"GHC Financing Transaction Conference Call"
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MODERATORS: Mrs. Maria Laura Garofalo, CEO
Mr. Alessandro Maria Rinaldi, Chairman of the BoD
Mr. Luigi Celentano, Chief Financial Officer
Mr. Mimmo Nesi, Investor Relator & Chief Sustainability Officer

OPERATOR: Good morning, this is the Chorus Call operator. Welcome to the presentation of the GHC Group financing transaction. After the initial presentation, there will be an opportunity to ask questions. Now I would like to give the floor to Mr. Mimmo Nesi, Investor Relator and Chief Sustainability Officer of Garofalo Health Care. Please.

MIMMO NESI: Good morning everyone, thank you very much for your time and usual availability. Yesterday, as you saw, with the markets closed, the company published the press release relating to a very satisfying financing transaction. Today we will illustrate it in detail and at the end, as usual, we will have plenty of space for your questions. I would like to briefly introduce who is here from Rome: the CEO of the GHC Group, Mrs. Maria Laura Garofalo; the Chairman of the Board of Directors, Mr. Alessandro Maria Rinaldi; the CFO, Mr. Luigi Celentano. At this point I give the floor to the CEO for an initial introductory comment and then to the CFO. You're welcome.

MARIA LAURA GAROFALO: Good morning everyone. I am very satisfied to represent today this financial transaction of remodeling the financial structure, precisely, of our debt, which has a very specific purpose, namely to support our growth, our development, both in terms of internal, therefore organic growth, both in terms of disorganic growth, i.e. through external lines.

As you have read, it is essentially a refinancing operation of our existing debt, but defining it only as a refinancing operation would be limiting, because in reality it is an operation that substantially extends the average life of our debt from two to five years and this allows us to free up important resources to dedicate to growth which at this moment we believe can be more sustained than in the past. In our planning, in fact, in addition to external growth, with already well-identified targets, we also have extraordinary organic growth projects.

We are also very satisfied because in this remodeling of the financial structure we have not only obtained an extension of the average maturity of the debt, but we have obtained financing without guarantees. While the previous financial structure provided for a series of covenants and guarantees which in some way made some steps in our growth less fluid, today we have remodeled our financial structure by obtaining from the credit system - and not only that, we have issued a bond and therefore also by institutional investors of primary standing - a loan completely free of guarantees.

This is very important for me, because it is proof that both the banking system and the funds, therefore the sphere of institutional investors, some of which are already also in our share capital, but also primary interlocutors such as Cassa Depositi e Prestiti and like F2i, they have believed and firmly believe in our growth project. We have earned their trust on the field and there is nothing that can give us greater satisfaction than this. In fact, as you have seen, also from our press release, we have a parterre of the highest standing among our financiers. Within the banks, in addition to confirming their presence UniCredit and BPM, we have added BNL and Monte dei Paschi, while, within the institutional investors, in addition to F2i and Cassa Depositi e Prestiti, which also finances part of the Capex Line, obviously being this objective in their main mission, we also have three very important institutional investors who are already in our share capital, such as Anima, Arca and Mediolanum.

It is an operation that has seen the entire team engaged in the last six months and which allows us, with this diversified structure, to expand our portfolio, also "freeing ourselves" from the banks, because we have also included a bond of 50 million euros, subscribed by these primary investors. Obviously we will have a large amount of cash available, because obviously the extension of the average life of the debt from two to five years, with a new structure, will allow us to free up important resources. In reality, therefore, as you have seen, the 70 million euros allocated precisely to M&A and Capex are not the only availability to be allocated to growth but with this structure, freeing up resources and with our ability to generate cash, by maintaining a financial leverage that is below three times, we will be able to have a firepower greater than 100 million euros, between 100 and 120 million.

Always aware of the fact that this is a conservative consideration, because then, by acquiring new facilities, therefore by inserting new EBITDA and new cash within our reality, we obviously have a growing potential.

We have structured ourselves because we believe that this is the moment in which GHC can further put its foot on the accelerator, having identified a series of opportunities, not only M&A but also in the context of important organic growth projects.

