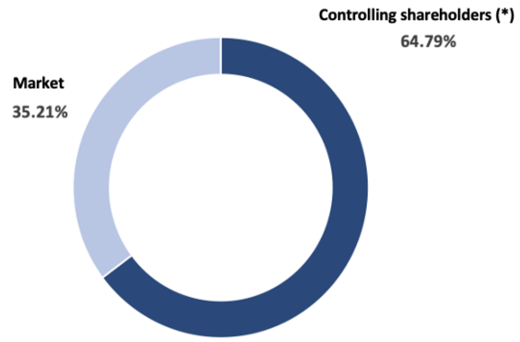
Garofalo Health Care S.p.A. shareholders with stakes greater than 5%	No. share	% shares with voting rights	Voting rights	% voting rights
Larama 98 S.p.A. (***)	45,516,000	51.40%	45,516,000	50.30%
Maria Laura Garofalo	11,233,000	12.69%	11,233,000	12.41%
Fondazione Enasarco	4,760,620	5.38%	4,760,620	5.26%

(***) linked to Maria Laura Garofalo

Percentage of shares with voting rights



Voting rights percentage



As previously reported, in accordance with Article 127-quinquies of the CFA, Article 7 of the By-Laws states that each share held by the same shareholder for a continuous period of at least 24 months from the date of registration in the special list specifically established by the Company (the "**List**") confers two votes. In accordance with Article 127-*quinquies*, paragraph 7, of the CFA, Article 7 of the By-laws states that shares held prior to the commencement date of trading, and hence prior to the date of registration in the List, are also to be considered for the purpose of completing the period of continuous ownership required for multi-voting rights. For further information, please refer to the Multi-Voting Rights Regulation available from the Company's website, www.garofalohealthcare.com, which in accordance with Article 143-*quater* of the Regulation adopted by Consob with Motion No. 11971 of May 14, 1999, as supplemented and amended (the "**Issuers' Regulation**") also presents the identification details of the shareholders who have applied for registration in the List, with indication of their individual holdings – in any event exceeding the threshold indicated by Article 120, paragraph 2 of the CFA – date of registration and date of attainment of multi-vote rights.

GHC share performance in 2023

Garofalo Health Care S.p.A. been listed on the Euronext Milan market organised and managed by Borsa Italiana S.p.A. since November 9, 2018, while on March 25, 2021 GHC's shares were admitted to the Euronext STAR Milan - Segmento Titoli con Alti Requisiti (stringent requirements) Segment.

In 2023, the GHC share price rose 25.21%[2].

It should also be noted that since the day it was listed (November 9, 2018 at Euro 3.34 per share), it has remained at all times above its placement price.

The table below outlines GHC share performance for the period covered:

Key stock exchange indicators for 2023 ***(Euro)***	
IPO offer price on November 9, 2018	3.34
Official price at December 29, 2023	4.5979
Official price as of January 2, 2023 (first trading day of the year)	3.6721
Number of GHC ordinary shares at December 29, 2023	90,200,000
Number of GHC ordinary shares at January 2, 2023	90,200,000
Treasury shares held on December 29, 2023	1,649,067
Ordinary shares in circulation on December 29, 2023	88,550,933
Treasury shares held on January 2, 2023	1,295,113
Ordinary shares in circulation on January 2, 2023	88,904,887
Market capitalisation on December 29, 2023[3]	407,148,335
Market capitalisation on January 2, 2023[3]	326,467,636

Coverage of GHC stock by financial analysts

At December 31, 2023, the GHC share was covered by 2 financial brokers (Equita SIM, Mediobanca), who actively followed the GHC Group during the year with dedicated studies and analyses, consistently offering Buy or Outperform recommendations.

[2] Calculated as the difference between the price of the GHC share at January 2, 2023 (Euro 3.6721) and that at December 29, 2023 - last trading day of the year (Euro 4.5979).

[3] Calculated net of treasury shares held by the Company on the same date

2. GROUP PERFORMANCE

GHC Group financial highlights

The 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 2023 compared with 2022 are presented below.

In this regard, the 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, as well as the contribution of Sanatorio Triestino S.p.A.[4], acquired on May 4, 2023 and of the Aurelia Hospital Group, acquired on November 16, 2023, both not present in 2022. With regards to the Aurelia Hospital Group, it is clarified that the 2023 results were negatively and significantly affected by the liquidation process that arose due to irreconcilable disagreements among shareholders, which consequently resulted in extensive management inefficiencies mitigated only as of the signing (July 2023);for a better representation of the Group performance, the comments on the individual accounts shall therefore also be presented excluding the contribution of the Aurelia Hospital Group.

Consolidated figures	2023		2022		2023 vs. 2022	
	Euro '000	%	Euro '000	%	Euro '000	%
Revenues	**368,703**	***100.0%***	**322,575**	***100.0%***	**46,128**	***14.3%***
Total operating costs (excl. Adjustments)[5]	(301,641)	*-81.8%*	(264,005)	*-81.8%*	(37,637)	*14.3%*
Adjusted Op. EBITDA	**67,061**	***18.2%***	**58,570**	***18.2%***	**8,491**	***14.5%***
Other Costs (Adjustments)[4]	(544)	*-0.1%*	(1,695)	*-0.5%*	1,151	*-67.9%*
Management incentive plans	(1,615)	*-0.4%*	(1,351)	*-0.4%*	(264)	*19.5%*
Operating EBITDA	**64,903**	***17.6%***	**55,524**	***17.2%***	**9,379**	***16.9%***
Amortisation, depreciation and impairments	(23,115)	*-6.3%*	(18,963)	*-5.9%*	(4,152)	*21.9%*
Impairments and other provisions	(2,557)	*-0.7%*	(4,896)	*-1.5%*	2,339	*-47.8%*
EBIT	**39,231**	***10.6%***	**31,665**	***9.8%***	**7,565**	***23.9%***
Net financial charges	(10,300)	*-2.8%*	(4,294)	*-1.3%*	(6,006)	*139.9%*
Result before taxes	**28,931**	***7.8%***	**27,371**	***8.5%***	**1,560**	***5.7%***
Income taxes	(8,058)	*-2.2%*	(5,938)	*-1.8%*	(2,120)	*35.7%*
Net Profit	**20,873**	***5.7%***	**21,433**	***6.6%***	**(560)**	***-2.6%***
Group Net Profit	**20,799**	***5.6%***	**21,426**	***6.6%***	**(627)**	***-2.9%***
Minority interests	74	*0.0%*	7	*0.0%*	67	*n/a*

2023 Consolidated Revenues Overview

GHC consolidated revenues in 2023 amounted to Euro 368,703 thousand, up 14.3% on Euro 322,575 thousand in 2022.

[4] Including majority interest in Terme del Friuli Venezia Giulia s.r.l.

[5] 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)

The revenue increase of Euro 46,128 thousand is due for Euro 36,803 thousand to the change in consolidation scope, as the income statement in 2023 benefited fully from the contribution of GVDR S.r.l., acquired on December 6, 2022, of eight months of Sanatorio Triestino S.p.A, acquired on May 4, 2023, and of two months of the Aurelia Hospital Group, acquired on November 16, 2023, and for Euro 9,325 thousand to the companies at like-for-like consolidation scope.

Consolidated revenues *in Euro thousands*	**FY 2023 Actual**	**FY 2022 Actual**	**FY23 vs. FY22 Euro '000**	**FY23 vs. FY22 %**
Total	**368,703**	**322,575**	**46,128**	**14.30%**
of which repayments of "additional COVID costs"	*1,307*	*1,569*	*(262)*	*-16.7%*
of which GVDR + Sanatorio Triestino + Aurelia Hospital	*37,706*	*903*	*36,803*	*n/a*

Excluding the contribution of the Aurelia Hospital Group, revenues would amount to Euro 356,038 thousand, increasing Euro 33,463 thousand on the previous year.

2023 Consolidated Costs Overview

Consolidated operating costs in 2023, net of adjustments, totalled Euro 301,641 thousand, increasing Euro 37,637 thousand (+14.3%) on Euro 264,005 thousand in 2022.

The increase derives for Euro 4,798 thousand from the increased production volumes of the companies at like-for-like consolidation scope and for Euro 32,839 thousand the change in consolidation scope.

In 2023, energy costs sharply declined on the average in 2022, with energy costs in fact accounting for 2.0% of revenues (3.0% in 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 2023 would be 1.8% - 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 Adjusted Operating EBITDA

Consolidated Adjusted Operating EBITDA[6] amounted to Euro 67,061 thousand, up 14.5% on Euro 58,570 thousand in 2022. The increase of Euro 8,491 thousand is due for Euro 4,526 thousand to the companies at like-for-like consolidation scope and for Euro 3,965 thousand to the change in consolidation scope.

The Adjustments, negative for Euro 544 thousand (negative for Euro 1,695 thousand in 2022), comprised: i) 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 2022); ii) the additional COVID costs incurred in 2023 for Euro 705 thousand (Euro 2,638 thousand in 2022) and iii) M&A costs for Euro 1,145 thousand (Euro 626 thousand in 2022).

The Group Adjusted Operating EBITDA Margin was 18.2%, in line with 2022, although impacted by the consolidation of the results of the Aurelia Hospital Group, relating to the last two months of 2023, a period of reduced operating activities compared to the other quarters of the year and therefore lower margin. Excluding the contribution of the Aurelia Hospital Group, the 2023 Operating EBITDA Margin would have been 18.8%, an improvement over the previous year.

Operating EBITDA was Euro 64,903 thousand, up 16.9% on Euro 55,524 thousand in the previous year.

Op. EBITDA and Adj. Op. EBITDA Consolidated *in Euro thousands*	**FY 2023 Actual**	**FY 2022 Actual**	**FY23 vs. FY22 Euro '000**	**FY23 vs. FY22 %**
Reported Op. EBITDA	**64,903**	**55,524**	9,379	16.9%
+ additional COVID costs (net reimbursements)	*(602)*	*1,069*	*(1,671)*	-156.3%
+ M&A costs	*1,145*	*626*	519	82.9%
+ management incentive plan	*1,615*	*1,351*	264	19.5%
Adjusted Op. EBITDA	**67,061**	**58,570**	8,491	14.5%
of which GVDR + Sanatorio Triestino + Aurelia Hospital	*3,965*	*5*	3,960	n/a

[6] 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.

Reported Op. EBITDA Margin (%)	*17.6%*	*17.2%*	-	-
Adjusted Op. EBITDA Margin (%)	*18.2%*	*18.2%*	-	-

Excluding the contribution of the Aurelia Hospital Group, the Adjusted Operating EBITDA would have been Euro 67,068 thousand, increasing Euro 8,498 thousand on 2022.

2023 Consolidated EBIT overview

EBIT in 2023 was Euro 39,231 thousand, up Euro 7,565 thousand (+23.9%) on Euro 31,665 thousand in 2022.

These results includes amortisation, depreciation and write-downs in the year of Euro 23,115 thousand, increasing Euro 4,152 thousand on 2022, mainly due to the change in scope, in addition to the adjustments and other provisions of Euro 2,557 thousand, decreasing Euro 2,339 thousand compared to 2022, mainly due to both the releases regarding healthcare disputes concluding in 2023 for lesser amounts than those provisioned in previous years, and the reduced provisions on non-healthcare risks, deriving from non-recurring labour and contractual disputes, present however in 2022.

Consolidated EBIT *in Euro thousands*	**FY 2023 Actual**	**FY 2022 Actual**	**FY23 vs. FY22 Euro '000**	**FY23 vs. FY22 %**
Op. EBITDA	**64,903**	**55,524**	**9,379**	**16.9%**
- Amortisation of intangible assets	*(1,091)*	*(944)*	*(147)*	*15.6%*
- Depreciation of property, plant & equip.	*(20,351)*	*(17,420)*	*(2,931)*	*16.8%*
- Write-downs	*(1,673)*	*(599)*	*(1,074)*	*179.3%*
Amortisation, depreciation & write-downs	**(23,115)**	**(18,963)**	**(4,152)**	**21.9%**
- End of mandate provisions	*(25)*	*(45)*	*20*	*-44.4%*
- Healthcare lawsuit provisions	*(3,527)*	*(3,743)*	*216*	*-5.8%*
- Local Health Authority risk provisions	*(2,187)*	*(1,764)*	*(423)*	*24.0%*
- Other risks and charges provisions	*(141)*	*(1,067)*	*926*	*-86.8%*
+ Release of provisions	*3,323*	*1,723*	*1,600*	*92.9%*
Impairments and other provisions	**(2,557)**	**(4,896)**	**2,339**	**-47.8%**
= EBIT	**39,231**	**31,665**	**7,565**	**23.9%**
EBIT Margin (%)	*10.6%*	*9.8%*	-	-

2023 Consolidated Net Profit overview

The Net Profit was Euro 20,873 thousand, decreasing Euro 560 thousand on Euro 21,433 thousand in 2022, impacted by the consolidation of the results of the Aurelia Hospital Group for the last two months of 2023, a period of reduced operating activities compared to the other quarters of the year and therefore - considering also the amount of amortisation, depreciation and provisions accruing in the period - with a negative impact on the net profit. Excluding the contribution of the Aurelia Hospital Group, Net profit would have amounted to approx. Euro 22,720 thousand, an increase of Euro 1,287 thousand on the previous year.

This amount takes account of net financial charges of Euro 10,300 thousand, increasing Euro 6,006 thousand on 2022 following the interest rate increases and the higher debt for the acquisition of the new companies, and income taxes of Euro 8,058 thousand, increasing 2,120 thousand on 2022, mainly due to both the increased profit before taxes and the gradual loss of a number of tax benefits available in the previous year.

GHC Group 2023 financial highlights

The operating performance indicators for 2023 compared with 2022 are presented below.

With regards to the Aurelia Hospital Group, these last two months featured reduced operating activities compared to the other quarters of the year and therefore a lower margin; for a better representation of the Group performance , the comments on the individual accounts shall therefore also be presented excluding the contribution of the Aurelia Hospital Group.

Consolidated figures	4Q2023		4Q2022		4Q2023 vs. 4Q2022	
	Euro '000	%	Euro '000	%	Euro '000	%
Revenues	**105,572**	***100.0%***	**86,002**	***100.0%***	**19,569**	***22.8%***
Total operating costs (exc. Adjustments)[4]	(89,481)	*-84.8%*	(69,756)	*-81.1%*	(19,724)	*28.3%*
Adjusted Op. EBITDA	**16,091**	***15.2%***	**16,246**	***18.9%***	**(155)**	***-1.0%***
Other Costs (Adjustments)[4]	(245)	*-0.2%*	(965)	*-1.1%*	721	*-74.7%*
Personnel costs incentive plans	(1,615)	*-1.5%*	(1,351)	*-1.6%*	(263)	*19.5%*
Operating EBITDA	**14,232**	***13.5%***	**13,929**	***16.2%***	**302**	***2.2%***
Amortisation, depreciation and impairments	(7,572)	*-7.2%*	(5,057)	*-5.9%*	(2,515)	*49.7%*
Impairments and other provisions	432	*0.4%*	(2,155)	*-2.5%*	2,587	*-120.0%*
EBIT	**7,092**	***6.7%***	**6,717**	***7.8%***	**374**	***5.6%***
Net financial charges	(3,014)	*-2.9%*	(1,001)	*-1.2%*	(2,013)	*201.1%*
Result before taxes	**4,078**	***3.9%***	**5,716**	***6.6%***	**(1,639)**	***-28.7%***
Income taxes	(1,649)	*-1.6%*	(1,075)	*-1.3%*	(574)	*53.4%*
Net Profit	**2,429**	***2.3%***	**4,641**	***5.4%***	**(2,212)**	***-47.7%***
Group Net Profit	**2,364**	***2.2%***	**4,641**	***5.4%***	**(2,278)**	***-49.1%***
Minority interests	65	*0.1%*	0	*0.0%*	65	*n/a*

Q4 2023 Consolidated Revenues Overview

In Q4 2023, Group consolidated revenues totalled Euro 105,572 thousand, increasing Euro 19,569 thousand (+22.8%) on Euro 86,002 thousand on 2022, exclusively due to the change in scope, considering that the companies at like-for-like consolidation scope reported revenues entirely in line with Q4 2022.

Consolidated revenues *in Euro thousands*	4Q2023	4Q2022	4Q23 vs. 4Q22 Euro '000	4Q23 vs. 4Q22 %
Total	105,572	86,003	19,569	22.8%
of which repayments of "additional COVID costs"	0	*0*	0	*n/a*
of which GVDR + Sanatorio Triestino + Aurelia Hospital	20,716	*903*	*19,813*	*n/a*

Excluding the contribution of the Aurelia Hospital Group, revenues would amount to Euro 92,900 thousand, increasing Euro 6,900 thousand on the same quarter of the previous year.

Q4 2023 Consolidated operating costs

Consolidated operating costs for Q4 2023, net of adjustments, totalled Euro 89,481 thousand, increasing Euro 19,724 thousand (+28.3%) on Euro 69,756 thousand in Q4 2022, mainly due to the change in scope.

Q4 2023 Consolidated Operating EBITDA and Adjusted Operating EBITDA

Consolidated Adjusted Operating EBITDA[5] in Q4 2023 was Euro 16,091 thousand, down 0.9% on Euro 16,246 thousand in the same period of the previous year.

The adjustments, negative for Euro 245 thousand (negative for Euro 965 thousand in Q4 2022), mainly concerned M&A costs for the closing of the Aurelia transaction.

Compared to Q4 2022, these adjustments reduced as the fourth quarter of the previous year featured increased COVID costs and M&A costs for the acquisition of GVDR.

The Group Adjusted Operating EBITDA Margin was 15.2% (18.9% in Q4 of 2022), mainly impacted by the consolidation of the results of the Aurelia Hospital Group, relating to the last two months of 2023, a period of reduced operating activities compared to the other quarters of the year and therefore with lower margins. Excluding the contribution of the Aurelia Hospital Group, the 2023 Operating EBITDA Margin in Q4 2023 would have been 17.3%.

Operating EBITDA was Euro 14,232 thousand, up Euro 303 thousand on the same period of the previous year.

Consolidated Op. EBITDA and Adj. Op. EBITDA in Euro thousands	4Q2023	4Q2022	4Q23 vs. 4Q22 Euro '000	4Q23 vs. 4Q22 %
Reported Op. EBITDA	**14,232**	**13,929**	**303**	**2.2%**
+ additional COVID costs (net reimbursements)	*(97)*	*415*	(512)	-123.4%
+ M&A costs	*341*	*551*	(210)	-38.1%
+ management incentive plan	*1,615*	*1,351*	264	19.5%
Adjusted Op. EBITDA	**16,091**	**16,246**	**(155)**	**-0.9%**
of which GVDR + Sanatorio Triestino + Aurelia Hospital	*1,044*	*5*	*1,039*	*n/a*
Reported Op. EBITDA Margin (%)	*13.5%*	*16.2%*	-	-
Adjusted Op. EBITDA Margin (%)	*15.2%*	*18.9%*	-	-

Excluding the contribution of the Aurelia Hospital Group, Adjusted Operating EBITDA would have been Euro 16,099 thousand, decreasing Euro 150 thousand on the same period of the previous year.

Q4 2023 Consolidated Ebit

EBIT in Q4 2023 was Euro 7,092 thousand, up Euro 375 thousand on Euro 6,717 thousand in the same period of the previous year.

Consolidated EBIT in Euro thousands	4Q2023	4Q2022	4Q23 vs. 4Q22 Euro '000	4Q23 vs. 4Q22 %
Op. EBITDA	**14,232**	**13,929**	**303**	**2.2%**
- Amortisation of intangible assets	*(348)*	(305)	(42)	13.8%
- Depreciation of property, plant & equip.	*(5,694)*	(4,536)	(1,158)	25.5%
- Write-downs	*(1,530)*	(215)	(1,315)	610.4%
Amortisation, depreciation & write-downs	**(7,572)**	**(5,057)**	**(2,515)**	**49.7%**
- End of mandate provisions	*(6)*	(10)	3	*-34.8%*
- Healthcare lawsuit provisions	*(1,366)*	(1,904)	538	*-28.2%*
- Local Health Authority risk provisions	*(804)*	(381)	(423)	*111.1%*
- Other risk provisions	*(59)*	(1,002)	943	*-94.1%*
+ Release of provisions	2,668	1,141	1,527	*133.8%*
Impairments and other provisions	**432**	**(2,155)**	**2,587**	-120.0%
EBIT	**7,092**	**6,717**	**375**	**5.6%**
EBIT Reported Margin (%)	*6.7%*	*7.8%*	-	-

Q4 2023 Consolidated Net Profit

The net profit was Euro 2,429 thousand, decreasing Euro 2,212 thousand on Euro 4,641 thousand in Q4 2022.

Without the contribution of the Aurelia Hospital Group, the net profit would have been Euro 4,276 thousand, decreasing Euro 365 thousand on Q4 2022.

This amount takes account of net financial charges of Euro 3,014 thousand and income taxes of Euro 1,649 thousand, respectively increasing Euro 2,013 thousand and Euro 574 thousand on Q4 2022.

The increase in net financial charges stems mainly from the increase in interest rates and the higher average financial debt in Q4 2023 compared to 2022, following the acquisitions made.

The increase in taxes is mainly attributable to both the higher pre-tax profit and the gradual loss of certain tax benefits present in the previous year.

Pro-forma financial highlights

In order to ensure that the figures for the year under review are sufficiently comparable with those of the previous year, the Pro-Forma[7] tables for 2023 and 2022 are presented, i.e. those reporting retrospectively to January 1, 2023 the acquisition of Sanatorio Triestino S.p.A., acquired on May 4, 2023, and the Aurelia Hospital Group, acquired on November 16, 2023.

In addition to the IFRS-compliant indicators included in the official reporting formats, this Directors' Report also presents various alternative performance measures (APMs) employed by the management to monitor and evaluate the Group's performance. The details of the calculation of the APMs set out below are presented in a specific section of this report, to which the reader should refer for all further information.

Pro-forma consolidated figures	2023		2022		2023 vs. 2022	
	Euro '000	%	Euro '000	%	Euro '000	%
Revenues	**449,515**	***100.0%***	**334,801**	***100.0%***	**114,715**	***34.3%***
Total operating costs (excl. Adjustments)	(377,207)	*-83.9%*	(273,705)	*-81.8%*	(103,501)	*37.8%*
Adjusted Op. EBITDA	**72,309**	***16.1%***	**61,095**	***18.2%***	**11,214**	***18.4%***
Other Costs ("Adjustments")	(544)	*-0.1%*	(1,695)	*-0.5%*	1,151	*-68.0%*
Management incentive plan	(1,615)	*-0.4%*	(1,351)	*-0.4%*	(264)	*19.5%*
Operating EBITDA	**70,151**	***15.6%***	**58,049**	***17.3%***	**12,102**	***20.8%***
Amortisation, depreciation and impairments	(25,722)	*-5.7%*	(20,244)	*-6.0%*	(5,478)	*27.1%*
Impairments and other provisions	(10,077)	*-2.2%*	(4,896)	*-1.5%*	(5,180)	*105.8%*
EBIT	**34,352**	***7.6%***	**32,909**	***9.8%***	**1,443**	***4.4%***
Net financial charges	(11,138)	*-2.5%*	(4,902)	*-1.5%*	(6,236)	*127.2%*
Result before taxes	**23,214**	***5.2%***	**28,007**	***8.4%***	**(4,792)**	***-17.1%***
Income taxes	(6,860)	*-1.5%*	(6,151)	*-1.8%*	(709)	*11.5%*
Net Profit	**16,354**	***3.6%***	**21,856**	***6.5%***	**(5,501)**	***-25.2%***
Group Net Profit	**16,187**	***3.6%***	**21,849**	***6.5%***	**(5,661)**	***-25.9%***
Minority interests	167	*0.0%*	7	*0.0%*	160	*n/a*

The 2023 Pro Forma figures were impacted by the consolidation of the Aurelia Hospital Group, whose results were negatively and significantly affected by the liquidation process that arose due to irreconcilable disagreements among shareholders, which resulted in extensive management inefficiencies (not attributable to GHC) mitigated only as of the signing (July 2023). These results, in addition, do not incorporate the structural benefits expected and already identified by GHC in terms of the Aurelia Hospital Group's clinics, which once fully implemented will improve the margin.

[7] These pro-forma statements have been prepared on a voluntary basis

Balance Sheet

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

Consolidated figures Uses	2023 December	2022 December	Δ vs 2022 Euro '000
Goodwill	156,007	91,392	64,615
Intangible and tangible assets	473,093	418,750	54,343
Financial assets	4,754	1,344	3,410
I Fixed capital	**633,854**	**511,485**	**122,369**
Trade Receivables	100,994	76,479	24,515
Inventories	5,583	4,244	1,339
Trade Payables	(87,853)	(51,100)	(36,753)
Net Operating Working Capital	***18,724***	***29,623***	***(10,899)***
Other assets/liabilities	(38,270)	(27,501)	(10,769)
II Net Working Capital	**(19,546)**	**2,122**	**(21,668)**
Net deferred taxes	(59,921)	(56,740)	(3,180)
Provisions	(47,755)	(32,703)	(15,052)
III Total Uses (NET CAPITAL EMPLOYED)	**506,632**	**424,164**	**82,468**
IV Net financial debt	**205,743**	**145,011**	**60,733**
Minority interest net equity	2,003	83	1,920
Group shareholders' equity	298,886	279,070	19,815
V Shareholders' Equity	**300,889**	**279,153**	**21,736**
VI Total sources of financing	**506,632**	**424,164**	**82,468**

Fixed capital at December 31, 2023 was Euro 633,854 thousand, increasing Euro 122,369 thousand on December 31, 2022, due to the following factors:

- increase in goodwill for Euro 64,615 thousand following the recognition of the provisional goodwill on the Aurelia Hospital Group (73,050 thousand), of the increase from the settlement of the price paid to acquire GVDR S.r.l (Euro 1,124 thousand), of the deferred taxes recognised on the increase of the goodwill of GVDR (Euro 3,865 thousand) and of the increase from the acquisition of the Me.la. Service business unit (Euro 430 thousand), net of the reduction of Euro 13,854 thousand from the reclassification to the Accreditation account, under intangible assets, following the recognition of the Purchase Price Allocation of GVDR;
- increase in property, plant and equipment and intangible assets of Euro 54,343 thousand, as a result of the above-stated reclassification to the Accreditation account of a portion of the provisional goodwill of GVDR S.r.l (Euro 13,854 thousand), of the allocation of the excess price paid for the acquisition of Sanatorio Triestino to the accreditation of the property, plant and equipment accounts (Euro 10,647 thousand), and of the change of scope from the acquisition of Aurelia Hospital Group (Euro 23,100 thousand), net of the movements in the year (amortisation and depreciation, investments etc.).

Net operating working capital at December 31, 2023 decreased Euro 10,899 thousand compared to December 31, 2022, due for Euro 4,257 thousand to the change in scope deriving from the acquisition of the Aurelia Hospital Group and of Sanatorio, and for Euro 6,642 thousand to the companies at like-for-like scope, whose net working capital decreased mainly due to temporary collection/payments dynamics.

Other net liabilities increased Euro 10,769 thousand on the previous year, mainly due to the change in scope (Euro 6,134 thousand), in addition to the recognition from this year as Other payables of the advances on the production paid monthly by a number of healthcare authorities (ASL), instead of as a reduction of trade receivables.

With regards to the other liabilities, 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 December 31, 2023 were unchanged on December 31, 2022 and amount to approx. Euro 10,535 thousand.

The net working capital therefore reports a net decrease of Euro 21,668 thousand, due to the above decrease in net operating working capital and other net liabilities.

Net deferred taxes increased Euro 3,180 thousand, mainly due to the recognition of the deferred tax liabilities calculated on the GVDR accreditation (Euro 3,865 thousand), and of Sanatorio Triestino (Euro 2,104 thousand), net of the increase in net deferred tax assets from the change in scope of the Aurelia Hospital Group (Euro 3,594 thousand) .

The provisions at December 31 increased Euro 15,052 thousand on December 31, 2022, due to: (i) the increase in risks provisions for Euro 9,098 thousand, deriving from the change in consolidation scope of Euro 11,199 thousand, from net accruals (excess of accruals over releases) totalling Euro 3,104 thousand, mainly due to healthcare risks (Euro 1,508 thousand) and local healthcare authority risks (Euro 1,733 thousand), net of capital utilisations of Euro 5,205 thousand, principally concerning healthcare lawsuits (Euro 2,782 thousand) and ASL risks (Euro 2,229 thousand); (ii) decrease in the Post-employment benefit provision of Euro 5,954 thousand, due mainly to the change in consolidation scope.

Net capital employed at December 31, 2023, amounted to Euro 506,632 thousand, an increase of Euro 82,468 thousand on Euro 424,164 thousand at December 31, 2022.

Minority interest shareholders equity increased Euro 1,920 thousand, following the initial consolidation of the Aurelia Hospital Group and of Sanatorio Triestino, which present minority holdings.

Group Shareholders' Equity at December 31, 2023 totalled Euro 298,886 thousand, increasing Euro 19,815 thousand on December 31, 2022, mainly due to the profit for the period (Euro 20,799 thousand), and the measurement of the performance share plan (Euro 769 thousand), net of the acquisition of treasury shares (Euro 1,491 thousand) and the decrease of the Post-employment benefit reserve (Euro 294 thousand).

Net Financial Position

The net financial debt was determined in accordance with the framework provided by Recommendation ESMA/32-382-1138 of March 4, 2021 and Consob attention call No. 5/21 of April 29, 2021. A breakdown of the composition of the net financial debt for the years ending December 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	22,684	31,382	(8,698)
B Cash equivalents	0	0	0
C Other current financial assets	409	215	194
D Liquidity	**23,093**	**31,597**	**(8,504)**
E Current financial debt	28,436	22,297	6,139
F Current portion of non-current financial debt	36,201	22,146	14,055
G Current financial debt	**64,637**	**44,443**	**20,194**
H Net current financial debt (G - D)	**41,543**	**12,846**	**28,697**
I Non-current financial debt	164,200	132,165	32,035
J Debt instruments	-	-	-
K Trade payables and other non-current payables	-	-	-

L Non-current financial debt (I + J + K)	**164,200**	**132,165**	**32,035**
M Total financial debt (H + L)	**205,743**	**145,011**	**60,733**

At December 31, 2023, the Net Financial Position (NFP) of the Garofalo Health Care Group amounts to Euro 205,743 thousand, comprising gross financial debt of Euro 228,836 thousand (Euro 64,637 thousand of current financial debt and Euro 164,200 thousand of non-financial debt) and liquidity of Euro 23,093 thousand.

The NFP increased Euro 60,733 thousand on December 31, 2022, mainly in view of the M&A's executed in 2023, with the acquisition of the Aurelia Hospital Group and of Sanatorio, funded through cash generated from operating activities and the financial debt.

Excluding the acquisition of the companies of the Aurelia Hospital Group, the NFP would amount to Euro 131,208 thousand, decreasing Euro 13,803 thousand on 2022[8].

Financial payables for leasing amounted to Euro 21,945 thousand for the non-current portion and Euro 5,266 thousand for the current portion.

Summary of principal alternative performance indicators reported for the GHC Group and basis of preparation

The GHC Group utilises some alternative performance measures ("APM's"), which are not identified as accounting measures within IFRS, for management's view on the performance of the Group. These alternative performance measures exclusively concern historical data of the Group and determined in accordance with those established by the Alternative Performance Indicators Orientations issued by ESMA/2015/1415 and adopted by CONSOB with communication No. 92543 of December 3, 2015. The APM's in this Report refer to the performance for the accounting period of the present Financial Report and of the comparative periods and not to the expected performance of the Group and must not be considered as replacement of the required by the accounting standards (IFRS).

The alternative performance measures used in this Report are defined below. The 2023 Pro-Forma figures are impacted by the consolidation of the Aurelia Hospital Group in November 2023, whose 12 months results were impacted by the liquidation process arising due to the irreconcilable disagreements between shareholders, and are therefore not representative for the purposes of valuing the assets acquired. These results, in addition, do not incorporate the structural benefits expected and already identified by GHC in terms of the Aurelia Hospital Group's clinics, which once fully implemented will improve the margin.

Adjusted Operating EBITDA

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) and ensures a like-for-like comparison with 2022.

2023 Adjusted Operating EBITDA was Euro 67,061 thousand, up 14.5% on Euro 58,570 thousand in the previous year. On a Pro-Forma basis, Adjusted Operating EBITDA would total Euro 72,309 thousand, compared to Euro 61,095 thousand in 2022 (+18.4%).

Consolidated figures	**FY'23 Actual** **Euro '000**	**FY'22 Actual** **Euro '000**	**FY'23 Pro-Forma** **Euro '000**	**FY'22 Pro-Forma** **Euro '000**
Operating EBITDA	**64,903**	**55,524**	**70,151**	**58,049**
Other costs ("Adjustments")	544	1,695	544	1,695
Personnel costs incentive plans	1,615	1,351	1,615	1,351
Adjusted Operating EBITDA	**67,061**	**58,570**	**72,309**	**61,095**

[8] The effect of the acquisition of the Aurelia Hospital Group on the NFP was obtained by the adding the price paid to the net financial position of the companies acquired at 31.12.2023..

Adjusted Operating EBITDA Margin

The Adjusted Operating EBITDA Margin is calculated as Operating EBITDA Adjusted as a percentage of Revenues. In 2023, the Group Adjusted Operating EBITDA Margin, which adjusts Operating EBITDA for the cases described above, was 18.2%, unchanged on the previous year. The FY 2023 Pro-Forma Adjusted Operating EBITDA Margin would however be 16.1%, in comparison with 18.2% for FY 2022 Pro-Forma, reflecting mainly the consolidation of the results of the Aurelia Hospital Group, relating to the last two months of 2023, a period of reduced operating activities compared to the other quarters of the year and therefore at lower margin.

Consolidated figures	FY'23 Actual Euro '000	FY'22 Actual Euro '000	FY'23 Pro-Forma Euro '000	FY'22 Pro-Forma Euro '000
Adjusted Operating EBITDA	67,061	58,570	72,309	61,095
Revenues	368,703	322,575	449,515	334,801
Adjusted Operating EBITDA Margin	**18.2%**	**18.2%**	**16.1%**	**18.2%**

ROI

ROI, i.e. return on investment, is calculated as EBIT as a percentage of net capital employed.

Consolidated figures	FY'23 Pro-Forma Euro '000	FY'22 Pro-Forma Euro '000
EBIT (A)	34,352	32,909
Net Capital Employed (B)	506,632	424,164
ROI (A/B)	**6.8%**	**7.8%**

ROE

ROE is calculated as net profit for the year as a percentage of Group consolidated shareholders' equity.

Consolidated figures	FY'23 Pro-Forma Euro '000	FY'22 Pro-Forma Euro '000
Net result (A)	16,354	21,856
Shareholders' Equity (B)	300,889	279,153
ROE (A/B)	**5.4%**	**7.8%**

Capital Expenditure (Capex)

This indicator is calculated taking as reference the sum of ordinary investments in property, plant and equipment and intangible assets (excluding the non-recurring investments for the expansion projects, non-recurring investment in latest generation machinery, totalling Euro 6,789 thousand)

Consolidated figures	FY2023 Euro '000	FY2022 Euro '000
Investments in tangible and intangible assets	13,126	11,671
Capital Expenditure (Capex)	**13,126**	**11,671**

Cash Conversion

This indicator has been calculated on the basis of Adjusted Operating EBITDA, net of ordinary capital expenditures, in relation to Adjusted Operating EBITDA.

Consolidated figures	FY2023 Euro '000	FY2022 Euro '000
Adjusted Operating EBITDA (A)	67,061	58,570
Capex (B)	13,126	11,671

Cash Conversion Cycle (A-B)/A	**80.4%**	**80.1%**

Net Financial Debt / Net Equity

The following table illustrates the relationship between the Group's net debt (as defined in previous sections) and shareholders' equity.

Consolidated figures	FY2023 Euro '000	FY2022 Euro '000
Net financial debt	205,743	145,011
Shareholders' Equity	300,889	279,153
Ratio between net financial debt and shareholders' equity	**0.68**	**0.52**

Net Financial Debt / Adjusted Operating EBITDA

The following table illustrates the relationship between the Net Financial Debt (as defined in previous sections) and Adjusted EBITDA.

Consolidated figures	FY'23 Pro-Forma Euro '000	FY'22 Pro-Forma Euro '000
Net financial debt	205,743	145,011
Adjusted Operating EBITDA	72,309	61,095
Ratio between Net Financial Debt and Adjusted EBITDA	**2.8x**	**2.4x**

Days sales outstanding

Days sales outstanding are defined as the ratio of the Trade receivables stated in the Group's Annual Consolidated Financial Statements to Revenues from services, as also stated in the Annual Consolidated Financial Statements, multiplied by the number of days in the reporting year.

Consolidated figures	FY'23 Pro-Forma Euro '000	FY'22 Pro-Forma Euro '000
Trade receivables (A)	100,994	76,479
Revenues from services (B)	439,625	326,699
Days sales outstanding (A/B*365)	**84**	**85**

Days purchases outstanding

Days purchases outstanding are defined as the ratio of the Trade payables stated in the Group's Annual Consolidated Financial Statements to the sum of Raw materials and consumables, Service costs and Other operating costs, as also stated in the Group's Annual Consolidated Financial Statements, multiplied by the number of days in the reporting year.

Consolidated figures	FY'23 Pro-Forma Euro '000	FY'22 Pro-Forma Euro '000
Trade payables (A)	87,853	51,100
Raw materials and consumables (B)	245,493	185,491
Days purchases outstanding (A/B*365)	**131**	**101**

Days inventory outstanding

Days inventory outstanding are defined as the ratio of the Inventories stated in the Group's Annual Consolidated Financial Statements to Raw materials and consumables as also stated in the Annual Consolidated Financial Statements, multiplied by the number of days in the reporting year.

Consolidated figures	**FY'23 Pro-Forma Euro '000**	**FY'22 Pro-Forma Euro '000**
Inventories (A)	5,583	4,244
Raw materials and consumables (B)	65,677	45,185
Days inventory outstanding (A/B*365)	**31**	**34**

3. PARENT COMPANY PERFORMANCE

Garofalo Healthcare S.p.A. is the Parent Company, listed on the Euronext segment of the Italian Stock Exchange since November 2018.

The 2023 operating figures, compared to the previous year, are presented below.

Individual data Income Statement	**FY2023 Euro '000**	**FY2022 Euro '000**	**2023 vs. 2022 Euro '000**
Revenues	**4,867**	**4,641**	**226**
Total operating costs	(9,506)	(8,451)	(1,055)
Operating EBITDA	**(4,639)**	**(3,810)**	**(829)**
Amortisation, depreciation and impairments	(597)	(424)	(173)
Impairments and other provisions	-	-	-
EBIT	**(5,236)**	**(4,234)**	**(1,002)**
Net financial income	11,854	4,337	7,517
Result before taxes	**6,618**	**103**	**6,515**
Income taxes	2,869	1,534	1,335
Net Profit	**9,488**	**1,638**	**7,850**

2023 Garofalo Health Care S.p.A. revenues were Euro 4,867 thousand (Euro 4,641 thousand in 2022) and related to the partial recharges of Parent Company costs to the subsidiaries for administrative co-ordination, financial, corporate and IT services.

Operating EBITDA reported a loss of Euro 4,639 thousand (Euro 3,810 thousand in 2022) as a result of the costs incurred by the company during the year, not rechargeable to the subsidiaries as relating to the implementation and performance of the parent company's core operations, which include the one-off costs for M&A's and costs related to the Holding Company's Management Incentive Plan, as described in the previous paragraphs.

Net financial income amounted to Euro 11,854 thousand (Euro 4,337 thousand in 2022), thanks to dividends received of Euro 18,766 thousand during the year from subsidiaries (Euro 5,999 thousand in 2022), which offset interest charges on the bank debt.

Income taxes were positive (net income) for Euro 2,869 thousand (net income of Euro 1,534 thousand in 2022), due to the recognition of income from the tax consolidation, resulting from the taxable income transferred from subsidiaries belonging to the tax consolidation of GHC S.p.A.

The financial statements report a net profit for the year of Euro 9,488 thousand, an increase of Euro 7,850 thousand compared to Euro 1,638 thousand in 2022, due to the higher dividends distributed by the subsidiaries.

The condensed balance sheet of Garofalo Health Care S.p.A. at December 31, 2023 compared with the previous year is presented below.

Individual data Balance Sheet	FY2023 Euro '000	FY2022 Euro '000	2023 vs. 2022 Euro '000
Net Capital Employed	397,456	341,980	55,476
Shareholders' Equity	193,641	184,917	8,724
Net financial debt	203,815	157,063	46,752

Net Capital Employed amounted to Euro 397,456 thousand and consisted primarily of equity investments in subsidiaries of Euro 260,707 thousand, and other non-current financial assets of Euro 118,393 thousand. The increase on 2022 of Euro 55,476 thousand stems from the acquisition of the investments in Aurelia Hospital S.r.l. (Euro 47,000 thousand) and Sanatorio Triestino S.p.A. (Euro 12,724 thousand).

Shareholders' equity at December 31, 2023 amounts to Euro 193,641 thousand, compared to Euro 184,917 thousand in the previous year, increasing Euro 8,724 thousand, as a result of the net profit for the year (Euro 9,488 thousand) and the provision for personnel incentive plans (Euro 769 thousand), net of the acquisition of treasury shares (Euro 1,491 thousand), the decrease in the Post-employment benefit reserve (Euro 17 thousand) and the use of the statutory reserve (Euro 25 thousand).

The net financial debt of Euro 203,815 thousand increased Euro 46,752 thousand on the previous year, mainly due to the acquisition of the investments in Aurelia Hospital S.r.l. and Sanatorio Triestino S.p.A..

4. RECONCILIATION BETWEEN PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS

(in Euro thousands)	Shareholders' Equity 31.12.2023	Net Profit 2023
Financial Statements of the Parent Company Garofalo Health Care S.p.A.	**193,641**	**9,488**
Dividends from companies included in consolidation	(1,229)	(20,105)
Net contributions of the consolidated companies	105,193	34,917
Other consolidation adjustments		(3,674)
Valuation at equity method	1,281	173
Consolidated financial statements, Group share	**298,886**	**20,799**
Minority interest results	74	74
Non-controlling interests capital and reserves	1,929	-
Result/Consolidated shareholders' equity	**300,889**	**20,873**

(in Euro thousands)	Shareholders' Equity 31.12.2022	Net Profit 2022
Financial Statements of the Parent Company Garofalo Health Care S.p.A.	**184,917**	**1,638**
Dividends from companies included in consolidation	(1,071)	(6,665)
Net contributions of the consolidated companies	94,132	26,881
Other consolidation adjustments	-	(556)
Valuation at equity method	1,092	129
Consolidated financial statements, Group share	**279,070**	**21,426**
Minority interest results	7	7
Non-controlling interests capital and reserves	76	-
Result/Consolidated shareholders' equity	**279,153**	**21,433**

5. SECTOR PERFORMANCE

Shown below are the main factors characterizing the marketplace in which we operate.

Highlights

The National Health System in Italy

Key Entities

- **The key entities of the National Health System ("NHS") are:**
  - Government and Ministry of Health: healthcare system planning and budgeting through a national plan
  - Regional governments: main entities responsible for managing the healthcare system at the local level
    - Key counterparts to private healthcare providers such as GHC
  - Local Health Authorities ("ASLs") and Hospital Authorities ("HAs"): oversee the delivery of healthcare services in their district

Essential Levels of Care

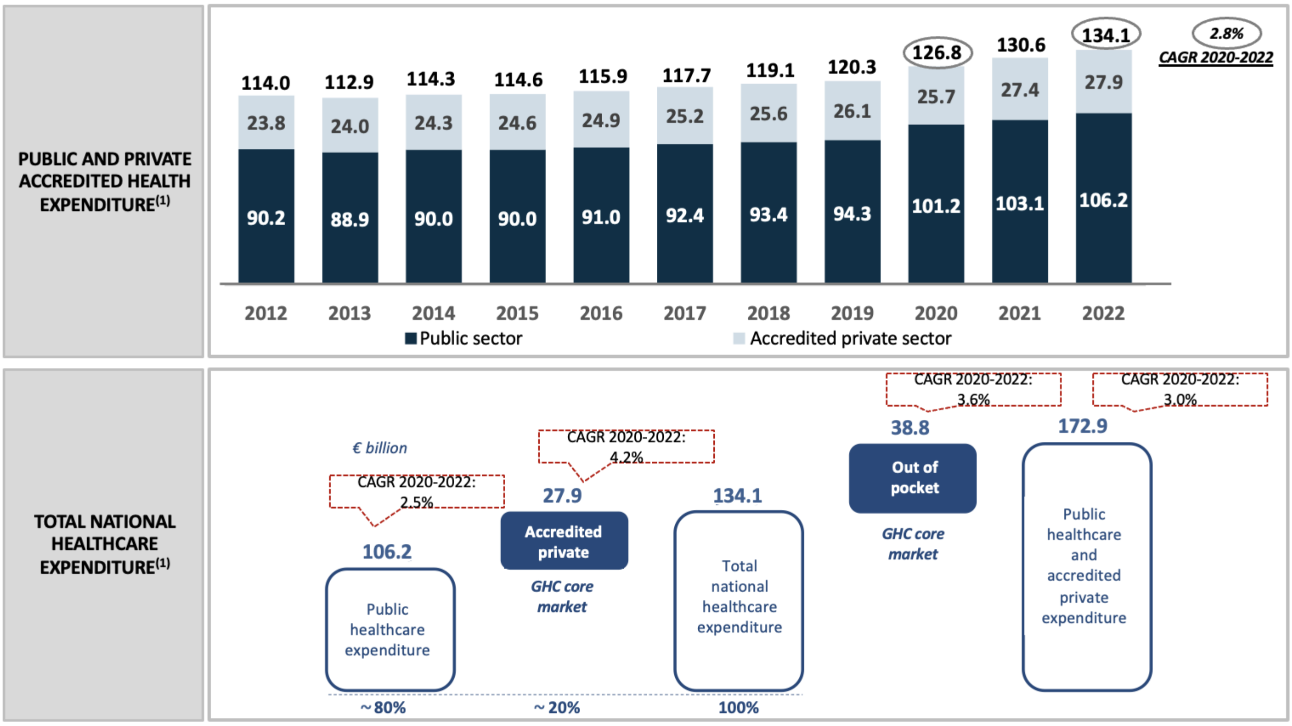
- **Essential Levels of Care ("LEAs") outline the health services that every Italian citizen is entitled to receive from the National Health System, either free of charge or on payment of a fee ("co-payment")**
  - Defined by the Ministry of Health
  - LEAs are apportioned between regional governments on a per capita basis, weighted by several criteria including age, gender, level of citizen care, mortality rate, and epidemiological spatial indicators
  - Regions independently organise the delivery of these services to citizens

Authorisation, Accreditation and Contractual Agreement

- **The National Health System operates through public, private, and accredited private providers**
- **All private entities must interact with regional governments and obtain:**
  - Authorisation: basic requirement for the development of healthcare facilities, granted by regional governments or municipalities
    - Defines the minimum structural, technological and organisational requirements
    - Granted to meet regionally defined healthcare needs
  - Accreditation: a pre-requisite granted by regional governments to licensed facilities in order to act on behalf of the National Health System
    - Subject to additional organisational requirements and compatibility of services offered with health care needs not covered
    - Periodic monitoring of the quality of the service provided
    - Renewable periodically
  - Contractual agreement: between regional governments or local health authorities and service providers, specifying:
    - Type of service to be provided, relative volumes, and fees charged

The following is a breakdown of Italian healthcare expenditure, highlighting the markets in which the GHC Group operates, namely: (i) healthcare expenditure by the National Health System by way of accredited private clinics; and (ii) "out-of-pocket" private-sector health-care expenditure.

Of particular note, healthcare expenditure in 2022 totalled Euro 172.9 billion, of which Euro 134,1 billion by Italy's National Health System. It is important to note that National Health System health spending includes both spending on services provided through public facilities (Euro 106.2bn) and through private clinics accredited with the National Health System (Euro 27.9bn).



(1) Based on OASI Report 2023 (data from 2022)

6. INVESTMENTS

6.1 Recurring investments

During 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.

6.2 Capex in long-term development and organisational restructuring

In 2023, the Group made further investments of a non-recurring nature within the framework of long-term development and expansion, with expansion projects designed to increase production capacity and diversify the type of services offered. The main projects concluded are detailed below.

Eremo di Miazzina (Gravellona Toce)

- October 2023 saw the inauguration of the Istituto Raffaele Garofalo, an accredited clinic involved in the post-trauma and post-operative specialties, for recovery and intensive functional re-education of a neurological, muscular, respiratory, cardiac and oncological variety.
- The expansion project involved the construction of a new building with an area of 4,000m^2. The new building houses further healthcare facilities, adding 46 beds under accreditation to the Gravellona Toce facility, which already has 52 beds for 1st and 2nd level recovery and rehabilitation.
- The facility also has a major outpatient clinic comprising neurophysiology, cardiology, and radiology departments equipped with state-of-the-art machines, including a new open MRI. In addition, it is equipped with an operating theatre for complex outpatient eye surgery
- The Institute's two wings, connected by means of a raised panoramic corridor, making up an overall area of 10,000 m^2 and with 98 beds under accreditation with the Piedmont Regional Health Service.

GVDR (Cadoneghe)

- New wing at the Cadoneghe facility opened in October 2023
- The extension brought the total area occupied by the facility to approx. 5,000m^2, providing new spaces for outpatient, surgical, and rehabilitation activities equipped with state-of-the-art technology
- We note that the extension project commenced in 2016 with the purchase of the former Mejaniga di Cadoneghe parish theatre (which had been closed for years), and led to the regeneration of an area that had fallen into serious disrepair
- Specifically, the new three-storey building houses an outpatient operating theatre equipped with state-of-the-art equipment, including a touch panel for monitoring temperature, humidity, air quality, and lighting. It also comprises surgical outpatient clinics, an endoscopy column with artificial intelligence, and a gym spanning approximately 400m^2, equipped with cutting-edge neurological rehabilitation apparatus.

7. GHC GROUP ORGANISATIONAL MODEL AND REGULATORY SYSTEM

GHC Group organisational model

The organisational model adopted by the Group involves centralising at the Parent Company, which exercises management and co-ordination over the subsidiaries pursuant to Article 2497 of the Civil Code, the decision-making process regarding, *inter alia*, the pursuit of the strategic objectives, although ensuring full decision-making autonomy for the subsidiaries in implementing the Parent Company-defined strategy.

In particular, the parent company:

- identifies the strategic development guidelines to be pursued, sets and monitors goals for the various healthcare facilities;
- identifies the potential healthcare facilities to be acquired, managing M&A activities and the post-acquisition integration plan to achieve the potential synergies;
- manages certain specific activities for the Group, so as to rapidly achieve possible synergies in terms of the efficacy and efficiency of the business.

Likewise, each subsidiary:

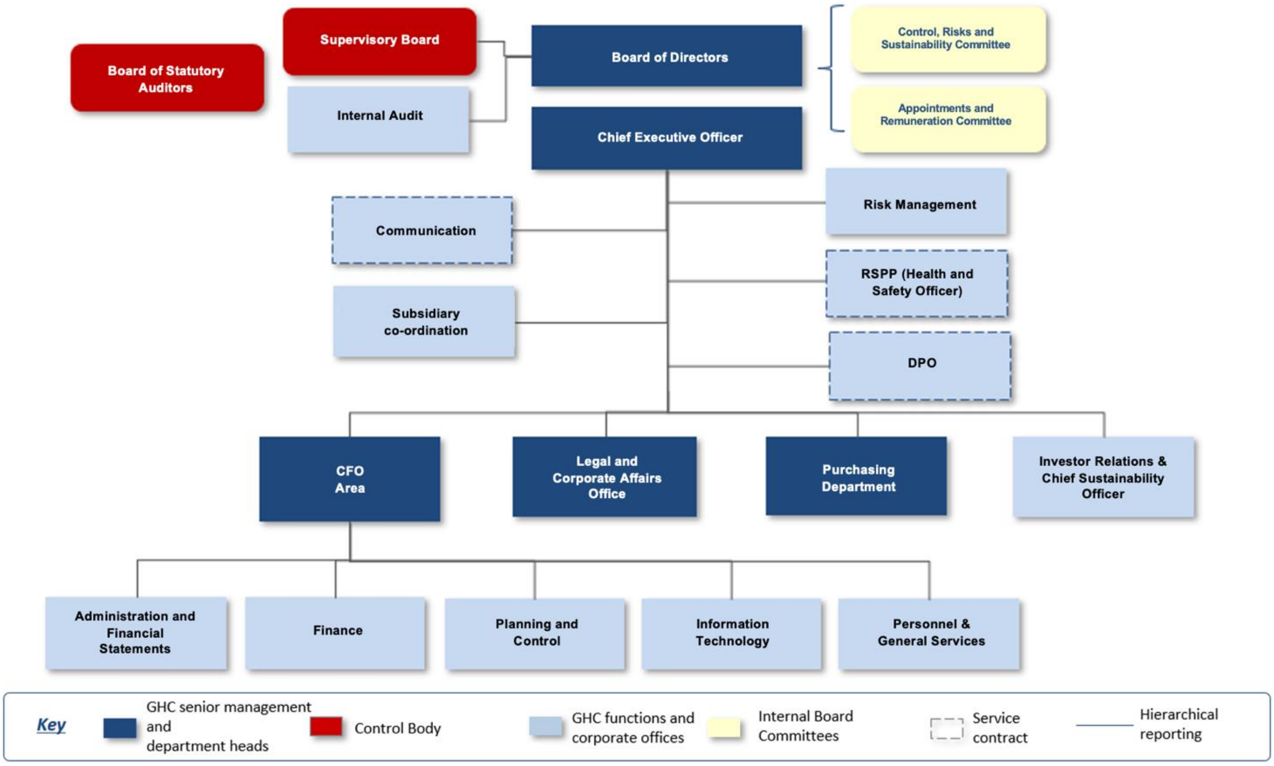
- independently manages its own healthcare and dependency care services;
- formulates and implements its own budget/business plan;
- periodically defines its financial needs.

Organisational model of the Parent Company

The organisational model of the Parent Company, updated in 2022, requires the following Departments / Functions and Teams to directly report to the Chief Executive Officer of the Company:

- CFO Management Area: (i) manages the administration, finance, planning and control activities so as to ensure the use of Group economic and financial resources in line with the business plan; (ii) ensures the design, implementation and operation of the services, networks and IT applications that support and/or automate the company's production processes and uses the capacity for technological innovation as a lever of competitive advantage; (iii) ensures the management and development of human resources, all related processes and the management of the company's general services;
- Purchasing Department: handles the procurement of goods and services to support the operations of the Company, contributing to Group purchasing policies in line with corporate strategies;
- Legal and Corporate Affairs: handles the management of legal and corporate affairs, so as to guarantee the protection of the Company's interests in all appropriate forums and ensure the management of corporate obligations, as provided for also by the implementing regulations of the Authorities in charge of market control;
- Communication: ensures the coordination of the Company's external relations and institutional communication in the media, ensuring the consistency of information in view of the policies agreed with the Chief Executive Officer, and ensures the communication of information regarding GHC and each subsidiary, with the exception of regulated information;
- Risk Management: ensures the coordination at Group level of activities relating to the introduction and management of the Enterprise Risk Management process, developing and promoting the development of a risk culture and a common language on risk within the organisation in line with the Guidelines on the Internal Control and Risk Management System issued by the parent company;
- Investor Relations & Chief Sustainability Officer: (i) supports the Chief Executive Officer in managing relations with investors, lenders and other counterparties, ensuring official communication with Borsa Italiana and the market; (ii) promotes and ensures Corporate Sustainability activities in order to foster a Group sustainability culture.

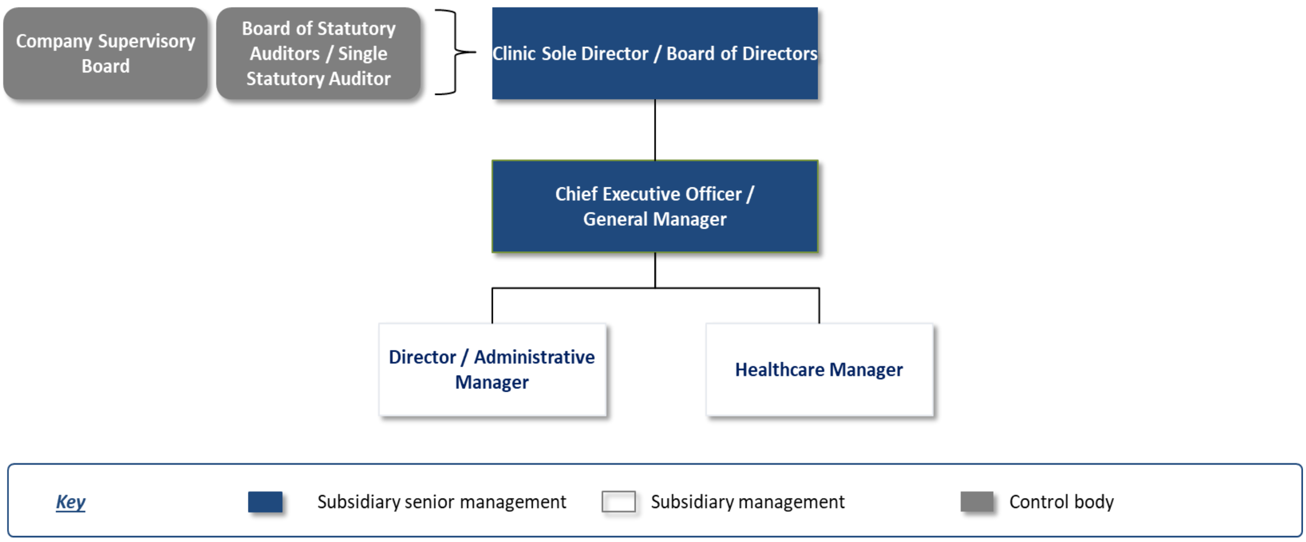
The organisational model also provides that, based on the indications provided by the Corporate Governance Code, the Internal Audit Function, which co-ordinates activities at Group level, reports directly to the Board of Directors of GHC S.p.A. in order to guarantee its autonomy and independence.



