



Press Release

GAROFALO HEALTH CARE S.P.A.: BOARD OF DIRECTORS APPROVES H1 2024 CONSOLIDATED RESULTS

INCREASED DEMAND AND OPERATIONAL EFFICIENCY DRIVE GROWTH IN THE FIRST HALF OF THE YEAR: NET INCOME OF €19M (+19.4% FROM H1 2023)

MAIN RESULTS OF 1H2024:

- REVENUES OF €251.5M VS. €186.7M IN H1 2023 (+34.7%)
- OP. EBITDA ADJ.⁽¹⁾ OF €48.0M VS. €38.2M IN H1 2023 (+25.6%), WITH A MARGIN OF 19.1%
- NET INCOME OF €19.0M VS. €16.0M IN H1 2023 (+19.4%)
- NFP OF €195.2M, WITH FINANCIAL LEVERAGE⁽²⁾ OF 2.5x

EXCELLENT PERFORMANCE OF AURELIA HOSPITAL GROUP THANKS TO NEW STRATEGIC AND MANAGEMENT DIRECTION IMPARTED BY GHC GROUP

Rome, September 12, 2024 – Garofalo Health Care S.p.A. (“**GHC**”) today approved the Half-Year Report at June 30, 2024, drawn up as per IAS/IFRS international accounting principles.

Maria Laura Garofalo, Chief Executive Officer of GHC, stated: *“The results of the first half of the year confirm the solid and steady growth trend across all areas of activity. While this trend is driven by increased demand for healthcare services, it also clearly signals the quality of our facilities, which increasingly stand out as poles of excellence capable of attracting also private and Out-of-Region patients. It is with great satisfaction that I particularly emphasize the results of the Aurelia Group, which, thanks to the strategic and managerial impetus of GHC, is recording particularly satisfactory performance, which we expect to improve further in 2025”*

⁽¹⁾Operating EBITDA Adjusted defined as EBIT + depreciation and amortisation + provisions and write-downs + adjustments (these latter in H1 2024 negative for approx. €0.04M and mainly related to the M&A costs). The Adjustments in H1 2023 were positive for €0.3M and principally related to the reimbursements recognised by the Regions to a number of Group facilities for “extra-Covid costs” incurred in 2021 and in Q1 2022

⁽²⁾Calculated as the ratio between NFP and Operating EBITDA Adj. for the last 12 months, including the estimate of the contribution for 12 months from the acquisitions of Sanatorio Triestino (realized in May 2023) and of the Aurelia Hospital Group (in November 2023)



GHC Group H1 2024 consolidated key operating highlights

The GHC Group's H1 2024 results, in comparison with the previous year, include the full contribution on the semester of Sanatorio Triestino (acquired in May 2023), and of the Aurelia Hospital Group (acquired on November 16, 2023).

Consolidated Half-Year Revenues

GHC Consolidated Revenues in H1 2024 totalled €251.5M, up €64.8M on €186.7M in H1 2023 (+34.7%).

These results include the performances of Sanatorio Triestino (€10.0M) and of the Aurelia Hospital Group (€48.7M), with the latter benefiting substantially from the renewed strategic and management direction imparted by the GHC Group since its acquisition.

Revenues in Euro millions	H1 2024	H1 2023	vs. H1 23 (€M)	vs. H1 23 (%)
Total	251.5	186.7	+64.8	+34.7%

At like-for-like perimeter, i.e. excluding the contribution of Sanatorio Triestino and of the Aurelia Hospital Group, Revenues were up 5.3% on H1 2023 (€192.8M vs. €183.2M).

This increased production was driven by: (i) the increase in services provided to private and Out-of-Region patients, respectively up approx. +8% and +9% on H1 2023, confirming the attractiveness of the Group's facilities and the growing demand for healthcare services, in addition to (ii) the increased services provided to Regional patients under the agreement with the NHS, as a result of obtaining extra budgets allocated by some regions and aimed mainly at reducing waiting lists.

Like-for-like Revenues in Euro millions	H1 2024	H1 2023	vs. H1 23 (€M)	vs. H1 23 (%)
Total at LFL perimeter	192.8	183.2	+9.6	+5.3%

Focus on Q2 2024 Consolidated revenues

GHC Consolidated Revenues in Q2 totalled €125.4M, up €31.0M on €94.4M in Q2 2023 (+32.8%).

Revenues in Euro millions	Q2 2024	Q2 2023	vs. Q2 23 (€M)	vs. Q2 23 (%)
Total	125.4	94.4	+31.0	+32.8%

At like-for-like perimeter, Revenues were up +5.8% on Q2 2023 (€96.1M vs €90.9M).