We are also comforted by the economic results of our quarterly reports. I can anticipate that the half-yearly report maintains the trend of the quarterly report, so we are very satisfied with this too.

Even our commitment within the facilities of the Aurelia Group, which is a rather important commitment, is still giving us truly great satisfaction.

Speaking of the Aurelia Group, I take this opportunity to give information which in my opinion is very important and which impacts the already very limited evaluation of the Aurelia Group in terms of Enterprise Value and Equity Value. As I told you, the Aurelia Group had, in its Net Financial Position, approximately 19 million euros of bond loans, essentially subscribed by the shareholders themselves.

The Group and therefore the company, two years ago or perhaps more, filed a lawsuit against two shareholders who had requested reimbursement of the suspended interest on the bond loans, and also of part of the principal amount.

The company instead moved against those shareholders asking the judge to ascertain the subordinated nature of these loans.

There was this judgement, as I had anticipated, we had an expert witness who was positive for the company, who therefore considered the bond loans to be subordinated. We were waiting for the sentence which, coincidentally, arrived just yesterday, the day we also concluded this operation, the Aurelia Group won the case and therefore the judge declared all the bond loans subordinated.

Basically, the Aurelia Group's debt was mainly made up of bond loans, with a very small bank debt, so it seemed like news worthy of consideration.

At this point I'll pass the floor to the CFO regarding the more technical aspects and the numbers of the operation.

LUIGI CELENTANO: Regarding the operation, I will review some elements that we then represented in the press release. First of all, specifying that the actual closing, therefore the settlement of the operation, will take place on Thursday 11th July. Yesterday the contracts were signed and the regulation will take place on July 11th.

As the CEO said previously, the structure is quite clear: the operation consists of a medium and long-term bank loan line of 130 million, fully unsecured, at a variable rate, with an amortizing repayment profile.

This is not a market standard, so both the duration and the average life is almost around five years. The pricing, in terms of spread, of the bank financing line is slightly improved, if we look exclusively at the spread basis points, compared to the current financial structure or, better, compared to the current debt that will be replaced, the element of pricing must be read together with the other elements that the company has obtained.

First of all with respect to the absence of guarantees. The presence of guarantees would have allowed, in theory, a significantly lower pricing, in the sense that the absence of guarantees, combined with a slightly improved pricing, makes the operation even more interesting, as does the extension of the average life: they are elements that have a certain relevance in the negotiation, in the definition of pricing.

We were talking about how, together with the bank financing line, there is a seven-year bullet repayment bond loan, also fully unsecured. The combination of these two tools effectively allows the release, at least for the next three years, of important financial resources that the Group can evidently allocate to a whole series of initiatives aimed at development and growth, together with the availability, so let's not talk of new debt, of a new Capex Line, which has a duration of seven years and an availability period of two years, which evidently has further interesting elements for the company, because it presents itself in a much more versatile way than in the past, being able to be used not only for acquisitions, but also for organic investments, therefore in existing facilities.

I remember that this type of instrument becomes a bit structural for the Group, in the sense that even in past years we had this Line, which we used for M&A, then the Line ended its availability at the end of last year and therefore we this tool has also been re-proposed in this operation, because it represents a particularly important element, for the purposes of the growth path and to support investments.

Lastly, we have a Revolving Line, which supports any working capital needs. This optimizes and rationalizes access to this type of short-term financing sources within the Group even further.

I would like to remind you that an important element that characterizes bank financing will be the presence of ESG objectives, thanks to the achievement of which it will be possible to reduce the cost in terms of loan spread.

Before leaving room for questions, I would like to point out a series of additional elements of flexibility that the company has brought home with this operation. Together with the absence of guarantees and the extension of the average life of the debt, the possibility of partially “freeing” oneself from the banking system, the possibility of establishing relationships, including strategic ones, with investors who operate not only with instruments of this type, but they also operate on the equity of companies, this makes us particularly proud of their credibility. However, there are further elements of operational flexibility, which are also instrumental to the pursuit of the Group's strategy, including the possibility, where the company deems it necessary, to enhance the Real Estate assets on which we have been working for some time, while obviously maintaining control over it.

