



# **INTERIM FINANCIAL REPORT AT MARCH 31, 2021**



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**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 approved Euro 31,570,000 (\*)

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>

(\*) enrolled in the Companies Register on January 26, 2021

## CORPORATE BOARDS

### BOARD OF DIRECTORS (\*)

ALESSANDRO MARIA RINALDI	Chairman
MARIA LAURA GAROFALO	Chief Executive Officer
ALESSANDRA RINALDI GAROFALO	Director
CLAUDIA GAROFALO	Director
GIUSEPPE GIANNASIO	Director
GUIDO DALLA ROSA PRATI	Director
JAVIER DE LA RICA ARANGUREN	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  
FRANCA BRUSCO  
GIANCARLA BRANDA

### 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.

### GENERAL MANAGER(\*\*)

UMBERTO SURIANI

### EXECUTIVE OFFICER FOR (\*\*\*) FINANCIAL REPORTING

DANILO BARLETTA

(\*) Appointed by the Shareholders' Meeting of April 30, 2021.

(\*\*) Appointed by the Board of Directors on March 1, 2021, with effect from May 1, 2021

(\*\*\*) Appointed by the Board of Directors on April 30, 2021

## 1. METHODOLOGICAL NOTE

This Interim Report was drawn up according to Article 82-ter of the Issuers' Regulation, adopted with motion No. 11971 of May 14, 1999, introduced on the basis of Article 154-ter, paragraphs 5 and 6 of the Consolidated Finance Act ("CFA"). Therefore, the provisions of the international accounting standard covering interim reporting (IAS 34 "Interim Financial Reporting") were not adopted. All amounts are expressed in thousands of Euro, unless otherwise stated.

The publication of the Interim Report at March 31, 2021 is covered by the Stock Exchange Regulation and, in particular, Article 2.2.3, paragraph 3 of the Regulation.

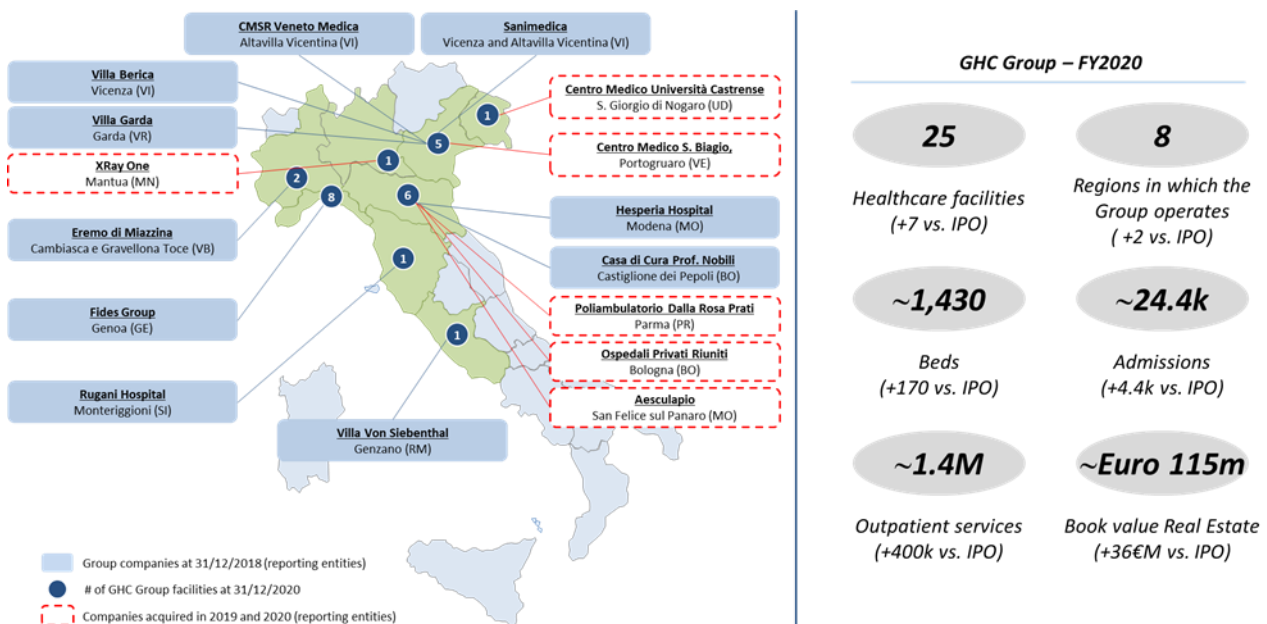
The accounting standards used by the Group are the International Financial Reporting Standards, endorsed by the European Union ("IFRS") and in application of Legislative Decree No. 38/2005 and the other CONSOB financial statements provisions. The accounting policies and consolidation principles adopted are the same as those utilised for the 2020 Consolidated Annual Financial Statements to which reference should be made.

The Interim Report at March 31, 2021 was approved by the Board of Directors on May 14, 2021.

## 2. GROUP STRUCTURE

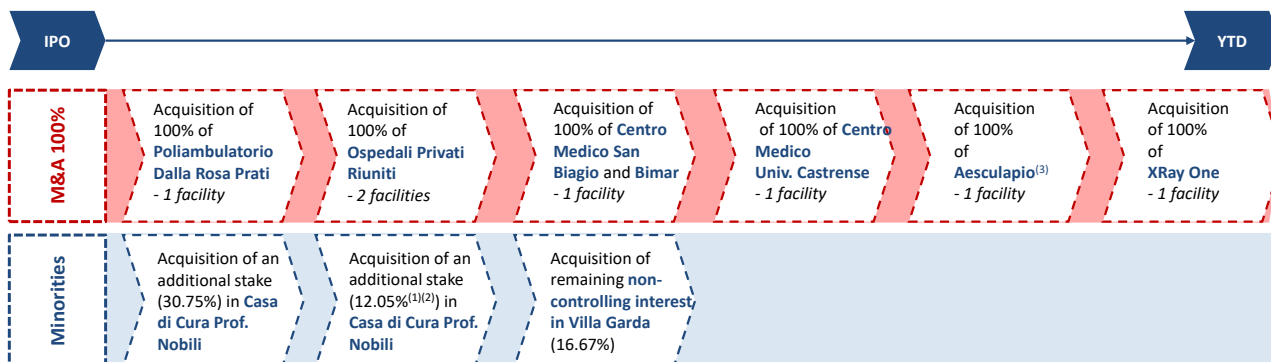
### ➤ Overview of the Group's healthcare facilities

The GHC Group is an Italian accredited private healthcare leader operating, at March 31, 2021, through 25 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.



