

INTERIM REPORT ON OPERATIONS AT 31 MARCH 2021



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INFORMATION ABOUT THE COMPANY AND INFORMATION FOR SHAREHOLDERS

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LEGAL INFORMATION

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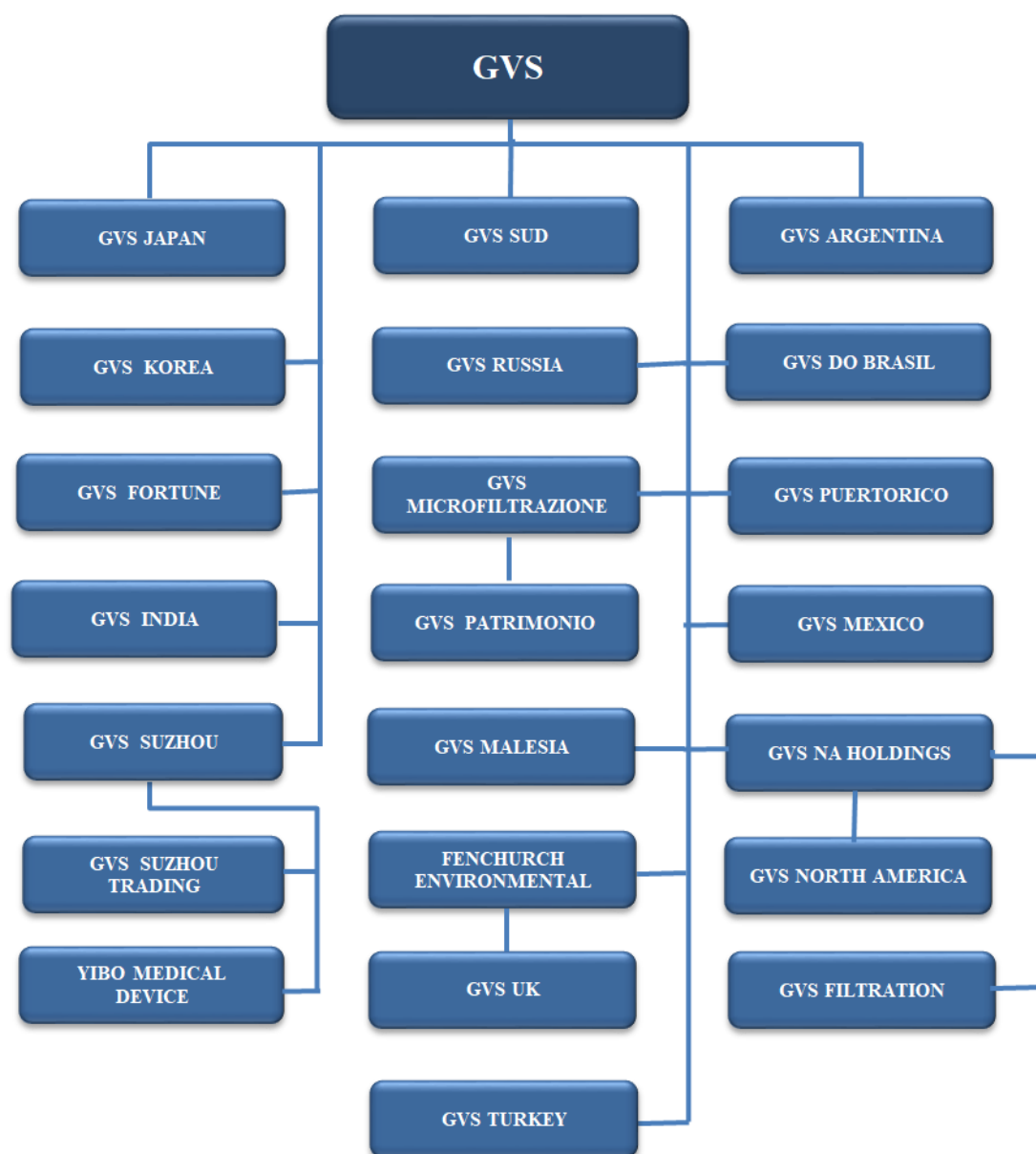
REA of Bologna 0305386

Register of Companies of Bologna 45539

INVESTOR RELATIONS

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GROUP STRUCTURE*



* For information on the company name, registered office, the currency in which the Company operates, share capital of the GVS Group companies and the stake held by GVS SpA, please see the Explanatory Notes.

CORPORATE BODIES

Board of Directors

Chair	Grazia Valentini (2)
Chief Executive Officer	Massimo Scagliarini
Executive Directors	Marco Scagliarini
	Mario Saccone
	Matteo Viola
Independent Directors	Nadia Buttignol (1)
	Arabella Caporello (1)
	Alessandro Nasi (2)
	Michela Schizzi (1) (2)

Board of Statutory Auditors

Chair	Patrizia Lucia Maria Riva
Standing auditors	Francesca Sandrolini
	Stefania Grazia
Substitute auditors	Daniela Baesi
	Mario Difino

Manager responsible for the preparation of the Company's accounting documents

Emanuele Stanco

Independent auditors

PricewaterhouseCoopers SpA

- (1) Member of the Control, Risk and Sustainability Committee
(2) Member of the Nominations and Remuneration Committee

DIRECTORS' REPORT ON OPERATIONS

Foreword

The Interim Report on Operations of GVS SpA (hereinafter “GVS”, the “Company”, or the “Parent Company” and together with its subsidiaries the “GVS Group” or the “Group”) is presented together with the interim consolidated financial statements at 31 March 2021.

The Interim Report on Operations is intended to provide information on the situation of the GVS Group and on operations as a whole and in the various sectors in which it operates, including through subsidiaries.

The tables below have been prepared on the basis of the consolidated financial statements at 31 March 2021, to which reference should be made. The latter were prepared in accordance with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and approved by the European Union, as well as with measures issued in implementation of Article 9 of Legislative Decree no. 38/2005.

Group performance and analysis of the results for the period ending on 31 March 2021

The GVS Group is one of the world's leading suppliers of filter solutions for applications in the following industries: Healthcare & Life Sciences, Energy & Mobility and Health & Safety.

The table below breaks down revenues from contracts with customers by division in the periods ending on 31 March 2020 and 2021.

<i>(in thousands of Euro)</i>	Quarter ended 31 March	
	2021	2020
<i>Healthcare Liquid</i>	24,143	16,158
<i>Healthcare Air & Gas</i>	12,332	6,507
<i>Laboratory</i>	8,396	5,486
Healthcare & Life Sciences	44,871	28,151
<i>Powertrain & Drivetrain</i>	7,996	8,482
<i>Safety & Electronics</i>	5,774	6,392
<i>Sport & Utility</i>	5,904	5,466
Energy & Mobility	19,674	20,340
<i>Personal Safety</i>	36,892	10,022
<i>Air Safety</i>	1,589	1,730
Health & Safety	38,481	11,752
Revenue from customer contracts	103,026	60,243

In the first three months of the year, GVS achieved consolidated revenues of Euro 103 million, up 71% from Euro 60.2 million in the same period of 2020, which was the last whole quarter unaffected by the COVID-19 pandemic.

The sharp increase in sales is attributable to the growth of the Healthcare & Life Sciences division, due not only to the continued growth of the “Healthcare Air & Gas” business, but also to the resumption of a sustained growth trend in the “Laboratory” business and the “Healthcare Liquid” business which, in addition to absorbing the effects of the acquisitions realised in 2020, recorded a recovery in the businesses that had suffered most from contractions linked to the effects of the pandemic.

The Health & Safety division also continued the significant sales trend linked to the growth of the “Personal Safety” business in Q1 2021, while the Energy & Mobility division is substantially in line with the values of the first quarter of 2020, a period that is already growing compared to the historical trend, thus continuing the return to a level of orders prior to the pandemic.

Financial statements for the period closing at 31 March 2021 are shown below in comparison with those of the same period of the previous year, reclassified on the basis of current practice in financial analysis.

