



Press Release

GAROFALO HEALTH CARE S.P.A.: BOARD OF DIRECTORS APPROVES INTERIM FINANCIAL REPORT AT MARCH 31, 2021

EXCELLENT START OF THE YEAR WITH REVENUE UP 20.8% AND OPERATING EBITDA ADJUSTED UP 32.1% ON Q1 2020

INVESTMENTS OF OVER €4.3M IN THE QUARTER FOR EQUIPMENT AND LATEST STATE OF THE ART TECHNOLOGY AND TO FURTHER IMPROVE THE FACILITIES

CHAIRPERSONS OF THE BOARD COMMITTEES APPOINTED

BUY BACK PROGRAM LAUNCHED

KEY Q1 2021 RESULTS

- Revenues of €60.4M, up 20.8% on €50.0M in Q1 2020
- Operating EBITDA Adjusted⁽¹⁾ of €10.6M (17.6% margin), increasing 32.1% on €8.0M in Q1 2020:
 - During the quarter the activities to tackle the pandemic in support of the National Healthcare system continued, an element that did not allow for a perfectly efficient use of the Group facilities' production capacity
- Net Profit of €4.3M, up 32.4% on €3.2M in Q1 2020
- Net Financial Position of €58.6M, with debt of €123.0M and liquidity of €64.4M:
 - Excluding non-recurring items, principally related to the ABB transaction of January 2021, the NFP would amount to €93.3M with cash generation in the quarter of €4.4M

Rome, May 14, 2021 – Garofalo Health Care S.p.A. (“GHC”), listed on the STAR segment of the Italian Stock Exchange, today approved the Interim Financial Report at March 31, 2021, drawn up as per Article 82 ter of the Issuers' Regulation adopted with motion No. 11971 of May 14, 1999 and as per IAS/IFRS international accounting principles.

Consolidated Revenues

At March 31, 2021, GHC consolidated revenues totalled €60.4M, increasing 20.8% on €50.0M in Q1 2020, with this latter impacted, from March, by the national and local measures imposed to tackle the Covid-19 pandemic.

It is specified that these results include: (i) €1.9M concerning the contribution of XRay One (facility acquired in July 2020), (ii) €0.6M for the repayment of the “extra-Covid costs”⁽²⁾ incurred by the Group in the period and not recognised in the first quarter of the previous year and (iii) €0.5M related to the Regional Health System's contribution defined within the renewal of the National Collective Labour Contract (“NCLC”)⁽³⁾ in October 2020.

Revenues in Euro millions	Q1 2021	Q1 2020	vs. Q1'20 (€M)	vs. Q1'20 (%)
Total	60.4	50.0	+10.4	+20.8%

⁽¹⁾ Operating EBITDA Adjusted defined as EBIT + amortisation and depreciation + provisions and write-downs + non-core costs (these latter in Q1 2021 totalling approx. €0.9M and due to “extra-Covid costs”. It is specified that Q1 2020 does not include non-core costs)

⁽²⁾ One-off costs incurred by the Group to tackle the Covid-19 emergency and concerning expenses for Personnel Protective Equipment (“PPE”), swabs / serological tests, the preparation and management of triage areas and the dedicated distancing pathways

⁽³⁾ This renewal of the “NCLC” concerned non-medical employees of private healthcare clinics

In comparison with the Q1 2019 Pro-Forma results⁽⁴⁾, a period not impacted by the Covid-19 health emergency, consolidated Q1 2021 revenues indicate an increase of €2.4M (+4.2%), mainly due to the contribution of the items present in the current period previously mentioned and not present in 2019.

Revenues in Euro millions	Q1 2021	Q1 2019 Pro-Forma	vs. Q1'19PF (€M)	vs. Q1'19PF (%)
Total	60.4	58.0	+2.4	+4.2%

Consolidated Operating EBITDA Adjusted

Consolidated Operating EBITDA Adjusted in the quarter was €10.6M, up 32.1% on €8.0M in the previous year, a period impacted by the suspension of the activities imposed from March, which did not allow for the full absorption of fixed costs.