Like-for-like Revenues in Euro millions	Q2 2024	Q2 2023	vs. Q2 23 (€M)	vs. Q2 23 (%)
Total at LFL perimeter	96.1	90.9	+5.2	+5.8%

Consolidated Half-Year Operating EBITDA Adjusted

Consolidated Operating EBITDA Adjusted in H1 2024 totalled €48.0M, up €9.8M on €38.2M in the previous year (+25.6%), with a 19.1% margin.

These results benefit from higher production volumes and include the contributions from Sanatorio Triestino (€1.8M) and Aurelia Hospital Group (€5.0M), with the latter benefiting from the efficiency and reorganization actions initiated by GHC following the acquisition.

Op. EBITDA Adj. in Euro millions	H1 2024	H1 2023	vs. H1 23 (€M)	vs. H1 23 (%)
Total	48.0	38.2	+9.8	+25.6%



At like-for-like perimeter, Operating EBITDA Adjusted was up 9.3% on H1 2023 (€41.2M vs. €37.7M), with a 21.4% margin.

Op. EBITDA Adj. Like-for Like in Euro millions	H1 2024	H1 2023	vs. H1 23 (€M)	vs. H1 23 (%)
Total at LFL perimeter	41.2	37.7	+3.5	+9.3%

Q2 2024 Consolidated Operating EBITDA Adjusted

Consolidated Operating EBITDA Adjusted for Q2 2024 amounted to €23.0M, up 17.9% on €19.5M in the previous year, with a margin of 18.3%.

Op. EBITDA Adj. in Euro millions	Q2 2024	Q2 2023	vs. Q2 23 (€M)	vs. Q2 23 (%)
Total	23.0	19.5	+3.5	+17.9%

At like-for-like perimeter, Operating EBITDA Adjusted was up 3.5% on Q2 2023 (€19.7M vs. €18.9M), with a 20.4% margin.

Op. EBITDA Adj. Like-for Like in Euro millions	Q2 2024	Q2 2023	vs. Q2 23 (€M)	vs. Q2 23 (%)
Total at LFL perimeter	19.7	18.9	+0.8	+3.5%

Consolidated Half-Year EBIT

EBIT in H1 2024 was €33.4M, up €7.4M on €26.0M on H1 2023 (+28.5%).

This result reflects: (i) amortisation, depreciation and write-downs of approx. €12.4M, increasing €2.3M on €10.1M in H1 2023, mainly due to the change in the consolidation perimeter and (ii) Impairments and other provisions for €2.2M, decreasing €0.2M compared to €2.4M in H1 2023, as a result of lower provisions (net of related releases) for healthcare cases.

EBIT in Euro millions	H1 2024	H1 2023	vs. H1 23 (€M)	vs. H1 23 (%)
Total	33.4	26.0	+7.4	+28.5%

Consolidated Net Income in the period

The Group Net Income was of €19.0M, increasing €3.0M on €16.0M in H1 2023 (+19.4%). This amount reflects net financial charges of €6.7M (increasing €2.2M vs. €4.5M in H1 2023, mainly due to the acquisitions of Sanatorio Triestino and of the Aurelia Hospital Group), and income taxes of €7.7M, increasing €2.2M on €5.5M in H1 2023, mainly due to the increased profit before taxes.

Net Profit in Euro millions	H1 2024	H1 2023	vs. H1 23 (€M)	vs. H1 23 (%)
Total	19.0	16.0	+3.0	+19.4%



GHC Group consolidated balance sheet highlights

Consolidated Net Financial Position

At June 30, 2024, the Net Financial Position (NFP) of GHC was €195.2M, comprising liquidity of €16.7M and financial debt of €211.9M.

Net Financial Position in Euro millions	H1 2024	FY2023	Change vs. FY2023
Total	195.2	205.7	-10.5
Financial leverage (x) ⁽³⁾	2.5x	2.8x	-0.3x

The NFP as of June 30, 2024 recorded an improvement of €10.5M compared to Dec. 31, 2023 despite the management decision not to anticipate the collection of receivables arising from the Out-of-Region production of the Emilia-Romagna facilities (amounting to approx. €8M), motivated by the desire to prioritize - through the non-assignment without recourse of these receivables - the containment of financial charges with respect to the temporary cash benefit that would have resulted.