<u>Organisational model of the subsidiaries</u>

The organisational model of the subsidiaries establishes that each structure has a:

- **Chief Executive Officer / General Manager**: reports directly to the administrative body of the individual Group company or to the Sole Director;
- **Administrative Manager** who has the task of overseeing in particular administrative-accounting and financial matters and, more generally, supports the structure for "staff" matters;
- **Healthcare Manager**, responsible, *inter alia*, for the technical-functional organisation and good functioning of the sanitary-health services and the respect of the rules of protection of the operators against the risks deriving from the specific activity.



We also note that all subsidiaries are subject to mandatory or voluntary audits and have formal controls for aspects relating to risk management, the application of Law No. 262/2005 and the processing and reporting of non-financial data.

In 2018, the Board of Directors set up the Committee of Chief Executive Officers and General Managers of the subsidiaries, with coordination functions between the subsidiaries and the relevant corporate and healthcare structures and at which the Chief Executive Officer and top management of the Company may attend on invitation. This Committee, chaired on a rotating basis by one of its members, oversees the implementation of process best practices at Group level and monitors the development of the marketplace.

Group Regulation

The Group Regulation ("**Regulation**"), approved by GHC's Board of Directors in 2020 and updated in 2022, identifies the areas and defines the procedures for the exercise of management and coordination by the Parent Company with respect to its subsidiaries, in accordance with the strategic objectives, development policies and management guidelines set by the Parent Company.

In fact, in the light of the above-mentioned organisational model, the management and coordination of the Parent Company is carried out in the following manners:

- definition of policy and coordination acts for the pursuit of Group interests and the development of all the constituent companies;
- prior authorisation for subsidiaries to carry out "Significant Transactions" (as defined in the Regulation);
- definition of the Group's regulatory system, information flows and other connection processes to ensure effective coordination between Group companies;
- definition of a single address of the ICRMS.

In view of the management and coordination carried out by the Parent Company, each subsidiary is required to:

- adopt and implement the policies, directives and instructions issued by the Parent Company;
- request prior authorisation from the Parent Company to carry out "Significant Transactions";
- implement and comply with the Group's regulatory system, as well as to promote the flow of information and other connection processes with the Parent Company and the other subsidiaries;
- promote the internal controls for which it is responsible in the context of the general policy of the ICRMS set by the Parent Company, ensuring that all the functions and bodies responsible for control (both of the Parent Company and of the subsidiaries) are not hindered in the exercise of their functions and that they establish strong collaborative relations with each other, without prejudice, in any event, to the responsibility of the relevant subsidiary.

Therefore, the purpose of the Regulation is to indicate:

- the strategic or operational areas in which the acts of management and coordination are carried out;
- “Significant Transactions" which must be submitted for prior authorisation by the Board of Directors or the Chief Executive Officer of the Parent Company;
- the instruments through which management and coordination is applied, namely the Group's regulatory system, information flows (as defined below), and other connecting processes, such as inter-company committees;
- the corporate processes subject to management and coordination by the Parent Company, broken down by main issues, and the responsibilities of both the Parent Company and the subsidiaries for each area.

Group regulatory system

With reference to the organisational model set out above, the Parent Company defines the Group's regulatory system by identifying specific regulatory and operational instruments (such as, by way of example, procedures, policies, guidelines, directives and recommendations) concerning the concrete methods with which management and coordination is carried out. In this regard, it should be noted that the Parent Company already in 2018 issued a specific company procedure ("Management of the corporate regulatory system" or "Procedure 0"), which seeks to define the rules for the management of the corporate regulatory system, i.e. the set of rules to be followed for the management of the Company's processes.

These instruments, defined as "top-down", are issued by the Parent Company and must be implemented by the Boards of the Subsidiaries or their delegated bodies (on the basis of any indications received from the Parent Company).

As part of the Group's overall regulatory system, in addition to adopting and applying these regulatory instruments, each subsidiary identifies and issues specific regulatory and operational instruments (such as, by way of example, procedures), in compliance with the Group's regulatory system, in order to comply with any requests or indications from the Parent Company, for which the latter may provide a reference model, or internal needs, deriving, for example, from the management of its own Quality System or other certifications or reference regulations.

8. RISK MANAGEMENT AND MAIN RISKS AND UNCERTAINTIES TO WHICH GAROFALO HEALTH CARE S.P.A. AND THE GROUP ARE EXPOSED

Internal Control and Risk Management System

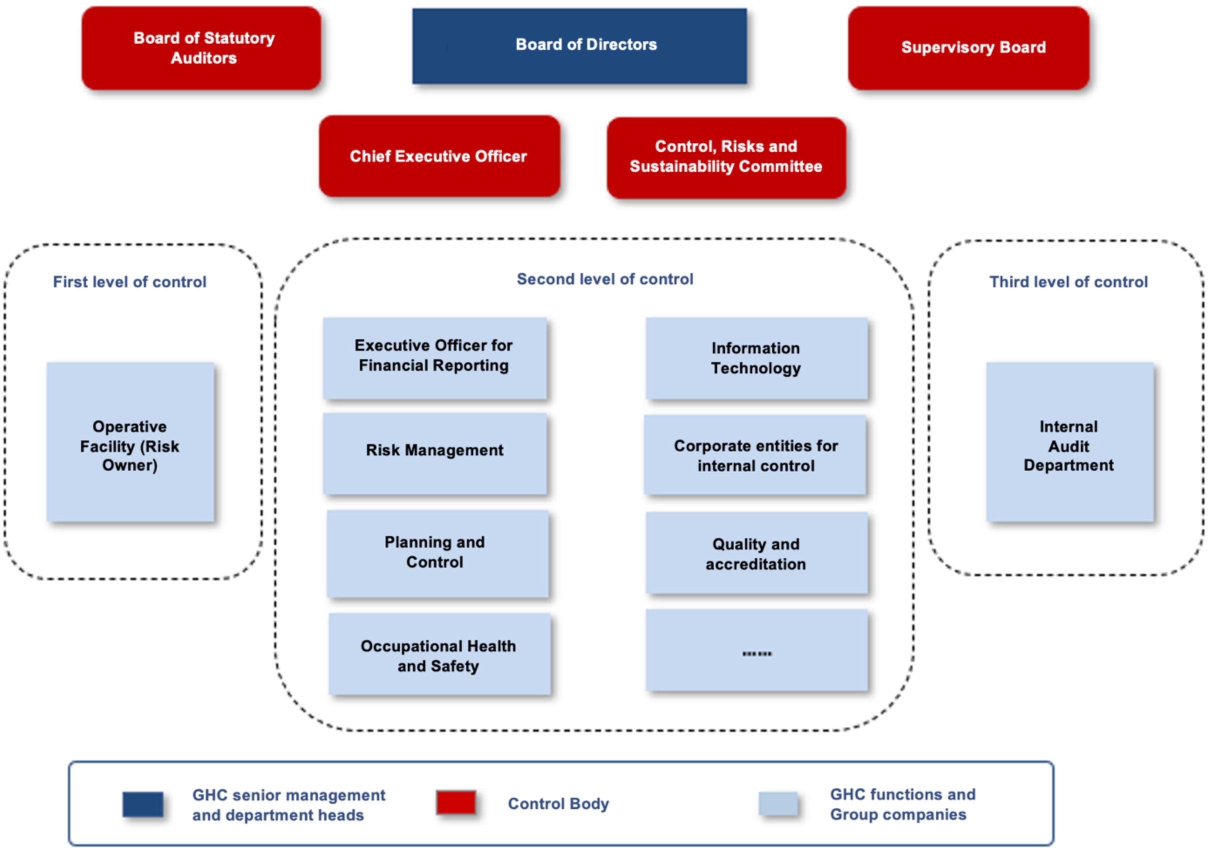
The Internal Control and Risk Management System ("**ICRMS**") plays a central role in GHC's decision-making process and is defined, in accordance with the principles set out in Article 6 of the new "Corporate Governance Code" adopted by the Corporate Governance Committee in January 2020, as the set of rules, procedures and organisational structures which ensure the effective and efficient identification, measurement, management and monitoring of the main business risks within the Group, in order to contribute to its sustainable success.

In this context, the Board of Directors of GHC, which bears responsibility for the ICRMS, within its role of management and coordination of the GHC Group, has prepared the "Guidelines for the Internal Control and Risk Management System" ("**Guidelines**"), updated to the new Corporate Governance Code, in force from January 1, 2021, in order to ensure that the organisation's principal risks are properly identified, measured, managed and monitored, in line with the Group's strategic objectives.

The main elements of the ICRMS defined for the GHC Group are:

- the presence of a Chief Executive Officer (the CEO of GHC) who is responsible for establishing and maintaining the ICRMS;
- the presence of organisational structures in charge of carrying out and assessing risk management activities (Control, Risks and Sustainability Committee, Risk Management Function and Internal Audit Function);
- the presence of an Internal Audit Function delegated by the Board of Directors to provide independent assurance on the efficiency and effectiveness of the ICRMS;
- the setting up of a risk management system in relation to the financial disclosure process introduced in compliance with the provisions of Article 154-*bis* of the Consolidated Finance Act;
- the establishment of a Group regulatory system involving specific communication and awareness programmes (Code of Ethics to promote and maintain an adequate level of correctness, transparency and ethics in the conduct of Group activities, Organisation and Management Model pursuant to Legislative Decree No. 231/2001).

The main parties involved in the GHC Group's Internal Control and Risk Management System are presented below.



It is important to underline that, in order to ensure the effectiveness of the ICRMS, verification and control activities are provided for on three levels for parties who have been assigned specific roles and responsibilities:

- First level: line controls (procedural, IT, behavioural, administrative-accounting, etc.), i.e. checks carried out by operational structures in order to identify and mitigate risks relating to the areas for which they are responsible;
- Second level: controls carried out by the corporate Functions with specialist supervisory responsibility for managing the Group's risks (Risk Management, Quality and Accreditation, Legal, Compliance, Occupational Health and Safety and Environment, Administration and Control, etc.);
- Third level: controls carried out by the Internal Audit Function, responsible for providing independent assurance through a risk-based approach to first and second level controls, in addition to the overall architecture and functioning of the ICRMS, to identify anomalous trends and violations of procedures and regulations applicable to the organisation.

Throughout 2023, the Chief Executive Officer in charge of the ICRMS, the assigned risk management and control functions, and the internal audit function reported periodically to the Board of Directors on relevant events and audits conducted in accordance with the activity plan, with specific reference to the activities conducted by subsidiaries in the area of compliance with the most important applicable regulations.

Group information flows

The GHC Group Information Flow Guidelines ("**Information Flows**"), also approved in 2020 by the GHC Board of Directors and updated in January 2023 to reflect organisational changes, were developed with the dual purpose of:

- representing information flows related to the application of the ICRMS Guidelines;
- identifying and representing the main information flows within the Group in application of the Regulation.

With reference to both cases, the Information Flows identify: (i) the responsibilities of the parties involved in these flows; (ii) the main and secondary recipients, (iii) the frequency and timing necessary to allow the Parent Company to fully exercise its management and coordination and monitor the adequacy and effectiveness of the Group's ICRMS.

During 2023, the guidelines were applied to both information flows governed by the ICRMS Guidelines (see preceding point) and information flows between the Holding and its subsidiaries governed by Group Regulations and corporate procedures.

Enterprise Risk Management

Risk Management activities are considered fundamental by GHC to strengthen the Group's ability to create value for shareholders and stakeholders and to ensure the sustainability of the business over the medium/long term. More specifically, in line with the ERM model approved by the Board of Directors, the GHC Group's risk management is based on an integrated process of mapping, analysis, processing and monitoring of organisational risks, providing top management with the information necessary to make, in an informed manner, the best decisions for the achievement of the strategic objectives and for the growth and creation of value for the Group, in addition to its protection. The single and integrated Enterprise Risk Management model was therefore updated in 2023, while the newly acquired entities through M&A were in addition integrated, through the assessment of risks and related controls. At the same time, the new cycle of Key Risk Indicator 2023 development was initiated, so as to empirically validate the ERM assessments collected by Risk Owners, introducing additional patient perceived Quality management and control indicators for the maximum integration of the risk and quality management systems.

The action plans drawn up in the previous year were finally monitored in 2023, consolidating the actions at the subsidiaries and implementing the best practices set out, in order to ensure ever closer integration between the Group companies and particularly those newly acquired.

The key roles and responsibilities identified by the GHC Group in managing these issues are presented below.

AREA	ACTOR	Main roles and responsibilities
GUIDANCE	Board of Directors	• Defines the guidelines of the Internal Control and Risk Management System • Oversees the proper functioning, comprehensiveness and effectiveness of the ERM model • Approves ERM Guidelines and the Risk Appetite Statement
	Control, Risks and Sustainability Committee	• Oversees correct and effective application of the ERM methodology across the Group • Prepares and proposes risk management assessments to support Board of Director decisions
IMPLEMENTATION	Director Proxy holder	• Applies the guidelines defined by the Board of Directors • Validates the ERM Guidelines and proposes the Risk Appetite Statement, with the support of the competent Departments • Validates the results of the Group Risk Assessment
	Group Risk Management function	• Develops the methodological approach and components of the ERM model • Coordinates and supervises Risk Assessment activities at both the holding and healthcare facilities
	Risk Coordinator clinics(*)	• Coordinates Risk Assessment activities at the reference clinic, ensuring application of ERM methodology • Interfaces for the Group Risk Manager on all Risk Management issues • Ensures adequate information and reporting flows to the Group Risk Manager as part of the process
	Risk Owners	• Identify and assess risks at the holding and healthcare facilities • Define and implement the risk mitigation actions defined within the Action Plans
SUPERVISION	Board of Statutory Auditors	• Responsible for overseeing the adequacy of the ERM model
	Internal Audit	• Monitors the effectiveness and efficiency of the model • Contributes to the identification of risk areas

(*) The figure of the Risk Coordinator is identifiable, depending on the health facilities, in the figures of CEO, GM or Quality/Clinical Risk Manager and is supported by Administrative Directors and/or Healthcare Managers.

The results of the 2023 ERM activities were presented to the Board of Directors and to the Risk Control and Sustainability Committee, highlighting opportunities for improvement on a number of heterogeneous risks, which - in terms of their financial statement impact - are outlined below.

Risks relating to regulatory changes

The Group, whose revenues mainly stem from National Health System (SSN) activities, constantly monitors any updates in regulations, both health-related and non-health-related, that may result in a change in operating, economic and compliance conditions. Regulations are therefore analysed, including using expert third parties, assessing their possible effects also through sharing information with the Management of the Company.

Specifically, in August 2023, the "Tariff Decree" was issued, a measure that updates the baseline tariffs for (a) outpatient specialist services and (b) prosthetic care, which respectively stopped in 1996 and 1999, and develops further those newly added. The new tariffs, also following the subsequent deliberations, shall enter into force from April 1, 2024 both for specialised care and for prosthetic care. These tariffs, which provide for a reduction for certain services capable of negatively impacting the value of production, will in any case have to be incorporated within regional regulations by means of specific provisions which, at the time of the drafting of these financial statements, appear not to have been adopted. In any case, given the fact that regional fee schedules will still be able to supplement that set at national level, from the analyses carried out within the Group, the outpatient fees would to date appear to be down compared to the previous version. Therefore, in this context, the Group is already now adopting mitigation strategies of different kinds including, for example, participating in legal actions brought by trade associations against the application of the tariff review, adopting business development strategies focused on the growth of business to private patients, and signing new agreements with insurance companies, private social security institutions and supplementary health care funds.

With reference to the Implementing Decree of the Competition Law, which establishes more competitive dynamics in the recognition of institutional accreditation and the allocation of related budgets, in 2023 the regions began to adopt the relevant regulations by issuing implementing decrees. At the time of writing, only Tuscany, among the regions where the Group is present with its own subsidiaries, has issued the first tender notices, with limited impact on the business. The Group, in any case, aware of the external nature of the risk, has already initiated specific mitigation actions including, for example, the analysis of the impact of the new general requirements set at national level, as well as of the specific and technical requirements defined at Tuscany Region level (e.g. in terms of mapping the obsolescence of electromedical equipment and apparatus, adaptation of the clinical risk control and reporting systems, as well the discounting on the regional rate), interaction with the trade associations in order to map any best practices to be adopted; scenario analysis in order to enable faster and fuller compliance should similar tenders be issued in other regions.

Finally, it should be noted that, with reference to the Resolution of the Veneto Regional Council No. 1397/2022 of November 11, 2022, published in the Regional Official Bulletin on December 16, 2022, whereby the former approved the criteria for determining the expenditure ceilings for the years 2022 and 2023 in relation to hospital and specialist outpatient care provided to citizens not resident in Veneto by accredited private hospital providers and those that are exclusively outpatient providers, the Veneto Region, with regional resolution dated March 21, 2023, recognised the entire production carried out in 2022 to all the Group's facilities. For 2023, the Region has clarified the criteria for determining expenditure ceilings, and the Group planned production in accordance with these criteria.

Cybersecurity Risks

The Group constantly monitors possible attacks on its information systems and the relative exposure to risk, also in terms of the theft of sensitive data of a "managerial" nature of the companies and of a "personal" nature of patients. In fact, these instances can have direct effects in terms of restoration costs and penalties, as well as indirect effects in terms of restoring services and ensuring business continuity. In order to combat these risks, the Company has therefore begun to deploy structured actions to consolidate its control systems, through the adoption of mitigation actions set out in the Vulnerability Assessment carried out by leading outside experts in each of the subsidiaries. A process of standardisation of security equipment and software (Firewall UTM, Antivirus EPDR, removal of obsolete antivirus) and strengthening of the monitoring platform is also underway, through the adoption of SIEM (Security Information and Event Management), which enables the Group, through the provision of specific analysis and correlation dashboards, to assess the state of exposure to threats on both the perimeter network (Internet) and the local network (PCs and Servers), as well as increase awareness of possible cyber threats. Finally, we are continuing work to migrate accounting systems to the ecosystem of GHC's data centre. On this point, antivirus detections, intrusions by external agents blocked, as well as any data breaches (always reported to the Authority) are monitored on a daily basis through Key Risk Indicators, with half-yearly reporting shared with the Group's Management and Control Bodies.

Risks associated with the liability of the Group's healthcare facilities for injuries caused to patients by physicians in the practice of their profession at the healthcare facilities (medical mal-practice)

The Group is exposed to the risks associated with civil liability under the law for any injuries caused to patients hospitalized or receiving care in its healthcare facilities as a result of negligence and/or wilful misconduct in the provision of healthcare by physicians and other healthcare professional malpractice, or financial risks as a result of incomplete insurance cover for potential claims. In order to mitigate these risks, the GHC Group adopts actions to reinforce patient safety through the use, on the one hand, of ad hoc procedures and practices, consistent with the main guidelines and best practices at national/international level, also introducing training and information channels to raise awareness among operators in the area of management and reporting of adverse events/near misses and serious events, on the other hand, through composite risk coverage, pursuant to Law No. 24 of March 8, 2017 (the "Gelli-Bianco Law"), through insurance at the acute and high complexity facilities (Domus Nova, Ospedali Privati Riuniti, Poliambulatorio Dalla Rosa Prati, X-Ray One, Clinica San Francesco, Casa di Cura Prof. Nobili, Villa Von Siebenthal, Sanatorio Triestino) and/or self-insurance (the remaining Facilities, setting aside an amount consistent with the volume and type of claims for which the risk of loss is estimated as probable on the basis of the opinion of external lawyers and internal analyses). On this point, moreover, the Group constantly monitors regulatory updates that could entail possible additional compliance requirements, as well as adjustments to certain coverage caps of the insurance policies. It should be noted, in any case, that during 2023, the level of adverse/sentinel events, measured half-yearly through specific Key Risk Indicators, remained at average levels consistent with previous years and consistent with respect to the activity performed.

Risk management in relation to financial reporting

The process to prepare the Group's financial disclosure, in view of GHC's status as a listed company, is covered by a particularly structured process set out in a specific Company Procedure ("Closure of Accounts"), which governs activities relating to the preparation of the statutory financial statements and the consolidated annual, half-year and quarterly financial statements, drawn up in accordance with IAS/IFRS. In particular, within the scope of the above-mentioned Procedure, it should be underlined that the Company has identified a "Focal Point" for each subsidiary (financial reporting manager) who, based on the guidelines set by the Parent Company, is responsible for carrying out the operational activities related to the compliance with Law No. 262/2005 and is responsible, together with the Chief Executive Officer/General Manager, for the sub-certification of the financial information related to the individual Company

It should also be noted that, within the buy-and-build strategy that points to M&A as one of the main drivers of short-term and medium-term growth since going public, GHC has developed a standard process that allows for the quick harmonisation of the target within the Group, especially with regard to aspects relating to financial reporting. This process is based on the transfer to the Target of the set of Group specific Regulations, Procedures and applications, which ensure its full consolidation within the scope in compliance with the strict deadlines provided for by the regulations for companies listed on regulated markets. This integration process, coordinated by the Parent Company, allows GHC to consolidate the Target within the first 60 days of its acquisition, ensuring execution capability and effective risk mitigation.

Finally, also for the purpose of ensuring strict compliance with the certification requirements set out in Law 262/2005, the GHC Group decided to adopt an approach consistent with the methodologies currently in use in the area of analysis and monitoring of the ICFR ("Internal Control over Financial Reporting") and in line with the structure and nature of the Group.

Interest rate risk

The Group's interest rate risk derives mainly from medium and long-term debt at variable rates. The Group in fact currently has a loan agreement in place whose variable component is the 6M Euribor rate. In order to estimate the potential operating-financial impact associated with a change in the rate, a sensitivity analysis was carried out on FY 2023, simulating the effect of a 1% increase and a 0.25% decrease in this parameter.

* in Euro

Sensitivity Analysis:	2023
Average Debt	137,269,008
Interest expenses	7,689,023
Sensitivity +1% annually	
Interest expense +1%	9,061,713
Change Interest expense on loans	**1,372,690**
Sensitivity -0.25%	
Interest expense with -0.25%	7,345,850
Change Interest expense on loans	**(343,173)**

Risks associated with environmental issues and health and safety legislation

The Group's production activities are subject to environmental protection and occupational health and safety legislation. Workplace safety, health and hygiene are ensured through constant updates and performance of the mandatory legal inspections, in addition to the adoption of specific policies, management systems and procedures. The Group also relies on specific workplace health and safety consultants.

With regards to environmental risks, the main focus is the disposal of hazardous healthcare waste, particularly concerning the infection risk, in terms of which the Group companies take the necessary measures to ensure that they comply with laws and regulations applicable to the health sector.

At present, in light of the periodic risk assessment surveys that the Group is conducting, there are no "direct" risks related to climate change, continuing in any case with the analysis activities for the identification of possible critical issues and/or opportunities (e.g. in relation to the transition to renewable energy).

Risks associated with the protection of personal and sensitive data and the implementation of the GDPR

In conducting its activities, the Group engages in substantial and ongoing processing of personal and healthcare data and particularly data regarding patients and medical and paramedical personnel. Accordingly, the Group must comply with both Regulation (EC) No. 679/2016 on personal data protection ("GDPR") and Legislative Decree No. 196/2003 (the "Privacy Code"), in addition to the orders issued by Italy's Personal Data Protection Authority. Each Group company has introduced structures and constantly updates internal procedures to implement their personal data processing operations in compliance with law and has appointed a Data Protection Officer ("DPO") who supervises compliance with GDPR and other European and Italian personal data protection rules.

Risks associated with the administrative liability of companies for criminal offences pursuant to Legs. Decree No. 231/2001

The Group companies are exposed to the risk of incurring penalties deriving from the potential offences pursuant to Legislative Decree No. 231/01 in the event that the Group's organisation and management model on "the administrative responsibility of legal persons and of companies and associations, including those without legal personality" is found to be inadequate.

In order to create a set of rules to prevent unlawful conduct deemed potentially relevant to the application of this legislation, GHC adopted and constantly updates (i) the organisation and management model as per Article 6, paragraph 1, letter a) of Legislative Decree No. 231/2001 (the "231 Model"), (ii) adopted the Group Ethics Code and (iii) appointed a Supervisory Board.

The Group companies with organisational autonomy have (i) adopted and updated their own 231 Model, consistent with the 231 Model approved by the Parent Company, (ii) adopted the Group Code of Ethics and (iii) set up their Supervisory Boards. During 2023, Legislative Decree No. 24/23 on Whistleblowing was implemented by updating the Group's Code of Ethics, the 231 Models of the Group companies and introducing an IT platform in line with the regulations.

Credit Risk

This risk is managed by each Group company and the respective Directors and is periodically monitored by the Parent Company through financial and operating reports. The maximum exposure to the credit risk for the Group at December 31, 2023 is represented by the book value of the assets recorded in the consolidated accounts under trade receivables.

The Group considers this risk as moderate, in view of the fact that GHC's receivables almost entirely concern public sector counterparties (hospital authorities and/or healthcare authorities), for whom a particular risk of insolvency is not considered. In particular, in 2023, in view of COVID-19 related health emergency, the Group closely monitored the collection of its trade receivables and does not report reduced average collection times from its public sector counterparties.

Therefore, according to the information currently available, the Company does not consider additional specific risks to have arisen on the recoverability of receivables from these parties.

Liquidity risk

Liquidity risk is managed by the individual Group companies and the respective Directors and is periodically monitored by the Parent Company through financial and operating reports. In this manner, the Group aims to ensure adequate coverage of its financial needs, monitoring loans, credit lines granted and relative utilisations in order to ensure optimum management of the resources and any temporary excess liquidity. In addition, the Group seeks to maintain an optimal capital structure so as to optimise its borrowing costs. In 2023, the Group closely monitored its financial situation and did not require significant liquidity or working capital support. Therefore, on the basis of the information currently available, the Company expects that the liquidity and credit lines currently available, in addition to those that will be generated from operating activities, will permit the Group to satisfy its requirements deriving from investment activities, working capital management and the repayment of debt in accordance with their contractual maturities.

Key Risk Indicator

The measurement of our key risk indicators did not point to any specific critical issues, in confirmation of the output in previous years, specifically concerning the ongoing coverage of risks related to the broader scope of Human Capital (i.e. recruiting, retention, training and rules of conduct), the essential consistency over the years in the numbers regarding patient and employee safety, the linear trend in the Group's reputation and in vendor relations, and the stability of cyber-attacks in the period, all of which were identified and blocked.

Additional indicators of User Perceived Quality were also measured in 2023, showing a high level of satisfaction at all Group Companies.

9. SIGNIFICANT EVENTS AFTER THE YEAR END

There were no subsequent events to year-end.

10. OUTLOOK

The sharp increase in private "out-of-pocket" activity recorded by the Group during both 2023 and early 2024, well above expectations, is clear confirmation of exponentially growing care needs.

Against this backdrop, the Group over the coming year will continue to fully execute its accredited activity, also in view of the increased resources which have already been partly allocated to reduce waiting lists (confirming the above). The Group will particularly further strengthen and develop its private "out-of-pocket" patient activities and shall also benefit from 2024 from a preferred positioning in negotiations with the public health bodies and also the private insurers who have recently taken holdings in GHC.

With reference to the Aurelia Hospital Group, it should be noted how the performance in 2023 was substantially affected by the liquidation process that arose due to irreconcilable disagreements among shareholders. Nevertheless, the interventions carried out by the GHC Group in 2023-although only begun since the signing-have already improved its performance compared to the estimates announced last July. By 2024, GHC expects the efficiency and reorganisation activities to yield the expected benefits by further improving the margins of the acquired facilities. In this regard, it should also be noted how the Lazio Region, with a resolution of December 28, 2023, recognised an extra-budget of Euro 1.6 million in favour of Aurelia Hospital starting from 2024, with the allocation of 16 authorised and accredited General Medicine beds, to date already in full occupancy.

Finally, GHC confirms its medium-term objective in relation to the newly acquired companies, which envisages - following the construction of the new Cardiovascular Heart Center at Aurelia Hospital - a margin of these facilities aligned with that expressed by the Group's other hospital facilities.

11. OTHER INFORMATION

Corporate governance and shareholders

The Company has adopted the corporate governance code approved in January 2020 by the Corporate Governance Committee (promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria) (the "**Corporate Governance Code**") and the corporate governance structure implemented by Garofalo Health Care S.p.A. has been designed in accordance with the recommendations set out in the Corporate Governance Code.

In accordance with Article 123-*bis* of the CFA, the Company is required to prepare a corporate governance and ownership structure report containing a general outline of the corporate governance system adopted by the Group and information on the ownership structure, including the adoption of the Corporate Governance Code, the main governance practices applied and the features of the risk management and internal control system with regards to the financial disclosure process.

This report was approved by the Board of Directors on March 14, 2024 and is available on the Company website www.garofalohealthcare.com, in the Governance/Shareholders' Meeting section. The Company is organised according to the traditional administration and control model, which includes the Shareholders' Meeting, the Board of Directors and the Board of Statutory Auditors.

The current Company By-Laws were approved by the Shareholders' Meeting in extraordinary session on September 26, 2018 and entered into effect on November 9, 2018, the trading commencement date of the Company shares on the Mercato Telematico Azionario (MTA) managed by Borsa Italiana S.p.A., and are available on the company website (www.garofalohealthcare.com, in the "Governance/Corporate Governance" section), in the updated version of January 26, 2021 following the share capital increase with exclusion of pre-emption rights in accordance with Article 2441, paragraph 4 of the Civil Code, approved by GHC's Board of Directors on January 20, 2021 and latterly on May 20, 2022 as the Board of Directors did not exercise the power granted by the Extraordinary Shareholders' Meeting of September 26, 2018 regarding the free increase of the share capital to service the Stock Grant plan. The By-laws are the document that establishes the Company's essential characteristics and lays down the main rules for its organization and functioning, in addition to governing the composition, powers and relations of the Company's boards. The By-Laws also contain a description of the rights held by the shareholders and the manner in which those rights are exercised.

The main governing body is the Board of Directors, which bears primary responsibility for setting and pursuing the strategic objectives of the Company and the Group of which it is a part.

The Board of Directors of Garofalo Health Care S.p.A., which bears responsibility for the internal control and risk management system, in its role of guidance and coordination of the GHC Group, has prepared the "Guidelines for the Internal Control and Risk Management System" in order to ensure that the organization's principal risks are properly identified, measured, managed and monitored, in line with the Group's strategic objectives. The document laying down the Guidelines for the Internal Control and Risk Management System was approved by the Board of Directors on April 18, 2019 and subsequently amended on December 12, 2022.

In particular, the document sets out the relevant rules and principles, duties and responsibilities and methods of coordination of the main participants in the GHC Group's Internal Control and Risk Management System. The Internal Control and Risk Management System plays a central role in the decision-making process of Garofalo Health Care S.p.A. as a listed company, and is defined, in accordance with the principles set out in Article 6 of Borsa Italiana's Corporate Governance Code, as the set of rules, procedures and organisational structures which ensure the effective and efficient identification, measurement, management and monitoring of the main business risks, in order to contribute to the sustainable success of the Company.

Remuneration schemes based on financial instruments

2021-2023 Performance Share Plan

On April 30, 2021, and on the proposal of the Board of Directors, the Shareholders' Meeting approved a new long-term incentive plan, the "2021-2023 Performance Share Plan" (the "**Performance Share Plan**"), reserved for the Chief Executive Officer and the General Manager of the Company, in addition to key personnel of the Company and/or of the Group, as identified at the sole discretion of the Board of Directors, in consideration of the Remuneration Policy and having heard - for members of the BoD - the opinion of the Appointments and Remuneration Committee.

The Performance Share Plan is divided into three three-year cycles: 2021-2023, 2022-2024 and 2023-2025.

The purposes of the Performance Share Plan are:

a) to promote the creation of sustainable value for the Company, shareholders and stakeholders, also in accordance with the indications of the Corporate Governance Code;
b) guide management towards decisions that pursue the creation of value for the Group over the medium to long term;
c) reinforce the policy of loyalty and engagement of staff members considered important to the Group;
d) attract, motivate and retain personnel with the appropriate individual and professional skills to pursue and achieve the core business development objectives of the Company and the Group.

The free assignment and subsequent delivery of the shares are conditional on the achievement of predetermined performance objectives for each of the three cycles into which the Performance Share Plan is divided.

For further details on the Performance Share Plan, please refer (i) to the Remuneration Report prepared pursuant to Article 123-ter of the Consolidated Finance Act and Article 84-quater of the Consob Issuers' Regulation, approved by the Board of Directors on March 14, 2024, (ii) to the "Disclosure Document regarding the incentive plan known as the "2021-2023 Performance Share Plan" prepared in accordance with Article 84-bis and Annex 3A, Schedule 7 Consob Issuers' Regulation, and (iii) the public disclosure pursuant to Article 84-bis, paragraph 5, of the Consob Issuers' Regulation, available on the Company's website www.garofalohealthcare.com,in the "Governance/Remuneration" section.

Loan Contract signed by GHC S.p.A.

On November 16, 2021, GHC S.p.A. signed a new loan, for a total amount of Euro 221 million, with UniCredit as Global Coordinator, Bookrunner, Mandated Lead Arranger and Facility Agent and Intesa Sanpaolo and Banco BPM as Mandated Lead Arrangers.

The loan comprises a Refinancing Line of Euro 140 million, which has allowed GHC to centralise in the Holding company the financial structure, and an Acquisition Line of Euro 81 million dedicated to potential new M&A's - supporting the Buy & Build strategy successfully pursued since IPO.

In particular, the Refinancing Line has allowed GHC S.p.A. to restructure and simplify the Group's funding by December 31, 2021, thanks to the granting of a single loan to the Holding company and the simultaneous settlement of all the loans of the subsidiaries. This Line, with a term of 5 years and maturity in 2026, has an amortising repayment schedule and a final balloon payment.

The Acquisition Line provides GHC with the necessary funding to pursue the best M&A opportunities in a timely, flexible and efficient manner. In this regard, this line was partially used for the first time in 2022 to finance a portion of the price paid for the acquisition of GVDR S.r.l., which was completed on December 6, 2022, on a second occasion in the first half of 2023 to fund a portion of the price paid to acquire the company Sanatorio Triestino, completed on May 4, 2023, and, finally, for the acquisition of the Aurelia Hospital Group, completed on November 16, 2023. The period of availability for the use of the Acquisition Line ended in November 2023. This Line, with a term of 6 years and maturity in 2027, has a 2-year grace period and an amortising profile repayment schedule with a final balloon payment.

The loan stipulates the two covenants shown in the table below to be calculated on December 31 of each calendar year, on the basis of the pro-forma consolidated financial statements, net of the effect resulting from the application of IFRS 16, starting from 31.12.2021.

Parameter	*Threshold value*					
	31.12.2021	***31.12.2022***	***31.12.2023***	***31.12.2024***	***31.12.2025***	***from 31.12.2026***
Leverage Ratio (Net financial debt /EBITDA)	≤4x	≤4x	≤4x	≤3.5x	≤3.25x	≤3x
Net Debt / NE	≤1.5x	≤1.5x	≤1.5x	≤1.5x	≤1.25x	≤1x

These financial parameters had been observed at the date of these Consolidated Financial Statements.

The loan agreement provides for conditions, commitments and contractual terms in line with bank lending market standards for loans of similar amount and duration, in addition to a limitation on GHC S.p.A.'s ability to distribute dividends, for a maximum amount corresponding to 60% of the profits of GHC S.p.A. as reported in the latest approved financial statements of GHC Spa.

Treasury shares and shares of holding companies

At December 31, 2023, the Company held 1,649,067 treasury shares[(9)].

At December 31, 2023, neither the Company nor the other Group companies held parent company shares, nor had made purchases or disposals during the year of these shares, even through trust companies or nominees.

Health, environment and personnel

The Company and the Group operate in accordance with the principles of protecting worker health and safety and safeguarding the environment. In 2023, there were no events affecting workplace health and safety nor damages to the environment. For further information on and analysis regarding the matter, reference should be made to the "Consolidated non-financial report" prepared regarding financial year 2023 and published on the company's website.

Related party transactions

In accordance with Consob Resolution no. 17221 of March 12, 2010, as amended, it should be noted that, in 2023, the Group executed one significant related party transaction, for which the disclosure document, drawn up as per Article 5 and in accordance with the template as per Annex 4 of the Consob RPT Regulation, was made available to the public on August 3, 2023, at the registered office and on the Company website (www.garofalohealthcare.com), and in the authorised storage mechanism "eMarketstorage", at www.emarketstorage.com.

The information on transactions with related parties required by Consob Communication No. DEM/6064293 of July 28, 2006 is presented and disclosed in financial statements. For a more detailed account, refer to the notes on "Related party transactions" of the consolidated financial statements at December 31, 2023.

In accordance with Consob Resolution No. 17221 of March 12, 2010 and subsequent amendments, the Company adopted a related party transactions procedure by motion of the Board of Directors of November 27, 2018, as subsequently amended on June 22, 2021 (with entry into force on July 1, 2021), available, also pursuant to Article 2391-*bis* of the Civil Code, on the Company website www.garofalohealthcare.com in the Governance/Corporate Governance section.

[9] The treasury share purchases made by the Group are reported through Press Releases published on the Company website

The Company's Board of Directors bears primary responsibility for the proper application of the said procedure.

Research and development

The GHC Group clinics are particularly known for the quality of services provided, based on continual research and development and as highlighted by the following examples:

HIGHLIGHTS 2023

HIGHLIGHTS AT FACILITIES IN THE EMILIA-ROMAGNA REGION	
HESPERIA HOSPITAL	▪ The Heart Surgery Unit is a leading centre for the surgical treatment of heart conditions. This recognition is owed to the use of cutting-edge techniques and a multidisciplinary team dedicated to continuous research. The team excels in employing minimally invasive surgical techniques, including beating-heart procedures. ▪ The facility hosts medical teams from public hospitals in its operating theatres for special and complex procedures, achieving highly effective outcomes through close and continuous collaboration with the public sector. Finally, the removal of a life-threatening tumour (invasive thymoma) from the chest of an Albanian patient was performed in partnership with the thoracic surgery department at Baggiovara Hospital. ▪ The vascular surgery department at Hesperia Hospital is nationally and internationally recognised and is among the world's 10 most recommended centres for reconstructive surgery and for endovascular treatment of deep vein disease. It is the national centre in Italy for the phlebology training in accordance with the European Union of Medical Specialists and is an international training centre for deep vein surgery. The facility recently hosted a delegation of doctors from Saudi Arabia as part of an exclusive training programme focused on its new Intravascular Ultrasound (IVUS) system, an innovative ultrasound method designed to improve patient care. ▪ Thanks to the facility's modern technologies, such as the Da Vinci X robot, (Greenlaser and Holmio) lasers, and new endoscopy instruments, the Urology team at Hesperia Hospital is able to provide top-tier treatments. ▪ In 2023, it was the first facility in Emilia-Romagna and Northern Italy to offer the Adxbladder test—a groundbreaking, non-invasive diagnostic tool with 97% accuracy for the early detection of bladder cancer, conducted through a straightforward urine analysis.
DOMUS NOVA	▪ The minimally invasive hip replacement team performed a hip replacement operation under local anaesthesia for the first time using an innovative anaesthetic technique. This technique ("Sandri-Blasi") allows anaesthesia to be administered at the surgery site without altering muscle strength, and with many post-operative benefits ▪ In April 2023, Darsena Community Hospital (or "OsCo") opened its doors within a dedicated area (1,190m^2) of the accredited private San Francesco Hospital. The OsCo has 24 beds and represents an important example of public-private accredited collaboration in this field. In accordance with the provisions of the NRRP, the facility seeks to provide suitable care for patients who, no longer requiring the services of an intensive hospital ward, are not yet able to return home from a health or social care perspective.
POLIAMBULATORIO DALLA ROSA PRATI	▪ The following services were introduced in 2023: - ARC assisted remote-rehabilitation service - Regenerative orthopaedic medicine service with PRP, Lipocell, and Monocytes - Pain management outpatient clinic - Mechanical physiotherapy instrumentation upgrades - Caress Flow gynaecological treatment, which can improve various conditions through the application of highly concentrated oxygen and hyaluronic acid
AESCULAPIO	▪ In 2023, the facility invested in renewing its existing equipment by acquiring: - two state-of-the-art ultrasound machines, plus an additional ultrasound machine to perform second-level cardiology examinations

	- cutting-edge dental equipment in the fields of prosthetics and endodontic implants, with a focus on fostering collaborations with the Odontostomatology department at XRay One, a GHC Group facility in Poggio Rusco, near Mantua, in Lombardy. - additional state-of-the-art instrumentation dedicated to physiatry and rehabilitation departments (e.g. Tecar Ares)
HIGHLIGHTS AT FACILITIES IN THE VENETO REGION	
VILLA BERICA	▪ Orthopaedic robotic surgery using Mako technology, commenced at the facility in November 2023
VILLA GARDA	▪ In October 2023, the facility introduced an updated treatment approach, establishing itself as an international benchmark for treating eating disorders through Multistep Cognitive Behavioural Therapy (CBT-MS). What sets CBT-MS apart is the adoption of a unified theory across various levels of care, employing a progressive approach led by a multidisciplinary team. It actively involves patients in the treatment process, includes parents as "helpers", and provides manual treatment in a real-world clinical setting. The effectiveness of this treatment is demonstrated by numerous studies published in leading international journals. The adolescent version of CBT-MS has been recommended as an alternative to family therapies by the British NICE guidelines, confirming its validity as an innovative therapy for eating disorders. ▪ In November 2023, the facility introduced an innovative Local TeleMedicine programme, the first to mark collaboration in the Veneto Region between accredited public and private operators on a telemedicine project with remote medical reporting. In fact, this agreement provides for the launch of an "Integrated Care Network" based on collaborative coordination between Villa Garda and Scaligera Local Health Service Unit 9 for remote ECG reporting of non-self-sufficient patients receiving Home Care Services in the municipality of Garda and its surroundings (around 20,000 inhabitants) for an extendible term of two years. The project was financed by means of the resources Villa Garda obtained as the winning facility of the first "Raffaele Garofalo Award for Sustainability". This funding allowed Villa Garda to purchase three portable electrocardiographs (including the relating consumables) to be allocated, free-of-charge, to District 4 IHC staff, also guaranteeing them (at no charge to Scaligera LHSU 9) the medical expertise required in the field of cardiology for subsequent reporting
CLINICA S. FRANCESCO	▪ In 2023, the hospital was included among the best hospitals in Italy (40th) in the ranking compiled by the US magazine *Newsweek* of the 2,300 best hospitals in 28 countries ▪ Approximately 5,000 robotic prosthetic surgery procedures and approximately 150 trapezio metacarpal prosthesis operations were performed in 2023
CENTRO MEDICO S. BIAGIO	▪ The treatment of arthropathies with the intra-articular administration of autologous PRP (platelet-rich plasma) was recently introduced as a service
CMSR VENETO MEDICA	▪ A new collaboration between the CMSR Cardiovascular Imaging Department and the Centro Cardiologico Monzino IRCCS was launched in March 2023. Thanks to CMSR's state-of-the-art equipment, it will be possible to perform Cardiac CT and Cardiac MRI examinations at the facility with analysis and reporting by the Centro Cardiologico Monzino team
GVDR	▪ In October 2023, the extension of GVDR's Cadoneghe premises was inaugurated. The building now has a total area of more than 5000 m^2, making it one of the largest outpatient healthcare clinics in the Veneto region ▪ The new wing has been designed to house an outpatient operating room equipped with state-of-the-art equipment. This includes a touch panel that displays light intensity, temperature, humidity and air quality, sounding an alarm if there are any changes to the programmed parameters, as provided for in the current regulations. It is also equipped with an endoscopy column and artificial intelligence for gastroscopy and colonoscopy examinations, allowing the identification in real time of intestinal polyps with the greatest risk of developing into cancer.

	▪ The facility will also house a surgical client and around ten multi-specialist medical clinics. ▪ The Neuropsychological Rehabilitation activities were also improved, with a gym with an area of approximately 400m^2, which houses the BRAIN LAB - Advanced Technology Neurological Rehabilitation (Physiotherapy, Neuropsychology, Occupational Therapy and Speech Therapy). The new gym is equipped with the VIKTOR platform, one of the few installed in Italy. The platform allows tetraplegic and paraplegic patients to walk by means of a track fixed to the ceiling, and a HUNOVA stabilometric platform to assess patient stability.
HIGHLIGHTS AT FACILITIES IN THE FRIULI-VENEZIA GIULIA REGION	
SANATORIO TRIESTINO	▪ Project launch for the creation of a new operating room for eye surgery and a new dedicated endoscopy area.
HIGHLIGHTS AT FACILITIES IN THE PIEDMONT REGION	
EREMO DI MIAZZINA	▪ In October 2023, the new wing of the Raffaele Garofalo Institute was inaugurated, as part of an expansion project that has already involved the construction of a new building with an area of 4,000m^2. The new building houses further healthcare facilities, adding 46 beds under accreditation to the Gravellona Toce facility, which already has 52 beds for 1st and 2nd level recovery and rehabilitation. ▪ The Institute currently has two wings, connected by means of a raised panoramic corridor, making up an overall area of 10,000 m^2 and with 98 beds under accreditation with the Piedmont Regional Health Service.
HIGHLIGHTS AT FACILITIES IN THE TUSCANY REGION	
RUGANI HOSPITAL	▪ The facility has been recognised as a centre of excellence for HIFU treatment of prostate cancer and for the Green Laser treatment of prostate enlargement. ▪ In the diagnostic imaging department, a new state-of-the-art 128-layer CT scanner was introduced.
HIGHLIGHTS AT FACILITIES IN THE LIGURIA REGION	
FIDES GROUP	▪ Among the initiatives launched in 2023, relating to the laundry activity, we note the Group's work supporting the "Veneranda Compagnia di Misericordia", which helps rehabilitate and reintegrate into society those, who owing to time in prison and/or returning to society following a period of incarceration, find themselves in a difficult situation.
HIGHLIGHTS AT FACILITIES IN THE LAZIO REGION	
AURELIA HOSPITAL	▪ The hospital is one of five centres making up the "Arthroscopic Surgery Project 2023". ▪ The hospital has entered into teaching agreements with almost all the universities in Rome for training courses, internships, and specialisations in several specialist branches. ▪ Aurelia Hospital's interventional cardiology is in the top ten in Italy by number of coronary angioplasties. ▪ The Urology unit is the Key Regional Holmium Laser Surgery Centre and minimally invasive Surgery Centre.
SAMADI PSYCHIATRIC RESIDENCE	▪ At the hospital, there are agreements for undergraduate and post-graduate training internships with several faculties of psychology and physiotherapy specialisation schools, and an agreement with the Psychiatric Specialisation School of Cattolica del Sacro Cuore University. ▪ The hospital also has partnerships with several integration and rehabilitation projects both with Rome 1 Local Health Authority Mental Health Departments and with the Community of Sant'Egidio. ▪ It also carried out a research project with the Chair of Psychology of La Sapienza University in Rome. ▪ We also note that several cultural events were held at the facility as part of "Samadi InConTra" initiative, designed for facility residents and their families.

Management and coordination activity

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.

Opt-out from the obligation to publish disclosure documents on undertaking significant corporate transactions

On the admission to trading of shares on the main segment (Mercato Telematico Azionario) of the Italian Stock Exchange, in addition to the press release published on October 30, 2018, the company communicated the application of the simplified regime as per Article 70, paragraphs 8 and 71, paragraph 1-*bis*, of the Issuers' Regulation, applying therefore the exception from publication of the required disclosure documents as per Article 70, paragraphs 6 and 71, paragraph 1 of the Issuers' Regulation concerning significant merger, spin-off, share capital increase through conferment of assets in kind, acquisition, and sales operations.

Consolidated non-financial statement (Legislative Decree No. 254/2016)

The Group in accordance with Article 5, paragraph 3, letter b of Legislative Decree 254/2016 has drawn up the consolidated disclosure non-financial information as a separate report. The 2023 consolidated non-financial statement, drawn up as per the "GRI Standards" and subject to limited audit by Deloitte S.p.A., is available on the Company's website.

Secondary offices

Garofalo Health Care S.p.A. did not have any secondary offices at December 31, 2023.

Mr. Alessandro Maria Rinaldi

Legal representative

GHC GAROFALO HEALTH CARE

SEPARATE FINANCIAL STATEMENTS

at December 31, 2023

CONTENTS

COMPANY REGISTERED OFFICE

Garofalo Health Care S.p.A.

Piazzale Belle Arti, 6 – Rome 0196

PARENT COMPANY LEGAL DETAILS

Approved share capital: Euro 31,570,000

Subscribed and paid-in share capital 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

* enrolled in the Companies Registration Office on 26/1/2021

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
LUCA MATRIGIANI (*)	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

(*) Co-opted by the Board of Directors on February 13, 2024

SEPARATE FINANCIAL STATEMENTS
AT DECEMBER 31, 2023

Balance sheet at December 31, 2023 and December 31, 2022

	For the year ended December 31				
in Euro thousands		2023	of which related parties	2022	of which related parties
Other intangible assets	Note 2	596		166	
Property, plant and equipment	Note 3	6,538		6,568	
Equity investments	Note 4	260,707		198,364	
Other non-current financial assets	Note 5	118,393	118,383	136,741	136,730
Deferred tax assets	Note 6	220		198	
TOTAL NON-CURRENT ASSETS		386,455		342,036	
Trade receivables	Note 7	1,342	1,338	1,727	1,727
Tax receivables	Note 8	2,633		1,182	
Other receivables and current assets	Note 9	17,351	17,196	3,515	3,312
Other current financial assets	Note 10	24,153	24,153	18,249	18,244
Cash and cash equivalents	Note 11	647		4,122	
TOTAL CURRENT ASSETS		46,126		28,795	
TOTAL ASSETS		432,582		370,832	

		For the year ended December 31			
in Euro thousands		2023	of which related parties	2022	of which related parties
Share capital	Note 12	31,570		31,570	
Legal reserve	Note 12	614		532	
Other reserves	Note 12	151,969		151,177	
Net profit	Note 28	9,488		1,638	
TOTAL SHAREHOLDERS' EQUITY		193,641		184,917	
Employee benefits	Note 13	192		137	
Non-current financial payables	Note 14	119,497		112,055	
Deferred tax liabilities		134		1	
TOTAL NON-CURRENT LIABILITIES		119,823		112,194	
Trade payables	Note 15	1,443	270	706	22
Current financial payables	Note 16	109,117	75,376	67,379	45,584
Taxes payable	Note 17	2,694		1,597	
Other current liabilities	Note 18	5,862	4,224	4,039	2,731
TOTAL CURRENT LIABILITIES		119,117		73,721	
TOTAL LIABILITIES		238,941		185,915	
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		432,582		370,832	

GHC GAROFALO HEALTH CARE

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2023 Separate Income Statement

		For the year ended December 31			
in Euro thousands		2023	of which related parties	2022	of which related parties
Revenues from services	Note 19	4,600	4,600	4,600	4,600
Other revenue	Note 19	267	262	41	41
TOTAL REVENUES	**Note 19**	**4,867**		**4,641**	
Raw materials and consumables	Note 20	18		23	
Service costs	Note 21	5,689	709	4,928	587
Personnel costs	Note 22	2,940		2,687	
Other operating costs	Note 23	858		813	
TOTAL OPERATING COSTS		**9,506**		**8,451**	
TOTAL EBITDA		**(4,639)**		**(3,810)**	
Amortisation, depreciation and write-downs	Note 24	597		424	
TOTAL AMORTISATION, DEPRECIATION, WRITE-DOWNS, PROVISIONS AND		**597**		**424**	
EBIT		**(5,236)**		**(4,234)**	
Financial income	Note 25	22,358	22,286	8,453	8,453
Financial charges	Note 26	(10,503)	(2,550)	(4,115)	(547)
FINANCIAL INCOME AND CHARGES		**11,854**		**4,337**	
PROFIT BEFORE TAXES		**6,618**		**103**	
Income taxes	Note 27	2,869		1,534	
PROFIT FOR THE YEAR	**Note 28**	**9,488**		**1,638**	

2023 Comprehensive Separate Income Statement

(Euro thousands)	*At December 31*	*At December 31*
	2023	2022
NET PROFIT FOR THE YEAR	9,488	1,638
Other components of comprehensive income that will not subsequently be reclassified in profit/(loss) for the year	-	-
Actuarial gains/(losses) on defined employee benefit plans	(22)	(11)
Tax effect	5	3
Total other components of comprehensive income that will not subsequently be reclassified in profit/(loss) for the year net of income taxes	(17)	(8)
Profit/(loss) recognised to equity	-	-
Total comprehensive income for the year	9,471	1,630

Statement of changes in separate shareholders' equity at December 31, 2023 and December 31, 2022

(Euro thousands)	Share capital	Legal reserve	Other reserves	Net Profit	Shareholders' Equity
January 1, 2022	**31,570**	**471**	**152,376**	**1,226**	**185,643**
Allocation of result	-	61	1,164	(1,226)	-
Treasury share purchases	-	-	(2,979)	-	(2,979)
Stock Grant reserve	-	-	28	-	28
Performance Shares Reserve	-	-	606	-	606
Use of Reserve as per Article 40		-	(10)	-	(10)
Comprehensive profit/(loss)	-	-	(8)	1,638	1,630
December 31, 2022	**31,570**	**532**	**151,177**	**1,638**	**184,917**
Allocation of result	-	82	1,556	(1,638)	-
Treasury share purchases	-	-	(1,491)		**(1,491)**
Stock Grant reserve	-	-	-	-	**-**
Performance Shares Reserve	-	-	769	-	**769**
Use of Reserve as per Article 40			(25)		**(25)**
Comprehensive profit/(loss)	-	-	(17)	9,488	**9,471**
December 31, 2023	**31,570**	**614**	**151,969**	**9,488**	**193,641**

Separate Cash Flows Statement for the year ended December 31, 2023

In Euro thousands	Dec 31	
	2023	2022
OPERATING ACTIVITIES		
Profit for the year	9,488	1,638
Adjustments for:		
- Amortisation and depreciation	597	424
- Provisions for employee benefit liabilities	41	35
- Net change in deferred tax assets and liabilities	115	(45)
- Payments for employee benefits	(7)	0
- Other non-cash adjustments	623	545
- Interest from discounting	826	-
Changes in operating assets and liabilities:		
(Increase) decrease in trade and other receivables	386	(9)
Increase (decrease) in trade and other payables	737	313
Other current assets and liabilities	(12,369)	4,831
NET CASH FLOW FROM OPERATING ACTIVITIES (A)	436	7,731
Investments in intangible assets	(532)	(145)
Investments in tangible assets	(307)	(185)
(Investments)/disposals in financial assets	(60,698)	(769)
Other investing activities	-	-
CASH FLOW ABSORBED BY INVESTING ACTIVITIES (B)	(61,537)	(1,099)
Issue/(repayments) medium/long term loans	18,406	(5,015)
Issue/(repayment) of short-term loans	315	78
Movement in other current and non-current financial receivables/payables	40,421	2,800
Change Net Equity	(0)	(0)
Use of Reserve as per Article 40	(25)	(10)
(Acquisition) treasury shares	(1,491)	(2,979)
NET CASH FLOW GENERATED/(ABSORBED) FROM FINANCING ACTIVITIES (C)	57,626	(5,126)
TOTAL CASH FLOWS (D=A+B+C)	(3,475)	1,506
CASH & CASH EQUIVALENTS AT BEGINNING OF YEAR (E)	4,122	2,616
CASH & CASH EQUIVALENTS AT END OF YEAR (F=D+E)	647	4,122
Other information		
Interest paid	6,868	2,299
Income taxes paid	3,040	1182

NOTES TO THE SEPARATE FINANCIAL STATEMENTS AT DECEMBER 31, 2023

1.1 General Principles

The publication of the separate financial statements of Garofalo Health Care S.p.A. (hereafter also "GHC") for the period ended December 31, 2023 was approved by the Board of Directors on March 14, 2024.

