



Press Release

GAROFALO HEALTH CARE S.P.A. ACQUIRES THE HISTORICAL ROMAN GROUP FROM WHICH GHC DREW ITS ORIGINS

IN THE SCOPE OF THE ACQUISITION 4 NHS ACCREDITED PRIVATE FACILITIES WITH LONG TRADITION AND REPUTATION OF EXCELLENCE IN ROME: AURELIA HOSPITAL, EUROPEAN HOSPITAL, HOSPICE S. ANTONIO DA PADOVA AND STRUTTURA RESIDENZIALE PSICHIATRICA SAMADI

THE EQUITY VALUE OF THE TRANSACTION IS EQUAL TO €47M, CORRESPONDING TO AN ENTERPRISE VALUE OF APPROX. €71M

A DEVELOPMENT PLAN HAS BEEN PLANNED WHICH WILL LEAD TO THE CREATION OF A "CARDIOVASCULAR HEART CENTER" OF EXCELLENCE AT THE NATIONAL LEVEL AT THE AURELIA HOSPITAL WITH THE SIMULTANEOUS REDEVELOPMENT OF THE ASSISTANCE OFFER OF EUROPEAN HOSPITAL

THE ACQUISITION INCLUDES THE OWNERSHIP OF THE INSTRUMENTAL REAL ESTATE ASSETS (TOTAL AREA OF APPROX. 32,000SQM)

Rome, July 28, 2023 - Garofalo Health Care S.p.A. ("**GHC**") announces that it has been awarded the assets of Aurelia 80 S.p.A. in liquidation ("**Aurelia 80**"), operating holding company at the head of the Aurelia Group, operating in the accredited private hospital sector.

In particular, the transaction consists in the acquisition of the accredited private facility Aurelia Hospital and the shareholdings held by Aurelia 80 in 3 other accredited private healthcare facilities (European Hospital, Hospice S. Antonio da Padova and Struttura Residenziale Psichiatrica Samadi), all founded in Rome in the 1950s by Prof. Raffaele Garofalo and his two younger brothers Antonio and Mario, also physicians.

The facilities acquired are characterized by high levels of specialization, representing a point of reference not only for the Lazio Region but also for the entire national territory, having a total NHS budget of over €68M, as well as a total of 628 authorized beds (of which 500 accredited).

The companies involved in the acquisition hold, directly or indirectly, the ownership of the instrumental Real Estate assets where healthcare services are provided (with the exception of the Hospice S. Antonio da Padova), for a total of approximately 32,000sqm.

The Chief Executive Officer of the GHC Group, Maria Laura Garofalo, commented: *"With this operation GHC recovers its origins, acquiring a reality of great strategic and functional value, not only for the capital city, but for the entire national territory. The importance of the "Roma Capitale" projects and the forthcoming Jubilee will open up great growth opportunities for regional healthcare with the focusing of new resources, as well as with the inevitable and consequent development of the private sector. The group's reorganization plan will reorganize the care offer of the facilities, creating a Cardiovascular Heart Center of the highest logistical, organizational and clinical-scientific standing at the Aurelia Hospital, while recovering significant economic and financial performance. I dedicate this operation, as well as to my parents, to all the people who work in the Group and who have made it great over the years."*



Profile of the healthcare facilities acquired

The transaction involves the acquisition of the following accredited healthcare facilities:

- Aurelia Hospital: multi-specialist facility authorized to carry out medical-surgical and rehabilitation services, equipped with 291 authorized beds, of which 256 accredited with the National Healthcare Service ("NHS"). The healthcare activity is carried out under ordinary, urgent and scheduled hospitalization and/or day hospitalization (day hospital/day surgery). Thanks to the recognition of the I level of "DEA" ("Emergency and Acceptance Department"), it guarantees emergency functions, has a helipad also enabled for night-time use and operational 24 hours a day and is part of the Lazio Region Emergency Network;
- European Hospital: multi-specialist institute for acute care with 144 authorized beds, of which 51 accredited with the NHS in the specialties of cardiology and cardiac surgery with respect to which it now has a tradition of almost 40 years, with a considerable heritage of scientific research acquired. Cardiology and heart surgery center of excellence, whose high quality of care has made it a point of reference at national level. Furthermore, the facility welcomes all the other medical-surgical and outpatient specialties under private regime, with professionals of high standing, such as to make the structure attractive also in the private sector. The facility also has a well-established III level medically assisted procreation center;
- Hospice S. Antonio da Padova: facility that provides palliative care services both as a hospice (25 beds) and as homecare (100 beds). The services are aimed at individuals with an advanced state of the disease with the aim of guaranteeing patients and their families constant support;
- Struttura Residenziale Psichiatrica Samadi: psychiatric residential facility authorized and accredited with the Regional Healthcare Service ("RHS"), equipped with 68 beds. The activities carried out are aimed at the treatment and rehabilitation of patients with psychiatric diseases, with potential for development in the private sector.

Performance of the healthcare facilities acquired

The historical performance of the acquired healthcare facilities was significantly influenced, in the years 2020-2021, by the extraordinary management linked to the Covid emergency, and - in 2022 - by the start of the liquidation process which arose due to irremediable differences between the shareholders, therefore not resulting significant for the purpose of asset valorisation.

For 2023, a year still characterized by the state of liquidation, the cumulative expected Revenues, based on the estimates made by GHC as part of the due diligence activity, are equal to approx. €85M with a cumulative expected EBITDA of approx. €5.5M.

These performances do not yet incorporate the significant expected structural and organizational benefits already identified by GHC for the healthcare facilities acquired, which - at regime - will significantly improve the marginality, also in light of an innovative organizational rearrangement plan which provides for the creation of a "Cardiovascular Heart Center" of excellence at national level at the Aurelia Hospital, represented below.

Development plan

The development plan of the healthcare facilities acquired, already authorized by the Lazio Region, includes:

- i) the transfer of the Cardiology and Cardiac Surgery departments (together with the attached budget of over €22M) of European Hospital to Aurelia Hospital, preparatory to the creation of a unique "Cardiovascular Heart Center" of exceptional significance

In particular, for this purpose the construction of a new "surgical plate" at the Aurelia Hospital is envisaged, taking advantage of an existing building space of approximately 2,000sqm, which will be developed horizontally and will enclose all the surgical rooms of the hospital, today allocated on two different floors, in a single area including seven operating rooms (two of which are intended for cardiac surgery and five for other surgical specialties).

This structural reconfiguration will enormously increase the quality and effectiveness of the surgical services provided, allowing, within the department, an important exchange between the surgeons assigned to the various specialties. Furthermore, this reorganization will make it possible to considerably improve the efficiency of the operating ward management costs, as well as the interventional cardiology activity which will



be concentrated in a single hemodynamics department at the Aurelia Hospital and will no longer be located on two different facilities (Aurelia Hospital and European Hospital).

ii) the transfer of the rehabilitation activities from Aurelia Hospital to European Hospital

This move is motivated by the need to free up the rehabilitation department of the Aurelia Hospital to allow the cardiac surgery admission department to be accommodated.

The reorganization plan of Aurelia Hospital and European Hospital is expected to be completed in about 24 months from the full takeover of GHC in the business management.

Integration process of the acquired healthcare facilities

The timely implementation of the efficiency actions already identified, including those related to the realization of the "Cardiovascular Heart Center" just mentioned, will be favoured by the extensive knowledge of the facilities acquired by the Chief Executive Officer of GHC Group, up to the first months of 2018 Chairman and Chief Executive Officer of Aurelia 80 and minority shareholder of the same (16.67%).

Terms and structure of the operation

The Equity Value of the transaction is equal to €47M, corresponding to an Enterprise Value equal to approx. €71M calculated on the basis of the cumulative Net Financial Position as of 31 December 2022.