Operating EBITDA Adjusted in the quarter, in comparison with the preceding period, includes: (i) €0.5M concerning the contribution of XRay One and (ii) €0.3M of increased costs for the renewal of the previously mentioned NCLC⁽⁵⁾.

Op. EBITDA Adj. in Euro millions	Q1 2021	Q1 2020	vs. Q1'20 (€M)	vs. Q1'20 (%)
Total	10.6	8.0	+2.6	+32.1%

Group Operating EBITDA Adjusted margin in Q1 2021 was 17.6% (16.0% registered in the previous period).

Op. EBITDA Adj. Margin (%)	Q1 2021	Q1 2020
Margin (%)	17.6%	16.0%

In comparison with the Q1 2019 Pro-forma, Operating EBITDA Adjusted would have reduced €1.5M (-12.6%), due to the non-fully efficient use of the production capacity of the Group facilities, still impacted by the activities to tackle the pandemic carried out in support of the National Healthcare system.

Op. EBITDA Adj. in Euro millions	Q1 2021	Q1 2019 Pro-Forma	vs. Q1'19PF (€M)	vs. Q1'19PF (%)
Total	10.6	12.1	-1.5	-12.6%

Consolidated reported net profit

The Group net profit, impacted by non-core costs of €0.9M registered in the period, was €4.3M, up €1.1M on €3.2M in Q1 2020 (+32.4%).

Net profit in Euro millions	Q1 2021	Q1 2020	vs. Q1'20 (€M)	vs. Q1'20 (%)
Total	4.3	3.2	+1.1	+32.4%

⁽⁴⁾ The 2019 Pro-Forma figures include the full contribution of all acquisitions made in 2019. The contribution of XRay One, acquired in July 2020, is however not included

⁽⁵⁾ As a result of increased costs incurred in Q1 2021, totalling €0.8M, net of the recognised Regional Health System contribution at the same date (equal to €0.5M)



GHC Group consolidated balance sheet highlights at March 31, 2021

Consolidated Net Financial Position

At March 31, 2021, the Net Financial Position (NFP) of GHC was a net debt of €58.6M, comprising debt of approx. €123.0M and liquidity of €64.4M.

Net Financial Position in Euro millions	Q1 2021	FY2020	Change vs. FY2020
Total	58.6	97.7	-39.1

Excluding non-recurring items, the NFP would be €93.3M, improving €4.4M on December 31, 2020. These non-recurring items, totalling €34.7M, principally concern: (i) the Accelerated Book Building transaction executed in January 2021, (ii) expansion capex and (iii) the payment of an advance for the acquisition of Clinica S. Francesco di Verona finalized in April 2021.

The NFP at March 31, 2021 includes the benefit from the advances disbursed by the main Regions in which the Group operates⁽⁶⁾, totalling approx. €8.0M.

SIGNIFICANT EVENTS AFTER THE END OF THE QUARTER

Closing of the acquisition of Clinica S. Francesco of Verona

Following the binding agreements signed on February 24, 2021, on April 9, 2021 GHC completed the acquisition of 100% of the share capital of Clinica S. Francesco of Verona, a top international facility and a National Healthcare System accredited leading European robotic orthopaedic surgery centre. The Clinic, highly synergetic with other Group facilities, strengthens the major technological development undertaken by GHC.

OUTLOOK

In April 2021, the Company reported revenues in line with the same period of 2019, a period not impacted by the Covid emergency, although in an environment still impacted by the pandemic. The outlook for the coming months of the current year shall be considerably shaped by the speed and the outcomes of the national vaccine campaign currently underway to contain and ultimately eradicate the Covid-19 epidemic. In any case, the GHC Group remains focused on its growth strategy both through M&A's and organically, thanks to investments in new latest generation technologies to raise quality standards and offer top-level healthcare services to respond to increased healthcare needs, which have been particularly sharpened by the effects of the pandemic.

OTHER BOARD OF DIRECTORS MOTIONS

Appointment of the Chairpersons of the Board committees

The Board of Directors today also noted the appointment of the Chairpersons of the Board committees in the persons of Ms. Franca Brusco (Control, Risks and Sustainability Committee) and Mr. Federico Ferro-Luzzi (Appointments and Remuneration Committee).