Capex

The Group in H1 2024 invested a total of approx. €8.2M of which €5.1M for maintenance and €3.1M for expansion and development. Among these, we highlight at the beginning of the year the acquisition by GHC Real Estate of the property which houses the headquarters of the subsidiary Aesculapio.

SUBSEQUENT EVENTS TO YEAR-END

On July 8, 2024, Garofalo Health Care S.p.A. ("GHC") agreed a financing transaction for a total amount of up to €275M with leading banks (UniCredit, Banco BPM, BNL BNP Paribas – also with the role of Agent Bank – Monte dei Paschi di Siena), in addition to tier-1 institutional investors (Cassa Depositi e Prestiti, F2i, Anima Alternative SGR, Mediolanum Gestione Fondi, Arca).

The transaction, signed of up to €275M, consists of:

- Medium/long-term line of €180M, mainly for the refinancing of existing bank lines, of which €130M bank loan (unsecured, floating rate, amortizing and duration of 6 years) and €50M non-convertible bond privately placed with leading institutional investors, i.e. "Private Placement" (unsecured, fixed rate, bullet and duration of 7 years);
- Capex line of up to €70M, available to the Group to support the M&A strategy and for organic expansion and development investments (unsecured, floating rate, amortizing and duration of 7 years);
- Revolving bank line of up to €25M, aimed at supporting any working capital needs (unsecured, duration of 7 years).

The transaction was structured on a fully unsecured basis, fully removing the guarantees set under the previous financing, allowing GHC to extend the average maturity of the debt beyond 5 years (from the current 2 years).

Confirming the increasing importance of ESG issues for the Group, which already has a long-term Investment Grade EE+ ("Very Strong") ESG rating assigned by Standard Ethics, it should also be noted that the bank loan provides for the introduction of a "SDG-Linked" margin adjustment mechanism that may allow the Group a further reduction in the interest rate on the achievement of ESG targets, the latter to be defined within 12 months.

The transaction involves compliance with standard market financial covenants and also, with reference to the medium/long-term bank loan, the use of interest rate risk hedging instruments.

⁽³⁾ Calculated as the ratio between NFP and Operating EBITDA Adj. for the last 12 months, including the estimate of the contribution for 12 months from the acquisition of Sanatorio Triestino (realized in May 2023) and of the Aurelia Hospital Group (in November 2023)



OUTLOOK

The results recorded by the Group in the first half of the year, driven once again by private out-of-pocket activity, confirm the incontrovertible growth in the demand for health and social welfare services and highlight the fundamental role of private accredited operators in providing an adequate response to this demand.

In this context, the Group will continue to operate by fully realizing the accredited activity, including the increased resources partly already allocated for the reduction of waiting lists, and especially by developing the activity towards private “out-of-pocket” patients, considering this growth trend as structural and not temporary.

With reference to the Aurelia Hospital Group, whose marginality in the first half of 2024 was confirmed to be improved compared to the year 2023 (10% vs. 8%), it should be noted that the Lazio Region has announced that it has defined – starting from 2024 - new funding mechanisms for emergency room activities and critical areas (i.e., intensive care and cardiology intensive care unit - ICU) that will result in an increase in the level of funding for the aforementioned activities compared to the past. In view of this update, which testifies to the absolute attention of the Lazio Region to the issue of health care, GHC believes to date that it can confirm the path of development and significant improvement in the performance of the Aurelia Group expected by 2024 and that it will fully unfold in the coming fiscal years, also considering the ongoing negotiations for the recognition of budget increases.

Finally, the Group renews its commitment to the Buy & Build strategy based on organic growth and for M&A, also being able to count on the availability of a new Capex Line of up to 70€M obtained in the context of the financing deal finalized in July 2024.

CONFERENCE CALL OUTLINING THE H1 2024 RESULTS

The company announces that this afternoon, September 12, 2024, at 4PM (CET) a conference call shall be held for investors and analysts to provide an overview of the key H1 2024 results.

The Group’s Chief Executive Officer Ms. Maria Laura Garofalo, together with the top management, will take part in the conference call.

The call shall be held in Italian. A transcript of the call shall be made available also in English on the company website (www.garofalohealthcare.com, Investor Relations / Presentations section).