We have negotiated baskets within the contract, as well as in the bond, also large enough to give maximum operational flexibility, therefore freedom of action to the company, as well as the possibility of working with thresholds, with broader financial covenants than in the past, which certainly gives us greater peace of mind and greater margin for action.

I have completed a bit of the picture, qualitative and not, of the structure of the operation. I would leave the floor and space for any questions.

OPERATOR: We will now begin the question and answer session. The first question is from Isacco Brambilla, from Mediobanca.

ISACCO BRAMBILLA: Good morning everyone, two questions from me. The first is on priorities in terms of allocating this new liquidity. First of all, of these 70 million of the Capex Line you can give us an idea of how much refers to extraordinary Capex and if you can give us some color on what these extraordinary investments are. For difference, we calculate ourselves on how much goes on M&A, if you can give us a minimum of indications on the type of deal you are looking at, the size and

also the type, if it is more similar to Aurelia, something of a turnaround type, or perhaps bolt-on acquisitions, as we have seen in previous years.
The second question is more technical. The CFO mentioned a slightly improved spread, I was wondering if it was possible to have the detail compared to the spread we had in the previous financing line, which if I'm not mistaken was 160 basis points. If you can give us the reference for both the financing line and the Capex line, if they are different, and also if you can add if there are any specific upfront or one-off costs that we need to take into consideration for 2024.

MARIA LAURA GAROFALO: As regards the first question, obviously at this moment I can answer you in a qualitative way. Most of the resources will obviously be allocated to new acquisitions, but we also have some extraordinary projects, some more important, others larger.
The main projects of an extraordinary nature, as you know, concern the Aurelia Group, with the start of work already underway regarding the internal part of the project and with the construction of a new wing, which will include two operating blocks and two resuscitations: one block and one resuscitation intended for cardiac surgery, which will be transferred from the European Hospital to the Aurelia Hospital, and the other block and related resuscitation to the surgical polyspeciality.
The transfer of cardiac surgery and all cardiology of the European Hospital to the Aurelia Hospital involves a series of internal interventions, which are already underway, because they started with a simple SCIA.
We are at a good point and await the implementation and drafting of the executive project, which was supposed to arrive in July and instead will arrive after the summer, as regards the new construction.
We are also thinking about building a new hospital in Verona, where we will move the San Francesco Clinic, because the San Francesco Clinic which, as you know, is the European reference center for robotic prosthetic orthopedic surgery, has grown a lot and its sizing is not more to contain development, which is fundamentally growing, both for those outside the region and for private activity, because the structure has great attractiveness.
Furthermore, above all the operating department must certainly be arranged also on the path side.
We considered the possibility of building an extension on the existing facility, but it would be restrictive and very invasive for the facility, as well as expensive. We therefore opted for the purchase of land, subject to agreement with the local health authority, in an area of Verona completely uncovered by health facilities, therefore eastern Verona, where, moreover, the local health authority promised us that, in the event that we had built the hospital there would have increased the budget of the facility, obviously covering a totally uncovered area with important healthcare needs.