Start of the Buy Back Program

The Board of Directors, in execution of the authorization approved by the ordinary Shareholders' Meeting of April 30, 2021, today approved the start of a Buy Back Plan aiming to: (i) establish a "securities stock" to be allocated where needed to any other share incentive plans, including of a long-term nature, reserved for Directors and/or managers of the Company or its subsidiaries; and (ii) take action, in compliance with the applicable provisions and through intermediaries, to stabilise the share price and ensure normal trading and share prices, countering distortions related to excessive volatility or scarcity of shares.

⁽⁶⁾ In view of the Covid-19 emergency, as previously announced to the market, the Regions granted GHC's facilities a monthly advance of between 80% and 100%, according to each individual case, of the agreed regional and extra-regional production for the previous year or that of the budget agreement



The Plan establishes that the unitary price for the purchase of the shares is set on a case-by-case basis for each transaction but which may not in any case be 10% lower or higher than the share price recorded in the trading session before each individual transaction.

The Plan has a duration of 18 months starting from the date of the Shareholders' Meeting of April 30, 2021 and is designed to allow the Company to purchase a total number of treasury shares not exceeding n. 1,353,000 shares, representing 1.5% of GHC's share capital at today's date, including the treasury shares already held by the Company and totalling 389,136 (equal to 0.43% of the share capital).

For any further details please refer to the Explanatory Report of the Board of Directors on the motion approved by the Shareholders' Meeting on April 30, 2021, available on the Company website in the Governance / Shareholders' Meeting section. Any subsequent changes to the above-described Buy-Back Plan will be promptly disclosed by the Company.

The broker in charge of executing the program will be EQUITA SIM S.p.A

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The Interim Financial Report at March 31, 2021 is available to the public on the website www.garofalohealthcare.com, Financial Statements and Reports Section and on the eMarket Storage authorised storage mechanism (www.emarketstorage.com).

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The Executive Officer for Financial Reporting, Danilo Barletta, 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 not been audited.

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The GHC Group

The GHC Group, listed on the STAR segment of the Italian 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-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 "Dependency Care Sector").

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FOR FURTHER DETAILS:

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Q1 2021 Consolidated Income Statement of the GHC Group

<i>In thousands of Euro</i>	Q1 2021	Q1 2020
Revenues from services	59,308	49,647
Other revenues	1,071	332
TOTAL REVENUES	60,379	49,979
Raw materials and consumables	8,672	6,919
Services	24,805	20,914
Personnel costs	14,308	11,719
Other operating costs	2,878	2,406
Amortisation, depreciation & write-downs	3,121	2,741
Impairments and other provisions	248	30
TOTAL OPERATING COSTS	54,033	44,729
EBIT	6,345	5,249
Financial income	36	(4)
Financial charges	(682)	(611)
TOTAL FINANCIAL INCOME AND CHARGES	(646)	(616)
PRE-TAX PROFIT	5,700	4,634
Income taxes	1,415	1,397
NET PROFIT FOR THE PERIOD	4,285	3,237
Group	4,284	3,236
Minority interests	1	1

Consolidated Balance Sheet of the GHC Group at March 31, 2021

ASSETS <i>In thousands of Euro</i>	31/03/2021	31/12/2020
Goodwill	54,438	54,438
Other intangible assets	140,149	140,128
Property, plant and equipment	160,299	159,169
Investment property	953	963
Equity investments	928	928
Other non-current financial assets	4,824	236
Other non-current assets	1,110	1,199
Deferred tax assets	4,893	5,140
TOTAL NON-CURRENT ASSETS	367,595	362,200
Inventories	3,765	3,487
Trade receivables	63,404	61,411
Tax receivables	4,816	4,995
Other receivables and current assets	4,350	2,822
Other current financial assets	77	129
Cash and cash equivalents	64,374	24,810
TOTAL CURRENT ASSETS	140,786	97,654
TOTAL ASSETS	508,381	459,855