Registration via the link below is required to participate in the conference call. It is specified that once you have registered (by accessing the link below), you will receive a registration notification by email with which you will be notified of your personal Passcode and PIN, which must be used to directly and uniquely access the conference call:

<https://services.choruscall.it/DiamondPassRegistration/register?confirmationNumber=8676874&linkSecurityString=11e193ebbe>



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In accordance with Article 154-ter, paragraph 2 of Legislative Decree No. 58 of February 24, 1998, the Half-Year Report at June 30, 2024, approved today by the Board of Directors and including the Consolidated Half-Year Financial Statements at June 30, 2024, together with the declaration letter as per Article 154-bis, paragraph 5 of Legislative Decree No. 58/1998 and the Auditor's Report, in addition to the Interim Directors' Report, is available to the public at the registered office in Rome, Piazzale delle Belle Arti No. 6, in the specific section of the company website (www.garofalohealthcare.com, Investor Relations/Financial Statements and Reports section) and on the "eMarket STORAGE" authorised storage mechanism available at www.emarketstorage.com. The notice shall be published in the *Il Sole 24 Ore* newspaper.

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The Executive Officer for Financial Reporting, Dr. Luigi Celentano, states in accordance with paragraph 2, Article 154-bis of the Consolidated Finance Act that the accounting information in this press release corresponds to the underlying accounting documents, records and entries. The figures in this press release have been subject to limited audit.

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The GHC Group

The GHC Group, listed on the Euronext STAR segment of the Italian Stock Exchange, is an Italian accredited private healthcare leader operating through 37 healthcare clinics demonstrating excellence and offering a comprehensive range of services covering all areas of healthcare thanks to diversified specialties, the use of cutting-edge technologies and highly-qualified personnel. The Group in fact operates across eight regions in Northern and Central Italy (Piedmont, Lombardy, Veneto, Friuli-Venezia Giulia, Emilia Romagna, Liguria, Tuscany and Lazio), covering in the hospital sector acute admissions, long-term care, post-acute rehabilitations and outpatient services (the "Hospital Sector"), and in the social services and dependency care sector covering residential admissions and district outpatient services (the "Community Care and Dependency Care Sector").

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FOR FURTHER DETAILS:

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Consolidated Income Statement of the GHC Group for H1 2024

<i>In Euro thousands</i>	H1 2024	of which related parties	H1 2023	of which related parties
Revenues from services	247,236		182,514	
Other revenues	4,277	116	4,149	
TOTAL REVENUES	251,513		186,663	
Raw materials and consumables	38,595		25,295	
Service costs	96,444	384	74,951	400
Personnel costs	56,798		39,205	
Other operating costs	11,673		8,703	
TOTAL OPERATING COSTS	203,508		148,155	
TOTAL EBITDA	48,005		38,508	
Amortisation, depreciation and write-downs	12,386		10,080	
Impairments and other provisions	2,204		2,417	
TOTAL AMORTISATION, DEPRECIATION, WRITE-DOWNS, PROVISIONS AND OTHER ADJUSTMENTS	14,590		12,498	
EBIT	33,415		26,010	
Financial income	143		34	
Financial charges	(6,922)		(4,663)	
Results of investments at equity	108		83	
FINANCIAL INCOME AND CHARGES	(6,671)		(4,546)	
PROFIT BEFORE TAXES	26,743		21,464	
Income taxes	7,700		5,509	
NET PROFIT FOR THE PERIOD	19,044		15,955	
Group	18,938		15,939	
Minority interests	106		16	
Basic and diluted earnings per share (in Euro)	0.21		0.18	

Consolidated Balance Sheet of the GHC Group at June 30, 2024

ASSETS <i>In Euro thousands</i>	30/06/2024	of which related parties	31/12/2023	of which related parties
Goodwill	91,541		156,007	
Other intangible assets	281,478		219,258	
Property, plant and equipment	293,615		252,989	
Investment property	826		846	
Equity investments	1,364		1,386	
Other non-current financial assets	826		3,368	
Other non-current assets	1,722		2,238	
Deferred tax assets	12,728		14,850	
TOTAL NON-CURRENT ASSETS	684,102		650,942	
Inventories	6,071		5,583	
Trade receivables	119,923	3,030	100,994	1,895
Tax receivables	4,280		7,939	
Other receivables and current assets	7,578		7,652	
Other current financial assets	345		409	2,797
Cash and cash equivalents	16,379		22,684	
TOTAL CURRENT ASSETS	154,577		145,260	
TOTAL ASSETS	838,678		796,202	