The Group 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.

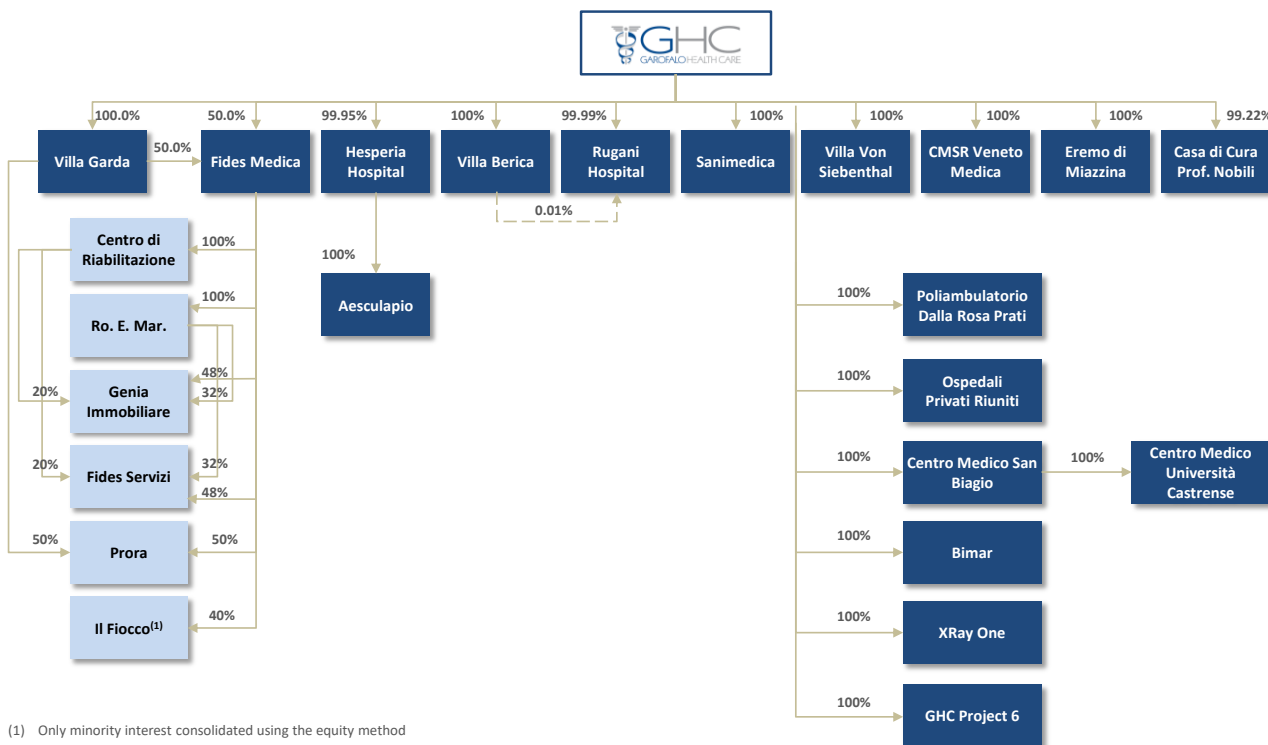
Between the IPO and March 31, 2021, the Group executed its acquisition-led growth strategy, with the acquisition of seven new clinics, as well as acquisitions of further minority holdings of existing subsidiaries (Casa di Cura Prof. Nobili and Villa Garda, now 100% owned), as set out below.



(1) For a total of 95.35% of the share capital and 98.8% of voting rights, considering the treasury shares held by Casa di Cura Prof. Nobili  
 (2) On 15.01.2020, GHC further increased its holding to 99.22% of voting rights  
 (3) Acquisition made by the subsidiary Hesperia Hospital

### ➤ The Garofalo Healthcare Group

The chart below shows the GHC Group’s structure at March 31, 2021, 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) Only minority interest consolidated using the equity method

➤ **Group activities by sector**

The Group operates by means of a single business unit in the following sectors<sup>(1)</sup>:

- **“Hospital Sector”**, which may be broken down into the acute, post-acute and outpatient services segments; and
- **“Social Services and Dependency Care Sector”**, which can be divided into two segments - residential recovery and district outpatient services.

The following table breaks down the main specialties provided by the Group by sector and segment.

HOSPITAL			DEPENDENCY CARE		
ACUTE RECOVERY	POST-ACUTE		OUTPATIENT SERVICES	Residential ADMISSIONS	DISTRICT OUTPATIENT SERVICES
	LONG-TERM HOSPITALISATION	REHABILITATION			
<b>Wide range of specialisations in acute patient therapy, including:</b>  -Cardiac Surgery -Cardiology (clinical and interventional) -Orthopaedics -Diabetology -Urology -Otorhinolaryngology -General surgery -Vascular Surgery -Gynaecology	<b>Long-term hospitalisations for patients suffering from:</b>  -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	<b>Rehabilitation treatments, including:</b>  Cardiology -Neurology -Neuromotor -Nutritional -Respiratory	<b>Outpatient services, consultations and diagnostic services, including:</b>  -Doppler echocardiogram -Holter test -Doppler vascular ultrasound -Myocardial perfusion imaging -CT -Ultrasound -Resonance -Nuclear medicine -Laboratory analyses - Outpatient dialysis	<b>Assistance and treatment of specific conditions, including:</b>  -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 (PVS Departments - Persistent Vegetative States) <sup>(1)</sup> -Psychiatric disorders and disorders related to the use of psychoactive substances	<b>Outpatient services, consultations and diagnostic services provided by non-clinical facilities, including:</b>  -Doppler echocardiogram -Holter test -Doppler vascular ultrasound -Myocardial perfusion imaging -CT -Ultrasound -Resonance -Nuclear medicine -Laboratory analyses - Occupational medicine - PET-CT - Dental services