In this area we will build the new San Francesco Clinic, however financing it largely with the sale of the properties on which the facility currently stands. As you know, the facility has some very valuable properties, not only where the hospitalization facility is located, but it also has a further diagnostic centre, and is the owner of the relevant property, right in the center of Verona.
These properties will be sold and certainly have a high value, which could be around 20 million euros, so a large part of the operation will be financed by this sale.
These are operations of an extraordinary nature, in addition to other interventions, obviously more limited, within the facilities. To name one, we have already created an operating room at Hesperia Hospital, we need to further expand the operating block and reallocate resuscitation with an expansion still serving cardiac surgery and the other surgical specialties of the structure, with the creation of a new hybrid operating room, also intended for cardiac surgery.
Obviously we have made large investments in the Domus Nova in Ravenna, which is giving us great satisfaction. Just last month we held a press conference, inviting the institutional representatives of the area, where we illustrated all the large investments we have made in the structure, starting from the acquisition. Both the Domus Nova and the San Francesco Clinic now have another configuration in practice, but further investments are planned to complete the project to reallocate the healthcare offering between the structures.
This is a bit of a summary of the main interventions. Obviously we also intend to renew some technology, not only because in some cases we consider it obsolete, therefore not only by proceeding with maintenance investments, but by introducing into the renewal of machines, since we are moving forward, much more sophisticated ones, which allow not only to speed up exams, therefore to be able to do even more of them, because we also have a private demand that is growing rapidly - consider that in the six-monthly period we recorded an increase in private demand of around 10% - so we want to introduce technology that is not only more performing but which also has the possibility of providing new services.
This is planned at the Aurelia Hospital in Rome, which will certainly become a second Monzino, indeed, perhaps better than Monzino. Obviously we also have, in our planning, the replacement of a PET/CT, a very important machine, at the Poliambulatorio Dalla Rosa Prati in Parma which is a diagnostic center that has an agreement with the Parma hospital, by virtue of which it provides services to hospital patients without budget limits. We are going to replace the old PET/CT with a new one, which will allow us to increase the number of daily exams. This will also drive our growth.
I have listed the main ones, leaving aside the numerous other initiatives we have in mind.

Our firepower, as I told you, is around 100-120 million, conservatevely, therefore maintaining a financial leverage of no more than three times. This obviously includes all the interventions that I have just represented.

LUIGI CELENTANO: The firepower of Capex, combined with the resources that will be freed through the extension of the average life, will allow us to both support those investments that the CEO has just described but, at the same time, gives us firepower, over the availability period of the line, therefore between now and the next two years, as the CEO rightly says, conservately, of around 100-120 million in terms of Enterprise Value.

MARIA LAURA GAROFALO: I wanted to specify, given that it is perhaps the first time that we are representing the Verona operation, that this operation is very well thought out because, while a restructuring of the current structure would still have led to a slowdown or a halt for a certain period of time, because it would have been a construction site inside a hospital, necessarily, with this choice instead we continue our activity without interruption on the current structure and, once the hospital is ready, we move immediately and from the day "t+1" we have absolute continuity of our business, with the possibility of significant growth, deriving both from this agreement made with the local health authority which, by covering an uncovered area, will increase our order, both with the development of the private sector and in the San Francesco Clinic, being very attractive, is also very important for those outside the region.

LUIGI CELENTANO: It seems to me that the other question concerned the conditions in terms of rates, the costs linked to the operation and the impact on 2024. I will try to answer, then if there is any information that is missing, please let me know and I will gladly integrate it.

From the point of view of the spreads linked to the bank loan, the 130 million bank loan has a spread of 170 basis points and a margin grid mechanism linked to the trend of the leverage, therefore it can be reduced up to 155 basis points in the event that the leverage is below a certain threshold and, furthermore, as I said before, it has an element of adjustment linked to the achievement of the ESG objectives of a further 5 basis points therefore it has the possibility of reducing up to 150 basis points. It is a variable rate line, with the company's possibility of activating hedging, to the extent it deems appropriate to do. The assessments we are making will certainly lead us to activate hedging in the coming months.

As regards the Capex Line, the margin, the expected spread is 180 basis points. Here too with the same mechanism that I mentioned before, therefore with the possibility of reducing by 15 basis points below a certain level of leverage ratio, and also here with the possibility of having the correction upon achievement of ESG objectives for a further 5 basis points point.

As regards the bond, this provides for a fixed rate of 6.3%, which is the combination of a spread of 350 basis points, plus the swap rate that was recorded at the time of pricing, therefore approximately 280 basis points. It is clear that the pricing, due to the very nature of the instrument, which is a seven-year instrument, privately placed, unsecured, unrated and with a bullet repayment substantially at maturity, due to all these characteristics it is natural that it has a level of spread and higher pricing than banking.