1.2 General Principles

The separate financial statements of the GHC Group for the year ended December 31, 2023 (the "Separate Financial Statements") have been prepared in compliance with IFRS international accounting standards, supplemented by the related interpretations of the International Financial Reporting Standards Interpretations Committee (IFRS IC), previously called the Standing Interpretations Committee (SIC), as well as the provisions issued in implementation of Article 9 of Legislative Decree no. 38/2005. The IFRSs applied are those in effect at the reporting date.

The transition date to IAS/IFRS defined in the end of 2018 financial statements was January 1, 2015. In order to establish the value of assets and liabilities on the transition of the separate financial statements, the company, as per IFRS 1, decided to use the same transition date as the consolidated financial statements.

The Separate Financial Statements are presented in thousands of Euro and all the amounts are rounded to the nearest thousand, unless otherwise specified.

The financial statements have been prepared on an historical cost basis, except for financial receivables (financial assets) and financial liabilities, which are recognised at fair value. The Separate Financial Statements, in the absence of uncertainties or doubts about the ability of the Company to continue business in a foreseeable future, have been prepared on the basis of business continuity. Based on the aforementioned principle, the Company was considered able to continue its business and therefore the assets and liabilities were accounted for on the assumption that the company will be able to carry out its activities and meet its liabilities during the normal course of business activity.

1.3 Financial Statements

The Separate Financial Statements of the Company consist of the Balance Sheet, Income Statement, Statement of Comprehensive Income, Statement of Changes in Shareholders' Equity, Cash Flow Statement and Notes. The financial statements have been prepared on an historical cost basis, except for financial receivables (financial assets) and financial liabilities, which are recognised at fair value. The Balance Sheet has been classified on the basis of the operating cycle, with the distinction between current/non-current items. Based on this distinction, assets and liabilities are considered current if they are to be realized or settled in the normal operating cycle. The revenue and cost items recorded during the year are presented in two tables: an income statement, which reflects the analysis of the aggregate costs by nature, and a comprehensive income statement. Lastly, the cash flow statement was prepared using the indirect method for determining the cash flows deriving from operating activities. With this method, the profit of the year is adjusted for the effects of the transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows.

GHC GAROFALO HEALTH CARE

1.3.1 Summary of the main accounting standards

a) Other intangible assets

Intangible assets acquired separately are initially recognized at cost, while those acquired through business combinations are recognized at fair value on the acquisition date. Intangible assets internally generated, with the exception of development costs, are not capitalized and are recorded in the income statement of the financial year in which they were incurred.

Intangible assets with a finite useful life are subsequently amortized over their useful life and tested for impairment whenever there is evidence of a loss of value. The amortization period and the amortization method of an intangible asset with finite useful life are reconsidered at least at the end of each year. Changes in the expected useful life or in the manner in which the future economic benefits related to the asset will be realised are recognised through the change in the period or amortisation method, as the case may be, and are considered changes in accounting estimates. The amortisation of intangible assets with finite useful life is recorded in the income statement under the category of costs relating to intangible assets.

Intangible assets with indefinite useful life are not amortised but are subject to an annual impairment test at an individual level or at cash-generating unit level. The valuation of the indefinite useful life is reviewed annually to determine whether this allocation continues to be sustainable, otherwise, the change from indefinite useful life to finite useful life is applied on a prospective basis.

The gains and losses deriving from the elimination of an intangible asset are measured as the difference between the net sales consideration and the book value of the intangible asset and are recorded in the income statement in the year in which they are eliminated.

Description	Years
Concessions, licenses, trademarks and similar rights	5 years/by contract term
Software	5 years
Other intangible assets	5 years

b) Property, plant and machinery

Property, plant and equipment purchased separately are recorded at historical cost, including ancillary costs directly attributable and necessary for entry into operation of the asset for the use for which it was purchased; said cost includes expenses for the replacement of part of machinery and plants at the time they are incurred, if they comply with the recognition criteria.

Property, plant and equipment acquired through business combinations are initially recognised at fair value determined at the acquisition date.

Maintenance and repair expenses, which do not increase the value and/or extend the residual useful life of the asset are expensed in the year in which they are incurred; where they increase the value and/or extend the residual life of the assets, they are capitalised.

Property, plant and equipment are stated net of the relevant accumulated depreciation and impairment, if any, determined according to the methods described below. Depreciation is calculated on a straight- line basis over the estimated useful life of the asset. This period is reviewed annually and any changes are made on a prospective basis.

The estimated useful life, expressed in years, of the main classes of tangible assets is as follows:

Description	Years
Industrial & commercial equipment	8 years
Plant & machinery	10 years
Operational buildings	33 years
Furniture & fittings	10 years
EDP	5 years

If components of property, plant and equipment have different useful lives, these components are accounted for separately. Land, whether free of construction or related to buildings, is recognized separately and is not depreciated as elements of unlimited useful life.

The book value of plant, property and equipment is subject to verification of any loss in value when events or changes occur indicating that the carrying value can no longer be recovered.

If there are indications of impairment, property, plant and equipment are tested for impairment; any write-downs may be written back if the reasons for the write-down no longer apply.

At the time of sale, or when there are no expected future economic benefits from the use of an asset, it is eliminated from the financial statements and any loss or profit (calculated as the difference between sale's price and book value) is charged to the income statement in the year of its elimination.

c) Leased assets

Right-of-use assets

The Company recognises right-of-use assets at the initial leasing date (i.e. the date on which the underlying asset is available for use). The right-of-use assets are measured at cost, net of accumulated depreciation and impairments, adjusted for any remeasurement of the lease liabilities. The cost of the right-of-use assets includes the amount of the lease liabilities recognised, the initial direct costs incurred and the payment of leases at the commencement date or before, net of any incentives received. Unless the Company does not have the reasonable certainty of obtaining ownership of the leased asset on conclusion of the leasing contract, the right-of-use assets are amortised on a straight-line basis for a period covering the lesser between the estimated useful life and the lease duration.

Lease liabilities

At the lease commencement date, the Company recognises the lease liabilities measuring them at the present value of the payments due for leasing not yet settled at that date. The payments due include the fixed payments (including the fixed payments in substance), net of any lease incentives to be received, the variable lease payments which depend on an index or a rate and the amounts expected to be paid as guarantee on the residual value. The lease payments include also the exercise price of a purchase option where it is reasonably certain that this option shall be exercised by the Company and the lease termination penalty payments, where the lease duration takes account of the exercise by the Company of the termination option on the lease.

The variable lease payments not depending on an index or a rate are recognised as costs in the period in which the event or the condition generating the payment occurs.

Short-term leases and low value asset leases

The Company applies the exception for the recognition of short-term leases for machinery and equipment (i.e. leasing with a duration of 12 months or less from the commencement date and not containing a purchase option). The Company has also applied the exception for leases concerning assets of a low value with regards to the leasing contracts on office equipment whose value is considered low (i.e., less than Euro 5,000). The short-term lease charges and those for low value assets are recognised as costs on a straight-line basis over the lease duration.

D) Impairments

At each year-end, the company assesses the existence of impairment indicators regarding property, plant and equipment, intangible assets and investments. Where there are indicators of impairment, or every year for assets with indefinite lives, the recoverable amount of the asset is estimated (impairment test). In the case in which the book value of the intangible or tangible assets or of investments exceeds the recoverable value, they are written down to reflect the latter. The recoverable amount is determined as the higher of the fair value of an asset or cash-generating unit net of costs of sale and its use value and is determined for each asset individually, unless an asset generates cash flows that are not largely independent from those generated by other assets or groups of assets; in this case, the Company estimates the recoverable value of the cash-generating unit to which the asset belongs.

When determining value in use, the estimated future cash flows are discounted by the Company at a pre-tax rate that reflects the market assessment of the time value of money and the risks specific to the asset.

For the purposes of estimating value in use, future revenue streams are obtained from the business plans approved by the Board of Directors, which constitute the best estimate of the Company on the forecast economic conditions over the period of the plan. The projections of the plan normally cover a time span of three years; the long-term growth rate used to estimate the terminal value of the asset or unit is normally lower than the average long-term growth rate of the sector or market of reference. If the carrying amount of the investments is higher than its recoverable value, this asset has incurred a loss in value and is consequently written down to the recoverable value.

The losses in value of equity investments are recorded in the income statement. At the reporting date, the Company also assesses any indicators of a reduction in the loss of value previously recorded and, where these indicators exist, performs a new estimate of the recoverable value. A previously recognised impairment loss can be reversed only if there have been changes in the estimates used to determine the recoverable amount since the last impairment loss was recognized. In this case, the carrying amount of the asset is recorded at the recoverable value, while the restated value must not exceed the carrying amount which would have been determined, after amortisation or depreciation, if no loss in value had been recognised in previous years. Each reversal is recognized as income in the income statement; after a reversal is recognized, the depreciation or amortization charge for the asset is adjusted in future periods to allocate the asset's revised book value, less its residual value, if any, on a systematic basis over its remaining useful life. Impairment of goodwill cannot in any case be subject to reversals.

e) Investments in subsidiaries, associates

Subsidiaries are all those companies over which GHC S.p.A. exercises control. Control is obtained where the company is exposed to or has the right to the variable returns from the relationship with the investee and has the capacity, through the exercise of its power, to influence returns. Such power is defined as the capacity to manage the core operations of the investee on the basis of the substantial existing rights.

Associates are those companies over which GHC S.p.A. exercises significant influence. Significant influence is the power to participate in the financial and operating policy decisions of an investee, however not exercising control or joint control.

Shareholdings in subsidiaries and associates are valued at cost. The cost is adjusted for any impairment; the latter shall be subsequently reinstated if the conditions which have determined them cease to exist; recoveries can not exceed the original cost.

Where the loss pertaining to GHC S.p.A. exceeds the book value of the investment, and where the holding is obliged to comply with legal or implicit obligations of the company or in any case to cover the losses, any excess over the book value is written down and any excess is recorded in a specific risks and charges provision. In the case of a non-economic sale of a shareholding to a jointly controlled company, any difference between the consideration received and the carrying amount of the investment is recognized under equity.

Dividends from investments are recorded to the income statement when the right of the shareholders to receive the payment arises. The dividends payable to third parties are recorded as changes in shareholders' equity at the date in which the Shareholders and Board of Directors meetings approve them respectively.

The use of estimates and the opinions of management adopted in preparing the separate financial statements are the same, where applicable, to those adopted for the preparation of the consolidated financial statements, to which reference should be made, except for the valuation of investments (as reported below).

f) Classification current/non-current

Assets and liabilities in the Company's financial statements are classified as current or non-current.

An asset is current when:

- it is expected to be realised, or is held for sale or consumption, in the normal course of the operating cycle;
- it is held principally for trading;
- it is expected to be realised within twelve months from the reporting date;
- it comprises cash or cash equivalents, upon which no prohibition exists on their exchange or utilisation to settle a liability for at least 12 months from year-end.

A liability is considered current when:

- it is expected to be settled within the normal operating cycle;
- it is held principally for trading;
- it is expected to be settled within twelve months from the year-end;
- the entity does not have an unconditional right to defer settlement of the liability for at least twelve months of year-end.
- Deferred tax assets and liabilities are classified as non-current assets and liabilities.

g) Cash and cash equivalents

Cash and cash equivalents include cash on hand and demand and short-term deposits. Short-term deposits must have an original maturity of three months or less and not subject to significant risks related to the change in value.

j) Treasury shares

Treasury shares acquired are recorded at cost and as a reduction of shareholders' equity. The purchase, sale or cancellation of treasury shares does not give rise to any profit or loss in the income statement.

The difference between the purchase price and the payment received, in the case of reissue, is recorded in the share premium reserve.

k) Stock Grants and Performance Shares

The Stock Grant and Performance Shares Plan confers to certain categories of employees the right to receive free shares of their company or of a Group company as remuneration for the achievement of a specific objective or on the occurrence of certain conditions set out in the plan.

IFRS 2 requires the company to recognise the cost of goods and services purchased or received in a share-based payment transaction at the time in which the goods are received or the service is rendered. For equity-settled share-based payment transactions, the entity shall measure the goods or services received, and the corresponding increase in equity, directly, at the fair value of the goods or services received, unless that fair value cannot be estimated reliably. Where the entity cannot estimate reliably the fair value of the goods or services received, it shall measure their value, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments allocated.

To apply the requirements to transactions with employees and others providing similar services,† the entity shall measure the fair value of the services received by reference to the fair value of the equity instruments granted, because typically it is not possible to estimate reliably the fair value of the services received. The fair value of those equity instruments shall be measured at the grant date.

Typically, shares, share options or other equity instruments are granted to employees as part of their remuneration package, in addition to a cash salary and other employment benefits. Usually, it is not possible to measure directly the services received for particular components of the employee's remuneration package. It might also not be possible to measure independently the fair value of the total package, without measuring directly the fair value of the equity instruments granted. Furthermore, shares or share options are sometimes granted as part of a bonus arrangement, rather than as a part of basic remuneration, e.g. as an incentive to the employees to remain in the entity's employ or to reward them for their efforts in improving the entity's performance. By granting shares or share options, in addition to other remuneration, the entity is paying additional remuneration to obtain additional benefits. Estimating the fair value of those additional benefits is likely to be difficult. Because of the difficulty of measuring directly the fair value of the services received, the entity shall measure the fair value of the employee services received by reference to the fair value of the equity instruments granted.

h) Provisions for risks and charges

The provisions for risks and charges are recorded only when there is a present obligation as a consequence of past events, of a legal or contractual nature or deriving from declarations or conduct of the enterprise which induce third parties to view the company as responsible or to have assumed the responsibility to fulfil a given commitment (constructive obligations).

Provisions for risks and charges are recorded when the Company has a legal or implicit obligation (that derives from a past event) and a payment of resources is probable to satisfy the obligation and the amount of this payment can be reliably estimated.

No provision is made however against risks presenting only a possible emergence of a liability. In this case, a comment is made in the relevant commitments and risks section and no provision is made.

If the discounting effect of the value of money is significant, allocations are discounted using a pre-tax discount rate that reflects, where appropriate, the specific risks associated with the liabilities. When provisions are discounted, increases resulting from the passage of time are recognized as borrowing costs.

i) Employee Benefit Provisions

Post-employment benefits are defined on the basis of programs, even if not formalized, which according to their characteristics are divided into “defined benefit” programs and “defined contribution” programs.

Italian legislation (Article 2120 of the Civil Code) provides that, on the date on which each employee terminates the employment contract with the company, indemnity referred to as TFR is received. The calculation of this indemnity is based on some items that make up the employee’s annual salary for each year of work (appropriately re-evaluated) and on the length of the employment relationship. According to Italian civil law, this indemnity is reflected in the financial statements according to a calculation method based on the indemnity accrued by each employee at the reporting date, in the event that all employees terminate the employment contract on that date.

The International Financial Reporting Interpretations Committee (IFRIC) of the International Accounting Standards Board (IASB) addressed the subject of the Italian TFR and concluded that, in application of IAS 19, it must be calculated according to a method called Projection Unitary Credit Method (PUCM), according to which the amount of liabilities for the benefits acquired must reflect the date of expected resignation and must be discounted.

The actuarial assumptions and the related effects take into consideration the regulatory changes introduced by the Italian legislator, which provided for the option for the employee to allocate the TFR accrued from July 1, 2007 to INPS or supplementary pension funds.

The Company's net obligation deriving from defined benefit plans is calculated by estimating the amount of the future benefit that employees have accrued in exchange for the activity performed in the current year and in previous years; this benefit is discounted to calculate the current value. The actuarial gains and losses referring to the defined benefit plans accumulated up to the previous year and which reflect the effects deriving from changes in the actuarial assumptions used, are recognized in full in the comprehensive income statement.

The actuarial valuation of the liability was entrusted to an independent actuary.

The company does not have other defined benefit pension plans.

The obligation of the Company deriving from defined contribution plans is limited to the payment of contributions to the State or to a legally separate asset or entity (fund), and is determined on the basis of the contributions due.

l) Financial instruments

The following are the categories envisaged by IFRS 9, which replace the previous categories of IAS 39:

- Assets measured at amortised cost: the asset is not designated to FVTPL (fair value to profit and loss), the purpose of ownership is the collection of contractual cash flows; the contractual terms envisage cash flows for payments of principal and the relative interest at given dates;
- Assets measured at fair value through other comprehensive income (FVOCI): the asset is not designated to FVTPL, the business model envisages the possibility of both collecting contractual cash flows and of selling the asset; the contractual terms envisage cash flows for payments of principal and the relative interest at given dates;
- Assets measured at fair value through profit and loss (FVTPL): all assets not classified in the previous categories fall under this category.
- The company includes in the category Assets measured at amortised cost receivables originating over the course of the normal operating activity. At the time of the initial recognition, they are recorded on the basis of their fair value including ancillary costs. For trade and other receivables, this generally corresponds to their par value. Subsequently, if these have a pre-fixed maturity, they are measured at amortized cost using the effective interest method. When financial assets do not have a fixed maturity they are valued at the acquisition cost. Receivables due beyond one year, non-interest bearing or which mature interest below market rates are discounted using market rates. In turn, these assets are derecognised once the rights to receive cash flows from the asset are terminated or the Company has transferred the right to receive cash flows from the asset or has assumed the contractual obligation to pay them entirely and without delay to a third party by substantially transferring all of the risks and rewards of ownership of the financial asset, or by not substantially transferring or retaining all of the risks and rewards of the asset, but transferring its control. Where the Company has transferred all the rights to receive the financial flows of an asset and has not substantially transferred or withheld all of the risks and rewards or has not lost control, the asset is recorded in the financial statements of the Company up to the amount of its residual holding in the asset. In this case, the company also recognises an associated liability. The asset and liability are measured in order to reflect the rights and obligations maintained by the Company. Residual involvement that takes the form of a guarantee on the transferred asset is valued at the asset's initial book value or the maximum consideration that the company could be required to pay, whichever is less. The gains and losses are recognized in the income statement when the investment is eliminated or if there is an impairment, in addition to the amortization process and conversion.

- The company includes in the category Assets measured at fair value through profit and loss equity securities represented by investments other than those in subsidiaries, associates and joint ventures and not held for trading purposes, as the Company has decided not to apply the option for FVOCI measurement.

Financial liabilities are recorded in the balance sheet accounts: Non-current payables to lenders, Other payables and liabilities, Current payables to lenders; Trade payables; Other current liabilities.

Initially, financial liabilities are recorded at fair value increased (or decreased in the case of financial liabilities measured at fair value through profit and loss) by the transaction costs directly linked to the issue of the liability. Subsequently, they are measured at amortized cost excluding the derivative financial instruments or the liabilities held for trading which are measured at fair value through profit and loss. They are classified and measured on the basis of the characteristics of their cash flows and the business model applied to their management. Financial liabilities held by GHC fall under the category of Financial Liabilities at amortised cost. They are measured at amortized cost, using the effective interest method. The amortized cost is calculated taking into consideration all discounts or purchase premiums and includes commissions and transaction costs which are an integral part of the effective interest rate. A financial liability is derecognised from the financial statements when the underlying liability is settled, cancelled or fulfilled. For investments measured at amortized cost, the gains and losses are recognized in the income statement when the investment is eliminated, in addition to the amortization process and conversion. If an existing financial liability is replaced by another by the same lender but under substantially different conditions, or if the conditions of an existing financial liability are substantially changed, such a swap or change is treated as an elimination of the original liability and the opening of a new liability, with any differences in accounting values recorded in the income statement.

The value of financial assets is adjusted to reflect the impairment losses measured according to the Expected Credit Loss Model, which requires estimating the expected loss over a greater or lesser period depending on the credit risk: i) for financial assets not having had a significant increase in credit risk since the initial recognition or having a low credit risk at the reporting date, the expected loss in the next 12 months is estimated; ii) for financial assets having had a significant increase in credit risk since the initial recognition, for which there is no evidence as yet of an objective impairment loss, the expected loss is calculated on the useful life of the asset; iii) for financial assets for which an objective impairment loss has occurred, the expected loss is calculated on the useful life of the asset and, with respect to the preceding point, the interest flows are calculated on the reduced value of the expected write-down. For trade receivables that do not contain a significant financial component, the expected losses are calculated utilising a simplified method with respect to the general approach outlined above. The simplified approach requires the estimation of the expected loss on the useful life of the credit and without the need to measure the Expected Credit Loss at 12 months and the existence of significant increases in credit risk.

m) Fair value measurement

The Company assesses financial instruments, such as derivatives and capital instruments, at fair value at each reporting date.

The fair value is the price that would be received for the sale of an asset, or that would be paid to transfer a liability in an arm's length transaction at the measurement date. A fair value measurement assumes that the sale transaction of the asset or transfer of the liability takes place:

- in the main market of the asset or liability;

or

- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal market or the most advantageous market must be accessible for the Company.

The fair value of an asset or liability is measured adopting the assumptions which market operators would utilise in the determination of the price of the asset or liability, assuming they act to best satisfy their economic interests.

The fair value measurement of a non-financial asset considers the capacity of a market operator to generate economic benefits utilising the asset to its maximum and best use or by selling to another market operator that would utilise the asset to its maximum or best use.

The Company utilises measurement techniques which are appropriate to the circumstances and for which there is sufficient available data to measure the fair value, maximising the utilisation of relevant observable inputs and minimising the use of non-observable inputs.

All the assets and liabilities for which the fair value is measured or stated in the financial statements are categorised based on the fair value hierarchy, as described below:

- Level 1 - prices listed (not adjusted) on active markets for identical assets or liabilities which the entity can access at the measurement date;
- Level 2 - inputs other than listed prices included in Level 1, directly or indirectly observable for the asset or the liability;
- Level 3 - measurement techniques for which the input data are not observable for the asset or for the liability.

The fair value measurement is classified entirely in the same fair value hierarchical level in which the lowest hierarchical input level utilised for the measurement is classified.

For the assets and liabilities recognised in the financial statements at fair value on a recurring basis, the Company assesses whether there have been transfers between the hierarchy levels, reviewing the classification (based on the lowest input level, which is significant for the fair value measurement in its entirety) at each reporting date.

n) Revenue recognition

IFRS 15 defines the criteria for the recognition of revenues and is applicable to all contracts with customers, with the exception of contracts falling within the scope of other standards.

The recognition of revenues generated from contracts with customers and requiring revenues to be recognised for an amount which reflects the consideration which the company expects to receive in exchange for the goods or services provided to the customer. All facts and circumstances should be taken into consideration in applying the 5 steps of the model. In addition, the standard sets out the accounting treatment of incremental costs incurred to obtain a contract and costs directly associated with the execution of a contract. The revenues which fall within the scope of IFRS 15 relate to the offsetting of costs of the holding company with the subsidiaries for administrative coordination, financial, corporate and IT services. Although these services are separate, they are closely related and therefore the company has identified only one obligation to be satisfied.

o) Recognition of costs

Costs are recognised on the acquisition of the goods or service.

p) Financial income and charges

Financial income and expenses are recorded on an accruals basis on the interest matured on the net value of the relative financial assets and liabilities and utilising the effective interest rate.

q) Income taxes

Current income taxes

Current taxes reflect an estimate of the tax burden, determined by applying the legislation in effect in the countries in which the company Garofalo Health Care operates. Current tax liabilities are calculated using the rates in effect or substantially approved on the closing date of the financial year.

The payable for current taxes is classified in the balance sheet, net of any tax advances paid.

Deferred taxes

Deferred taxes are calculated on deductible (deferred tax assets) and taxable (deferred tax liabilities) temporary differences resulting at the reporting date between the tax values taken as reference for assets and liabilities and the values in the financial statements.

Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary difference and the carry-forward of unused tax losses and unused tax credits can be utilised.

The value to be recognized in the financial statements of deferred tax assets is reviewed on each reporting date and reduced to the extent that it is no longer likely that sufficient tax profits will be available in the future in order to allow all or part of this receivable to be used.

Unrecognized deferred tax assets are reviewed annually at the reporting date and are recognized to the extent that it has become likely that future taxable income will be sufficient for their recovery.

Deferred tax assets and liabilities are measured using the tax rates that are expected to be applied in the years in which the assets are realized or the liabilities are settled, considering the rates currently in effect and those already issued, or substantially issued, at the reporting date.

Deferred tax assets and liabilities are recognized directly in the Income Statement, with the exception of those relating to items recognized directly in equity; in this case, the related deferred taxes are recorded consistently without recognition in the income statement.

Deferred tax assets and liabilities are offset if there is a legal right to compensate current tax assets with current tax liabilities and the deferred taxes refer to the same legal entity and the same tax authority.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Indirect taxes

Costs, revenues, assets and liabilities are recognised net of indirect taxes, such as value added tax, with the following exceptions:

- the tax applied to the purchase of goods or services is non-deductible; in this case, it is recognized as part of the purchase cost of the asset or part of the cost recognized in the income statement;
- Trade receivables and payables include the indirect tax applicable.

The net amount of indirect taxes to be recovered or paid to the tax authorities is included in the financial statements as receivables or payables.

s) Segment information

The identification of the operating sector in which the Company operates is carried out on the basis of the accounting standard IFRS 8 - Operating Segments. On December 12, 2012, the IASB issued a set of amendments that have made changes to the aforementioned standard requiring that information be provided on the assessments made by the company management in the aggregation of the operating segments describing the segments that have been aggregated and the economic indicators that have been evaluated to determine that the aggregated segments have similar economic characteristics.

The company GHC is a holding company operating in the private accredited healthcare sector in Italy and a leader in terms of turnover, with thirty-seven healthcare facilities located in eight Italian regions. From the point of view of GHC S.p.A.'s management organization, the activity carried out was grouped into a single Strategic Business Unit (hereinafter "SBU"), which includes the entire business.

1.4 Discretional valuations and significant accounting estimates

The preparation of the Financial Statements requires Directors to apply accounting standards and methodologies which, under certain circumstances, are based on assessments that require a high degree of subjectivity, on estimates based on historical experience and assumptions that are considered from time to time with reference to their reasonableness depending on the circumstances. The application of these estimates and assumptions affects the determination of the amounts shown in the financial statements, such as those shown in the balance sheet, in the income statement and in the cash flow statement, as well as the information provided. Estimates and assumptions are periodically reviewed and the effect of a change in an accounting estimate is immediately recognized through the income statement. The main processes of estimation and discretionary evaluation are related to the recognition and valuation of the financial statement items indicated below.

Deferred tax assets

Deferred tax assets are recognized with respect to deductible temporary differences between the values of assets and liabilities expressed in the financial statements compared to the corresponding tax value and tax losses that can be carried forward, to the extent that the existence of adequate future taxable profit is likely, with respect to which these losses may be used. A discretionary assessment is required of the directors to determine the amount of deferred tax assets that can be accounted for, which depends on the estimate of probable timing and the amount of future taxable profits.

Liabilities for employee benefits (employee severance indemnity - "TFR") and provisions to the supplementary indemnity provision

The evaluation of the severance indemnity is carried out using actuarial valuations. The actuarial valuation requires the development of assumptions about discount rates, future salary increases, turnover and mortality rates. Due to the long-term nature of these plans, these estimates are subject to uncertainty.

Recoverability of investments

The company assesses annually the existence of indicators of impairment regarding each investment, in line with its strategy to manage the legal entities within the company and, where evident, subject these assets to an impairment test. The processes and methods to value and establish the recoverable value of each investment are based on assumptions requiring the opinion of the directors, in particular with regards to the identification of the impairment indicators, the outlook on future earnings for the duration of the business plans of the companies, the establishment of the adjusted cash flows according to the estimate of the terminal value and the establishment of the growth and discounting rates applied to future cash flows.

1.5 New accounting standards, interpretations and amendments adopted by the Company

The Company has applied for the first time a number of standards and amendments entering into force from January 1, 2023. The Company has not adopted in advance any accounting standard, interpretation or amendment issued but not yet in effect.

IFRS 17 - Insurance contracts

In May 2017, the IASB issued IFRS 17 - Insurance Contracts, a complete new standard relating to insurance contracts which covers recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts issued in 2005. IFRS 17 applies to all types of insurance contracts (for example: life, non-life, direct insurance, re-insurance) regardless of the type of entity that issues them, as well as certain guarantees and financial instruments with characteristics of discretionary participation; some exceptions apply with regards to the scope of application. The general objective of IFRS 17 is to present an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the provisions of IFRS 4, which are largely based on the maintenance of previous accounting standards, IFRS 17 provides a complete model for insurance contracts that covers all relevant accounting aspects. IFRS 17 is based on a general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach);
- A simplified approach (the approach to the allocation of premiums) mainly for short-term contracts.

These amendments did not have any impact on the Company financial statements.

Definition of Accounting Estimates – Amendments to IAS 8

The amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies and error correction. They also clarify how entities should use valuation techniques and inputs to develop accounting estimates.

These amendments did not have any impact on the Company financial statements.

Disclosure of Accounting policies - Amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply judgements to accounting policy disclosures. The amendments are intended to help entities provide more useful accounting policy disclosures by replacing the requirement for entities to provide their "significant" accounting policies with a requirement to provide disclosures about their "material" accounting policies; in addition, guidance is added on how entities apply the concept of materiality in making accounting policy disclosure decisions.

The changes had an impact on the Company's disclosure of accounting policies, but not on the measurement, recognition and presentation of items in the Company's financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments to IAS 12 Income Taxes narrow the scope of the exception to initial recognition, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning liabilities. These amendments did not have any impact on the Company financial statements.

International Tax Reform – Pillar Two Model Rules – Amendments of IAS 12

The amendments to IAS 12 were introduced to respond to the OECD BEPS Pillar Two rules and include:

- A temporary mandatory exemption to the recognition and disclosure requirements for deferred taxes resulting from the implementation in jurisdictions of the Pillar Two rules; and
- Disclosure requirements for affected entities to help financial statement users better understand the income tax impacts arising from this legislation, particularly before the effective date.

The temporary mandatory exemption - whose use is required to be disclosed - is immediately applicable. The remaining disclosure requirements apply for fiscal years beginning on or after January 1, 2023, but not for interim periods prior to December 31, 2023.

The change has no effect on the Company financial statements in that the Company is not affected by the Pillar Two rules, given that revenues are below Euro 750 million annually.

1.6 IAS/IFRS international accounting standards whose compulsory application starts after December 31, 2023

IFRS 16: Lease Liability in a Sale and Leaseback

In September 2022, the IASB issued an amendment to IFRS 16 to specify the requirements that a selling lessor uses in measuring the lease liability arising from a sale & lease back transaction, to ensure that the selling lessor does not recognize a gain or loss by reference to the right-of-use retained by the lessor. The amendments are effective for fiscal years beginning on or after January 1, 2024, and are to be applied retrospectively to all sale & lease back transactions entered into after the date of initial application of IFRS 16. Early application is permitted, and notice of this fact must be provided.

These changes are not expected to have a material impact on the Company s financial statements.

IAS 1: Classification of Liabilities as Current or Non-current

In January 2020 and October 2022, the IASB published amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

What is meant by the right to defer maturity;

That the right of subordination must exist at financial year-end;

The classification is not impacted by the probability of whether the entity will exercise its subordination right;

Only where a derivative embedded in a convertible liability is itself an equity instrument the maturity of the liability shall have no impact on its classification.

In addition, a requirement has been introduced to provide disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to deferral is subject to compliance with covenants within 12 months.

The amendments will be effective for fiscal years beginning on or after January 1, 2024, and should be applied retrospectively. The Group is currently assessing the impact of the amendments on the current situation and whether the renegotiation of existing loan agreements will be necessary.

IAS 7 and IFRS 7

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Supplementary Information, to clarify the characteristics of reverse factoring agreements and requests to give further disclosure of such agreements. The disclosure requirements included in the amendments are intended to assist financial statement users in understanding the effects on an entity's liabilities, cash flows, and exposure to liquidity risk of reverse factoring arrangements.

The amendments will be effective for fiscal years beginning on or after January 1, 2024. Early application is permitted, and notice of this fact must be provided.

These changes are not expected to have a material impact on the Company s financial statements.

Note 2 Other intangible assets

The account “Other intangible assets” amounts to Euro 596 thousand, compared to Euro 166 thousand in the previous year. The table below shows the movements in individual items of Intangible assets during the year ended December 31, 2023. For the useful life of the account, reference should be made to the accounting policies.

In Euro thousands	*At December 31*	*At December 31*	*Change*
	2023	2022	2023 vs 2022
Software	467	115	352
Concessions, licenses, trademarks and similar rights	129	51	78
Total	**596**	**166**	**430**

The following tables show the changes in the item in question for the period ended December 31, 2023, compared to the period ended December 31, 2022:

In Euro thousands	*Concessions, licences, trademarks and similar rights*	*Software*	*Total*
NBV at December 31, 2022	51	115	166
Acquisition	127	405	532
Amortisation	(49)	(53)	(102)
Net value at December 31, 2023	129	467	596

Software

The account "*Software*" was Euro 467 thousand, compared to Euro 115 thousand in the previous year. The net increase of Euro 352 thousand mainly concerns investments in management software and IT security of the GHC Group.

Concessions, licences, trademarks and similar rights

"*Concessions, licenses, trademarks and similar rights*" amounted to Euro 129 thousand, compared to Euro 51 thousand in the previous year. The net increase of Euro 78 thousand is due to the acquisition of new application licenses with the increased number of GHC subsidiaries.

Note 3 Property, plant and equipment

The account "*Property, plant and equipment*" amounted to Euro 6,538 thousand, compared to Euro 6,568 thousand in the previous year.

The table below shows the breakdown of the account at December 31, 2023, compared with December 31, 2022. For the useful life of the account, reference should be made to the accounting policies.

In Euro thousands	*At December 31*	*At December 31*	*Change*
	2023	2022	2023 vs 2022
Land & buildings	4,940	5,223	(283)
Plant & machinery	19	21	(3)
Other assets	287	290	(3)
Rights-of-use	1,012	994	18
Assets in progress and advances	280	39	241
Total	**6,538**	**6,568**	**(30)**

The following tables show the changes in the item in question for the period ended December 31, 2023, compared to the period ended December 31, 2022:

In Euro thousands	*Land and buildings*	*Plant and machinery*	*Other assets*	*Rights-of-use*	*Assets in progress and advances*	*Total*
NBV at December 31, 2022	**5,223**	**21**	**290**	**994**	**39**	**6,568**
Acquisitions/(Sale)		-	66	186	241	492
Other changes	(27)					(27)
Depreciation	(255)	(3)	(69)	(168)	-	(495)
Net value at December 31, 2023	**4,940**	**19**	**287**	**1,012**	**280**	**6,538**

Land and Buildings

"*Land and buildings*" at December 31, 2023, decreased by Euro 283 thousand, due mainly to depreciation in the year of Euro 255 thousand, as well as Euro 27 thousand for the updated interest rate used to measure leased property in accordance with IAS 17.

Plant and machinery

Plant and machinery decreased by Euro 3 thousand, as a result of depreciation in the year.

Other assets

The account "*Other assets*" stood at Euro 287 thousand at December 31, 2023, compared to a balance of Euro 290 thousand at the end of the previous year. The account in question mainly refers to electronic machines, telephony and furniture and fittings. The decrease in the account of Euro 3 thousand is due to the combined effect of the increase of Euro 66 thousand for the purchase of computers, furniture and fittings and telephone equipment for the holding companies' headquarters, and the decrease of Euro 69 thousand for depreciation in the year.

Rights-of-use

The account "*Rights-of-use*" came to Euro 1,012 thousand at December 31, 2023, compared to a figure of Euro 994 thousand at the end of the previous year. The increase in the account of Euro 18 thousand is due to the combined effect of the increase of Euro 186 thousand, related mainly to a new vehicle lease agreement, and of the decrease of Euro 168 thousand for depreciation in the year.

The account includes the present value of vehicle hire contracts for periods in excess of 12 months and of an amount greater than Euro 5 thousand following the payment of set consideration.

Assets in progress and advances

"*Assets in progress and advances*" at December 31, 2023, amount to Euro 280 thousand and concern the advance for the restructuring works on the leased building to expand the offices of the holding company, recognised to "*Land and Buildings*", the use of which will begin in the first half of 2024.

Note 4 Equity investments

"*Equity investments*" amount to Euro 260,707 thousand at December 31, 2023, compared to the previous year's balance of Euro 198,364 thousand, and relate to investments in subsidiaries.

In Euro thousands	*At December 31*		*Change*
	2023	2022	2023 vs 2022
Investments in subsidiaries	260,707	198,364	62,344
Total equity investments (in subsidiary companies)	**260,707**	**198,364**	**62,344**

The increase of Euro 62,344 thousand in 2023 is due to: (i) Acquisition of a 100% stake in Aurelia Hospital S.r.l. for a total of Euro 47,000 thousand; (ii) Acquisition of a 96.39% interest in Sanatorio Tristino S.p.A. for a total of Euro 12,723 thousand,; (iii) Conversion of the financial receivable of GHC to a capital payment to X Ray One S.r.l. for Euro 1,500 thousand, with an increase of equal amount to the carrying amount of the investments; (iv) Capital payment to Villa Von Siebenthal S.r.l. for Euro 600 thousand, with an increase of equal amount to the carrying amount of the investments; (v) Subscription to the share capital of the newco GHC Project 11 S.r.l. for Euro 300 thousand; (vi) Increase of 0.05% in the investment in Hesperia Hospital S.r.l. for Euro 50 thousand, by way of which GHC held a 100% interest in the company at December 31, 2023; (vii) Acquisition of 1.19% of the capital of Casa di Cura Prof. Nobili S.r.l. for Euro 21 thousand, by way of which GHC held a 99.74% interest in the company at December 31, 2023; (viii) Granting to management of the subsidiaries of Euro 146 thousand under the Performance Share Plan, i.e. rights to receive GHC S.p.A. shares on conclusion of the three-year performance period, which resulted in a similar increase in the value of the equity investments.

The table below shows the breakdown of the item, as well as the share capital and the pro-quota shareholders' equity of each subsidiary as at December 31, 2023:

Investments Table

Company Name	*Registered office*	*Share capital*	*Profit/(loss) 2023*	*Net Equity at December 31, 2023*	*Holding*	*Pro quota net equity at December 31, 2023 in Euro thousands*	*Book value at December 31, 2023*
L'Eremo Di Miazzina S.r.l.	Cambiasca (VB)	1,560	263	20,445	100%	20,445	15,363
Casa di Cura Villa Berica S.r.l.	Vicenza (VZ)	1,560	4,246	7,157	100%	7,157	2,201
Villa Von Siebenthal S.r.l.	Genzano di Roma (RM)	100	330	5,891	100%	5,891	3,781
Rugani Hospital S.r.l.	Monteriggioni (SI)	100	1,753	14,915	100%	14,915	175
Hesperia Hospital Modena S.r.l.	Modena (MO)	120	1,355	17,984	100%	17,975	20,666
C.M.S.R. Veneto Medica S.r.l.	Altavilla Vicentina (VI)	20	1,573	7,247	100%	7,247	8,699
Sanimedica S.r.l.	Altavilla Vicentina (VI)	10	75	583	100%	583	210
Casa di cura Prof. Nobili S.r.l.	Castiglione dei Pepoli (BO)	104	1,712	10,108	99.74%	10,082	9,683
Casa di Cura Villa Garda S.r.l.	Garda (VR)	1,440	1,086	9,286	100%	9,286	7,531
Fides Medica S.r.l.	Piombino (LI)	200	791	21,212	50%	10,606	10,132
Poliambulatorio Dalla Rosa Prati S.r.l.	Parma (PR)	100	2,226	2,906	100%	2,906	19,180
Centro Medico San Biagio S.r.l.	Fossalta di Portogruaro (VE)	156	2,366	35,625	100%	35,625	32,079
Ospedali Privati Riuniti S.r.l.	Bologna (BO)	9,000	1,848	39,112	100%	39,112	33,062
Bimar S.r.l.	Fossalta di Portogruaro (VE)	100	190	688	100%	688	1,000
XRay One S.r.l.	Poggio Rusco (MN)	30	(290)	1,079	100%	1,079	2,311

Clinica San Francesco S.r.l.	Verona (VE)	5,232	571	4,234	100%	4,234	331
Domus Nova S.p.A.	Ravenna (RA)	990	1,707	12,632	100%	12,632	33,660
Garofalo Health Care Real Estate S.p.A.	Roma (RM)	300	120	19,174	100%	19,174	300
GVDR S.r.l.	Cadoneghe (PA)	94	(1,542)	(1,242)	100%	(1,242)	312
Sanatorio Triestino S.p.A.	Trieste (TR)	1,240	485	7,344	96%	7,079	12,730
GHC PJ11 S.r.l.	Roma (RM)	300	(2)	298	100%	298	300
Aurelia Hospital S.r.l.	Roma (RM)	300	(2,120)	10,449	100%	10,449	47,000
Total equity investments (in subsidiary companies)							**260,707**

Pursuant to IAS 36, equity investments that at December 31, 2023 have a carrying amount that exceeds their shareholders' equity were tested for impairment. Specifically, the carrying amounts of the investments in Hesperia Hospital S.r.l., C.M.S.R. Veneto Medica S.r.l., Poliambulatorio Dalla Rosa Prati S.r.l., Bimar S.r.l., X Ray One S.r.l., Domus Nova S.p.A., Gruppo Veneto Diagnostica e Riabilitazione S.r.l. and Sanatorio Triestino S.p.A. were tested.

The impairment test of GHC Project 11 S.r.l. was not carried out because it is a non-operational special purpose vehicle, while for Aurelia Hospital S.r.l., GHC S.p.A. opted to perform the purchase price allocation within twelve months of the acquisition.

The impairment test of the recoverability of the carrying amount of the investments was performed by an outside independent professional. The valuation approach adopted is described in the following section.

Evaluation system

The estimate of the value in use is made by discounting the operating cash flows, i.e. the cash flows available before the repayment of financial payables and the remuneration of the shareholders (Unlevered Discounted Cash Flow or UDCF). Operating cash flows are discounted at a rate equal to the weighted average cost of debt and equity (Weighted Average Cost of Capital or WACC), in order to obtain the value of the company's operating capital (Enterprise Value).

The prospective cash flows used in the impairment test at December 31, 2023 are those deriving from the Business Plans of the individual companies relating to the years 2024-2027, approved by each company at the end of February 2024 and the beginning of March 2024. The time horizon of the Plans is 4 years. It should be clarified that the impairment test was approved by the Board of Directors of the Parent Company on March 7, 2024.

The prospective cash flows used in the impairment test have been calculated by taking as reference the Operating EBITDA expected net of notional taxes and less the notional contribution of fixed assets and working capital. The assumptions and method used are consistent with the company's historical results and the reference market.

The growth rate **g** used to calculate the terminal value is 0.

The discounting rate of cash flows (WACC) used for the impairment tests is equal to 5.88% at December 31, 2023 and presents the following main parameters:

* *Risk free rate*: the rate used is 4.29% for 2023; this value corresponds to the yield on Italian ten-year government securities recorded as a monthly average over the last twelve months (Source: Bloomberg);

* *Beta*: for the estimation of the non-differentiable systemic risk coefficient, reference was made to the inputs elaborated by international practice (Source: Bloomberg), taking into consideration a group of listed companies operating in the same sector of the company to be valued, thus calculating an appropriate unlevered industry average beta, equal to 0.42 at December 31, 2023;

* *Market premium*: for the purposes of the analysis, a rate of 4.60% was used (Source: A. Damodaran - Stern University NY international research website http://pages.stern.nyu.edu/~adamodar/). This parameter is in line with the results of the long-term analysis and with standard practice;

* *Premium for additional risk:* prudently and in line with that undertaken in previous years, an increase in the cost of risk capital equal to 2.0% for all companies was applied, to take into consideration the reduced size and the differing geographic locations of the companies in comparison to the comparable companies used;

* With reference to the *cost of the debt (Kd)* for the companies that present outstanding loans, reference was made to the effective interest rate applied by the banking system on the same loans i.e. the twelve-month average ten-year EUR IRS (interest rate swap) (Source: Il Sole 24 Ore), equal to - 3.03% with a spread of 156 points; considering a fiscal impact of 24%, *Kd* is 2.66%;

* *Financial structure:* consistently with that done for the purposes of the calculation of the beta, we applied to the cost of risk capital and the cost of debt capital, weights determined using a market D/E representative of the average financial structure of the sample of comparable listed companies, equal to 2.69 for December 31, 2023. The We (equity) and Wd (debt) weights were 27.1% and 72.9% for the year 2023.

Hesperia Hospital Modena S.r.l.

The recoverable value of Hesperia Hospital Modena S.r.l. was determined on the basis of the calculation of the value in use, in which the cash flow projections deriving from the related financial budgets were used for a period of four years, approved by the Board of Directors on February 27, 2024. As a result of the updated analyses, management did not identify an impairment of this company. The equilibrium WACC, i.e. the discount rate of future cash flows which equates the recoverable value with the book value, was approx. 20.45%.

C.M.S.R. Veneto Medica S.r.l.

The recoverable value of C.M.S.R. Veneto Medica S.r.l. was determined on the basis of the calculation of the value in use, in which the cash flow projections deriving from the related financial budgets were used for a period of four years, approved by the Board of Directors on February 26, 2024. As a result of the updated analyses, management did not identify an impairment of this company. The equilibrium WACC, i.e. the discount rate of future cash flows which equates the recoverable value with the book value, was approx. 12.57%.

Poliambulatorio dalla Rosa Prati S.r.l.

The recoverable value of Poliambulatorio dalla Rosa Prati S.r.l. was determined on the basis of the calculation of the value in use, in which the cash flow projections deriving from the related financial budgets were used for a period of four years, approved by the Board of Directors on February 22, 2024. As a result of the updated analyses, management did not identify an impairment of this company. The equilibrium WACC, i.e. the discount rate of future cash flows which equates the recoverable value with the book value, was approx. 12.40%.

Centro Medico San Biagio S.r.l. e Bimar S.r.l. (known as Centro Medico San Biagio S.r.l. CGU)

It should be noted that Bimar S.r.l. does not have independent cash flows, and therefore, the value in use can only be determined in combination with the value in use of Centro Medico San Biagio S.r.l., which therefore constitutes a single CGU. It should also be borne in mind that for the purposes of impairment testing of equity investments, the equity value of Centro Medico Università Castrense S.r.l., a wholly-owned subsidiary of Centro Medico San Biagio S.r.l., must also be taken into account.

Consequently, the recoverable value of the cash generating unit in question was determined on the basis of the calculation of the value in use, in which the cash flow projections deriving from the related financial budgets were used for a period of four years, approved by the Board of Directors of Centro Medico San Biagio on February 23, 2024. As a result of the updated analyses, management did not identify an impairment of this company. The equilibrium WACC, i.e. the discount rate of future cash flows which equates the recoverable value with the book value, was approx. 22.65%.

X Ray One S.r.l

The recoverable value of X Ray One S.r.l. was determined on the basis of the calculation of the value in use, in which the cash flow projections deriving from the related financial budgets were used for a period of four years, approved by the Board of Directors on February 26, 2024. As a result of the updated analyses, management did not identify an impairment of this company. The equilibrium WACC, i.e. the discount rate of future cash flows which equates the recoverable value with the book value, was approx. 7.02%.

Domus Nova S.p.A.

The recoverable value of Domus Nova S.p.A was determined on the basis of the calculation of the value in use, in which the cash flow projections deriving from the related financial budgets were used for a period of four years, approved by the Board of Directors on February 27, 2024. As a result of the updated analyses, management did not identify an impairment of this company. The equilibrium WACC, i.e. the discount rate of future cash flows which equates the recoverable value with the book value, was approx. 8.67%.

GVDR *S.r.l*

The recoverable value of GVDR S.r.l. was determined on the basis of the calculation of the value in use, in which the cash flow projections deriving from the related financial budgets were used for a period of four years, approved by the Board of Directors on February 27, 2024. As a result of the updated analyses, management did not identify an impairment of this company. The equilibrium WACC, i.e. the discount rate of future cash flows which equates the recoverable value with the book value, was approx. 8.58%.

<u>*Sanatorio Triestino S.p.A.*</u>

The recoverable value of Sanatorio Triestino S.p.A was determined on the basis of the calculation of the value in use, in which the cash flow projections deriving from the related financial budgets were used for a period of four years, approved by the Board of Directors on February 27, 2024. As a result of the updated analyses, management did not identify an impairment of this company. The equilibrium WACC, i.e. the discount rate of future cash flows which equates the recoverable value with the book value, was approx. 11.75%.

Note 5 Other non-current financial assets

The account "*Other non-current financial assets*" came to Euro 118,393 thousand compared to Euro 136,741 thousand at the end of the previous year. The account in question consists primarily of receivables of a financial nature from subsidiaries.

The account is broken down as follows:

(Euro thousands)	*At December 31*		*Change*
	2023	2022	2023 vs 2022
Financial receivables from subsidiaries	118,382	136,730	(18,347)
Financial receivables from others	11	11	-
Total other non-current financial assets	**118,393**	**136,741**	**(18,347)**

"Financial receivables from subsidiaries" principally includes the loans arising following the refinancing concluded in December 2021. The decrease in the account concerned of Euro 18,347 thousand is mainly due to: (i) a decrease of Euro 17,434 thousand for the reclassification of the short-term portion due within December 31, 2024; (ii) a decrease in the financial receivable due from the subsidiary X Ray One S.r.l. for Euro 1,500 thousand following conversion of the financial receivable held by GHC into a capital payment.

"Other Financial Receivables" of Euro 11 thousand is unchanged from 2022 and includes the guarantee deposit paid to Alba Leasing for the leasing contract for the new building.

Note 6 Deferred tax assets and liabilities

Deferred tax assets and liabilities

The net balance of "*Deferred tax assets and liabilities*" was Euro 86 thousand, compared to a balance for the previous year of Euro 197 thousand.

Deferred tax assets and liabilities at December 31, 2023, compared with the situation at December 31, 2022, is presented below.

In Euro thousands	*At December 31*	*At December 31*	*Change*
	2023	2022	2023 vs 2022
Deferred tax assets:			
within 1 year	220	198	22
Total	**220**	**198**	**22**
Deferred tax liabilities:			
within 1 year	(134)	(1)	(133)
Total	**(134)**	**(1)**	**(133)**
Net balance	**86**	**197**	**(111)**

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary difference and the carry-forward of unused tax losses and unused tax credits can be utilised.

The following table presents the movements in deferred tax assets and liabilities for the year ended December 31, 2023 and December 31, 2022:

(Euro thousands)	*At December 31, 2023*	*At December 31, 2022*
Net opening balance	**197**	**152**
Credit / (Debit) to the income statement	(111)	45
Net closing balance	**86**	**197**

The account reports a net decrease of Euro 111 thousand, due to the increase in deferred tax assets in the year of Euro 22 thousand, mainly concerning the unpaid directors' remuneration, and the increase in deferred tax liabilities for Euro 133 thousand following the allocation of the dividends approved by the subsidiaries in December 2023 in favour of GHC S.p.A. and collected in January 2024.

The breakdown of net deferred taxes at December 31, 2023 is illustrated below:

	Balance sheet		Comprehensive Income Statement		Income Statement	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Adjustments IFRS 17 Leasing/IFRS 16						
IAS 19 adjustments - Severance	4	1	4	1	4	1
Other movements	18	(8)			18	29
Deferred tax assets	22	(7)	4	1	22	30
Deferred tax liabilities	(133)	52	-	-	(133)	52
Total	(111)	45	4	1	(111)	82

Note 7 Trade receivables

"*Trade receivables*" at December 31, 2023 amount to Euro 1,342 thousand, compared to Euro 1,727 thousand at December 31, 2022. The receivables refer to the fees invoiced and not yet invoiced to the subsidiaries for the administrative coordination, financial, corporate and IT activities provided by the holding company.

The table below shows the breakdown of trade receivables at December 31, 2023, compared with December 31, 2022.

(Euro thousands)	*At December 31*		*Change*
	2023	2022	2023 vs 2022
Receivables from subsidiaries	1,115	1,071	44
Invoices to be issued to Subsidiaries	223	656	(433)
Other receivables	4	-	4
Total trade receivables	**1,342**	**1,727**	**(386)**

"Receivables from subsidiaries" did not change significantly compared to the previous year as the revenues from the subsidiaries are the same as 2022.

"*Invoices to be issued to subsidiaries",* amounting to Euro 223 thousand, represents the amount of services provided to subsidiaries in 2023 but not yet invoiced as of December 31, 2023.

The Company has performed the Expected Credit Loss analysis and has not made any write-downs as it considers that the probability of default is close to zero.

Note 8 Tax receivables

The account "*Tax receivables*" stood at Euro 2,633 thousand, compared to Euro 1,182 thousand in the previous year.

The table below shows the breakdown of tax receivables at December 31, 2023, compared with December 31, 2022.

(Euro thousands)	*At December 31*		*Change*
	2023	2022	2023 vs 2022
IRES receivables	2,633	1,182	1,451
Total tax receivables	**2,633**	**1,182**	**1,451**

The account, comprising the first and second IRES advances paid, respectively in June and November 2023, reports a net increase of Euro 1,451 thousand on the previous year, due to the extension of the GHC tax consolidation scope with the entrance of the companies: Rugani Hospital S.r.l., Hesperia Hospital Modena S.r.l., GHC Real Estate S.p.A., Casa di cura Prof. Nobili S.r.l., Clinica San Francesco S.r.l., and Domus Nova S.p.A.

Note 9 Other receivables and current assets

"*Other receivables and current assets*" at December 31, 2023 totalled Euro 17,351 thousand, increasing by Euro 13,837 thousand on December 31, 2022 (Euro 3,515 thousand).

The changes in the account were as follows:

(Euro thousands)	*At December 31*		*Change*
	2023	2022	2023 vs 2022
Advances to suppliers	7	2	5
Receivables from subsidiaries	16,676	3,118	13,558
Other receivables	5	5	-
Other tax receivables	539	302	236
Accrued income and prepaid expenses (non-financial)	125	88	37
Total other receivables and current assets	**17,351**	**3,515**	**13,837**

"Receivables from subsidiaries" increased by Euro 13,558 thousand, attributable mainly to receivables for dividends approved in the year by subsidiaries and not yet collected as of December 31, 2023 (Euro 10,997 thousand).

"*Other tax receivables*", which mainly include the receivable from the companies participating in the Group VAT consolidation, in view of the VAT payable transferred by these companies to parent company in 2023, increased Euro 236 thousand. At December 31, 2023, all subsidiaries took part in the Group VAT consolidation, with the exception of the companies within the scope of Aurelia Hospital S.r.l., acquired on November 16, 2023, who will join from January 2025. By setting up the VAT Group, the GHC Group reaps the administrative and organisational benefits of reducing all VAT formalities, which are concentrated within the Parent Company GHC S.p.A., and it may also characterise transactions between VAT Group members as outside the scope of VAT.

Note 10 Other current financial assets

The account "*Other current financial assets*" came to Euro 24,153 thousand at December 31, 2023, against a balance in the previous year of Euro 18,249 thousand, as per the following table:

(Euro thousands)	*At December 31*	*At December 31*	*Change*
	2023	2022	2023 vs 2022
Other current financial assets	24,153	18,249	5,904
Total other current financial assets	**24,153**	**18,249**	**5,904**

The account mainly comprises the short-term portion of loans and related interest to subsidiaries, amounting to Euro 18,012 thousand, and the financial receivables from the centralised cash pooling, amounting to Euro 6,141 thousand.

The increase of Euro 5,904 thousand is mainly due to the increase in cash pooling financial receivables for Euro 1,925 thousand and to the short-term portion of the loans to subsidiaries for Euro 3,979 thousand.

Note 11 Cash and cash equivalents

The account "*Cash and cash equivalents*" stood at Euro 647 thousand compared to Euro 4,122 thousand in the previous year.

The changes in the account over the last two years were as follows:

In Euro thousands	*At December 31*		*Change*
	2023	2022	2023 vs 2022
Bank current accounts	636	4,116	(3,480)
Checks and cash	11	6	5
Total cash and cash equivalents	**647**	**4,122**	**(3,475)**

The amounts shown can be readily converted into cash and do not have a significant risk of change in value.

The company GHC S.p.A. believes that the credit risk associated with cash and cash equivalents is limited because they primarily consist of deposits held with various national Italian banking institutions.

The above account is subject to the general impairment rule and the loss rate approach has been used. However, in view of the fact that they are demand accounts, the expected losses over the 12 months and the expected losses of the useful life coincide.

Note 12 Shareholders' equity

Share capital

At December 31, 2023 share capital amounted to Euro 31,570 thousand, fully paid-in, and consisted of 90,200,000 ordinary shares without par value.

The table below reports the GHC Group's ownership structure at December 31, 2023, including significant equity interests.

