Half-yearly Financial Report at

30 June 2021

Half-yearly Financial Report at 30 June 2021

FILTER TECHNOLOGY

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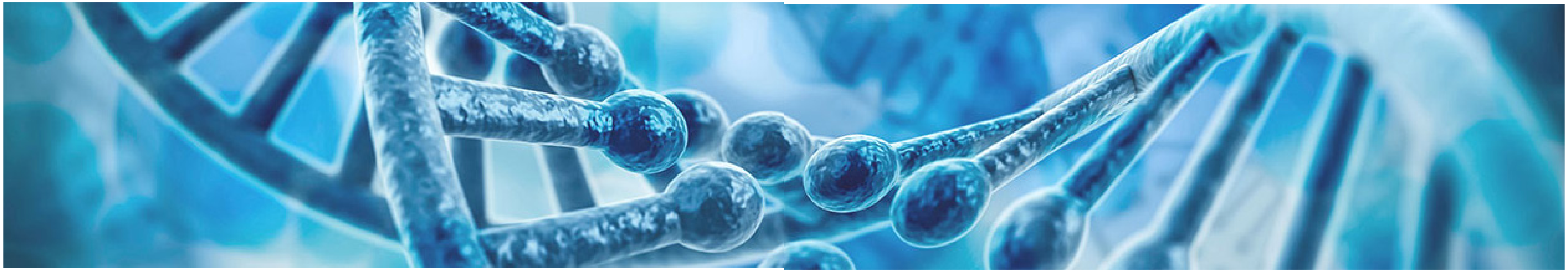

INFORMATION ABOUT THE COMPANY AND INFORMATION FOR SHAREHOLDERS

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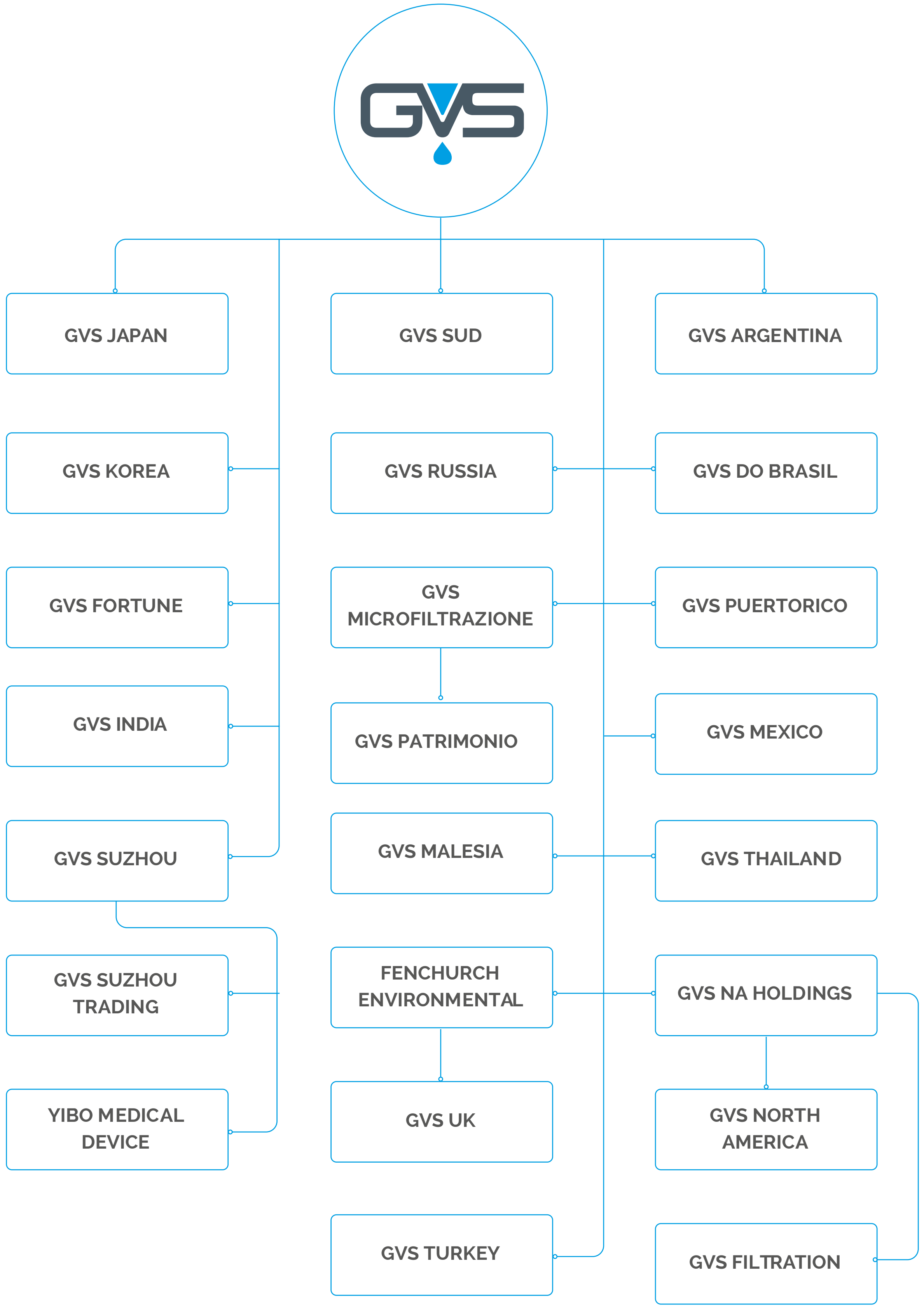
GROUP STRUCTURE*



*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
Amministratori esecutivi	Marco Scagliarini
	Mario Saccone
	Matteo Viola
Executive Directors	Nadia Buttignol (1)
	Arabella Caporello (1)
	Alessandro Nasi (2)
	Michela Schizzi (1) (2)

Board of Statutory Auditors

Presidente	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

HALF-YEARLY FINANCIAL REPORT AT 30 JUNE 2021

DIRECTORS' REPORT ON OPERATIONS

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 condensed interim consolidated financial statements at 30 June 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 30 June 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 first half of the year 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 half years ending on 30 June 2020 and 30 June 2021.

(in thousands of Euro)	**Half Year closed at 30 June**	
	2021	**2020**
Healthcare Liquid	48,988	34,829
Healthcare Air & Gas	25,973	22,805
Laboratory	19,106	10,351
Healthcare & Life Sciences	**94,067**	**67,984**
Powertrain & Drivetrain	15,549	13,473
Safety & Electronics	12,001	8,780
Sport & Utility	11,460	8,649
Energy & Mobility	**39,011**	**30,902**
Personal Safety	53,528	44,241
Air Safety	3,115	3,205
Health & Safety	**56,643**	**47,446**
Revenue from customer contracts	**189,721**	**146,333**

In the first half of 2021, GVS achieved consolidated revenues of Euro 189.7 million, up 29.7% from Euro 146.3 million in the same period of 2020. This result is mainly attributable to the performance of the Healthcare & Life Sciences division, due to the resumption of a sustained growth trend in the Laboratory business and the Healthcare Liquid business, which also benefited from the effects of the acquisitions completed in 2020. In addition, in the period, both these divisions benefited from revenues of €3 million and €3.8 million, respectively, following agreements reached with customers, for the early closure of a supply order and for the achievement of a minimum level of guaranteed turnover. The Energy & Mobility division shows a growth rate of 26.2% compared to the same period in 2020, mainly for the Safety & Electronics and Sport & Utility businesses, thus confirming the return to a level of orders prior to the pandemic. At the same time, Personal Safety and the Healthcare Air & Gas business maintained excellent sales levels, despite the expected decline in products affected by health emergencies and the delay in the transition from disposable products to products less related to the emergency.

Financial statements for the first half closing at 30 June 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

	Half Year closed at 30 June							
(in thousands of Euro)	**2021**	**of which non-recurring**	**2021 from ordinary operations**	**%**	**2020**	**of which non-recurring**	**2020 from ordinary operations**	**%**
Revenues from sales and services	189,721		189,721	100.0%	146,333		146,333	100.0%
Other revenues and proceeds	2,932	2,122	810	0.4%	698		698	0.5%
Total revenues	**192,653**	**2,122**	**190,531**	**100.4%**	**147,031**		**147,031**	**100.5%**
Cost of raw materials purchases and variations in inventories	(46,587)		(46,587)	-24.6%	(35,273)		(35,273)	-24.1%
Services	(18,047)	(991)	(17,056)	-9.0%	(16,775)	(4,481)	(12,294)	-8.4%
Various operating costs	(3,563)	(1,441)	(2,122)	-1.1%	(1,280)		(1,280)	-0.9%
Added value	**124,456**	**(310)**	**124,766**	**65.8%**	**93,702**	**(4,481)**	**98,183**	**67.1%**
Cost of labour	(52,897)		(52,897)	-27.9%	(44,045)	(972)	(43,073)	-29.4%
EBITDA	**71,559**	**(310)**	**71,869**	**37.9%**	**49,658**	**(5,453)**	**55,111**	**37.7%**
Amortisation and depreciation	(10,306)	(1,817)	(8,489)	-4.5%	(9,040)	(1,984)	(7,056)	-4.8%
Provisions and writedowns	(248)		(248)	-0.1%	(122)		(122)	-0.1%
EBIT	**61,005**	**(2,127)**	**63,132**	**33.3%**	**40,495**	**(7,437)**	**47,932**	**32.8%**
Financial proceeds and charges	1,439		1,439	0.8%	(4,579)		(4,579)	-3.1%
Pre-tax result	**62,444**	**(2,127)**	**64,571**	**34.0%**	**35,916**	**(7,437)**	**43,353**	**29.6%**
Income tax	(14,286)	274	(14,560)	-7.7%	(8,909)	1,690	(10,599)	-7.2%
Group's and minority shareholders' net profit or loss	**48,158**	**(1,852)**	**50,010**	**26.4%**	**27,008**	**(5,747)**	**32,755**	**22.4%**

The consolidated economic results of operations of the first half closing at 30 June 2021 were as follows: total revenues from ordinary operations amounted to Euro 190.5 million (Euro 147 million in 2020); EBITDA from ordinary operations amounted to Euro 71.9 million (Euro 55.1 million in 2020); EBIT from ordinary operations came to Euro 63.1 million (Euro 47.9 million in 2020).

The trend in revenues from contracts with customers (+29.7% 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 cost of goods purchased plus change in inventories) on revenues from sales and services worsened slightly compared to the same period last year (-0.5 percentage point). Other revenues and proceeds from ordinary operations primarily represent contributions for operating expenses, recovery and chargeback of costs and insurance refunds. The balance of the item increased by Euro 112 thousand, compared to the same period of the previous year, mainly due to higher contributions received during the period.

The "Value added" margin as a percentage of revenues from sales and services decreased in 2021 (-1.3 percentage points), compared to the same period of last year, due to the effect of the change in the mix of products sold, which led to a higher incidence of raw material costs, and to the greater importance of short-term service and rental costs, compared to the first half of 2020.

The increase in absolute value of personnel costs in the period ended 30 June 2021 compared to the same period of the previous year is due to the acquisitions completed in 2020 and 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 from the previous year, from 29.4% in 2020 to 27.9% in 2021.