<sup>(1)</sup> It should be noted that the various types of assistance are classified as belonging either to the Hospital Sector or the Social Services and Dependency Care Sector depending on legislation and the specific region at hand. In particular, assistance provided to patients with disabilities deriving from severe acquired brain injuries (SVP Departments - such as persistent vegetative states) belongs to the Hospital Sector in Tuscany, and the Social Services and Dependency Care Sector in Liguria and Piedmont. In addition, long-term residential care in Lazio, Tuscany, Emilia-Romagna, Veneto and Piedmont belongs to the Hospital Sector, while in Liguria it belongs to the Social Services and Dependency Care Sector.

The 25 clinical facilities comprising the Garofalo Health Care Group as at March 31, 2021, along with the Regions in which they are based and the sectors in which they operate, are described below.

Italian regions	Nr. Reporting Entities (16)	Nr. Clinics (25)	N. legal entities (legal persons) (22)	Sector	
				Hospital	Social / Dependency Care
The Veneto	• Villa Berica	1	1	✓	
	• CMSR Veneto Medica	1	1		✓
	• Sanimedica	1	1		✓
	• Villa Garda	1	1	✓	
	• Centro Medico S. Biagio <sup>(1)</sup>	1	2		✓
Lombardy	• XRay One	1	1		✓
Friuli Venezia-Giulia	• Centro Medico Università Castrense	1	1		✓
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	✓	
Tuscany	• Rugani Hospital	1	1	✓	
Liguria	• Fides Group <sup>(2)</sup>	8 <sup>(3)</sup>	6 <sup>(4)</sup>		✓
Lazio	• Villa Von Siebenthal	1	1		✓

(1) Includes Centro Medico S. Biagio S.r.l. and Bimar S.r.l.

(2) Excluding 4 facilities, which belong to Il Fiocco Srl, a company owned by Fides Medica, whose financial information is consolidated using the equity method.

(3) 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

(4) 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.



### 3. GHC GROUP FINANCIAL HIGHLIGHTS

The Q1 2021 results - although partly impacted by the activities in support of the Public system, affecting the full use of the production capacity and a completely orderly and efficient operating scheduling - indicate substantial recovery both in terms of revenues and Op. EBITDA on the same period of the previous year. 2020 was in fact shaped, from the month of March, by the restrictions on healthcare activities by the Local and Domestic Authorities to combat the spread of the virus.

The operating performance indicators for Q1 2021 compared with the same period of 2020 are presented below.

It should be noted that data for Q1 2021, in comparison to 2020, includes the contribution from X Ray One s.r.l., a clinic acquired in July 2020.

Consolidated figures	2021		2020		2021 vs 2020	
	Euro '000	%	Euro '000	%	Euro '000	%
<b>Revenues</b>	<b>60,379</b>	<b>100.0%</b>	<b>49,979</b>	<b>100.0%</b>	<b>10,400</b>	<b>20.8%</b>
Total operating costs (excl. non-core costs)	(49,781)	-82.4%	(41,958)	-84.0%	(7,823)	18.6%
<b>Op. EBITDA Adjusted</b>	<b>10,598</b>	<b>17.6%</b>	<b>8,021</b>	<b>16.0%</b>	<b>2,577</b>	<b>32.1%</b>
Non-core costs (Adjustments)	(883)	-1.5%	-	0.0%	(883)	0.0%
<b>Operating EBITDA</b>	<b>9,715</b>	<b>16.1%</b>	<b>8,021</b>	<b>16.0%</b>	<b>1,694</b>	<b>21.1%</b>
Amortisation, depreciation & write-downs	(3,121)	-5.2%	(2,741)	-5.5%	(380)	13.9%
Impairments and other provisions	(248)	-0.4%	(30)	-0.1%	(217)	716.6%
<b>EBIT</b>	<b>6,345</b>	<b>10.5%</b>	<b>5,249</b>	<b>10.5%</b>	<b>1,096</b>	<b>20.9%</b>
<b>EBIT Adjusted</b>	<b>7,229</b>	<b>12.0%</b>	<b>5,249</b>	<b>10.5%</b>	<b>1,979</b>	<b>37.7%</b>
Net financial charges	(646)	-1.1%	(616)	-1.2%	(30)	4.8%
<b>Profit before taxes</b>	<b>5,700</b>	<b>9.4%</b>	<b>4,634</b>	<b>9.3%</b>	<b>1,066</b>	<b>23.0%</b>
<b>Profit before taxes Adjusted</b>	<b>6,583</b>	<b>10.9%</b>	<b>4,634</b>	<b>9.3%</b>	<b>1,950</b>	<b>42.1%</b>
Income taxes	(1,415)	-2.3%	(1,397)	-2.8%	(18)	1.3%
<b>Net profit</b>	<b>4,285</b>	<b>7.1%</b>	<b>3,237</b>	<b>6.5%</b>	<b>1,049</b>	<b>32.4%</b>
<b>Group net profit</b>	<b>4,284</b>	<b>7.1%</b>	<b>3,236</b>	<b>6.5%</b>	<b>1,049</b>	<b>32.4%</b>
Minority interests	1	0.0%	1	0.0%	0	11.3%

### 3.1 2021 Consolidated Revenues Overview

GHC consolidated revenues in Q1 2021 amounted to Euro 60,379 thousand, up 20.8% on Euro 49,979 thousand in 2020.