Analysis of reclassified financial position

<i>(in thousands of Euro)</i>	Period ended 31 March							
	2021	of which non-recurring	2021 from ordinary operations	%	2020	of which non-recurring	2020 from ordinary operations	%
Revenues from sales and services	103,026		103,026	100.0%	60,243		60,243	100.0%
Other revenues and proceeds	2,438	2,119	319	0.3%	317		317	0.5%
Total revenues	105,463	2,119	103,344	100.3%	60,560	-	60,560	100.5%
Cost of raw materials purchases and variations in inventories	(23,626)		(23,626)	-22.9%	(16,782)		(16,782)	-27.9%
Services	(9,264)	(991)	(8,273)	-8.0%	(6,956)	(1,280)	(5,676)	-9.4%
Various operating costs	(1,822)	(921)	(901)	-0.9%	(634)		(634)	-1.1%
Added value	70,752	207	70,545	68.5%	36,188	(1,280)	37,468	62.2%
Cost of labour	(27,609)		(27,609)	-26.8%	(18,693)	(176)	(18,517)	-30.7%
EBITDA	43,143	207	42,936	41.7%	17,495	(1,456)	18,951	31.5%
Amortisation and depreciation	(5,021)	(940)	(4,081)	-4.0%	(4,357)	(990)	(3,367)	-5.6%
Provisions and writedowns	(56)		(56)	-0.1%	(62)		(62)	-0.1%
EBIT	38,066	(733)	38,799	37.7%	13,076	(2,446)	15,522	25.8%
Financial proceeds and charges	3,410		3,410	3.3%	(1,553)	-	(1,553)	-2.6%
Pre-tax result	41,476	(733)	42,209	41.0%	11,523	(2,446)	13,969	23.2%
Income tax	(10,081)	78	(10,159)	-9.9%	(2,845)	500	(3,345)	-5.6%
Group's and minority shareholders' net profit or loss	31,395	(655)	32,050	31.1%	8,678	(1,946)	10,624	17.6%

The consolidated economic results of operations of the period closing at 31 March 2021 were as follows: total revenues from ordinary operations amounted to Euro 103.3 million (Euro 60.6 million in 2020); EBITDA from ordinary operations amounted to Euro 42.9 million (Euro 18.9 million in 2020); EBIT from ordinary operations came to Euro 38.8 million (Euro 15.5 million in 2020).

The trend in revenues from contracts with customers (+71% over 2020) is the result of sales trends in individual customer categories, as stated in the analysis above.

The percentage incidence of the first margin (total revenues, less purchase costs of goods plus change in inventories) on revenues from sales and services improved by 4.9 percentage points compared to last year. Such an increase is essentially due to procurement strategies implemented in the last three years and the varied mix of sales with respect to 2020. Other revenues and income from ordinary operations mainly relate to cost recoveries and recharges. The balance from ordinary operations of this item remained in line with last year.

The "Value added" margin as a percentage of revenues from sales and services improved in 2021 (+6.3 percentage points), compared to the same period last year, thanks to the cost containment policies implemented in the last three years combined with a different sales mix compared to 2020. As mentioned above, the reduction in variable costs was significant and service costs also grew less than proportionally with respect to sales, whose percentage of revenues from sales and services dropped from 9.4% in the period ended at 31 March 2020, to 8% in the same period of 2021.

The increase in absolute value of personnel costs in the period ended 31 March 2021 compared to the same period of the previous year is due to the strengthening of the Group's structure, even through fixed-term and temporary employment contracts, although the latter have dropped from the last quarter of the previous year, due to the effects of automation of production lines. The percentage impact of personnel costs on revenues from sales and services dropped over the previous year, however, from 30.7% in 2020 to 26.8% in 2021.

The increase in absolute value of the item amortisation, depreciation and write-downs for the period ended 31 March 2021 compared with the same period of the previous financial year is mainly due to the acceleration of the investment plans implemented by the Group during 2020 to meet the increase in production capacity which was necessary.

Net financial charges (net of net exchange losses of €3,907 thousand recorded in the period ended 31 March 2021 and net losses on exchanges of €503 thousand recorded in 2020) decreased in the period. They decreased from €1,050 thousand in 2020 to €497 thousand in 2021, mainly as a result of the reduction in interest on loans following the early repayment of many of them in the second half of 2020.

The pre-tax result of recurrent activities reached Euro 42.2 million in 2021, Euro 28.2 million higher than the 2020 figure of Euro 14 million, due to the effect of the factors described above.

Non-recurrent proceeds and charges in the period ending on 31 March 2021 represent: (i) the capital gain realised following the sale of the Suzhou production site to the Chinese government (€1,908 thousand); (ii) contributions obtained from the Chinese government for the relocation of the same production site (€211 thousand); (iii) one-off CONSOB supervisory costs paid in relation to the IPO procedure (€991 thousand); (iv) costs allocated to the above-mentioned fund for the relocation of the Chinese production site (€921 thousand) and (v) amortisation of intangible and tangible assets recorded following the purchase price allocation of the Kuss group and Haemonetics Puerto Rico LLC (€940 thousand), net of the related tax effect.

Non-recurrent proceeds and charges in the period ending on 31 March 2020 represent: (i) personnel reorganisation costs (€176 thousand); (ii) one-off consulting fees paid in connection with the IPO procedure (€1,280 thousand) and (iii) amortisation of intangible assets recognised following the purchase price allocation of the Kuss group (€990 thousand), net of the related tax effect.

Analysis of reclassified equity position

<i>(in thousands of Euro)</i>	At 31 March 2021	At 31 December 2020
Net intangible assets	94,968	90,979
Net usage rights	8,397	8,438
Net tangible assets	69,577	68,925
Financial fixed assets	1,014	967
Other fixed assets	3,454	4,568
Fixed capital (A)	177,410	173,877
Net trade receivables	69,202	52,084
Inventories	51,276	46,048
Payables to suppliers	(28,388)	(25,585)
Net commercial working capital (B)	92,090	72,548
Other current assets	12,572	10,253
Other current liabilities	(48,708)	(36,933)
Total current assets/liabilities (C)	(36,137)	(26,680)
Net working capital (D)= (B) + (C)	55,953	45,867
Other non-current liabilities (E)	(3,056)	(3,167)
Employee termination indemnity and end of service indemnity (F)	(4,507)	(4,499)
Provisions for risks and charges (G)	(1,940)	(1,000)
Net invested capital (H) = (A+D+E+F+G)	223,860	211,078
Shareholders' equity	(278,624)	(242,698)
Consolidated shareholders' equity (I)	(278,624)	(242,698)
(Short-term financial indebtedness)/Liquidity	125,186	106,925
(Net medium/long term financial indebtedness)	(70,423)	(75,306)
Net financial indebtedness (L)	54,763	31,619
Own funds and net financial indebtedness (M) = (I+L)	(223,860)	(211,078)

Fixed capital as of 31 March 2021 showed an increase of Euro 3,533 thousand, as the reduction in other fixed assets and usage rights totalling Euro 1,108 thousand, has been offset by a net increase in tangible and intangible fixed assets of Euro 4,641 thousand.

The balance of trade net working capital at 31 March 2021 showed an increase of Euro 19,542 thousand, compared to 31 December 2020, with an increase in inventories and net trade receivables for a total amount of Euro 22,346 thousand against an increase in trade payables of Euro 2,804 thousand.

The increase in other current assets at 31 March 2021, amounting to €2,319 thousand, was mainly due to the increase in advances to suppliers, prepaid expenses and the receivable for €638 thousand, still to be collected from the Chinese government, for the sale of the factory.

The increase in other current liabilities at 31 March 2021 compared to 31 December 2020, amounting to €11,775 thousand, was mainly due to the increase in current tax payables for €6,636 thousand, the increase in indirect tax payables for €3,839 thousand and the increase in payables to the personnel for €1,008 thousand.

Shareholders' equity at 31 March 2021 increased mainly as a result of the comprehensive income for the period.

The reader is referred to the next section for information on changes in net financial indebtedness.

Analysis of net financial indebtedness and net financial position

Trends in net financial indebtedness and net financial position are analysed below.