The increase in absolute value of the item amortisation, depreciation and write-downs for the period ended 30 June 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 profits on exchanges amounted to Euro 2,541 thousand in the first half of 2021 and losses on exchanges of Euro 2,663 thousand recorded in 2020) decreased in the period under examination, from Euro 1,916 thousand in the period ending on 30 June 2020 to Euro 1,102 thousand in the period ending on 30 June 2021, primarily as a result of a reduction of interest on loans following a decrease in residual debt and the closing and signing of new loans at more advantageous economic conditions, that took place during the second half of 2020.

The pre-tax result of recurrent activities reached Euro 64.5 million in 2021, Euro 21.2 million higher than the 2020 figure of Euro 43.4 million, due to the effect of the factors described above.

Non-recurrent proceeds and charges in the period ending on 30 June 2021 represent: *(i)* the capital gain realised following the sale of the Suzhou production site to the Chinese government (€1,911 thousand); *(ii)* contributions obtained from the Chinese government for the relocation of the same production site (€211 thousand); *(iii)* one-off 2021 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, and the production site in England (coming to €1,441 thousand) and *(v)* amortisation of intangible and tangible assets recorded following the purchase price allocation of the Kuss group (€1,817 thousand), net of the related tax effect.

Non-recurrent proceeds and charges in the period ending on 30 June 2020 represent: *(i)* amortisation of intangible assets recorded following the purchase price allocation of the Kuss group (Euro 1,984 thousand), *(ii)* consultancy costs and one-off bonuses paid to personnel in relation to the IPO procedure concluded on 19 June 2020 (Euro 5,019 thousand), *(iii)* consultancy costs for purchase of the shareholding in Puerto Rico (Euro 259 thousand) and *(iv)* personnel reorganisation costs (Euro 176 thousand), net of the related tax effect.

Analysis of reclassified equity position

(in thousands of Euro)	At 30 June 2021	At 31 December 2020
Net intangible assets	92,716	90,979
Net usage rights	9,791	8,438
Net tangible assets	73,098	68,925
Shareholdings in other companies	1,072	967
Other fixed assets	4,522	4,568
Fixed capital (A)	**181,199**	**173,877**
Net trade receivables	52,168	52,084
Inventories	56,151	46,048
Payables to suppliers	(24,202)	(25,585)
Net commercial working capital (B)	**84,117**	**72,548**
Other current assets	17,175	10,253
Other current liabilities	(28,047)	(36,933)
Total current assets/liabilities (C)	**(10,873)**	**(26,680)**

Net working capital (D)= (B) + (C)	**73,244**	**45,867**
Other non-current liabilities (E)	(3,926)	(3,167)
Employee termination indemnity and end of service indemnity (F)	(4,553)	(4,499)
Provisions for risks and charges (G)	(2,463)	(1,000)
Net invested capital (H) = (A+D+E+F+G)	**243,502**	**211,078**
Shareholders' equity	(273,622)	(242,698)
Consolidated shareholders' equity (I)	**(273,622)**	**(242,698)**
(Short-term financial indebtedness)/Liquidity	98,839	106,925
(Net medium/long term financial indebtedness)	(68,719)	(75,306)
Net financial indebtedness (L)	**30,120**	**31,619**
Own funds and net financial indebtedness (M) = (I+L)	**(243,502)**	**(211,078)**

Fixed capital as of 30 June 2021 showed an increase of Euro 7,322 thousand, mostly as a result of the increase in net intangible assets and net usage rights totalling Euro 3,089 thousand, and tangible assets of Euro 4,174 thousand.

The balance of trade net working capital at 30 June 2021 showed an increase of Euro 11,569 thousand, compared to 31 December 2020, with an increase in inventories of Euro 10,102 thousand net trade receivables of Euro 84 thousand and a decrease in trade payables of Euro 1,383 thousand.

The increase in other current assets at 30 June 2021, amounting to €6,922 thousand, was mainly due to the increase in receivables for direct and indirect taxes, advances to suppliers and prepaid expenses.

The decrease in other current liabilities at 30 June 2021 compared to 31 December 2020, amounting to €8,886 thousand, was mainly due to the decrease in current tax payables for €8,593 thousand and payables to employees and directors for €1,342 thousand.

Shareholders' equity at 30 June 2021 increased by €30,925 thousand, mainly due to the overall result for the period of €52,376 thousand, reduced by dividends resolved for €22,750 thousand.

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.

	(in thousands of Euro)	At 30 June 2021	At 31 December 2020
(A)	Cash on hand	119,475	125,068
(B)	Cash equivalents	-	-
(C)	Other current financial assets	5,162	5,026
(D)	**Liquidity (A)+(B)+(C)**	**124,637**	**130,093**
(E)	Current financial indebtedness	4,391	4,063
(F)	Current portion of non-current indebtedness	21,407	19,106
(G)	**Current financial indebtedness (E)+(F)**	**25,798**	**23,168**
(H)	**Net current financial indebtedness (D)-(G)**	**98,839**	**106,925**
(I)	Non-current financial indebtedness	68,693	75,199
(J)	Debt instruments	26	107
(K)	Trade payables and other non-current payables	-	-
(L)	**Non-current financial indebtedness (I)+(J)+(K)**	**68,719**	**75,306**
(M)	**Total net financial indebtedness (H)-(L)**	**30,120**	**31,619**

The change in net financial indebtedness at 30 June 2021 as compared to 31 December 2020, totalling Euro 1,499 thousand, is primarily due to the combined effect of cash generated from operating activities net of investments made and cash used to pay dividends and financial expenses. The decrease in current and non-current financial indebtedness, amounting to €3,957 thousand, was mainly due to the repayment of the current portion of long-term financial payables. Not that a number of financial agreements require the GVS Group to comply with certain financial parameters, which were met as of 30 June 2021.

The Group's net financial position (excluding non-current active derivatives and net current and non-current leasing liabilities, measured in accordance with the provisions of IFRS 16 and equal to a total of Euro 10,194 thousand at 30 June 2021 and Euro 8,815 thousand at 31 December 2020 respectively), amounted to positive Euro 40,335 thousand and positive Euro 40,435 thousand as of these dates.

	(in thousands of Euro)	At 30 June 2021	At 31 December 2020
(M)	**Total net financial indebtedness**	**30,120**	**31,619**
	Non-current active derivative financial instruments	21	-
	Financial payables for leasing (net)	10,194	8,815
	Total net financial position	**40,335**	**40,435**

Cash flow statement

The cash flow statement appears below.

(in thousands of Euro)	Half Year closed at 30 June	
	2021	2020
Pre-tax result	62,444	35,916
- Adjustment for:		
Amortisation, depreciation and writedowns	10,306	9,040
Capital losses / (capital gains) from sale of assets	(1,937)	(28)
Financial charges / (proceeds)	(1,439)	4,579
Other non-monetary variations	2,938	606
Cash flow generated / (absorbed) by operations before variations in net working capital	***72,312***	***50,113***
Variation in inventories	(7,039)	(10,878)
Variation in trade receivables	(1,993)	(13,892)
Variation in trade payables	(2,259)	21,366
Variation in other assets and liabilities	(2,503)	3,059
Use of provisions for risks and charges and for employee benefits	(449)	(440)
Taxes paid	(24,746)	(3,618)
Net cash flow generated / (absorbed) by operations	**33,323**	**45,709**
Investments in tangible assets	(9,325)	(13,459)
Investments in intangible assets	(2,210)	(1,336)
Disposal of tangible assets	3,554	108
Investment in financial assets	-	(1,219)
Disinvestment in financial assets	17	-
Payment for purchase of business unit net of cash on hand acquired	-	(10,532)
Net cash flow generated / (absorbed) by investment	**(7,964)**	**(26,438)**
Opening of long-term financial payables	87	503
Repayment of long-term financial payables	(6,264)	(14,366)
Repayment of leasing liabilities	(1,798)	(2,027)
Financial charges paid	(1,836)	(1,775)
Financial proceeds collected	79	75
Net fee for IPO	-	79,794
Dividends paid	(22,403)	(1,681)
Net cash flow generated/(absorbed) by financial assets	**(32,134)**	**60,523**
Total variation in cash on hand	**(6,775)**	**79,795**
-		
Cash on hand at the start of the period	**125,068**	**58,542**
Total variation in cash on hand	(6,775)	79,795
Conversion differences on cash on hand	1,182	(791)
Cash on hand at the end of the period	**119,475**	**137,546**

During the period ending on 30 June 2021, operations generated Euro 22,200 thousand more liquidity than in the same period of the previous year, primarily as a result of increased EBITDA; to the contrary, cash flows absorbed by working capital were Euro 34,586 thousand higher.

In the first half of 2021, on the other hand, net investment activity (ordinary and for extraordinary acquisition transactions) showed a lower absorption of liquidity, compared to the same period of the previous year, for €18,474 thousand following the collection of the sale price of the factory in China; the sale took place in the first months of 2021, against the significant investments made in the first half of 2020, due to the COVID emergency and the consideration for company acquisitions.

Financial assets show a higher absorption of cash, compared to the same period of the previous year, for €92,657, following the payment of dividends in June 2021, against the cash contribution obtained in the first half of 2020, following the capital increase.

Indicators

The Group's principal economic and financial indicators and other indicators at 30 June 2020 and 30 June 2021 are listed below.

	Half Year closed at 30 June	
(in thousands of Euro)	At 30 June 2021	At 30 June 2020
ROE (net profit/total net shareholders' equity)	35%	27%
ROI (EBIT from ordinary operations/net invested capital)	52%	46%
ROS (EBIT from ordinary operations/total revenues)	33%	33%
EBITDA	71,559	49,658
EBITDA from ordinary operations	71,869	55,111
Net interest payable (excluding profits/losses on exchanges, Interest on actualisation of funds and proceeds due to sale of derivatives)	(1,102)	(1,916)
Net Financial Debt	30,120	(9,208)
Net financial position	40,335	852
Total intangible fixed assets/Total fixed assets	51%	57%
Total intangible fixed assets/Total assets	21%	24%
Acid test (short-term assets/short-term liabilities)	1.3	0.9
Net interest payable/net financial indebtedness	1.2%	1.3%
Indebtedness ratio (net financial indebtedness/shareholders' equity)	(0.11)	0.05
Net financial position/shareholders' equity	(0.15)	(0.00)
EBITDA/Interest	64.93	25.92
EBITDA from ordinary operations/Interest	65.21	28.77
Net financial position/EBITDA	(0.28)	(0.01)
Net financial position/EBITDA from ordinary operations	(0.28)	(0.01)
Net financial debt / EBITDA	(0.21)	0.09
Net financial indebtedness/EBITDA from ordinary operations	(0.21)	0.08

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 half year ended 30 June 2021 is mainly attributable to the expansion of production capacity for the Healthcare & Life Sciences division, as well as for the Health & Safety division for the expansion of the product range.

Furthermore, it should be noted that, with reference to the period ended 30 June 2021, the main investments concerned the production plants in Italy, the plants in the United States of America and the GVS sites in the United Kingdom and Mexico.

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.

	Half Year closed at 30 June	
(in thousands of Euro)	**At 30 June 2021**	**At 30 June 2020**
Research and development costs	10,073	9,053
Research and development costs/revenues from contracts with customers	5.3%	6.2%

Additional information

The Company does not own, and never has owned, stocks or shares in its parent company, even through an intermediary, and therefore did not buy or sell any such stocks or shares in 2021.

As of 30 June 2021, the Company did not hold treasury shares in its portfolio.