Shareholder	Direct shareholder	% of ordinary share capital	% of voting share capital
Garofalo Maria Laura[(1)]	Anrama S.p.A.	66.21%[(2)]	64.79%[(2)]
	Larama 98 S.p.A.		
	Garofalo Maria Laura		
Enasarco Foundation[(3]	Enasarco Foundation	5.38%	5.26%

[(1)] Source: GHC Group
[(2)] Percentages concern number of total shares, including treasury shares
[(3] Source: GHC Group and Consob, values at the date of publication

Number of ordinary shares	% share capital	Listed / Non listed	Rights and obligations
90,200,000	100%	Euronext STAR Milan	Each Share entitles the owner to one vote. In accordance with Art. 127-*quinquies* of the CFA, Article 7 of the By-laws states that each share held by the same shareholder for a continuous period of at least 24 months from the date of registration in the special list specifically established by the Company confers two votes. For further information, reference should be made to paragraph 2, letter d), of the Corporate Governance Report. The shareholders' rights and obligations are as established in Articles 2346 et seq. of the Italian Civil Code and Article 7 of the By-laws with regard to multi-voting rights.

As previously reported, in accordance with Art. 127-quinquies of the CFA, Article 7 of the By-laws states that each share held by the same shareholder for a continuous period of at least 24 months from the date of registration in the special list specifically established by the Company (the "List") confers two votes.

After receiving valid applications for registration, the Company adds new entries to and updates the List with quarterly frequency, i.e. on March 31, June 30, September 30 and December 31 of each year, or with a different frequency in accordance with industry legislation, but always by the record date.

In accordance with Article 127-quinquies, paragraph 7, of the CFA, Article 7 of the By-laws states that shares held prior to the commencement date of trading, and hence prior to the date of registration in the List, are also to be considered for the purpose of completing the period of continuous ownership required for multi-voting rights.

According to the By-laws, multi-voting rights are also considered when evaluating quorum requirements to meet and pass resolutions based on percentages of share capital. In addition, multi-voting rights are without any effect on rights other than voting rights devolving on the basis of the possession of a particular portion of capital, such as the right to convene the Shareholders' Meeting, the right to add items to the Agenda and the right to submit slates for the election of Directors. For further information, please refer to the Multi-Voting Rights Regulation available from the Company's website, www.garofalohealthcare.com which in accordance with Article 143-quater of the Consob Issuers' Regulation also presents the identification details of the shareholders who have applied for registration in the List, with indication of their individual holdings – in any event exceeding the threshold indicated by Article 120, paragraph 2 of the CFA – date of registration and date of attainment of multi-vote rights.

[([1])] Source: GHC Group

[([2])] Percentages concern number of total shares, including treasury shares. Source: GHC Group and Consob, values at the date of publication

Legal reserve

The legal reserve amounted to Euro 614 thousand, increasing Euro 82 thousand due to the Shareholders' Meeting motion of April 28, 2023 which stipulated the allocation of 5% of the parent company's net profit.

Other reserves

The composition of the account "Other reserves" at December 31, 2023, with a comparison to December 31, 2022, is presented below.

In Euro thousands	*At December 31*	*At December 31*	*Change*
	2023	2022	2023 vs 2022
Extraordinary reserve	12,303	12,303	-
Shareholder capital payments reserve	5,146	5,146	-
Conferment reserves	37,006	37,006	-
Share-based payments reserve	2,154	1,385	769
Provision as per Article 40 By-Laws	4	12	(9)
IAS 19 actuarial effect reserve	(42)	(26)	(17)
Share premium reserve	101,413	101,413	-
Retained earnings	2,471	932	1,539
Reserve for treasury shares in portfolio	(7,601)	(6,111)	(1,491)
AUCAP 2021 Reserve	(883)	(883)	-
Other reserves	**151,969**	**151,177**	**792**

At December 31, 2023, Other Reserves amounted to Euro 151,969 thousand, with a net increase of Euro 792 thousand on December 31, 2022, mainly due to the following factors: (i) net increase of the share-based payment reserve for Euro 769 thousand, due principally to the registration of the Performance Share Plan, as per IFRS 2 (for further details, reference should be made to Note 37 of this document); (iii) net decrease of the reserve as per Article 40 of the By-Laws for Euro 9 thousand, which during the year reported a decrease of Euro 25 thousand and an increase of Euro 16 thousand. More specifically, with Shareholders' Meeting motion of April 28, 2023, the Shareholders' Meeting allocated a portion of the net profit of Euro 16 thousand for scientific and/or charitable purposes to parties other than the shareholders. The Shareholders' Meeting also granted the Chief Executive Officer the broadest powers for the use of the reserve in question to identify the specific purposes and thus implement the shareholders' decision. In the subsequent months, the Chief Executive Officer of Garofalo Health Care S.p.A. allocated an amount of Euro 25 thousand as a contribution to the subsidiary Casa di Cura Villa Garda S.r.l. for Project "Dalle Grave", which involves studying the short-term and long-term effects of a residential treatment based on cognitive behavioural therapy in a cohort of adolescent patients with anorexia nervosa, which is to be done at Casa di Cura Villa Garda S.r.l.; (iii) decrease of Euro 17 thousand of the IAS 19 Actuarial effects reserve; (iv) increase of retained earnings for Euro 1,539 thousand as a result of the Shareholders' Meeting motion of April 28, 2023, which allocated a portion of the parent company's net profit to retained earnings; (v) net increase of the treasury shares in portfolio reserve of Euro 1,491 thousand, due principally to the purchase during the year of 359,954 shares.

Note 13 Employee Benefits

The account "*Employee benefits*" amounted to Euro 192 thousand, compared to a balance from the previous year of Euro 137 thousand.

This account includes post-employment benefits measured according to an actuarial assessment based on the projected unit credit method performed by independent actuaries in accordance with IAS 19 – Employee Benefits.

The main demographic assumptions use by the actuary for the half-year are as follows:

- the RG48 probability of death figures provided by the General Accounting Office, by gender;
- for the pension period, it was assumed that the first pensionable requisites for the General Compulsory Insurance were achieved.
- a primary annual rate of termination of employment due to causes other than death of 9.36%;
- an annual advance probability of 2%, with a maximum of two repetitions of requests;
- a percent advance requested of 100.00%;
- the rate curve based on the effective rate of return on bonds denominated in euro issued by major companies rated AA or higher was used for the technical discounting rate.

The main financial assumptions adopted by the actuary were as follows:

	At December 31	*At December 31*
	2023	2022
Annual inflation rate	4.00%	4.00%
Annual real remuneration rate by category:		
Executives	2.60%	2.60%
Managers	1.70%	1.70%
White-collar	1.40%	1.40%
Annual increase in employee benefit obligation	3.74%	3.72%

Movements during the year were as follows (in Euro thousands):

(Euro thousands)	
Balance at December 31, 2022	**137**
Financial charges/(income)	4
Utilisations	(7)
Net actuarial gains/(losses) recognised in the period	17
Transfer in/(out)	-
Cost for service	41
December 31, 2023	**192**

The account in question was up by Euro 55 thousand due to the recognition of the allocation for the period.

In accordance with IAS 19 – *Employee Benefits*, an analysis of the sensitivity to changes in the main actuarial assumptions used in the calculation model must be performed. The following table shows, in absolute and relative terms, changes in the liability measured according to IAS 19 (DBO) in the event of a positive or negative change of 10% in revaluation and/or discounting rates.

		At December 31, 2023		
		Annual discount rate		
		-10%	*100%*	*10%*
Annual inflation rate	*-10%*	190	180	170
	100%	203	192	182
	10%	217	205	194

Note 14 Non-current financial payables

The account *"Non-current financial payables"* came to Euro 119,497 thousand, compared to Euro 112,055 thousand at the end of the previous year.

The following table presents the figures for the company's outstanding financial payables at December 31, 2023 and December 31, 2022:

In Euro thousands	*At December 31*	*At December 31*	*Change*
	2023	2022	2023 vs 2022
Other non-current financial payables	2,015	2,147	(132)
Medium/long-term loans and borrowings	117,482	109,908	7,574
Total non-current financial payables	**119,497**	**112,055**	**7,442**

This account increased by a total of Euro 7,442 thousand on December 31, 2022, due mainly to the rise in medium/long-term loans and borrowings.

More specifically, the decrease in *"Other non-current financial payables"* of Euro 132 thousand is due to the following factors: (i) decrease of "IFRS 16 payables" of Euro 34 thousand, the combined effect of an increase related to a new vehicle lease agreement and a decrease for the reclassification to short-term of the lease payments due at December 31, 2024; (ii) decrease in payables to leasing companies for Euro 98 thousand following the reclassification of the non-current portion of the leasing contract signed in June 2022 on the apartment to expand the holding company's offices.

The increase in *"Medium/long-term loans and borrowings"* of Euro 7,442 thousand is mainly due to: (i) reclassification of the portion due within one year amounting to Euro 21,728 thousand of the refinancing line and for Euro 11,438 thousand the acquisition line of the loan obtained on November 16, 2021; (ii) drawdown of the acquisition line for Euro 7,518 thousand, net of the substitute tax, on December 9, 2023, and utilised to fund the acquisition of the subsidiary Sanatorio Triestino S.p.A.; (iii) drawdown of the acquisition line for Euro 33,272 thousand, net of the substitute tax, on November 16, 2023, to fund the acquisition of the subsidiary Aurelia Hospital S.r.l.

In relation to Bank payables on November 16, 2021 GHC S.p.A. signed a loan agreement for a total amount of Euro 221 million. The loan consists of a Refinancing Line of Euro 140 million and an Acquisition Line of Euro 81 million. The Refinancing Line has allowed GHC S.p.A to restructure and simplify its financing thanks to the issue of a single loan and the simultaneous provision of inter-company loans by GHC S.p.A. to the subsidiaries in order to settle all their outstanding loans. This line has a duration of 5 years and repayment in 2026 (with an amortising profile and a final instalment of 28%).

Specifically, the Acquisition Line provides GHC with the necessary funding to pursue the best M&A opportunities in the pipeline in a timely, flexible and efficient manner as part of the Buy & Build strategy which has been successfully pursued since IPO. The period of availability for the use of the Acquisition Line ended in November 2023.

The loan agreement was signed with UniCredit as Global Coordinator, Bookrunner, Mandated Lead Arranger and Facility Agent and Intesa San Paolo and Banco BPM as Mandated Lead Arrangers.

The loan agreement stipulates compliance with the following financial covenants to be calculated annually from 31.12.2021 on the basis of the pro-forma consolidated financial statements of the Garofalo Health Care Group, namely by including the contribution of the Target Company on the basis of 12 months at Group level, net of the effect deriving from the application of the IFRS 16 accounting standard:

Parameter	*Threshold value*					
	31.12.2021	*31.12.2022*	*31.12.2023*	*31.12.2024*	*31.12.2025*	*from 31.12.2026*
Leverage Ratio (Net financial debt /EBITDA)	≤4x	≤4x	≤4x	≤3.5x	≤3.25x	≤3x
Net Debt / NE	≤1.5x	≤1.5x	≤1.5x	≤1.5x	≤1.25x	≤1x

The covenants had been fulfilled at the date of these financial statements.

As illustrated in the table below, the total financial debt increased Euro 46,751 thousand, mainly due to the increase in the current financial debt of Euro 41,738 thousand (for further details, reference should be made to Note 16 of this document), partially offset by the increase in liquidity, of Euro 2,429 thousand, and the increase of the non-current financial debt of Euro 7,442 thousand(for further details, reference should be made to Note 10, Note 11 and Note 14 of this document).

In Euro thousands	2023	2022	Δ vs 2022
	Euro '000	Euro '000	Euro '000
A Cash	11	6	5
B Cash and cash equivalents	636	4,116	(3,480)
C Other current financial assets	24,153	18,249	5,904
D Liquidity	**24,800**	**22,371**	**2,429**
E Current financial debt	75,951	45,802	30,149
F Current portion of non-current financial debt	33,166	21,577	11,589
G Current financial debt	**109,117**	**67,379**	**41,738**
H Net current financial debt (G - D)	**84,317**	**45,007**	**39,309**
I Non-current financial debt	119,497	112,055	7,442
L Non-current financial debt (I + J + K)	**119,497**	**112,055**	**7,442**
M Total financial debt (H + L)	**203,814**	**157,063**	**46,751**

However, the financial debt outlined above, presented as per IAS 7 "Statement of cash flows", does not include "Other non-current financial assets" of Euro 118,393 thousand at December 31, 2023, mainly comprising the receivables arising from the loans issued by GHC to the subsidiaries to enable them to settle debts with the banks.

Note 15 Trade payables

Trade payables amount to Euro 1,443 thousand at December 31, 2023 and to Euro 706 thousand at December 31, 2022. A breakdown of the account is shown in the table below:

(Euro thousands)	*At December 31*		*Change*
	2023	2022	2023 vs 2022
Trade payables	802	408	394
Payables for invoices to be received	644	299	345
Credit notes to be received	(2)	-	(2)
Total trade payables	**1,443**	**706**	**737**

Trade payables at December 31, 2023 mainly comprise payables to suppliers for invoices received for Euro 802 thousand and invoices to be received of Euro 644 thousand, relating to legal, administrative and financial consultancy services connected with the typical activities of a holding company.

Note 16 Current financial payables

The account "*Current financial payables*" came to Euro 109,117 thousand, compared to Euro 67,379 thousand at the end of the previous year.

The following table presents the figures for the company's outstanding current financial payables at December 31, 2023:

(Euro thousands)	*At December 31*	*At December 31*	*Change*
	2023	2022	2023 vs 2022
Current bank payables (short-term portion of loans)	33,481	21,577	11,904
Cash pooling financial payables	75,376	45,584	29,792
Current financial payables to leasing companies	82	88	(7)
Financial payables for IFRS 16 Current	178	129	50
Accrued financial liabilities and deferred financial income	-	1	(1)
Total current financial payables	**109,117**	**67,379**	**41,738**

The account in question primarily includes the short-term portion of outstanding loans from credit institutions, financial payables to subsidiaries for intra-Group loans granted and centralised treasury management, in addition to the current portion of financial payables to leasing companies.

"*Bank payables*" increased by Euro 11,904 thousand on the previous year and is to be correlated to the combined effect of the increase due to the reclassification of the portion due within twelve months of the loan undertaken by GHC S.p.A on November 16, 2021 and the decrease from the instalments due during the year.

"*Cash pooling financial payables*" increased by Euro 29,792 thousand on the previous year, mainly due to the financial dynamics relating to centralised treasury management within the Group.

"IFRS 16 payables" increased by Euro 50 thousand on the previous year and is to be correlated to the combined effect of the increase due to the reclassification of the portion due within twelve months and the decrease from the instalments due during the year.

Note 17 Tax Payables

The account "*Tax payables*" amounted to Euro 2,694 thousand, compared to Euro 1,597 thousand in the previous year.

The table below provides the breakdown of the account for the year ended December 31, 2023 and a comparison with the previous year.

In Euro thousands	*At December 31*		*Change*
	2023	2022	2023 vs 2022
IRES tax payables	2,694	1,597	1,097
Total Tax payables	**2,694**	**1,597**	**1,097**

The account includes the IRES payable transferred by the companies within the scope of tax consolidation in 2023, which generates in the accounts of GHC an amount payable to the Italian Treasury and an amount receivable from the companies concerned, as described above in "*Note 9 Other receivables and current assets*".

The increase in the account of Euro 1,097 thousand is due to expansion of the companies involved in the GHC tax consolidation, which resulted in the taxable base being transferred.

Note 18 Other current liabilities

At December 31, 2023 "*Other current liabilities*" amounted to Euro 5,862 thousand, compared with Euro 4,039 thousand at December 31, 2022, with an increase of Euro 1,823 thousand. The table below summarizes the composition of the account:

(Euro thousands)	At December 31	At December 31	Change
	2023	2022	2023 vs 2022
Social security institutions	181	176	4
Tax payables	261	-	261
Withholding payables	82	117	(35)
Employee payables	536	396	139
Other payables	4,802	3,349	1,453
Total Other current liabilities	**5,862**	**4,039**	**1,823**

The increase in "*Tax payables*" of Euro 261 thousand is attributable to the VAT payable transferred by the companies within the VAT Group for December, net of the prepayment made in December 2023. Last year this account had a zero balance due to the fact that in December the VAT payable transferred by the clinics taking part in the Group VAT consolidation was lower than the advance calculated with the historic method and paid on December 2022; therefore, the positive differential was classified to Other tax receivables.

"*Employee payables*" at December 31, 2023, of Euro 396 thousand increased by Euro 139 thousand, mainly due to variable components of remuneration paid to employees based on the achievement of annual targets.

"*Other payables*" at December 31, 2023 of Euro 4,802 thousand increased Euro 1,453 thousand, mainly due to the increased payables to the subsidiaries taking part in GHC S.p.A.'s tax consolidation, against IRES advances paid in 2023, following the extension of the scope of the companies participating in the tax consolidation.

Note 19 Revenues from services

The account "*Revenues from services*" amounted to Euro 4,600 thousand, unchanged on the previous year.

The account is broken down below.

In Euro thousands	At December 31		Change
	2023	2022	2023 vs 2022
Revenues from services	4,600	4,600	-
Total revenues from services	**4,600**	**4,600**	-

The account includes the re-charge of costs by the parent company to the subsidiaries for administrative, financial, corporate and IT coordination services.

Other revenues

The account "*Other operating revenues*" was Euro 267 thousand, compared to Euro 41 thousand in the previous year.

In Euro thousands	*At December 31*	*At December 31*	*Change*
	2023	2022	2023 vs 2022
Other income	267	41	226
Total Other revenues	267	41	226

The account in question refers to the costs recharged by the parent company to the subsidiaries for the additional services rendered to them that could not be foreseen in the management service contract.

Note 20 Costs for raw materials, ancillary, consumables

The account "*Costs for raw materials, ancillary, consumables*" amounted to Euro 18 thousand in 2023, compared to the figure for the previous year of Euro 23 thousand.

The account is broken down below

(Euro thousands)	*At December 31*		*Change*
	2023	2022	2023 vs 2022
Other	18	23	(4)
Total raw materials, ancillary & consumables	18	23	(4)

This account includes the costs of stationery materials and other consumables.

Note 21 Service costs

Service costs in 2023 amounted to Euro 5,689 thousand, compared with Euro 4,928 thousand in 2022, marking an increase of Euro 761 thousand. The table below provides the breakdown of the account for 2023 and a comparison to the previous year:

In Euro thousands	*At December 31*		*Change*
	2023	2022	2023 vs 2022
Director fees	1,672	1,736	(64)
Statutory auditors fees	99	98	1
Rental charges	162	162	-
Technical consultants	2,268	1,593	675
Other costs	1,487	1,339	148
Total service costs	**5,689**	**4,928**	**761**

"*Director fees*" mainly include the fixed and variable remuneration of the CEO, which decreased Euro 64 thousand.

"*Technical consultants*" of Euro 2,268 thousand increased by Euro 675 thousand, mainly due to higher M&A costs in 2023, a year that saw the acquisitions of Sanatorio Triestino S.p.A. and Aurelia Hospital S.r.l., whereas only GVDR S.r.l. was acquired in 2022.

"*Other costs*" of Euro 1,487 thousand mainly comprise: (i) Contract workers for Euro 216 thousand; (ii) Legal consultancy for Euro 174 thousand; (iii) Auditing for Euro 150 thousand; (iv) Administrative and tax consultancy for Euro 77 thousand; (v) Banking services for Euro 97 thousand; and (vi) Travel expenses for Euro 89 thousand.

Note 22 Personnel costs

Personnel costs totalled Euro 2,940 thousand in 2023, increasing on Euro 2,687 thousand in 2022.

The table below shows the breakdown of personnel costs for 2023, with a comparison for the previous year.

In Euro thousands	*At December 31*		*Change*
	2023	2022	2023 vs 2022
Salaries and wages	1,248	1,157	90
Social security contributions	647	613	35
Post-employment benefits	94	90	4
Other personnel costs	951	827	124
Total personnel costs	**2,940**	**2,687**	**253**

The increases in the item *"Salaries and wages"* of Euro 90 thousand and in the item *"Social security contributions"* of Euro 35 thousand are mainly due to an adjustment of the fixed component as well as to the variable remuneration paid to employees based on the achievement of annual targets.

"Other personnel costs" amounted to Euro 951 thousand in 2023 and mainly includes the personnel costs related to the first, second and third cycles of the Performance Share plan (Euro 623 thousand) and those related to variable management remuneration (Euro 283 thousand). The increase from the previous year is mainly due to personnel costs pertaining to the first year of the third cycle of the Performance Share plan.

Note 23 Other operating costs

Other operating costs totalled Euro 858 thousand in 2023, compared to Euro 813 thousand in the previous year.

The table below shows the breakdown of these costs in 2023 and 2022.

In Euro thousands	*At December 31*		*Change*
	2023	2022	2023 vs 2022
Non-deductible VAT on a pro rata basis	688	676	12
Taxes and duties	95	61	34
Other operating charges	76	76	-
Total other operating costs	**858**	**813**	**46**

The increase in the account of Euro 46 thousand is due to the change in "*non-deductible VAT on a pro-rata basis*" for greater operating costs incurred in 2023 compared to the previous year, which led to an increase in the non-deductible VAT on a pro-rata basis, and of "*Income taxes*" for the payment both of the Tobin tax for the acquisition of the investment in Sanatorio Triestino S.p.A. and of the higher property taxes (IMU) paid for the new building obtained under a lease agreement in the second half of 2022.

Note 24 Amortisation, depreciation and write-downs

"*Amortisation, depreciation and write-downs*" in 2023 was Euro 597 thousand, compared to Euro 424 thousand in the previous year.

The table below shows the breakdown of such amortisation and depreciation for 2023 and 2022:

(Euro thousands)	*At December 31*		*Change*
	2023	2022	2023 vs 2022
Amortisation of intangible assets	102	28	74
Depreciation of property, plant and equipment and investment property	495	395	99
Total amortisation, depreciation and write-downs	**597**	**424**	**173**

The increase in the account of Euro 173 thousand is mainly due to investments in intangible assets made during the year for software and licences, and to the new building leased in 2022 and recognised among property, plant and equipment.

It should be noted that within the depreciation of tangible assets amounting to Euro 495 thousand, Euro 168 thousand concerns the depreciation of the rights-of-use assets and Euro 140 thousand the depreciation of leased buildings regulated by IFRS 16 and IAS 17.

Note 25 Financial income

"*Financial income*" of Euro 22,358 thousand in 2023 increased by Euro 13,905 thousand compared to the previous year (Euro 8,453 thousand).

The table below shows the breakdown of the account in question and the change on the previous year:

(Euro thousands)	*At December 31*		*Change*
	2023	2022	2023 vs 2022
Interest on bank deposits	72	-	72
Interest income from cash pooling	234	31	203
Interest income from subsidiary companies	3,285	2,423	863
Dividends	18,766	5,999	12,767
Total financial income	**22,358**	**8,453**	**13,905**

The account refers to the financial income consisting of interest income from subsidiaries, calculated on the financial receivables generated by centralised treasury management cash pooling and on the inter-company loans issued, and the income for dividends approved by the subsidiaries.

The item *"Interest income on bank deposits"*, amounting to Euro 72 thousand, relates to the renegotiation of interest rates that GHC achieved with its banks.

"Interest income from subsidiary companies" increased by Euro 863 thousand, mainly due to the interest income from the interest bearing loans for the full year 2023 granted in December 2022 to GHC Project 9 S.r.l., the newco established in order to acquire the company GVDR S.r.l. and therefore present in the income statement in the previous year only for one month.

"Dividends" concern the amounts approved in the year by Casa di Cura Villa Berica S.r.l. for Euro 8,500 thousand, by Poliambulatorio Dalla Rosa Prati S.r.l. for Euro 2,500 thousand, by C.M.S.R. Veneto Medica S.r.l. for Euro 1,500 thousand, by Sanimedica S.r.l for Euro 91 thousand, by Casa di Cura Villa Garda S.r.l. for Euro 922 thousand, by Centro Medico San Biagio S.r.l. for Euro 2,280 thousand, by Bimar S.r.l. for Euro 128 thousand, by Domus Nova S.p.A. for Euro 821, by Fides Medica S.r.l. for Euro 229 thousand, and by Casa di Cura Prof. Nobili S.r.l. for Euro 1,794. It should be noted that, of these amounts, Euro 7,718 thousand was collected at December 31, 2023, and Euro 10,997 thousand was collected in January 2024.

Note 26 Financial charges

Financial charges amounted to Euro 10,503 thousand compared with Euro 4,115 thousand in the previous year, marking an increase of Euro 6,388 thousand.

The table below presents the breakdown and movements in the account compared to 2022.

In Euro thousands	*At December 31*		*Change*
	2023	2022	2023 vs 2022
Interest expense from cash pooling	2,550	528	2,021
Interest on mortgage loans	7,627	3,130	4,497
Financial charges on Leasing	54	14	39
IFRS 16 interest charges	13	34	(20)
Other financial charges	255	391	(136)
Interest expense on the discounting of defined benefit plans	4	-	4
Interest expense to subsidiaries	-	19	(19)
Interest payable on arrears	1	-	1
Total financial charges	**10,503**	**4,115**	**6,388**

The account includes the financial charges concerning the interest calculated on the financial payables from the cash pooling, on the loans granted by credit institutions, in addition to leasing charges as per IFRS 16.

"Cash pooling interest expense" increased Euro 2,021 thousand with regards to the interest expense calculated on the financial payables generated by the cash pooling, whose average amount was higher in the year compared to 2022 (for further details, reference should be made to Note 16).

"Interest on mortgage loans", which includes the interest on the loan from Banca Unicredit obtained on November 16, 2021, which increased Euro 4,497 thousand mainly due to the rising interest rates in 2023, given that the average level of debt remained essentially in line with 2022, given that the reduction in the Refinancing Line, due to the repayment of principal, was offset by the three drawdowns on the Acquisition Line in December 2022 (Euro 16,525 thousand), May 2023 (Euro 7,518 thousand), and November 2023 (Euro 33,272 thousand) for the acquisitions of GVDR S.r.l., Sanatorio Triestino S.p.A., and Aurelia Hospital S.r.l., respectively. It should be noted that the Refinancing and Acquisition lines of financing are variable rate with a fixed spread + euribor 6 months.

"Other financial charges" decreased by Euro 136 thousand mainly as a result of lower fees for non-utilisation of the Acquisition Line, following the aforementioned three drawdowns; it should be noted that the deadline for utilising the Acquisition Line was set at the end of 2023 and was not extended.

Note 27 Income taxes

The table below shows the breakdown and changes in 2023 and 2022.

(Euro thousands)	December 31		*Change*
	2023	2022	2023 vs 2022
Current taxes	(2,984)	(1,490)	(1,494)
Deferred tax income	(18)	(151)	134
Deferred tax charges	133	(52)	184
Other	-	159	(159)
Total income taxes	**(2,869)**	**(1,534)**	**(1,335)**

Income taxes in 2023 presented a positive balance of Euro 2,869 thousand, due to the recognition of income from the tax consolidation as a result of the assessable base transferred by the subsidiaries involved in GHC S.p.A.'s tax consolidation.

The company's nominal and effective rates for the years ended December 31, 2023 and December 31, 2022 are reconciled below.

IRES reconciliation	*At December 31*	
(Euro thousands)	*2023*	*2022*
Profit before taxes	**6,618**	**103**
IRES rate applicable	**24%**	**24%**
Theoretical tax charge (Profit before taxes * IRES tax rate)	(1,588)	(24)
Dividends	(1,761)	(1,316)
IPO/ABB costs to Shareholders' Equity	-	-
ACE	(210)	(242)
Other Changes	690	49
Current and deferred IRES tax	**(2,869)**	**(1,534)**
Effective tax rate	**(43.35%)**	**(1,489.3%)**

Note 28 Net profit for the year

2023 net profit of Euro 9,488 thousand compared to Euro 1,638 thousand in the previous year.

Note 29 Fair value hierarchy

The following table presents the carrying amount of outstanding financial instruments (current and non-current financing) stated in the balance sheet, with a comparison to their fair values.

Financial Liabilities	*At December 31, 2023*		*At December 31, 2022*	
(Euro thousands)	*Book value*	Fair value	*Book value*	Fair value
Loans	150,649	151,136	136,423	139,771
Total	150,649	151,136	136,423	139,771

The financial liabilities set out above have been assigned to level 2 of the fair value hierarchy (for both 2023 and 2022).

Management has verified that the fair values of the other items approximate their carrying amounts due to the short-term maturities of these instruments.

Fair Value - Hierarchy

All financial instruments at fair value, or for which disclosure is provided, are classified into the three fair value categories described below, based on the lowest level of input significant to determining overall fair value:

- Level 1: Listed prices (not adjusted) in an active market for identical assets and liabilities.
- Level 2: valuation techniques (for which the lowest level of input significant to determining fair value is directly or indirectly observable);
- Level 3: valuation techniques (for which the lowest level of input significant to determining fair value is not observable).

At the end of each period, the Company determines whether financial instruments measured at fair value on a recurring basis have been transferred between levels of the hierarchy and reviews their classification (on the basis of the lowest level of input significant to determining overall fair value).

Valuation processes

For recurring and non-recurring measurement at fair value of instruments classified to level 3 of the fair value hierarchy, the Company uses valuation processes to establish valuation procedures and principles and analyse changes in the measurement of fair value from one period to the next.

The method for calculating fair value used by the Company and checking the models used includes a series of checks and other procedures aimed at ensuring that there are adequate safeguards to guarantee their quality and adequacy. Once prepared, fair value estimates are also revised and assessed by the Chief Financial Officer (CFO).

The CFO validates fair value estimates according to the following approaches:

- Comparing the prices with observable market prices or other independent sources;
- Verifying the model's calculations;
- Assessing and confirming the input parameters.

The CFO also assesses the calibration of the model at least on an annual basis or when there are significant events on the relevant markets. The CFO is responsible for verifying that the final fair value levels have been set in accordance with IFRSs and proposes adjustments when necessary.

The valuation techniques and specific considerations for level 3 input data are explained in further detail below.

Valuation techniques and hypotheses

The fair value of a financial asset or liability is the price that would be received to sell an asset or that would be paid to transfer a liability in a normal transaction on the principal (or most advantageous) market at the measurement date, under current market conditions (for example, exit price), regardless of whether the price is directly observable or estimated using another valuation technique.

The following methods and assumptions were used to estimate the fair value:

- The fair value of securities quoted in an active market is based on the quoted price at the balance sheet date. The fair value of securities not quoted in an active market, such as bank loans or other financial liabilities, finance lease commitments or other non-current financial liabilities, is estimated on the basis of future cash flows, discounted by applying the current rates available for debt with similar terms, such as credit risk and residual maturity. The fair value of shares is sensitive to both a possible change in expected cash flows and/or the discount rate and a possible change in growth rates.
- The fair value of the ordinary non-listed shares was estimated through the discounted cash flow model (DCF). The valuation requires management to make assumptions with regards to the model inputs, including the projected cash flows, the discount rate, the credit risk and the volatility. The probability of differing estimates within the interval may be reasonably verified and are utilised in management's estimates of the fair value of these non-listed investments;
- The company undertakes derivative financial instruments with a range of counterparties, principally financial institutions with allocated credit ratings. The derivatives valued using measurement techniques with market recordable data principally consist of interest rate swaps. The most utilised measurement techniques include the "swaps" models, which utilise the calculation of the present value. The models consider various inputs, including the credit quality of the counterparty and interest rate curves. All

derivative contracts are fully covered by cash, thus eliminating the risk of default by the Company.

29.1 Finance leases and final purchase commitments

The company on May 25, 2022 agreed a finance lease contract with Alba Leasing S.p.A. for the use of the building adjacent to the holding company's offices for a monthly fee and a duration of 144 months. On the conclusion of this period, GHC is required to return the building to the Grantor, or it may exercise the option to extend the lease or acquire the property.

29.2 Commitments and Guarantees

Commitments and guarantees at December 31, 2023 are described below.

- Letter of indemnity Euro 260 thousand, valid until revoked, issued for the benefit of Fides Medica S.r.l.;
- Letter of indemnity of Euro 1,820 thousand, valid until revoked, issued for the benefit of Fides Medica S.r.l.;
- Letter of indemnity Euro 845 thousand, valid until revoked, issued for the benefit of Ro.e.Mar. S.r.l.;
- Omnibus guarantee with limitation of risk, amount of Euro 325 thousand, issued for the benefit of Ro.e.Mar. S.r.l.;

No expected losses on guarantees have come to light.

This section contains a description of the financial risks to which GHC S.p.A is exposed, together with the policies and strategies employed by the company to manage the risks concerned during the year to December 31, 2023.

It should be noted that are no plans for changes in the risk management policies set out below.

GHC through its operating activities is exposed to financial risks, in particular:

• Credit risk arising from commercial transactions or financing activity;

• Liquidity risk, related to the availability of financial resources and access to the credit market

• Operational risk relating to the conduct of the business;

The management and monitoring system for the main risks involves the director and management of the company and company personnel.

The primary goal of risk management is to protect the company's stakeholders (shareholders, employees, customers and suppliers) and financial integrity, as well as to safeguard the environment.

The risk management policy applied by the Company regards the setting of guidelines on which to base the operational management.

The principal risks to which the company is exposed are as follows:

29.3.1 Credit risk

Credit risk is the risk that a counterparty does not fulfil its obligations relating to a financial instrument or a commercial contract, resulting therefore in a financial loss.

The credit risk of GHC S.p.A. is moderate as the credit positions recognised to GHC S.p.A.'s financial statements are with Group companies and derive both from revenues for the offsetting of costs incurred by the holding company for services provided to the subsidiaries and from loans provided to them. More particularly, the Group companies, operating in "strong" Regions, whose health spend is balanced from a financial viewpoint and is not exposed to payment delay risks, with consequent benefits for the company. The implementation of cash pooling within the Group also makes it possible to optimise the management of cash flows and thus of liquidity.

Information on GHC's trade receivable positions at December 31, 2023 and December 31, 2022 is provided below:

(Euro thousands)	*At December 31*		*Change*
	2023	2022	2023 vs 2022
Receivables from subsidiaries	1,115	1,071	44
Invoices to be issued to Subsidiaries	223	656	(433)
Other receivables	4	-	4
Total trade receivables	**1,342**	**1,727**	**(386)**

29.3.2 Liquidity risk

Liquidity risk is associated with the ability to meet commitments arising from financial liabilities. Prudent management of the liquidity risk from normal operations implies the holding of an adequate level of liquidity and an adequate funding from credit lines.

The company has introduced effective financial planning which offsets liquidity risk, also in view of the fact, as stated GHC S.p.A.'s receivables are from Group companies whose liquidity is related to on-time payment by the Regional Health System to which the individual clinics belong. The company therefore considers that this risk deriving from any delayed payment by the Regional Health System, with any related impacts on liquidity, is moderate. The Group's facilities are primarily located in regions with a balanced healthcare spending budget. This reduces, but does not eliminate, the risk that the Regional Health Systems within whose territory the facilities concerned operate may delay the payment of services rendered to patients.

In addition, in December 2019 a centralised liquidity system was adopted by implementing cash pooling. This system optimises cash flow management within the Group by daily sweeping of the current account balances of Group companies (secondary accounts) held with Intesa San Paolo SpA and automatically transferring the related debits/credits with the same value date to the treasury account held by GHC (the primary account) to create a consolidated daily financial position for the Group.

GHC S.p.A. in addition, to offset any unexpected liabilities, may utilise the shareholders' equity reserves of the subsidiaries, which may be distributed in view of the financial equilibrium of the subsidiaries.

Trade payables and financial payables at December 31, 2023 and 2022 are detailed below:

(Euro thousands)	*At December 31, 2023*		
	Financial Payables	Trade payables	Total
Maturity:			
Within one year	109,117	1,443	110,560
Beyond one year	119,497	-	119,497
Total	**228,614**	**1,443**	**230,057**

(Euro thousands)	*At December 31, 2022*		
	Financial Payables	Trade payables	Total
Maturity:			
Within one year	67,379	706	68,084
Beyond one year	112,055	-	112,055
Total	**179,434**	**706**	**180,140**

The management of financial risks is undertaken according to the guidelines drawn up by the directors. The aim is to ensure that the structure of liabilities is always balanced with the composition of assets, in order to ensure a high margin of solvency.

The Company also seeks to maintain an optimal capital structure so as to reduce its borrowing costs. The Company monitors its capital situation on the basis of the ratio of net financial position (NFP) to net capital employed (NCE). Net debt is calculated as total borrowings, including current- and non-current loans and the net exposure to banks. Net capital employed is calculated as the sum of investments and net working capital (excluding net equity and debt included in NFP).

Note 30 Related party transactions

Transactions and balances with related parties at December 31, 2023 are illustrated in the tables below.

The companies listed are considered related parties as they are directly or indirectly related to the majority shareholders of the Garofalo Health Care Group.

December 31, 2023	Receivables		Payables		Costs		Revenues	
(Euro thousands)	Fin/Tax	Trade/ Other	Fin/Tax	Trade/Other	Fin.	Com.	Fin.	Com.
Maria Laura Garofalo	-	-	-	-	-	81	-	-
Aurelia Hospital S.r.l.	-	-	-	(1)	-	-	-	-
Casa di Cura Città di Roma S.p.A.		1	-	-	-	-	-	-
Ledcon S.r.l.	-	-	-	(270)	-	532	-	-
A.M. Rinaldi	-	-	-	-	-	81	-	-
XRay One S.r.l.	10,346	29	(1,199)	-	64	-	(177)	(106)
Centro Medico S. Biagio S.r.l.	11,227	72	(9,683)	(2)	381	-	(2,506)	(299)
Bimar S.r.l.	-	6	(608)	(2)	23	-	(128)	(24)
Centro Medico Università Castrense S.r.l.	1,338	29	(2,001)	-	76	-	(27)	(68)
Aesculapio S.r.l.	957	12	-	(7)	-	-	(32)	(52)
Ospedali Privati Riuniti S.r.l.	9,472	922	(7,181)	(659)	259	-	(185)	(480)
Poliambulatorio Dalla Rosa Prati S.r.l.	1,958	2,886	(3,729)	(570)	92	-	(2,539)	(268)
Casa di cura Prof. Nobili S.r.l.	-	1,572	(9,698)	(226)	378	-	(1,794)	(140)
Fides Servizi S.c.a.r.l.	164	-	(104)	(3)	3	-	(3)	(2)
Prora S.r.l.	-	5	(1,319)	-	51	-	-	(19)
Ro.e.Mar. S.r.l.	561	25	(477)	-	-	-	(25)	(56)
Genia Immobiliare S.r.l.	-	1	(488)	-	18	-	-	(1)
Centro di Riabilitazione S.r.l.	-	13	(1,776)	(2)	56	-	-	(55)
Fides Medica S.r.l.	8,853	16	(94)	(7)	64	-	(414)	(66)
Hesperia Hospital Modena S.r.l.	-	640	(9,639)	(397)	313	-	-	(745)
Rugani Hospital S.r.l.	504	691	(3,241)	(388)	87	-	(10)	(223)
Villa Von Siebenthal S.r.l.	2,891	142	(717)	(145)	3	-	(67)	(79)
L'eremo di Miazzina S.r.l.	9,664	76	-	(49)	-	-	(264)	(222)
Sanimedica S.r.l.	-	43	(469)	(12)	22	-	(91)	(37)
C.M.S.R. Veneto Medica S.r.l.	2,400	1,500	(3,952)	(170)	113	-	(1,548)	(167)
Casa di Cura Villa Garda S.r.l.	1,889	298	-	(268)	-	15	(964)	(147)
Casa di Cura Villa Berica S.r.l.	561	8,201	(10,408)	(1,210)	274	-	(8,511)	(403)
Casa di cura San Francesco S.r.l.	50,363	953	(3,149)	(106)	183	-	(819)	(512)
Domus Nova S.p.A.	4,500	169	(2,401)	-	71	-	(912)	(468)
Garofalo Health Care Real Estate S.p.A.	-	6	(732)	(1)	12	-	-	-

GVDR - Gruppo Veneto Diagnostica e Riabilitazione S.r.l.	24,886	189	(1,321)	-	5	-	(1,270)	(189)
Sanatorio Triestino S.p.A.	-	34	(993)	-	2	-	-	(34)
Total	**142,534**	**18,531**	**(75,379)**	**(4,495)**	**2,550**	**709**	**(22,286)**	**(4,862)**

In accordance with Consob Resolution no. 17221 of March 12, 2010, as amended, it should be noted that, in 2023, the Group executed one significant related party transaction, for which the disclosure document, drawn up as per Article 5 and in accordance with the template as per Annex 4 of the Consob RPT Regulation, was made available to the public on August 3, 2023, at the registered office and on the Company website (www.garofalohealthcare.com), and in the authorised storage mechanism "eMarketstorage", at www.emarketstorage.com.

It should be noted that as of November 2018 GHC S.p.A. has adopted an internal procedure for the precise identification of the Company's related parties. This is designed to identify the principles to which the Company adheres in order to ensure the transparency and substantial and procedural correctness of related party transactions carried out, directly or through subsidiaries.

Note 31 Subsequent events after December 31, 2023

There were no subsequent events after December 31, 2023.

Note 32 Remuneration of the Board of Directors and Board of Statutory Auditors

The remuneration paid to members of the Board of Directors of Garofalo Health Care S.p.A., in all capacities and forms, during the years ended December 31, 2023 and December 31, 2022 amounted to Euro 1,672 thousand and Euro 1,736 thousand, respectively.

The remuneration accrued to the Board of Statutory Auditors of Garofalo Health Care S.p.A for the years ended December 31, 2023 and December 31, 2022 amounted to Euro 99 thousand and Euro 98 thousand, respectively.

in Euro thousands	At December 31, 2023
Statutory Auditors	99
Directors	1,672

in Euro thousands	At December 31, 2022
Statutory Auditors	98
Directors	1,736

Note 33 Independent auditors' fees

The table below breaks down independent auditors' fees by type of service rendered:

Type of service	Service provider	Company	Fees
Audit	EY S.p.A.	GHC SPA	103
Other professional services	EY S.p.A.	GHC SPA	7
Total			110

Note 34 Number of employees

The following table provides a concise comparison of the number of employees in 2023 by category with the previous year.

Employees by category	Number of employees at 31/12/2023	Number of employees at 31/12/2022	Change 2023 vs 2022
Executives	6	6	-
White collars/Managers	15	14	1
Total	**21**	**20**	**1**

Note 35 Positions or transactions arising from exceptional and/or unusual transactions

In accordance with Consob Communication No. DEM/6064293 of July 28, 2006, the company did not undertake any atypical or unusual transactions as set out in the Communication.

Note 36 Information on share-based remuneration plans

2021-2023 Performance Share Plan

On April 30, 2021, and on the proposal of the Board of Directors, the Shareholders' Meeting approved a new long-term incentive plan, the "2021-2023 Performance Share Plan" (the "Performance Share Plan"), reserved for the Chief Executive Officer and the General Manager of the Company, in addition to key personnel of the Company and/or of the Group, as identified at the sole discretion of the Board of Directors, in consideration of the Remuneration Policy and having heard - for members of the BoD - the opinion of the Appointments and Remuneration Committee.

The Performance Share Plan is divided into three three-year cycles: 2021-2023, 2022-2024 and 2023-2025.

The purposes of the Performance Share Plan are:

- to promote the creation of sustainable value for the Company, shareholders and stakeholders, also in accordance with the indications of the Corporate Governance Code;
- guide management towards decisions that pursue the creation of value for the Group over the medium to long term;
- reinforce the policy of loyalty and engagement of staff members considered important to the Group;
- attract, motivate and retain personnel with the appropriate individual and professional skills to pursue and achieve the core business development objectives of the Company and the Group.

The free assignment and subsequent delivery of the shares are conditional on the achievement of predetermined performance objectives for each of the three cycles into which the Performance Share Plan is divided.

The shares related to the first three-year cycle 2021-2023 are to be delivered by 2024.

The following is a summary of the number of rights assigned, of the rights attributable and the relative fair value established by a specially-appointed independent expert.

	number of assigned rights	number of rights granted	Fair value rights granted at the assignment date
recalculation rights 12/12/2021*	157,159	107,978	613,314
assignment of rights 28/07/2022	277,352	254,470	605,982
assignment of rights 12/09/2023	292,156	266,593	768,814

** following verification of the actual achievement of the three-year targets set out in the Plan*

Note 37 Allocation of result for the year

Dear shareholders, We propose the approval of the financial statements at December 31, 2023 and, in accordance with Article 2427, paragraph 1, No. 22 septies of the Civil Code, the allocation of the net profit of Euro 9,488 thousand as follows: Euro 474 thousand to the legal reserve, Euro 95 thousand to the provision as per Article 40 of the By-Laws and the remaining Euro 8,919 thousand to the Retained Earnings.

Mr. Alessandro Maria Rinaldi
Legal Representative

AUDITORS' REPORT ON THE SEPARATE FINANCIAL STATEMENTS AT DECEMBER 31, 2023

Building a better working world

Garofalo Health Care S.p.A.

Financial statements as at December 31, 2023

Independent auditor’s report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010, and article 10 of EU Regulation n. 537/2014

Building a better working world

EY S.p.A.
Via Lombardia, 31
00187 Roma

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Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010 and article 10 of EU Regulation n. 537/2014
(Translation from the original Italian text)

To the Shareholders of
Garofalo Health Care S.p.A.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Garofalo Health Care S.p.A. (the Company), which comprise the statement of financial position as at December 31, 2023, and the income statement, the comprehensive income statement, statement of changes in shareholders' equity and cash flows statement for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at December 31, 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We identified the following key audit matters:

EY S.p.A.
Sede Legale: Via Meravigli, 12 – 20123 Milano
Sede Secondaria: Via Lombardia, 31 – 00187 Roma
Capitale Sociale Euro 2.600.000,00 i.v.
Iscritta alla S.O. del Registro delle Imprese presso la CCIAA di Milano Monza Brianza Lodi
Codice fiscale e numero di iscrizione 00434000584 - numero R.E.A. di Milano 606158 - P.IVA 00891231003
Iscritta al Registro Revisori Legali al n. 70945 Pubblicato sulla G.U. Suppl. 13 - IV Serie Speciale del 17/2/1998

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Key Audit Matter	Audit Response
Recoverability of Equity investments The Equity investments balance as of December 31, 2023, amounted to € 260,707 thousand. Management assesses at least annually the presence of indicators of impairment of each equity investment, such as the presence of a book value of the equity investment exceeding the value of the relevant Shareholders' Equity, consistent with its strategy of managing legal entities within the group, and subjects these assets to impairment tests if they arise. The recoverability of equity investments was confirmed by the relevant impairment tests. The processes and methodologies for assessing and determining the recoverable amount of the aforementioned CGUs, are based on complex assumptions which by their nature imply the use of management's judgment, in particular concerning the forecasted future profitability over the period covered by the single entities Business Plan 2024-2027, approved by their respective Boards of Directors, the determination of normalized cash flows underlying the estimate of the terminal value and the determination of discount rates applied to the forecasted future cash flows. Considering the judgment required and the complexity of the assumptions used in the estimate of the recoverable amount of goodwill and the indefinite useful life assets related to accreditation, we have deemed such area to be a key audit matter. The financial statement information relating to the Equity investments carried out is disclosed in note 4 "Equity investments", which in particular discusses the process of determining the recoverable value of each entity, the valuation assumptions used and the sensitivity analysis of the recoverable amount to changes in the main valuation assumptions.	Our audit procedure included, among others, the following: • assessment of the impairment test process and key controls related to Equity investments balances, taking into consideration the impairment test procedure as approved by the Board of Directors; • assessment of the consistency of the forecasted future cash flows of each entity with the company business plan; • assessment of the reasonableness of future cash flow forecasts, also compared to the historical accuracy of previous years'; • the verification of valuation assumptions used in the calculation of impairment tests prepared by management, including the determination of discount rates; In performing our procedures, we leveraged the use of EY valuation specialists who performed an independent calculation and sensitivity analysis on key assumptions, to determine any changes that could materially impact the valuation of the recoverable amount. Lastly, we reviewed the disclosures included in the notes to the financial statements in particular concerning possible changes in the main assumptions that could lead to impairment of Equity investments.

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The Directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Company's ability to continue as a going concern and, when preparing the financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the financial statements on a going concern basis unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to consider this matter in forming our opinion. Our

conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- we have evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We have communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We have provided those charged with governance with a statement that we have complied with the ethical and independence requirements applicable in Italy, and we have communicated them all matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken to eliminate relevant risks or the safeguard measures applied.

From the matters communicated with those charged with governance, we have determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We have described these matters in our auditor's report.

Additional information pursuant to article 10 of EU Regulation n. 537/14

The shareholders of Garofalo Health Care S.p.A., in the general meeting held on August 8, 2018, engaged us to perform the audits of the financial statements for each of the years ending December 31, 2018 to December 31, 2026.

We declare that we have not provided prohibited non-audit services, referred to article 5, par. 1, of EU Regulation n. 537/2014, and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements included in this report is consistent with the content of the additional report to the audit committee (Collegio Sindacale) in their capacity as audit committee, prepared pursuant to article 11 of the EU Regulation n. 537/2014.

Report on compliance with other legal and regulatory requirements

Opinion on the compliance with Delegated Regulation (EU) 2019/815

The Directors of Garofalo Health Care S.p.A. are responsible for applying the provisions of the European Commission Delegated Regulations (EU) 2019/815 for the regulatory technical standards on the specification of a single electronic reporting format (ESEF – European Single Electronic Format) (the "Delegated Regulation") to the financial statements, to be included in the annual financial report.

We have performed the procedures under the auditing standard SA Italia n. 700B, in order to express an opinion on the compliance of the financial statements as at December 31, 2023 with the provisions of the Delegated Regulation.

In our opinion, the financial statements as at December 31, 2023 have been prepared in the XHTML format in compliance with the provisions of the Delegated Regulation.

Opinion pursuant to article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39 dated 27 January 2010 and of article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998

The Directors of Garofalo Health Care S.p.A. are responsible for the preparation of the Report on Operations and of the Report on Corporate Governance and Ownership Structure of Garofalo Health Care S.p.A. as at December 31, 2023, including their consistency with the related financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to express an opinion on the consistency of the Report on Operations and of specific information included in the Report on Corporate Governance and Ownership Structure as provided for by article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998, with the financial statements of Garofalo Health Care S.p.A. as at December 31, 2023 and on their compliance with the applicable laws and regulations, and in order to assess whether they contain material misstatements.

In our opinion, the Report on Operations and the above mentioned specific information included in the Report on Corporate Governance and Ownership Structure are consistent with the financial statements of Garofalo Health Care S.p.A. as at December 31, 2023 and comply with the applicable laws and regulations.

With reference to the statement required by art. 14, paragraph 2, subparagraph e), of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Statement pursuant to article 4 of Consob Regulation implementing Legislative Decree n. 254, dated 30 December 2016

The Directors of Garofalo Health Care S.p.A. are responsible for the preparation of the non-financial information pursuant to Legislative Decree n. 254, dated 30 December 2016. We have verified that non-financial information have been approved by Directors.

Pursuant to article 3, paragraph 10, of Legislative Decree n. 254, dated 30 December 2016, such non-financial information are subject to a separate compliance report signed by another auditor.

Rome, March 28 2024

EY S.p.A.
Signed by: Andrea Eronidi, Auditor

This independent auditor’s report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

GHC GAROFALO HEALTH CARE

Attestazione sul Bilancio di esercizio ai sensi dell'art.154 Bis, comma 5 del D.LGS. 58/1998
e successive modifiche ed integrazioni

1. I sottoscritti Maria Laura Garofalo, in qualità di Amministratore Delegato, e Luigi Celentano, in qualità di Dirigente Preposto alla redazione dei documenti contabili societari di Garofalo Health Care S.p.A., attestano, tenuto anche conto di quanto previsto dall'art.154 bis, commi 3 e 4, del decreto legislativo 24 febbraio 1998, n.58:
   - l'adeguatezza in relazione alle caratteristiche dell'impresa e
   - l'effettiva applicazione delle procedure amministrative e contabili per la formazione del bilancio di esercizio al 31 dicembre 2023.

2. Al riguardo si segnala:
   - l'adeguatezza delle procedure amministrative e contabili per la formazione del Bilancio di esercizio di Garofalo Health Care S.p.A. è stata verificata mediante la valutazione del sistema di controllo interno sull'informativa finanziaria. Tale valutazione è stata effettuata prendendo a riferimento i criteri stabiliti nel modello Internal Controls – Integrated Framework emesso dal Committee of Sponsoring Organizations of the Treasway Commission ("COSO");
   - dalla valutazione del sistema di controllo interno sull'informativa finanziaria non sono emersi aspetti di rilievo.

3. Si attesta, inoltre, che:

   3.1. il Bilancio di esercizio di Garofalo Health Care S.p.A. al 31 dicembre 2023:
   - è redatto in conformità ai principi contabili internazionali riconosciuti nell'Unione Europea ai sensi del Regolamento (CE) n.1606/2002 del Parlamento Europeo e del Consiglio del 19 luglio 2002;
   - corrisponde alle risultanze dei libri e delle scritture contabili;
   - è redatto in conformità all'art.154 ter del citato D.Lgs. 58/1998 e successive modifiche ed integrazioni ed è idoneo a fornire una rappresentazione veritiera e corretta della situazione patrimoniale, economica e finanziaria dell'emittente;

   3.2. la relazione sulla gestione comprende un'analisi attendibile dell'andamento e del risultato della gestione, nonché della situazione dell'emittente, unitamente alla descrizione dei principali rischi ed incertezze cui sono esposti.

La presente attestazione è resa anche ai sensi e per gli effetti di cui all'art. 154 bis, comma 2, del decreto legislativo 24 febbraio 1998 n.58.

Roma 14 marzo 2024

Amministratore Delegato

(Cav. Lav. Avv. Maria Laura Garofalo)

Dirigente Preposto alla redazione dei documenti contabili societari

(Dott. Luigi Celentano)

GHC GAROFALO HEALTH CARE

CONSOLIDATED FINANCIAL STATEMENTS

at December 31, 2023

CONTENTS

Parent Company Registered Office

Garofalo Health Care S.p.A.