<i>(in thousands of Euro)</i>	At 31 March 2021	At 31 December 2020
Cash	38	29
Cash on hand	143,323	125,039
Term deposits	374	358
Shares held for trading	4,197	4,517
(A) Liquidity	147,932	129,942
Financial receivables due to leasing	115	151
(B) Current financial receivables	115	151
(C) Current bank debts	-	-
(D) Current portion of non-current indebtedness	(18,820)	(19,106)
Financial payables to other companies in the GVS Group due to leasing	(972)	(965)
Financial payables for leasing	(2,502)	(2,530)
Other financial payables	(567)	(567)
(E) Other current financial payables	(4,041)	(4,063)
(F) Current financial indebtedness (C)+(D)+(E)	(22,861)	(23,168)
(G) Net current financial indebtedness (A)+(B)+(F)	125,186	106,925
Non-current bank debts	(28,988)	(33,649)
Non-current bonded loans	(36,079)	(36,079)
Financial payables to other companies in the GVS Group due to leasing	(1,764)	(2,146)
Non-current financial payables for leasing	(3,539)	(3,325)
Non-current derivative instruments	(53)	(107)
(H) Non-current financial indebtedness	(70,423)	(75,306)
(I) Net financial indebtedness (G)+(H)	54,763	31,619
Non-current derivative instruments	-	-
Financial payables for leasing (net)	8,661	8,815
(L) Total net financial position	63,424	40,435

The change in net financial indebtedness at 31 March 2021 as compared to 31 December 2020, totalling Euro 23,144 thousand, is primarily due to the combined effect of: (i) an increase in liquidity and current financial receivables totalling Euro 17,954 thousand, due to liquidity generated by operations, (ii) a Euro 5,190 thousand reduction in current and non-current financial indebtedness, primarily due to repayment of long-term financial payables.

The Group's net financial position (excluding net current and non-current leasing liabilities, measured in accordance with the provisions of IFRS 16 and equal to a total of Euro 8,661 thousand at 31 March 2021 and Euro 8,815 thousand at 31 March 2020 respectively), amounted to positive Euro 63,424 thousand and Euro 40,435 thousand as of these dates.

Cash flow statement

The cash flow statement appears below.

<i>(in thousands of Euro)</i>	Quarter ended 31 March	
	2021	2020
Pre-tax result	41,476	11,523
- <i>Adjustment for:</i>		
Amortisation, depreciation and writedowns	5,021	4,357
Capital losses / (capital gains) from sale of assets	(1,919)	(35)
Financial charges / (proceeds)	(3,410)	1,553
Other non-monetary variations	1,866	107
Cash flow generated / (absorbed) by operations before variations in net working capital	43,034	17,505
Variation in inventories	(3,343)	(1,907)
Variation in trade receivables	(16,817)	(6,641)
Variation in trade payables	1,290	5,402
Variation in other assets and liabilities	3,097	244
Use of provisions for risks and charges and for employee benefits	(253)	(6)
Taxes paid	(2,790)	(1,254)
Net cash flow generated / (absorbed) by operations	24,218	13,343
Investments in tangible assets	(4,277)	(2,382)
Investments in intangible assets	(1,343)	(681)
Disposal of tangible assets	3,955	42
Investment in financial assets	16	(750)
Disinvestment in financial assets	-	63
Payment for purchase of business unit net of cash on hand acquired	-	(3,608)
Net cash flow generated / (absorbed) by investment	(1,648)	(7,316)
Repayment of long-term financial payables	(5,270)	(13,268)
Variations in current financial payables	-	388
Repayment of leasing liabilities	(1,062)	(724)
Financial charges paid	(1,415)	(2,295)
Financial proceeds collected	27	52
Dividends paid	-	(1,681)
Net cash flow generated/(absorbed) by financial assets	(7,719)	(17,528)
Total variation in cash on hand	14,851	(11,501)
-		
Cash on hand at the start of the year	125,068	58,542
Total variation in cash on hand	14,851	(11,501)
Conversion differences on cash on hand	3,442	124
Cash on hand at the end of the year	143,361	47,165

During the period ending on 31 March 2021, operations generated Euro 25,528 thousand more liquidity than in the same period of the previous year, primarily as a result of increased EBITDA; to the contrary, cash flows generated by working capital were Euro 14,653 thousand lower.

On the other hand, in 2021, net investment activity (ordinary and extraordinary acquisition operations) absorbed an overall decrease in liquidity of €5,668 thousand compared to the same period in 2020, determining a cash flow generation before cash flows generated/absorbed by financial assets amounting to €22,570 thousand, €16,543 thousand higher than the period ended 31 March 2020.

The cash flow absorbed by financial assets mainly decreased as a result of the net decrease in payments of interest and principal of loans, determining an overall net cash flow from operating and investing activities mentioned above, a net increase in cash on hand of €14,851 thousand, €26,352 thousand higher than the same period ended 31 March 2020.

Indicators

The Group's principal economic and financial indicators and other indicators at 31 March 2020 and 31 March 2021 are listed below.

<i>(numerical data in thousands of Euros)</i>	Period ended 31 March	
	2021	2020
ROE (net profit/total net shareholders' equity)	11%	9%
ROI (EBIT from ordinary operations/net invested capital)	17%	8%
ROS (EBIT from ordinary operations/total revenues)	38%	26%
EBITDA	43,143	17,495
EBITDA from ordinary operations	42,936	18,951
Net interest expense (excluding gains/losses on exchanges)	(497)	(1,049)
Net Financial Debt	54,763	(101,189)
Net financial position	63,424	(90,372)
Total intangible fixed assets/Total fixed assets	54%	63%
Total intangible fixed assets/Total assets	21%	34%
Acid test (short-term assets/short-term liabilities)	1.1	1.4
Net interest payable/net financial indebtedness	-1%	1%
Indebtedness ratio (net financial indebtedness/shareholders' equity)	(0.20)	0.99
Net financial position/shareholders' equity	(0.23)	0.89
EBITDA/Interest	86.87	16.67
EBITDA from ordinary operations/Interest	86.45	18.06
Net financial position/EBITDA	(1.47)	5.17
Net financial position/EBITDA from ordinary operations	(1.48)	4.77
Net financial debt / EBITDA	(1.27)	5.78
Net financial indebtedness/EBITDA from ordinary operations	(1.28)	5.34

Investments

The Group's investment policy aims to achieve diversification in terms of product range and creation of new technological solutions for integration into the range of products it offers for sale. The development of new products is important for the Group, in order to continuously increase the satisfaction of its customers. Moreover, in the period under examination here, the Group has invested in improvement of the efficiency of production through reinforcement and boosting of automation processes and adaptation of its productive capacity to ensure immediate flexibility in response to a possible increase in activity and adaptability to emerging trends.

Investments for the first three months of the year were mainly attributable to the expansion of production capacity to meet the increase in sales orders of products of the Healthcare Liquid and Healthcare Air & Gas segments.

Furthermore, it should be noted that, particularly with reference to the period ended 31 March 2021, significant investments were made in Italy, at the Findlay factory in the U.S.A., in Romania, in Mexico and in Puerto Rico.

Research and development

With research and development centres all over the world, GVS offers an extremely efficient service tailored to respond to its customers' requests: from product conception and design to validation and mass production.

The Group's R&D work aims to introduce new products and implement new production processes. These activities are divided into a number of different phases, from conception and start of the process of designing and new product process to large-scale industrial production. The main indicators for the period under review compared with the same period of the previous year are shown below.

<i>(in thousands of Euro)</i>	Period ended 31 March	
	2021	2020
Research and development costs	4,829	4,255
Research and development costs/revenues from contracts with customers	4.7%	7.1%

Significant events occurring during the period

In the month of January 2021, the subsidiary GVS Technology (Suzhou) Co. Ltd. transferred ownership of its production site in Suzhou to the Chinese Public Authority and at the same time recorded an extraordinary capital gain of approximately Euro 1,908 thousand. At the same time, if on the one hand contributions obtained from the Chinese government for the relocation of the same production site for €211 thousand were recorded on the consolidated income statement, on the other hand a provision for risks for the relocation of the same factory was recorded for €921 thousand. According to the agreements reached, the company will continue to operate there, free of charge, until relocation to a new production site is completed. The timings of the investment in the new production site and the relocation of production and warehousing will be agreed between the parties at a later stage, in order to avoid disruption of the manufacture and marketing of products.