The Group did not conduct any atypical or unusual transactions during the period.

Principal risks and uncertainties

In conducting its business, the Company is exposed to financial risk, as described in the Explanatory Notes, representing:

- market risk, deriving from oscillating exchange rates between the Euro and the other currencies in which the Group operates, and of interest rates;
- credit risk, deriving from the possibility of a counterpart defaulting;
- liquidity risk, deriving from insufficiency of financial resources to fulfil financial commitments.

The Group's goal is to maintain balanced management of its financial exposure over the years in order to guarantee a debt structure that is balanced with the composition of the company's assets and capable of guaranteeing the necessary flexibility in operations through use of liquidity generated by current operations and resort to bank loans.

The capacity of characteristic management to generate liquidity and the capacity for indebtedness allow the Group to adequately satisfy the requirements of its operations and financing of operative working capital and investment capital, and to fulfil its financial obligations.

The Group's financial policy and management of financial risk are guided and monitored at the central level. In particular, the central finance function assesses and approves provisional financial requirements, monitors trends and applies appropriate corrective actions where necessary.

For more details, refer to the "Management of financial risk" section of the Explanatory Notes.

Inter-group and related party transactions

With regard to relations with subsidiary, associated, parent and affiliated companies, please see the analytical indications given in the explanatory notes to these interim consolidated financial statements. The following is a summary of the types of transactions that have taken place:

Company	Type of transaction
Subsidiaries – GVS Group Srl	Financial, consolidated fiscal
Subsidiaries	Commercial, performance of services and financial
Subsidiaries – Companies in the GVS Group	Services

GVS SpA and its Italian subsidiary GVS Sud S.r.l. participate in the optional national tax consolidation system under GVS Group S.r.l. Transactions with subsidiaries are primarily commercial (sale of raw materials and finished goods, and providing of services for production) and financial (providing infragroup loans) in nature and are conducted under the conditions normally in effect on the market. The Company and a number of its subsidiaries have stipulated contracts for the leasing of real estate properties with companies directly or indirectly controlled by GVS Group S.r.l., under the conditions normally in effect on the market.

With regard to transactions with related parties, including inter-group transactions, it should be noted that these were neither atypical nor unusual and are part of the normal course of business of Group companies. They were carried out in compliance with internal procedure that contains rules aimed at ensuring their transparency and fairness, pursuant to the CONSOB Regulation No. 17221/2010.

In the notes to the consolidated financial statements, the Company provides the disclosures required pursuant to Art. 154-ter of the TUF as indicated by the CONSOB Regulation No. 17221 of 12 March 2010 and subsequent CONSOB Resolution No. 17389 of 23 June 2010. The disclosure on transactions with related parties required by the CONSOB Communication of 28 July 2006 is presented in the attached tables.

For more details, refer to the section entitled "Transactions with related parties" in the Explanatory Notes.

Significant events occurring in the first half of 2021

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 recorded an extraordinary capital gain of approximately Euro 1,911 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 charges for the relocation of the same factory was recorded for €922 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 30 June 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

On 28 July 2021, the Board of Directors resolved to sell the shareholding in GVS Patrimonio immobiliare Srl, held by GVS Microfiltration to GVS Real Estate Srl. This transaction will be financed by GVS Real Estate Srl, which will pay the sale price and provide GVS Patrimonio Immobiliare with the amount necessary to extinguish its current debt position with GVS S.p.A.

On 31 August 2021, the GVS Group acquired 100% of the share capital of the RPB Group, which specialises in the design and manufacture of respiratory protection, including compressed air respirators and powered air-purifying respirators. In particular, GVS NA Holding Inc. (100% owned by GVS S.p.A.) acquired 100% of the share capital of the American companies Goodman Brands LLC and Abretec Group LLC, while GVS S.p.A. acquired 100% of the share capital of RPB Safety Limited (a New Zealand company). The purchase price was set at a maximum of USD 194.4 million. The transaction provides for an upfront payment of approximately $150 million for the acquisition of 100% of the share capital, and a possible earn-out of $44.4 million (maximum value), the payment of which, expected in 2022, will be proportionally related to the achievement of the RPB group's 2021 Adjusted EBITDA targets. In order to finance the transaction, GVS signed a 5-year loan agreement for 150 million Euro with a pool of lending banks: Mediobanca - Banca di Credito Finanziario S.p.A., which also acts as agent, Unicredit S.p.A. and Crédit Agricole Italia S.p.A. GVS S.p.A. then made available to GVS NA Holding Inc. the funds necessary for the purchase of the two American companies through an intra-group loan at market conditions.

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. Following the results of the first half of 2021 and, depending on the amount of revenues from contracts with customers already realised and the order backlog acquired to date, current expectations for the year-end are in the range of €340 - 350 million, including the four-month contribution from RPB, acquired on 31 August 2021, which will offset part of the delay due to a slower transition of the Health & Safety division compared to initial forecasts. The EBITDA margin achieved in the first half of 2021 is expected to move towards normalisation in the second half, with the overall result expected to be in the range of 32% to 35%. The above forecasts are linked to orders already in

the portfolio and contracts under negotiation for all divisions, in a scenario of progressive normalisation of the effects of the pandemic and positive impact of the vaccination policies of the various countries. It follows that the expected level of revenues is therefore sustained by all divisions of the Group: Healthcare & Life Sciences, Health & Safety and Energy & Mobility. 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 September 2021

For the Board of Directors

Massimo Scagliarini

Chief Executive Officer

HALF-YEARLY FINANCIAL REPORT AT 30 JUNE 2021

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AT 30 JUNE 2021

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AT 30 JUNE 2021

Consolidated statement of assets and liabilities*

(in thousands of Euro)	Notes	At 30 June 2021	At 31 December 2020
ASSETS			
Non-current assets			
Intangible assets	8.1	92,716	90,979
Assets represented by usage rights	8.2	9,791	8,438
Tangible assets	8.3	73,098	68,925
Advance tax assets	8.4	4,501	4,568
Non-current financial assets	8.5	1,072	968
Non-current derivative financial instruments	8.16	21	-
Total non-current assets		**181,199**	**173,878**
Current assets			
Inventories	8.6	56,151	46,048
Trade receivables	8.7	52,168	52,084
Assets from contracts with customers	8.8	2,867	1,753
Current tax receivables	8.9	2,962	202
Other receivables and current assets	8.10	11,347	8,299
Current financial assets	8.5	5,162	5,026
Cash on hand	8.11	119,475	125,068
Total current assets		**250,132**	**238,480**
TOTAL ASSETS		**431,331**	**412,358**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Share capital		1,750	1,750
Reserves		223,685	162,854
Net income		48,154	78,063
Group net shareholders' equity		**273,589**	**242,667**
Shareholders' equity attributable to non-controlling interests		33	30
Total shareholders' equity	8.12	**273,622**	**242,697**
Non-current liabilities			
Non-current financial liabilities	8.13	61,903	69,728
Non-current leasing liabilities	8.2	6,790	5,471
Deferred tax liabilities	8.4	3,926	3,167
Provisions for employee benefits		4,553	4,499
Provisions for risks and charges	8.15	2,463	1,000
Non-current derivative financial instruments	8.16	26	107
Total non-current liabilities		**79,661**	**83,972**
Current liabilities			
Current financial liabilities	8.13	22,322	19,673
Current leasing liabilities	8.2	3,476	3,495
Trade payables	8.17	24,202	25,585
Liabilities from contracts with customers	8.8	5,547	4,894
Current tax payables	8.9	5,892	14,485
Other current payables and liabilities	8.18	16,609	17,557
Total current liabilities		**78,048**	**85,689**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**431,331**	**412,358**

(*) Pursuant to the CONSOB Resolution no. 15519 of 27 July 2016, the effects of transactions with related parties on the consolidated statement of assets and liabilities are highlighted in the attached tables and are further described in Note 12.

Consolidated income statement*

(in thousands of Euro)	Notes	Half Year closed at 30 June	
		2021	**2020**
Revenue from customer contracts	9.1	189,721	146,333
Other revenues and proceeds	9.2	2,932	698
Total revenues		**192,653**	**147,031**
Purchases and consumption of raw materials, semi-products and finished products	9.3	(46,587)	(35,273)
Personnel costs	9.4	(52,897)	(44,045)
Service costs	9.5	(18,047)	(16,775)
Other operating costs	9.6	(3,563)	(1,280)
EBITDA		**71,559**	**49,658**
Net writedowns of financial assets	9.7	(248)	(122)
Amortisation, depreciation and writedowns	9.8	(10,306)	(9,040)
EBIT		**61,005**	**40,495**
Financial proceeds	9.9	2,620	75
Financial charges	9.9	(1,181)	(4,654)
Pre-tax result		**62,444**	**35,916**
Income tax	9.10	(14,286)	(8,909)
Net income		**48,158**	**27,008**
Group's share		*48,154*	*27,002*
Minority share		*4*	*5*
Basic net profit per share	9.11	*0.28*	*0.27*
Diluted net profit per share	9.11	*0.27*	*0.27*

(*) Pursuant to the CONSOB Resolution no. 15519 of 27 July 2016, the effects of transactions with related parties on the consolidated income statement are highlighted in the attached tables and are further described in Note 12.

Comprehensive consolidated income statement

(in thousands of Euro)	Notes	Half Year closed at 30 June	
		2021	**2020**
Net income		**48,158**	**27,008**
Other components of the comprehensive income statement which will be reclassified in the income statement in subsequent years			
Profits (losses) on cash flow hedges, net of tax effect	8.12	(5)	-
Difference due to conversion of financial statements in foreign currency	8.12	4,223	(3,645)
		4,218	**(3,645)**
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 net of tax effect		-	-
		-	-
Total other components in the comprehensive income statement		**4,218**	**(3,645)**
Comprehensive net profit		**52,376**	**23,363**
Group's share		*52,373*	*23,362*
Minority share		*3*	*1*

Prospectus of changes in consolidated shareholders' equity

(in thousands of Euro)	Share capital	Reserves							Net income	Group net shareholders' equity	Shareholders' equity attributable to non-controlling interests	Total shareholders' equity
		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	-	-	-	-	-	-	-	-	27,002	27,002	5	27,008
Total other components in the comprehensive income statement	-	-	-	-	(3,641)	-	-	-	-	(3,641)	(4)	(3,645)
Comprehensive net profit	-	-	-	-	*(3,641)*	-	-	-	*27,002*	*23,361*	*1*	*23,363*
Allocation of net profit from previous year	-	-	-	15,114	-	-	-	17,969	(33,083)	-	-	-
Cancellation of treasury shares	-	-	-	(10,981)	-	10,981	-	-	-	-	-	-
Capital increase	100	81,400	-	-	-	-	-	-	-	81,500	-	81,500
Accessory costs to the capital increase	-	(2,694)	-	-	-	-	-	-	-	(2,694)	-	(2,694)
Taxes relating to capital increase costs	-	753	-	-	-	-	-	-	-	753	-	753
At 30 June 2020	**1,750**	**92,706**	**329**	**29,878**	**(6,681)**	**-**	**(51)**	**52,209**	**27,002**	**197,142**	**19**	**197,162**