The revenue growth of Euro 10,400 thousand is mainly due to recovering productivity and particularly the fact that the COVID-19 pandemic did not have a significant impact in the quarter, as was the case in Q1 2020 due to the suspension of outpatient and hospital activities (in March), in addition to the contribution of XRay One, acquired in July of the previous year, of Euro 1,862 thousand.

The revenue increase benefited in addition from: (i) for Euro 494 thousand the partial co-payments by the National Health Service to absorb the higher personnel costs from the renewal of the National Collective Bargaining Agreement from July of the previous year; (ii) for Euro 560 thousand the partial reimbursement of the additional COVID costs<sup>2</sup> incurred by the Group.

### 3.2. 2021 Consolidated Costs Overview

Consolidated operating costs in 2021, net of non-recurring and non-core business costs of Euro 883 thousand, totalled Euro 49,781 thousand, increasing Euro 7,823 thousand from Euro 41,958 thousand in 2020 (+18.6%). Non-recurring costs principally concern the charges incurred (net of the reimbursements) by the Group companies to combat the COVID-19 emergency, which in Q1 2021 amounted to approx. Euro 847 thousand.

The increase in production costs in Q1 2021 is mainly related both to higher production volumes and also personnel costs of approx. Euro 820 thousand, due to the renewal of the National Collective Bargaining Agreement for non-medical employees of the private healthcare facilities from the second half of the previous year, which did not impact the Q1 2020 costs.

### 3.3. 2021 Consolidated Operating EBITDA and Operating EBITDA Adjusted

In terms of margins, Consolidated Operating EBITDA Adjusted<sup>(3)</sup> was Euro 10,598 thousand, up 32.1% on Euro 8,021 thousand in the previous year. The contribution of XRay One was Euro 535 thousand in Q1 2021.

Operating EBITDA Adjusted 2021 was impacted, in comparison with the previous quarter, by the net impact (increased costs over NHS co-payments) of Euro 326 thousand for the higher charges deriving from the renewal of the National Collective Bargaining Agreement previously mentioned. Overall, the Group's Q1 2021 Operating EBITDA Adjusted margin was 17.6%, up on 16.0% in the previous year.

### 3.4. 2021 Consolidated EBIT and EBIT Adjusted Overview

EBIT Adjusted in 2021 was Euro 7,229 thousand, up Euro 1,979 thousand on Euro 5,249 thousand in 2020 (37.7%).

This result reflects amortisation, depreciation and write-downs for Euro 3,121 thousand, up Euro 380 thousand on 2020, mainly due to the change in scope during the period, as well as impairments and other provisions for Euro 248 thousand, up Euro 217 thousand on 2020. The increase in provisions is mainly due to the combined effect of the following factors (i) reduction of healthcare risks for approx. Euro 141 thousand (excess of releases over accruals); (ii) increase in the accruals for Local Healthcare Authority (ASL) risks for approx. Euro 230 thousand, mainly due to the differing regional tariffs against the single tariff, a divergence that widened as a result of certain regional provisions last year; (iii) the decrease in releases on doubtful debt provisions for approx. Euro 120 thousand.

### 3.5. 2021 Consolidated net profit overview

The Net profit was Euro 4,285 thousand, an increase of Euro 1,049 thousand on Euro 3,237 thousand in 2020.

This figure takes account of net financial charges for Euro 646 thousand, up Euro 30 thousand on 2020 (mainly due to the acquisition of XRay One by the Company in the previous year which was partly financed by new financial debt) and by taxes totalling Euro 1,415 thousand, in line with Q1 2020.

<sup>(2)</sup> One-off costs incurred by the Group to tackle the COVID-19 emergency and concerning expenses for Personnel Protective Equipment ("PPE"), swabs / tests, the preparation and management of triage areas and the dedicated distancing pathways.

<sup>(3)</sup> This indicator adjusts Operating EBITDA for non-recurring costs not relating to the core business

#### 4. GHC GROUP FINANCIAL HIGHLIGHTS – COMPARATIVE PRO-FORMA FIGURES

In order to ensure sufficient comparability of company results for Q1 2021 with the same period of the previous year, the Pro-Forma<sup>(4)</sup> figures for 2020 were also presented below, i.e. including the acquisition of XRay One (on July 23, 2020) retroactively to January 1, 2020.

Consolidated figures	2021		2020		2021 vs 2020	
	Euro '000	%	Euro '000	%	Euro '000	%
<b>Revenues</b>	<b>60,379</b>	<b>100.0%</b>	<b>51,624</b>	<b>100.0%</b>	<b>8,755</b>	<b>17.0%</b>
Total operating costs (excl. non-core costs)	(49,781)	-82.4%	(43,056)	-83.4%	(6,725)	15.6%
<b>Op. EBITDA Adjusted</b>	<b>10,598</b>	<b>17.6%</b>	<b>8,568</b>	<b>16.6%</b>	<b>2,030</b>	<b>23.7%</b>
Non-core costs (Adjustments)	(883)	-1.5%	-	0.0%	(883)	0.0%
<b>Operating EBITDA</b>	<b>9,715</b>	<b>16.1%</b>	<b>8,568</b>	<b>16.6%</b>	<b>1,147</b>	<b>13.4%</b>
Amortisation, depreciation & write-downs	(3,121)	-5.2%	(2,940)	-5.7%	(181)	6.2%
Impairments and other provisions	(248)	-0.4%	(30)	-0.1%	(217)	716.6%
<b>EBIT</b>	<b>6,345</b>	<b>10.5%</b>	<b>5,597</b>	<b>10.8%</b>	<b>748</b>	<b>13.4%</b>
<b>EBIT Adjusted</b>	<b>7,229</b>	<b>12.0%</b>	<b>5,597</b>	<b>10.8%</b>	<b>1,631</b>	<b>29.1%</b>
Net financial charges	(646)	-1.1%	(690)	-1.3%	44	-6.4%
<b>Profit before taxes</b>	<b>5,700</b>	<b>9.4%</b>	<b>4,908</b>	<b>9.5%</b>	<b>792</b>	<b>16.1%</b>
<b>Profit before taxes Adjusted</b>	<b>6,583</b>	<b>10.9%</b>	<b>4,908</b>	<b>9.5%</b>	<b>1,676</b>	<b>34.1%</b>
Income taxes	(1,415)	-2.3%	(1,446)	-2.8%	32	-2.2%
<b>Net profit</b>	<b>4,285</b>	<b>7.1%</b>	<b>3,461</b>	<b>6.7%</b>	<b>824</b>	<b>23.8%</b>
<b>Group net profit</b>	<b>4,284</b>	<b>7.1%</b>	<b>3,460</b>	<b>6.7%</b>	<b>824</b>	<b>23.8%</b>
Minority interests	1	0.0%	1	0.0%	0	11.3%