Consolidated Balance Sheet of the GHC Group at March 31, 2021

<i>LIABILITIES</i> <i>In thousands of Euro</i>	31/03/2021	31/12/2020
Share capital	31,570	28,700
Legal reserve	394	394
Other reserves	212,486	162,280
Group result for the period	4,284	11,781
TOTAL GROUP SHAREHOLDERS' EQUITY	248,734	203,155
Minority interest capital and reserves	66	63
Minority interest result	1	3
TOTAL SHAREHOLDERS' EQUITY	248,801	203,222
Employee benefits	10,498	11,054
Provisions for risks and charges	11,870	12,045
Non-current financial payables	91,055	89,522
Other non-current liabilities	360	360
Deferred tax liabilities	47,853	47,787
Derivative financial instrument liabilities - non-current	257	326
TOTAL NON-CURRENT LIABILITIES	161,894	161,094
Trade payables	37,818	35,857
Current financial payables	31,707	32,782
Tax payables	2,416	1,403
Other current liabilities	25,744	25,498
TOTAL CURRENT LIABILITIES	97,686	95,538
TOTAL LIABILITIES	259,580	256,632
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	508,381	459,855

Consolidated Cash Flow Statement of the GHC Group at March 31, 2021

<i>In thousands of Euro</i>	31/03/2021	31/03/2020
OPERATING ACTIVITIES		
Profit for the period	4,285	3,237
<i>Adjustments for:</i>		
- Amortisation and depreciation	3,046	2,741
- Provisions for employee benefit liabilities	170	106
- Provisions for risks and charges	248	185
- Doubtful debt provision	76	-
- Change in other non-current assets and liabilities	88	78
- Net change in deferred tax assets and liabilities	212	340
- Payments for employee benefits	(336)	(331)
- Payments for provisions for risks and charges	(423)	-
<i>Changes in operating assets and liabilities:</i>		
(Increase) decrease in trade and other receivables	(2,071)	2,565
(Increase) decrease in inventories	(278)	(360)
Increase (decrease) in trade and other payables	1,961	(4,584)
Other current assets and liabilities	(14)	(1,911)
NET CASH FLOW FROM OPERATING ACTIVITIES (A)	6,964	2,066
CASH FLOW FROM INVESTING ACTIVITIES		
Investments in intangible assets	(110)	(97)
Investments in tangible assets	(4,244)	(1,824)
(Investments)/disposals in financial assets	(4,600)	-
Sale of tangible assets	133	3
CASH FLOW ABSORBED BY INVESTING ACTIVITIES (B)	(8,822)	(1,917)
CASH FLOW FROM FINANCING ACTIVITIES		
Issue of medium/long term loans	4,700	2,477
Repayment of medium/long-term loans	(3,727)	(1,258)
Issue/(repayment) of short-term loans	(639)	(120)
Change in other non-current financial payables	-	(2,280)
Share capital increase and shareholder payments	41,088	-
(Acquisition) minority interests	-	(21)
(Acquisition) treasury shares	-	(55)
NET CASH FLOW GENERATED/(ABSORBED) BY FINANCING ACTIVITIES (C)	41,422	(1,258)
TOTAL CASH FLOWS (D=A+B+C)	39,564	(1,109)

<i>In thousands of Euro</i>	31/03/2021	31/03/2020
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD (E)	24,810	27,763
CASH & CASH EQUIVALENTS AT END OF PERIOD (F=D+E)	64,374	26,654
Additional information:		
Interest paid	299	147
Income taxes paid		

Consolidated Net Financial Position of the GHC Group at March 31, 2021

<i>In thousands of Euro</i>	31/03/2021	31/12/2020
A Cash	237	140
B Cash and cash equivalents	64,138	24,670
C Securities held-for-trading	41	41
D Liquidity (A) + (B) + (C)	64,415	24,851
E Current financial receivables	37	88
F Current bank payables	11,540	12,179
G Current portion of non-current debt	16,361	16,894
H Other current financial payables	3,807	3,709
I Current debt (F)+(G)+(H)	31,707	32,782
J Net current financial debt (I) - (E) - (D)	- 32,745	7,843
K Non-current bank payables	69,658	68,067
L Bonds issued	-	-
M Other non-current payables	21,397	21,456
N Derivative financial instrument liabilities - non-current	257	326
O Non-current financial debt (K) + (L) + (M) + (N)	91,312	89,848
P Net financial debt (J) + (O)	58,568	97,691