(in thousands of Euro)	Share capital	Reserves							Net income	Group net shareholders' equity	Shareholders' equity attributable to non-controlling interests	Total shareholders' equity
		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**	**242,698**
Net income	-	-	-	-		-	-	-	48,154	48,154	4	48,158
Total other components in the comprehensive income statement	-	-	-	-	4,224	-	-	(5)	-	4,219	(1)	4,218
Comprehensive net profit	-	-	-	-	*4,224*	-	-	*(5)*	*48,154*	*52,373*	*3*	*52,376*
Allocation of net profit from previous year	-	-	21	4,537	-	-	-	73,505	(78,063)	-	-	-
Increase in reserves for long-term incentives	-	-	-	-	-	-	-	1,298	-	1,298	-	1,298
Dividends distributed	-	-	-	-	-	-	-	(22,750)	-	(22,750)	-	(22,750)
At 30 June 2021	**1,750**	**92,770**	**350**	**35,022**	**(7,412)**	**-**	**(187)**	**103,141**	**48,154**	**273,589**	**33**	**273,622**

Consolidated statement of cash flows*

(in thousands of Euro)	Notes	Half Year closed at 30 June	
		2021	**2020**
Pre-tax result		62,444	35,916
- Adjustment for:			
Amortisation, depreciation and writedowns	9.8	10,306	9,040
Capital losses / (capital gains) from sale of assets	9.2 - 9.6	(1,937)	(28)
Financial charges / (proceeds)	9.9	(1,439)	4,579
Other non-monetary variations		2,938	606
Cash flow generated / (absorbed) by operations before variations in net working capital		***72,312***	***50,113***
Variation in inventories	8.6	(7,039)	(10,878)
Variation in trade receivables	8.7	(1,993)	(13,892)
Variation in trade payables	8.17	(2,259)	21,366
Variation in other assets and liabilities	8.10 - 8.18	(2,503)	3,059
Use of provisions for risks and charges and for employee benefits		(449)	(440)
Taxes paid	9.10	(24,746)	(3,618)
Net cash flow generated / (absorbed) by operations		**33,323**	**45,709**
Investments in tangible assets	8.3	(9,325)	(13,459)
Investments in intangible assets	8.1	(2,210)	(1,336)
Disposal of tangible assets	8.3	3,554	108
Investment in financial assets	8.5	-	(1,219)
Disinvestment in financial assets	8.5	17	-
Payment for purchase of business unit net of cash on hand acquired	7	-	(10,532)
Net cash flow generated / (absorbed) by investment		**(7,964)**	**(26,438)**
Opening of long-term financial payables	8.13	87	503
Repayment of long-term financial payables	8.13	(6,264)	(14,366)
Repayment of leasing liabilities	8.2	(1,798)	(2,027)
Financial charges paid	9.9	(1,836)	(1,775)
Financial proceeds collected	9.9	79	75
Net fee for IPO	8.12	-	79,794
Dividends paid	8.12	(22,403)	(1,681)
Net cash flow generated/(absorbed) by financial assets		**(32,134)**	**60,523**
Total variation in cash on hand		**(6,775)**	**79,795**
-			
Cash on hand at the start of the period		**125,068**	**58,542**
Total variation in cash on hand		(6,775)	79,795
Conversion differences on cash on hand		1,182	(791)
Cash on hand at the end of the period		**119,475**	**137,546**

(*) 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 CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 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.r.l. (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 Summary of the accounting standards adopted

2.1 Preparation basis

The Half-Yearly Financial Report at 30 June 2021 has been prepared in accordance with IAS 34, concerning interim reporting. IAS 34 allows for the preparation of financial statements in "condensed" form, i.e. on the basis of a level of disclosure significantly lower than that required for annual financial statements under IFRS, where a complete set of financial statements prepared under IFRS has previously been made available to the public. These half-yearly condensed financial statements therefore do not include all the information required for the annual financial statements and must be read together with the annual financial statements prepared for the year ended 31 December 2020.

The principal criteria and accounting standards applied in preparation of the condensed interim consolidated financial statements are listed below.

2.2 Declaration of conformity with international accounting standards

The condensed interim consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards, issued by the International Accounting Standards Board. Adopted by the European Union and endorsed by the European Commission (the "**International Accounting Standards**") they were in force at 30 June 2021. The term EU-IFRS refers to all "*International Financial Reporting Standards*", all "*International Accounting Standards*" (IAS) and all interpretations of the "*International Financial Reporting Interpretations Committee*" (IFRIC), previously known as the "*Standing Interpretations Committee*" (SIC).

These Interim Consolidated Financial Statements were approved by the Company's Board of Directors on 10 September 2021 and subjected to limited auditing by independent auditor PricewaterhouseCoopers S.p.A.

2.3 General principles of preparation

The condensed interim consolidated financial statements consist of the financial statements obligatorily required under standard IAS 1, and that is, the consolidated statement of financial position, consolidated statement of profit and loss, consolidated comprehensive statement of profit and loss, consolidated statement of changes in equity and statement of cash flows, as well as explanatory notes.

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.

An asset is classified as current when:

- it may be supposed that the asset will be sold, or is owned for sale or consumption, during the course of the company's regular operating cycle;
- it is owned primarily for the purpose of sale;
- it is supposed that it will be sold within twelve months of the end of the year;
- it consists of liquid assets or cash equivalents (unless it is forbidden to trade it or use it to pay a liability for at least twelve months from the end of the year).

All other assets are classified as non-current. Standard IAS 1 includes tangible assets, intangible assets and long-term financial assets among non-current assets.

A liability is classified as current when:

- it is expected to be extinguished in the course of the company's regular operating cycle;
- it is owned primarily for the purpose of sale;
- it will be extinguished within twelve months of the end of the year;
- there is no unconditional right to defer payment of the liability for at least twelve months after the end of the year. Clauses of a liability that could, if the counterpart so wishes, give rise to its extinction through issuing of instruments representing capital do not affect its classification.

The company has classified all other liabilities as non-current.

The operating cycle is the amount of time that passes between acquisition of goods for the production process and cashing them in as liquid assets or cash equivalents. When the regular operating cycle is not clearly identifiable, its duration is assumed to be twelve months.

The consolidated interim financial statements are prepared in Euro, the currency in which the Company operates. The statement of financial position, statement of profit and loss, the explanatory notes and the tables illustrating them are expressed in thousands of Euro, unless otherwise specified.

The condensed consolidated financial statements have been prepared as follows:

- on the basis of EU-IFRS, taking into account best practice in the field; any future orientations and updated interpretations will be reflected in subsequent years, on the basis of the methods specified in the applicable accounting standards;
- with a view to business continuity, on an accrual accounting basis, in compliance with the principle of the relevance and significance of the information and the prevalence of substance over form, and with a view to promoting consistency with future presentations. Assets and liabilities, costs and revenues are not compensated against one another unless this is permitted or required under International Accounting Standards;

- on the basis of the conventional criterion of historical cost, with the exception of assessment of financial assets and liabilities in cases in which it is obligatory to apply the fair value criterion, and for the financial statements of companies operating in economies subject to hyperinflation, which are prepared on the basis of the current cost criterion.

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 30 June 2021 was higher than previously expected in the budget. It should also be noted that cash and cash equivalents at 30 June 2021, amounting to Euro 119.5 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 the performance in the first half of 2021, please read the Directors' Report on Operations.

2.4 Consolidation criteria and methods

The condensed interim consolidated financial statements include the statement of financial position and the statement of profit and loss of the Company and its subsidiaries, approved by their respective administrative bodies, 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.

Company name	Registered offices	Currency	Share capital at 30 June 2021	Direct owner	Percentage of control	
					At 30 June 2021	At 31 December 2020
GVS Sud Srl	Italy - Zola Predosa (BO)	EUR	10,000	GVS SpA	100.00%	100.00%
YUYao Yibo Medical Device Co. Ltd	China - Yuyao	CNY	5,420,000	GVS Technology (Suzhou) Co. Ltd.	100.00%	100.00%
GVS Technology (Suzhou) Co. Ltd.	China - Suzhou (RPC)	CNY	25,297,047	GVS SpA	100.00%	100.00%
Suzhou GVS Trading Co. Ltd.	China - Ningbo	CNY	250,000	GVS Technology (Suzhou) Co. Ltd.	100.00%	100.00%
GVS Fortune Holding Ltd	Hong Kong (RPC)	HKD	1	GVS SpA	100.00%	100.00%
GVS North America Inc	USA - Sanford (MA)	USD	N/A	GVS North America Holdings Inc	100.00%	100.00%
GVS Filtration Inc	USA - Findlay (OH)	USD	10	GVS North America Holdings Inc	100.00%	100.00%
GVS North America Holdings Inc	USA - Sanford (MA)	USD	0.10	GVS SpA	100.00%	100.00%
Fenchurch Environmental Group Ltd	United Kingdom - Morecambe	GBP	1,469	GVS SpA	100.00%	100.00%
GVS Filter Technology UK Ltd	United Kingdom - Morecambe	GBP	27,000	Fenchurch Environmental Group Ltd	100.00%	100.00%
GVS do Brasil Ltda	Brazil - Municipio de Monte Mor, Campinas	BRL	20,755,226	GVS SpA	99.95%	99.95%
GVS Argentina Sa	Argentina - Buenos Aires	ARS	1,510,212	GVS SpA	94.12%	94.12%
GVS Filter Technology de Mexico	Mexico - Nuevo Leon	MXN	50,000	GVS SpA	99.90%	99.90%
GVS Korea Ltd	Korea - Seoul	KRW	100,000,000	GVS SpA	100.00%	100.00%
GVS Microfiltrazione Srl	Romania - Ciorani	RON	1,600	GVS SpA	100.00%	100.00%
GVS Patrimonio immobiliare Srl	Romania - Ciorani	RON	300	GVS Microfiltrazione Srl	100.00%	Na
GVS Japan KK	Japan - Tokyo	JPY	1,000,000	GVS SpA	100.00%	100.00%
GVS Russia LLC	Russia - Moscow	RUB	10,000	GVS SpA	100.00%	100.00%
GVS Filtre Teknolojileri	Turkey - Istanbul	TRY	100,000	GVS SpA	100.00%	100.00%
GVS Puerto Rico LLC	Puerto Rico - Fajardo	USD	N/A	GVS SpA	100.00%	100.00%
GVS Filtration SDN. BHD.	Malaysia - Petaling Jaya	MYR	1	GVS SpA	100.00%	100.00%
GVS Filter India Private Limited	India - Mumbai	INR	100,000	GVS SpA	99.98%	Na
GVS Filtration Co., Ltd.	Thailand - Bangkok	THB	3,000,000	GVS SpA	100.00%	Na

Note that as of the date of the condensed interim consolidated financial statements, all companies included in the consolidation area are consolidated using the full consolidation method.

In the six months ended 30 June 2021, the scope of consolidation changed from the previous year, following the establishment of GVS Patrimonio Immobiliare Srl and two commercial companies in India and Thailand respectively.