Piazzale Belle Arti, 6 – Rome 00196

Parent Company Legal Details

Subscribed and paid-in share capital 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

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
LUCA MATRIGIANI (*)	Independent Director GIANCARLA
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

(*) Co-opted by the Board of Directors on February 13, 2024

CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 2023

Consolidated Balance Sheet at December 31, 2023

		For the year ended December 31			
in Euro thousands		2023	of which related parties	2022	of which related parties
Goodwill	Note 3	156,007		91,392	
Other intangible assets	Note 4	219,258		196,038	
Property, plant and equipment	Note 5	252,989		221,826	
Investment property	Note 6	846		885	
Equity investments	Note 7	1,386		826	
Other non-current financial assets	Note 8	3,368		517	
Other non-current assets	Note 9	2,238		2,330	
Deferred tax assets	Note 10	14,850		10,615	
TOTAL NON-CURRENT ASSETS		650,942		524,430	
Inventories	Note 11	5,583		4,244	
Trade receivables	Note 12	100,994	1,895	76,479	1
Tax receivables	Note 13	7,939		5,933	
Other receivables and current assets	Note 14	7,652		3,137	
Other current financial assets	Note 15	409	2,797	215	
Cash and cash equivalents	Note 16	22,684		31,382	
TOTAL CURRENT ASSETS		145,260		121,390	
TOTAL ASSETS		796,202		645,820	

		For the year ended December 31			
in Euro thousands		2023	of which related parties	2022	of which related parties
Share capital	Note 17	31,570		31,570	
Legal reserve	Note 17	614		532	
Other reserves	Note 17	245,903		225,542	
Group result for the year	Note 38	20,799		21,426	
TOTAL GROUP SHAREHOLDERS' EQUITY		298,886		279,070	
Minority interest capital and reserves	Note 17	1,929		76	
Minority interest result	Note 38	74		7	
TOTAL SHAREHOLDERS’ EQUITY		300,889		279,153	
Employee benefits	Note 18	19,505		13,551	
Provisions for risks and charges	Note 19	28,251		19,152	
Non-current financial payables	Note 20	164,200		132,165	
Other non-current liabilities	Note 21	4,182		3,208	
Deferred tax liabilities	Note 10	74,770		67,356	
TOTAL NON-CURRENT LIABILITIES		290,908		235,431	
Trade payables	Note 22	87,853	4,604	51,100	38
Current financial payables	Note 23	64,637		44,443	
Tax payables	Note 24	4,475		3,211	
Other current liabilities	Note 25	47,442		32,482	
TOTAL CURRENT LIABILITIES		204,406		131,236	
TOTAL LIABILITIES		495,313		366,667	
TOTAL SHAREHOLDERS’ EQUITY AND LIABILITIES		796,202		645,820	

2023 Consolidated Income Statement

in Euro thousands		For the year ended December 31 2023	of which related parties	2022	of which related parties
Revenues from services	Note 26	360,977		314,764	
Other revenues	Note 27	7,726	434	7,810	2
TOTAL REVENUES		368,703		322,575	
Raw materials and consumables	Note 28	49,797		44,898	
Service costs	Note 29	153,674	1,300	134,032	781
Personnel costs	Note 30	83,572		73,287	
Other operating costs	Note 31	16,757		14,833	
TOTAL OPERATING COSTS		303,800		267,050	
TOTAL EBITDA		64,903		55,524	
Amortisation, depreciation and write-downs	Note 32	23,115		18,963	
Impairments and other provisions	Note 33	2,557		4,896	
TOTAL AMORTISATION, DEPRECIATION, WRITE-DOWNS, PROVISIONS AND OTHER ADJUSTMENTS		25,672		23,859	
EBIT		39,231		31,665	
Financial income	Note 34	313		127	
Financial charges	Note 35	(10,786)		(4,551)	(19)
Results of investments at equity	Note 36	173		129	
FINANCIAL INCOME AND CHARGES		(10,300)		(4,294)	
PROFIT BEFORE TAXES		28,931		27,371	
Income taxes	Note 37	8,058		5,938	
NET PROFIT FOR THE YEAR	Note 38	20,873		21,433	
Attributable to:					
Group		20,799		21,426	
Minority interests		74		7	
Basic and diluted earnings per share (in Euro)	Note 39	0.18		0.24	

Consolidated Comprehensive Income Statement at December 31, 2023

(Euro thousands)	At December 31, 2023	At December 31, 2022
PROFIT FOR THE YEAR	20,873	21,433
Other components of the comprehensive income that will not subsequently be reclassified in profit/(loss) for the year		
Actuarial gains/(losses) on defined employee benefit plans	(392)	(718)
Tax effect	94	172
Total other components of comprehensive income that will not subsequently be reclassified to profit/(loss) for the period net of income taxes	(298)	(546)
Total other comprehensive items that may be subsequently reclassified to profit/(loss) for the period net of income taxes	-	-
Profit recognised to equity	(298)	(546)
Total comprehensive income for the year	20,575	20,887
Attributable to:		
Group	20,501	20,880
Minority interests	74	7

Statement of changes in consolidated shareholders' equity at December 31, 2023

in Euro thousands	Share capital	Legal reserve	Other reserves	Group net profit	Group shareholders' equity	Minority interest capital & reserves	Minority interest net profit	Total shareholders' equity
December 31, 2021	31,570	471	209,578	18,834	260,453	253	9	260,715
Allocation of result	-	61	18,773	(18,834)	-	9	(9)	-
Acquisition of treasury shares	-	-	(2,979)	-	(2,979)	-	-	(2,979)
Change in consolidation scope	-	-	53	-	53	(186)	-	(133)
Share-based payments reserve	-	-	634	-	634	-	-	634
Comprehensive profit/(loss)	-	-	(546)	21,426	20,880	-	7	20,887
Other movements	-	-	29	-	29	-	-	29
December 31, 2022	31,570	532	225,542	21,426	279,070	76	7	279,153
December 31, 2022	31,570	532	225,542	21,426	279,070	76	7	279,153
Allocation of result	-	82	21,344	(21,426)	-	7	(7)	-
Acquisition of treasury shares	-	-	(1,491)	-	(1,491)	-	-	(1,491)
Change in consolidation scope		-	(16)	-	(16)	1,846	-	1,830
Share-based payments reserve	-	-	769	-	769	-	-	769
Comprehensive profit/(loss)	-	-	(298)	20,799	20,501	-	74	20,575
Other movements	-	-	53	-	53	-	-	53
December 31, 2023	31,570	614	245,903	20,799	298,886	1,929	74	300,889

Consolidated Cash Flow Statement at December 31, 2023

In Euro thousands	December	
	2023	2022
OPERATING ACTIVITIES		
Profit for the year	20,873	21,433
Adjustments for:		
- Amortisation and depreciation	21,443	18,364
- Provisions for employee benefit liabilities	847	783
- Provisions net of releases for risks and charges	2,557	4,896
- Provisions net of releases for doubtful debt provision	1,673	599
- Interest from discounting	1,770	1,512
- Other non-cash adjustments	1,164	606
- Change in investments in associates valued under the equity method	(173)	(129)
- Change in other non-current assets and liabilities	(1,728)	1,874
- Net change in deferred tax assets and liabilities	3,275	(1,137)
- Payments for employee benefits	(1,906)	(1,232)
- Payments for provisions for risks and charges	(5,205)	(2,293)
Changes in operating assets and liabilities:		
(Increase) decrease in trade and other receivables	4,963	(1,914)
(Increase) decrease in inventories	170	191
Increase (decrease) in trade and other payables	(2,545)	3,878
Other current assets and liabilities	2,832	(3,561)
NET CASH FLOW FROM OPERATING ACTIVITIES (A)	50,008	43,870
CASH FLOW FROM INVESTING ACTIVITIES		
Investments in intangible assets	(1,712)	(1,134)
Investments in tangible assets	(15,438)	(13,835)
(Investments)/disposals in financial assets	(1,145)	(169)
Sale of tangible assets	271	316
Dividends from associates	80	203
Acquisition Sanatorio Triestino	(10,754)	
Acquisition Aurelia Hospital Group	(39,207)	
Acquisition GVDR		(20,877)
CASH FLOW ABSORBED BY INVESTING ACTIVITIES (B)	(67,905)	(35,496)
CASH FLOW FROM FINANCING ACTIVITIES		
Issue of medium/long term loans	40,675	16,590
Repayment of medium/long-term loans	(23,704)	(22,263)
Issue/(repayment) of short-term loans	431	(2,824)
Changes in other financial payables	(6,687)	(6,745)
Share capital increase and shareholder payments		
Use of Reserve as per Article 40	(25)	(10)
(Acquisition) treasury shares	(1,491)	(2,979)
NET CASH FLOW GENERATED/(ABSORBED) FROM FINANCING ACTIVITIES (C)	9,200	(18,231)
TOTAL CASH FLOWS (D=A+B+C)	(8,698)	(9,857)
CASH & CASH EQUIVALENTS AT BEGINNING OF YEAR (E)	31,382	41,239
CASH & CASH EQUIVALENTS AT END OF YEAR (F=D+E)	22,684	31,382
Additional information:		
Interest paid	7,889	2,307
Income taxes paid	7,244	6,918

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 2023

Note 1 Accounting standards and preparation basis for the Consolidated Financial Statements at December 31, 2023

1.1 Company information

The publication of the Group's consolidated financial statements for the year ended December 31, 2023 was approved by the Board of Directors on March 14, 2024.

GHC S.p.A. is a listed limited liability company domiciled in Italy with its registered office at Piazzale delle Belle Arti 6, Rome.

1.2 General Principles

The consolidated financial statements of the GHC Group for the year ended December 31, 2023 (the "Consolidated Financial Statements") have been prepared in compliance with IFRS international accounting standards issued by the International Accounting Standards Boards (IASB), supplemented by the related interpretations of the International Financial Reporting Standards Interpretations Committee (IFRS IC), previously called the Standing Interpretations Committee (SIC), as well as the provisions issued in implementation of Article 9 of Legislative Decree no. 38/2005. The IFRSs applied are those in effect at the reporting date of the Consolidated Financial Statements.

The adoption of the IFRS took place starting from 2015, the first consolidated financial statements prepared by the Company.

The Consolidated Financial Statements are presented in thousands of Euro and all the amounts are rounded to the nearest thousand, unless otherwise specified.

The Consolidated Financial Statements have been prepared on an historical cost basis, except for financial receivables (financial assets) and financial liabilities, which are recognised at fair value.

The Consolidated Financial Statements, in the absence of uncertainties or doubts about the ability to continue business in a foreseeable future, have been prepared on the basis of business continuity. Based on the aforementioned principle, the Company was considered able to continue its business and therefore the assets and liabilities were accounted for on the assumption that the company will be able to carry out its activities and meet its liabilities during the normal course of business activity.

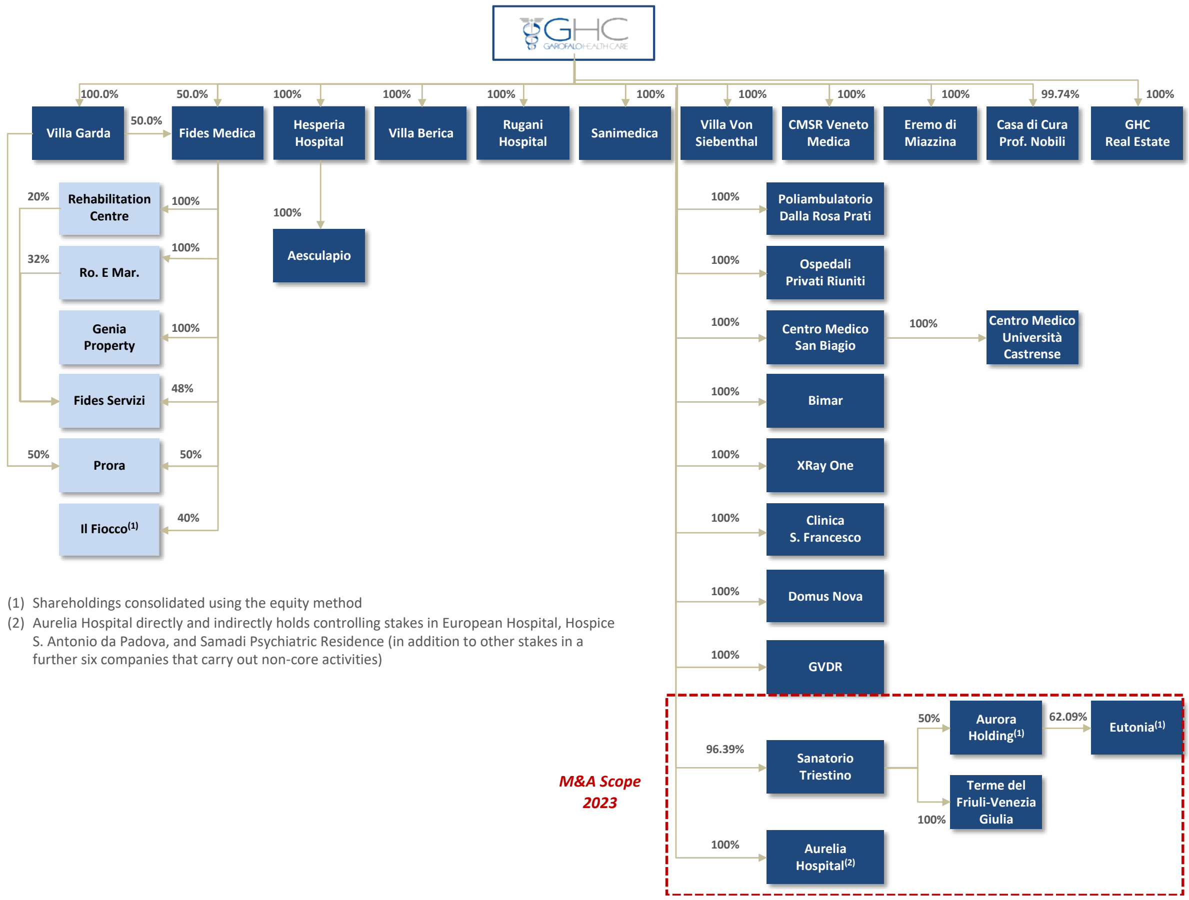
1.3 Financial Statements

The Consolidated Financial Statements of the GHC Group consist of the Balance Sheet, Income Statement, Statement of Comprehensive Income, Statement of Changes in Shareholders' Equity, Cash Flow Statement and the Notes.

The Balance Sheet has been classified on the basis of the operating cycle, with the distinction between current/non-current items. Based on this distinction, assets and liabilities are considered current if they are to be realized or settled in the normal operating cycle. The revenue and cost items recorded during the year are presented in two tables: an income statement, which reflects the analysis of the aggregate costs by nature, and a comprehensive income statement. Lastly, the cash flow statement was prepared using the indirect method for determining the cash flows deriving from operating activities. With this method, the profit of the year is adjusted for the effects of the transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows.

1.4 Group Structure

The composition of the Group at December 31, 2023 is provided below.



(1) Shareholdings consolidated using the equity method
(2) Aurelia Hospital directly and indirectly holds controlling stakes in European Hospital, Hospice S. Antonio da Padova, and Samadi Psychiatric Residence (in addition to other stakes in a further six companies that carry out non-core activities)

1.5 Consolidation principles and consolidation scope

The Consolidated Financial Statements include the financial statements of GHC S.p.A. and of its subsidiaries at December 31, 2023.

The details of the consolidated companies are shown below.

Company	Registered office	Relationship with the Parent Company	Method Consolidation	Percentage held (direct and indirect) as of December 31	Percentage held (direct and indirect) as of December 31
				2023	2022
Garofalo Health Care S.p.A.	Rome	Parent company	Line-by-line	Holding	Parent company
Hesperia Hospital Modena S.r.l.	Modena	Subsidiary	Line-by-line	100%	99.95%

Casa di Cura Villa Berica S.r.l.	Vicenza	Subsidiary	Line-by-line	100%	100%
Rugani Hospital S.r.l.	Monteriggioni (SI)	Subsidiary	Line-by-line	100%	100%
CMSR Veneto Medica S.r.l.	Altavilla Vicentina (VI)	Subsidiary	Line-by-line	100%	100%
Sanimedica S.r.l.	Altavilla Vicentina (VI)	Subsidiary	Line-by-line	100%	100%
L'Eremo di Miazzina S.r.l.	Cambiasca (VB)	Subsidiary	Line-by-line	100%	100%
Casa di Cura Villa Garda S.r.l.	Garda	Subsidiary	Line-by-line	100%	100%
Villa Von Siebenthal S.r.l.	Genzano di Roma (RM)	Subsidiary	Line-by-line	100%	100%
Casa di Cura Prof. Nobili S.r.l.	Castiglione dei Pepoli (BO)	Subsidiary	Line-by-line	99.74%	99.21%
F.I.D.E.S. Medica S.r.l.	Piombino	Subsidiary	Line-by-line	100%	100%
Centro di Riabilitazione S.r.l.	Genoa	Subsidiary	Line-by-line	100%	100%
Genia Immobiliare S.r.l.	Genoa	Subsidiary	Line-by-line	100%	100%
Ro. E. Mar S.r.l.	Piombino	Subsidiary	Line-by-line	100%	100%
Fides Servizi S.c.a.r.l.	Genoa	Subsidiary	Line-by-line	100%	100%
Prora S.r.l.	Genoa	Subsidiary	Line-by-line	100%	100%
Il Fiocco S.c.a.r.l.*	Genoa	Associate	Equity Method	40%	40%
Poliambulatorio Dalla Rosa Prati S.r.l	Parma	Subsidiary	Line-by-line	100%	100%
Ospedali Privati Riuniti S.r.l.	Bologna	Subsidiary	Line-by-line	100%	100%
Centro Medico San Biagio S.r.l.	Fossalta di Portogruaro (VE)	Subsidiary	Line-by-line	100%	100%
Centro Medico Università Castrense S.r.l.	San Giorgio di Nogaro (UD)	Subsidiary	Line-by-line	100%	100%
Bimar S.r.l.	Fossalta di Portogruaro (VE)	Subsidiary	Line-by-line	100%	100%
Aesculapio S.r.l.	San Felice sul Panaro (MO)	Subsidiary	Line-by-line	100%	99.95%
XRay One S.r.l.	Poggio Rusco (MN)	Subsidiary	Line-by-line	100%	100%
Clinica San Francesco S.r.l.	Verona	Subsidiary	Line-by-line	100%	100%
Domus Nova S.p.A.	Ravenna	Subsidiary	Line-by-line	100%	100%
GHC Real Estate S.p.A.	Rome	Subsidiary	Line-by-line	100%	100%
GHC Project 9 S.r.l.	Rome	Subsidiary	Line-by-line	100%	100%
Gruppo Veneto Diagnostica e Riabilitazione S.r.l.	Cadoneghe (PD)	Subsidiary	Line-by-line	100%	100%
Sanatorio Triestino S.p.A.	Trieste	Subsidiary	Line-by-line	96.39%	-

* *la partecipazione è detenuta dalla controllata Fides Medica S.r.l.*

Terme del Friuli Venezia Giulia S.r.l.	Trieste	Subsidiary	Line-by-line	96.39%	-
Aurora Holding S.r.l.	Trieste	Associate	Equity Method	48.20%	-
Eutonia S.r.l. Sanità e salute	Trieste	Associate	Equity Method	29.92%	-
Aurelia Hospital S.r.l.	Rome	Subsidiary	Line-by-line	100%	-
Casa di Cura Sant'Antonio da Padova S.r.l.	Rome	Subsidiary	Line-by-line	99.89%	-
European Hospital S.p.A.	Rome	Subsidiary	Line-by-line	99.89%	-
RAM S.r.l.	Rome	Subsidiary	Line-by-line	54.66%	-
Samadi S.p.A.	Rome	Subsidiary	Line-by-line	77.98%	-
Axa Residence S.p.A.	Anzio (RM)	Subsidiary	Line-by-line	98.90%	-
Finaur S.r.l.	Rome	Subsidiary	Line-by-line	53.38%	-
Gestiport '86 S.p.A.	Rome	Subsidiary	Line-by-line	53.39%	-
Video 1 S.r.l. in liquidazione	Rome	Subsidiary	Line-by-line	98.91%	-
Radio IES S.r.l.	Rome	Subsidiary	Line-by-line	98.91%	-

On May 25, 2023, GHC S.p.A. increased its holding in Casa di Cura Prof. Nobili S.r.l. by 0.53% to 99.74%.

On May 4, 2023, GHC S.p.A. acquired 86.95% of Sanatorio Triestino S.p.A, which holds a majority stake in Terme del Friuli-Venezia Giulia S.r.l. and a 50% holding in Aurora Holding S.r.l., which in turn holds a majority stake in Eutonia S.r.l. Sanità & Salute. Subsequently additional holdings in Sanatorio Triestino S.p.A. of respectively 3.11%, 4.53% and 1.8% were acquired, for a total holding of 96.39% at December 31, 2023.

GHC S.p.A. has been the sole shareholder of Hesperia Hospital Modena S.r.l. since May 17, 2023, following the completion of the exclusion process of the minority shareholder Unione Finanziaria s.r.l. (bankrupt company).

On November 16, 2023, GHC S.p.A. fully acquired Aurelia Hospital S.r.l., which in turn directly and indirectly owns controlling interests in Casa di Cura Sant'Antonio da Padova S.r.l, European Hospital S.p.A., RAM S.r.l, Samadi S.p.A., Axa Residence S.p.A., Finaur S.r.l., Gestiport '86 S.p.A., Video 1 S.r.l. in liquidation and Radio IES S.r.l..

The ultimate parent of the Issuer is Raffaele Garofalo & C. S.A.p.A. with its registered office in Rome.

1.6 Summary of the main accounting standards

Business combinations and goodwill

Business combinations are recognised using the acquisition method. The purchase cost is calculated as the total of the fair value consideration transferred at the acquisition date, and the value of any minority equity holding. For each business combination, the Group decides whether to measure the minority interest at fair value or in proportion to the amount held in the identifiable net assets of the investee. The acquisition costs are expensed in the year and classified under administration expenses.

When the group acquires a business, the financial assets acquired or liabilities assumed under the agreement are classified or designated in accordance with the contractual terms, the economic conditions and the other conditions at the acquisition date. This includes the verification to establish whether an embedded derivative must be separated from the host contract.

Any contingent payment to be recognised is recorded by the acquirer at fair value at the acquisition date. The contingent amount classified as equity is not remeasured and its subsequent payment is accounted under shareholders' equity. The change in the fair value of the contingent amount classified as an asset or liability, as a financial instrument covered by IFRS 9 Financial instruments: recognition and measurement, must be recognized in the income statement in accordance with IFRS 9. The contingent amount that does not fall within the scope of IFRS 9 is measured at fair value at the reporting date and changes in fair value are recognized in the income statement.

Goodwill is initially recognised at cost represented by the excess of the total amount paid and the amount recognised for minority interests in respect of the net identifiable assets acquired and the liabilities assumed by the Group. If the fair value of the net assets acquired exceeds the total consideration paid, the Group again verifies if it has correctly identified all the assets acquired and all the liabilities assumed and reviews the procedure utilised to determine the amount to be recorded at the acquisition date. If from the new valuation the fair value of the net assets acquired is still above the consideration, the difference (gain) is recorded in the income statement.

After its initial recognition, goodwill is measured at cost, net of accumulated impairment. For the purpose of impairment testing, goodwill acquired in a business combination is allocated, from the acquisition date, to each of the Group's cash-generating units expected to benefit from the synergies of the combination, regardless of whether other assets or liabilities of the acquiree are assigned to those units.

If the goodwill is allocated to a cash generating unit and the entity sells part of the activities of this unit, the goodwill associated with the activity sold is included in the book value of the activity when determining the gain or loss deriving from the sale. The goodwill associated to assets sold is calculated based on the relative values of the asset sold and the part maintained by the cash generating unit.

Other intangible assets

Intangible assets acquired separately are initially recognized at cost, while those acquired through business combinations are recognized at fair value on the acquisition date. Intangible assets internally generated, with the exception of development costs, are not capitalized and are recorded in the income statement of the financial year in which they were incurred.

Intangible assets with a finite useful life are subsequently amortized over their useful life and tested for impairment whenever there is evidence of a loss of value. The amortization period and the amortization method of an intangible asset with finite useful life are reconsidered at least at the end of each year. Changes in the expected useful life or in the manner in which the future economic benefits related to the asset will be realised are recognised through the change in the period or amortisation method, as the case may be, and are considered changes in accounting estimates. The amortisation of intangible assets with finite useful life is recorded in the income statement under the category of costs relating to intangible assets.

Intangible assets with indefinite useful life are not amortised but are subject to an annual impairment test at an individual level or at cash-generating unit level. The valuation of the indefinite useful life is reviewed annually to determine whether this allocation continues to be sustainable, otherwise, the change from indefinite useful life to finite useful life is applied on a prospective basis.

The profits or losses deriving from the derecognition of an intangible asset are calculated as the difference between the net revenue from the disposal and the carrying value of the intangible asset and are recognized in the Profit/(Loss) Statement of the year at the time of derecognition.

Description	Years
Goodwill	indefinite useful life
Accreditation	indefinite useful life
Concessions, licenses, trademarks and similar rights	5 years
Software	5 years
Other intangible assets	5 years

Property, plant and equipment

Property, plant and equipment purchased separately are recorded at historical cost, including ancillary costs directly attributable and necessary for entry into operation of the asset for the use for which it was purchased; said cost includes expenses for the replacement of part of machinery and plants at the time they are incurred, if they comply with the recognition criteria.

Property, plant and equipment acquired through business combinations are recognized at fair value determined at the acquisition date.

Maintenance and repair expenses, which do not increase the value and/or extend the residual useful life of the asset are expensed in the year in which they are incurred; where they increase the value and/or extend the residual life of the assets, they are capitalised.

Property, plant and equipment are stated net of the relevant accumulated depreciation and impairment, if any, determined according to the methods described below. Depreciation is calculated on a straight- line basis over the estimated useful life of the asset. This period is reviewed annually and any changes are made on a prospective basis.

The estimated useful life, expressed in years, of the main classes of tangible assets is as follows:

Description	Years
Buildings	33/50/ based on contract duration
Plant & machinery	10 years
Industrial & commercial equipment	8 years
Furniture & fittings	10 years
EDP	5 years

Motor and transport vehicles	4 years

If components of property, plant and equipment have different useful lives, these components are accounted for separately. Land, whether free of construction or related to buildings, is recognized separately and is not depreciated as elements of unlimited useful life.

The book value of plant, property and equipment is subject to verification of any loss in value when events or changes occur indicating that the carrying value can no longer be recovered.

At the time of sale, or when there are no expected future economic benefits from the use of an asset, it is eliminated from the financial statements and any loss or profit (calculated as the difference between sale's price and book value) is charged to the income statement in the year of its elimination.

Leases

IFRS 16 establishes the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise the majority of leasing contracts on the basis of a single accounting model.

Right-of-use assets

The Group recognises the right-of-use assets at the initial leasing date (i.e. the date on which the underlying asset is available for use). The right-of-use assets are measured at cost, net of accumulated depreciation and impairments, adjusted for any remeasurement of the lease liabilities. The cost of the right-of-use assets includes the amount of the lease liabilities recognised, the initial direct costs incurred and the payment of leases at the commencement date or before, net of any incentives received. Unless the Group does not have the reasonable certainty of obtaining ownership of the leased asset on conclusion of the leasing contract, the right-of-use assets are amortised on a straight-line basis for a period covering the lesser between the estimated useful life and the lease duration.

Lease liabilities

At the lease commencement date, the Group recognises the lease liabilities measuring them at the present value of the payments due for leasing not yet settled at that date. The payments due include the fixed payments (including the fixed payments in substance), net of any lease incentives to be received, the variable lease payments which depend on an index or a rate and the amounts expected to be paid as guarantee on the residual value. The lease payments include also the exercise price of a purchase option where it is reasonably certain that this option shall be exercised by the Group and the lease termination penalty payments, where the lease duration takes account of the exercise by the Group of the termination option on the lease.

The variable lease payments not depending on an index or a rate are recognised as costs in the period in which the event or the condition generating the payment occurs.

Short-term leases and low value asset leases

The Group applies the exception for the recognition of short-term leases for machinery and equipment (i.e. leasing with a duration of 12 months or less from the commencement date and not containing a purchase option). The Group has also applied the exception for leases concerning assets of a modest value with regards to the leasing contracts on office equipment whose value is considered low (i.e. below Euro 5 thousand). The short-term lease charges and those for low value assets are recognised as costs on a straight-line basis over the lease duration.

Investment property

Tangible assets held for income and not for instrumental use are classified in a specific class called Investments properties, in accordance with IAS 40, and are accounted for at cost. The assets included in these cases consist of land and/or buildings (or parts of buildings) held by the owner or tenant under a finance or operating lease in order to lease them or for the appreciation of the capital invested.

These types of properties are classified separately from other owned assets. Investments properties are shown net of the related accumulated depreciation and any impairment. The useful life of the Group's Investments properties is 33 years.

Impairments

The Group assesses whether there is evidence of impairment of Intangible assets and Property, plant and equipment on each reporting date and of goodwill and accreditation on an annual basis. Where such indicators arise, or every year for intangible assets with an indefinite useful life, an impairment test is carried out.

In the event that the carrying value (book value) of the assets exceeds the recoverable value, they are written down to reflect the latter. The recoverable amount is determined as the higher of the fair value of an asset or cash-generating unit net of costs of sale and its use value and is determined for each asset individually, unless an asset generates cash flows that are not largely independent from those generated by other assets or groups of assets; in this case, the Group estimates the recoverable value of the cash-generating unit to which the asset belongs.

In measuring the value in use, the Group discounts the future estimated cash flows to their present value, using a pre-tax discount rate that reflects the market assessments of the time value of money and the specific risks associated with the asset.

For the purpose of estimating the value in use, future cash flows are derived from the business plans approved by the Board of Directors, which constitute the best estimate that can be made by the Group on the economic conditions expected in the period of the plan. The projections of the plan normally cover a time span of three years; the long-term growth rate used to estimate the terminal value of the asset or unit is normally lower than the average long-term growth rate of the sector, country or market of reference.

When the carrying amount of an asset or cash-generating unit is higher than its recoverable amount, this asset has incurred an impairment loss and is consequently written down to the recoverable amount.

Impairment losses incurred by operating assets are recorded in the income statement in the category of costs relating to those assets. At each reporting date, the Group also assesses the existence of indicators of a decrease in previously recognized impairment losses and, if such indicators exist, makes a new estimate of the recoverable amount. A previously recognised impairment loss can be reversed only if there have been changes in the estimates used to determine the recoverable amount since the last impairment loss was recognized. In this case, the carrying amount of the asset is recorded at the recoverable value, while the restated value must not exceed the carrying amount which would have been determined, after amortisation or depreciation, if no loss in value had been recognised in previous years. Each reversal is recognized as income in the income statement; after a reversal is recognized, the depreciation or amortization charge for the asset is adjusted in future periods to allocate the asset's revised book value, less its residual value, if any, on a systematic basis over its remaining useful life. Impairment of goodwill cannot in any case be subject to reversals.

Investments in associates and other companies

An associate is a Company in which the Group exercises significant influence. Significant influence is the power to participate in the financial and operating policy decisions of an investee, however not exercising control or joint control. An investee holding 20% or more indicates significant influence unless the contrary is proven.

Investments of the Group in associated companies are measured using the equity method.

With the equity method, the investment in an associate is initially recorded at cost. The accounting value of the investment is increased or decreased to recognize the investor's share of the profits and losses of the investee realized after the acquisition date. The goodwill relating to the associate is included in the book value of the investment and is not subject to a separate impairment test.

The profit/(loss) statement for the year reflects the Group's portion of the operating result of the associated company. Any change in the other components of the comprehensive income statement relating to these investee companies is presented as part of the Group's comprehensive income statement. Furthermore, in the event that an associated company recognizes a change directly attributable to shareholders' equity, the Group recognizes its portion, where applicable, in the statement of changes in equity. Unrealized gains and losses deriving from transactions between the Group and associated companies are derecognized in proportion to the shareholding in associates.

The aggregate share attributable to the Group of the result for the year of associated companies is shown in the profit/(loss) statement for the year after the operating result and represents the result net of taxes and of the share of the other shareholders of the associate.

The financial statements of associates are prepared on the same closing date as the Group financial statements. Where necessary, the financial statements are adjusted to conform them with the Group's accounting standards.

After applying the equity method, the Group assesses whether it is necessary to recognize an impairment loss of its investment in the associated companies. The Group at each reporting date assesses whether the investments in associates have incurred a loss in value. In this case, the Group calculates the amount of the loss as the difference between the recoverable value of the associate or the joint venture and the carrying amount of the same in its financial statements, recognizing said difference in the profit/loss statement in the item "share of the result of associates and joint ventures".

Upon loss of significant influence over an associated company or joint control over a joint venture, the Group assesses and recognises the residual shareholding at fair value. The difference between the carrying amount of the investment at the date of the loss of significant influence or of the joint control and the fair value of the residual investment and the amount received is recognised in the income statement.

Current/non-current classification

Assets and liabilities in the financial statements of the Group are classified according to the current/non-current criterion.

An asset is current when:

- it is expected to be realised, or is held for sale or consumption, in the normal course of the operating cycle;
- it is held mainly for the purpose of negotiating it;
- it is expected to be realized within twelve months of the closing date of the year; or
- it consists of cash or cash equivalents unless it is forbidden to exchange it or use it to settle a liability for at least twelve months from the closing date of the financial year.

A liability is considered current when:

- it is expected to be settled within the normal operating cycle;
- it is held mainly for the purpose of negotiating it;
- it must be settled within twelve months of the closing date of the year; or
- the entity does not have an unconditional right to defer settlement of the liability for at least twelve months of the closing date of the year.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Inventories

Inventories are stated at the lower between acquisition or manufacturing cost, determined according to the FIFO method and the estimated realizable value.

The purchase cost also includes directly attributable ancillary costs and returns, trade discounts, rebates, premiums and any contributions recognized by suppliers are always deducted from the same.

Inventories are recorded net of the obsolescence provision.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and demand and short-term deposits. Short-term deposits must have an original maturity of three months or less and not subject to significant risks related to the change in value.

Treasury shares

Treasury shares acquired are recorded at cost and as a reduction of shareholders' equity. The purchase, sale or cancellation of treasury shares does not give rise to any profit or loss in the income statement.

The difference between the purchase price and the payment received, in the case of reissue, is recorded in the share premium reserve.

Stock Grants and Performance Shares

The Stock Grant and Performance Shares Plan confers to certain categories of employees the right to receive free shares of their company or of a Group company as remuneration for the achievement of a specific objective or on the occurrence of certain conditions set out in the plan.

IFRS 2 requires the company to recognise the cost of goods and services purchased or received in a share-based payment transaction at the time in which the goods are received or the service is rendered. For equity-settled share-based payment transactions, the entity shall measure the goods or services received, and the corresponding increase in equity, directly, at the fair value of the goods or services received, unless that fair value cannot be estimated reliably. Where the entity cannot estimate reliably the fair value of the goods or services received, it shall measure their value, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted.

To apply the requirements to transactions with employees and others providing similar services,† the entity shall measure the fair value of the services received by reference to the fair value of the equity instruments granted, because typically it is not possible to estimate reliably the fair value of the services received. The fair value of those equity instruments shall be measured at the grant date.

Typically, shares, share options or other equity instruments are granted to employees as part of their remuneration package, in addition to a cash salary and other employment benefits. Usually, it is not possible to measure directly the services received for particular components of the employee's remuneration package. It might also not be possible to measure independently the fair value of the total package, without measuring directly the fair value of the equity instruments granted. Furthermore, shares or share options are sometimes granted as part of a bonus arrangement, rather than as a part of basic remuneration, e.g. as an incentive to the employees to remain in the entity's employ or to reward them for their efforts in improving the entity's performance. By granting shares or share options, in addition to other remuneration, the entity is paying additional remuneration to obtain additional benefits. Estimating the fair value of those additional benefits is likely to be difficult. Because of the difficulty of measuring directly the fair value of the services received, the entity shall measure the fair value of the employee services received by reference to the fair value of the equity instruments granted.

Provisions for risks and charges

Allocations to Provisions for risks and charges are made when the Group must fulfil a current obligation (legal or implicit) arising from a past event, when an outflow of resources in order to fulfil this obligation is probable and it is possible to make a reliable estimate of its amount.

If the discounting effect of the value of money is significant, allocations are discounted using a pre-tax discount rate that reflects, where appropriate, the specific risks associated with the liabilities. When provisions are discounted, increases resulting from the passage of time are recognized as borrowing costs.

Employee Benefit Provisions

Post-employment benefits are defined on the basis of programs, even if not formalized, which according to their characteristics are divided into "defined benefit" programs and "defined contribution" programs.

Italian legislation (Article 2120 of the Civil Code) provides that, on the date on which each employee terminates the employment contract with the company, indemnity referred to as TFR is received. The calculation of this indemnity is based on some items that make up the employee's annual salary for each year of work (appropriately re-evaluated) and on the length of the employment relationship. According to Italian civil law, this indemnity is reflected in the financial statements according to a calculation method based on the indemnity accrued by each employee at the reporting date, in the event that all employees terminate the employment contract on that date.

The International Financial Reporting Interpretations Committee (IFRIC) of the International Accounting Standards Board (IASB) addressed the subject of the Italian TFR and concluded that, in application of IAS 19, it must be calculated according to a method called Projection Unitary Credit Method (PUCM), according to which the amount of liabilities for the benefits acquired must reflect the date of expected resignation and must be discounted.

The actuarial assumptions and the related effects take into consideration the regulatory changes introduced by the Italian legislator, which provided for the option for the employee to allocate the TFR accrued from July 1st, 2007 to INPS or supplementary pension funds.

The Group's net obligation deriving from defined benefit plans is calculated by estimating the amount of the future benefit that employees have accrued in exchange for the activity performed in the current year and in previous years; this benefit is discounted to calculate the current value. The actuarial gains and losses referring to the defined benefit plans accumulated up to the previous year and which reflect the effects deriving from changes in the actuarial assumptions used, are recognized in full in the comprehensive income statement.

The actuarial valuation of the liability was entrusted to an independent actuary.

The Group does not have other defined benefit pension plans.

The obligation of the Group deriving from defined contribution plans is limited to the payment of contributions to the State or to a legally separate asset or entity (fund), and is determined on the basis of the contributions due.

Financial Instruments

Classification and measurement

Financial assets are recorded under Non-Current Financial Receivables, other receivables and non-current assets, Trade Receivables, Other Current Assets and Cash and Cash Equivalents. They are classified and measured on the basis of the characteristics of their cash flows and the business model applied to their management. Initially, all the financial assets are measured at fair value increased (or decreased in the case of financial assets measured at fair value through profit and loss) by the transaction costs directly linked to the asset's acquisition. The subsequent measurement depends on the nature of cash flows generated by the financial instrument and in accordance with the business model adopted by the Company.

The following are the categories envisaged by IFRS 9, which replace the previous categories of IAS 39:

- Assets measured at amortized cost: the asset is not designated to FVTPL (fair value to profit and loss), the purpose of ownership is the collection of contractual cash flows; the contractual terms envisage cash flows for payments of principal and the relative interest at given dates;

- Assets measured at fair value through other comprehensive income (FVOCI): the asset is not designated to FVTPL, the business model envisages the possibility of both collecting contractual cash flows and of selling the asset; the contractual terms envisage cash flows for payments of principal and the relative interest at given dates;

- Assets measured at fair value through profit and loss (FVTPL): all assets not classified in the previous categories fall under this category.

- Assets measured at amortized cost: for the Group, these comprise receivables originating over the course of the normal operating activity. At the time of the initial recognition, they are recorded on the basis of their fair value including ancillary costs. For trade and other receivables, this generally corresponds to their par value. Subsequently, if these have a pre-fixed maturity, they are measured at amortized cost using the effective interest method. When financial assets do not have a fixed maturity they are valued at the acquisition cost. Receivables due beyond one year, non-interest bearing or which mature interest below market rates are discounted using market rates. In turn, these assets are derecognised once the rights to receive cash flows from the asset are terminated or the Group has transferred the right to receive cash flows from the asset or has assumed the contractual obligation to pay them entirely and without delay to a third party by substantially transferring all of the risks and rewards of ownership of the financial asset, or by not substantially transferring or retaining all of the risks and rewards of the asset, but transferring its control. Where the Group has transferred all the contractual rights to receive the cash flows from an asset and has not transferred or withheld substantially all of the risks and rewards or has not lost control, the asset is recorded in the financial statements of the Group up to the amount of its residual holding. In this case, the company also recognises an associated liability. The asset and liability are measured in order to reflect the rights and obligations maintained by the Group. Residual involvement that takes the form of a guarantee on the transferred asset is valued at the asset's initial book value or the maximum consideration that the Group could be required to pay, whichever is less. The gains and losses are recognized in the income statement when the investment is eliminated or if there is an impairment, in addition to the amortization process and conversion.

- Assets measured at fair value through profit and loss: this category includes equity securities represented by investments other than those in subsidiaries, associates and joint ventures and not held for trading purposes, as the Group has decided not to apply the option for FVOCI measurement.

Financial liabilities are recorded in the balance sheet accounts: Non-current payables to lenders, Other payables and liabilities, Current payables to lenders; Trade payables; Other current liabilities.

Initially, financial liabilities are recorded at fair value increased (or decreased in the case of financial liabilities measured at fair value through profit and loss) by the transaction costs directly linked to the issue of the liability. Subsequently, they are measured at amortized cost excluding the derivative financial instruments or the liabilities held for trading which are measured at fair value through profit and loss. They are classified and measured on the basis of the characteristics of their cash flows and the business model applied to their management. Financial liabilities held by the Group fall under the category of Financial Liabilities at amortized cost. They are measured at amortized cost, using the effective interest method. The amortized cost is calculated taking into consideration all discounts or purchase premiums and includes commissions and transaction costs which are an integral part of the effective interest rate. A financial liability is derecognised from the financial statements when the underlying liability is settled, cancelled or fulfilled. For investments measured at amortized cost, the gains and losses are recognized in the income statement when the investment is eliminated, in addition to the amortization process and conversion. If an existing financial liability is replaced by another by the same lender but under substantially different conditions, or if the conditions of an existing financial liability are substantially changed, such a swap or change is treated as an elimination of the original liability and the opening of a new liability, with any differences in accounting values recorded in the income statement.

The value of financial assets is adjusted to reflect the impairment losses measured according to the Expected Credit Loss Model, which requires estimating the expected loss over a greater or lesser period depending on the credit risk: i) for financial assets not having had a significant increase in credit risk since the initial recognition or having a low credit risk at the reporting date, the expected loss in the next 12 months is estimated; ii) for financial assets having had a significant increase in credit risk since the initial recognition, for which there is no evidence as yet of an objective impairment loss, the expected loss is calculated on the useful life of the asset; iii) for financial assets for which an objective impairment loss has occurred, the expected loss is calculated on the useful life of the asset and, with respect to the preceding point, the interest flows are calculated on the reduced value of the expected write-down. For trade receivables that do not contain a significant financial component, the expected losses are calculated utilising a simplified method with respect to the general approach outlined above. The simplified approach requires the estimation of the expected loss on the useful life of the credit and without the need to measure the Expected Credit Loss at 12 months and the existence of significant increases in credit risk.

Derivative instruments

Derivative instruments are recorded in the balance sheet and measured at fair value and the gains or losses are recorded respectively to the income statement if the derivatives are not definable as hedges in accordance with IFRS 9 or if they hedge a price risk (fair value hedge) or in the comprehensive income statement if they hedge a future cash flow or a future contractual commitment already assumed at the balance sheet date (cash flow hedge).

The Group only carries out transactions with derivative financial instruments for hedging purposes, with the aim of neutralising potential losses that may be incurred on a particular item or group of items attributable to a given risk, in the event that it should actually occur.

In particular, the financial risks hedged are those potentially deriving from the variation in the interest rates of loans in place and from exchange rate fluctuations on foreign currency commercial transactions. All the financial instruments not traded in an active market are measured at fair value calculated by means of valuation techniques.

When derivative instruments have the characteristics for hedge accounting, the Group applies the following accounting treatment:

- Cash flow hedges: if a derivative financial instrument is designated as a hedge to the exposure of the cash flow fluctuations of an asset or liability recorded in the financial statements or of an operation considered highly probable and which may have effects on the income statement, the effective portion of the profits or of the losses of the financial instrument is recognised under other comprehensive income in a separate reserve; the cumulative profits or losses are reclassified from shareholders' equity and recognised to the income statement in the same period in which the operation subject to hedging is recorded; the profit or loss related to a hedge or the part of the hedge becoming ineffective is recognised to the income statement when such inefficacy is recognised.

- Fair value hedges: if a derivative financial instrument is designated as a hedge to the exposure of the changes in the fair value of an asset or liability in the financial statements attributable to a specific risk which can have effects on the income statement, the profit or loss on the hedged item, attributable to the risk hedged, is recognised as part of the carrying value of this item and recognised to the income statement.

If hedge accounting cannot be applied, gains or losses deriving from the fair value of the financial derivative instrument are recognised directly in the income statement. In the same manner, if the hedged transaction is no longer probable, the unrealised profits or losses recognised in shareholders' equity are immediately recognized in the income statement. If, on the other hand, the hedging instrument is closed without the underlying operation being realised, the financial instruments recognised in shareholders' equity are only recorded in the income statement when the relative operation is realised.

Fair value measurement

The Group assesses financial instruments, such as derivatives and capital instruments, at fair value at each reporting date.

The fair value is the price that would be received for the sale of an asset, or that would be paid to transfer a liability in an arm's length transaction at the measurement date. A fair value measurement assumes that the sale transaction of the asset or transfer of the liability takes place:

- in the main market of the asset or liability;

or

- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal market or the most advantageous market must be accessible for the Group.

The fair value of an asset or liability is measured adopting the assumptions which market operators would utilise in the determination of the price of the asset or liability, assuming they act to best satisfy their economic interests.

The fair value measurement of a non-financial asset considers the capacity of a market operator to generate economic benefits utilising the asset to its maximum and best use or selling to another market operator that would utilise the asset to its maximum or best use.

The Group utilises measurement techniques which are appropriate to the circumstances and for which there is sufficient available data to measure the fair value, maximising the utilisation of relevant observable inputs and minimising the use of non-observable inputs.

All the assets and liabilities for which the fair value is measured or stated in the financial statements are categorised based on the fair value hierarchy, as described below:

- Level 1 - listed prices (not adjusted) on active markets for identical assets or liabilities which the entity can access at the measurement date;

- Level 2 - inputs other than listed prices included in Level 1, directly or indirectly observable for the asset or the liability;

- Level 3 - measurement techniques for which the input data are not observable for the asset or for the liability.

The fair value measurement is classified entirely in the same fair value hierarchical level in which the lowest hierarchical input level utilised for the measurement is classified.

For the assets and liabilities recognised in the financial statements at fair value on a recurring basis, the Group assesses whether there have been transfers between the hierarchy levels, reviewing the classification (based on the lowest input level, which is significant for the fair value measurement in its entirety) at each reporting date.

The Group determines the criteria and procedures for both recurring fair value measurements, such as capital instruments, and for non-recurring measurements.

External appraisers are involved in the valuation of significant assets, such as real estate property, and significant liabilities. This involvement is decided annually after discussion and with the approval of the Board of Statutory Auditors. Selection criteria include knowledge of the market, reputation, independence and compliance with professional standards. Following the discussion with external appraisers, the Group decides which evaluation techniques and which inputs to use for each case.

At each reporting date, the Group analyses the changes in the values of assets and liabilities for which the revaluation or recalculation is required, based on the Group's accounting standards.

For this analysis, the main inputs applied in the most recent assessments are verified by comparing information used in the assessment to contracts and other relevant documents.

The Group carries out, with the support of external appraiser, a comparison between each change in the fair value of each asset and liability and the relevant external sources, in order to determine whether the change is reasonable. The results of the evaluations are presented periodically to the Board of Statutory Auditors and to the Group's auditors. This presentation includes a discussion of the main assumptions adopted in measurement.

For fair value disclosure purposes, the Group classifies assets and liabilities according to type, characteristics and the risks associated with the assets and the liabilities and the fair value hierarchy level, as previously illustrated.

Summarized below are the notes relating to the fair value of financial instruments and non-financial assets measured at fair value, and those in which fair value disclosures are presented:

- Evaluation techniques, discretionary evaluations and significant accounting estimates Note 3;
- Quantitative information on the fair value measurement hierarchy Note 41;
- Financial instruments (including those valued at amortized cost) Note 20.

Recognition of revenues from sales and services

With Regulation No. 2016/1905 issued by the European Commission on September 22, 2016, IFRS 15 "Revenue from contracts with customers" (hereinafter IFRS 15) was approved, which defines the criteria for recognition and measurement of revenues deriving from contracts with customers. The standard will replace all current requirements in the IFRS regarding revenue recognition and envisages a new five-phase model that will apply to revenues from contracts with customers. In general, IFRS 15 requires the recognition of revenues for an amount that reflects the amount to which the entity believes to be entitled in exchange for the transfer of goods or services to the customer. In particular, IFRS 15 requires the recognition of revenues to be based on the following 5 steps: (i) identification of the contract with the customer; (ii) identification of the performance obligations (i.e. the contractual promises to transfer goods and/or services to a customer); (iii) determination of the transaction price; (iv) allocation of the transaction price to the performance obligations identified based on the stand-alone sale price of each good or service; and (v) recognition of the revenue when the related performance obligation has been fulfilled. Furthermore, IFRS 15 complements the disclosures to be provided with reference to the nature, amount, timing and uncertainty of resulting revenues and related cash flows. The provisions of IFRS 15 are effective for years beginning on or after January 1, 2018; earlier application is permitted.

The Group operates in the accredited private healthcare sector and its activity takes the form of services in acute areas, outpatient services, long hospitalization and rehabilitation, and accounts for its revenues for these services as follows:

- Services in acute areas: The Group accounts for revenues for these services when the control of the asset has been transferred to the customer, coinciding with the moment in which the health intervention is performed;

- Outpatient services: The Group accounts for revenues for these services when the control of the asset has been transferred to the customer, coinciding with the moment in which the health intervention is performed;

- Long-term care and rehabilitation: The Group accounts for revenues for these services when the control of the asset has been transferred to the customer, coinciding with the moment in which the health intervention is performed. In the case of long hospitalization, a daily allowance is provided, making the payment directly commensurate with the number of hospital days.

It is clarified that with reference to the above services provided under the agreement, revenues are recognized in the maximum limit of the regional annual cost cap assigned to the Company if present, while with reference to revenues from private and/or insured customers, they are recorded in relation to the service actually provided.

Recognition of costs

Costs are recognised on the acquisition of the goods or service.

Financial income and charges

Financial income and expenses are recorded on an accruals basis on the interest matured on the net value of the relative financial assets and liabilities and utilising the effective interest rate.

Income taxes

Current income taxes

Current taxes reflect an estimate of the tax burden, determined by applying the legislation in effect in the countries in which the Garofalo Health Care Group operates. Current tax liabilities are calculated using the rates in effect or substantially approved on the closing date of the financial year.

The payable for current taxes is classified in the balance sheet, net of any tax advances paid.

Deferred taxes

Deferred taxes are calculated on deductible (deferred tax assets) and taxable (deferred tax liabilities) temporary differences resulting at the reporting date between the tax values taken as reference for assets and liabilities and the values in the financial statements.

Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary difference and the carry-forward of unused tax losses and unused tax credits can be utilised.

The value to be recognized in the financial statements of deferred tax assets is reviewed on each reporting date and reduced to the extent that it is no longer likely that sufficient tax profits will be available in the future in order to allow all or part of this receivable to be used.

Unrecognized deferred tax assets are reviewed annually at the reporting date and are recognized to the extent that it has become likely that future taxable income will be sufficient for their recovery.

Deferred tax assets and liabilities are measured using the tax rates that are expected to be applied in the years in which the assets are realized or the liabilities are settled, considering the rates currently in effect and those already issued, or substantially issued, at the reporting date.

Deferred tax assets and liabilities are recognized directly in the Income Statement, with the exception of those relating to items recognized directly in equity; in this case, the related deferred taxes are recorded consistently without recognition in the income statement.

Deferred tax assets and liabilities are offset if there is a legal right to compensate current tax assets with current tax liabilities and the deferred taxes refer to the same legal entity and the same tax authority.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Indirect taxes

Costs, revenues, assets and liabilities are recognised net of indirect taxes, such as value added tax, with the following exceptions:

- the tax applied to the purchase of goods or services is non-deductible; in this case, it is recognized as part of the purchase cost of the asset or part of the cost recognized in the income statement;
- trade receivables and payables include the indirect tax applicable.

The net amount of indirect taxes to be recovered or paid to the tax authorities is included in the financial statements as receivables or payables.

Basic and diluted earnings per share

The accounting standard IAS 33 - Earnings per Share regulates the calculation and disclosure to be provided to users of the financial statements in terms of basic and diluted earnings per share. The classes of financial instruments identified by the standard that must be considered for the calculation of the aforementioned indicators are options, warrants, instruments convertible into shares (ex. convertible bonds) and similar.

Basic earnings per share are calculated on the basis of the profit for the period divided by the weighted average number of ordinary shares during the year.

Diluted earnings per share are calculated on the basis of the diluted earnings for the period attributable to the shareholders of the Parent Company, divided by the weighted average number of ordinary shares outstanding, modified by the number of potentially dilutive ordinary shares.

Segment disclosure

The identification of the operating sector in which the Company operates is carried out on the basis of the accounting standard IFRS 8 - Operating Segments. On December 12, 2012, the IASB issued a set of amendments that have made changes to the aforementioned standard requiring that information be provided on the assessments made by the company management in the aggregation of the operating segments describing the segments that have been aggregated and the economic indicators that have been evaluated to determine that the aggregated segments have similar economic characteristics.

The GHC Group is one of the main operators in the private healthcare sector accredited in Italy in terms of turnover, operates through twenty-eight healthcare facilities located in six Italian regions, and offers a wide range of services covering all sectors of health, which includes and is divided into the hospital and social-care sectors, thanks to the diversification of the specialities provided, the use of cutting-edge technology and highly qualified personnel.

In particular, the Group operates in eight regions of North and Central Italy, where it is present through a single business unit in the:

- hospital sector, through acute admissions, long-term care, post-acute rehabilitations and outpatient services (the “Hospital Sector”);

- social-care sector, through residential admissions (the “Social-Care Sector”).

The GHC Group facilities are located in the following Italian regions: Piemonte (2), Veneto (10), Friuli Venezia Giulia (2), Emilia Romagna (8), Lombardy (1) Liguria (12, of which 4 owned by Il Fiocco, an associated company of Fides Medica S.r.l. consolidated according to the equity method), Tuscany (1) and Lazio (5).

The Hospital Sector is in turn sub-divided into three sectors: (i) hospitalisation of acute patients, (ii) post-acute care and (iii) outpatient services.

The Social-Care Sector, represented by all the activities and services also specialized in the treatment of complex physical, neurological and sensory pathologies, offers, in a residential scheme, assistance to the elderly and treatment of specific pathologies including (i) severe disabilities, (ii) treatment for patients with LIS (Locked-in-Syndrome) or with amyotrophic lateral sclerosis in the terminal phase (Departments N.A.C. - High Chronic Neurological Complexity Nucleus), (iii) complex disabilities, mainly motor or clinical assistance and functional (Healthcare Assistance Continuity), (iv) patients with disability from severe cerebral acquired lesion (Departments “SVP” - Persistent Vegetative Coma States) and (v) psychiatric disorders and disorders related to the use of psychoactive substances.

From the point of view of the Group’s management organization, the activity carried out was grouped into a single Strategic Business Unit (hereinafter “SBU”), which includes the entire business. This approach stems from the fact that the only activity carried out consists of operating in the accredited private health sector, through various services offered but that are managed jointly by management.

The Group’s management observes together the results achieved by the single legal entities belonging to the Group, as well as the results of the two sectors identified within the single SBU, in order to make uniform decisions regarding the allocation of resources and the verification of the performance for the entire SBU.

1.7 Discretional valuations and significant accounting estimates

The preparation of the Financial Statements requires Directors to apply accounting standards and methodologies which, under certain circumstances, are based on assessments that require a high degree of subjectivity, on estimates based on historical experience and assumptions that are considered from time to time with reference to their reasonableness depending on the circumstances. The application of these estimates and assumptions affects the determination of the amounts shown in the financial statements, such as those shown in the balance sheet, in the income statement and in the cash flow statement, as well as the information provided. Estimates and assumptions are periodically reviewed and the effect of a change in an accounting estimate is immediately recognized through the income statement. The main processes of estimation and discretionary evaluation are related to the recognition and valuation of the financial statement items indicated below.

Period of depreciation of tangible assets and amortization of intangible assets and impairment test

Depreciation and amortisation of assets with definite useful life of tangible assets and intangible assets and the forecast data used for the purposes of impairment tests require a discretionary valuation by the directors. At each reporting date, this valuation is revised in order to verify that the amounts recorded are representative of the best estimate of costs that may be incurred by the Group and, if significant changes are detected, the amounts recognised to the financial statements are reviewed and updated.

With regard to the impairment test, reference should be made to the paragraph “Impairment of assets” below in the present consolidated financial statements at December 31, 2023.

Legal proceedings

The Company is a party to various legal proceedings concerning claims for damages related to operations, tax, labour law or other contractual relations. These disputes are subject to many uncertainties, and the outcome of the individual positions is not predictable with certainty. Moreover, they often derive from complex legal problems subject to different degrees of uncertainty.

A provision is made in relation to a dispute or threat if the loss is probable and there will be an outflow of funds and when the amount can be reasonably estimated. If an outflow of funds becomes probable, but the amount cannot be estimated, this fact is reported in the notes.

Since these provisions are estimates, the resolution of some of these positions may require the Company to make payments in excess of the amounts provisioned or may require the Company to make payments in an amount that could not reasonably be estimated. The Company monitors the status of legal proceedings and regularly consults with legal and tax experts. Therefore, provisions for legal proceedings of the Company may change as a result of future developments on these matters.

Business combinations

Accounting for business combinations entails allocating the difference between purchase cost and net carrying amount to the assets and liabilities of the acquired business. For the majority of assets and liabilities this difference is allocated by recognizing the assets and liabilities at fair value. If positive, the unallocated portion is recognized as goodwill. If negative, it is recognized in the income statement. The Group bases its allocations on available information and, for the more significant business combinations, on external appraisals.

Deferred tax assets

Deferred tax assets are recognized with respect to deductible temporary differences between the values of assets and liabilities expressed in the financial statements compared to the corresponding tax value and tax losses that can be carried forward, to the extent that the existence of adequate future taxable profit is likely, with respect to which these losses may be used. A discretionary assessment is required of the directors to determine the amount of deferred tax assets that can be accounted for, as depends on the estimate of probable timing and the amount of future taxable profits.

Liabilities for employee benefits (employee severance indemnity - “TFR”) and provisions to the supplementary indemnity provision

The evaluation of the severance indemnity is carried out using actuarial valuations. The actuarial valuation requires the development of assumptions about discount rates, future salary increases, turnover and mortality rates. Due to the long-term nature of these plans, these estimates are subject to uncertainty.

Value adjustments on receivables

Value adjustments on receivables represent the best possible estimate made by management, based on the information held at the date of preparation of the financial statements

The estimates and assumptions are made by the directors with the support of the company departments and, when appropriate, of independent specialists and are reviewed periodically.

1.8 New accounting standards, interpretations and amendments adopted by the Group

The Group has applied for the first time a number of standards and amendments entering into force from January 1, 2023. The Group has not adopted in advance any accounting standard, interpretation or amendment issued but not yet in effect.

IFRS 17 - Insurance contracts

In May 2017, the IASB issued IFRS 17 - Insurance Contracts, a complete new standard relating to insurance contracts which covers recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts issued in 2005. IFRS 17 applies to all types of insurance contracts (for example: life, non-life, direct insurance, re-insurance) regardless of the type of entity that issues them, as well as certain guarantees and financial instruments with characteristics of discretionary participation; some exceptions apply with regards to the scope of application. The general objective of IFRS 17 is to present an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the provisions of IFRS 4, which are largely based on the maintenance of previous accounting standards, IFRS 17 provides a complete model for insurance contracts that covers all relevant accounting aspects. IFRS 17 is based on a general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach);
- A simplified approach (the approach to the allocation of premiums) mainly for short-term contracts.