In the combination of the banking line and the bond, if we want to express it in terms of spread, the average is between 210 and 220 basis points, again in terms of margin and spread.

This is to give you useful elements to quantify the financial costs from here on out.

However, as regards the other point, which concerned any upfronts linked to the operation, or one-off costs, the upfronts of this operation were approximately 60 basis points on the entire operation. In the operation we carried out in 2021 there were around 85 basis points, so also from this point of view we were able to significantly reduce the upfronts linked to the operation.

Evidently the upfronts, the transaction costs of this operation, will be distributed from the point of view of impact on the Income Statement, on the basis of the amortization and duration of the financing, therefore with the amortized cost.

As for the 2024 impact, it should be noted that here we are getting very technical, in the sense that, by closing the existing operation, there will be a write-off of the transaction costs still not amortized by the previous financing, which is therefore exclusively linked to this element and which is worth around 1 million euros.

This is to provide some useful data and some numerical elements related to the operation.

OPERATOR: The next question is from Emanuele Gallazzi, from Equita. Please.

EMANUELE GALLAZZI: I have three fairly quick questions.

The first is linked to guarantees. You indicated both in the press release and in the presentation the importance of unsecured debt, but if you give us an idea of what the guarantees were in the previous debt, which you considered limiting for the company's operations.

The second point: you indicated, in the presentation, the topic of Real Estate and the fact that this operation facilitates any considerations on real estate. I would like to ask you two things: the first is where we are in the property transfer process, if you can give us an update; the second is whether the idea of linking the Real Estate valorization operation to a larger M&A operation remains.

Third point, which intrigued me: in the rationale of the operation, in the last point, you indicated that the operation expands the base of institutional investors, with a view to starting long-term strategic relationships. What comes to mind is what you are doing with Enpam and Enasarco, therefore agreements for members, I was wondering what opportunity you see in this case.

LUIGI CELENTANO: I'm going in order. With regard to guarantees, in the previous loan the guarantees we had to provide were essentially the transfer of the credits of the controlled companies, which thanks to the operation we carried out in 2021 we had refinanced, we had paid off all the loans that were on the controlled companies, through the shareholder loan. The cash flows linked to the shareholder loans were provided as collateral to the banks, together with an independent guarantee from the subsidiaries themselves. This is one of the elements of guarantee that we no longer have.

The other is that, during the M&A, we had to pledge the shares, through a pledge on the shares.

They seem to me to be two fundamental elements that allow us to eliminate them from the table, but I would like to add that, beyond the concrete aspect of the absence of guarantees, there is the value, the representativeness of this aspect, that is, the fact that the banks, investors, have accepted without any difficulty, we have also seen this in pricing, to free the company from any obligation or commitment in terms of guarantee, even for the future, because this will also apply to future M&A, it seems to me like an element that must be taken into consideration in terms of appreciation and credibility that is recognized to the Group itself.

MARIA LAURA GAROFALO: If I may add, there is also the fact that while in the previous loan there were limits on some parameters that we had to guarantee, today we no longer have any type of obligation. This is important because it means that, in light of the 11 operations carried out, even the last one, which was certainly the most demanding and which certainly did not respect the comfort parameters of the initial ones, however it means that the banking system trusts and has understood that we always carry out M&A with full knowledge of the facts and therefore with economic and financial performances which, if not at the time of the acquisition, in the future align and consolidate those of the Group.

This is very important because, also in terms of the qualitative evaluation of our Group, the system has understood that it can trust us in the evaluation of M&A operations.