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 30 June 2021	At 31 December 2020	Half Year closed at 30 June	
			2021 (average)	2020 (average)
Brazilian Real	5.9050	6.3735	6.4902	5.4269
Argentine Peso	113.6435	103.2494	110.0405	71.0544
Chinese Renminbi	7.6742	8.0225	7.7960	7.7543
American Dollar	1.1884	1.2271	1.2053	1.1037
Hong Kong Dollar	9.2293	9.5142	9.3551	8.5557
Japanese Yen	131.4300	126.4900	129.8681	119.2359
Korean Won	1,341.4100	1,336.0000	1,347.5387	1,330.0166
Russian Ruble	86.7725	91.4671	89.5502	76.6692
Turkish Lira	10.3210	9.1131	9.5226	7.1492
Mexican Peso	23.5784	24.4160	24.3270	23.8430
Romanian Ron	4.9280	4.8683	4.9016	4.8178
British Pound	0.8581	0.8990	0.8680	0.8633
Malaysian Ringgit	4.9336	4.9340	4.9387	N/A
Indian Rupee	88.3240	N/A	88.4126	N/A
Thai Baht	38.1180	N/A	37.1531	N/A

For the criteria used for the definition of subsidiaries and for the conversion of items in foreign currency, as well as for the recording of transactions with minority shareholders, please read the consolidated financial statements closing at 31 December 2020.

2.5 Accounting standards and assessment criteria

The accounting standards adopted for the condensed interim consolidated financial statements are the same as those used to prepare the 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.

2.6 Seasonality

The market in which the Group operates is not characterised by marked seasonal phenomena that could lead to a certain lack of uniformity in sales and operating costs over the different months. Consequently, the economic results for the first half of the year could represent a proportional share of the entire financial year. Even from a financial point of view, the half-yearly figures should not be affected by seasonal factors.

3 Recently issued accounting standards

a) IFRS accounting standards, amendments and interpretations effective from 1 January 2021

The following IFRS accounting standards, amendments and interpretations were applied for the first time by the Group from 1 January 2021.

On 27 August 2020, in light of the interbank interest rate reform such as IBOR, the IASB published the document "Interest Rate Benchmark Reform-Phase 2" which contains amendments to the following standards:

- IFRS 9 Financial Instruments;
- IAS 39 Financial Instruments*:* Recognition and Measurement;
- IFRS 7 Financial Instruments*:* Disclosures;
- IFRS 4 Insurance Contracts;
- IFRS 16 Leases.

All amendments entered into force on 1 January 2021. The adoption of this amendment had no impact on the Group's consolidated financial statements.

b) IFRS and IFRIC accounting standards, amendments and interpretations endorsed by the European Union, not yet mandatorily applicable and not adopted early by the Group at 30 June 2021

On 14 May 2020, the IASB published the following amendments entitled:

- Amendments to IFRS 3 Business Combinations: the purpose of the amendments is to update the reference in IFRS 3 to the Conceptual Framework in the revised version, without this resulting in any changes to the provisions of the standard.
- Amendments to IAS 16 Property, Plant and Equipment: the purpose of the amendments is not to allow the deduction from the cost of property, plant and equipment of the amount received from the sale of goods produced in the test phase of the asset. These sales revenues and related costs will therefore be recognised on the income statement.
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: the amendment clarifies that when estimating whether a contract is onerous, all costs directly attributable to the contract shall be considered. Accordingly, the assessment of whether a contract is onerous includes not only incremental costs (such as the cost of the material used in the processing), but also all costs that the enterprise cannot avoid because it has entered into the contract (such as, for example, the depreciation of machinery used to perform the contract).
- Annual Improvements 2018-2020: amendments were made to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples of IFRS 16 Leases.

All amendments will enter into force on 1 January 2022. The directors do not expect that the adoption of these amendments will have any meaningful effect on the Group's consolidated financial statements.

c) IFRS accounting standards, amendments and interpretations not yet endorsed by the European Union

As of the reference date of this document, the competent European Union bodies have not yet concluded the approval process required for adoption of the amendments and standards described below.

- On 23 January 2020, the IASB published an amendment entitled '*Amendments to IAS 1 Presentation of Financial Statements*: *Classification of Liabilities as Current or Non-current*'. The document aims to clarify how to classify debts and other short-term or long-term liabilities. The amendments enter into force on 1 January 2023; however, earlier application is permitted. The directors do not expect that the adoption of this amendment will have any meaningful effect on the Group's consolidated financial statements.

- On 12 February 2021, the IASB published two amendments entitled '*Disclosure of Accounting Policies-Amendments to IAS 1 and IFRS Practice Statement 2*' and '*Definition of Accounting Estimates-Amendments to IAS 8*'. The amendments are intended to improve the disclosure of accounting policies so as to provide more useful information to investors and other primary users of financial statements and to help companies distinguish changes in accounting estimates from changes in accounting policies. The amendments will apply from 1 January 2023, but earlier application is permitted. The directors are currently evaluating the possible effects of the introduction of these amendments on the Group's consolidated financial statements.
- On 7 May 2021, the IASB published an amendment entitled '*Amendments to IAS 12 Income Taxes*: *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*". The document clarifies how deferred taxes should be accounted for on certain transactions that may generate assets and liabilities of equal amounts, such as leases and decommissioning obligations. The amendments will apply from 1 January 2023, but earlier application is permitted. The directors do not expect that the adoption of this amendment will have any meaningful effect on the Group's consolidated financial statements.

4 Estimates and assumptions

Preparation of financial statements requires directors to apply accounting standards and methods which, in certain circumstances, are based on difficult and subjective measurements and estimates which are based on historical experience and on assumptions which may or may not be considered reasonable and realistic, depending on their circumstances.

Application of these estimates and assumptions influences the amounts appearing in the accounts in the financial statements, such as the statement of financial position, the income statement, the overall income statement, the financial report and the explanatory information supplied. The final results of items in the financial statements determined on the basis of estimates and assumptions may differ, in some cases significantly, from those appearing in financial statements which report the effects of the occurrence of the event estimated, due to the uncertainty characteristic of assumptions and the conditions on which estimates are based.

For a more detailed description of the valuation processes relevant to the Group, please read the corresponding section of the Consolidated Financial Statements for the year ended 31 December 2020.

5 Management of financial risk

In the area of business risk, the principal risks identified, monitored and, to the extent specified below, actively managed by the Group are as follows:

- market risk, deriving from oscillating exchange rates between the Euro and the other currencies in which the Group operates, and of interest rates;
- credit risk, deriving from the possibility of counterparts defaulting;
- liquidity risk, deriving from insufficiency of financial resources to fulfil financial commitments.

The Group's goal is to maintain balanced management of its financial exposure over the years in order to guarantee a debt structure that is balanced with the composition of the company's assets and capable of guaranteeing the necessary flexibility in operations through use of liquidity generated by current operations and resort to bank loans.

The capacity of characteristic management to generate liquidity and the capacity for indebtedness allow the Group to adequately satisfy the requirements of its operations and financing of operative working capital and investment capital, and to fulfil its financial obligations.

The Group's financial policy and management of financial risk are guided and monitored at the central level. In particular, the central finance function assesses and approves provisional financial requirements, monitors trends and applies appropriate corrective actions where necessary.

The following note supplies qualitative information on the impact of these risks on the Group.

5.1 Market risk

Exchange rate risk

Exposure to exchange rate risk is a result of the Group's commercial activities conducted in currencies other than the Euro. Revenues and costs in foreign currency may be influenced by exchange rate fluctuation with an impact on sales margins (economic risk), just as trade payables and receivables in foreign currency may be affected by the exchange rate used, with an impact on economic results (transaction risk). Finally, fluctuating exchange rates also have an impact on consolidated profit or loss and on shareholders' equity, because the financial statements of a number of Group companies are prepared in currencies other than the Euro and then converted (translation risk).

Revenues from contracts with customers are normally in Euro or Dollars, or indexed to the Euro. The Group does not adopt instruments to hedge exchange rate fluctuations. For exchange rate risk management purposes, the Group monitors that, at an aggregate level, the ratio between purchases of raw materials and revenues denominated in a single currency does not exceed 30%, since exceeding this ratio, determined at an aggregate level, would indicate the Group's overexposure to the exchange rate risk associated with the individual currency.

Interest rate risk

The Group uses external financial resources in the form of debts and, where considered appropriate, invests available liquidity in money market instruments. Variations in interest rates influence the cost and yield of various forms of financing and investment, and therefore have an impact on the level of consolidated net financial charges. The Group is exposed to the risk of interest rate fluctuations, in view of the fact that some of its debts have variable interest rates. The Group's policy aims to limit/eliminate the risk of interest rate fluctuation by subscribing contracts hedging the risk of interest rate variation.

5.2 Credit risk

The Group deals with exposure to the credit risk inherent in the possibility of insolvency (defaulting) and/or deterioration of the creditworthiness of its customers through instruments for assessing each individual counterpart through a dedicated organisational structure equipped with adequate tools for constant daily monitoring of customers' behaviour and creditworthiness.

The Group is currently structured to implement a process of ongoing monitoring of credits, modulated with different degrees of reminders, varying on the basis of specific knowledge of the customer and of the number of days by which payment is delayed, in order to optimise working capital and minimise this form of risk.

5.3 Liquidity risk

Liquidity risk represents the possibility of the Group becoming incapable of obtaining the financial resources necessary to guarantee current operations and fulfilment of obligations falling due, or that these resources might be available only at a high cost.

In order to mitigate this risk, the Group: *(i)* periodically determines forecast financial requirements on the basis of the operative needs, in order to act promptly to obtain any additional resources that may be necessary, *(ii)* performs all actions required to obtain such resources, *(iii)* ensures adequate composition in terms of due dates, instruments and degree of availability.

The Group believes the lines of credit currently available, combined with the cash flows generated by current operations, to be sufficient to meet financial requirements for and repayment of loans on their due dates.

5.4 Capital management

The Group's capital management aims to guarantee a solid credit rating and appropriate levels of capital indicators to support the Group's investment plans and fulfil contractual commitments to financial backers.

The Group has the capital necessary to finance its requirements for growth of its business lines and for its operations; sources of financing represent a balanced mix of risk capital and debt capital, in order to guarantee a balanced financial structure and minimise the total cost of capital, benefiting all stakeholders.

Remuneration of risk capital is monitored on the basis of market trends and business performance, once all other obligations, such as service of the Group's debt, have been fulfilled; in order to ensure adequate remuneration of capital, safeguarding of business continuity and growth of lines of business, the Group constantly monitors the evolution of its level of indebtedness in relation to shareholders' equity, business trends, and forecast short, medium and long-term cash flows.

5.5 Categories of financial assets and liabilities and information on fair value

Categories of financial assets and liabilities

The tables below break down financial assets and liabilities by category according to IFRS 9 at 31 December 2020 and 30 June 2021.

	Book value	
(in thousands of Euro)	**At 30 June 2021**	**At 31 December 2020**
FINANCIAL ASSETS:		
Financial assets measured at amortised cost:		
Non-current financial assets	1,057	964
Trade receivables	52,168	52,084
Other receivables and current assets	5,959	5,240
Current financial assets	71	509
Cash on hand	119,475	125,068
	178,730	**183,865**
Financial assets measured at fair value entered in the income statement:		
Non-current financial assets	15	4
Current financial assets	5,091	4,517
	5,106	**4,521**
Non-current derivative financial instruments	**21**	**-**
TOTAL FINANCIAL ASSETS	**183,857**	**188,386**

	Book value	
	At 30 June 2021	**At 31 December 2020**
FINANCIAL LIABILITIES:		
Financial liabilities measured at amortised cost:		
Non-current financial liabilities	61,903	69,728
Non-current leasing liabilities	6,790	5,471
Current financial liabilities	22,322	19,673
Current leasing liabilities	3,476	3,495
Trade payables	24,202	25,585
Other current liabilities	15,976	17,285
	134,669	**141,237**
Non-current derivative financial instruments	**26**	**107**
TOTAL FINANCIAL LIABILITIES	**134,695**	**141,344**

In view of the nature of short-term financial assets and liabilities, the book value of the majority of these items is considered to represent a reasonable approximation of fair value.