Reference should be made to the previous paragraph for the changes in the main performance indicators, which includes the contribution of X Ray One s.r.l.

<sup>(4)</sup> These Pro-Forma statements are drawn up on a voluntary basis and are not according to procedures agreed with the independent audit firm as per the International Standard of Related Services ("ISRS") 4400 issued by the IAASB.

## 5. BALANCE SHEET AND FINANCIAL POSITION

### 5.1. Balance Sheet

A breakdown of the Group's condensed consolidated balance sheet at March 31, 2021 and December 31, 2020 is provided below.

Consolidated figures Uses	2021	2020	Δ vs 2020
	March	December	Euro '000
Goodwill	54,438	54,438	0
Intangible and tangible assets	301,402	300,261	1,141
Financial assets	5,752	1,164	4,588
<b>I Fixed capital</b>	<b>361,591</b>	<b>355,862</b>	<b>5,730</b>
Trade Receivables	63,405	61,411	1,995
Inventories	3,765	3,487	278
Trade payables	(37,818)	(35,857)	(1,961)
<b>Net Operating Working Capital</b>	<b>29,352</b>	<b>29,040</b>	<b>312</b>
Other assets/liabilities	(18,245)	(18,243)	(3)
<b>II Net Working Capital</b>	<b>11,107</b>	<b>10,798</b>	<b>309</b>
Net deferred taxes	(42,960)	(42,647)	(313)
Provisions	(22,369)	(23,099)	730
<b>III Total Uses (NET CAPITAL EMPLOYED)</b>	<b>307,369</b>	<b>300,914</b>	<b>6,456</b>
<b>IV Net financial debt</b>	<b>58,568</b>	<b>97,691</b>	<b>(39,123)</b>
Minority interest shareholders' equity	68	66	1
Group shareholders' equity	248,734	203,155	45,579
<b>V Shareholders' Equity</b>	<b>248,802</b>	<b>203,222</b>	<b>45,580</b>
<b>VI Total Sources of Funds</b>	<b>307,369</b>	<b>300,912</b>	<b>6,457</b>

Fixed capital at March 31, 2021 amounted to Euro 361,591 thousand, an increase of Euro 5,730 thousand on December 31, 2020. This increase concerns "Intangible and tangible assets" of Euro 301,402 thousand at March 31, 2021, with a net increase of Euro 1,141 thousand, due to net investments in the period of approx. Euro 4,186 thousand and amortisation and depreciation in the period of Euro 3,045 thousand. At March 31, 2021, the fixed capital rose due to the increase in financial assets for approx. Euro 4,600 thousand, due to the advance paid in February 2021 for the acquisition of Clinica San Francesco, completed on April 9, 2021.

Net working capital at March 31, 2021 increased on December 31, 2020 by Euro 309 thousand, substantially due to the change in inventories. The movement in receivables, due to the controls by the Local Health Authorities (ASL's) focused in the first quarter of each year and related to the previous year and already get back, is substantially absorbed by a similar increase in trade payables.

Provisions reduced compared to December 31, 2020 by Euro 730 thousand, due to: (i) decrease in the Post-employment benefit provision for Euro 556 thousand (ii) decrease in the provisions for risks for Euro 174 thousand. Specifically, the movement in the provisions for risks is due to the following combined effects: (i) provisions for Local Health Authority (ASL) risks for Euro 336 thousand, stemming from the tariff differences in certain regions against the single national tariff (ii) decrease of Euro 103 thousand due to the excess of releases over accruals for healthcare lawsuits (iii) utilizations for Local Health Authority (ASL) risks and healthcare lawsuits for a total of Euro 380 thousand (iv) net use of other provisions for Euro 27 thousand.

The net financial debt decreased Euro 39,123 thousand compared to December 31, 2020. This benefit was substantially due to the share capital increase of Euro 41,820 thousand on January 21, 2021, through the accelerated book building procedure and the cash generated by operating activities, partly absorbed by investments executed in Q1, in addition to the advance paid for the acquisition of Clinica San Francesco di Verona.

Group shareholders' equity increased on December 31, 2020 by Euro 45,579 thousand, mainly due to the share capital increase, as indicated previously, and the net profit for the period.

## 5.2. Net Financial Position

Net financial debt was calculated according to the approach outlined in ESMA/2013/319 and Consob Communication No. DEM/6064293 of July 28, 2006. A breakdown of the composition for the periods ending March 31, 2021 and December 31, 2020 is provided below.