LUIGI CELENTANO: As regards the second question on Real Estate, at what point is the

concentration activity: in reality we are completing the transfer operations of the last assets that as of 31.12 we had already identified and brought into Real Estate, or in any case we had already approved the demerger plans so that the transfer could be completed in the following months.
In fact we have the properties of the Fides Group, of the social-welfare facilities of Liguria, so between now and next September, once the technical deadlines have passed, the transfer will be completed. The same goes for a property belonging to the Centro Medico Università Castrense and then in the last part of the year we will complete our program for 2024, with the property also belonging to the Casa di Cura Prof. Nobili.
We will therefore have completed the vast majority, around 80-85% in terms of property value transferred to Real Estate in 2024. They remain outside of Real Estate at the moment, so it will be an activity we will work on next year, the Group's properties newly acquired Aurelia, those of the Sanatorio Triestino, on which among other things there is a loan backed by a real estate mortgage, so this operation will allow us to eliminate this mortgage and also be able to dispose of the property for Real Estate purposes . There are small shareholders there that we are trying to recover, in order to be able to carry out the simplified demerger operation.
The property of the San Francesco Clinic remains outside, in relation to the evaluations of the hospital project that we are carrying out. Finally, the properties of the Eremo di Meazzina, on which however we are already starting to work to set up the same procedure that we did for the other companies in 2025 on Real Estate.
This is a general overview of the situation regarding the progress of the Real Estate project.
Then I leave the floor to our CEO, I would like to say that Real Estate continues to be a tool, an asset for the Group, in the strategic idea of the Group, to be valorised as part of a wide-ranging industrial operation. With this financing operation we will have the possibility of having GHC Real Estate at our disposal, while maintaining control of it, which is one of the objectives we have always had, that of not losing control of our assets, something that the previous financing contract did not allow us to do. allowed.
I come to the last question, which concerned the strategic nature of the relationships that we have established thanks to this operation with F2i and Cassa Depositi e Prestiti which, in addition to being entities that enter into private financing operations, such as these, we know that they are entities that they usually participate in these operations to deepen their knowledge of the companies and the Groups, but already with a perspective, which will obviously then have to materialize, at least of interest on the equity front.
It is clear that these are evaluations on the investors' table, considerations that we are able to make based on the interest and attention they have shown to

the company in the context of this operation.

MARIA LAURA GAROFALO: I would just like to add that as regards the Real Estate operation, as our CFO said, it can support and finance large-scale M&A operations, but we do not rule out being able to anticipate, perhaps with an increase in share capital in GHC Real Estate, the minority entry of a third party into GHC Real Estate, in order also to "certify" in a certain sense the value of these properties and to be able to start a process that further frees up resources as part of our "ordinary" M&A process, thus allowing, with respect to subsequent acquisitions, the possibility of ensuring that the property is acquired by Real Estate, with the liquidity that comes in with the entry of a new shareholder, and the business is acquired by GHC.

As regards, however, the presence of these institutional subjects within our capital, I consider this not only a recognition of the value of our path, but also the possibility of extracting value from these relationships.

In fact, I want to point out that just this week an agreement began with Enasarco for its 250,000 members, to whom Enasarco has assigned a voucher, to be spent on welfare services within the GHC structures. We have equipped ourselves for this and this will obviously further increase our private growth.

OPERATOR: The next question is a follow-up from Isacco Brambilla, from Mediobanca. Please.

ISACCO BRAMBILLA: A further very quick question: in the statements during the presentation there was talk of a dividend, of discussions that have been underway in recent months. I was wondering whether the distribution of a dividend on the 2024 results should be considered linked to the possible completion of acquisition transactions during the year.

Let me explain better: if you don't do M&A, should we expect a dividend, or can things coexist? Or if there are other reasons on your part.

MARIA LAURA GAROFALO: Things can absolutely coexist. We made this reasoning because it is true that our main investors invested in our capital because they believed in the creation of value, but it is also true that they have trusted us for all these years, six years have passed since the listing without us distributing a cent , therefore we think that, by being able to do this in our financial planning, that is, in our planning there is room both for the growth, allow me the term, "bombastic", which we have in mind and which we have partly represented to you, and possibly for the distribution of a dividend as part of the approval of the 2024 budget.

Yes, there is space both for the growth project and for the possibility of starting to distribute a dividend because we believe that, at this point, it is right to do so.

OPERATOR: Mr. Nesi, at the moment there are no other questions reserved.

MIMMO NESI: We thank you again for your time and availability, as an IR office we obviously remain at your complete disposal for any further need for clarification or information.
Thanks a lot and see you soon.