Non-current financial assets and liabilities are regulated or measured at market rates, and their fair value is therefore considered to be substantially in line with their current book value.

Information on fair value

IFRS 13 requires the value of assets and liabilities measured at fair value in the company's financial position to be classified on the basis of a hierarchy of levels reflecting the significance of the input used to determine fair value. The fair value of financial instruments is classified on the basis of the following hierarchic levels:

- **Level 1**: fair value determined with reference to listed prices (not adjusted) on active markets for identical financial instruments. In Level 1 the emphasis is therefore placed on determination of the following elements: (a) the principal market for the asset or liability, or, in the absence of a principal market, the most advantageous market for the asset or liability; (b) the possibility of the entity conducting a transaction in the asset or liability at the price in effect on that market as of the measurement date.

- **Level 2**: fair value determined with reference to assessment techniques referring to variables that may be observed on active markets. The input for this level includes: (a) prices listed for similar assets or liabilities in active markets; (b) prices listed for identical or similar assets or liabilities in inactive markets; (c) figures other than the listed prices that may be observed for the assets or liabilities, such as interest rates or yield curves which may be observed at commonly listed intervals, implicit volatility, credit spread, or input conformed by the market.

- **Level 3**: fair value determined on the basis of assessment techniques referring to market variables that cannot be observed.

The tables below list financial assets and liabilities measured at fair value, divided on the basis of their levels in the hierarchy at 31 December 2020 and 30 June 2021:

(in thousands of Euro)	At 30 June 2021		
	Level 1	**Level 2**	**Level 3**
Non-current financial assets	-	-	15
Current financial assets	-	5,091	-
Non-current derivative financial instruments	-	21	-
Total assets measured at fair value	**-**	**5,112**	**15**

(in thousands of Euro)	At 30 June 2021		
	Level 1	**Level 2**	**Level 3**
Non-current derivative financial instruments	-	26	-
Total liabilities measured at fair value	**-**	**26**	**-**

(in thousands of Euro)	At 31 December 2020		
	Level 1	**Level 2**	**Level 3**
Non-current financial assets	-	-	4
Current financial assets	-	4,517	-
Total assets measured at fair value	**-**	**4,517**	**4**

(in thousands of Euro)	At 31 December 2020		
	Level 1	**Level 2**	**Level 3**
Non-current derivative financial instruments	-	107	-
Total liabilities measured at fair value	**-**	**107**	**-**

There have been no transfers among different levels in the fair value hierarchy in the financial years under consideration here.

6 Information on operating segments

Information on operating segments has been prepared on the basis of IFRS 8 "Operating segments" (hereinafter "**IFRS 8**"), which requires the information to be presented consistently with the methods adopted by the directors in making operative decisions.

The Group bases its management on a matrix structure divided by product line, distribution channel and geographic area, an organisation which identifies a unified strategic vision of the business in a synthetic view. This structure is reflected in the way in which management monitors and strategically guides the Group's activities. Top management reviews the Group's economic performance as a whole, so individual operating segments may not be identified. The Group's activity has therefore been represented as a single segment for the purposes of reporting under IFRS 8.

Details of revenues from contracts with customers by product line, distribution channel and geographic area appear in note 9.1.

7 Business combinations

There were no business combinations during the period under review.

8 Notes to the consolidated statement of assets and liabilities

8.1 Intangible assets

The table below reports the composition of, and movement in, intangible assets in the half year ending on 30 June 2021.

(in thousands of Euro)	**Development costs**	**Goodwill**	**Customer relationship**	**Industrial patent rights and rights to use intellectual property**	**Concessions, licenses, trademarks, and similar rights**	**Other fixed assets**	**Assets in progress**	**Total**
Historical cost as of 31 December 2020	**8,805**	**65,413**	**21,954**	**10,755**	**5,598**	**3,793**	**1,882**	**118,200**
Investments	1,405	-	-	25	32	9	739	**2,210**
Reclassification	-	-	-	-	1,311	-	(1,668)	**(357)**
Conversion reserves	342	1,914	715	272	98	-	53	**3,394**
Historical cost as of 30 June 2021	**10,552**	**67,327**	**22,669**	**11,052**	**7,039**	**3,802**	**1,006**	**123,447**
Provision for amortisation and depreciation as of 31 December 2020	**(4,041)**	**-**	**(9,376)**	**(5,004)**	**(5,007)**	**(3,793)**	**-**	**(27,221)**
Amortisation and depreciation	(813)	-	(1,396)	(477)	(164)	(5)	-	**(2,855)**
Conversion reserves	(160)	-	(324)	(99)	(72)	-	-	**(655)**
Provision for amortisation and depreciation as of 30 June 2021	**(5,014)**	**-**	**(11,096)**	**(5,580)**	**(5,243)**	**(3,798)**	**-**	**(30,731)**
Net book value as of 31 December 2020	**4,764**	**65,413**	**12,578**	**5,751**	**591**	**-**	**1,882**	**90,979**
Net book value as of 30 June 2021	**5,538**	**67,327**	**11,573**	**5,472**	**1,796**	**4**	**1,006**	**92,716**

Intangible assets with a defined useful lifespan

Customer relationship reflects the value of business relations measured following allocation of the consideration paid for the KUSS takeover.

Patent rights primarily reflect the value measured at the time of allocation of the consideration paid for the KUSS takeover, in addition to filing of new patent applications.

Concessions, licences and similar rights represent the purchase and customisation of industrial management and programming software.

Investment in intangible assets in the half year ending on 30 June 2021, amounting to Euro 2,210 thousand, was primarily attributable to the cost of development and fixed assets in progress and reflects amounts paid for development of new products and the corresponding production processes. Investment in fixed assets in progress also includes investment in software and applications supporting production processes.

At 30 June 2021, the Group had not found any indicators of impairment of intangible assets.

Intangible assets with an indefinite useful lifespan

Goodwill

At 30 June 2021 the value of goodwill, equal to Euro 67,327 thousand (Euro 65,413 thousand at 31 December 2020), mainly refers to the acquisition of the KUSS Group on 28 July 2017, as well as other previous business combinations. The change in the period is due to the exchange rate effect.

In accordance with the requirements of IAS 36, the Group verified the absence of impairment indicators at 30 June 2021 with reference to goodwill recognised in intangible assets. In particular, the Group has not found any indicators of impairment in view of: *(i)* economic and financial performance in line with budget forecasts; *(ii)* medium/long-term growth rates in line with those determined in previous estimates; *(iii*) no interruptions or slowdowns in its operations that had a noteworthy impact on its economic or financial performance; (iv) investment forecasts unchanged, in terms of overall values, with respect to what was planned and (v) no changes in its business model.

It should also be noted that interest rates have not increased to such an extent that the discount rate used may be increased in such a way as to reduce the recoverable value of goodwill significantly.

At the reporting date of these condensed consolidated interim financial statements, based on the above, the Group's management did not find any reasons that could change the results obtained with reference to the impairment test carried out at 31 December 2020.

The main assumptions used to determine the recoverable value, as well as the outcome of the impairment test carried out at 31 December 2020, are illustrated in the Consolidated Financial Statements for the year ended 31 December 2020, to which reference should be made.

8.2 Assets represented by usage rights and current and non-current leasing liabilities

The principal items of capital information regarding the Group's leasing contracts, primarily as tenant, appear in the table below.

(in thousands of Euro)	At 30 June 2021	At 31 December 2020
Net book value of assets represented by usage rights (real estate)	8,576	7,253
Net book value of assets represented by usage rights (automobiles)	1,039	1,095
Net book value of assets represented by usage rights (machinery)	175	90
Total net book value of assets represented by usage rights	**9,791**	**8,438**
Current leasing liabilities	3,476	3,495
Non-current leasing liabilities	6,790	5,471
Total leasing liabilities	**10,265**	**8,966**

The table below shows the principal economic and financial information on the Group's leasing contracts.

(in thousands of Euro)	Half Year closed at 30 June	
	2021	2020
Amortisation of assets represented by usage rights (real estate)	1,682	1,748
Amortisation of assets represented by usage rights (automobiles)	184	152
Amortisation of assets represented by usage rights (machinery)	34	31
Total amortisation of assets represented by usage rights	**1,900**	**1,931**
Interest payable on leases	**123**	**125**
Total outgoing cash flows due to leasing	**1,921**	**2,152**

Assets represented by usage rights relating to real estate, as at 30 June 2021, refer mainly to leasing: *(i)* two production sites in North America; *(ii*) two production sites in Italy; and *(iii)* one production site located in Mexico.

As of 30 June 2021, the Group had not identified any indicators of lasting impairment of assets corresponding to usage rights.

For information on the valuations made for the purposes of determining the discount rate, please read note 8.2 of the Consolidated Financial Statements for the year ended 31 December 2020.

8.3 Tangible assets

The table below shows the breakdown and movements of tangible assets in the years ending on 30 June 2021.

(in thousands of Euro)	Land and buildings	Plants and machinery	Industrial and commercial equipment	Other assets	Improveme nts on third party assets	Tangible assets in progress and advances	Total
Historical cost as of 31 December 2020	**6,170**	**87,419**	**55,661**	**8,567**	**5,920**	**10,608**	**174,344**
Investments	12	1,331	69	387	329	7,197	**9,325**
Disposal	(1,960)	(629)	(23)	(133)	-	(251)	**(2,996)**
Reclassification	41	3,080	2,585	79	503	(5,931)	**357**
Conversion reserves	141	2,956	616	188	191	279	**4,371**
Historical cost as of 30 June 2021	**4,404**	**94,157**	**58,908**	**9,088**	**6,943**	**11,902**	**185,401**
Provision for amortisation and depreciation as of 31 December 2020	**(2,075)**	**(55,358)**	**(38,102)**	**(6,776)**	**(3,108)**	**-**	**(105,419)**
Amortisation and depreciation	(72)	(3,028)	(1,868)	(318)	(265)	-	**(5,551)**
Disposal	1,061	201	8	109	-	-	**1,379**
Conversion reserves	(82)	(1,950)	(437)	(150)	(93)	-	**(2,712)**
Provision for amortisation and depreciation as of 30 June 2021	**(1,168)**	**(60,135)**	**(40,399)**	**(7,135)**	**(3,466)**	**-**	**(112,303)**
Net book value as of 31 December 2020	**4,095**	**32,061**	**17,559**	**1,791**	**2,812**	**10,608**	**68,925**
Net book value as of 30 June 2021	**3,236**	**34,022**	**18,509**	**1,953**	**3,477**	**11,902**	**73,098**

Tangible assets refer primarily to capital goods, such as plant, machinery, moulds and equipment used in the production process.

Capital expenditure on tangible assets for the half year ended 30 June 2021, amounting to € 9,325 thousand, mainly related to the expansion of production capacity for the Healthcare & Life Sciences division, as well as for the Health & Safety division for the expansion of the product range.

The net value of tangible assets disposed of during the six months ended 30 June 2021 mainly relates to the disposal by the subsidiary GVS Technology (Suzhou) Co. Ltd. of the ownership of its Suzhou production site to the Chinese Public Authority.

As of 30 June 2021, no indications of possible impairment of tangible assets arose.