Consolidated figures	2021	2020	Δ vs 2020
	Euro '000	Euro '000	Euro '000
A Cash	237	140	96
B Cash and cash equivalents	64,138	24,670	39,468
C Securities held-for-trading	41	41	-
<b>D Liquidity (A) + (B) + (C)</b>	<b>64,415</b>	<b>24,851</b>	<b>39,564</b>
E Current financial receivables	37	88	- 52
F Current bank payables	11,540	12,179	- 639
G Current portion of non-current debt	16,361	16,894	- 533
H Other current financial payables	3,807	3,709	98
<b>I Current debt (F)+(G)+(H)</b>	<b>31,707</b>	<b>32,782</b>	<b>- 1,074</b>
<b>J Net current financial debt (I) - (E) - (D)</b>	<b>- 32,745</b>	<b>7,843</b>	<b>- 40,587</b>
K Non-current bank payables	69,658	68,067	1,591
L Bonds issued	-	-	-
M Other non-current liabilities	21,397	21,456	- 59
N Derivative financial instrument liabilities - non-current	257	326	- 68
<b>O Non-current financial debt (K) + (L) + (M) + (N)</b>	<b>91,312</b>	<b>89,848</b>	<b>1,464</b>
<b>P Net financial debt (J) + (O)</b>	<b>58,568</b>	<b>97,691</b>	<b>- 39,123</b>

## 6. INVESTMENTS

### 6.1 Recurring investments

During 2021, 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 Investments in new development equipment

In addition to that above, in 2021 GHC continued in the implementation of the investment plan already approved in 2020, dedicated in particular to new very latest generation machinery and technology, partly to fully tap into all development opportunities from the growing need for healthcare and heightened by the COVID-19 emergency. We report below on some of the particularly significant investments.

#### **a) C.M.S.R. - Philips Magnetic Resonance Imaging Model 3 Tesla "Ingenia Elition"**

This equipment, in addition to the existing technology (2 magnetic resonance 1.5 Tesla, 1 joint MRI and 1 CT scan), which can be used for research purposes, meets the increasing demand for health services, while also improving demand from outside the region for NHS and private services.

By leveraging the advantages of digital technology in terms of quality and speed, it is the latest evolution of 3 Tesla MRI systems and is marked not only by the high quality of the images, but also by the speed of performing examinations. This makes it the equipment of choice for exploring various areas of the body, particularly in terms of neurology, to diagnose many central nervous system diseases such as some forms of dementia, and to support the study of epilepsy and multiple sclerosis. The power of the 3 Tesla magnetic field and the technological solutions used can also be exploited to improve the diagnostic accuracy in the evaluation of many diseases of the heart, for the in-depth study of lesions of the breast and urogenital system, in particular in the diagnosis, staging and monitoring of prostate cancer

The equipment was delivered and installed and has been fully operational since the beginning of 2021.

#### **b) Villa Berica - Philips Magnetic Resonance Imaging Model 1.5 Tesla "Ingenia Ambition S"**

This equipment represents a significant improvement in quality and quantity over its previous configuration. The new MRI, in fact, unlike traditional 1.5 Tesla MRIs, is equipped with a revolutionary technology which ensures highest level MRI's, which are faster and more comfortable for the patient, while also more environmentally friendly as "helium free".

The equipment was delivered and installed and has been fully operational since the beginning of 2021.

#### **c) Aesculapio - Philips Magnetic Resonance Imaging Model 1.5 Tesla "Prodiv CS Stellar"**

This equipment provides high-quality examinations and positions Aesculapio as the only accredited private outpatient clinic in the province of Modena with this technology. This expansion project includes: (i) the installation of the new MRI described above on the ground floor together with a 64-slice General Electric CT scanner from the CMSR facility in Altavilla Vicentina and (ii) the construction of five medical clinics and a space for rehabilitation activities.

During 2021, work continued on the expansion and renovation of the warehouse area and the preparation of all equipment in order to subsequently proceed with the installation and start-up of the new MRI machine.

**d) C.M.S.R. - Siemens CARDIO CT**

This equipment represents excellence in instrumentation used for cardiovascular examinations. It has a dual radiogenic source and a high rotation speed that allows the examination to be done without lowering the patient's heart rate and therefore without the need for medication. Moreover, it has very high fidelity image reproduction, able to provide, in a short time, a 3D reconstruction of the organ perfectly corresponding to a "live" shot.

In early 2021, preparatory work began for the installation of the machine, which is scheduled to enter into service during the second quarter.

### **6.3 Investments in expansion assets**

During 2021 the Group also undertook investments in non-current assets of a non-recurring nature within the framework of long-term development and expansion projects designed to increase production capacity and diversify the type of services offered. A short description of these investments follows.

**a) Expansion of Istituto Raffaele Garofalo**

On July 11, 2018, Eremo di Miazzina s.r.l., the company that owns the L'Eremo di Miazzina facility and Istituto Raffaele Garofalo, both located in the region of Piedmont, was awarded, in an execution procedure, title to a property adjacent to Istituto Raffaele Garofalo, located in Gravellona Toce (VB), previously used as a shopping centre but to be renovated appropriately and used to expand hospital rehabilitation service, in addition to expanding and diversifying accredited specialist outpatient services, currently offered at Istituto Raffaele Garofalo. This will not only permit Istituto Raffaele Garofalo to meet the legal minimum of 60 beds required to maintain independent accreditation with the Regional Health Service, while taking advantage of its location in an area without healthcare services, but will also allow L'Eremo di Miazzina to focus on offering dependency care services and long-term hospital care by exploiting its location in an area with peculiar climatic and therapeutic conditions. On September 5, 2018 the Court of Verbania rendered an order transferring the title to the above property following the payment of the balance of the price by Eremo di Miazzina s.r.l. for a total of Euro 3.7 million. In December 2018 Eremo di Miazzina S.p.A. entered into full possession of the new property and commenced the process of preparing for renovations.

The above expansion project involved investments primarily relating to the purchase and renovation of the property, i.e. the planning and execution of the work, furniture and fittings and the fitness for use and accreditation procedure.

In January 2021, a meeting of the Municipal Council was held which approved the aforementioned draft convention and determined the urbanisation charges to be paid before the construction permit is awarded.

During 2021, the building works planned at the facility continued while waiting for the PDC of the other interventions to be released.

In February 2021, following the inspection, the Commission for the Supervision of Private Health Facilities positively assessed the Project, which was then forwarded to the competent regional authorities.

On February 8, 2021, the Department of Prevention S.O.C. Public Hygiene and Healthcare issued a favourable sanitary report.