The acquisition also includes the instrumental Real Estate assets of the healthcare facilities (with the exception of the Hospice S. Antonio da Padova), for a total area of approx. 32,000sqm to which to add a building area of over 2,000sqm which will be used for the realization of the "Cardiovascular Heart Center" at the Aurelia Hospital.

The acquisition will be financed with own resources and with recourse to bank debt, as GHC has the availability of a credit line for new acquisitions granted to the Group in 2021 by a pool of leading national banks.

The closing of the transaction, expected by the autumn of the current year, is subject to the occurrence of the usual conditions precedent for this type of transactions.

Transaction between related parties of greater significance

The acquisition qualifies as a transaction with related parties pursuant to the Regulation on Transactions with Related Parties adopted with Consob resolution no. 17721/2010, as subsequently amended (the "**RPT Regulation**"), and the Procedure for regulating transactions with related parties adopted by GHC (the "**RPT Internal Procedure**").

This case was found, *inter alia*, in consideration of the fact that Aurelia 80 is a related party of GHC as it is owned (i) for 16.67% by Maria Laura Garofalo, a related party of GHC as it directly and indirectly controls GHC and she is its Chief Executive Officer; as well as (ii) for 33.33% by Mariano Garofalo, a related party of GHC as he is a close family member of Maria Laura Garofalo and also Sole Director of the parent company of GHC (Larama 98 S.p.A.).

The acquisition also qualifies as a related-party transaction of "greater significance" pursuant to article 8, paragraph 1, of the RPT Regulation and articles 3 and 7.3(a) of the RPT Internal Procedure, since the significance relating to the counter value of the transaction pursuant to the provisions of Annex 3 to the RPT Regulation and Article 3 of the Internal RPT Procedure is equal to approx. 14%, higher than 5%.

GHC has not made use of any case of exclusion provided for by articles 13 and 14 of the RPT Regulation.

In consideration of the above, GHC will make available to the public, within the time limits established by current legislation, the Information Document relating to transactions with related parties of greater significance drawn up pursuant to article 5 and Annex 4 of the RPT Regulation.

It should be noted that the transaction was approved by the GHC Board of Directors, with the abstentions of the Directors Maria Laura Garofalo, Alessandro Maria Rinaldi, Alessandra Rinaldi Garofalo and Claudia Garofalo, as Directors involved in the transaction as envisaged by the RPT Internal Procedure and who have declared to have an interest pursuant to and by effect of article 2391 of the Civil Code, as well as by the Director Giuseppe Giannasio, who has declared to have an interest pursuant to and by effect of article 2391



of the Civil Code, subject to the unanimous favourable opinion of the Control, Risk and Sustainability Committee (in function of the Related Parties Committee), composed only of non-executive, unrelated and independent Directors.

The Board of Directors and the Related Parties Committee of GHC were assisted by an independent expert in the person of Prof. Riccardo Tiscini. The Related Parties Committee also made use of an independent legal advisor in the person of Prof. Lawyer Umberto Tombari.

The documentation relating to the transaction will be made available to the public at the company's registered office, in Piazzale delle Belle Arti 6 (Rome), on the Company's website in the "Governance" section at the address www.garofalohealthcare.com as well as on the authorized storage mechanism Market Storage (www.marketstorage.it).

CONFERENCE CALL TO COMMENT ON THE ACQUISITION

The Company announces that today July 28, 2023, at 11:30 AM (CET) a conference call shall be held for investors and analysts to comment on the announced acquisition.

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).

The details to access the conference call are as follow:

Dial In:

Italy: +39 02 802 09 11

UK: +44 1 212818004

USA: +1 718 7058796

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GHC was supported for the legal aspects by the LCA Studio Legale and for the tax and financial aspects by Studio Signori.

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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 33 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 "Social Services and Dependency Care Sector").

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FOR FURTHER DETAILS:

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