The period closing at 31 March 2021 was another one highly influenced by the COVID-19 pandemic (commonly known as Coronavirus). Like in the previous fiscal year, the Group continued to implement organisational measures and procedures to ensure the continuation of production and management activities, so as to guarantee respect for commitments made to customers, while fully respecting the health of its employees and collaborators.

Events subsequent to the close of the period

No significant events occurred after the end of the period.

Business outlook

For the rest of 2021, the GVS Group will continue to strive for an organic consolidation of the results achieved to date, thanks to a rebalancing of the product portfolio mix that will enable it to consolidate the extraordinary growth occurring in 2020 and in the first quarter of 2021, keeping its focus high for timeliness in responding to market and client demands with an increasing sensitivity to active management of ESG issues. Downstream the positive closing of the first quarter of 2021 and based on the amount of revenues from contracts with existing customers and the order backlog acquired to date, GVS confirms year-end closing expectations, without considering the contribution of any new acquisitions, on a turnover level ranging between 345 - 370 million. The EBITDA margin achieved in the first quarter of 2021 is expected to move towards normalisation in the next quarters, with the overall result expected to be in the range of 32% to 35%. GVS also confirms its commitment to constant market monitoring in order to find and take advantage of M&A opportunities in order to contribute to a new acceleration in the Group's growth trends. The above forecasts are related to orders already in the portfolio and contracts of the Healthcare & Life Sciences and Health & Safety divisions being negotiated, in a scenario of progressive normalization of the effects of the pandemic and the positive impact of the vaccination policies of different countries, while the orders forecasts for the whole of 2021 related to customers in the Energy & Mobility sector are estimated to gradually recover with respect to pre-pandemic levels. As a result, the expected level of revenues is supported by all the divisions of the Healthcare & Life Sciences, Health & Safety and Energy & Mobility Group. Due to the randomness connected to the occurrence of any future event, it cannot be excluded that there may be deviations, even significant ones, from final values and the values mentioned above.

Zola Predosa, 10 May 2021

For the Board of Directors

Massimo Scagliarini

Chief Executive Officer

FINANCIAL STATEMENTS AT 31 March 2021

Consolidated statement of assets and liabilities*

<i>(in thousands of Euro)</i>	At 31 March 2021	At 31 December 2020
ASSETS		
Non-current assets		
Intangible assets	94,968	90,979
Assets represented by usage rights	8,397	8,438
Tangible assets	69,577	68,925
Advance tax assets	3,454	4,568
Non-current financial assets	1,014	968
Total non-current assets	177,410	173,878
Current assets		
Inventories	51,276	46,048
Trade receivables	69,202	52,084
Assets from contracts with customers	2,281	1,753
Current tax receivables	300	202
Other receivables and current assets	9,991	8,299
Current financial assets	4,686	5,026
Cash on hand	143,361	125,068
Total current assets	281,097	238,480
TOTAL ASSETS	458,507	412,358
SHAREHOLDERS' EQUITY AND LIABILITIES		
Share capital	1,750	1,750
Reserves	245,449	162,854
Net income	31,394	78,063
Group net shareholders' equity	278,593	242,667
Minority interests	30	30
Total shareholders' equity	278,623	242,697
Non-current liabilities		
Non-current financial liabilities	65,067	69,728
Non-current leasing liabilities	5,303	5,471
Deferred tax liabilities	3,056	3,167
Provisions for employee benefits	4,507	4,499
Provisions for risks and charges	1,940	1,000
Non-current derivative financial instruments	53	107
Total non-current liabilities	79,926	83,972
Current liabilities		
Current financial liabilities	19,387	19,673
Current leasing liabilities	3,474	3,495
Trade payables	28,388	25,585
Liabilities from contracts with customers	5,115	4,894
Current tax payables	21,121	14,485
Other current payables and liabilities	22,473	17,557
Total current liabilities	99,958	85,689
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	458,507	412,358

(*) Pursuant to the CONSOB Resolution No. 15519 of 27 July 2016, the effects of transactions with related parties on consolidated statement of assets and liabilities are highlighted in the attached tables.

Consolidated income statement*

<i>(in thousands of Euro)</i>	Quarter ended 31 March	
	2021	2020
Revenue from customer contracts	103,026	60,243
Other revenues and proceeds	2,438	317
Total revenues	105,463	60,560
Purchases and consumption of raw materials, semi-products and finished products	(23,626)	(16,782)
Personnel costs	(27,609)	(18,693)
Service costs	(9,264)	(6,956)
Other operating costs	(1,822)	(634)
EBITDA	43,143	17,495
Net writedowns of financial assets	(56)	(62)
Amortisation, depreciation and writedowns	(5,021)	(4,357)
EBIT	38,066	13,076
Financial proceeds	3,934	52
Financial charges	(524)	(1,605)
Pre-tax result	41,476	11,523
Income tax	(10,081)	(2,845)
Net income	31,395	8,678
<i>Group's share</i>	31,394	8,676
<i>Minority share</i>	1	2
<i>Basic net profit per share</i>	0.18	0.26
<i>Diluted net profit per share</i>	0.18	0.26

(*) Pursuant to the CONSOB Resolution no. 15519 of 27 July 2016, the effects of transactions with related parties on consolidated income statement are highlighted in the attached tables.

Comprehensive consolidated income statement

<i>(in thousands of Euro)</i>	Quarter ended 31 March	
	2021	2020
Net income	31,395	8,678
Other components of the comprehensive income statement which will be reclassified in the income statement in subsequent years		
Difference due to conversion of financial statements in foreign currency	3,935	(1,003)
	3,935	(1,003)
Other components of the comprehensive income statement which will not be reclassified in the income statement in subsequent years		
Actuarial profit (loss) due to employee defined benefit plans		
Effect of taxation		
	-	-
Total other components in the comprehensive income statement	3,935	(1,003)
Comprehensive net profit	35,330	7,675
<i>Group's share</i>	<i>35,330</i>	<i>7,674</i>
<i>Minority share</i>	<i>-</i>	<i>1</i>

Prospectus of changes in consolidated shareholders' equity

(in thousands of Euro)	Reserves								Net income	Group net shareholders' equity	Minority interests	Total shareholders' equity
	Share capital	Share premium reserve	Legal reserve	Extraordinary reserve	Translation reserve	Negative reserve for treasury shares	Actuarial profits and losses reserve	Profit (loss) carried over and other reserves				
At 31 December 2019	1,650	13,247	329	25,745	(3,040)	(10,981)	(51)	34,240	33,083	94,222	18	94,240
Net income	-	-	-	-	-	-	-	-	8,676	8,676	2	8,678
Total other components in the comprehensive income statement	-	-	-	-	(1,002)	-	-	-	-	(1,002)	(1)	(1,003)
<i>Comprehensive net profit</i>	-	-	-	-	(1,002)	-	-	-	8,676	7,674	1	7,675
Allocation of net profit from previous year	-	-	-	15,114	-	-	-	17,969	(33,083)	-	-	-
Cancellation of treasury shares	-	-	-	(10,981)	-	10,981	-	-	-	-	-	-
At 31 March 2020	1,650	13,247	329	29,878	(4,042)	-	(51)	52,209	8,676	101,896	19	101,915

(in thousands of Euro)	Reserves								Net income	Group net shareholders' equity	Minority interests	Total shareholders' equity
	Share capital	Share premium reserve	Legal reserve	Extraordinary reserve	Translation reserve	Negative reserve for treasury shares	Actuarial profits and losses reserve	Profit (loss) carried over and other reserves				
At 31 December 2020	1,750	92,770	329	30,485	(11,636)	-	(187)	51,093	78,063	242,667	30	242,697
Net income	-	-	-	-	-	-	-	-	31,394	31,394	1	31,395
Total other components in the comprehensive income statement	-	-	-	-	3,936	-	-	-	-	3,936	(1)	3,935
<i>Comprehensive net profit</i>	-	-	-	-	3,936	-	-	-	31,394	35,330	-	35,330
Allocation of net profit from previous year	-	-	-	-	-	-	-	78,063	(78,063)	-	-	-
Increase of reserves for long-term incentives	-	-	-	-	-	-	-	648	-	648	-	648
Adjustment of cash flow hedge reserves	-	-	-	-	-	-	-	(52)	-	(52)	-	(52)
At 31 March 2021	1,750	92,770	329	30,485	(7,700)	-	(187)	129,752	31,394	278,593	30	278,623