**b) The Santa Marta Project (so-called "ex-school", today known as the "Villa Fernanda" Project)**

By preliminary deed dated December 6, 2017, the subsidiary Ro. E. Mar S.r.l. had committed to acquire title to a building located in Genoa that had been used as a school in order to relocate to this property, following appropriate renovation, the activities carried out at the Santa Marta facility in Genoa and, once the transfer to the new facility is complete, to modernize the existing facility to offer care on a private basis only, i.e. with costs billed to patients. The new facility will house 70 beds, while the existing clinic will have 16 fewer total beds in order to improve the overall efficiency of the clinics. The purchase of the building to be used as a new social-care facility was finalised on December 24, 2018.

On October 21, 2020 the Municipality of Genoa, by order No. 498, authorised the transfer of the “Santa Marta” protected residence to the new “Villa Fernanda” clinic. The transfer was carried out and completed on November 11, 2020, in full compliance with all safety regulations.

Due to the logistical-infrastructure restrictions arising as a result of the pandemic, 66 beds are currently available for use (of a total capacity of 70).

At the same time, once the so-called “ex-Santa Marta” building had been vacated, work began on the design of the new building. Inspections and technical checks were carried out on structural elements of the building, as well as aspects related to fire regulations.

In April 2021, the contract for the renovation works was signed, resulting in the start-up of the building site and of works, which should be completed in 2021.

### ***c) Villa Garda expansion***

This investment foresees the expansion of the facility through new construction. The expansion of the buildings was undertaken in order to benefit fully from the increase of 10 accredited beds approved by the Veneto Regional Council with Regional Council Motion No. 614 of May 14, 2019. The expansion works will also allow Villa Garda to offer more single rooms, which will be made available especially to the most vulnerable patients, offering them greater comfort and assistance. During the first quarter of 2021, expansion work continued on the new construction.

The investment also covers the extension of the Aula Magna to accommodate conferences and medical congresses, construction of a number of underground rooms to be used for storage, and renovation of the external façades of the two main pavilions. In 2021, the Aula Magna extension was completed, while work on the basement rooms and the renovation of the façades is still on-going.

## **7. COVID-19 OVERVIEW**

The contents of the disclosure below take due account of the indications provided by Consob in the attention call No. 1 of February 16, 2021, concerning "COVID 19 - attention call on financial reporting" as well as the recommendations provided by ESMA in the public statement "Implications of the COVID-19 outbreak on the half-yearly financial Reports" of May 20, 2020.

In the first quarter of the year, in view of the continued partial difficulties related to the COVID-19 virus, it is noted that all GHC Group clinics continued to provide support to the public healthcare system, managing at the same time not to significantly limit its operations. Specifically:

- the Casa di Cura Prof. Nobili, Rugani Hospital and l’Eremo di Miazzina, in collaboration with the relevant healthcare service, maintained wards dedicated to COVID-19 patients emerging from the acute phase, but still testing positive for the virus. These were equipped with 30, 10, and 32 beds, respectively;
- Ospedali Privati Riuniti di Bologna continued to support the public system, also providing a ward dedicated to COVID patients. In addition to this, the Rizzoli Orthopaedic Institute made available operating room sessions for orthopaedic surgery at its facility in Villa Regina;
- During the reporting period, Hesperia Hospital continued its support to the public system of recent months and also made available to the Policlinico and Modena local health authority weekly operating room sessions for Oncological Senology procedures and for orthopaedic procedures. It also made available 14 general practice beds.
- Villa Berica in January made available a 14-bed ward dedicated to COVID patients, then closed in February.

The GHC Group Q1 2021 consolidated results - although partly impacted by the activities in support of the Public system, affecting the full use of the production capacity and an entirely orderly and efficient operating scheduling - indicate substantial recovery in productivity on the same period of the previous year.



With reference to the Q1 2021 income statement, COVID-19 resulted at consolidated level in one-off costs (“additional COVID costs”) for Personnel Protective Equipment (“PPE”), swabs / tests, the preparation and management of triage areas and the dedicated distancing pathways, only in part reimbursed by the local health authorities.

With reference to the Q1 2021 balance sheet, Covid 19 resulted at consolidated level in the recognition to GHC clinics as a result of the COVID-19 emergency by the main Regions in which the Group operates of 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. At March 31, 2021, these advances amounted to Euro 8.0 million. There were no delays in collections due to COVID-19.

## 8. MANAGEMENT AND CO-ORDINATION

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.

## 9. SUBSEQUENT EVENTS

### Acquisition of Clinica S. Francesco di Verona - April 2021

On February 24, 2021, GHC S.p.A. signed binding agreements for the acquisition of 100% of the share capital of Clinica S. Francesco di Verona on April 9, 2021, a top international clinic and a National Health System accredited leading European robotic orthopaedic surgery centre. The transaction stipulates also the acquisition of all real estate assets from the company Epifarm s.r.l.. The Clinic, highly synergetic with other Group clinics, strengthens the major technological development undertaken by GHC. Acquisition includes a Diagnostic Center with latest generation equipment and all clinical buildings. The Clinic reported revenues of Euro 32 million in 2019 and pre-synergy adjusted EBITDA of approx. Euro 7 million, with margin of 22% - higher than Group average. The Enterprise Value of the transaction is Euro 59.5 million, with an Equity Value of Euro 46.6 million.

## 10. OUTLOOK

Garofalo Healthcare S.p.A. ordinary shares were granted admission by Borsa Italiana to trading on the STAR segment on March 18, 2021, with effect from March 25, 2021.

This marks a natural progression from the IPO and particularly has increased the free float, bringing in new top-standing domestic and overseas investors to continue the acquisition-led growth and tap into the current healthcare sector M&A opportunities to establish even greater economies of scale.