The amendments did not have any impact on the Group consolidated financial statements.

Definition of Accounting Estimates – Amendments to IAS 8

The amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies and error correction. They also clarify how entities should use valuation techniques and inputs to develop accounting estimates.

The amendments did not have any impact on the Group consolidated financial statements.

Disclosure of Accounting policies - Amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply judgements to accounting policy disclosures. The amendments are intended to help entities provide more useful accounting policy disclosures by replacing the requirement for entities to provide their "significant" accounting policies with a requirement to provide disclosures about their "material" accounting policies; in addition, guidance is added on how entities apply the concept of materiality in making accounting policy disclosure decisions.

The changes had an impact on the Group's disclosure of accounting policies, but not on the measurement, recognition and presentation of items in the Group's consolidated financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments to IAS 12 Income Taxes narrow the scope of the exception to initial recognition, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning liabilities. The amendments did not have any impact on the Group consolidated financial statements.

International Tax Reform – Pillar Two Model Rules – Amendments of IAS 12

The amendments to IAS 12 were introduced to respond to the OECD BEPS Pillar Two rules and include:

- A temporary mandatory exemption to the recognition and disclosure requirements for deferred taxes resulting from the implementation in jurisdictions of the Pillar Two rules; and
- Disclosure requirements for affected entities to help financial statement users better understand the income tax impacts arising from this legislation, particularly before the effective date.

The temporary mandatory exemption - whose use is required to be disclosed - is immediately applicable. The remaining disclosure requirements apply for fiscal years beginning on or after January 1, 2023, but not for interim periods prior to December 31, 2023.

The change has no effect on the Group's consolidated financial statements in that the Group is not affected by the Pillar Two rules, given that revenues are below Euro 750 million annually.

Standards issued but not yet in effect

IFRS 16: Lease Liability in a Sale and Leaseback

In September 2022, the IASB issued an amendment to IFRS 16 to specify the requirements that a selling lessor uses in measuring the lease liability arising from a sale & lease back transaction, to ensure that the selling lessor does not recognize a gain or loss by reference to the right-of-use retained by the lessor. The amendments are effective for fiscal years beginning on or after January 1, 2024, and are to be applied retrospectively to all sale & lease back transactions entered into after the date of initial application of IFRS 16. Early application is permitted, and notice of this fact must be provided.

These changes are not expected to have a material impact on the Group's financial statements.

IAS 1: Classification of Liabilities as Current or Non-current

In January 2020 and October 2022, the IASB published amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by the right to defer maturity;
- That the right of subordination must exist at financial year-end;
- The classification is not impacted by the probability of whether the entity will exercise its subordination right;
- Only where a derivative embedded in a convertible liability is itself an equity instrument the maturity of the liability shall have no impact on its classification.

In addition, a requirement has been introduced to provide disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to deferral is subject to compliance with covenants within 12 months.

The amendments will be effective for fiscal years beginning on or after January 1, 2024, and should be applied retrospectively. The Group is currently assessing the impact of the amendments on the current situation and whether the renegotiation of existing loan agreements will be necessary.

IAS 7 and IFRS 7

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Supplementary Information, to clarify the characteristics of reverse factoring agreements and requests to give further disclosure of such agreements. The disclosure requirements included in the amendments are intended to assist financial statement users in understanding the effects on an entity's liabilities, cash flows, and exposure to liquidity risk of reverse factoring arrangements.

The amendments will be effective for fiscal years beginning on or after January 1, 2024. Early application is permitted, and notice of this fact must be provided.

These changes are not expected to have a material impact on the Group's financial statements.

Note 2 Acquisitions

Acquisition Sanatorio Triestino S.p.A.

On May 4, 2023, GHC S.p.A. acquired 86.95% of Sanatorio Triestino S.p.A, which holds a majority stake in Terme del Friuli-Venezia Giulia S.r.l. and a 50% holding in Aurora Holding S.r.l., which in turn holds a majority stake in Eutonia S.r.l. Sanità & Salute. Subsequently additional holdings in Sanatorio Triestino S.p.A. were acquired, for a total holding of 96.39% at December 31, 2023.

Assets acquired and liabilities assumed

The fair value of the identifiable assets and liabilities of the Sanatorio CGU at the acquisition date were as follows:

(Euro thousands)	Fair value at acquisition
Assets	
Intangible assets	36
Property, plant and equipment	9,847
Equity investments	560
Non-current financial assets	2,336
Deferred tax assets	590
Cash and cash equivalents	1,969
Trade receivables	3,977
Inventories	310
Current financial assets	128
Current assets	1,136
Liabilities	
Trade payables	3,750
Current financial payables	144
Non-current financial payables	474
Short-term loans and borrowings	-
Medium/long-term loans and borrowings	8,324
Employee benefits	501
Provisions	836
Other current liabilities	1,334
Total net assets identifiable at fair value	**5,524**
Minority interests measured as pro-rata (measured at fair value)	**1,723**
Consideration of the acquisition	**11,478**
Goodwill arising from acquisition calculated on the fair value of assets acquired	**7,677**
Net cash flow of the acquisition	**9,509**

The surplus deriving from the acquisition (i.e. the surplus of purchase costs on the fair value of the portion attributable to the Group) was recognised, within the scope of the purchase price allocation process, for Euro 8,627 thousand to the Accreditation account, including the gross-up of Euro 2,407 thousand, for Euro 1,865 thousand to property, net of the tax effect (Euro 520 thousand) and, finally, to equipment for Euro 154 thousand, net of the tax effect (Euro 43 thousand).

Acquisition Aurelia Hospital S.r.l.

On November 16, 2023, the acquisition was completed of the company Aurelia Hospital S.r.l., which encompass the healthcare clinics Aurelia Hospital, European Hospital, Hospice S. Antonio da Padova, and Samadi Psychiatric Residential Facility and another six directly and indirectly controlled subsidiaries.

Assets acquired and liabilities assumed
The fair value of the identifiable assets and liabilities of the Aurelia Hospital CGU at the acquisition date were as follows:

(Euro thousands)	Fair value at acquisition
Assets	
Intangible assets	93
Property, plant and equipment	23,211
Equity investments	6,235
Non-current financial assets	930
Non-current assets	304
Deferred tax assets	3,707
Cash and cash equivalents	7,793
Trade receivables	27,287
Inventories	1,199
Current financial assets	1,506
Current assets	2,707
Liabilities	
Trade payables	34,040
Current financial payables	1,714
Non-current financial payables	22,527
Short-term loans and borrowings	1,275
Medium/long-term loans and borrowings	3,669
Employee benefits	5,290
Provisions	16,587
Deferred tax liabilities	288
Other current liabilities	14,191
Total net assets identifiable at fair value	**(24,609)**
Minority interests measured as pro-rata (measured at fair value)	**1,441**
Consideration of the acquisition	**47,000**
Goodwill arising from acquisition calculated on the fair value of assets acquired	**73,050**
Net cash flow of the acquisition	**39,207**

The surplus arising from the acquisition (calculated on the total shareholders' equity of the acquired company, including therefore the minority interest) was provisionally recognised, based on IFRS 3, under "Goodwill" for Euro 73,050 thousand, as reported in the same paragraph. At the reporting date, the procedure for the valuation of the assets and liabilities acquired is still in the preliminary phase and therefore the value of goodwill is still provisional.

Note 3 Goodwill

Goodwill breaks down as follows:

(Euro thousands)	*At December 31*	*At December 31*
	2023	2022
Goodwill – CMSR Veneto Medica CGU	11,230	11,230
Goodwill – Villa Von Siebenthal CGU	2,957	2,957
Goodwill – Rugani Hospital CGU	6,935	6,935
Goodwill – Fides Group CGU	17,645	17,645
Goodwill – Casa di Cura Prof. Nobili CGU	47	47
Goodwill - Poliambulatorio Dalla Rosa Prati CGU	10,080	10,080
Goodwill– Ospedali Privati Riuniti CGU	3,006	3,006
Goodwill – Centro Medico San Biagio CGU	2,275	2,275
Goodwill – Aesculapio CGU	3	3
Goodwill – XRay One Srl CGU	629	629
Goodwill – Clinica San Francesco CGU	6,719	6,719
Goodwill – Domus Nova CGU	9,109	9,109
Goodwill - GVDR CGU	12,321	20,756
Goodwill - Aurelia CGU	73,050	-
Total Goodwill	**156,007**	**91,392**

Goodwill consists of the difference between the fair value of the amount transferred and the net value of the amounts at the acquisition date of the identifiable assets acquired and of the liabilities assumed identifiable at fair value.

This account increased by a total of Euro 64,615 thousand due to the combined effect:

- of the recognition of provisional goodwill on the Aurelia Hospital Group, amounting to Euro 73,050 thousand;
- of the final quantification of the goodwill of Group Veneto Diagnostica e Riabilitazione S.r.l. following the completion of the “Purchase Price Allocation”, which resulted in the reduction of goodwill by Euro 8,435 thousand, following the reclassification to the Accreditation item of Euro 13,854 thousand, partially offset by the increase from the settlement of the price adjustment under the contractual provision (Euro 1,124 thousand), of the acquisition of the business unit Me.la Service (Euro 430 thousand) and by deferred taxation, calculated on the value of the accreditation, recognised as an increase of goodwill (Euro 3,865 thousand).

Verification of impairment of goodwill and intangible assets with indefinite useful life (impairment test)

Goodwill and accreditation acquired through business combinations were allocated for the purpose of verifying the impairment loss of the cash generating units identified for the Group at the level of the individual entity, except for the companies Centro di Riabilitazione S.r.l., Ro.E Mar. S.rl., Genia Immobiliare S.r.l., Fides Medica S.r.l., Fides Servizi S.r.l., Prora S.rl., identified as a single CGU Gruppo Fides e Centro Medico San Biagio S.r.l. and Bimar S.rl. also identified as a single CGU Centro Medico San Biagio.

The Group engaged an independent third-party professional to conduct the impairment test, the analysis for which consists of the following phases:

i. calculation of unlevered cash flows based on the figures from the plan for the CGUs approved by each company's board of directors;
ii. analysis of the fairness of the panel of comparable;
iii. estimation of the WACC;
iv. determination of the enterprise value of the impaired CGU;
v. analysis of the method of defining the CGU and the calculations of the carrying amount of the CGU being tested for impairment;
vi. comparison of the recoverable amount, as determined independently by the expert in question, with the carrying amount;
vii. preparation of a sensitivity analysis that makes it possible to analyse the change in the recoverable amount due to a change in the WACC or the unlevered cash flows considered.

The Group conducted the impairment test considering both the provisions of IAS 36 and Consob clarification No. 1/21 of February 16, 2021.

Although the effects of the pandemic that characterised 2020-2022 have passed, the independent expert, in agreement with the CFO and the GHC Group, nonetheless decided to autonomously perform a stress test to verify whether the impairment tests would hold up to an additional decline in the CGUs' revenues in 2024, assuming that in 2025 the CGUs would then resume achievement of the results expected by the Plan.

Evaluation system

The estimate of the value in use is made by discounting the operating cash flows, i.e. the cash flows available before the repayment of financial payables and the remuneration of the shareholders (Unlevered Discounted Cash Flow or UDCF). Operating cash flows are discounted at a rate equal to the weighted average cost of debt and equity (Weighted Average Cost of Capital or WACC), in order to obtain the value of the company's operating capital (Enterprise Value).

The prospective cash flows used in the impairment test at December 31, 2023 are those deriving from the Business Plans of the individual CGUs relating to the years 2024-2027, approved by each company between the end of February and the beginning of March 2024. The time horizon of the Plans is 4 years. It should be clarified that the impairment test was approved by the Board of Directors of the Parent Company on March 7, 2024.

The prospective cash flows used in the impairment test have been calculated by taking as reference the EBITDA expected net of notional taxes and less the notional contribution of fixed assets and working capital. The assumptions and method used are consistent with the company's historical results and the reference market. In the light of what is presented, in conducting the impairment test it was decided, on a prudential basis, to refer to a growth rate *g* of zero.

The discounting rate of cash flows (WACC) used for the impairment tests at December 31, 2023 was 5.879% and was calculated by using the same method as at December 31, 2022 and in prior years.

The principal parameters at December 31, 2023 for the calculation of the discount rate (WACC) are the following:

- *Risk free rate*: the rate used at December 31, 2023 is 4.29%; this value corresponds to the yield on Italian ten-year government securities recorded as a monthly average over the last twelve months (Source: Bloomberg);

- *Beta*: for the estimation of the non-differentiable systemic risk coefficient, reference was made to the inputs elaborated by international practice (Source: Bloomberg), taking into consideration a group of listed companies operating in the same sector of the company to be valued, thus calculating an appropriate unlevered industry average beta, equal to 0.42% at December 31, 2023. In particular, Beta was calculated through weekly observations of the relative performance of the securities of the companies in the sample compared to the monthly benchmark index over the two previous years;

- *Market premium*: for the purposes of the analysis, a rate of 4.60% was used (Source: A. Damodaran - Stern University NY international research website) http://pages.stern.nyu.edu/~adamodar/;

- *Premium for additional risk:* prudentially, an increase in the cost of risk capital equal to 2.0% was applied at December 31, 2023 for the CGUs, in line with December 31, 2022 and December 31, 2021;

- With reference to the *cost of the debt (Kd)* for the CGUs that present outstanding loans, reference was made to the effective interest rate applied by the banking system on the same loans i.e. the twelve-month average ten-year EUR IRS (interest rate swap) (Source: Bloomberg), equal to - 3.03% with a spread of 156 points, for a total of 2.66%, considering a fiscal impact of 24%;

- *Financial structure:* consistently with that done for the purposes of the calculation of the beta, we applied to the cost of risk capital and the cost of debt capital, weights determined using a market D/E representative of the average financial structure of the sample of comparable listed companies previously identified, equal to 2.69 for December 31, 2023. The We (equity) and Wd (debt) weights were 27.1% and 72.9% respectively.

Rugani Hospital CGU

The recoverable value of the cash-generating unit Rugani Hospital S.r.l., healthcare facility operating in Siena, was determined on the basis of the calculation of the value in use, in which the cash flow projections deriving from the related financial budgets were used for a period of four years, approved by the Board of Directors on February 22, 2024. As a result of the updated analyses, the management did not identify an impairment of this cash-generating unit.

CMSR Veneto Medica CGU

The recoverable value of the cash-generating unit C.M.S.R. Veneto Medica S.r.l. clinic operating in Vicenza, was determined on the basis of the calculation of the value in use, in which the cash flow projections deriving from the related financial budgets were used for a period of four years, approved by the Board of Directors on February 26, 2024. As a result of the updated analyses, the management did not identify an impairment of this cash-generating unit.

Villa Von Siebenthal CGU

The recoverable value of the cash-generating unit Villa Von Siebenthal S.r.l., social-care healthcare facility operating in Genzano Romano, was determined on the basis of the calculation of the value in use, in which the cash flow projections deriving from the related financial budgets were used for a period of four years, approved by the Board of Directors on February 28, 2024. As a result of the updated analyses, the management did not identify an impairment of this cash-generating unit.

Fides Group CGU

The recoverable value of the cash-generating unit of the Fides Group was determined on the basis of the calculation of the value in use, in which the cash flow projections deriving from the related financial budgets were used for a period of four years, approved by the Board of Directors of Fides Medica S.r.l. on February 28, 2024. As a result of the updated analyses, the management did not identify an impairment of this cash-generating unit.

Casa di Cura Prof. Nobili CGU

The recoverable value of the cash-generating unit Casa di Cura Prof. Nobili was determined on the basis of the calculation of the value in use, in which the cash flow projections deriving from the related financial budgets were used for a period of four years, approved by the Board of Directors on February 22, 2024. As a result of the updated analyses, the management did not identify an impairment of this cash-generating unit.

Poliambulatorio Dalla Rosa Prati CGU

The recoverable value of the cash-generating unit Poliambulatorio dalla Rosa Prati, healthcare facility operating in Parma, was determined on the basis of the calculation of the value in use, in which the cash flow projections deriving from the related financial budgets were used for a period of four years, approved by the Board of Directors on February 22, 2024. As a result of the updated analyses, the management did not identify an impairment of this cash-generating unit.

Ospedali Privati Riuniti CGU

The recoverable value of the cash-generating unit Ospedali Privati Riuniti, healthcare facility operating in Bologna, was determined on the basis of the calculation of the value in use, in which the cash flow projections deriving from the related financial budgets were used for a period of four years, approved by the Board of Directors on February 22, 2024. As a result of the updated analyses, the management did not identify an impairment of this cash-generating unit.

Centro Medico San Biagio e Bimar CGU

The recoverable value of the cash-generating unit Centro Medico San Biagio and Bimar, healthcare facility operating in Portogruaro (Venice), was determined on the basis of the calculation of the value in use, in which the cash flow projections deriving from the related financial budgets were used for a period of four years, approved by the Board of Directors on February 23, 2024. As a result of the updated analyses, the management did not identify an impairment of this cash-generating unit.

Centro Medico Università Castrense CGU

The recoverable value of the cash-generating unit Centro Medico Università Castrense, healthcare facility operating in San Giorgio di Nogaro (Udine), was determined on the basis of the calculation of the value in use, in which the cash flow projections deriving from the related financial budgets were used for a period of four years, approved by the Board of Directors on February 23, 2024. As a result of the updated analyses, the management did not identify an impairment of this cash-generating unit.

Aesculapio CGU

The recoverable value of the cash-generating unit Aesculapio S.r.l. clinic operating in San Felice sul Panaro (Modena), was determined on the basis of the calculation of the value in use, in which the cash flow projections deriving from the related financial budgets were used for a period of four years, approved by the Board of Directors on February 26, 2024. As a result of the updated analyses, the management did not identify an impairment of this cash-generating unit.

Clinica San Francesco CGU

The recoverable value of the cash-generating unit Clinica San Francesco S.r.l., healthcare facility operating in Verona, was determined on the basis of the calculation of the value in use, in which the cash flow projections deriving from the related financial budgets were used for a period of four years, approved by the Board of Directors on February 23, 2024. As a result of the updated analyses, the management did not identify an impairment of this cash-generating unit.

Domus Nova CGU

The recoverable value of the cash-generating unit of Domus Nova S.p.A., owner of the acute multi-specialist private hospitals Domus Nova and San Francesco, both located in Ravenna, was determined on the basis of the calculation of the value in use, in which the cash flow projections deriving from the related financial budgets were used for a period of four years, approved by the Board of Directors on February 27, 2024. As a result of the updated analyses, the management did not identify an impairment of this cash-generating unit.

GVDR CGU

The recoverable value of the cash-generating unit Gruppo Veneto Diagnostica e Riabilitazione S.r.l., with four healthcare facilities operating in Veneto, was determined on the basis of the calculation of the value in use, in which the cash flow projections deriving from the related financial budgets were used for a period of four years, approved by the Board of Directors on February 27, 2024. As a result of the updated analyses, the management did not identify an impairment of this cash-generating unit.

XRay One CGU

The recoverable value of the cash-generating unit XRay One S.r.l., healthcare facility operating in Poggio Rusco (Mantua), was determined on the basis of the calculation of the value in use, in which the cash flow projections deriving from the related financial budgets were used for a period of four years, approved by the Board of Directors on February 26, 2024. As a result of the updated analyses, the management did not identify an impairment of this cash-generating unit.

Sanatorio Triestino CGU

The recoverable value of the cash-generating unit Sanatorio Triestino S.p.A., healthcare facility operating in Trieste, was determined on the basis of the calculation of the value in use, in which the cash flow projections deriving from the related financial budgets were used for a period of four years, approved by the Board of Directors on February 27, 2024. As a result of the updated analyses, the management did not identify an impairment of this cash-generating unit.

With regards to the Aurelia Hospital CGU, the Company applied the option under IFRS 3 to complete the Purchase Price Allocation process within twelve months from acquisition, completed on November 16, 2023. Therefore the impairment test shall be carried out once the Purchase Price Allocation has been completed. The price paid represents the estimated fair value less costs of sale.

Sensitivity to changes in assumptions

The Group prepared sensitivity analyses on the results of the test with respect to changes in the basic assumptions that affect the value in use of the CGUs, thus assuming a change in the WACC of +/-1, resulting in a reduction in the CGUs' prospective EBITDA of +/-5%. This would not entail impairment losses for any of the CGUs.

The equilibrium WACC for each CGU with reference to December 31, 2023, compared with December 31, 2022, is presented below.

	December 31 2023	December 31 2022
Casa di Cura Rugani CGU	9.98%	12.06%
CMSR Veneto Medica CGU	11.29%	11.56%
Villa Von Siebenthal CGU	8.66%	6.51%
Fides Group CGU	7.36%	7.38%
Casa di Cura Prof. Nobili CGU	18.36%	19.57%
Poliambulatorio Dalla Rosa Prati CGU	10.96%	10.02%
Ospedali Privati Riuniti CGU	8.57%	7.92%
Centro Medico San Biagio e Bimar CGU	11.35%	8.60%
Centro Medico Università Castrense CGU	12.20%	8.35%
Aesculapio CGU	8.25%	8.13%
XRay One CGU	6.82%	7.10%
Clinica San Francesco CGU	8.66%	7.56%
Domus Nova CGU	8.65%	8.13%
GVDR CGU	8.55%	-

Sanatorio Triestino CGU	11.74%	-

management considered it appropriate to entrust an independent professional with the simulation of a stress test on indefinite useful life intangible assets, theorising a reduction in 2024 revenues from approx. 43% to 100%, while also prudentially assuming no change in cost structure and considering the recovery of the negative flows relating to the payment of taxes, given that the lack of revenues would drive the CGUs to a tax loss.

This stress test confirms the impairment tests' robust margins.

Note 4 Other intangible assets

The breakdown of Other intangible assets at December 31, 2023 and December 31, 2022 is shown below.

(Euro thousands)	*At December 31*	*At December 31*	*Change*
	2023	2022	2023 vs 2022
Concessions, licenses, trademarks and similar rights	349	267	82
Development	569	769	(199)
Accreditation	215,837	193,349	22,488
Software	1,869	1,125	744
Industrial patents	15	-	15
Other intangible assets	296	344	(48)
Assets in progress and advances	322	186	136
Total other intangible assets	**219,258**	**196,039**	**23,219**

The table below shows the movements in individual items of Other intangible assets during the year ended December 31, 2023.

in Euro thousands	*Concessions, licences, trademarks and similar rights*	*Develop ment*	*Software*	*Accreditation*	*Industrial patents and intellectual property rights*	*Other intangible assets*	*Assets in progress and advances*	*Total*
Net value at December 31, 2022	**267**	**769**	**1,125**	**193,349**	**-**	**344**	**186**	**196,039**
Acquisition	241	-	1,115	7	-	199	149	1,712
Amortisation	(142)	(199)	(679)	-	-	(71)	-	(1,091)
Sales	-	-	(40)	-	-	-	(5)	(45)
Increase	-	-	-	-	1	-	-	1
Decrease	-	-	40	-	-	-	-	40
Transfers/Reclassifications	(18)	-	274	13,854	-	(222)	(40)	13,848
Change in consolidation scope	1	-	34	8,627	14	47	33	8,755
Net value at December 31, 2023	**349**	**569**	**1,869**	**215,837**	**15**	**296**	**322**	**219,258**

Concessions, licences, trademarks and similar rights

Concessions, licences, trademarks and similar rights, amounting to Euro 349 thousand at December 31, 2023, increased on December 31, 2022 by Euro 82 thousand, relating to investments in 2023 for Euro 241 thousand (mainly by Clinica San Francesco S.r.l. for Euro 59 thousand and Garofalo Health Care S.p.A. for Euro 127 thousand), net of the relative amortisation.

Development costs

The item Development costs, amounting to Euro 569 thousand at December 31, 2023, changed solely as a result of amortisation for the period.

Software

Software refers to the applications used by the administrative offices of Group companies to keep the accounts and for management aspects relating to healthcare activity.

In 2023, the Group undertook investments in software of Euro 1,115 thousand, mainly attributable to the companies C.M.S.R. Veneto Medica S.r.l. (Euro 100 thousand), Garofalo Health Care S.p.A. (Euro 405 thousand), Ospedali Privati Riuniti S.r.l. (Euro 135 thousand) and Centro Medico San Biagio S.r.l. (Euro 139 thousand).

Accreditation

The Accreditation account concerns the activities related to the administrative process by which the Group's facilities qualify as fit to provide healthcare and social-care services on behalf of the Regional Health Service (SSR). Institutional accreditation is issued by the Region and is conditional on continuing satisfaction of the technological, infrastructural and personal requirements defined by national and regional provisions. The account includes the fair value emerging on acquisition for Group companies and residually the acquisition of accreditation by Rugani S.r.l.. A breakdown of the account for the year ended December 31, 2023 is illustrated below:

in Euro thousands	*At December 31*	*At December 31*	*Change*
	2023	2022	2023 vs 2022
Rugani Hospital CGU	337	330	7
Fides Medica Group CGU	8,257	8,257	-
Casa di Cura Prof. Nobili CGU	4,942	4,942	-
Poliambulatorio Dalla Rosa Prati CGU	13,396	13,396	-
Ospedali Privati Riuniti CGU	35,176	35,176	-
Centro Medico San Biagio e Bimar CGU	52,744	52,744	-
Centro Medico Università Castrense CGU	4,166	4,166	-
Aesculapio CGU	2,624	2,624	-
XRay One CGU	16,877	16,877	-
Clinica San Francesco CGU	41,841	41,841	-
Domus Nova CGU	12,996	12,996	-
GVDR CGU	13,854	-	13,854
Sanatorio Triestino CGU	8,627	-	8,627
Total accreditation	**215,837**	**193,349**	**22,488**

The fair value of the accreditation of all the above acquisitions, with the exception of that for Rugani Hospital S.r.l., was estimated through the purchase price allocation process of the acquired CGUs, by applying a technique based on the discounting of the economic results deriving from "in-agreement" services (multi-period excess earnings technique).

This fair value measurement is based on significant inputs that are not observable on the market (level 3) and, as regards the acquisitions of Gruppo Veneto Diagnostica e Riabilitazione S.r.l. and Sanatorio Triestino S.p.A., are based on the following assumptions:

Gruppo Veneto Diagnostica e Riabilitazione

- As the Company was acquired on December 6, 2022, the forecast data was estimated from the total 2022 figure and the first forecast year was considered to be fiscal year 'n+1'. The forecast data was prepared by the facility and shared with GHC Group management and was submitted to the Board of Directors for approval. These future results are therefore developed taking as reference the EBIT expected only for the agreement part net of notional taxes and less the notional contribution of fixed assets and working capital. The terminal value is determined starting from the result of the last year of the plan.
- Given that it deals with unlevered results (that is, gross of financial income and charges), the base rate is 5.186%. The base rate used increased by 2 percentage points to take into account the fact that intangible assets are being valued and not the entire company.
- Finally, in calculating the Fair Value, the future tax charge to which a potential acquirer may be subjected following the acquisition of the intangible asset under valuation was taken into consideration. Therefore, the intangible asset was increased by a tax step-up based on the current rate of 27.9%.

Sanatorio Triestino

- As the Company was acquired on May 9, 2023, the forecast data was estimated from the total 2023 figure and the first forecast year was considered to be fiscal year 'n+1'. The forecast data was prepared by the facility and shared with GHC Group management and was submitted to the Board of Directors for approval. These future results are therefore developed taking as reference the EBIT expected only for the agreement part net of notional taxes and less the notional contribution of fixed assets and working capital. The terminal value is determined starting from the result of the last year of the plan.
- Given that it deals with unlevered results (that is, gross of financial income and charges), the base rate is 6.33%. The base rate used increased by 2 percentage points to take into account the fact that intangible assets are being valued and not the entire company.
- Finally, in calculating the Fair Value, the future tax charge to which a potential acquirer may be subjected following the acquisition of the intangible asset under valuation was taken into consideration. Therefore, the intangible asset was increased by a tax step-up based on the current rate of 27.9%.

The impairment test of the “Accreditation” account for Gruppo Veneto Diagnostica e Riabilitazione S.r.l. was conducted jointly with the tests on the goodwill (as the accreditations were allocated to the CGUs represented by the respective clinics). Reference should made to the “Goodwill” paragraph for the relative disclosure.

The recoverable value of the cash-generating unit of Sanatorio Triestino S.p.A was determined on the basis of the calculation of the value in use, in which the cash flow projections deriving from the related financial budgets were used for a period of four years, approved by the Board of Directors. As a result of the updated analyses, the management did not identify an impairment of this cash-generating unit. The equilibrium WACC for the Sanatorio Triestino S.p.A. CGU is estimated at 11.74%.

Sensitivity analyses were also performed, simulating a WACC variation of +/-1% and a reduction in the CGU’s prospective EBITDA level of +/-5%, which did not result in impairments in any CGU.

Other intangible assets

The account includes residual categories of assets, which, given their scarce significance, are not in a specific item. The balance at December 31, 2023 was Euro 296 thousand.

Assets in progress and advances

The item, amounting to Euro 322 thousand, principally comprises projects under development for applications and software, carried out mainly by Poliambulatorio dalla Rosa Prati S.r.l. (Euro 90 thousand), XRay One (Euro 76 thousand) and Clinica San Francesco S.r.l. (Euro 57 thousand).

Note 5 Property, plant and equipment

The table below shows the breakdown of Property, plant and equipment at December 31, 2023 compared with December 31, 2022.

(Euro thousands)	*At December 31*	*At December 31*	*Change*
	2023	2022	2023 vs 2022
Land & buildings	181,689	155,024	26,665
Leasehold improvements	4,070	4,432	(362)
Plant & machinery	15,459	11,301	4,158
Industrial & commercial equipment	26,080	20,321	5,759
Other assets	5,298	4,070	1,228
Right-of-use	17,320	16,351	969
Assets in progress and advances	3,072	10,328	(7,255)
Total	**252,989**	**221,826**	**31,163**

The following tables show the changes in the item in question for the year ended December 31, 2023.

in Euro thousands	*Land and buildings*	*Leasehold improvements*	*Plant and machinery*	*Industrial and commercial equipment*	*Other assets*	*Rights-of-use*	*Assets in progress and advances*	*Total*
Net value at December 31, 2022	155,024	4,432	11,301	20,321	4,070	16,351	10,328	221,826
Acquisition	3,316	191	2,406	5,537	1,728	421	3,123	16,722
Depreciation	(7,141)	(704)	(2,597)	(5,688)	(1,324)	(2,843)	-	(20,296)
Sales	(27)	-	(141)	(796)	(185)	-	(47)	(1,196)
Write-downs	-	-	-	-	(16)	-	-	(16)
Decrease	-	-	135	738	153	-	(158)	868
Transfers/Reclassifications	8,883	-	1,137	179	115	-	(10,308)	6
Change in consolidation scope	21,634	151	3,219	5,789	756	3,391	136	35,075
Net value at December 31, 2023	181,689	4,070	15,459	26,080	5,298	17,320	3,072	252,989

Land and Buildings

The item mainly includes the properties owned by the nursing homes and amounted to Euro 181,689 thousand at December 31, 2023, compared to Euro 155,024 thousand in 2022.

The account in question increased by a net amount of Euro 26,665 during 2023, primarily due to the combined effect of the following:

i. investments made by the Group of Euro 3,316 thousand, mainly attributable to L'Eremo di Miazzina S.r.l. (Euro 1,293 thousand) and Hesperia Hospital Modena S.r.l. (Euro 1,237 thousand);
ii. depreciation in the year of Euro 7,141 thousand;
iii. reclassifications from fixed assets in progress for Euro 8,883 thousand, mainly relating to Eremo di Miazzina S.r.l. (Euro 7,732 thousand);
iv. change in consolidation scope attributable to the Aurelia Hospital Group for Euro 13,472 thousand and to Sanatorio Triestino for Euro 8,162 thousand.

Leasehold improvements

The account decreased by Euro 362 thousand compared to December 31, 2022; this was mainly due to:

i. incremental work of Euro 191 thousand, mainly concerning Ro.e.mar S.r.l. (Euro 64 thousand),
ii. depreciation in the year of Euro 704 thousand;

iii. changes in consolidation scope for Euro 151 thousand, concerning the Aurelia Hospital Group for Euro 128 thousand and Terme del Friuli Venezia Giulia S.r.l. for Euro 23 thousand.

Plant and machinery

The account increased by Euro 4,158 thousand in the year compared to December 31, 2022. The net increase mainly concerns:

i. investments amounting to Euro 2,406 thousand, mainly attributable to Ospedali Privati Riuniti S.r.l. (Euro 1,036 thousand), Centro Medico San Biagio S.r.l. (Euro 322 thousand), Domus Nova S.p.A. (Euro 213 thousand) and Clinica San Francesco S.r.l. (Euro 166 thousand);
ii. depreciation in the year of Euro 2,597 thousand;
iii. reclassifications from fixed assets in progress for Euro 1,137 thousand, mainly relating to Ospedali Privati Riuniti S.r.l. (Euro 749 thousand);
iv. change in the consolidation scope of Euro 3,219 thousand, mainly attributable to Sanatorio Triestino S.p.A. (Euro 2,457 thousand).

Industrial and commercial equipment

The item Industrial and commercial equipment amounted to Euro 26,080 thousand at December 31, 2023, compared to Euro 20,321 thousand at December 31, 2022. The net change of Euro 5,759 thousand is attributable to the combined result of the following effects:

i. investments amounting to Euro 5,537 thousand, mainly attributable to Casa di Cura Villa Berica S.r.l. (Euro 379 thousand), L'Eremo DI Miazzina S.r.l. (Euro 554 thousand), Hesperia Hospital Modena S.r.l. (Euro 1,198 thousand), Gruppo Veneto Diagnostica e Riabilitazione S.r.l. (Euro 640 thousand) and Domus Nova S.p.A. (Euro 442 thousand);
ii. depreciation in the year of Euro 5,688 thousand;
iii. change in the consolidation scope of Euro 5,789 thousand, mainly attributable to the Aurelia Hospital Group for Euro 4,820 thousand and the Sanatorio Triestino Group for Euro 969 thousand.

Other assets

The account amounts to Euro 5,298 thousand at December 31, 2023, a net increase of Euro 1,228 thousand on December 31, 2022. The account in question mainly consists of cars, transport vehicles, EDP, furniture and furnishings. The change in the year was mainly due to:

i. investments amounting to Euro 1,728 thousand, mainly attributable to L'Eremo di Miazzina S.r.l. (Euro 363 thousand), Hesperia Hospital Modena S.r.l. (Euro 187 thousand), Domus Nova S.p.A. (Euro 166 thousand) and Gruppo Veneto Diagnostica e Riabilitazione S.r.l. (Euro 119 thousand);
ii. depreciation in the year of Euro 1,324 thousand;
iii. change in the consolidation scope of Euro 756 thousand, mainly attributable to the Aurelia Hospital Group (Euro 657 thousand).

Rights-of-use

The account, amounting to Euro 17,320 thousand at December 31, 2023, includes the present value of contracts relating to the rental, mainly of buildings, machinery and equipment for a fixed period of time exceeding 12 months and for an amount exceeding Euro 5 thousand against payment of a set fee. The net increase of Euro 969 thousand is attributable to the combined result of the following effects:

i. recognition of new contracts for Euro 421 thousand, mainly attributable to Garofalo Health Care S.p.A. (Euro 186 thousand) and Hesperia Hospital Modena S.r.l. (Euro 84 thousand);
ii. depreciation in the year of Euro 2,483 thousand;
iii. change in the consolidation scope of Euro 3,391 thousand, mainly attributable to the Aurelia Hospital Group (Euro 3,242 thousand).

Assets in progress and advances

The account at December 31, 2023 amounted to Euro 3,072 thousand, compared to Euro 10,328 thousand in the previous year. The net decrease of Euro 7,255 thousand is due to the combined effects of:

i. investments amounting to Euro 3,123 thousand, mainly attributable to Domus Nova S.p.A. (Euro 838 thousand), Ospedali Privati Riuniti S.r.l. (Euro 731 thousand) and Gruppo Veneto Diagnostica e Riabilitazione S.r.l. (Euro 554 thousand);
ii. reclassifications amounting to Euro 10,308 thousand relating to Eremo di Miazzina S.r.l. (Euro 7,800 thousand) and Domus Nova S.p.A.. (Euro 1,127 thousand) for the completion of work in progress as of December 31, 2022 mainly on buildings.

Note 6 Investment properties

The table below shows the breakdown of investment properties at December 31, 2023.

(Euro thousands)	*At December 31*	*At December 31*	*Change*
	2023	2022	2023 vs 2022
Investment property	846	885	(39)
Total investment properties	**846**	**885**	**(39)**

The Group's investment properties primarily refer to the apartments owned by L'Eremo di Miazzina S.r.l. of Euro 687 thousand, by Hesperia Hospital Modena S.r.l. of Euro 19 thousand and by FI.D.ES. Medica S.r.l. for Euro 140 thousand. These are properties not intended for industrial use or for use in the Group's core business, held specifically for investment purposes. Accordingly, pursuant to IAS 40, such investment properties have been classified as investments and measured according to the cost model. The value recognized is represented by historical cost, less cumulative depreciation charges. The change for the period is attributable solely to the depreciation for the period amounting to Euro 39 thousand.

The useful life of the Group's investment properties is 33 years, and depreciation is applied on a straight-line basis.

The assets have not been let. Accordingly, neither rent revenue nor direct operating costs are expected.

There are no restrictions on the Group's ability to monetize its investment properties, nor are there any contractual obligations to purchase, build or development investment properties or carry out maintenance, repairs or improvements.

See Note 41 for information on the fair value hierarchy for investment properties. It should be noted that:

- measurement is classified to Level 3 of the fair value hierarchy, meaning it is based on unobservable inputs obtained by estimating market value according to the average values in the Italian Agency of Revenue's O.M.I. database and the Borsino Immobiliare database (2023) for properties similar to those being measured;
- it should be noted that the fair value described above is greater than the current value in use, approximated by the item's net book value.

Note 7 Equity investments

The value of equity investments at December 31, 2023 was Euro 1,386 thousand and concerns investments in associates for Euro 1,293 thousand and capital instruments (classified as at fair value through profit and loss) for Euro 92 thousand.

Investments in associates

The table below contains a breakdown of investments in associates at December 31, 2023 and December 31, 2022.

(Euro thousands)	*At December 31*	*At December 31*	*Change*
	2023	2022	2023 vs 2022
Il Fiocco S.c.a.r.l.	746	735	11
Aurora Holding S.r.l.	547	-	547
Total investments in associates	**1,293**	**735**	**558**

The equity investments in associates refer to Il Fiocco S.c.a.r.l., in which the Group holds a 40% stake through the acquisition of the Fides Group in 2017, and to the company Aurora Holding S.r.l., held 50% by the newly-acquired Sanatorio Triestino S.p.A. Aurora Holding is in turn the parent company of Eutonia S.r.l., in which a 62.09% stake is held.

The valuation of Il Fiocco S.c.a.r.l. was substantially unchanged on December 31, 2022, following the distribution of dividends to Fides Medica s.r.l., totalling Euro 160 thousand, net of the pro-quota net profit of Euro 171 thousand.

The key financial figures at December 31, 2023 of Il Fiocco S.c.a.r.l. are set out below.

in Euro thousands	December 31
	2023
Current assets	2,150
Non-current assets	278
Current liabilities	(1,828)

Non-current liabilities	-
Shareholders' Equity	**600**
Shareholders' equity attributable to the Group - 40%	240
Goodwill	**506**
Carrying value of the Group's investment	**746**

in Euro thousands	December 31
	2023
Revenues	5,869
Cost of sales	(5,183)
Amortisation, depreciation and write-downs	(86)
Financial charges	(1)
Profit before taxes	599
Income taxes	(172)
Net profit from continuing operations	**427**
Other comprehensive items which may be subsequently reclassified to profit/(loss) for the period net of income taxes	-
Other comprehensive items which may not be subsequently reclassified to profit/(loss) for the period net of income taxes	-
Other comprehensive income from continuing operations	**427**
Net profit / (loss) attributable to the Group	**171**

The key financial figures at December 31, 2023 of Aurora Holding S.r.l. are set out below.

Aurora Holding S.r.l.	December 31
in Euro thousands	2023
Current assets	1,338
Non-current assets	3,482
Current liabilities	(1,115)
Non-current liabilities	(2,660)
Shareholders' Equity	**1,045**

Shareholders' equity attributable to the Group	523
Goodwill	**24**
Carrying value of the Group's investment	**547**

Aurora Holding S.r.l.	December 31
in Euro thousands	2023
Revenues	1,803
Cost of sales	(1,679)
Amortisation, depreciation and write-downs	(22)
Financial charges	(32)
Profit before taxes	70
Income taxes	(56)
Net profit from continuing operations	**14**
Other comprehensive items which may be subsequently reclassified to profit/(loss) for the period net of income taxes	**-**
Other comprehensive items which may not be subsequently reclassified to profit/(loss) for the period net of income taxes	**-**
Other comprehensive income from continuing operations	**14**
of which Group	**4**
of which minority interest	**10**
Net profit / (loss) attributable to the Group	**2**

At December 31, 2023 the associated company did not have any contingent liabilities or commitments.

Capital instruments

A breakdown of equity investments is presented below.

in Euro thousands	December 31 2023	December 31 2022	Change 2023 vs 2022
La Cassa di Ravenna S.p.A.	24	24	-
Comex S.p.A. in liquidation	7	7	-
Copag S.p.A.	6	6	-
BCC S.p.A.	1	1	-
Valpolicella Benaco Banca	5	5	-
C.O.P.A.G. S.p.A.	9	9	-
CAAF Emilia Centrale	3	3	-
Poliambulatorio Exacta S.r.l.	11	11	-
Ottica Modenese S.r.l.	11	11	-
Rete di imprese	1	1	-
Idroterapic S.r.l.	10	10	-
Other securities	2	1	1
Total share capital instruments	**92**	**91**	**1**

The balance of the item consists of equity investments in companies over which Hesperia Hospital Modena S.r.l., Casa di Cura Villa Garda S.r.l., Ospedali Privati Riuniti S.r.l., Centro Medico San Biagio S.r.l., Bimar S.r.l., Aesculapio S.r.l., XRay One S.r.l. and Domus Nova S.p.A. do not exercise either a dominant or a significant influence, and which in any event are less than one-fifth of share capital. The purchase cost approximates the fair value, since there is no active market for the equity interests in question, and the company plans to recover the entire purchase price upon their sale.

The item is essentially unchanged on the previous year.

It should be noted that (i) in the case of the equity investment in Poliambulatorio Exacta S.r.l., the gross book value of which is Euro 63 thousand, the total impairment loss of Euro 52 thousand recognised in previous years was maintained since no signs of a recovery in value were identified.

Note 8 Other non-current financial assets

Other non-current financial assets at December 31, 2023 amounted to Euro 3,368 thousand, increasing Euro 2,851 thousand on December 31, 2022, mainly due to the entry into the consolidation scope of Sanatorio

Triestino S.p.A., which manages its liquidity through investments in the Generali Group's "Gestione Speciale Ri.ALTO" fund (Euro 2,293 thousand).

The following table presents a breakdown of the other non-current financial assets at December 31, 2023 and December 31, 2022.

(Euro thousands)	*At December 31*	*At December 31*	*Change*
	2023	2022	2023 vs 2022
Guarantee deposits	668	479	189
Securities	2,391	-	2,391
Financial receivables from others	309	38	271
Total other non-current financial assets	3,368	517	2,851

Note 9 Other non-current assets

The following table presents a breakdown of the other non-current assets at December 31, 2023 and December 31, 2022.

(Euro thousands)	*At December 31*	*At December 31*	*Change*
	2023	2022	2023 vs 2022
Realignment substitute tax credits	1,132	1,367	(236)
Other receivables	1,107	963	144
Total other non-current assets	2,238	2,330	(92)

"Other non-current assets" amounted to Euro 2,238 thousand at December 31, 2023 and included Euro 1,132 thousand of receivables due beyond one year relating to the tax on the realignment of the accounting and tax values of the goodwill recognized to C.M.S.R Veneto Medica S.r.l. (Euro 686 thousand), to Fides Medica S.r.l. (Euro 174 thousand), to Rugani Hospital S.r.l. (Euro 94 thousand) and to Domus Nova S.p.A (Euro 178 thousand).

"Other receivables" of Euro 1,107 thousand mainly comprised the tax credit maturing beyond one year under the "Industry 4.0" decree.

Note 10 Deferred tax assets and liabilities

Deferred tax assets and liabilities

Deferred tax assets and liabilities at December 31, 2023, compared with the situation at December 31, 2022, is presented below.

(Euro thousands)	*At December 31*	*At December 31*	*Change*
	2023	2022	2023 vs 2022
Deferred tax assets	14,850	10,615	4,235
Deferred tax liabilities	(74,770)	(67,356)	(7,415)
Net balance	**(59,921)**	**(56,740)**	**(3,180)**

Net deferred tax assets and liabilities amounted to a net liability of Euro 59,921 thousand at December 31, 2023.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary difference and the carry-forward of unused tax losses and unused tax credits can be utilised.

The increase in deferred tax assets is mainly due the consolidation of the Aurelia Hospital Group (Euro 3,879 thousand), whereas the increase in deferred tax liabilities is due to the recognition of deferred taxes calculated on the value of the Accreditation of Gruppo Veneto Diagnostica e Riabilitazione S.r.l. (Euro 3,865 thousand) and of Sanatorio Triestino S.p.A. (Euro 2,407 thousand).

The following table presents the movements in deferred tax assets and liabilities for the year ended December 31, 2023 and December 31, 2022.

(Euro thousands)	December 31	December 31
	2023	2022
Net opening balance	(56,740)	(58,272)
Credit / (Debit) to the income statement	(417)	1,304
Other changes	(2,858)	56
Credit / (Debit) to equity	94	172
Net closing balance	(59,921)	(56,740)

The other changes comprise net deferred tax liabilities from the change in the scope and the recognition of deferred taxes on the purchase price differential allocated to the accreditation, included among property, plant and equipment.

The movements of the deferred tax assets and liabilities are detailed below.

in Euro thousands	December 31	Change to the balance sheet/income statement	Changes to the comprehensive income statement	December 31
	2022			**2023**
Doubtful debt provision	**1,270**	949	-	**2,219**
Risks provision accrual	**4,922**	2,337	-	**7,259**
Tax losses	**1,857**	(37)	-	**1,820**
Goodwill realignment	**956**	311	-	**1,267**
Miscellaneous	**213**	498	-	**711**
Accelerated depreciation	**78**	12	-	**89**
Adjustment for IAS 19	**551**	70	94	**715**
Adjustment for IAS 16 - Revaluations	**-**	43	-	**43**
IFRS 16	**377**	(4)	-	**374**
Other	**391**	(39)	-	**353**
Deferred tax assets	**10,615**	**4,140**	**94**	**14,850**
in Euro thousands	**December 31**	**Change to the balance sheet/income statement**	**Changes to the comprehensive income statement**	**December 31**
	2022			**2023**
Gains	**-**	**-**	**-**	**-**
Goodwill / Accreditation gross-up	**(56,027)**	(6,593)	-	**(62,621)**
Interest on arrears	**(52)**	-	-	**(52)**
Adjustment for IAS 19 Employee Benefits	**-**	-	-	**-**
Adjustment for IAS 16 - Revaluations	**(4,589)**	(426)	-	**(5,016)**
IFRS 16	**(5,860)**	(45)	-	**(5,905)**
Amortisation & depreciation IAS 40	**(67)**	-	-	**(67)**
Other	**(760)**	(350)	-	**(1,110)**
Deferred tax liabilities	**(67,356)**	(7,415)	-	**(74,770)**
Net deferred taxes	**(56,740)**	**(3,274)**	**94**	**(59,921)**

Note 11 Inventories

The following table breaks down inventories at December 31, 2023, compared with December 31, 2022.

(Euro thousands)	*At December 31*	*At December 31*	*Change*
	2023	2022	2023 vs 2022
Raw materials, ancillaries and consumables	5,583	4,244	1,339
Inventories	5,583	4,244	1,339

Inventories at December 31, 2023, amounted to Euro 5,583 thousand in 2022, increasing Euro 1,339 thousand on December 31, 2022 (Euro 4,244 thousand), mainly due to the change in consolidation scope (Euro 1,316 thousand). The account, which consists solely of raw materials, supplies and consumables, refers to the materials used in the clinical and hospital activities of the Group's companies.

Note 12 Trade receivables

Trade receivables amounted to Euro 100,994 thousand at December 31, 2023, compared with Euro 76,479 thousand at December 31, 2022. The account is broken down as follows:

(Euro thousands)	*At December 31*	*At December 31*	*Change*
	2023	2022	2023 vs 2022
Receivables – private customers	34,849	7,287	27,562
Receivables – local health authorities	70,240	75,773	(5,533)
Other receivables	7,360	476	6,884
Doubtful debt provision	(11,455)	(7,058)	(4,398)
Total trade receivables	**100,994**	**76,479**	**24,515**

Trade receivables refer solely to provisions rendered within Italy and there are no receivables due beyond twelve months. It should be noted that the increase on the previous year was substantially due to the change in the scope, more specifically for the acquisition of the Aurelia Hospital Group (Euro 26,722 thousand) and of Sanatorio Triestino (Euro 3,445 thousand), while the company at like-for-like consolidation scope reports a decrease, due mainly to the collection of outstanding receivables in 2023 in the first few weeks of 2024, as also happened last year.

The movements in the doubtful debt provision, which increased by Euro 4,398 thousand compared to December 31, 2022, are reported below:

(Euro thousands)	*Dec 31, 22*	*Provisions*	*Utilisations*	*Decrease*	*Other movements*	*December 31, 2023*
Doubtful debt provision	7,058	1,673	(453)	(547)	3,725	11,455

The main changes were as follows:

i. provisions mainly by the companies European Hospital S.r.l. (Euro 1,069 thousand) and Hesperia Hospital Modena S.r.l. (Euro 345 thousand);
ii. utilisations mainly by Centro Medico Castrense S.r.l. (Euro 157 thousand) and Domus Nova S.p.A. (Euro 123 thousand);
iii. releases for Euro 547 thousand, chiefly attributable to Ospedali Privati Riuniti S.r.l. (Euro 474 thousand);
iv. other movements due to the entry into the consolidation scope of the Aurelia Hospital Group (Euro 3,433 thousand) and Sanatorio Triestino S.p.A. (Euro 292 thousand).

In terms of the mechanisms to calculate expected losses, in view of the nature of its receivables, the Company has decided to apply a loss-rate approach, which consists of determining percent loss rates on a statistical basis as a function of the losses recorded over a twelve-month period and the residual lifetime of the receivables, and then adjusting these historical trends to take account of current conditions and future expectations. To this end, it should be clarified that, in the absence of changes to the model, the Group maintained substantially the same collection times. Consequently, the Company has divided its receivables portfolio into uniform risk classes and then determined a loss rate for each uniform portfolio thus identified on the basis of the historical default experience for each portfolio. The Company then updated the historical rates thus obtained to take account of current economic conditions and reasonable expectations regarding future economic conditions.

Note 13 Tax receivables

The table below shows the breakdown of tax receivables at December 31, 2023, compared with December 31, 2022.

(Euro thousands)	*At December 31*	*At December 31*	*Change*
	2023	2022	2023 vs 2022
Receivables for IRES and IRAP applications	139	110	29
IRES payments on account	3,858	2,068	1,790
IRAP payments on account	784	581	203
Tax consolidation receivables	618	330	288
Other tax assets	2,540	2,845	(304)
Total tax receivables	**7,939**	**5,933**	**2,006**

Tax receivables at December 31, 2023 amounted to Euro 7,939 thousand, compared to Euro 5,933 thousand in the preceding year, an increase of Euro 2,006 thousand attributable mainly to the consolidation of the Aurelia Hospital Group (Euro 1,400 thousand) and of Sanatorio Triestino S.p.A. (Euro 532 thousand).

At December 31, 2023 the account mainly comprised tax receivables arising from IRES and IRAP payments on account (Euro 4,642 thousand) and other tax receivables (Euro 2,540 thousand).

The IRES advances of Euro 3,858 thousand mainly include the receivable of the parent company GHC S.p.A. for Euro 2,633 thousand, concerning advances paid in the previous year by the companies within the tax consolidation scope, net of income taxes due for the period.

Other tax receivables of Euro 2,540 thousand refer to Casa di Cura Villa Berica S.r.l. (Euro 205 thousand), C.M.S.R. Veneto Medica S.r.l. (Euro 135 thousand), Hesperia Hospital Modena S.r.l. (Euro 348 thousand), Poliambulatorio Dalla Rosa Prati S.r.l. (Euro 248 thousand), Ospedali Privati Riuniti S.r.l. (Euro 288 thousand), and Aesculapio S.r.l. (Euro 147 thousand) and mainly refer to tax credits on investments.

Note 14 Other receivables and current assets

Other receivables and current assets amounted to Euro 7,652 thousand at December 31, 2023, compared to Euro 3,137 thousand at December 31, 2022, an increase of Euro 4,515 thousand.

The changes in the account were as follows:

(Euro thousands)	*At December 31*	*At December 31*	*Change*
	2023	2022	2023 vs 2022
Advances to suppliers	458	433	25
Other receivables	4,459	1,408	3,051
Employee receivables	28	-	28
Receivables from social security institutions	226	149	77
Other tax assets	394	146	248
Accrued income and prepaid expenses (non-financial)	2,085	1,000	1,086
Total other receivables and current assets	**7,652**	**3,137**	**4,515**

The account mainly breaks down as follows:

i. suppliers on account amounting to Euro 458 thousand, mainly relating to Hesperia Hospital Modena S.r.l. (Euro 166 thousand) and Gruppo Veneto Diagnostica e Riabilitazione S.r.l. (Euro 195 thousand);
ii. other receivables totalling Euro 4,459 thousand, mainly concerning Villa Von Siebenthal S.r.l. (Euro 189 thousand), Hesperia Hospital Modena S.r.l. (Euro 144 thousand), Domus Nova S.p.A. (Euro 133 thousand), Aesculapio S.r.l. (Euro 653 thousand), and Rugani Hospital S.r.l. (Euro 434 thousand), as well as the consolidation of the Aurelia Hospital Group (Euro 1,791 thousand) and of Sanatorio Triestino S.p.A. (Euro 904 thousand);
iii. accrued income and prepaid expenses relating to non-financial assets for Euro 2,085 thousand, mainly attributable to C.M.S.R. Veneto Medica S.r.l. (Euro 61 thousand), Hesperia Hospital Modena S.r.l. (Euro 209 thousand), Casa di Cura Prof. Nobili S.r.l. (Euro 150 thousand), GHC S.p.A. (Euro 125 thousand), Ospedali Privati Riuniti S.r.l. (Euro 132 thousand) and Clinica San Francesco S.r.l. (Euro 91 thousand), as well as to the consolidation of the Aurelia Hospital Group (Euro 778 thousand) and of Sanatorio Triestino S.p.A. (Euro 90 thousand).

Note 15 Other current financial assets

Other current financial assets amounted to Euro 409 thousand at December 31, 2023, an increase of Euro 194 thousand on the previous year, mainly due to the consolidation of Sanatorio Triestino S.p.A. (Euro 100 thousand). The balance consists primarily of financial prepayments and accrued income.

Note 16 Cash and cash equivalents

The changes in the account were as follows.

(Euro thousands)	*At December 31*	*At December 31*	*Change*
	2023	2022	2023 vs 2022
Bank current accounts	22,309	31,132	(8,823)
Checks and cash	375	250	125
Total cash and cash equivalents	**22,684**	**31,382**	**(8,698)**

The amounts shown can be readily converted into cash and do not have a significant risk of change in value.

The Garofalo Health Care Group believes that the credit risk associated with cash and cash equivalents is limited because they primarily consist of deposits held with various national Italian banking institutions.

The above account is also subject to the general impairment rule and the loss rate approach has been used. However, in view of the fact that they are demand accounts, the expected losses over the 12 months and the expected losses of the useful life coincide.

See Note 20 Non-current financial payables for the composition of net financial position at December 31, 2023 and December 31, 2022.

Note 17 Shareholders' equity

Share capital

At December 31, 2023 share capital amounted to Euro 31,570 thousand, fully paid-in, and consisted of 90,200,000 ordinary shares without par value.

The table below reports the GHC Group's ownership structure at December 31, 2023, including significant equity interests.

Number of ordinary shares	% share capital	Listed / Non listed	Rights and obligations
90,200,000	100%	Euronext STAR Milan	Each Share entitles the owner to one vote. In accordance with Art. 127-*quinquies* of the CFA, Article 7 of the By-laws states that each share held by the same shareholder for a continuous period of at least 24 months from the date of registration in the special list specifically established by the Company confers two votes. For further information, reference should be made to paragraph 2, letter d), of the Corporate Governance Report. The shareholders' rights and obligations are as established in Articles 2346 *et seq.* of the Italian Civil Code and Article 7 of the By-laws with regard to multi-voting rights.

