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Press Release

GAROFALO HEALTH CARE S.P.A. APPROVES SHARE CAPITAL INCREASE RESERVED FOR INSTITUTIONAL INVESTORS IN SUPPORT OF ITS M&A STRATEGY AND THE SUBSTANTIAL AND CONCRETE PIPELINE OF SUITABLE TARGETS AND ALSO TO MEET THE FREE FLOAT REQUIREMENTS FOR JOINING THE STAR SEGMENT

PLACEMENT OF NEW AND EXISTING SHARES RESERVED FOR INSTITUTIONAL INVESTORS BY MEANS OF AN ACCELERATED BOOKBUILDING PROCEDURE LAUNCHED

Rome, January 20, 2021 - The Board of Directors of Garofalo Health Care S.p.A. ("**GHC**" or the "**Company**"), listed on the MTA segment of the Italian Stock Exchange, today approved full execution of the power under Article 2443 of the Civil Code, granted by the Extraordinary Shareholders' Meeting of September 26, 2018, to increase the divisible paid-in share capital, with exclusion of pre-emption rights as per Article 2441, paragraph 4, second period of the Civil Code, for a maximum nominal amount of Euro 2,870,000.00, corresponding to 10% of GHC's share capital as of today, by issuing a maximum 8,200,000 new ordinary shares, without par value (the "**Share Capital Increase**").

The newly-issued shares will be offered for subscription through an accelerated bookbuilding procedure by means of private placement reserved for qualifying investors (as per Article 2, paragraph 1, letter e), of Regulation (EU) 2017/1129 of the European Parliament and of the Council of June 14, 2017, the "Prospectus Regulation") (the "Qualifying Investors") in the European Economic Area and institutional investors overseas (excluding the United States of America, Canada, Japan and any other country or jurisdiction in which the offer or sale of such shares is prohibited by law or in the absence of exemptions) (the "**Primary Accelerated Bookbuilding**"), without publication of a public offering and listing prospectus in view of the exemptions provided for in the applicable regulations.

Reasons for and use of the share capital increase

GHC's share capital increase shall permit the Company to quickly and efficiently raise capital in pursuit of its growth and expansion plan. In fact, the structure of the Company's market lands towards consolidation and the Company has developed a "Buy & Build" strategy which indicates M&A's as one of the main short and medium-term development drivers. The funding raised will support this strategy, confirming the Company's continued focus on acquisition-led growth, thanks also to a substantial and concrete pipeline of targets which fit its M&A policy.

The transaction also permits the broadening of the shareholder base and the consequent increase in the free float, which also facilitates GHC's possible admission to the STAR segment of the Italian Stock Exchange in view of the relative requirements.

2020 result estimates and operational overview for the present year

The Company has not yet published the Annual Consolidated Financial Statements for the year ended December 31, 2020 at the date of this press release.

On November 16, 2020, GHC, following approval by the Company's Board of Directors, published its additional periodic financial disclosure at September 30, 2020 drawn up as per IAS/IFRS international accounting principles by means of a press release issued on the same date (through the "e-Market SDIR" circulation system and available on the Company's website in the "Investor Relations/Price-Sensitive Press Releases" section), to which reference should be made for further details.

On that occasion, the Company had reported the excellent results delivered by the Group facilities following the easing of the restrictions - confirmed by a significantly improved performance in terms of Revenues and Op. EBITDA Adjusted in July, August and September against the same period of 2019 - highlighting the Group's capacity to react quickly, through efficient management and the full use of the facilities' production



capacity, which generally are only partly expressed in view of the regional budget limits.

With respect to the last quarter of the year, the Company does not expect - as far as it is aware at the date of this press release - to report final quarter results which differ significantly from those for the same quarter of 2019, despite the particularly challenging general environment caused by the rules imposed to tackle the Covid-19 pandemic.

The Company points out however that the performance for the last quarter is also subject to the settlement of certain items, still under negotiation with the Regions and the relative Local Healthcare Authorities, relating to the reimbursement of the extra-costs incurred by the Group's facilities to deal with the pandemic and the possibility that the advances are converted, in full or in part, into definitive contributions.