As of 30 June 2021, there were no real estate assets or capital goods burdened by any kind of guarantee provided to a third party.

8.4 Advance tax assets and deferred tax liabilities

Advanced tax assets, amounting to Euro 4,501 thousand at 30 June 2021 (Euro 4,568 thousand at 31 December 2020), include the tax charge corresponding to temporary differences arising between pre-tax result and taxable profit in relation to deferred deductibility items. The allocation of advance tax assets was made by assessing the existence of the conditions for the recoverability of these assets in future on the basis of expected results.

Deferred tax liabilities at 30 June 2021 totalled Euro 3,926 thousand (Euro 3,167 thousand at 31 December 2020) and refer to temporary differences arising between the result for the period and taxable profit in relation to deferred deductibility items.

8.5 Financial assets (current and non-current)

The table below reports details of current and non-current financial assets as of 31 December 2020 and 30 June 2021.

(in thousands of Euro)	At 30 June 2021	At 31 December 2020
Security deposits	1,057	964
Capital instruments	15	4
Non-current financial assets	**1,072**	**968**
Investment funds	5,091	4,517
Term deposits	-	358
Current leasing assets	71	151
Current financial assets	**5,162**	**5,026**
Total financial assets	**6,234**	**5,994**

Security deposits, classified as financial assets measured at amortised cost: on the basis of IFRS 9, represent sums paid under existing leasing agreements.

Leasing assets refer to a sub-leasing contract assessed as a financial asset on the basis of the requirements of IFRS 16. The sub-lease, identified under a contract with a customer, regards a portion of a production site in North America.

Investment funds, classified as financial assets measured at fair value entered in the income statement on the basis of IFRS 9, represent excess liquidity invested in unlisted securities representing investment funds, primarily linked with the course of interbank interest rates on the Brazilian market.

8.6 Inventories

The table below reports details of inventories as of 31 December 2020 and 30 June 2021.

(in thousands of Euro)	At 30 June 2021	At 31 December 2020
Finished products and goods	24,011	21,345
Raw materials, subsidiary materials and consumables	28,775	22,423
Products in progress and semi-products	5,475	4,802
Spare parts	1,848	1,799
Gross inventories	**60,109**	**50,369**
Provision for writedown of inventory	(2,589)	(3,004)
Provision for write-downs of spare parts	(1,369)	(1,317)
Inventories	**56,151**	**46,048**

Net uses to the provision for writedown of inventory amounted to Euro 415 thousand for the half year ended 30 June 2021.

8.7 Trade receivables

The table below reports details of trade receivables as of 31 December 2020 and 30 June 2021.

(in thousands of Euro)	At 30 June 2021	At 31 December 2020
Trade receivables from customers	53,380	53,044
Trade receivables from related parties	16	-
Trade receivables (gross)	53,396	53,044
Provision for writedown of trade receivables	(1,228)	(960)
Trade receivables	**52,168**	**52,084**

The book value of trade receivables is considered to approximate their fair value. During the reporting period, there were no significant changes with respect to the balance of this item in the previous year.

The table below reports movements in the provision for writedown of trade receivables in the half year ending on 30 June 2021.

(in thousands of Euro)	Provision for writedown of trade receivables
At 31 December 2020	**960**
Net provisions	248
Use	0
Conversion reserves	19
At 30 June 2021	**1,228**

Net provisions to the provision for writedown of receivables appear in the income statement under the item net writedowns of financial assets (see note 9.7).

8.8 Assets and liabilities deriving from contracts with customers

Assets from contracts with customers, equal to Euro 2,867 thousand at 30 June 2021 (Euro 1,753 thousand at 31 December 2020), primarily represented the right to obtain a consideration for goods transferred to customers in relation to the production of moulds and equipment, primarily for the Energy & Mobility division.

Liabilities from contracts with customers, worth Euro 5,547 thousand at 30 June 2021 (Euro 4,894 thousand at 31 December 2020) represent advances received from customers for contractual obligations not yet met.

Assets and liabilities from contracts with customers are shown net in the statement of assets and liabilities if they refer to the same contractual obligation to the same customer. The table below shows the gross amount of assets and liabilities from contracts with customers, and how they are compensated, as of 31 December 2020 and 30 June 2021.

(in thousands of Euro)	At 30 June 2021	At 31 December 2020
Gross assets from contracts with customers	4,482	3,231
Compensation with liabilities from contracts with customers	(1,615)	(1,478)
Assets from contracts with customers	**2,867**	**1,753**
Gross liabilities from contracts with customers	7,162	6,372
Compensation with assets from contracts with customers	(1,615)	(1,478)
Liabilities from contracts with customers	**5,547**	**4,894**

8.9 Current tax receivables and payables

Current tax receivables at 30 June 2021 amounted to Euro 2,962 thousand (Euro 202 thousand at 31 December 2020).

Current tax payables at 30 June 2021 amounted to Euro 5,892 thousand (Euro 14,485 thousand at 31 December 2020).

The changes in the net balances of the assets and liabilities in question for the six months ended 30 June 2021 mainly concern the allocation of current income taxes of Euro 13,263 thousand and payments of Euro 24,746 thousand respectively.

8.10 Other receivables and current assets

The table below reports details of other receivables and current assets as of 31 December 2020 and 30 June 2021.

(in thousands of Euro)	**At 30 June 2021**	**At 31 December 2020**
Advances and instalments	2,553	2,378
Tax receivables	5,489	4,687
Prepaid expenses	2,196	681
Receivables from government agencies	639	-
Receivable from employees	209	62
Other receivables	261	491
Other receivables and current assets	**11,347**	**8,299**

The increase in other current assets at 30 June 2021 compared to 31 December 2020 is mainly due to the increase in tax receivables, mainly due to VAT receivables, and prepaid expenses, with particular reference to the prepayment of insurance costs. At 30 June 2021, a receivable from the Chinese public authority was recorded for the portion not yet collected of the consideration relating to the sale of the Suzhou production site.

8.11 Cash on hand

The table below reports details of cash on hand as of 31 December 2020 and 30 June 2021.

(in thousands of Euro)	**At 30 June 2021**	**At 31 December 2020**
Bank and postal accounts	119,446	125,034
Cash and cash equivalents on hand	29	34
Cash on hand and cash equivalents	**119,475**	**125,068**

As of 30 June 2021, cash on hand was not subject to any restrictions or limitations.

The financial report shows variations in cash on hand during the periods under examination.

8.12 Shareholders' equity

The table below reports details of shareholders' equity as of 31 December 2020 and 30 June 2021.

(in thousands of Euro)	**At 30 June 2021**	**At 31 December 2020**
Share capital	1,750	1,750
Share premium reserve	92,770	92,770
Legal reserve	350	329
Extraordinary reserve	35,022	30,485
Translation reserve	(7,412)	(11,636)
Actuarial profits and losses reserve	(187)	(187)
Profit (loss) carried over and other reserves	103,141	51,093
Net income	48,154	78,063
Shareholders' equity attributable to non-controlling interests	33	30
Total shareholders' equity	**273,622**	**242,697**

The statement of variations in consolidated shareholders' equity appears in the note on this topic.

Movements in shareholders' equity for the half year ended 30 June 2021 related to the recording of (a) the comprehensive net profit for the period of €52,376 thousand, (b) the shareholders' resolution to distribute dividends of €22,750 thousand (c) the increase in reserves following the long-term incentive plan of €1,298 thousand.

Share capital

As of 30 June 2021, the Company's fully subscribed and paid-in share capital amounted to Euro 1,750 thousand, and are divided into 175,000,000 ordinary shares without any face value.

Translation reserve
The translation reserve includes all differences resulting from translation into Euro of the financial statements of subsidiaries included in the consolidation perimeter expressed in foreign currency.

Actuarial profits and losses reserve
The actuarial profits and losses reserve includes profits and losses deriving from changes to the actuarial hypotheses in relation to defined benefit plans.

Cash flow hedge reserve
At 30 June 2021, this item amounted to a negative €5 thousand and was related to interest rate hedging contracts entered into to specifically hedge variable rate loan agreements.

Reserve from first adoption of EU-IFRS
The reserve for first adoption of EU-IFRS, included among other reserves, has a negative balance of Euro 1,532 thousand, and represents the effects of conversion from Italian accounting standards to EU-IFRS standards.

8.13 Financial liabilities (current and non-current)

The table below reports details of current and non-current financial liabilities as of 31 December 2020 and 30 June 2021.

(in thousands of Euro)	At 30 June 2021 Current portion	At 30 June 2021 Non-current portion	At 31 December 2020 Current portion	At 31 December 2020 Non-current portion
2014 Bond Loan	4,174	8,350	4,035	12,145
2017 Bond Loan	7,980	23,940	7,967	23,935
Total bonded loans	**12,154**	**32,290**	**12,002**	**36,080**
Mediobanca loan (2020)	4,436	15,529	2,213	17,712
Unicredit loan (2020)	3,978	13,997	3,954	15,936
Accrued payables	840	-	937	-
Total financial payables to banks	**9,254**	**29,526**	**7,103**	**33,649**
Loan under special terms Horizon tender (GVS Sud)	-	87	-	-
Payable to shareholders for dividends	348	-	-	-
Loans under special terms Invitalia	502	-	502	-
Education Ministry (MIUR) loan under special terms (GVS SpA)	65	-	65	-
Total other financial payables	**915**	**87**	**567**	**-**
Total financial liabilities	**22,322**	**61,903**	**19,673**	**69,728**

It should be noted that during the half year ended 30 June 2021 no new loans were taken out, with the exception of the subsidised loan linked to the Horizon call for tenders made to GVS Sud, for a total amount of Euro 87 thousand; the loan will be repaid starting from the 2024 financial year and has a charge of 0.16% on an annual basis.

As of 30 June 2021, resolved dividends amounting to €348 thousand had not been paid, due to the choice of some shareholders.

For a description of the main items making up the Group's financial liabilities as at 30 June 2021, please read the relevant notes to the consolidated financial statements as at 31 December 2020.

As at 30 June 2021, the financial parameters (Covenants) of an equity, economic and financial nature set out in the various contracts, calculated on the data resulting from these Financial Statements, were complied with.

The table below reports, for the half year under examination, variations in financial liabilities resulting from cash flows generated and/or absorbed by financing, and deriving from non-monetary elements, as required by IAS 7.

(in thousands of Euro)	At 01 January 2021	Opening	Reclassification	Repayment	Variation in accrued payables on interest	Amortised cost	(Profits) losses on exchanges	At 30 June 2021
Non-current financial liabilities	69,728	435	(2,700)	(6,264)	-	-	704	61,903
Current financial liabilities	19,673	-	2,700		(97)	46		22,322
Total financial liabilities	**89,401**	**435**	**-**	**(6,264)**	**(97)**	**46**	**704**	**84,225**

8.14 Net financial indebtedness and net financial position

The following table shows the net financial indebtedness prepared in accordance with the format required by CONSOB communication No. DEM/6064293 of 28 July 2006, updated with the provisions of ESMA guideline 32-382-1138 of 4 March 2021 as implemented by CONSOB warning No. 5/21 of 29 April 2021.