Consolidated statement of cash flows*

<i>(in thousands of Euro)</i>	Quarter ended 31 March	
	2021	2020
Pre-tax result	41,476	11,523
- Adjustment for:		
Amortisation, depreciation and writedowns	5,021	4,357
Capital losses / (capital gains) from sale of assets	(1,919)	(35)
Financial charges / (proceeds)	(3,410)	1,553
Other non-monetary variations	1,865	107
Cash flow generated / (absorbed) by operations before variations in net working capital	43,033	17,505
Variation in inventories	(3,343)	(1,907)
Variation in trade receivables	(16,817)	(6,641)
Variation in trade payables	1,290	5,402
Variation in other assets and liabilities	3,098	244
Use of provisions for risks and charges and for employee benefits	(253)	(6)
Taxes paid	(2,790)	(1,254)
Net cash flow generated / (absorbed) by operations	24,218	13,343
Investments in tangible assets	(4,277)	(2,382)
Investments in intangible assets	(1,343)	(681)
Disposal of tangible assets	3,955	42
Investment in financial assets	16	(750)
Disinvestment in financial assets	-	63
Payment for purchase of business unit net of cash on hand acquired	-	(3,608)
Net cash flow generated / (absorbed) by investment	(1,648)	(7,316)
Repayment of long-term financial payables	(5,270)	(13,268)
Variations in current financial payables	-	388
Repayment of leasing liabilities	(1,062)	(724)
Financial charges paid	(1,415)	(2,295)
Financial proceeds collected	27	52
Dividends paid	-	(1,681)
Net cash flow generated/(absorbed) by financial assets	(7,719)	(17,528)
Total variation in cash on hand	14,851	(11,501)
-		
Cash on hand at the start of the year	125,068	58,542
Total variation in cash on hand	14,851	(11,501)
Conversion differences on cash on hand	3,442	124
Cash on hand at the end of the year	143,361	47,165

(*) Pursuant to the CONSOB Resolution no. 15519 of 27 July 2016, the effects of transactions with related parties on consolidated cash flows are highlighted in the attached tables.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2021

1. General information

1.1 Foreword

GVS S.p.A. (hereinafter referred to as “**GVS**”, the “**Company**” or the “**Parent Company**” and, with its subsidiaries, as the “**GVS Group**” or simply the “**Group**”) is a company established and domiciled in Italy, with registered offices in Zola Predosa (BO), Via Roma 50, organised according to the law of the Republic of Italy.

GVS is owned by the company GVS Group S.p.A. (hereinafter the “**GVS Group**”), which directly holds 60% of the share capital. There is no other entity exercising direction and coordination of the Company.

The GVS Group is a leading supplier of advanced filtering solutions for highly critical applications and offers advanced filtering solutions for a multitude of applications in a number of highly regulated sectors, organised into the following business divisions: Healthcare & Life Sciences, Energy & Mobility and Health & Safety.

2. Structure and content of the consolidated financial statements

2.1 Basic method of preparation

The Interim Report on Operations at 31 March 2021 was prepared in accordance with the valuation and measurement criteria established by the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Commission in accordance with the procedure set out in Art. 6 of Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002, while reference was made to Art. 154-ter of Legislative Decree No. 58 of 24 February 1998 for the purpose of this report.

The accounting standards adopted for this interim report are the same as those used to prepare the annual consolidated financial statements closing at 31 December 2020, to which reference should be made for further details, with the exception of the following:

- accounting standards, or amendments to existing accounting standards, effective from 01 January 2021 (see note 3 for more details), and
- income taxes, recognised on the basis of the best estimate of the weighted average tax rate expected for the entire year, in line with the provisions of IAS 34.

For comparison purposes, the consolidated financial statements at 31 March 2021 show, for the income statement the figures related to the first three months of 2020, while for the balance sheet the balances for the year ended 31 December 2020.

The Group chose to represent its statement of profit and loss according to the nature of the expense, while the assets and liabilities in the statement of financial position are divided into current and non-current. The statement of cash flows is prepared by the indirect method. The schemes employed are those that best represent the Group’s economic and financial standing.

The currency in which the Company operates and uses for presentations is the Euro.

The statements and tables contained in this periodic report are shown in thousands of Euros.

The Interim Report on Operations is not subject to audit.

With reference to the prospect of business continuity, it should be noted that, in view of the spread of COVID-19 globally during 2020 and 2021, the Group's economic and financial performance in the period ended 31 March 2021 was higher than previously expected. In particular, the trends recorded in the first three months of the 2021 financial year lead us to believe that the Group's performance will be in line with, if not better than, the forecasts made in the business plan. It should also be noted that cash and cash equivalents at 31 March 2021, amounting to Euro 143.4 million, the credit lines currently available and the cash flows that will be generated by operations, are considered more than sufficient to meet the Group's obligations and finance its operations.

With regard to performance in the first three months of 2021, please read the Directors' Report on Operations.

2.2 Consolidation criteria and methods

The interim report on operations includes the statement of financial position and the statement of profit and loss of the Company and its subsidiaries, prepared on the basis of their accounting situations and, where applicable, opportunely corrected to ensure that they conform to EU-IFRS.

The table below lists information on the company name, registered offices, currency of operation, share capital and portion thereof owned directly by the Group for all GVS's subsidiaries.

Name	Registered offices	Cur- rency	Share capital at 31 March 2021	Direct owner	Percentage of control	
					At 31 March 2021	At 31 December 2020
GVS Sud Srl	Italy - Zola Predosa (BO)	EUR	10,000	GVS SpA	100.0%	100.0%
YUYao Yibo Medical Device Co. Ltd	China - Yuyao	CNY	5,420,000	GVS Technology (Suzhou) Co. Ltd.	100.0%	100.0%
GVS Technology (Suzhou) Co. Ltd.	China - Suzhou (RPC)	CNY	25,297,047	GVS SpA	100.0%	100.0%
Suzhou GVS Trading Co. Ltd.	China - Ningbo	CNY	250,000	GVS Technology (Suzhou) Co. Ltd.	100.0%	100.0%
GVS Fortune Holding Ltd	Hong Kong (RPC)	HKD	1	GVS SpA	100.0%	100.0%
GVS North America Inc	USA - Sanford (MA)	USD	n.a.	GVS North America Holdings Inc	100.0%	100.0%
GVS Filtration Inc	USA - Findlay (OH)	USD	10	GVS North America Holdings Inc	100.0%	100.0%
GVS NA Holdings Inc	USA - Sanford (MA)	USD	0.10	GVS SpA	100.0%	100.0%
Fenchurch Environmental Group Ltd	United Kingdom - Morecambe	GBP	1,469	GVS SpA	100.0%	100.0%
GVS Filter Technology UK Ltd	United Kingdom - Morecambe	GBP	27,000	Fenchurch Environmental Group Ltd	100.0%	100.0%
GVS do Brasil Ltda	Brazil - Municipio de Monte Mor, Campinas	BRL	20,755,226	GVS SpA	99.9%	99.9%
GVS Argentina Sa	Argentina - Buenos Aires	ARS	1,510,212	GVS SpA	94.1%	94.1%
GVS Filter Technology de Mexico	Mexico - Nuevo Leon	MXN	50,000	GVS SpA	99.9%	99.9%
GVS Korea Ltd	Korea - Seoul	KRW	100,000,000	GVS SpA	100.0%	100.0%
GVS Microfiltrazione Srl	Romania - Ciorani	RON	1,300	GVS SpA	100.0%	100.0%
GVS Patrimonio Immobiliaire Srl	Romania - Ciorani	RON	300	GVS Microfiltrazione Srl	100.0%	nd
GVS Japan KK	Japan - Tokyo	JPY	1,000,000	GVS SpA	100.0%	100.0%
GVS Russia LLC	Russia - Moscow	RUB	10,000	GVS SpA	100.0%	100.0%
GVS Filtre Teknolojileri	Turkey - Istanbul	TRY	100,000	GVS SpA	100.0%	100.0%
GVS Puerto Rico LLC	Puerto Rico - Fajardo	USD	n.a.	GVS SpA	100.0%	100.00%
GVS Filtration SDN. BHD.	Malaysia - Petaling Jaya	MYR	1	GVS SpA	100.0%	100.00%
GVS Filter India Private Limited	India - Mumbai	INR	100,000	GVS SpA	100.0%	nd

In the period ended 31 March 2021, the scope of consolidation did not change compared to last year.