Consolidated Balance Sheet of the GHC Group at June 30, 2024

<i>LIABILITIES In Euro thousands</i>	30/06/2024	of which related parties	31/12/2023	of which related parties
Share capital	31,570		31,570	
Legal reserve	1,088		614	
Other reserves	268,468		245,903	
Group result for the period	18,938		20,799	
TOTAL GROUP SHAREHOLDERS' EQUITY	320,064		298,886	
Minority interests capital and reserves	10,912		1,929	
Minority interest result	106		74	
TOTAL SHAREHOLDERS' EQUITY	331,082		300,889	
Employee benefits	16,160		19,505	
Provisions for risks and charges	24,890		28,251	
Non-current financial payables	153,441		164,200	
Other non-current liabilities	2,626		4,182	
Deferred tax liabilities	103,686		74,770	
TOTAL NON-CURRENT LIABILITIES	300,803		290,908	
Trade payables	91,014	1,200	87,853	4,604
Current financial payables	58,504		64,637	
Tax payables	5,788		4,475	
Other current liabilities	51,487		47,442	
TOTAL CURRENT LIABILITIES	206,793		204,406	
TOTAL LIABILITIES	507,596		495,313	
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	838,678		796,202	

Consolidated Cash Flow Statement of the GHC Group at June 30, 2024

<i>In Euro thousands</i>	30/06/2024	30/06/2023
OPERATING ACTIVITIES		
Net profit for the period	19,044	15,955
<i>Adjustments for:</i>		
- <i>Amortisation and depreciation</i>	12,151	9,960
- <i>Provisions for employee benefit liabilities</i>	475	393
- <i>Provisions net of releases for risks and charges</i>	2,204	2,417
- <i>Provisions net of releases for doubtful debt provision</i>	235	121
- <i>Interest from discounting</i>	914	864
- <i>Other non-cash adjustments</i>	5,376	186
- <i>Change in investments in associates valued under the equity method</i>	(108)	(83)
- <i>Change in other non-current assets and liabilities</i>	(797)	54
- <i>Net change in deferred tax assets and liabilities</i>	1,297	149
- <i>Payments for employee benefits</i>	(1,039)	(629)
- <i>Payments for provisions for risks and charges</i>	(5,565)	(1,469)
<i>Changes in operating assets and liabilities:</i>		
<i>(Increase) decrease in trade and other receivables</i>	(19,164)	(5,318)
<i>(Increase) decrease in inventories</i>	(488)	(159)
<i>Increase (decrease) in trade and other payables</i>	3,161	1,552
<i>Other current assets and liabilities</i>	7,249	3,838
NET CASH FLOW FROM OPERATING ACTIVITIES (A)	24,946	27,831
CASH FLOW FROM INVESTING ACTIVITIES		
<i>Investments in intangible assets</i>	(792)	(687)
<i>Investments in tangible assets</i>	(7,728)	(6,746)
<i>(Investments)/disposals in financial assets</i>	2,430	(1,145)
<i>Sale of tangible assets</i>	491	313
<i>Acquisition Sanatorio Triestino</i>	-	(10,516)
CASH FLOW ABSORBED BY INVESTING ACTIVITIES (B)	(5,600)	(18,780)
CASH FLOW FROM FINANCING ACTIVITIES		

<i>In Euro thousands</i>	30/06/2024	30/06/2023
<i>Issue of medium/long term loans</i>	-	7,518
<i>Repayment of medium/long-term loans</i>	(22,730)	(11,663)
<i>Issue/(repayment) of short-term loans</i>	(16)	(189)
<i>Changes in other financial payables</i>	(2,805)	(2,904)
<i>(Acquisition) treasury shares</i>	(101)	(450)
NET CASH FLOW GENERATED/(ABSORBED) FROM FINANCING ACTIVITIES (C)	(25,651)	(7,688)
TOTAL CASH FLOWS (D=A+B+C)	(6,305)	1,363
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD (E)	22,684	31,382
CASH & CASH EQUIVALENTS AT END OF PERIOD (F=D+E)	16,379	32,745
Additional information:		
Interest paid	4,875	2,934
Income taxes paid	925	2,862

Consolidated Net Financial Position of the GHC Group at June 30, 2024

<i>In Euro thousands</i>	30/06/2024	31/12/2023
A Available liquidity	16,379	22,684
B Cash and cash equivalents	-	-
C Other current financial assets	345	409
D Liquidity	16,724	23,093
E Current financial debt	22,736	28,436
F Current portion of non-current financial debt	35,768	36,201
G Current financial debt	58,504	64,637
H Net current financial debt (G - D)	41,780	41,543
I Non-current financial debt	153,441	164,200
J Debt instruments	-	-
K Trade payables and other non-current payables	-	-
L Non-current financial debt (I + J + K)	153,441	164,200
M Total financial debt (H + L)	195,222	205,743