In April 2021 the Company reported Revenues in line with the same period of 2019, a year which was not affected by the Covid emergency, despite the still uncertain general operating environment. The foreseeable outlook for the next months of the current year will be largely influenced by the speed and outcome of the ongoing vaccination campaign aimed at containing and ultimately eradicating the Covid-19 pandemic. However, GHC Group remains focused on its growth project based both on external-led growth through M&A and organic growth thanks to investments in state-of-the art equipment, with the aim to increase the quality of the qualitative standard and provide excellent healthcare services capable to respond to the growing healthcare needs, further accentuated by the effects of the pandemic.

## 11. FINANCIAL STATEMENTS

### BALANCE SHEET

	For the period ended March 31	For the period ended December 31
<i>in thousands of Euro</i>	2021	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
<b>TOTAL NON-CURRENT ASSETS</b>	<b>367,595</b>	<b>362,200</b>
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
<b>TOTAL CURRENT ASSETS</b>	<b>140,786</b>	<b>97,654</b>
<b>TOTAL ASSETS</b>	<b>508,381</b>	<b>459,855</b>

	For the period ended March 31	For the period ended December 31
<i>in thousands of Euro</i>	<b>2021</b>	<b>2020</b>
Share capital	31,570	28,700
Legal reserve	394	394
Other reserves	212,486	162,280
Group Net Profit	4,284	11,781
<b>TOTAL GROUP SHAREHOLDERS' EQUITY</b>	<b>248,734</b>	<b>203,155</b>
Capital and reserves of non-controlling interests	66	63
Minority interest result	1	3
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>248,801</b>	<b>203,222</b>
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
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>161,894</b>	<b>161,094</b>
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
<b>TOTAL CURRENT LIABILITIES</b>	<b>97,686</b>	<b>95,538</b>
<b>TOTAL LIABILITIES</b>	<b>259,580</b>	<b>256,632</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>508,381</b>	<b>459,855</b>

**INCOME STATEMENT**

<i>in thousands of Euro</i>	For the period ended March 31	
	2021	2020
Revenues from services	59,308	49,647
Other revenues	1,071	332
<b>TOTAL REVENUES</b>	<b>60,379</b>	<b>49,979</b>
Raw materials and consumables	8,672	6,919
Service costs	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
<b>TOTAL OPERATING COSTS</b>	<b>54,033</b>	<b>44,729</b>
<b>EBIT</b>	<b>6,345</b>	<b>5,249</b>
Financial income	36	(4)
Financial charges	(682)	(611)
<b>TOTAL FINANCIAL INCOME AND CHARGES</b>	<b>(646)</b>	<b>(616)</b>
<b>PROFIT BEFORE TAXES</b>	<b>5,700</b>	<b>4,634</b>
Income taxes	1,415	1,397
<b>NET PROFIT FOR THE YEAR</b>	<b>4,285</b>	<b>3,237</b>
Attributable to:		
Group	4,284	3,236
Minority interests	1	1

## CASH FLOW STATEMENT

In Euro thousands	March	
	2021	2020
<b>OPERATING ACTIVITIES</b>		
<b>Profit for the period</b>	<b>4,285</b>	<b>3,237</b>
<i>Adjustments for:</i>		
- <i>Amortisation and depreciation</i>	3,046	2,741
- <i>Provisions for employee benefit liabilities</i>	170	106
- <i>Provisions for risks and charges</i>	248	185
- <i>Doubtful debt provision</i>	76	-
- <i>Change in other non-current assets and liabilities</i>	88	78
- <i>Net change in deferred tax assets and liabilities</i>	212	340
- <i>Payments for employee benefits</i>	(336)	(331)
- <i>Payments for provisions for risks and charges</i>	(423)	-
<i>Changes in operating assets and liabilities:</i>		
<i>(Increase) decrease in trade and other receivables</i>	(2,071)	2,565
<i>(Increase) decrease in inventories</i>	(278)	(360)
<i>Increase (decrease) in trade and other payables</i>	1,961	(4,584)
<i>Other current assets and liabilities</i>	(14)	(1,911)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES (A)</b>	<b>6,964</b>	<b>2,066</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
<i>Investments in intangible assets</i>	(110)	(97)
<i>Investments in tangible assets</i>	(4,244)	(1,824)
<i>(Investments)/disposals in financial assets</i>	(4,600)	-
<i>Sale of tangible assets</i>	133	3
<b>CASH FLOW ABSORBED BY INVESTING ACTIVITIES (B)</b>	<b>(8,822)</b>	<b>(1,917)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
<i>Issue of medium/long term loans</i>	4,700	2,477
<i>Repayment of medium/long-term loans</i>	(3,727)	(1,258)
<i>Issue/(repayment) of short-term loans</i>	(639)	(120)
<i>Change in other non-current financial payables</i>	-	(2,280)
<i>Share capital increase and shareholder payments</i>	41,088	-
<i>(Acquisition) minority interests</i>	-	(21)
<i>(Acquisition) treasury shares</i>	-	(55)
<b>NET CASH FLOW GENERATED/(ABSORBED) BY FINANCING ACTIVITIES (C)</b>	<b>41,422</b>	<b>(1,258)</b>
<b>TOTAL CASH FLOWS (D=A+B+C)</b>	<b>39,564</b>	<b>(1,109)</b>
<b>CASH &amp; CASH EQUIVALENTS AT BEGINNING OF PERIOD (E)</b>	<b>24,810</b>	<b>27,763</b>
<b>CASH &amp; CASH EQUIVALENTS AT END OF PERIOD (F=D+E)</b>	<b>64,374</b>	<b>26,654</b>
<b>Additional information:</b>		
Interest paid	299	147
Income taxes paid		

## 12. DECLARATION OF THE EXECUTIVE OFFICER

The Executive Officer for Financial Reporting of the company Garofalo Healthcare S.p.A., Mr. Danilo Barletta, declares in accordance with Article 154-*bis*, No. 154, of Legislative Decree February 24, 1998, that the accounting information contained in this Interim Report at March 31, 2021 corresponds to the underlying accounting documents, records and entries.

Rome, May 14, 2021

**Executive Officer for  
Financial Reporting**

(Mr. Danilo Barletta)