It is also noted that on 25 January 2021, the company GVS Filter India Private Limited was established with registered office in India. As of 31 March 2021, the share capital was fully paid up and the company started operations in March 2021.

The table below lists the exchange rates used for conversion of the financial statements of companies operating in a currency other than the Euro for the periods indicated:

Currency	At 31 March 2021	At 31 December 2020	Quarter ended 31 March	
			2021	2020
Brazilian Real	6.7409	6.3735	6.5990	4.9256
Argentine Peso	107.8145	103.2494	106.6983	67.7364
Chinese Renminbi	7.6812	8.0225	7.8080	7.6997
American Dollar	1.1725	1.2271	1.2048	1.1064
Hong Kong Dollar	9.1153	9.5142	9.3465	8.5745
Japanese Yen	129.9100	126.4900	127.8057	120.0759
Korean Won	1,324.1900	1,336.0000	1,343.2116	1,316.6064
Russian Ruble	88.3175	91.4671	89.6675	73.8205
Turkish Lira	9.7250	9.1131	8.9156	6.7428
Mexican Peso	24.0506	24.4160	24.5272	22.0918
Romanian Ron	4.9223	4.8683	4.8793	4.7974
British Pound	0.8521	0.8990	0.8739	0.8633
Malaysian Ringgit	4.8618	-	4.7163	-
Indian Rupee	85.8130	-	87.8484	-

Consolidation is carried out by using the line-by-line method, which consists of the inclusion of all assets and liabilities in their entirety. Subsidiaries are consolidated from the date on which control is effectively transferred to the Group, and cease to be consolidated on the date on which control is transferred outside the Group. The assets and liabilities, expenses and income of companies consolidated on a line-by-line basis are fully included in the consolidated financial statements. The book value of equity investments is eliminated against the corresponding portion of shareholders' equity of the investee companies by assigning to the individual assets and liabilities their current value at the date of acquisition of control (acquisition method as defined by IFRS 3 "Business Combinations"). Any residual difference, if positive, is recorded at the asset item "Goodwill"; if negative, on the income statement. Reciprocal payables and receivables, costs and revenues between consolidated companies and the effects of all significant transactions between them are eliminated. Minority interests in equity and results for the period are shown separately in the consolidated shareholders' equity and income statement: such an interest is determined on the basis of the percentage they hold in the fair values of assets and liabilities recognised at the original acquisition date and in the changes in equity after that date. Subsequently, profits and losses are attributed to minority shareholders according to the percentage held by them and losses are attributed to minority shareholders even if this implies that minority interests have a negative balance. Changes in the parent company's interest in a subsidiary that do not result in the loss of control are entered in the accounts as equity transactions. If the parent company loses control of a subsidiary, it eliminates the assets (including any goodwill) and liabilities of the subsidiary, eliminates the book values of any non-controlling interest in the former subsidiary, eliminates cumulative exchange differences recognised in equity, recognises the fair value of the consideration received, recognises the fair value of any retained interest in the former subsidiary, recognises any gain or loss in profit or loss, and finally reclassifies the parent company's share of the components previously recognised in comprehensive income to the income statement or loss or retained earnings, as appropriate.

3. Valuation criteria

The valuation criteria used for the preparation of the consolidated financial statements for the period ended 31 March 2021 do not differ from those used for the preparation of the consolidated financial statements for the year ended 31 December 2020, with the exception of the new accounting principles, amendments and interpretations applicable from 1st January 2021, which, however, have not had a significant impact on the Group's current financial position and results.

Accounting standards which are not yet applicable as they have not yet been approved by the European Union

As of the date of approval of this interim report on operations, the competent European Union bodies have not yet concluded the approval process required for adoption of the following accounting standards and amendments:

Accounting standard/amendment	Approved by the EU	Date of efficacy
IFRS 17 Insurance Contracts, including subsequent amendments issued in June 2020	NO	1 January 2023
Definition of Accounting Estimate - Amendments to IAS 8	NO	1 January 2023
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	NO	1 January 2023
Reference to the Conceptual Framework (Amendments to IFRS 3)	NO	1 January 2022
Property, plant and equipment: proceeds before intended use (Amendments to IAS 16)	NO	1 January 2022
Onerous contracts—Cost of fulfilling a contract (Amendments to IAS 37)	NO	1 January 2022
Annual improvements to IFRS Standards (Cycle 2018-2020)	NO	1 January 2022
Classification of Liabilities as Current or Non-current (Amendments to IAS 1), including subsequent amendment issued in July 2020	NO	1 January 2023

Future application of these accounting standards and amendments is not expected to have an impact on the Group's consolidated financial statement.

International accounting standards and/or endorsed interpretations in force since 01 January 2021

In accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", the IFRS in force from 01 January 2021 are indicated below.

Accounting standard/amendment	Description
<i>Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 9</i>	These amendments relate to the change of the effective date inherent to the application of IFRS 9. There are no impacts on the Group's financial statements.
<i>Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (Interest Rate Benchmark Reform)</i>	These changes focus on accounting representation of hedges, with the aim of clarifying the potential effects of uncertainty caused by "Interest Rate Benchmark Reform". These changes also ask companies to supply additional information of use to investors regarding hedging relationships directly affected by this uncertainty. There are no meaningful impacts on the Group's financial statements.

4. Estimates and assumptions

The preparation of this Report requires the Directors to make estimates and assumptions that affect the values of costs, assets and liabilities on the financial statements. If in the future these estimates and assumptions, which are based on management's best valuation, should differ from the actual circumstances, they will be modified appropriately in the period in which the circumstances change. It should also be noted that certain valuation processes, in particular the more complex ones such as the determination of any impairment of fixed assets, are generally carried out in full only at the time of preparation of the annual financial statements, when all the necessary information is available, except in cases where there are impairment indicators that require an immediate assessment of any loss in value.

5. Business combinations

There were no business combinations during the period under review.

6. Explanatory Notes to the main consolidated income statement items

6.1 Revenue from customer contracts

The table below breaks down revenues from contracts with customers by division in the periods ending on 31 March 2020 and 2021.

<i>(in thousands of Euro)</i>	Quarter ended 31 March	
	2021	2020
<i>Healthcare Liquid</i>	24,143	16,158
<i>Healthcare Air & Gas</i>	12,332	6,507
<i>Laboratory</i>	8,396	5,486
Healthcare & Life Sciences	44,871	28,151
<i>Powertrain & Drivetrain</i>	7,996	8,482
<i>Safety & Electronics</i>	5,774	6,392
<i>Sport & Utility</i>	5,904	5,466
Energy & Mobility	19,674	20,340
<i>Personal Safety</i>	36,892	10,022
<i>Air Safety</i>	1,589	1,730
Health & Safety	38,481	11,752
Revenue from customer contracts	103,026	60,243

The increase in revenues in the period ended 31 March 2021 compared to the period of the previous year is mainly due to the increase in turnover achieved in the Health & Safety and Healthcare & Life Sciences divisions.

The table below breaks down revenues from contracts with customers by type of sale in the periods ending on 31 March 2020 and 2021.

<i>(in thousands of Euro)</i>	Quarter ended 31 March	
	2021	2020
Business to business (BTB)	54,403	45,755
Business to consumer (BTC)	48,623	14,488
Revenue from customer contracts	103,026	60,243

The table below breaks down revenues from contracts with customers by geographic area in the periods ending on 31 March 2020 and 2021.