<table>
<tr><th>Shareholder</th><th>Direct shareholder</th><th>% of ordinary share capital</th><th>% of voting share capital</th></tr>
<tr><td rowspan="3">Garofalo Maria Laura[(1)]</td><td>Anrama S.p.A.</td><td rowspan="3">66.21%[(2)]</td><td rowspan="3">64.79%[(2)]</td></tr>
<tr><td>Larama 98 S.p.A.</td></tr>
<tr><td>Garofalo Maria Laura</td></tr>
<tr><td>Enasarco Foundation[(3]</td><td>Enasarco Foundation</td><td>5.38%</td><td>5.26%</td></tr>
</table>

As previously reported, in accordance with Art. 127-quinquies of the CFA, Article 7 of the By-laws states that each share held by the same shareholder for a continuous period of at least 24 months from the date of registration in the special list specifically established by the Company (the "List") confers two votes.

After receiving valid applications for registration, the Company adds new entries to and updates the List with quarterly frequency, i.e. on March 31, June 30, September 30 and December 31 of each year, or with a different frequency in accordance with industry legislation, but always by the record date.

In accordance with Article 127-*quinquies*, paragraph 7, of the CFA, Article 7 of the By-laws states that shares held prior to the commencement date of trading, and hence prior to the date of registration in the List, are also to be considered for the purpose of completing the period of continuous ownership required for multi-voting rights.

According to the By-laws, multi-voting rights are also considered when evaluating quorum requirements to meet and pass resolutions based on percentages of share capital. In addition, multi-voting rights are without any effect on rights other than voting rights devolving on the basis of the possession of a particular portion of capital, such as the right to convene the Shareholders' Meeting, the right to add items to the Agenda and the right to submit slates for the election of Directors. For further information, please refer to the Multi-Voting Rights Regulation available from the Company's website, www.garofalohealthcare.com which in accordance with Article 143-quater of the Consob Issuers' Regulation also presents the identification details of the shareholders who have applied for registration in the List, with indication of their individual holdings – in any event exceeding the threshold indicated by Article 120, paragraph 2 of the CFA – date of registration and date of attainment of multi-vote rights.

Legal reserve

At December 31, 2023 the legal reserve amounted to Euro 614 thousand, up by Euro 82 thousand on December 31, 2022 due to the allocation of the net profit for 2022 resolved by the Shareholders' Meeting on April 28, 2023 in accordance with Article 2430 of the Italian Civil Code.

Other reserves

The composition of the account "Other reserves" at December 31, 2023, with a comparison to December 31, 2022, is presented below.

[(1)] Source: GHC Group
[(2)] Percentages concern number of total shares, including treasury shares
[(3] Source: GHC Group and Consob, values at the date of publication

(Euro thousands)	*At December 31*	*At December 31*	*Change*
	2023	2022	2023 vs 2022
Extraordinary reserve	12,303	12,303	-
Shareholder capital payments reserve	5,146	5,146	-
Conferment reserves	37,006	37,006	-
Share-based payments reserve	2,154	1,385	769
Provision as per Article 40 By-Laws	4	12	(9)
Reserve - IAS 19 Post-employment benefits	(1,895)	(1,603)	(292)
First Time Adoption Reserve	2,320	2,320	-
Retained earnings	95,939	74,553	21,385
Share premium reserve	101,413	101,413	-
Reserve for treasury shares in portfolio	(7,601)	(6,111)	(1,491)
AUCAP 2021 Reserve	(883)	(883)	-
Other reserves	**245,903**	**225,542**	**20,361**

At December 31, 2023, the account Other Reserves amounted to Euro 245,903 thousand, a net increase of Euro 20,361 thousand compared to December 31, 2022, mainly deriving from the combined effect of:

i. increase of Euro 769 thousand of the Share-based payments reserve following the accrual for the Performance Share Plan;
ii. decrease of Euro 294 thousand of the IAS 19 Post-employment benefit reserve following the changed underlying actuarial assumptions and change in consolidation scope;
iii. increase of consolidated retained earnings of Euro 21,385 thousand following the allocation of the profit for the previous year of the consolidated companies;
iv. change of Euro 1,491 thousand in the Treasury shares in portfolio reserve following the acquisition of 353,954 shares.

Minority interest net equity

The minority interest capital and reserves amounted to Euro 1,929 thousand at December 31, 2023, compared with Euro 76 thousand in the previous year. The increase of Euro 1,853 thousand mainly derives from the initial consolidation of the Aurelia Hospital Group and of Sanatorio Triestino, which present minority holdings.

Note 18 Employee Benefits

This account includes post-employment benefits measured according to an actuarial assessment based on the projected unit credit method performed by independent actuaries in accordance with IAS 19 – Employee Benefits.

The main demographic assumptions use by the actuary for the year are as follows:

- the RG48 probability of death figures provided by the General Accounting Office, by gender;
- for the pension period, it was assumed that the first pensionable requisites for the General Compulsory Insurance were achieved.
- a primary annual rate of termination of employment due to causes other than death of 9.36%;
- an annual advance probability of 2%, with a maximum of two repetitions of requests;
- a percent advance requested of 100.00%;
- The rate curve based on the effective rate of return on bonds denominated in euro issued by major companies rated AA or higher was used for the technical discounting rate.

The main financial assumptions adopted by the actuary were as follows:

	December 31 2023	December 31 2022
Annual inflation rate	4.00%	4.00%
Annual real remuneration rate by category:		
Executives	2.60%	2.60%
Managers	1.70%	1.70%
White-collar	1.40%	1.40%
Annual increase in employee benefit obligation	3.74%	3.74%

Movements during the year were as follows (in Euro thousands):

(Euro thousands)	
Balance at December 31, 2022	**13,551**
Financial charges	395
Net actuarial gains/(losses) recognised in the period	298
Transfer in/(out)	(1,377)

Change in consolidation scope	5,791
Cost for service	847
Balance at December 31, 2023	**19,505**

In accordance with IAS 19 – *Employee Benefits*, an analysis of the sensitivity to changes in the main actuarial assumptions used in the calculation model must be performed. The following tables show, in absolute and relative terms, changes in the liability measured according to IAS 19 (DBO) in the event of a positive or negative change of 10% in revaluation and/or discounting rates. The results obtained for the years ended December 31, 2023 and December 31, 2022 are summarized in the following tables.

		At December 31, 2023		
		Annual discount rate		
		-10%	*100%*	*10%*
Annual inflation rate	*-10%*	19,869	19,447	19,040
	100%	20,403	**19,505**	19,535
	10%	20,963	20,499	20,052

Note 19 Provision for risks and charges

"Provisions for risks and charges" at December 31, 2023 amounted to Euro 28,251 thousand (Euro 19,152 thousand at December 31, 2022).

(Euro thousands)	*At December 31*	*At December 31*	*Change*
	2023	2022	2023 vs 2022
End-of-service indemnity provisions	75	50	25
Provisions for risks and charges – Provisions for healthcare lawsuit risks	25,391	17,691	7,701
Other provisions for risks and charges	2,784	1,412	1,373
Total provisions for risks and charges	**28,251**	**19,152**	**9,098**

The changes in the "Provisions for risks and charges" in the year ended December 31, 2023, compared with the changes in the year ended December 31, 2022, are presented below.

in Euro thousands	*End-of-service indemnity provisions*	*Provisions for healthcare lawsuit risks*	*Other provisions for risks and charges*	*Total*
Net value at December 31, 2022	50	17,691	1,412	19,152
Provisions	25	5,715	141	5,880
Utilisations	-	(5,012)	(193)	(5,205)
Reversals	-	(2,474)	(303)	(2,776)
Change in consolidation scope	-	9,471	1,727	11,199
Net value at December 31, 2023	75	25,391	2,784	28,251

Provisions for risks and charges include the total end-of-service indemnities for directors of Euro 75 thousand at December 31, 2023, compared with a balance of Euro 50 thousand at December 31, 2022. The change in the account includes the provisions made by Casa di Cura Prof. Nobili S.r.l. for Euro 25 thousand.

Provisions for healthcare lawsuit risks and local health authority risks totalled Euro 25,391 thousand at December 31, 2023 and are attributable to healthcare risks for Euro 18,785 thousand and to local health authority risks for Euro 6,607 thousand. The item includes liabilities deemed probable in respect of damage claims brought by patients of the facilities in the course of their healthcare services, both under accreditation from the government and privately. The accrual has been based on a thorough analysis of the damage claims brought in and out of court and takes account of events that have occurred at the reporting date, even though not reported, which the company, with the support of its legal counsel, has decided to recognise in its accounts. The account also includes the risks on the controls carried out by the Local Health Authority on clinical records and the risks of fee variations for services rendered to patients residing outside the Region. The increase in the account of Euro 7,701 thousand is due to:

i. Provisions amounting to Euro 5,715 thousand, of which Euro 3,527 thousand refers to healthcare lawsuits and Euro 2,187 thousand refers to Local Health Authority (ASL) risks.
   In the case of the healthcare lawsuits, the accruals refer mainly to Ospedali Privati Riuniti S.r.l. for Euro 785 thousand, Rugani Hospital S.r.l. for Euro 350 thousand, Hesperia Hospital Modena S.r.l for Euro 1,060 thousand, Clinica San Francesco S.r.l. for Euro 120 thousand and Domus Nova S.p.A. for Euro 1,018 thousand.
   For local healthcare authority risks, the provisions refer mainly to Hesperia Hospital Modena S.r.l. for Euro 595 thousand, Ospedali Privati Riuniti S.r.l. for Euro 989 thousand and Domus Nova S.p.A. for Euro 444 thousand.
ii. Utilisations amounting to Euro 5,012 thousand, of which Euro 2,782 thousand referring to healthcare lawsuits and Euro 2,229 to Local Health Authority (ASL) risks.
   Utilisations for healthcare lawsuits were mainly attributable to Hesperia Hospital Modena S.r.l. (Euro 106 thousand), Casa di Cura Villa Berica S.r.l. (Euro 549 thousand), Rugani Hospital S.r.l. (Euro 253 thousand), Domus Nova S.p.A. (Euro 558 thousand), Clinica San Francesco S.r.l. (Euro 276 thousand), Ospedali Privati Riuniti S.r.l. (Euro 348 thousand) and Aurelia Hospital S.r.l. (Euro 637 thousand).
   For local healthcare authority risks, the utilisations refer mainly to Hesperia Hospital S.r.l. (Euro 1,327 thousand), Domus Nova S.p.A. (Euro 207 thousand) and Ospedali Privati Riuniti S.r.l. (Euro 596 thousand).
iii. Releases amounting to Euro 2,474 thousand, of which Euro 2,019 thousand referring to healthcare

lawsuits and Euro 454 thousand to Local Health Authority (ASL) risks.
Releases for healthcare lawsuits were mainly attributable to Rugani Hospital S.r.l. (Euro 106 thousand), Casa di Cura Villa Berica S.r.l. (Euro 509 thousand), Domus Nova S.p.A. (Euro 594 thousand), Casa di Cura Prof.Nobili S.r.l. (Euro 100 thousand), Sanatorio Triestino S.p.A. (Euro 120 thousand), European Hospital S.r.l. (Euro 130 thousand) and Ospedali Privati Riuniti S.r.l. (Euro 433 thousand).In the case of the local health authority risks, the releases mainly refer to Ospedali Privati Riuniti S.r.l. for Euro 148 thousand and Hesperia Hospital Modena S.r.l for Euro 237 thousand.

iv. To the change in the consolidation scope of Euro 9,471 thousand, Euro 8,224 thousand of which related to healthcare lawsuits (Aurelia Hospital Group for Euro 7,774 thousand and Sanatorio Triestino for Euro 450 thousand) and Euro 1,248 thousand related to local health authority risks (Aurelia Hospital Group for Euro 1,003 thousand and Sanatorio Triestino for Euro 245 thousand).

Other provisions for risks and charges, which includes allocations risks not related to healthcare, amounted to Euro 2,784 thousand at December 31, 2022, compared with Euro 1,412 thousand at December 31, 2023, a net increase of Euro 1,373 thousand. The change in the account was due to:

i. To accruals of Euro 141 thousand mainly attributable to Domus Nova S.p.A. (Euro 55 thousand) and L'Eremo di Miazzina S.r.l. (Euro 44 thousand).
ii. To utilisations of Euro 193 thousand, of which Euro 101 thousand concerning Rugani Hospital S.r.l. and Euro 65 thousand Ospedali Privati Riuniti S.r.l.
iii. Releases for Euro 303 thousand, almost entirely concerning Ospedali Privati Riuniti S.r.l. (Euro 301 thousand);

iv. To change in the consolidation scope of Euro 1,727 thousand, attributable to the Aurelia Hospital Group for Euro 1,556 thousand and Sanatorio Triestino for Euro 171 thousand.

Note 20 Non-current financial payables

The account "Non-current financial payables" includes medium/long term, floating-rate bank loans, the portion of payables arising from the application of IFRS 16 due beyond one year and shareholder loans.

The table below provides the breakdown of the account for the year ended December 31, 2023 and a comparison to the previous year.

(Euro thousands)	*At December 31*	*At December 31*	*Change*
	2023	2022	2023 vs 2022
Other non-current financial payables	38,066	21,703	16,363
Medium/long-term loans and borrowings	126,134	110,462	15,672
Total non-current financial payables	**164,200**	**132,165**	**32,035**

The composition of "Other non-current financial payables" at December 31, 2023, compared with December 31, 2022 is presented below.

(Euro thousands)	*At December 31*	*At December 31*	*Change*
	2023	2022	2023 vs 2022
Bonds	15,803	-	15,803
Financial payables for IFRS 16 Non-Current	14,948	13,828	1,120
Payables to leasing companies	6,997	7,794	(797)
Accrued financial liabilities and deferred financial income	318	80	238
Total other non-current financial payables	**38,066**	**21,703**	**16,363**

The increase of Euro 16,363 thousand in other non-current financial payables mainly derives from the initial consolidation of the Aurelia Hospital Group, which presents bonds payable to the previous shareholders. It should be noted that, in January 2022, the companies presenting these bonds filed writs of summons requesting an assessment and declaration that the bonds and related interest are not due, in that they meet the requirements of Article 2467 of the Italian Civil Code (subordination of shareholder financing). In early 2023, the judge hearing the case ordered a technical consultancy and adjourned the case to a hearing on January 23, 2024, for closing arguments. On September 30, 2023, the Technical Expert filed their report, which was discussed at the hearing on January 23, 2024, at the end of which the judge remanded the case for decision, granting the parties 60 days to file closing statements and an additional 20 days to file reply briefs.

"Non-current bank payables" of Euro 126,134 thousand at December 31, 2023 increased Euro 15,672 thousand on December 31, 2022, following the drawdown of the M&A line for Euro 40,690 thousand and the change in scope for Euro 10,877 thousand, net of the reclassification to current financial payables of the portion of the payable due by December 31, 2024, amounting to Euro 35,895 thousand.

The loans in place at December 31, 2023 and December 31, 2022 were as follows:

Description	Annual interest rate at signing	Maturity	Balance at December 31, 2023	Balance at December 31, 2022
	%		in Euro thousands	
Unicredit Line A Loan	Euribor 6M+1.57%	Dec 31, 26	93,350	114,959
Unicredit Line B Loan	Euribor 6M+1.9%	Dec 31, 27	16,599	16,526
Unicredit Line B Loan	Euribor 6M+1.9%	Dec 31, 27	7,537	-
Unicredit Line B Loan	Euribor 6M+1.9%	Dec 31, 27	33,163	-
BPER Loan	Euribor 6M+2.4%	Apr 15, 27	47	58
Cassa di Risparmio del Veneto Loan	Euribor 1M+1.1%	Sep 28, 24	306	573
Mediocredito Italiano Loan	Euribor 1M+1.1%	Aug 31, 23	-	118

BCC Roma Loan	Euribor 1M+1.7%	Mar 31, 25	210	375
Intesa 313 loan	2.90%	Jul 30, 27	566	-
Intesa 251 loan	2.25%	Jun 30, 28	1,069	-
Mediocredito Italiano FVG Loan	2.00%	Jan 1, 30	407	-
Credito cooperativo del Carso Loan	2.60%	Sep 27, 32	3,812	-
Intesa 099 loan	1.10%	Sep 19, 26	1,271	-
Intesa 287 loan	Euribor 1M+1.2%	Jul 24, 26	293	-
Intesa loan	0.95%	Mar. 31, 27	3,669	-
Other minor			35	-
Total			**162,334**	**132,608**
Of which:				
Bank payables - non-current portion of loans			126,134	110,462
Bank payables - current portion of loans			36,201	22,146

The loan provides for the covenants shown in the table below to be calculated on December 31 of each calendar year on the basis of the pro-forma consolidated financial statements, net of the effect resulting from the application of IFRS16, starting from 31.12.2021.

Parameter	*Threshold value*					
	31.12.2021	*31.12.2022*	*31.12.2023*	*31.12.2024*	*31.12.2025*	*from 31.12.2026*
Leverage Ratio (Net financial debt /EBITDA)	≤4x	≤4x	≤4x	≤3.5x	≤3.25x	≤3x
Net Debt / NE	≤1.5x	≤1.5x	≤1.5x	≤1.5x	≤1.25x	≤1x

These financial parameters had been observed at the date of these Consolidated Financial Statements.

Changes in liabilities deriving from financing activities are presented below in accordance with IAS 7 *Statement of Cash Flows*:

(Euro thousands)	*At December 31, 2023*	*Cash flows*	*Change in consolidation scope*	*Other changes*	*Reclassifications*	*At December 31, 2022*
Other non-current financial payables	(38,066)	-	(19,801)	(1,641)	5,078	(21,703)
Medium/long-term loans and borrowings	(126,134)	(40,690)	(10,877)	-	35,895	(110,462)
Short-term loans and borrowings	(52,916)	34,485	(5,408)	(7,668)	(35,895)	(38,430)
Other current financial payables	(11,721)	6,687	(6,182)	(1,133)	(5,078)	(6,013)
Current loans	409	-	112	82	-	215
Cash and cash equivalents	22,684	(15,788)	7,090	-	-	31,382
Net Financial Debt	**(205,743)**	**(15,306)**	**(35,066)**	**(10,360)**	**-**	**(145,011)**

The "Cash flow" column refers to the cash flows presented in the Consolidated Cash Flow Statement.

Note 21 Other non-current liabilities

Other non-current liabilities, totalling Euro 4,182 thousand, mainly relate to the deferred income relating to the tax receivables matured on investments in "Industry 4.0" assets made by the Group companies.
The increase of Euro 974 thousand compared to December 31, 2022, is attributable to the change in consolidation scope and concerns the non-current portion of a liability of Casa di Cura Sant'Antonio payable in instalments over a 60-month period to the local health authority.

Note 22 Trade payables

Trade payables amount to Euro 87,853 thousand at December 31, 2023 and to Euro 51,100 thousand at December 31, 2022.

(Euro thousands)	*At December 31*	*At December 31*	*Change*
	2023	2022	2023 vs 2022
Trade payables	53,660	28,158	25,502
Payables to doctors	2,482	2,387	94
Other payables	4,765	403	4,362
Payables for invoices to be received	29,629	21,255	8,374
Credit notes to be received	(2,683)	(1,104)	(1,579)
Total trade payables	**87,853**	**51,100**	**36,753**

At December 31, 2023, the increase on the previous year of Euro 36,753 thousand was mainly attributable to the addition of the Aurelia Group (Euro 32,150 thousand) and Sanatorio Triestino (Euro 3,590 thousand) to the consolidation scope.

Note 23 Current financial payables

The following table presents the figures for the Group's outstanding current financial payables at December 31, 2023.

(Euro thousands)	*At December 31*	*At December 31*	*Change*
	2023	2022	2023 vs 2022
Short-term loans and borrowings	52,916	38,430	14,486
Total other current financial payables	11,721	6,013	5,708
Total current financial payables	**64,637**	**44,443**	**20,194**

Current bank payables consist primarily of overdrafts and short-term credit facilities, together with the short-term portion of loans to be repaid in the following year.

The composition of "Current bank payables" at December 31, 2023, compared with the situation at December 31, 2022, is presented below.

(Euro thousands)	*At December 31*	*At December 31*	*Change*
	2023	2022	2023 vs 2022
Bank payables (short-term portion of loans)	36,201	22,146	14,055
Bank payables (current accounts)	3,757	1,753	2,005
Bank payables (advances)	12,958	14,531	(1,574)
Total Current bank payables	**52,916**	**38,430**	**14,486**

The account "short-term portion of loans" at December 31, 2023 of Euro 36,201 thousand mainly refers to the short-term portion of the Unicredit loan, due to be settled within 12 months; the transaction was described in Note 20 "Non-current financial payables", to which reference should be made.

The "Current bank payables (current accounts)", amounting to Euro 3,757 thousand, consist of bank credit lines used as at December 31, 2023.

The account "bank payables for advances" of Euro 12,958 thousand at December 31, 2023 mainly comprises advances on commercial invoices.

The composition of "Other current financial payables" at December 31, 2023, compared with the situation at December 31, 2022, is presented below.

(Euro thousands)	*At December 31*	*At December 31*	*Change*
	2023	2022	2023 vs 2022
Payables to leasing companies	2,774	2,483	290
Accrued financial liabilities and deferred financial income	506	149	356
Financial payables for IFRS 16 Current	2,493	3,381	(887)
Bonds	5,948	-	5,948
Total Other financial payables	**11,721**	**6,013**	**5,708**

The item "Payables to leasing companies", totalling Euro 2,774 thousand at December 31, 2023, refers to the recognition of the current financial payable for the acquisition of leased assets accounted for according to the finance method and related primarily to the purchase of healthcare equipment.

"Accrued financial liabilities and deferred financial income" mainly concerns interest charges matured on mortgages at December 31, 2023.

"Payables for IFRS 16" , amounting to Euro 2,493 thousand at December 31, 2023, refers to the short-term portion of leases previously defined as operating leases.

Bonds of Euro 5,948 thousand derive from the initial consolidation of the Aurelia Hospital Group, which presents bonds payable to the previous shareholders. For further information, reference should be made to the note related to "Non-current financial payables".

Therefore, the increase in the account is attributable entirely to the change in consolidation scope.

Note 24 Tax Payables

Tax payables include payables relating to IRES company income taxes, IRAP regional tax, tax consolidation and other current taxes. The breakdown is as follows.

(Euro thousands)	*At December 31*	*At December 31*	*Change*
	2023	2022	2023 vs 2022
IRES tax payables	3,473	2,453	1,021
IRAP tax payables	751	700	52
Tax payables from tax consolidation	250	59	191
Total Tax payables	**4,475**	**3,211**	**1,263**

Tax payables increased from Euro 3,211 thousand at December 31, 2022 to Euro 4,475 thousand at December 31, 2023, an increase of Euro 1,263 thousand.

The increase in the IRES payable of Euro 1,021 thousand compared to December 31, 2022 is substantially due to the change in the consolidation scope (Euro 711 thousand).

Note 25 Other current liabilities

At December 31, 2023 "Other current liabilities" amounted to Euro 47,442 thousand. The comparison with December 31, 2022 is presented below.

(Euro thousands)	*At December 31*	*At December 31*	*Change*
	2023	2022	2023 vs 2022
Social security institutions	6,644	4,913	1,731
Tax payables	304	17	287
Withholding tax payables	4,342	3,431	911
Employee payables	9,890	8,302	1,588
Other liabilities	26,263	15,820	10,443
Total Other current liabilities	**47,442**	**32,482**	**14,960**

Other current liabilities increased by Euro 14,960 thousand, mainly due to the change in scope with the consolidation of the Aurelia Hospital Group (Euro 9,421 thousand) and of Sanatorio Triestino S.p.A. (Euro 1,110 thousand). On a like-for-like basis, the increase derives from the reclassification here of advances paid by the local health authority to XRAY One S.r.l. (Euro 3,981 thousand), previously shown as a reduction in trade receivables.
"Other payables" comprises advances received from the ASL's (local healthcare authorities) in 2020 as a measure to support companies affected by the COVID emergency (Euro 10,535 thousand).

Note 26 Revenues from services

Total revenues amounted to Euro 368,703 thousand in 2023, an increase of Euro 46,128 thousand compared to the previous year. The figures for 2023 include the full contribution of GVDR S.r.l., acquired on December 6, 2022, the eight-month contributions of Sanatorio Triestino S.p.A. and of Terme del Friuli Venezia Giulia S.r.l., acquired on May 4, 2023, and the contribution of about two months of the Aurelia Hospital Group, acquired on November 16, 2023.

The increase in revenues on the same period of the previous year is therefore due to the change in the consolidation scope, as outlined above, in addition to the increased volume of healthcare services provided, as described in greater detail in the Directors' Report.

In accordance with IFRS 15, the Group recognises revenues from services at the fair value of the consideration received or to be received, net of adjustments relating to the overrun of revenue budgets (established in terms of maximum acceptable spending limits by the regions for services rendered by private healthcare facilities) relating to services under accreditation, of which the regions notify each healthcare facility.

All revenues relate to services provided in Italy.

The table below shows the breakdown of revenues from services in 2023 and in 2022.

(Euro thousands)	December 31				Change
	2023	*% of total*	2022	*% of total*	2023 vs 2022
Community and dependency care services	109,098	29.6%	90,109	27.9%	18,989
Total hospital services	251,878	68.3%	224,656	69.6%	27,223
Total revenues from services	**360,977**	**97.9%**	**314,764**	**97.6%**	**46,212**
Other revenues	7,726	2.1%	7,810	2.4%	(84)
Total revenues	**368,703**	**100.0%**	**322,575**	**100.0%**	**46,128**

The table below shows the breakdown of revenues from community and dependency care services in 2023 and in 2022.

(Euro thousands)	December 31				Change
	2023	*% of total*	2022	*% of total*	2023 vs 2022
Dependency care services	26,885	7.3%	22,349	6.9%	4,536
Community outpatient care services	82,213	22.3%	67,760	21.0%	14,453
Community and dependency care services	**109,098**	**29.6%**	**90,109**	**27.9%**	**18,989**

Revenues from community and dependency care services, amounting to Euro 109,098 thousand at December 31, 2023, increased Euro 18,989 thousand compared to December 31, 2022 (Euro 90,109 thousand), and accounting for 29.6% of Group revenues, principally due to the change in consolidation scope (Euro 16,151 thousand).

Dependency care services of Euro 26,885 thousand accounted for 7.3% of the Group’s total revenues in 2023 (Euro 22,349 thousand or 6.9% in 2022).

Outpatient care services of Euro 82,213 thousand accounted for 22.3% of the Group’s total revenues in 2023 (Euro 67,760 thousand or 21.0% in 2022).

The table below shows the breakdown of revenues from hospital services for the year ended December 31, 2023, compared with the year ended December 31, 2022.

(Euro thousands)	December 31				Change
	2023	*% of total*	2022	*% of total*	2023 vs 2022
Acute and post-acute care services	182,721	49.6%	163,843	50.8%	18,878
Outpatient services	69,157	18.8%	60,812	18.9%	8,345
Total hospital services	**251,878**	**68.3%**	**224,656**	**69.6%**	**27,223**

Revenues from hospital services amounted to Euro 251,878 thousand in 2023, accounting for 68.3% of the Group's total revenues, up Euro 27,223 thousand overall.

Revenues from acute and post-acute care services of Euro 182,721 thousand accounted for 49.6% of the Group's total revenues in 2023 (Euro 163,843 thousand or 50.8% in 2022).

Revenues from out-patient services of Euro 69,157 thousand accounted for 18.8% of total Group's total revenues in 2023 (Euro 60,812 thousand or 18.9% in 2022).

The increase compared to the previous year is mainly due to the change in scope and the higher production volumes.

Note 27 Other revenue

Other revenues totalled Euro 7,726 thousand in 2023, decreasing by Euro 84 thousand on 2022 (Euro 7,810 thousand).

The following table shows a breakdown of other revenues in 2023 compared to 2022.

(Euro thousands)	*At December 31*		*Change*
	2023	2022	2023 vs 2022
Other income	5,157	5,275	(118)
Gain on asset disposals	84	137	(53)
Income from insurance reimbursements	34	188	(153)
Income from tax credits	2,450	2,210	240
Total Other revenues	**7,726**	**7,810**	**(84)**

This item includes other revenues of a non-recurring nature.

Note 28 Costs for raw materials and consumables

Costs for raw materials and consumables amounted to Euro 49,797 at December 31, 2023, and to Euro 44,898 thousand at December 31, 2022, an increase of Euro 4,899 thousand due mainly to the change in consolidation scope as a result of the acquisitions of the Aurelia Hospital Group and of Sanatorio Triestino.

The table below shows the breakdown of the account in question for the years ended December 31, 2023 and December 31, 2022.

(Euro thousands)	*At December 31*		*Change*
	2023	2022	2023 vs 2022
Healthcare supplies and prostheses	38,155	35,414	2,741
Medical and pharmacological material	6,964	5,757	1,207
Testing and hygienic materials	803	719	84
Change in inventories of raw materials, ancillary, consumables and goods	170	191	(21)
Other	3,704	2,817	887
Raw materials and consumables	**49,797**	**44,898**	**4,899**

In 2023 the most significant component of the costs of raw materials and consumables was represented by the costs of healthcare supplies and prostheses of Euro 38,155 thousand, up by Euro 2,741 thousand on the previous year.

The second-most significant cost component was that relating to the purchase of medical and pharmacological materials, amounting to Euro 6,964 thousand, compared with Euro 5,757 thousand for the year ended December 31, 2022.

"Other" includes expenses for stationery, foodstuffs and other consumables.

This account includes costs incurred by the companies for COVID containment measures totalling Euro 279 thousand.

Note 29 Service costs

Service costs amounted to Euro 153,674 thousand in 2023, increasing Euro 19,642 thousand from Euro 134,032 thousand in 2022, as illustrated in the table below.

(Euro thousands)	*At December 31*		*Change*
	2023	2022	2023 vs 2022
Medical and nursing care services	93,626	78,500	15,126
Owned asset maintenance services	6,014	5,159	855
Catering services	3,400	2,470	930
Technical healthcare services	6,458	6,592	(134)
Cleaning costs	3,027	2,743	284
Electricity	5,064	6,752	(1,688)
Coordinated long-term contractors	766	1,144	(378)
Director fees	5,128	4,594	534
Third-party processing (tests, etc.)	3,081	2,980	101
Legal fees	1,102	1,016	86
Linen hire	890	829	61
Technical consultants	4,044	2,851	1,194
Other	21,075	18,404	2,671
Total service costs	**153,674**	**134,032**	**19,642**

The increase in service costs mainly relates to the change in the consolidation scope resulting from the acquisition of the Aurelia Hospital Group and Sanatorio Triestino.

The "other" item of Euro 21,075 thousand in 2023 mainly comprises:

- (i) water, telephone, methane and gas for Euro 3,465 thousand;
- (ii) administrative, fiscal, notarial and payroll consultancy services for Euro 2,078 thousand;
- (iii) third party liability, all risk and property insurance for a total of Euro 1,915 thousand;
- (iv) waste disposal service for Euro 1,104 thousand;

(v) linen washing services for Euro 605 thousand.

This item includes costs incurred by the companies for COVID containment measures totalling Euro 424 thousand.

Note 30 Personnel costs

Personnel costs totalled Euro 83,572 thousand in 2023, increasing Euro 10,285 thousand over Euro 73,287 thousand in 2022.

The table below shows the breakdown of these costs in 2023 and 2022.

(Euro thousands)	*At December 31*		*Change*
	2023	2022	2023 vs 2022
Wages and salaries	59,861	52,858	7,003
Social security charges	17,734	15,286	2,448
Post-employment benefits	4,099	3,685	414
Other	1,879	1,459	419
Total personnel costs	**83,572**	**73,287**	**10,285**

The increase in personnel costs is mainly due to the change in consolidation scope following the acquisition of the Aurelia Hospital Group and Sanatorio Triestino.

Note 31 Other operating costs

Other operating costs amounted to Euro 16,757 thousand in 2023, up from Euro 14,833 thousand in 2022, an increase of Euro 1,924 thousand.

The following table breaks down these costs for 2023 and 2022.

(Euro thousands)	*At December 31*		*Change*
	2023	2022	2023 vs 2022
Non-deductible VAT on a pro rata basis	12,936	11,929	1,007
Income taxes	1,677	1,504	173
Other operating charges	651	499	152
Non-deductible expenses	38	20	18
Associations	288	270	18
Other costs	1,167	610	556
Total other operating costs	**16,757**	**14,833**	**1,924**

The increase in the item is mainly due to the change in consolidation scope following the acquisition of the Aurelia Hospital Group and Sanatorio Triestino.

Note 32 Amortisation, depreciation and write-downs

Amortisation, depreciation and write-downs amounted to Euro 23,115 thousand in 2023, increasing Euro 4,152 thousand over Euro 18,963 thousand in 2022.

The table below shows the breakdown and changes in the account in 2023 and 2022.

(Euro thousands)	*At December 31*		*Change*
	2023	2022	2023 vs 2022
Amortisation of intangible assets	1,091	944	147
Depreciation of property, plant and equipment and investment property	20,351	17,420	2,932
Write-downs	1,673	599	1,074
Total amortisation, depreciation and write-downs	**23,115**	**18,963**	**4,152**

The increase in the item is mainly due to the change in consolidation scope following the acquisition of the Aurelia Hospital Group and Sanatorio Triestino.

For a breakdown of the accounts regarding amortisation and depreciation and the write-down of receivables, reference should be made to the tangible and intangible asset tables and the table outlining the doubtful debt provision presented in the notes to the balance sheet.

Note 33 Impairments and other provisions

Impairments and other provisions amounted to Euro 2,557 thousand in 2023, decreasing by Euro 2,339 thousand compared to Euro 4,896 thousand in 2022.

The table below shows the breakdown of and changes in the account for the years ended December 31, 2023 and December 31, 2022.

(Euro thousands)	*At December 31*		*Change*
	2023	2022	2023 vs 2022
Provision for risks on legal cases in progress	5,715	5,507	208
Release of risk provisions	(3,323)	(1,723)	(1,601)
Other provisions	166	1,112	(946)
Total impairments and other provisions	**2,557**	**4,896**	**(2,339)**

Accruals at December 31, 2023, total Euro 5,715 thousand, essentially in line with the previous year, and are attributable to healthcare lawsuits for Euro 3,527 thousand and to local health authority risks for Euro 2,187 thousand.
As regards the healthcare lawsuits, the amounts recognised are provisions on the basis of the advice of legal counsel following the cases and are designed to cover the risks deemed probable for damage claims brought from patients. These amounts refer mainly to Ospedali Privati Riuniti S.r.l. for Euro 785 thousand, Rugani Hospital S.r.l. for Euro 350 thousand, Hesperia Hospital Modena S.r.l for Euro 1,060 thousand, Clinica San Francesco S.r.l. for Euro 120 thousand and Domus Nova S.p.A. for Euro 1,018 thousand.
As regards Local Healthcare Authority risks, provisions were prudentially recognized to cover any risks on controls which the Local Healthcare Authority carries out periodically on clinical records and on the risks of fee variations for services rendered to patients residing outside the Region, aspects which are defined by the competent authorities over a long period of time beyond the financial year. The provisions refer mainly to Hesperia Hospital Modena S.r.l. for Euro 595 thousand, Ospedali Privati Riuniti S.r.l. for Euro 989 thousand and Domus Nova S.p.A. for Euro 444 thousand.

The release of provisions for risks, amounting to Euro 3,323 thousand, includes the release of the doubtful debt provision (Euro 547 thousand), in addition to the release of the provision for risks due to healthcare cases (Euro 2,019 thousand, mainly concerning Rugani Hospital S.r.l. for Euro 106 thousand, Casa di Cura Villa Berica S.r.l. for Euro 509 thousand, Domus Nova S.p.A. for Euro 594 thousand, Casa di Cura Prof.Nobili S.r.l. for Euro 100 thousand, Sanatorio Triestino S.p.A. for Euro 120 thousand, European Hospital S.r.l. for Euro 130 thousand, and Ospedali Privati Riuniti S.r.l. for Euro 433 thousand), and the release of the provision for local health authority risks (Euro 454 thousand, mainly concerning Ospedali Privati Riuniti S.r.l. for Euro 148 thousand and Hesperia Hospital Modena S.r.l. for Euro 237 thousand).
These releases are correlated to certain disputes where it was necessary to review, on the basis of external legal advice, the estimate of the provision for risks with respect to the provisions made in previous years, or in certain cases, the facility's non-liability was ascertained or the indemnity obligation of the company was established for a lower amount than that estimated, with the consequent release of the remaining balance to the income

statement.

Other provisions of Euro 166 thousand are mainly attributable to Domus Nova S.p.A. (Euro 53 thousand) and L'Eremo di Miazzina S.r.l. (Euro 44 thousand).

Note 34 Financial income

Financial income amounted to Euro 313 thousand in 2023, an increase of Euro 186 thousand compared to Euro 127 thousand in 2022.

The table below shows the breakdown of and changes in the account for the years ended December 31, 2023 and December 31, 2022.

(Euro thousands)	*At December 31*		*Change*
	2023	2022	2023 vs 2022
Interest income	282	19	263
Other income	31	108	(77)
Total financial income	**313**	**127**	**186**

The increase is mainly due to the change in consolidation scope following the acquisition of the Aurelia Hospital Group and Sanatorio Triestino.

Note 35 Financial charges

Financial charges amount to Euro 10,786 thousand in 2023, up by Euro 6,235 thousand compared to Euro 4,551 thousand in the previous year.

The table below shows the breakdown and changes in 2023 and 2022.

(Euro thousands)	*At December 31*		*Change*
	2023	2022	2023 vs 2022
Interest on mortgage loans	7,689	3,133	4,556
Bank interest charges	155	58	97
Interest charges on advances	545	77	468
Other interest charges	1,905	936	969
Financial charges	492	347	145
Total financial charges	**10,786**	**4,551**	**6,235**

The increase in financial charges is mainly attributable to "interest charges on loans" and is mainly due to the increase in interest rates compared to the comparative period.

Note 36 Results of investments at equity

The table below shows the breakdown and changes in 2023 and 2022.

(Euro thousands)	*At December 31*		*Change*
	2023	2022	2023 vs 2022
Share of result	173	129	44
Total	**173**	**129**	**44**

The account at December 31, 2023, amounted to Euro 173 thousand and includes the Group's share of the result of the associated companies Il Fiocco S.c.a.r.l. (Euro 171 thousand) and Aurora Holding S.r.l. (Euro 2 thousand).

Note 37 Income taxes

The table below shows the breakdown and changes in 2023 and 2022.

(Euro thousands)	*At December 31*		*Change*
	2023	2022	2023 vs 2022
Current taxes	7,438	6,437	1,001
Deferred tax income	129	(1,376)	1,506
Deferred tax charges	288	72	216
Other	204	806	(602)
Total income taxes	**8,058**	**5,938**	**2,120**

For the period ended December 31, 2023, income taxes amounted to Euro 8,058 thousand, increasing Euro 2,120 thousand from December 31, 2022, essentially due to the improved performance of the Group companies.

The Group's nominal and effective rates for the years ended 2023 and 2022 are reconciled below.

IRES reconciliation	December 31		CHANGE
	2023	2022	2023 vs 2022
Profit before taxes	**28,931**	**27,371**	**1,560**
IRES rate applicable	24.00%	24.00%	
Theoretical tax charge	**6,943**	**6,569**	**374**
(Profit before taxes * IRES tax rate)			
Income taxes with a different IRES rate	-	(585)	585
Tax realignment	(408)	(408)	-
ACE	(662)	(862)	200
Other changes	(153)	(1,073)	920
Current and deferred IRES tax	**5,721**	**3,641**	**2,080**
Effective tax rate	**19.77%**	**13.30%**	
Current and deferred IRAP tax	2,134	1,651	483
Prior year taxes	(57)	374	(431)
Substitute tax	261	273	(12)
Total income taxes	**8,058**	**5,938**	**2,120**

Note 38 Net profit for the year

Net profit amounts to Euro 20,873 thousand in 2023 compared to Euro 21,433 thousand in 2022.

Note 39 Basic and diluted earnings per share

The basic earnings per share is calculated by dividing the profit attributable to the ordinary shareholders of the Parent Company by the average weighted number of ordinary shares outstanding during the period. The diluted earnings per share is calculated by dividing the profit attributable to the ordinary shareholders of the Parent Company by the average weighted number of ordinary shares outstanding.

Information is shown below for the calculation of the basic and diluted earnings per share:

(Euro thousands)	*At December 31*	*At December 31*
	2023	2022
Net profit attributed to the shareholders of the Parent company	20,799	21,426
Number of ordinary shares at end of year/period*	88,550,933	88,904,887
Earnings per share – basic (Euro)	0.18	0.24
Earnings per share – diluted (Euro)**	0.18	0.24

There were no other operations on the ordinary shares or potential ordinary shares between the balance sheet date and the date of the preparation of the financial statements.

* Amount net of treasury shares
** Amount net of treasury shares but including the 724,535 Performance Shares plan shares

Note 40 Fair value hierarchy

The following table presents the carrying amount of outstanding financial instruments (current and non-current financing) stated in the balance sheet, with a comparison to their fair values.

Financial Liabilities	*At December 31, 2023*		*At December 31, 2022*	
(Euro thousands)	*Book value*	Fair value	*Book value*	Fair value
Investment property	846	1,845	885	1,845
Loans	162,334	162,242	132,609	132,697
Capital instruments	1,293	1,293	735	735

The financial liabilities set out above have been assigned to level 2 of the fair value hierarchy (for both 2023 and 2022).

Management has verified that the fair values of the other items approximate their carrying amounts due to the short-term maturities of these instruments.

Fair Value - Hierarchy

Fair value concerns the price that will be received for the sale of an asset or which will be paid for the transfer of a liability in an ordinary transaction settled between market operators, at the measurement date ("exit price").

All financial instruments at fair value, or for which disclosure is provided, are classified into the three fair value categories described below, based on the lowest level of input significant to determining overall fair value:

- Level 1: Listed prices (not adjusted) in an active market for identical assets and liabilities.
- Level 2: valuation techniques for which the lowest level of input significant to determining fair value is directly or indirectly observable;
- Level 3: valuation techniques for which the lowest level of input significant to determining fair value is not observable.

At the end of each period, the Group determines whether financial instruments measured at fair value on a recurring basis have been transferred between levels of the hierarchy and reviews their classification (on the basis of the lowest level of input significant to determining overall fair value).

Valuation processes

For recurring and non-recurring measurement at fair value of instruments classified to level 3 of the fair value hierarchy, the Group uses valuation processes to establish valuation procedures and principles and analyse changes in the measurement of fair value from one period to the next.

It should be noted that there have been no changes in the levels of the fair value hierarchy used for the purpose of measuring financial instruments since the last annual financial statements and that the methodologies used in measuring this Level 2 and Level 3 fair value are consistent with the last annual financial statements.

The valuation techniques and specific considerations for level 3 input data are explained in further detail below.

Valuation techniques and hypotheses

The fair value of a financial asset or liability is the price that would be received to sell an asset or that would be paid to transfer a liability in a normal transaction on the principal (or most advantageous) market at the measurement date, under current market conditions (exit price), regardless of whether the price is directly observable or estimated using another valuation technique.

The following methods and assumptions were used to estimate the fair value:

- The fair value of securities quoted in an active market is based on the quoted price at the balance sheet date. The fair value of securities not quoted in an active market, such as bank loans or other financial liabilities, finance lease commitments or other non-current financial liabilities, is estimated on the basis of future cash flows, discounted by applying the current rates available for debt with similar terms, such as credit risk and residual maturity. The fair value of shares is sensitive to both a possible change in expected cash flows and/or the discount rate and a possible change in growth rates. For estimation purposes, management must use the unobservable input data presented in the following tables. Management regularly assesses a series of possible alternatives to such significant input data and determines their impact on total fair value.

- The fair value of the ordinary non-listed shares was estimated through the discounted cash flow model (DCF). The valuation requires management to make assumptions with regards to the model inputs, including the projected cash flows, the discount rate, the credit risk and the volatility. The probability of differing estimates within the interval may be reasonably verified and are utilised in management's estimates of the fair value of these non-listed investments;

- The Group undertakes derivative financial instruments with a range of counterparties, principally financial institutions with allocated credit ratings. The derivatives valued using measurement techniques with market recordable data principally consist of interest rate swaps. The most utilised measurement techniques include the "swaps" models, which utilise the calculation of the present value. The models consider various inputs, including the credit quality of the counterparty and interest rate curves. All derivative contracts are fully covered by cash, thus eliminating the risk of default by the Group.

Note 41 Commitments, risks and contingent liabilities

Note 41.1 Commitments and Guarantees

Commitments and guarantees at December 31, 2023 are described below.

Guarantor	Beneficiary	Guarantee type	Maturity	Commitment	Borrower
Centro Medico San Biagio S.r.l.	Unicredit S.p.A., Banco BPM S.p.A., Intesa San Paolo S.p.A.	Independent guarantee	15/12/2026	16,498,057	GHC S.p.A.
Centro Medico Università Castrense S.r.l.	Unicredit S.p.A., Banco BPM S.p.A., Intesa San Paolo S.p.A.	Independent guarantee	15/12/2026	1,965,580	GHC S.p.A.
Ospedali Privati Riuniti S.r.l.	Unicredit S.p.A., Banco BPM S.p.A., Intesa San Paolo S.p.A.	Independent guarantee	15/12/2026	11,067,100	GHC S.p.A.
Clinica San Francesco S.r.l.	Unicredit S.p.A., Banco BPM S.p.A., Intesa San Paolo S.p.A.	Independent guarantee	15/12/2026	31,597,413	GHC S.p.A.
Domus Nova S.p.A.	Unicredit S.p.A., Banco BPM S.p.A., Intesa San Paolo S.p.A.	Independent guarantee	15/12/2026	6,613,320	GHC S.p.A.
L'Eremo di Miazzina S.r.l.	Unicredit S.p.A., Banco BPM S.p.A., Intesa San Paolo S.p.A.	Independent guarantee	15/12/2026	4,259,930	GHC S.p.A.
Fides Medica S.r.l.	Unicredit S.p.A., Banco BPM S.p.A., Intesa San Paolo S.p.A.	Independent guarantee	15/12/2026	8,756,848	GHC S.p.A.
Roemar Srl	Unicredit S.p.A., Banco BPM S.p.A., Intesa San Paolo S.p.A.	Independent guarantee	15/12/2026	824,702	GHC S.p.A.
Fides Servizi S.c.a.r.l.	Unicredit S.p.A., Banco BPM S.p.A., Intesa San Paolo S.p.A.	Independent guarantee	15/12/2026	241,341	GHC S.p.A.
Rugani Hospital S.r.l	Unicredit S.p.A., Banco BPM S.p.A., Intesa San Paolo S.p.A.	Independent guarantee	15/12/2026	740,051	GHC S.p.A.
Casa di Cura Villa Berica S.r.l.	Unicredit S.p.A., Banco BPM S.p.A., Intesa San Paolo S.p.A.	Independent guarantee	15/12/2026	825,105	GHC S.p.A.
Villa Von Siebenthal S.r.l.	Unicredit S.p.A., Banco BPM S.p.A., Intesa San Paolo S.p.A.	Independent guarantee	15/12/2026	3,610,736	GHC S.p.A.
C.M.S.R. Veneto Medica S.r.l.	Unicredit S.p.A., Banco BPM S.p.A., Intesa San Paolo S.p.A.	Independent guarantee	15/12/2026	3,526,835	GHC S.p.A.
Casa di Cura Villa Garda S.r.l.	Unicredit S.p.A., Banco BPM S.p.A., Intesa San Paolo S.p.A.	Independent guarantee	15/12/2026	2,626,907	GHC S.p.A.
Xray One S.r.l.	Unicredit S.p.A., Banco BPM S.p.A., Intesa San Paolo S.p.A.	Independent guarantee	15/12/2026	7,918,249	GHC S.p.A.
Poliambulatorio Dalla Rosa Prati S.r.l.	Unicredit S.p.A., Banco BPM S.p.A., Intesa San Paolo S.p.A.	Independent guarantee	15/12/2026	2,877,228	GHC S.p.A.
Aesculapio S.r.l.	Unicredit S.p.A., Banco BPM S.p.A., Intesa San Paolo S.p.A.	Independent guarantee	15/12/2026	609,615	GHC S.p.A.
GHC S.p.A.	Carige	Omnibus Guarantee	Until revocation	325,000	Roemar Srl
GHC S.p.A.	Carige	Omnibus Guarantee	Until revocation	260,000	Fides Medica S.r.l.
Fides Medica S.r.l.	Carige	Letter of indemnity	Until revocation	206,582	Il Fiocco S.c.a r.l.
Fides Medica S.r.l.	Carige	Letter of indemnity	Until revocation	200,000	Centro di Riabilitazione Srl
Fides Medica S.r.l.	Monte dei Paschi	Letter of indemnity	Until revocation	150,000	Prora Srl
Fides Medica S.r.l.	Carige	Letter of indemnity	Until revocation	80,000	Il Fiocco S.c.a r.l.

Fides Medica S.r.l.	Intesa SanPaolo	Omnibus Guarantee	Until revocation	80,000	Prora S.r.l.
Fides Medica S.r.l.	Ubi	Letter of indemnity	Until revocation	50,000	Centro di Riabilitazione Srl
Fides Medica S.r.l.	Carige	Letter of indemnity	Until revocation	26,000	Il Fiocco S.c.a r.l.
L'Eremo di Miazzina S.r.l.	Intesa SanPaolo	Letter of indemnity	31/12/2038	100,000	L'Eremo di Miazzina S.r.l.

Guarantees given to and by third parties on behalf of the Group

Guarantor	Beneficiary	Guarantee type	Maturity	Commitment	Borrower
Intesa SanPaolo	Unione dei comuni dell'Appennino Bolognese	Letter of indemnity	31/05/2025	37,406	Casa di Cura Prof.Nobili S.r.l.
Banca Popolare di Sondrio	Privata Leasing spa	Letter of indemnity	31/03/2025	300,000	XRay One S.r.l.
Cassa di Ravenna	Zeroemission H S.r.l.	Guarantee	09/01/2028	20,000	Domus Nova S.p.A.
Medio Credito Centrale	BNL S.p.A.	Guarantee	01/07/2028	153,900	Aesculapio
Intesa SanPaolo	Amministrazione Principe Pallavicino	Letter of indemnity	31/08/2036	40,000	Prora S.r.l.
Intesa SanPaolo	Amministrazione Principe Pallavicino	Letter of indemnity	31/08/2036	20,000	Prora S.r.l.
Intesa SanPaolo	Università UniCamillus	Guarantee	04/10/2024	200,562	Ospedali Privati Riuniti Srl
Banca Prealpi San Biagio	BMFIN	Letter of indemnity	Until revocation	360,000	Centro Medico San Biagio S.r.l.
Banca Popolare di Sondrio	AMA SPA	FDI SURETY 198451/12	UNTIL REVOCATION	223,000	HESPERIA HOSPITAL MODENA SPA
Banca Popolare di Sondrio	UNIVERSITY UNICAMILLUS	FDI SURETY 282443/22	31/12/2029	502,645	EUROPEAN HOSPITAL SPA
Banca Popolare di Sondrio	Ama Spa	Surety	13/03/2024	28,211	S.Antonio Hospice
Banca Popolare di Sondrio	Ama Spa	Surety	11/04/2024	55,484	S.Antonio Hospice

No expected losses on guarantees have come to light.

Note 41.2 Financial risk management

This section contains a description of the financial risks to which the Group and its subsidiaries are exposed, together with the policies and strategies employed by the Company and its subsidiaries to manage the risks concerned during the year to December 31, 2023.
It should be noted that are no plans for changes in the risk management policies set out below.

GHC and its subsidiaries are exposed to financial risks in their activities, and in particular risks of the following types:

• Credit risk arising from commercial transactions or financing activity;

• Liquidity risk, related to the availability of financial resources and access to the credit market;

• Market risk, and more specifically:

a) Operational risk relating to the conduct of the business;

b) foreign exchange risk relating to transactions in currency areas other than their functional currency;

c) Interest rate risk relating to the Company's exposure to interest-bearing financial instruments;

d) Price risk, due to changes in quoted commodities prices.

The management and monitoring system for the main risks involves the Group's director and management, the directors and boards of directors of the consolidated companies and company personnel.

The primary goal of risk management is to protect the company's stakeholders (shareholders, employees, customers and suppliers) and financial integrity, as well as to safeguard the environment.

The risk management policy applied by the Group regards the setting of guidelines at the central level on which to base the operational management of market, liquidity risk, cash flow risks and for the monitoring of results achieved.

For greater details on financial risk management, reference should be made to paragraph 9 of the 2023 Directors' Report.

41.2.1 Credit risk

Credit risk is the risk that a counterparty does not fulfill its obligations relating to a financial instrument or a commercial contract, resulting therefore in a financial loss.

The maximum exposure to the credit risk for the Group at December 31, 2023 and December 31, 2022 is represented by the book value of the assets recorded in the accounts under trade receivables.

The receivables claimed by the company refer almost entirely to public healthcare facilities (hospital authorities and/or health authorities) for which it is not considered necessary to recognize a particular risk of insolvency, except in connection with spending review and limit requests.

Commercial credit risk is managed by each legal entity in accordance with the Group's policy.

Information on trade receivable positions, net of the doubtful debts provision, at December 31, 2023 and December 31, 2022 is provided below by time past due:

(Euro thousands)	*At December 31*	*At December 31*
	2023	*2022*
Not yet due	73,720	57,008
Overdue 0 - 90 days	12,875	6,164
Overdue 90 - 180 days	255	3,177
Overdue 180 - 360 days	1,103	543
Overdue beyond 360 days	13,041	9,587
Total	100,994	76,479

Information on trade receivable positions, gross of the doubtful debts provision, at December 31, 2023 and December 31, 2022 is provided below by past due:

(Euro thousands)	At December 31	At December 31
	2023	2022
Not yet due	73,720	57,008
Overdue 0 - 90 days	12,875	6,164
Overdue 90 - 180 days	255	3,177
Overdue 180 - 360 days	2,824	941
Overdue beyond 360 days	33,376	16,626
Total	**123,050**	**83,916**
Provision for doubtful accounts	(22,056)	(7,437)
Total trade receivables	**100,994**	**76,479**

The risk of default is observed locally by the head offices of the subsidiaries, which monitor the collection of trade receivables. The Group's Administration Department monitors the overall risk level and constantly verifies the overall credit exposure. The risk level associated with this item is low, since the Group's receivables are mainly claimed from the Reginal Health System.

At the operational level, this risk is managed as follows:

- assessment of clients' credit standing, taking account of their creditworthiness;
- monitoring of the relevant expected collection flows;
- appropriate payment reminders;
- legal recovery actions, where appropriate.

41.2.2 Liquidity risk

Liquidity risk is associated with the ability to meet commitments arising from financial liabilities. Prudent management of the liquidity risk from normal operations implies the holding of an adequate level of liquidity and an adequate funding from credit lines.

The Group believes that the risk of non-payment for the services rendered by the individual health facilities by the Regional Health System, together with the related impact on liquidity, is moderate. The Group's facilities are primarily located in regions with a balanced healthcare spending budget. This reduces, but does not eliminate, the risk that the Regional Health Systems within whose territory the facilities concerned operate may delay the payment of services rendered to patients. At December 31, 2023 the GHC Group's average collection times from the Regional Health System were approximately 90 days.

Liquidity risk is managed by the individual legal entities and is monitored centrally by the Group: the CFO Area Administration periodically monitors the Group financial position by preparing appropriate reports on projected and actual cash inflows and outflows. In this manner, the Group aims to ensure adequate coverage of its financial needs, closely monitoring loans, open credit lines and relative utilisations in order to ensure optimum management of the resources and any temporary excess liquidity.

The Group objective is to ensure a financial structure which, in line with business objectives, guarantees an adequate level of liquidity, minimising the relative opportunity cost by maintaining equilibrium in terms of duration and type of debt.

The Group can rely on constant support from the banking system, due to the composition of its client portfolio (public healthcare authorities).

Within the framework of this type of risk, in planning its financial structure the Group tends to finance its investments using medium/long term debt, while meeting its current obligations using the cash flow provided by its operations, financed using short-term lines of credit.

The following is a breakdown of outstanding financial and trade payables in 2023 and 2022 by residual time to maturity:

in Euro thousands	At December 31, 2023			
	Financial payables	Trade payables	Liabilities for derivative instruments	Total
Maturity:				
Within one year	64,637	87,853	-	152,490
Beyond 12 months	144,373		-	144,373
Over 5 years	19,827		-	19,827
Total	**228,837**	**87,853**	**-**	**316,690**

in Euro thousands	At December 31, 2022			
	Financial payables	Trade payables	Liabilities for derivative instruments	Total
Maturity:				
Within one year	44,443	51,100	-	95,543
Beyond 12 months	123,779	-	-	123,779
Over 5 years	8,386	-	-	8,386
Total	**176,607**	**51,100**	**-**	**227,707**

The management of financial risks is undertaken according to the guidelines drawn up by the directors of the subsidiaries. The aim is to ensure that the structure of liabilities is always balanced with the composition of assets, in order to ensure a high margin of solvency.

The Group is simultaneously exposed to market risk (interest rate risk), liquidity risk and credit risk.