These negotiations with the regional authorities are to be viewed within the context of the ongoing dialogue with the local authorities, also in relation to the growing healthcare demands, connected with the suspension of all non-urgent and deferrable services occurred in the spring of last year.

This situation gives rise to the possibility that the budgets assigned by the Regions to providers shall be increased. The Company is therefore increasingly positive on its organic growth going forward, both in terms of production and margins.

Additional shares for sale to meet STAR segment free float requirements

The majority shareholder and Chief Executive Officer, Maria Laura Garofalo, and the shareholders Alessandro Maria Rinaldi (Chairman of GHC's Board of Directors), Antonio Garofalo and Claudia Garofalo (Director) (jointly, the "**Selling Shareholders**") have expressed their willingness to participate in the placement through the sale of a maximum 4,510,000 shares (equal to 5.50% of GHC's subscribed share capital as of today and to 6.35% of voting rights) (the "**Secondary Accelerated Bookbuilding**" and, together with the Primary Accelerated Bookbuilding, the "**Accelerated Bookbuilding**"), thus contributing to increase the Company's free float with a view to subsequent transfer the Company to the STAR Segment.

In particular, together with the Company, have launched the sale of GHC shares:

- for a maximum 2,564,600 shares (equal to 3.13% of GHC's subscribed share capital as of today and 3.61% of its voting rights), Maria Laura Garofalo (CEO and majority shareholder of the Company), who currently holds, directly and indirectly, 71.10% of GHC's subscribed share capital and 81.94% of voting rights;
- for a total maximum 1,945,400 shares (equal to 2.37% of GHC's share capital subscribed as of today and 2.74% of voting rights), the trust company CA Indosuez Fiduciaria S.p.A. on behalf of Alessandro Maria Rinaldi (Chairman) with respect to 1,400,600 shares, Antonio Garofalo with respect to 272,400 shares and Claudia Garofalo (Director) with respect to 272,400 shares.

The Selling Shareholders confirm their commitment to maintain control of the Company over the very long term, in order to increase the free float in circulation, have decided to sell a sufficient number of shares to help meet the requirements set by Borsa Italiana for the Star segment.

Where the Accelerated Bookbuilding is successfully completed, the Company will contact Borsa Italiana S.p.A. and assess the necessary steps to proceed with the transfer to the STAR Segment as soon as possible.

Terms of the transaction

The placement price of the shares subject to the Accelerated Bookbuilding - which is the same for the newly issued shares deriving from the Share Capital Increase and for the shares offered for sale by the Selling Shareholders - will be determined, upon completion of the Accelerated Bookbuilding, on the basis of the criteria established by the Board of Directors. The Independent Audit Firm EY issued their opinion on the criteria for determining the price as per Article 2441, paragraph 4, second period of the Civil Code. The bookbuilding activity begins immediately and may be completed at any time. The final terms will be promptly announced to the market.

As part of the transaction, the Company and the Selling Shareholders have entered into 180-day lock-up commitments as per the practice for similar transactions.



Documentation relating to the share capital increase

The documentation relating to the share capital increase will be made available on the "eMarket Storage" authorised storage mechanism (www.emarketstorage.it) and on the Company's website (www.garofalohealthcare.com, Investor Relations section).

Gianni & Origoni are the legal advisors of the Company, while Linklaters are the legal advisors of the Joint Global Coordinators.

Credit Suisse Securities and Equita SIM are acting as Joint Global Coordinator and Joint Bookrunner of the Accelerated Bookbuilding.

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The GHC Group

The GHC Group, listed on the Milan Stock Exchange, is an Italian accredited private healthcare leader operating through 26 healthcare clinics demonstrating excellence, located in Italy's strongest regions 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 hospitalization, post-acute rehabilitations and outpatient services (the "Hospital Sector"), and in the regional and social-care sector covering residential admissions and district outpatient services (the "Dependency Care Sector").