<i>(in thousands of Euro)</i>	Quarter ended 31 March	
	2021	2020
North America	35,410	23,026
Europe	47,718	20,655
Asia	14,551	12,634
Other countries	5,347	3,928
Revenue from customer contracts	103,026	60,243

6.2 Other revenues and proceeds

The table below breaks down other revenues and proceeds for the periods ending on 31 March 2020 and 2021.

<i>(in thousands of Euro)</i>	Quarter ended 31 March	
	2021	2020
Contributions for operating expenses	3	3
Recovery and chargeback	111	46
Recovery of scrap	65	37
Capital gains on sales	1,919	35
Other	340	196
Other revenues and proceeds	2,438	317

The increase in other revenues and income is mainly attributable to the capital gain realised by the subsidiary GVS Technology (Suzhou) Co. Ltd. following the sale to the Chinese government of the property still in use for production and storage. The company will continue to operate there, free of charge, until the relocation to a new production site is completed.

6.3 Purchases and consumption of raw materials, semi-products and finished products

The table below breaks down purchases and consumption of raw materials, semi-products and finished products in the periods ending on 31 March 2020 and 2021.

<i>(in thousands of Euro)</i>	Quarter ended 31 March	
	2021	2020
Purchases of raw materials	27,119	18,744
Variation in inventories of products in progress, semi-products and finished products	(2,017)	(1,099)
Variation in inventories of raw materials, subsidiary materials and goods	(1,476)	(863)
Purchases and consumption of raw materials, semi-products and finished products	23,626	16,782

6.4 Personnel costs

The table below breaks down personnel costs in the periods ending on 31 March 2020 and 2021.

<i>(in thousands of Euro)</i>	Quarter ended 31 March	
	2021	2020
Salaries and wages	21,158	13,943
Social security contributions	6,211	4,360
Cost of termination indemnity	240	214
Other costs	-	176
Personnel costs	27,609	18,693

The increase in personnel costs in the period ended 31 March 2021 compared to the period of the previous financial year is mainly due to the increase in turnover achieved in the Health & Safety and Healthcare & Life Sciences divisions.

6.5 Service costs

The table below breaks down service costs in the periods ending on 31 March 2020 and 2021.

<i>(in thousands of Euro)</i>	Quarter ended 31 March	
	2021	2020
Utilities and cleaning services	1,892	1,347
Maintenance	1,086	669
Transportation	1,305	813
Consulting services	876	1,907
Travel and lodging	113	430
Subcontracting	349	497
Marketing and trade fairs	153	135
Insurance	308	276
Cafeteria	398	203
Commissions	168	146
Directors' fees	942	102
Other services	1,674	431
Service costs	9,264	6,956

Consultancy services, in the period ended 31 March 2020, included, for Euro 1,280 thousand, costs relating to the listing of GVS ordinary shares on the Mercato Telematico Azionario organised and managed by the Italian Stock Exchange. The item other services includes, for €991 thousand, the CONSOB 2021 supervisory fee, relevant to the approval of the prospectus and the listing supplement.

6.6 Other operating costs

The table below breaks down other operating costs in the periods ending on 31 March 2020 and 2021.

<i>(in thousands of Euro)</i>	Quarter ended 31 March	
	2021	2020
Leasing costs	349	191
Indirect taxation	209	236
Membership fees and charity contributions	78	34
Allocation to provision for risks	921	-
Other minor costs	265	173
Other operating costs	1,822	634

Leasing costs include: (i) leasing fees for properties of modest value, for which the Group avails itself of the exemption permitted under IFRS 16, (ii) variable components of a number of leasing fees and (iii) costs connected with use of property under leasing agreements not subject to IFRS 16.

6.7 Amortisation, depreciation and writedowns

The table below breaks down amortisation, depreciation and writedowns in the periods ending on 31 March 2020 and 2021.

<i>(in thousands of Euro)</i>	Quarter ended 31 March	
	2021	2020
Amortisation and writedowns of intangible assets	1,406	1,456
Depreciation and writedowns of tangible assets	2,689	1,993
Amortisation and writedowns of assets represented by usage rights	926	908
Amortisation, depreciation and writedowns	5,021	4,357

6.8 Financial proceeds and charges

The table below breaks down financial proceeds in the periods ending on 31 March 2020 and 2021.

<i>(in thousands of Euro)</i>	Quarter ended 31 March	
	2021	2020
Net profits on exchanges	3,907	-
Other financial proceeds	27	52
Financial proceeds	3,934	52

The table below breaks down financial charges in the periods ending on 31 March 2020 and 2021.

<i>(in thousands of Euro)</i>	Quarter ended 31 March	
	2021	2020
Interest on bonded loans	386	640
Interest on loans	60	317
Net losses on exchanges	-	503
Interest on leasing liabilities	54	78
Amortised cost	19	62
Other financial charges	5	5
Financial charges	524	1,605

Financial income and charges include in the period ended 31 March 2021 net profits on exchanges and in the period ended 31 March 2020 net losses on exchanges mainly related to unrealised gains and losses deriving from the adjustment in Euro of the dollar-denominated bonded loan and the intercompany loan granted in dollars by GVS to the subsidiary GVS NA Holdings Inc.

6.9 Annual income tax

The table below breaks down annual income tax in the periods ending on 31 March 2020 and 2021.

<i>(in thousands of Euro)</i>	Quarter ended 31 March	
	2021	2020
Current taxes	9,424	2,803
Deferred taxes	666	25
Taxes pertaining to previous financial years	(9)	17
Income tax	10,081	2,845

In accordance with the provisions of IAS 34, income taxes are recognised on the basis of management's estimate of the weighted average expected annual effective tax rate for the entire year, equal to 24.3% for the period ended 31 March 2021 (24.7% for the period ended 31 March 2020).

6.10 Net profit per share

The table below reports net profit per share, calculated as the ratio between net profit and the weighted average number of ordinary shares in circulation in the period, excluding treasury shares.

	Quarter ended 31 March	
	2021	2020
Group's share of net profit (in thousands of Euro)	31,394	8,676
Weighted average number of shares in circulation	175,000,000	33,850,290
Profit per share (in Euro)	0.18	0.26

Diluted earnings per share at 31 March 2021 was positive at 0.18 (positive at €0.26 at 31 March 2020) calculated by dividing the result attributable to the shareholders of GVS SpA by the weighted average number of shares in circulation, adjusted to take into account the effects of all potential ordinary shares with dilutive effect. As potential ordinary shares with dilutive effect, those linked to the performance shares plan have been considered.

7. Non-recurring revenues and operating costs

Non-recurrent proceeds and charges in the period ending on 31 March 2021 represent: (i) the capital gain realised following the sale of the Suzhou production site to the Chinese government (€1,908 thousand); (ii) contributions obtained from the Chinese government for the relocation of the same production site (€211 thousand); (iii) one-off CONSOB supervisory costs paid in relation to the IPO procedure (€991 thousand); (iv) costs allocated to the above-mentioned fund for the relocation of the Chinese production site (€921 thousand) and (v) amortisation of intangible and tangible assets recorded following the *purchase price allocation of the Kuss group and Haemonetics Puerto Rico LLC* (€940 thousand), net of the related tax effect.

Non-recurrent proceeds and charges in the period ending on 31 March 2020 represent: (i) personnel reorganisation costs (€176 thousand); (ii) one-off consulting fees paid in connection with the IPO procedure (€1,280 thousand) and (iii) amortisation of intangible assets recognised following the purchase price allocation of the Kuss group (€990 thousand), net of the related tax effect.

8. Additional information

Economic transactions between group companies are carried out at market prices and are eliminated in the consolidation process. Transactions carried out by Group companies with related parties, which according to IAS 24 are companies and persons able to exercise control, joint control or significant influence over the Group and its subsidiaries, are part of the ordinary course of business and are settled at market conditions. With reference to the provisions of Art. 150, 1st paragraph of Legislative Decree no. 58 of 24 February 1998, no transactions potentially in conflict of interest with Group companies were carried out by members of the Board of Directors.

ATTACHED TABLES

Consolidated statement of financial position, with indication of the amounts of positions with related parties.