The Group also seeks to maintain an optimal capital structure so as to reduce its borrowing costs. The Group monitors its capital situation on the basis of the ratio of net financial position (NFP) to net capital employed (NCE). Net debt is calculated as total borrowings, including current- and non-current loans and the net exposure to banks. Net capital employed is calculated as the sum of investments and net working capital (excluding net equity and debt included in NFP).

41.2.3 Market risk

The Group's main goal is to manage risk within pre-determined limits, in order to safeguard the achievement of the company's objectives. The Group mainly does business with public health authorities in the areas where its care facilities are located. By virtue of this structure, its financial performance depends closely on the healthcare policies in its region of operation.

Italy's central government has delegated authority over healthcare legislation to the regions, each of which drafts a Regional Health Plan on the basis of the National Healthcare Plan enacted by the government by proposal of the Ministry of Health, representing the strategic plan for initiatives in pursuit of health objectives and the functioning of services to satisfy the regional population.

The result of the peculiar nature of the Group's clients and the rapidly changing legislative framework is a particularly complex situation of strong dependency on public health authorities and the relevant regional government.

41.2.4 Currency risk

The Group's current activity is not exposed to exchange rate fluctuations at present, inasmuch as the Group conducts its business almost exclusively in euro.

41.2.5 Interest rate risk

The Group's interest rate risk derives mainly from medium and long-term debt at variable rates. The Group in fact currently has a loan agreement in place whose variable component is the 6M Euribor rate. In order to estimate the potential operating-financial impact associated with a change in the rate, a sensitivity analysis was carried out on the period under review, simulating the effect of a 1% increase and a 0.25% decrease in this parameter.

Sensitivity Analysis: *In Euro thousands*	2023
Average Debt	137,269
Interest expenses	7,689
Sensitivity +1% annually	
Interest expense +1%	9,062
Change Interest expense on loans	**1,373**
Sensitivity -0.25%	
Interest expense with -0.25%	7,346
Change Interest expense on loans	**(343)**

41.2.6 Price risk

The Company's current exposure to commodity price risk is immaterial.

In addition, the costs of healthcare materials are generally subject to fluctuations and other factors beyond the Group's control. The Company has not adopted instruments to hedge against the risk of fluctuations in the costs of such components, but it exerts strong bargaining power over its suppliers, since it acts as a single purchasing center. In addition, the Group, where possible, generally manages such fluctuations by increasing the prices of its services to private clients, while increasing the rates paid for services under accreditation is beyond the Group's control. However, on the basis of an analysis of historical data, fluctuations of costs of healthcare materials have always been followed by an adjustment of the rate paid for services under accreditation.

Note 42 Legal disputes and contingent liabilities

Healthcare damage compensation claims

For requests for damages for activities carried out at the clinics, the Group recognises in the financial statements a "provision for risks for healthcare cases" for all disputes whose outcome is deemed "probable" based on the opinion of the external lawyers following the case. For disputes deemed "probable", at December 31, 2023, the value of the "provision for risks for health cases" totaled Euro 18,785 thousand.

It should also be noted that there are lawsuits whose risk is deemed possible by legal advisors, against which no provisions for risks have been made, as per international accounting standards.

Administrative and other disputes

The company Rugani Hospital S.r.l., with regards to the appeal to the Supreme Court against the judgement rendered inter partes by the Court of Appeal of Florence, Labour Section, filed on May 24, 2018 No. 526/2018 (R.G.N. 86/2018) in the context of judgement No. 264/2016 RG regarding the definition of the type of employment relationship of certain professional nurses, following the negative judgement, proceeded to settle the amount due (to the INPS) in terms of penalties and interest, totalling Euro 158,830.

Villa Von Siebenthal S.r.l. has the following ongoing proceedings:

- A social-security dispute; the company received a request from the INPS regional directorate for Lazio for documents in connection with inspection assessments of the relationship between the supplier Futura soc. coop. and Villa Von Siebenthal S.r.l., and specifically the service agreement between the two companies. Following the inspection, on April 4, 2017 Villa Von Siebenthal S.r.l. received consolidated assessment and notification report no. 2016003251/S1 in which it is claimed that Villa Von Siebenthal S.r.l., by virtue of the service agreement with Futura soc. coop., is jointly and severally liable with this latter company for payments of mandatory social-security contributions for the period from April 2013 to November 2015, amounting to Euro 100 thousand. In the opinion of the company's legal counsel, the risk may be deemed "possible" and hence no liability has been recognized in respect of this proceeding.

As regards Centro di Riabilitazione S.r.l., it should be noted that an investigation which began on May 18, 2020 (the date of the search and seizure order pursuant to Articles 247 and 253 of the Italian Criminal Procedure Code) is underway, in which the health management of the facility's RSA wards is under investigation for the crime of culpable epidemic (as part of an investigation involving a total of six RSA facilities operating in Liguria). The Prosecutor's Office bases this putative crime on a numerical comparison between the raw mortality rate of previous years and that of 2020. The Rehabilitation Center was searched and seized by the judicial police on behalf of the Public Prosecutor's Office on May 21, 2020, during which the mobile devices of the General Manager and the Operations Manager were also seized, who were then subsequently delivered the notice of investigation as a due act against the seizure made. Preliminary investigations, which were due to conclude on December 19, 2020, have been extended several times, and in the meantime, the prosecutor's office has initiated two technical consultations (the first epidemiological and the second of a forensic medical nature). Following the filing of the expert reports and upon their examination and of the material collected during the investigation, by order dated November 29, 2022, the Public Prosecutor's Office requested that the case be dismissed. We therefore confidently await confirmation of the judgement of first instance, which should occur within the next two months.

Disputes with local healthcare authorities

The following disputes are pending between L'Eremo di Miazzina S.r.l., on the one hand, and the Verbano-Cusio-Ossola local health authority and the Piedmont Region, on the other.

- Dispute between the Verbano-Cusio-Ossola local health authority and L'Eremo di Miazzina S.r.l. regarding healthcare services in 2014, 2015 and 2016. In a letter dated July 14, 2017, the Verbano-Cusio-Ossola local health authority requested that the company issue various credit notes in respect of the years indicated above, claiming a reduction due to a purported lack of continuity of care. The company rejected this claim on the basis that it had not exceeded the threshold triggering the above reduction for patients from Piedmont, and that the said reduction – particularly for the years 2014 and 2015 – could not be applied to out-of-region patients, especially in the light of the position taken by the Piedmont Region in its Regional Council Motion of November 2016. Finally, the company also argued that it had never exceeded the reduction thresholds due to a lack of continuity in care in 2016 as well. On the basis of an opinion from the company's legal counsel, the risk of loss associated with this case has been deemed "probable" and an accrual to the provision of Euro 1,947 thousand was thus recognised at December 31, 2023. In view of the age and quantity of the receivables, the company L'Eremo di Miazzina s.r.l., having heard the opinion of its legal advisors and subject to the successful outcome of any settlement agreements that may be reached between the parties, has taken legal action for receivables arising from the years 2014 and 2015. Assessments of receivables arising from subsequent years will depend on the outcome of this litigation.
- On June 5, 2018 inspectors from the Local Labor Directorate of Novara – Verbano-Cusio-Ossola issued report no. 000-2018-525-02 disputing the position of several self-employed nurses. Position statements refuting this report were prepared and filed on November 6, 2018, together with documents and motions for personal hearings and the relevant motion for dismissal. As of June 30, 2023, the case has been dismissed.
- On October 1, 2021, the company was notified by certified e-mail from the INPS of a request to regularise the contribution portion, linked to the previous INAIL dispute and concerning the correctness of the status of a number of self-employed nurses, amounting to Euro 365,000. Eremo di Miazzina immediately filed an administrative appeal, which was rejecetd on January 7, 2022; further defensive legal action is pending. After consultation with the legal advisors and in view of the outcome of the same lawsuit with INAIL won by the Company, it was not deemed necessary to make any provisions for risks and charges.

Note 43 Related party transactions

Transactions and balances with related parties are illustrated in the tables below. The companies listed are considered related parties as they are directly or indirectly related to the majority shareholders of the Garofalo Health Care Group.

In accordance with Consob Resolution no. 17221 of March 12, 2010, as amended, it should be noted that, in 2023, the Group executed one significant related party transaction, for which the disclosure document, drawn up as per Article 5 and in accordance with the template as per Annex 4 of the Consob RPT Regulation, was made available to the public on August 3, 2023, at the registered office and on the Company website (www.garofalohealthcare.com), and in the authorised storage mechanism "eMarketstorage", at www.emarketstorage.com.

Note 1.4 contains information on the Group's structure, including details regarding subsidiaries and the Parent Company.

The following table provides the total amount of significant transactions by nature or amount with related parties as of December 31, 2023, occurring at normal market conditions:

December 31, 2023	Receivables		Payables		Costs		Revenues	
(Euro thousands)	Fin/Tax	Trade/Other	Fin/Tax	Trade/Other	Fin.	Comm.	Fin.	Comm.
Casa di Cura Città di Roma spa	-	1,878	-	(4,179)	-	383	-	(427)
Aurelia '80 Srl	2,507	-	-	(141)	-	91	-	-
Casaletto '79 S.r.l	-	7	-	-	-	-	-	(7)
Larama 98 Srl	-	1	-	-	-	-	-	-
GRAM srl	290	-	-	-	-	-	-	-
Am.rama.srl	-	9	-	-	-	-	-	-
Lorena Paolucci	-	-	-	(14)	-	132	-	-
LEDCON srl	-	-	-	(270)	-	532	-	-
A.M. Rinaldi	-	-	-	-	-	81	-	-
Maria Laura Garofalo	-	-	-	-	-	81	-	-
TOTAL	**2,797**	**1,895**	**-**	**(4,604)**	**-**	**1,300**	**-**	**(434)**

It should be noted that as of November 2018 GHC has adopted an internal procedure for the precise identification of the Company's related parties. This is designed to identify the principles to which the Company adheres in order to ensure the transparency and substantial and procedural correctness of related party transactions carried out, directly or through subsidiaries.

Note 44 Subsequent events after December 31, 2023

There were no significant events subsequent to year-end.

Note 45 Remuneration of the Board of Directors and Board of Statutory Auditors

The remuneration paid to members of the Board of Directors of Garofalo Health Care S.p.A. and the companies under its direct or indirect control, in all capacities and forms, during the years ended December 31, 2023 and December 31, 2022 amounted to Euro 5,128 thousand and Euro 4,594 thousand, respectively.

The remuneration accrued to the Board of Statutory Auditors of Garofalo Health Care S.p.A and the companies under its direct or indirect control for the years ended December 31, 2023 and December 31, 2022 amounted to Euro 449 thousand and Euro 376 thousand, respectively.

Note 46 Independent auditors' fees

The table below breaks down independent auditors' fees by type of service rendered:

Type of service	Service provider	Company	Fees without pro rata VAT
Audit	Auditor of the Parent	Parent Company	100
Tax return certification services	Auditor of the Parent	Parent Company	3
Other services	Auditor of the Parent	Parent Company	7
Sub-total			110
Audit	Auditor of the Parent	Subsidiaries	398
Other services	Auditor of the Parent	Subsidiaries	4
Sub-total			402
TOTAL			512

Note 47 Number of employees

The following table provides a concise comparison of the number of employees by category in 2023 and 2022.

Employees by category	*Number of employees at 31/12/2023*	*Number of employees at 31/12/2022*
Executives	15	12
White-collar	764	569
Doctors	105	45
Technical	262	200
Nurses/auxiliaries	1,543	1,004
Blue-collar	78	77
Total	**2,767**	**1,907**

It should be clarified that the figure indicated in the table above refers to the exact number of employees.

Note 48 Information on share-based remuneration plans

2021-2023 Performance Share Plan

On April 30, 2021, and on the proposal of the Board of Directors, the Shareholders' Meeting approved a new long-term incentive plan, the "2021-2023 Performance Share Plan" (the "Performance Share Plan"), reserved for the Chief Executive Officer and the General Manager of the Company, in addition to key personnel of the Company and/or of the Group, as identified at the sole discretion of the Board of Directors, in consideration of the Remuneration Policy and having heard - for members of the BoD - the opinion of the Appointments and Remuneration Committee.

The Performance Share Plan is divided into three three-year cycles: 2021-2023, 2022-2024 and 2023-2025.

The purposes of the Performance Share Plan are:

- to promote the creation of sustainable value for the Company, shareholders and stakeholders, also in accordance with the indications of the Corporate Governance Code;
- guide management towards decisions that pursue the creation of value for the Group over the medium to long term;
- reinforce the policy of loyalty and engagement of staff members considered important to the Group;
- attract, motivate and retain personnel with the appropriate individual and professional skills to pursue and achieve the core business development objectives of the Company and the Group.

The free assignment and subsequent delivery of the shares are conditional on the achievement of predetermined performance objectives for each of the three cycles into which the Performance Share Plan is divided.

The following is a summary of the number of rights assigned, of the rights attributable and the relative fair value established by a specially-appointed independent expert.

	number of assigned rights	number of rights granted	Fair value rights granted at the assignment date
recalculation rights 12/12/2021*	157,159	107,978	613,314
assignment of rights 28/07/2022	277,352	254,470	605,982
assignment of rights 12/09/2023	292,156	266,593	768,814

** following verification of the actual achievement of the three-year targets set out in the Plan*

Note 49 Positions or transactions arising from atypical and/or unusual operations

In accordance with Consob Communication No. DEM/6064293 of July 28, 2006, the company did not undertake
any atypical or unusual transactions as set out in the Communication.

Mr. Alessandro Maria Rinaldi

Legal representative

AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 2023

Building a better working world

Garofalo Health Care S.p.A.

Consolidated financial statements as at December 31, 2023

Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010, and article 10 of EU Regulation n. 537/2014

Building a better working world

EY S.p.A.
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Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010 and article 10 of EU Regulation n. 537/2014
(Translation from the original Italian text)

To the Shareholders of
Garofalo Health Care S.p.A.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Garofalo Health Care Group (the Group), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated income statement, the consolidated comprehensive income statement, consolidated statement of changes in shareholders' equity and consolidated cash flows statement for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at December 31, 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of Garofalo Health Care S.p.A. in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We identified the following key audit matters:

EY S.p.A.
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Capitale Sociale Euro 2.600.000,00 i.v.
Iscritta alla S.O. del Registro delle Imprese presso la CCIAA di Milano Monza Brianza Lodi
Codice fiscale e numero di iscrizione 00434000584 - numero R.E.A. di Milano 606158 - P.IVA 00891231003
Iscritta al Registro Revisori Legali al n. 70945 Pubblicato sulla G.U. Suppl. 13 - IV Serie Speciale del 17/2/1998

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Key Audit Matter	Audit Response
Recoverability of goodwill and of "accreditation" balance The goodwill balance as of December 31, 2023, amounted to € 156,007 thousand and was allocated to the following Cash Generating Units (CGUs) of the Garofalo Health Care Group: i) Rugani Hospital S.r.l., ii) C.M.S.R. Veneto Medica S.r.l., iii) Villa Von Siebenthal S.r.l., iv) Gruppo Fides Medica, v) Casa di Cura Prof. Nobili S.r.l. vi) Poliambulatorio Dalla Rosa Prati S.r.l. vii) Ospedali Privati Riuniti S.r.l. viii) Centro Medico San Biagio S.r.l. e Bimar S.r.l., ix) Aesculapio S.r.l., x) X Ray One S.r.l., xi) Clinica San Francesco S.r.l., xii) Domus Nova S.p.A., xiii) Gruppo Veneto Diagnostica e Riabilitazione S.r.l. and xiv) Aurelia Hospital S.r.l.. The process required for authorized structures to acquire the qualification for being suitable in providing health and social-health services is called "accreditation". Such asset category has been deemed to have an indefinite useful life, and its balance as of December 31, 2023 amounts to Euro 215,837 thousand, allocated to the following CGUs: i) Rugani Hospital S.r.l., ii) Gruppo Fides Medica, iii) Casa di Cura Prof. Nobili S.r.l. iv) Poliambulatorio Dalla Rosa Prati S.r.l., v) Ospedali Privati Riuniti S.r.l., vi) Centro Medico San Biagio S.r.l. and Bimar S.r.l., vii) Centro Medico Università Castrense S.r.l., viii) Aesculapio S.r.l., ix) X Ray One S.r.l., x) Clinica San Francesco S.r.l., xi) Domus Nova S.p.A., xii) Gruppo Veneto Diagnostica e Riabilitazione S.r.l. and xiii) Sanatorio Triestino S.p.A.. The recoverability of the balance of goodwill and accreditation was assessed through the respective impairment tests. The processes and methodologies for assessing and determining the recoverable amount of the aforementioned CGUs, are based on complex assumptions which by their nature imply the use of management's judgment, in particular concerning the forecasted future profitability over the period covered by the single entities Business Plan 2024-2027, approved by their	Our audit procedure included, among others, the following: • assessment of the impairment test process and key controls related to goodwill and accreditation balances, taking into consideration the impairment test procedure as approved by the Board of Directors; • assessment of the appropriateness of the determination of the CGUs and the allocation of assets and liabilities to the carrying value of each CGU; • assessment of the consistency of the forecasted future cash flows of each CGU with their respective business plan; • assessment of the reasonableness of future cash flow forecasts, also compared to the historical accuracy of previous years'; • assessment of the key assumptions used by management in the impairment model with the support of our valuation's experts, including the determination of discount rates; • assessment of the assumption underlying the determination of the amortization period of the item accreditation, with an indefinite useful life; • the analysis of the "stress test" conducted by the independent expert, as well as the assessment of his competence, ability, and objectivity. In performing our procedures, we leveraged the use of EY valuation specialists who performed an independent calculation and sensitivity analysis on key assumptions, to determine any changes that could materially impact the valuation of the recoverable amount. Lastly, we reviewed the disclosures included in the notes to the consolidated financial statements in particular concerning possible

respective Boards of Directors, the determination of normalized cash flows underlying the estimate of the terminal value and the determination of discount rates applied to the forecasted future cash flows.

Considering the judgment required and the complexity of the assumptions used in the estimate of the recoverable amount of goodwill and the indefinite useful life assets related to accreditation, we have deemed such area to be a key audit matter.

The financial statement information relating to the impairment test carried out is disclosed in note 3 “Goodwill”, which in particular discusses the process of determining the recoverable value of each CGU, the valuation assumptions used, and the sensitivity analysis of the recoverable value from changes in key assumptions and the results of the "stress test" performed by the independent expert.

changes in the main assumptions that could lead to impairment of goodwill and accreditation.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Group’s ability to continue as a going concern and, when preparing the consolidated financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the consolidated financial statements on a going concern basis unless they either intend to liquidate the Parent Company Garofalo Health Care S.p.A. or to cease operations, or have no realistic alternative but to do so.

The statutory audit committee (“Collegio Sindacale”) is responsible, within the terms provided by the law, for overseeing the Group’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to consider this matter in forming our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- we have evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- we have obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We have communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We have provided those charged with governance with a statement that we have complied with the ethical and independence requirements applicable in Italy, and we have communicated them all matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken to eliminate relevant risks or the safeguard measures applied.

From the matters communicated with those charged with governance, we have determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We have described these matters in our auditor's report.

Additional information pursuant to article 10 of EU Regulation n. 537/14

The shareholders of Garofalo Health Care S.p.A., in the general meeting held on August 8, 2018, engaged us to perform the audits of the consolidated financial statements for each of the years ending December 31, 2018 to December 31, 2026.

We declare that we have not provided prohibited non-audit services, referred to article 5, par. 1, of EU Regulation n. 537/2014, and that we have remained independent of the Group in conducting the audit.

We confirm that the opinion on the consolidated financial statements included in this report is consistent with the content of the additional report to the audit committee (Collegio Sindacale) in their capacity as audit committee, prepared pursuant to article 11 of the EU Regulation n. 537/2014.

Report on compliance with other legal and regulatory requirements

Opinion on the compliance with Delegated Regulation (EU) 2019/815

The Directors of Garofalo Health Care S.p.A. are responsible for applying the provisions of the European Commission Delegated Regulations (EU) 2019/815 for the regulatory technical standards on the specification of a single electronic reporting format (ESEF – European Single Electronic Format) (the "Delegated Regulation") to the consolidated financial statements, to be included in the annual financial report.

We have performed the procedures under the auditing standard SA Italia n. 700B, in order to express an opinion on the compliance of the consolidated financial statements as at December 31, 2023 with the provisions of the Delegated Regulation.

In our opinion, the consolidated financial statements as at December 31, 2023 have been prepared in the XHTML format and have been marked-up, in all material aspects, in compliance with the provisions of the Delegated Regulation.

Due to certain technical limitations, some information included in the explanatory notes to the consolidated financial statements when extracted from the XHTML format to an XBRL instance may not be reproduced in an identical manner with respect to the corresponding information presented in the consolidated financial statements in XHTML format.

Opinion pursuant to article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39 dated 27 January 2010 and of article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998

The Directors of Garofalo Health Care S.p.A. are responsible for the preparation of the Report on Operations and of the Report on Corporate Governance and Ownership Structure of Group Garofalo Health Care as at December 31, 2023, including their consistency with the related consolidated financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to express an opinion on the consistency of the Report on Operations and of specific information included in the Report on Corporate Governance and Ownership Structure as provided for by article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998, with the consolidated financial statements of Garofalo Health Care Group as at December 31, 2023 and on their compliance with the applicable laws and regulations, and in order to assess whether they contain material misstatements.

In our opinion, the Report on Operations and the above mentioned specific information included in the Report on Corporate Governance and Ownership Structure are consistent with the consolidated financial statements of Garofalo Health Care Group as at December 31, 2023 and comply with the applicable laws and regulations.

With reference to the statement required by art. 14, paragraph 2, subparagraph e), of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Statement pursuant to article 4 of Consob Regulation implementing Legislative Decree n. 254, dated 30 December 2016

The Directors of Garofalo Health Care S.p.A. are responsible for the preparation of the non-financial information pursuant to Legislative Decree n. 254, dated 30 December 2016. We have verified that non-financial information have been approved by Directors.

Pursuant to article 3, paragraph 10, of Legislative Decree n. 254, dated 30 December 2016, such non-financial information are subject to a separate compliance report signed by another auditor.

Rome, March 28 2024

EY S.p.A.
Signed by: Andrea Eronidi, Auditor

This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

GHC GAROFALO HEALTH CARE

Attestazione sul Bilancio Consolidato ai sensi dell'art.154 Bis, comma 5 del D.LGS. 58/1998 e successive modifiche ed integrazioni

1. I sottoscritti Maria Laura Garofalo, in qualità di Amministratore Delegato, e Luigi Celentano, in qualità di Dirigente Preposto alla redazione dei documenti contabili societari di Garofalo Health Care S.p.A., attestano, tenuto anche conto di quanto previsto dall'art.154 bis, commi 3 e 4, del decreto legislativo 24 febbraio 1998, n.58:
   - l'adeguatezza in relazione alle caratteristiche dell'impresa e
   - l'effettiva applicazione delle procedure amministrative e contabili per la formazione del bilancio consolidato al 31 dicembre 2023.

2. Al riguardo si segnala:
   - l'adeguatezza delle procedure amministrative e contabili per la formazione del Bilancio consolidato del Gruppo GHC è stata verificata mediante la valutazione del sistema di controllo interno sull'informativa finanziaria. Tale valutazione è stata effettuata prendendo a riferimento i criteri stabiliti nel modello Internal Controls – Integrated Framework emesso dal Committee of Sponsoring Organizations of the Treadway Commission ("COSO");
   - dalla valutazione del sistema di controllo interno sull'informativa finanziaria non sono emersi aspetti di rilievo.

3. Si attesta, inoltre, che:

3.1. il Bilancio consolidato del Gruppo GHC al 31 dicembre 2023:
   - è redatto in conformità ai principi contabili internazionali riconosciuti nell'Unione Europea ai sensi del Regolamento (CE) n.1606/2002 del Parlamento Europeo e del Consiglio del 19 luglio 2002;
   - corrisponde alle risultanze dei libri e delle scritture contabili;
   - è redatto in conformità all'art.154 ter del citato D.Lgs. 58/1998 e successive modifiche ed integrazioni ed è idoneo a fornire una rappresentazione veritiera e corretta della situazione patrimoniale, economica e finanziaria dell'emittente e dell'insieme delle imprese incluse nel consolidamento;

3.2. la relazione sulla gestione comprende un'analisi attendibile dell'andamento e del risultato della gestione, nonché della situazione dell'emittente e dell'insieme delle imprese incluse nel consolidamento, unitamente alla descrizione dei principali rischi ed incertezze cui sono esposti.

La presente attestazione è resa anche ai sensi e per gli effetti di cui all'art. 154 bis, comma 2, del decreto legislativo 24 febbraio 1998 n.58.

Roma 14 marzo 2024

Amministratore Delegato	Dirigente Preposto alla redazione dei documenti contabili societari
(Cav. Lav. Avv. Maria Laura Garofalo)	(Dott. Luigi Celentano)

EURONEXT STAR MILAN

Garofalo Health Care S.p.A.

Piazzale delle Belle Arti - Roma

Capitale Sociale Euro 31.570.000 i.v.

RELAZIONE DEL COLLEGIO SINDACALE ALL'ASSEMBLEA DEGLI AZIONISTI AI SENSI DELL'ART. 153 DEL D.LGS. N. 58/1998 E DELL'ART. 2429 DEL C.C.

Signori Azionisti,

nel corso dell'esercizio chiuso al 31 dicembre 2023 il Collegio Sindacale di Garofalo Health Care S.p.A. (d'ora in avanti anche solo "Garofalo", "GHC" o "Società") ha svolto le attività di vigilanza previste dall'art. 149 del T.U.F., tenendo conto delle comunicazioni e raccomandazioni Consob in materia di controlli societari, dei principi di comportamento del Collegio Sindacale di società quotate raccomandati dal Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili, nonché delle indicazioni contenute nel Codice di Corporate Governance delle società quotate in Borsa.

Con la presente Relazione, redatta ai sensi dell'art. 153 del D.lgs. 58/1998 e dell'articolo 2429 del Codice civile, questo Collegio Vi dà conto delle attività svolte e dei relativi esiti.

Il Collegio Sindacale in carica alla data della presente Relazione è stato nominato dall'Assemblea degli Azionisti del 30 aprile 2021 per gli esercizi 2021-2023 e scadrà, quindi, con l'Assemblea convocata per l'approvazione del bilancio al 31 dicembre 2023.

La Società opera in conformità alle previsioni introdotte dalla Legge 262/2005, avendo nominato il Dirigente Preposto alla redazione dei documenti contabili societari ed avendo adottato le relative linee guida operative. L'attuale Collegio Sindacale è stato nominato, tramite applicazione del meccanismo del voto di lista, dall'Assemblea ordinaria dei Soci del 30 aprile 2021, per il triennio 2021-2023, e resterà in carica fino all'Assemblea di approvazione del bilancio d'esercizio al 31 dicembre 2023.

Il Collegio Sindacale rileva che alla data della presente Relazione sono in corso la crisi russo-ucraina e la crisi israeliano-palestinese che stanno determinando le note conseguenze economiche sui mercati mondiali. A tal riguardo, il Collegio, nel corso dell'esercizio 2023, ha monitorato l'evoluzione del quadro economico e nella presente relazione ha tenuto conto dei provvedimenti e delle raccomandazioni emesse dalle competenti Autorità ai fini della redazione del bilancio, della rappresentazione degli effetti della crisi e delle specifiche attività di controllo richieste.

In particolare, nel recente quadro di incertezza generato dai conflitti, il Gruppo sta monitorando i possibili rischi, diretti ed indiretti, derivanti da tale crisi sulle proprie attività operative. Considerando che il Gruppo non ha un'esposizione diretta né con il mercato russo, né con il mercato arabo, sia sul fronte delle vendite che su quella degli acquisti, non si intravedono dei rischi diretti. Il Gruppo continuerà a monitorare la situazione sebbene, al momento, non risultino rischi significativi.

Il Collegio ha ricevuto costanti informazioni dalla Società sulle azioni poste in essere per far fronte agli effetti della crisi, quali, tra l'altro, quelle mirate ad affrontare l'incremento dei prezzi dell'energia e gli effetti inflattivi. Allo scopo nel 2023 si è concluso il progetto di analisi dell'efficienza energetica delle strutture del Gruppo attraverso il quale la Società ha predisposto una strategia per il contenimento dei consumi energetici delle strutture sanitarie di proprietà attraverso l'individuazione di correlate azioni di efficientamento. È stato infatti sottoscritto a novembre 2023 un contratto di Gruppo per la fornitura di energia elettrica proveniente da fonte 100% rinnovabile nel 2024-2028 destinata a soddisfare i consumi energetici del Gruppo GHC.

Il Collegio ha, inoltre, vigilato sui presidi in materia Cyber implementati dalla Società. In merito a quanto sopra, non vi sono elementi di attenzione da sottoporre all'Assemblea degli Azionisti della Società. Segnaliamo che il bilancio di GHC è stato redatto in continuità in base ai principi contabili internazionali IAS/IFRS emessi dall'*International Accounting Standards Board* (IASB), omologati dall'Unione Europea, ed in vigore al 31 dicembre 2023, nonché conformemente ai provvedimenti emanati in attuazione dell'articolo 9 del d.lgs. 38/2005.

Vi rappresentiamo, inoltre, che il medesimo bilancio è stato redatto nel rispetto delle specifiche richieste dal Regolamento (UE) n. 2019/815 ("Regolamento ESEF") e, quindi, nel formato elettronico XHTML e presenta, con specifico riferimento al bilancio consolidato al 31 dicembre 2023, le marcature inline-XBRL delle informazioni, secondo la tassonomia indicata dal su citato Regolamento ESEF.

Nella Relazione degli Amministratori sulla Gestione sono riepilogati i principali rischi e incertezze e si dà altresì conto dell'evoluzione prevedibile della gestione.

Il bilancio della Società è costituito dalla Situazione Patrimoniale e Finanziaria, dal Conto Economico, dal Conto Economico Complessivo, dal Prospetto delle variazioni del Patrimonio netto, dal Rendiconto Finanziario e dalle Note esplicative.

Il bilancio è corredato dalla Relazione degli Amministratori sulla Gestione, dalla Relazione sul governo societario e gli assetti proprietari, predisposta ai sensi dell'articolo 123-*bis* del TUF, nonché dalla Dichiarazione Consolidata di carattere non Finanziario *ex* d.lgs. 30 dicembre 2016, n. 254 (nel seguito anche "DNF"), redatta dalla Società secondo i *Global Reporting Initiative Standards ("GRI Standards")* della *Global Reporting Initiative* (GRI). Il fascicolo di bilancio è corredato, altresì, dalla Relazione sulla politica in materia di remunerazione e sui compensi corrisposti, composta da politica in materia di remunerazione 2024 e relazione sui compensi corrisposti nel 2023.

L'esercizio chiuso al 31 dicembre 2023 evidenzia un utile di esercizio di Euro migliaia 9.488, contro un utile del precedente esercizio di Euro migliaia 1.638. Il bilancio è stato approvato dal Consiglio di Amministrazione della Società in data 14 marzo 2024, unitamente al bilancio consolidato del Gruppo GHC ed alla Dichiarazione Consolidata di carattere non Finanziario. Come evidenziato dagli Amministratori nella "Relazione sul Governo Societario e gli Assetti Proprietari" per l'esercizio 2023, redatta ai sensi dell'art. 123-bis D.Lgs. 58/1998 ed approvata dal Consiglio di Amministrazione del 14 marzo 2024, nel corso del 2023 il Consiglio di Amministrazione si è riunito n. 9 volte, il Comitato Controllo Rischi e Sostenibilità si è riunito n. 15 volte, il Comitato Nomine e Remunerazioni si è riunito n. 8 volte. Il Collegio Sindacale nel corso del 2023 si è riunito n. 10 volte, ed ha poi partecipato:

- all'unica Assemblea degli Azionisti;
- a tutte le adunanze del Consiglio di Amministrazione, con la presenza di almeno un componente del Collegio Sindacale;
- a tutte le riunioni del Comitato Controllo e Rischi, con la presenza di almeno un componente del Collegio Sindacale;
- a tutte le riunioni del Comitato Nomine e Remunerazione, con la presenza di almeno un componente del Collegio Sindacale.

In merito alle operazioni di maggior rilievo si segnala che la Società in data 4 maggio 2023 ha acquisito l'86,95% di Sanatorio Triestino S.p.A., titolare di una casa di cura accreditata, realtà storica della città di Trieste, e nei mesi successivi ha acquisito ulteriori partecipazioni arrivando a detenere il 96,39% al 31 dicembre 2023.

In data 16 novembre 2023 Garofalo Health Care S.p.A. ha finalizzato, inoltre, l'acquisto del perimetro dell'attivo di Aurelia 80 S.p.A. in liquidazione, holding operativa a capo del gruppo Aurelia Hospital operante nel settore ospedaliero privato accreditato. In particolare, con tale operazione è stata acquistata la struttura privata accreditata Aurelia Hospital e le partecipazioni – detenute da Aurelia 80 – in altre tre strutture sanitarie private accreditate a Roma.

Il Collegio Sindacale ha avuto flussi informativi continui dall'Organismo di Vigilanza ("l'OdV") collegiale, costituito secondo quanto previsto dal D.Lgs. 231/2001, in quanto un membro del Collegio Sindacale fa parte dell'OdV. Infatti, in linea con le *best practice* in materia, il Consiglio di Amministrazione in data 30 aprile 2021 ha nominato un organismo di vigilanza collegiale costituito ad hoc. Il Collegio Sindacale, ai sensi dell'art. 19 del D.Lgs. 39/2010, svolge anche la funzione di Comitato per il controllo interno e la revisione contabile. Per quanto attiene ai compiti di revisione legale dei conti, questi sono attualmente svolti dalla società EY S.p.A. (la "Società di Revisione" o "EY"), nominata con delibera assembleare dell'8 agosto 2018 con efficacia per il periodo 2018-2026.

Inoltre, EY è stata incaricata della revisione legale dei conti per la maggior parte delle società del Gruppo Garofalo, di portata differenziata a seconda della significatività di ciascuna di esse.

Garofalo Health Care S.p.A., nella veste di capogruppo, redige anche il bilancio consolidato. Alla data del 31.12.2023, GHC è controllata dalla società Larama 98 S.p.A. che ne detiene il 50,46% del capitale sociale, sebbene quest'ultima non eserciti l'attività di direzione e coordinamento ai sensi degli articoli 2497 e seguenti del c.c., come riportato nella Relazione sul Governo Societario. Nel dettaglio, nell'ambito dello svolgimento delle funzioni attribuite al Collegio Sindacale dall'ordinamento, nella qualità di organo di controllo e quale Comitato per il controllo interno e la revisione contabile, riferiamo quanto di seguito esposto.

Gli Amministratori hanno riferito, ai sensi degli artt. 2381 c.c. e 150 del D.lgs. n. 58/1998 e con le modalità previste dallo Statuto, informazioni sul generale andamento della gestione, sulla sua prevedibile evoluzione, nonché sull'attività svolta e sulle operazioni di maggior rilievo economico, finanziario e patrimoniale deliberate e poste in essere dalla Società e dalle sue controllate nel corso dell'esercizio e possiamo ragionevolmente affermare, sulla base delle informazioni disponibili, che le delibere assunte e le azioni intraprese sono conformi alla legge ed allo statuto sociale e non sono manifestamente imprudenti, azzardate, in potenziale conflitto di interessi, in contrasto con le delibere assembleari o tali da compromettere l'integrità del patrimonio sociale. Le informazioni suddette sono rappresentate nella Relazione sulla Gestione alla quale si rinvia.

Nella Relazione sulla Gestione gli Amministratori evidenziano che i risultati dell'anno 2023, evidenziano un significativo aumento sia in termini di ricavi che di Operating EBITDA rispetto allo stesso periodo dell'anno precedente.
La Società ha incaricato un professionista terzo indipendente per l'elaborazione dell'*impairment* test relativo agli *Intangibles* iscritti nel bilancio al 31.12.2023 sia in considerazione dello IAS 36 che del richiamo di attenzione della Consob n.1/21 del 16 febbraio 2021. Per nessuna delle CGU è emersa una perdita permanente di valore e, quindi, la necessità di effettuare rettifiche di valore degli *Intangibles.*

Il Collegio non ha rilevato l'esistenza di operazioni atipiche o inusuali con società del Gruppo, con terzi o con altre parti correlate, anche ai sensi delle indicazioni fornite dalla CONSOB, con Comunicazione n. DEM/6064293 del 28 luglio 2006.

Con riferimento alle operazioni con parti correlate, la versione aggiornata della normativa interna sul tema è stata da ultimo approvata dal Consiglio di Amministrazione nel 2021, recependo le modifiche intervenute in seguito alla delibera Consob n. 21624/2020, ed è entrata in vigore dal 1° luglio 2021. GHC si è dotata di una procedura in materia di operazioni con parti correlate, modificata, da ultimo, in data 16 giugno 2021 (con efficacia dal 1° luglio 2021), pubblicata anche sul sito internet della Società e ha nominato un apposito Comitato per le Operazioni con parti Correlate (coincidente con il Comitato Controllo Rischi e Sostenibilità) all'interno del Consiglio di Amministrazione.

Il bilancio della Società riporta le informazioni relative alle operazioni con Parti Correlate e in questo contesto, il Collegio Sindacale reputa altresì che l'informativa concernente le operazioni infragruppo e con Parti Correlate, riportata nelle note di commento al bilancio separato di GHC e al bilancio consolidato del Gruppo GHC, sia da considerarsi adeguata.

Le operazioni con interessi degli Amministratori o con altre Parti Correlate sono state sottoposte alle procedure di trasparenza previste dalle disposizioni in materia.

Nel corso dell'esercizio 2023, abbiamo partecipato alle riunioni del Comitato Parti Correlate, durante le quali lo stesso ha espresso parere favorevole in merito ad una operazione con Parti Correlate di "maggiore rilevanza", avendo detto Comitato valutato l'interesse della Società al compimento delle operazioni nonché la congruità e la convenienza delle relative condizioni.

Il Collegio ha verificato che il documento informativo, redatto ai sensi dell'articolo 5 e in conformità allo schema di cui all'allegato 4 del regolamento Consob OPC, è stato messo a disposizione del pubblico presso la sede legale e sul sito Internet della Società, nonché sul meccanismo di stoccaggio autorizzato "eMarketstorage" in data 3 agosto.

Il Collegio ha incontrato, inoltre, i Sindaci delle società controllate e non sono emersi dati ed informazioni rilevanti da segnalare.

Nel corso del 2023 la Società ha inoltre proceduto all'aggiornamento del Codice Etico del Gruppo, del Modello di Organizzazione e Gestione ex D.lgs. 231/01, della procedura per le segnalazioni (Whistleblowing), della Policy anticorruzione del Gruppo, delle linee guida Flussi informativi del Gruppo e della procedura Internal Audit.

Il Collegio dichiara, inoltre:

- di aver acquisito conoscenza e vigilato, per quanto di propria competenza, sull'adeguatezza dell'assetto organizzativo, in termini di struttura, procedure, competenze e responsabilità, in relazione alle dimensioni della Società, alla natura e alle modalità di perseguimento dell'oggetto sociale;
- di aver vigilato sul rispetto dei principi di corretta amministrazione, attraverso la partecipazione alle riunioni del Consiglio di Amministrazione e dei Comitati endoconsiliari, costituiti in ossequio al Codice di Corporate Governance, nonché mediante la raccolta di informazioni dai responsabili delle funzioni aziendali, incontri con il responsabile dell'Internal Audit e con il Comitato Controllo e Rischi, nonché con i responsabili della Società di Revisione;
- di aver vigilato sull'adeguatezza delle disposizioni impartite dalla Società alle società controllate, ai sensi dell'art. 114, comma 2 del D.lgs. n. 58/1998, e di non avere osservazioni particolari da segnalare al riguardo;

- di aver valutato e vigilato sull'adeguatezza del sistema amministrativo-contabile, nonché sull'affidabilità di quest'ultimo a rappresentare correttamente i fatti di gestione, mediante:
    - le informazioni acquisite durante gli incontri intercorsi con il Dirigente Preposto alla redazione dei documenti contabili societari, nonché dall'esame delle attestazioni dallo stesso rilasciate in data 14 marzo 2024 ai sensi dell'art. 154-bis, co. 5, D.Lgs. 58/1998 e dell'art. 81-ter del Regolamento CONSOB n. 11971 del 14 maggio 1999 e successive modificazioni e integrazioni ("Regolamento di attuazione del decreto legislativo 24 febbraio 1998, n. 58, concernente la disciplina degli emittenti" cd. "Regolamento Emittenti");
    - l'acquisizione di informazioni da parte dei responsabili delle funzioni aziendali competenti;
    - l'esame dei risultati del lavoro svolto dalla Società di Revisione.

Il Collegio, nello svolgimento delle proprie attività di vigilanza, ritiene, per quanto di propria competenza, che l'assetto organizzativo sia sostanzialmente adeguato. Con riferimento al sistema amministrativo-contabile, il Gruppo ha implementato un sistema di monitoraggio mensile dei ricavi, dell'ebitda, della posizione finanziaria netta e del capitale circolante e trimestrale dei flussi di cassa al fine di rilevare tempestivamente potenziali situazioni di criticità.

Il Collegio, alla luce dell'attività di vigilanza svolta, ritiene, per quanto di propria competenza, che il sistema amministrativo-contabile sia sostanzialmente adeguato e affidabile ai fini della corretta rappresentazione dei fatti di gestione.

Il Collegio ha poi ottenuto informazioni sulle attività poste in essere in attuazione della normativa relativa alla "Disciplina della responsabilità amministrativa degli enti" di cui al D.lgs. n. 231/2001 e successive integrazioni e modifiche; ha acquisito le relazioni periodiche presentate al CdA dall'OdV e ha ricevuto dal sindaco effettivo Prof.ssa Francesca Di Donato, in qualità di componente dell'Organismo di Vigilanza, informazioni circa gli esiti dell'attività di controllo dell'OdV, da cui risulta che non sono emerse anomalie o fatti censurabili come violazioni del Modello Organizzativo 231/2001 da segnalare nella presente relazione.

Il Collegio ha vigilato sulle modalità di concreta attuazione del Codice di Corporate Governance, cui la Società ha dichiarato di aderire; ha verificato la corretta applicazione dei criteri e delle procedure di accertamento adottati dal CdA per valutare l'indipendenza dei propri membri, ai sensi del Codice di Autodisciplina. Il Collegio fa inoltre presente che, nel corso del Consiglio di Amministrazione del 7 marzo 2024, è stata svolta – anche alla presenza del Collegio – l'annuale verifica dei requisiti di indipendenza in capo agli Amministratori della Società. I risultati sono riportati nella Relazione sul Governo Societario, cui si fa, pertanto, rinvio.

Il Collegio Sindacale ritiene opportuno sottolineare di aver condotto, il processo di autovalutazione per l'esercizio 2023, al termine del quale è stato prodotto un documento di sintesi che riporta l'esito favorevole circa i requisiti di indipendenza per i componenti e le modalità di svolgimento delle attività di propria competenza. Il Collegio Sindacale è stato destinatario, unitamente al Presidente del CdA, delle Raccomandazioni formulate dal Presidente del Comitato per la Corporate Governance di Borsa Italiana con una lettera del 14 dicembre 2023. Le Raccomandazioni sono state portate all'attenzione del Consiglio di Amministrazione e del Collegio Sindacale, che le hanno valutate, dandone informativa nella Relazione sul Governo Societario. La Società di Revisione ha rilasciato, in data odierna, ai sensi degli artt. 14 del D.Lgs. 39/2010 e 10 del Reg. Ue 537/2014, le Relazioni di propria competenza sul bilancio di esercizio e sul bilancio consolidato al 31 dicembre 2023 di GHC S.p.A., in cui attesta che il bilancio d'esercizio e il bilancio consolidato del Gruppo forniscono una rappresentazione veritiera e corretta della situazione patrimoniale e finanziaria al 31 dicembre 2023, del risultato economico e dei flussi di cassa per l'esercizio chiuso a tale data in conformità agli *International Financial Reporting Standards* adottati dall'Unione Europea, nonché ai provvedimenti emanati in attuazione dell'art. 9 del D.Lgs. n. 38/05 e che la Relazione sulla Gestione e alcune specifiche informazioni contenute nella Relazione sul Governo Societario e gli Assetti Proprietari sono coerenti con il bilancio separato della Garofalo Health Care S.p.A. e con il bilancio consolidato del Gruppo e redatte in conformità alle norme di legge.

Sempre in data odierna, la Società di Revisione ha, inoltre, trasmesso al Collegio Sindacale, quale Comitato per il controllo interno e la revisione contabile, la Relazione Aggiuntiva ex art. 11 del Reg. Ue 537/2014. Nelle predette Relazioni della Società di Revisione non risultano rilievi o richiami di informativa, né dichiarazioni rilasciate ai sensi dell'art 14, 2°comma, lett. d) e lett. e) del D.lgs. 39) 2010 ed i giudizi sul bilancio separato e sul bilancio consolidato sono in linea con quanto indicato nella Relazione Aggiuntiva. Sempre in data odierna, la società Deloitte & Touche S.p.A. ha emesso, ai sensi dell'art. 3, 10° comma, del D.Lgs. 254/2016 e dell'art. 5 del Reg. Consob 20267/2018, l'attestazione di conformità, in tutti gli aspetti significativi, della DNF redatta dalla Società in base a quanto richiesto dal citato decreto e ai principi e metodologie di cui ai GRI Standards selezionati dalla Società, nella forma tecnica della revisione limitata. In tale Relazione, Deloitte ha dichiarato che non sono pervenuti alla sua attenzione elementi che facciano ritenere che la Dichiarazione Non Finanziaria del Gruppo GHC relativa all'esercizio chiuso al 31 dicembre 2023 non sia stata redatta, in tutti i suoi aspetti significativi, in conformità a quanto richiesto dagli artt. 3 e 4 del Decreto e dai GRI Standards.

Il Collegio segnala come GHC abbia optato per redigere la DNF secondo l'opzione "IN ACCORDANCE WITH (GRI Standards)", al fine di incrementare il set informativo comunicato all'esterno sui temi di sostenibilità e di allineare ulteriormente la propria informativa non finanziaria alle best practice. La DNF include anche la disclosure relativa all'informativa sulla Tassonomia come prevista dal Regolamento Europeo 852/2020. Tale informativa è riportata all'interno del paragrafo "Informativa prevista dal Regolamento Europeo sulla tassonomia delle attività ecosostenibili" ed include le analisi condotte dal Gruppo GHC su come e in quale misura le proprie attività siano associate ad attività economiche ai sensi della Tassonomia UE.

Per l'anno di rendicontazione 2023 sono state effettuate valutazioni di ammissibilità e allineamento alla Tassonomia con riferimento agli obiettivi disciplinati dall'Atto delegato sul Clima, che include gli obiettivi di mitigazione e adattamento ai cambiamenti climatici, e valutazione di ammissibilità con riferimento agli obiettivi inclusi negli allegati (Allegato I, II, III, IV) dall'Atto delegato sull'Ambiente, pubblicato in giugno 2023 dalla Commissione. Sulla base dell'analisi effettuata, è emerso come attualmente nessuna delle attività economiche del Gruppo risulti ammissibile e, pertanto, la totalità del fatturato, investimenti e costi operativi dell'esercizio 2023 sono da considerarsi come non ammissibili e di conseguenza non allineati.

La DNF - al pari di tutti gli anni precedenti - è stata inoltre oggetto di un esame limitato ("limited assurance engagement" secondo i criteri indicati dal principio ISAE 3000 Revised) da parte di Deloitte & Touche S.p.A. che ha rilasciato un'apposita relazione circa la conformità delle informazioni fornite nella Dichiarazione Consolidata di carattere non Finanziario redatta da GHC ai sensi del D.lgs. n. 254/16.

Il Collegio Sindacale ha ottenuto aggiornamenti in merito allo svolgimento delle attività propedeutiche alla predisposizione della DNF e ha vigilato sull'osservanza delle disposizioni di cui al sopra citato Decreto nell'ambito delle funzioni ad esso attribuite dall'ordinamento e, in particolare, sull'adeguatezza delle procedure, dei processi e delle strutture che presiedono alla produzione, rendicontazione, misurazione e rappresentazione dei risultati e delle informazioni di tale natura.

Nell'ambito dei propri doveri di vigilanza sull'osservanza della legge e dello Statuto, il Collegio rileva che la Società, nella propria DNF, ha osservato le disposizioni del Regolamento (UE) 2020/852 del 18 giugno 2020, relativo all'istituzione di un quadro che favorisce gli investimenti sostenibili.

Ai sensi dell'art. 19 del D.Lgs. 39/2010 e dell'art. 150 del TUF, il Collegio ha incontrato periodicamente la Società di Revisione, attivando un proficuo scambio di informazioni. In particolare, sono stati oggetto di analisi il piano di revisione per il bilancio di esercizio e il bilancio consolidato, l'impianto metodologico, l'approccio di revisione utilizzato per le diverse aree significative e l'applicazione dei principi contabili. Il Collegio Sindacale ha informato la Società di Revisione sulla propria attività e riferito sui fatti rilevanti a conoscenza. Complessivamente, dallo scambio informativo con la Società di Revisione, non sono emerse anomalie, criticità od omissioni e fatti ritenuti censurabili rilevati nello svolgimento dell'attività di revisione legale sul bilancio d'esercizio e sul bilancio consolidato.

Il Collegio Sindacale ha verificato e monitorato l'indipendenza della Società di Revisione e ricevuto la conferma per iscritto che la stessa, nel periodo dal 1° gennaio 2023 al momento del rilascio della dichiarazione, non ha riscontrato situazioni che possano compromettere la sua indipendenza da GHC ai sensi dell'art. 6, par. 2) lett. a) del Reg. UE 537/2014.

La Società di Revisione ha indicato nella Relazione Aggiuntiva che nel corso della revisione del bilancio di esercizio della Società e del bilancio consolidato del Gruppo al 31 dicembre 2023 non sono state individuate carenze significative nel sistema di controllo interno per l'informativa finanziaria e/o nel sistema contabile. La Società di Revisione ha comunicato i servizi di revisione e i servizi diversi dalla revisione prestati alla Società direttamente o per il tramite di entità appartenenti alla propria rete, specificando i relativi compensi e precisando di non aver effettuato alcun servizio vietato al revisore dalla vigente normativa.

I corrispettivi per servizi di revisione contabile di competenza dell'esercizio riconosciuti dal Gruppo GHC ad EY S.p.A., che ammontano complessivamente a euro migliaia 512 sono riportati in Nota Integrativa. Tenuto anche conto della dichiarazione di indipendenza rilasciata da EY S.p.A. in data 28 marzo 2024 ai sensi dell'articolo 6 paragrafo 2) lett. a) del Regolamento Europeo 537/2014 e ai sensi del paragrafo 17 dell'ISA Italia 260, il Collegio non ritiene che sussistano aspetti da evidenziare in ordine all'indipendenza del soggetto incaricato della revisione legale.

Il Collegio dichiara, inoltre:

- di aver rilasciato, nel corso dell'esercizio 2023, pareri favorevoli in merito (a) al Piano di Audit 2022/2023 ed al suo aggiornamento, come proposto dalla Funzione Internal Audit, (b) all'efficacia e adeguatezza del sistema di gestione dei rischi e di controllo adottato dal Gruppo, tenuto conto delle specifiche caratteristiche e del profilo di rischio assunto, (c) alla valutazione da parte del Comitato Controllo Rischi e Sostenibilità sul corretto utilizzo dei principi contabili e sulla loro omogeneità ai fini della redazione del bilancio consolidato, (d) al conferimento alla Società di Revisione di due ulteriori incarichi ad integrazione dei servizi di revisione ovvero per altri servizi professionali;
- di non aver ricevuto denunce ai sensi dell'art. 2408 del Codice civile ed esposti;
- di aver ricevuto analitica informativa in merito agli *impairment test* eseguiti ai sensi dello IAS 36 con riferimento ai valori contabili al 31.12.2023, a conferma dei valori di alcune immobilizzazioni di importo rilevante iscritte nei bilanci delle società del Gruppo.

Nel corso del 2023 è stato implementato il Modello unico ed integrato di Enterprise Risk Management attraverso una revisione delle metriche di valutazione, un allargamento del perimetro dei processi e delle strutture del Gruppo coinvolte, nonché tramite l'adozione di specifici Key Risk Indicator, atti a validare empiricamente le valutazioni ERM raccolte dai Risk Owner. Ai sensi del modello ERM approvato, la gestione dei rischi nel Gruppo GHC si caratterizza per essere un processo integrato di mappatura, analisi, trattamento e monitoraggio dei rischi dell'organizzazione, fornendo ai vertici aziendali le informazioni necessarie ad assumere le decisioni più appropriate per il raggiungimento degli obiettivi strategici, per la crescita e la creazione del valore del Gruppo.

Nella Relazione sul Governo Societario, gli Amministratori riferiscono in ordine alle attività svolte al fine della valutazione e gestione dei profili di rischio.

Le analisi del profilo di rischio suddette vengono condotte con l'ausilio dell'Internal Audit. L'Internal Audit, e il Comitato Controllo Rischi e Sostenibilità confermano, nelle rispettive relazioni, che, allo stato, non si ravvisano elementi tali da far ritenere che il sistema di controllo interno e gestione dei rischi non sia idoneo, suggerendo alcune azioni di miglioramento e di proseguire nel percorso di consolidamento avviato.

Il Collegio Sindacale, per quanto di propria competenza, ha costantemente verificato e monitorato il sistema di controllo interno e non ha ravvisato elementi tali da far dubitare dell'adeguatezza ed efficacia del sistema di controllo interno complessivamente inteso.

Inoltre, il Collegio ha vigilato sull'adeguatezza degli assetti organizzativi, amministrativi e contabili e del sistema di controllo interno e di gestione dei rischi anche rispetto alle finalità del Codice della Crisi d'Impresa e dell'Insolvenza di cui al D.Lgs. n. 14/2019, entrato in vigore il 15 luglio 2022 a seguito dell'emanazione del D.Lgs. n. 83/2022, in attuazione alla Direttiva UE 2019/1023 ("CCII") e, in particolare, sull'adeguatezza degli assetti organizzativi anche in funzione della rilevazione tempestiva della crisi in forza dell'art. 3 del CCII.

Infine, il Collegio ha svolto le proprie verifiche sull'osservanza delle norme di legge relative alla formazione del progetto di bilancio separato e di bilancio consolidato di Gruppo al 31 dicembre 2023, delle rispettive Note Integrative e della Relazione sulla Gestione a corredo degli stessi, in via diretta e con l'assistenza dei responsabili di funzione e attraverso le informazioni ottenute dalla Società di Revisione. Al riguardo, il Collegio Sindacale, in base ai controlli esercitati ed alle informazioni fornite dalla Società, nei limiti della propria competenza secondo l'art. 149, d.lgs. 59/98 e fermo restando che la revisione legale spetta alla Società di Revisione, dà atto, per quanto di propria competenza, che i prospetti del bilancio separato e del bilancio consolidato di GHC al 31 dicembre 2023 sono stati redatti in conformità alle disposizione di legge che regolano la loro formazione e impostazione e agli *International Financial Reporting Standards* emessi dall'*International Accounting Standards Board*. Il bilancio separato e quello consolidato sono accompagnati dalle prescritte dichiarazioni di conformità sottoscritte dall'Amministratore Delegato e dal Dirigente Preposto alla redazione dei documenti contabili societari.

Inoltre, il Collegio Sindacale ha verificato l'adempimento, da parte della Società, degli obblighi previsti dal D.lgs. 254/2016 e che la stessa abbia provveduto a redigere la Dichiarazione Non Finanziaria a livello consolidato come previsto dagli artt. 3 e 4 del medesimo Decreto. Dall'attività di vigilanza e controllo svolta dal Collegio Sindacale non sono emersi fatti significativi suscettibili di menzione nella presente Relazione.

Per quanto precede, il Collegio Sindacale, tenuto conto dell'esito degli specifici compiti svolti dalla Società di Revisione in tema di controllo della contabilità e di verifica dell'attendibilità del bilancio di esercizio, nonché dell'attività di vigilanza svolta, non ha proposte da formulare ai sensi dell'art. 153, comma 2 del D.Lgs. n. 58/98 ed esprime parere favorevole in merito all'approvazione del bilancio d'esercizio al 31 dicembre 2023 di Garofalo Health Care S.p.A., non avendo altresì obiezioni in merito alla proposta formulata dal Consiglio di Amministrazione sulla destinazione dell'utile.

In considerazione di quanto su esposto e tenuto conto delle risultanze esposte dalla Società di Revisione nella propria relazione al bilancio consolidato, il Collegio Sindacale non ha osservazioni da formulare in ordine al bilancio Consolidato del Gruppo Garofalo Health Care al 31 dicembre 2023.

Roma, 28 marzo 2024

Il Collegio Sindacale

Sonia Peron – Presidente

Alessandro Musaio – Sindaco effettivo

Francesca di Donato – Sindaco effettivo