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IMPORTANT INFORMATION

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This press release has been prepared on the basis that any offer of securities in any Member State of the European Economic Area ("EEA") will be made pursuant to an exemption under the Prospectus Regulation from the requirement to publish a prospectus for offers of securities. The expression "**Prospectus Regulation**" means Regulation (EU) 2017/1129 (this Regulation and amendments together with any delegated act and implementing measures). This document is not a prospectus for the purposes of the Prospectus Regulation. A prospectus prepared pursuant to the Prospectus Regulation will not be published in the future.

This publication, and any investment activity to which it relates, is available only to persons who (i) are outside the United Kingdom, (ii) are "investment professionals" falling within article 19(5) of the financial services and markets act 2000 (financial promotion) order 2005, as amended (the "**Order**"), (iii) are persons falling within article 49(2)(a) to (d) of the Order ("high net worth companies, unincorporated associations etc."), or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Order) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated under the Order (all such persons together being referred to as "**Relevant Persons**"). This announcement is directed only at Relevant Persons and must not be acted or relied on in the United Kingdom by anyone who is not a Relevant Person.

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This announcement may contain certain forward-looking statements, estimates and forecasts reflecting management's current views with respect to certain future events. Forward-looking statements, estimates and forecasts are generally identifiable by the use of the words "may," "will," "should," "plan," "expect," "anticipate," "estimate," "believe," "intend," "project," "goal" or "target" or the negative of these words or other variations on these words or comparable terminology. These forward-looking statements include, but are not limited to, all statements other than statements of historical facts, including, without limitation, those regarding the Company's and its group's future financial position and results of operations, strategy, plans, objectives, goals and targets and future developments in the markets where the Company and its group participate.

Due to such uncertainties and risks, readers are cautioned not to place undue reliance on such forward-looking statements as a prediction of actual results. The Company's ability to achieve its projected objectives or results is dependent on many factors which are outside management's control. Actual results may differ materially from (and be more negative than) those projected or implied in the forward-looking statements. Such forward-looking information involves risks and uncertainties that could significantly affect expected results and is based on certain key assumptions.

All forward-looking statements included herein are based on information available to the Company as of the date hereof. No undertaking or obligation to update publicly or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except as may be required by applicable law is accepted.

None of Credit Suisse and Equita SIM (the "**Managers**") or any of their affiliates or any of its or their respective directors, officers, employees, advisers or agents accepts any responsibility or liability for or makes any representation or warranty, express or implied, as to the truth, accuracy or completeness of the information in this announcement or any other information relating to the Company, its subsidiaries or associated companies or for any loss arising from any use of this announcement or its contents or in connection therewith.

The Managers are acting for the Company and no one else and will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients or for providing advice in relation to any transaction or arrangement referred to in this announcement.

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on Markets in Financial Instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EUR) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the securities referred to herein have been subject to a product approval process, which has determined that, although the transaction is only addressed to investors who meet the criteria of professional clients and eligible counterparties (each as defined in MiFID II), such shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II to such target market (the "**Target Market Assessment**").

Notwithstanding the Target Market Assessment, distributors should note that: the price of the securities referred to herein may decline and investors could lose all or part of their investment; the shares offer no guaranteed income and no capital protection; and an investment in the shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the transaction. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Managers will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or



appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the shares. Any person subsequently offering, selling or recommending the shares (a “**Distributor**”) should take into consideration the manufacturers’ Target Market Assessment. A Distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the shares (by either adopting or refining the manufacturers’ Target Market Assessment) and determining appropriate distribution channels.

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FOR FURTHER DETAILS:

Garofalo Health Care S.p.A.
Mimmo Nesi - Investor Relator
Tel. +39 06 68489231 - ir@garofalohealthcare.com
Website: www.garofalohealthcare.com

Press Office

Close to Media
Via Caradosso, 8 - Milan
Tel.+39 02 7000 6237
Luca Manzato - luca.manzato@closetomedia.it
Andrea Ravizza - andrea.ravizza@closetomedia.it