<i>(in thousands of Euro)</i>	At 31 March 2021	of which with related parties	percentage	At 31 December 2020	of which with related parties	percentage
ASSETS						
Non-current assets						
Intangible assets	94,968			90,979		
Assets represented by usage rights	8,397	2,740	32.6%	8,438	2,953	35.0%
Tangible assets	69,577			68,925		
Advance tax assets	3,454			4,568		
Non-current financial assets	1,014			968		
Total non-current assets	177,410			173,878		
Current assets						
Inventories	51,276			46,048		
Trade receivables	69,202			52,084		
Assets from contracts with customers	2,281			1,753		
Current tax receivables	300			202		
Other receivables and current assets	9,991	94	0.9%	8,299		0.0%
Current financial assets	4,686			5,026		
Cash on hand	143,361			125,068		
Total current assets	281,097			238,480		
TOTAL ASSETS	458,507			412,358		
SHAREHOLDERS' EQUITY AND LIABILITIES						
Share capital	1,750			1,750		
Reserves	245,449			162,854		
Net income	31,394			78,063		
Group net shareholders' equity	278,593			242,667		
Minority interests	30			30		
Total shareholders' equity	278,623			242,697		
Non-current liabilities						
Non-current financial liabilities	65,067			69,728		
Non-current leasing liabilities	5,303	1,764	33.3%	5,471	2,146	39.2%
Deferred tax liabilities	3,056			3,167		
Provisions for employee benefits	4,507	1,629	36.2%	4,499	1,617	35.9%
Provisions for risks and charges	1,940			1,000		
Non-current derivative financial instruments	53			107		
Total non-current liabilities	79,926			83,972		
Current liabilities						
Current financial liabilities	19,387			19,673		
Current leasing liabilities	3,474	972	28.0%	3,495	965	27.6%
Trade payables	28,388	353	1.2%	25,585	(0)	0.0%
Liabilities from contracts with customers	5,115			4,894		
Current tax payables	21,121	7,008	33.2%	14,485	5,041	34.8%
Other current payables and liabilities	22,473	2,112	9.4%	17,557	2,855	16.3%
Total current liabilities	99,958			85,689		
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	458,507			412,358		

Consolidated income statement, with indication of the amounts of positions with related parties.

	Period ended 31 March					
	2021	of which with related parties	percentage	2020	of which with related parties	percentage
<i>(in thousands of Euro)</i>						
Revenue from customer contracts	103,026			60,243		
Other revenues and proceeds	2,438			317		
Total revenues	105,463			60,560		
Purchases and consumption of raw materials, semi-products and finished products	(23,626)			(16,782)		
Personnel costs	(27,609)	(929)	3.4%	(18,693)	(553)	3.0%
Service costs	(9,264)	(942)	10.2%	(6,956)	(102)	1.5%
Other operating costs	(1,822)			(634)		
EBITDA	43,143			17,495		
Net writedowns of financial assets	(56)			(62)		
Amortisation, depreciation and writedowns	(5,021)	(234)	4.7%	(4,357)	(239)	5.5%
EBIT	38,066			13,076		
Financial proceeds	3,934			52		
Financial charges	(524)	(12)	2.3%	(1,605)	(17)	1.1%
Pre-tax result	41,476			11,523		
Income tax	(10,081)			(2,845)		
Net income	31,395			8,678		
<i>Group's share</i>	<i>31,394</i>			<i>8,676</i>		
<i>Minority share</i>	<i>1</i>			<i>2</i>		

Consolidated statement of cash flows, with indication of the amounts of positions with related parties.

(in thousands of Euro)	Period ended 31 March					
	2021	of which with related parties	percentage	2020	of which with related parties	percentage
Pre-tax result	41,476	(2,117)	-5%	11,523	(911)	-8%
- Adjustment for:				-		
Amortisation, depreciation and writedowns	5,021	234	5%	4,357	239	5%
Capital losses / (capital gains) from sale of assets	(1,919)			(35)		
Financial charges / (proceeds)	(3,410)	12	0%	1,553	17	1%
Other non-monetary variations	1,865	12	1%	107	14	13%
Cash flow generated / (absorbed) by operations before variations in net working capital	43,033			17,505		
Variation in inventories	(3,343)			(1,907)		
Variation in trade receivables	(16,817)			(6,641)	-	0%
Variation in trade payables	1,290	353	27%	5,402	-	0%
Variation in other assets and liabilities	3,098	(837)	-27%	244	(37)	-15%
Use of provisions for risks and charges and for employee benefits	(253)			(6)		
Taxes paid	(2,790)	-	0%	(1,254)	-	0%
Net cash flow generated / (absorbed) by operations	24,218			13,343		
Investments in tangible assets	(4,277)			(2,382)		
Investments in intangible assets	(1,343)			(681)		
Disposal of tangible assets	3,955			42		
Investment in financial assets	16			(750)		
Disinvestment in financial assets	-			63		
Payment for purchase of businesses, net of cash on hand acquired	-			(3,608)		
Net cash flow generated / (absorbed) by investment	(1,648)			(7,316)		
Repayment of long-term financial payables	(5,270)			(13,268)		
Variations in current financial payables	-			388		
Repayment of leasing liabilities	(1,062)	(397)	37%	(724)	(101)	14%
Financial charges paid	(1,415)	(12)	1%	(2,295)	(17)	1%
Financial proceeds collected	27			52		
Dividends paid	-	-	0%	(1,681)	(1,681)	100%
Net cash flow generated/(absorbed) by financial assets	(7,719)			(17,528)		
Total variation in cash on hand	14,851			(11,501)		
-						
Cash on hand at the start of the year	125,068			58,542		
Total variation in cash on hand	14,851			(11,501)		
Conversion differences on cash on hand	3,442			124		
Cash on hand at the end of the year	143,361			47,165		

Consolidated income statement, with indication of the amounts deriving from non-recurring transactions.

<i>(in thousands of Euro)</i>	The 3-month period closed on 31st March							
	2021	of which non-recurring	2021 from ordinary operations	percentage	2020	of which non-recurring	2020 from ordinary operations	percentage
Revenue from customer contracts	103,026		103,026		60,243		60,243	
Other revenues and proceeds	2,438	2,119	319	86.9%	317		317	
Total revenues	105,463	2,119	103,344		60,560	-	60,560	
Purchases and consumption of raw materials, semi-products and finished products	(23,626)		(23,626)		(16,782)		(16,782)	
Personnel costs	(27,609)		(27,609)		(18,693)	(176)	(18,517)	0.9%
Service costs	(9,264)	(991)	(8,273)	10.7%	(6,956)	(1,280)	(5,676)	18.4%
Other operating costs	(1,822)	(921)	(901)	50.5%	(634)		(634)	
EBITDA	43,143	207	42,936		17,495	(1,456)	18,951	
Net writedowns of financial assets	(56)		(56)		(62)		(62)	
Amortisation, depreciation and writedowns	(5,021)	(940)	(4,081)	18.7%	(4,357)	(990)	(3,367)	22.7%
EBIT	38,066	(733)	38,799		13,076	(2,446)	15,522	
Financial proceeds	3,934		3,934		52		52	
Financial charges	(524)		(524)		(1,605)		(1,605)	
Pre-tax result	41,476	(733)	42,209		11,523	(2,446)	13,969	
Income tax	(10,081)	78	(10,159)	-0.8%	(2,845)	500	(3,345)	-17.6%
Net income	31,395	(655)	32,050		8,678	(1,946)	10,624	

**DECLARATION OF THE MANAGER RESPONSIBLE FOR THE PREPARATION
OF THE COMPANY'S ACCOUNTING DOCUMENTS PURSUANT TO ARTICLE
154-BIS PARAGRAPH 2 OF LEGISLATIVE DECREE 58/98**

The Manager responsible for the preparation of the Company's financial reports, Mr. Emanuele Stanco, hereby declares, pursuant to paragraph 2 of Article 154 bis of the Consolidated Law on Finance, that the accounting information contained in these Consolidated Interim Financial Statements corresponds to the results of documents, accounting books and entries.

Zola Predosa, 10 May 2021

Emanuele Stanco

(Manager responsible for the preparation
of the company's accounting documents

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