	(in thousands of Euro)	At 30 June 2021	At 31 December 2020
(A)	Cash on hand	119,475	125,068
(B)	Cash equivalents	-	-
	Term deposits	-	358
	Shares held for trading	5,091	4,517
	Financial receivables due to leasing	71	151
(C)	Other current financial assets	5,162	5,026
(D)	**Liquidity (A)+(B)+(C)**	**124,637**	**130,093**
	Financial payables to other companies in the GVS Group due to leasing	980	965
	Financial payables for leasing	2,496	2,530
	Other financial payables	915	567
(E)	Current financial indebtedness	4,391	4,063
(F)	Current portion of non-current indebtedness	21,407	19,106
(G)	**Current financial indebtedness (E)+(F)**	**25,798**	**23,168**
(H)	**Net current financial indebtedness (D)-(G)**	**98,839**	**106,925**
	Non-current bank debts	29,526	33,649
	Non-current bonded loans	32,290	36,079
	Other financial payables	87	-
	Financial payables to other companies in the GVS Group due to leasing	1,682	2,146
	Non-current financial payables for leasing	5,108	3,325
(I)	Non-current financial indebtedness	68,693	75,199
	Passive derivative financial instruments	26	107
(J)	Debt instruments	26	107
(K)	Trade payables and other non-current payables	-	-
(L)	**Non-current financial indebtedness (I)+(J)+(K)**	**68,719**	**75,306**
(M)	**Total net financial indebtedness (H)-(L)**	**30,120**	**31,619**

On the basis of the above considerations, the above scheme may be subject to changes in light of further clarifications of interpretation by the regulators.

For further details on the composition of the items in the table, see Note 8.11 and Note 8.13.

The Group's net financial position (excluding non-current active derivatives and net current and non-current leasing liabilities, measured in accordance with the provisions of IFRS 16 and equal to a total of Euro 10,194 thousand at 30 June 2021 and Euro 8,815 thousand at 31 December 2020 respectively), amounted to positive Euro 40,335 thousand and positive Euro 40,435 thousand as of these dates.

	(in thousands of Euro)	At 30 June 2021	At 31 December 2020
(M)	**Total net financial indebtedness**	**30,120**	**31,619**
	Non-current active derivative financial instruments	21	-
	Financial payables for leasing (net)	10,194	8,815
	Total net financial position	**40,335**	**40,435**

8.15 Provisions for risks and charges

The table below shows the movements of provisions for risks and charges in the half year ending on 30 June 2021.

(in thousands of Euro)	**Provisions for risks and charges**
Balance as of 31 December 2020	**1,000**
Allocation	1,441
Use	-
Conversion reserves	22
Balance as of 30 June 2021	**2,463**

In 2018 the Parent Company underwent a verification by the Italian tax authorities (Agenzia delle Entrate) for the 2015 fiscal year, as a result of which a formal report of verification was issued. During December 2020, the Company settled the refutations relating to the same report of verification by means of verification with acceptance procedure. Some of the refutations made by the Revenue Agency in the report of verification could be repeated in relation to transactions carried out by the Company in subsequent tax periods and consequently, supported by its consultants, the Company has prudently made a provision of € 1,000 thousand in the previous year.

During the period, the sum of €1,441 thousand was allocated to the provision for the relocation of production sites in China and England for €519 thousand and €922 thousand, respectively, to cover the costs and incidental expenses that the Group will incur to transfer production to the new facilities.

8.16 Non-current derivative financial instruments

Non-current active and passive financial derivative instruments amount to € 21 thousand and € 26 thousand respectively.
The balance of this item is entirely the result of the fair value of two IRS (Interest rate Swaps) derivative contracts hedging the risk of changes in interest rates of contracts entered into with Unicredit and Mediobanca during 2020. Derivative financial instruments, having a nominal value equal to the nominal value of the hedged items, guarantee a fixed interest rate for the entire duration of the loan entered into with Mediobanca and Unicredit.

In accordance with the provisions of IFRS 9, the derivatives contracts were designated as a financial instrument hedging interest rates. Consequently, changes in the fair value of derivatives are accounted for in a separate equity reserve.

8.17 Trade payables

The table below reports details of trade payables as of 31 December 2020 and 30 June 2021.

(in thousands of Euro)	**At 30 June 2021**	**At 31 December 2020**
Trade payables to suppliers	24,202	25,585
Trade payables to related parties	-	-
Trade payables	**24,202**	**25,585**

Trade payables primarily regard transactions for the purchase of raw materials, components and services. The decrease in payables is closely linked to the decrease in raw material purchases and investments made in the last months of the period compared to the last months of the previous year.

The book value of trade payables is considered to approximate their fair value.

8.18 Other current payables and liabilities

The table below reports details of other payables and current liabilities as of 31 December 2020 and 30 June 2021.

(in thousands of Euro)	**At 30 June 2021**	**At 31 December 2020**
Payable to employees	10,107	10,811
Payable to social security institutions	2,479	2,594
Tax payables	2,561	2,398
Accrued payables	45	58
Deferred income	588	214
Payable to directors	721	1,360
Other	108	122
Other current payables and liabilities	**16,609**	**17,557**

Payables to employees primarily reflect salaries payable and deferred charges such as holidays, leave and bonuses.
Payables to social security institutions primarily represent payment of contributions owned to pension and social security institutions.

Tax payables as of 30 June 2021 primarily include tax payables for taxes not correlated to income, consisting primarily of VAT and other indirect taxes payable and withholding tax on employees' pay.

9 Notes to the consolidated income statement

9.1 Revenue from customer contracts

The table below breaks down revenues from contracts with customers by division in the half years ending on 30 June 2020 and 30 June 2021.

(in thousands of Euro)	**Half Year closed at 30 June**	
	2021	**2020**
Healthcare Liquid	48,988	34,829
Healthcare Air & Gas	25,973	22,805
Laboratory	19,106	10,351
Healthcare & Life Sciences	**94,067**	**67,984**
Powertrain & Drivetrain	15,549	13,473
Safety & Electronics	12,001	8,780
Sport & Utility	11,460	8,649
Energy & Mobility	**39,011**	**30,902**
Personal Safety	53,528	44,241
Air Safety	3,115	3,205
Health & Safety	**56,643**	**47,446**
Revenue from customer contracts	**189,721**	**146,333**

The increase in revenues for the half year ended 30 June 2021 compared to the half year of the previous year is mainly attributable to the performance of the Healthcare & Life Sciences division, due 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 activities that had suffered most from the contractions related to the effects of the pandemic.

The table below breaks down revenues from contracts with customers by type of sale in the half years ending on 30 June 2020 and 30 June 2021.

(in thousands of Euro)	Half Year closed at 30 June	
	2021	2020
Business to business (BTB)	123,008	98,664
Business to consumer (BTC)	66,713	47,669
Revenue from customer contracts	**189,721**	**146,333**

The table below breaks down revenues from contracts with customers by geographic area in the half years ending on 30 June 2020 and 30 June 2021.

(in thousands of Euro)	Half Year closed at 30 June	
	2021	2020
North America	73,888	46,227
Europe	78,396	64,984
Asia	26,274	25,146
Other countries	11,163	9,975
Revenue from customer contracts	**189,721**	**146,333**

Practically all the Group's contracts with customers do not involve variable payments.

The Group does not believe any of its contracts contain a significant financial component, or involve a time lapse of more than twelve months between the agreed date for transfer of the goods to the customer and the payment date. The Group has therefore not adjusted considerations due to take into account the time value of money.

In the case of contractual obligations fulfilled over time, the Group enters revenues from contracts with customers using methods based on the input used to fulfil the contractual obligation, consisting of costs incurred. In the case of contractual obligations fulfilled at a given time, revenues from contracts with customers are entered at the time of transfer of control over the assets.

9.2 Other revenues and proceeds

The table below breaks down other revenues and proceeds for the half years ending on 30 June 2020 and 30 June 2021.

(in thousands of Euro)	Half Year closed at 30 June	
	2021	2020
Contributions for operating expenses	316	14
Recovery and chargeback	202	308
Insurance refunds	35	-
Recovery of scrap	147	114
Capital gains on sales	1,937	28
Other	295	234
Other revenues and proceeds	**2,932**	**698**

Other revenues and proceeds for the period ended 30 June 2021 includes non-recurrent proceeds related to: *(i)* the capital gain realised following the sale of the Suzhou production site to the Chinese government (€1,911 thousand); *(ii)* contributions received from the Chinese government for the relocation of the same production site (€211 thousand).

9.3 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 half years ending on 30 June 2020 and 30 June 2021.

(in thousands of Euro)	Half Year closed at 30 June	
	2021	2020
Purchases of raw materials	53,056	42,789
Variation in inventories of products in progress, semi-products and finished products	(2,252)	(4,165)
Variation in inventories of raw materials, subsidiary materials and goods	(4,217)	(3,351)
Purchases and consumption of raw materials, semi-products and finished products	**46,587**	**35,273**

9.4 Personnel costs

The table below breaks down personnel costs in the half years ending on 30 June 2020 and 30 June 2021.

(in thousands of Euro)	Half Year closed at 30 June	
	2021	2020
Salaries and wages	41,094	34,008
Social security contributions	11,161	9,406
Cost of termination indemnity	501	456
Other costs	141	175
Personnel costs	**52,897**	**44,045**

The increase in personnel costs in the six months ended 30 June 2021 compared to the six months of the previous financial year is mainly due to the increase in turnover achieved in the Health & Safety and Healthcare & Life Sciences divisions. It should be noted that the increase in personnel costs is partly due to GVS Puerto Rico LLC for € 3,825 thousand, which joined the Group at the end of June 2020.

9.5 Service costs

The table below breaks down service costs in the half years ending on 30 June 2020 and 30 June 2021.

(in thousands of Euro)	Half Year closed at 30 June	
	2021	2020
Utilities and cleaning services	3,843	2,753
Maintenance	2,294	1,429
Transportation	2,358	1,901
Consulting services	1,894	5,929
Travel and lodging	283	539
Subcontracting	600	863
Marketing and trade fairs	420	430
Insurance	664	494
Cafeteria	820	531
Commissions	341	365
Directors' fees	1,797	200
Independent auditor's fees	233	186
Other services	2,500	1,155
Service costs	**18,047**	**16,775**

Consultancy services, in the period ended 30 June 2020, included, for Euro 4,291 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 2021 CONSOB supervisory fee, relevant to the approval of the prospectus and the listing supplement. It should be noted that the increase in costs for services is partly due to costs related to GVS Puerto Rico LLC, for € 1,828 thousand, which became part of the Group at the end of June 2020.

9.6 Other operating costs

The table below breaks down other operating costs in the half years ending on 30 June 2020 and 30 June 2021.

(in thousands of Euro)	Half Year closed at 30 June	
	2021	**2020**
Leasing costs	900	514
Indirect taxation	477	392
Membership fees and charity contributions	187	79
Allocation to provision for risks	1,441	-
Other minor costs	558	295
Other operating costs	**3,563**	**1,280**

The item other operating expenses, for the period ended 30 June 2021, included non-recurrent charges related to costs allocated to the provision for the relocation of the Chinese production site and the English production site for a total amount of €1,441 thousand.

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.

9.7 Net writedowns of financial assets

Net writedowns of financial assets, entered on the basis of the requirements of IFRS 9, totalled Euro 248 thousand and Euro 122 thousand in the half years ending on 30 June 2021 and 2020, respectively, and represent writedown of trade receivables.

A breakdown of movements in the provision for writedown of receivables for the half year ending on 30 June 2021 appears in note 8.7 - "Trade receivables".

9.8 Amortisation, depreciation and writedowns

The table below breaks down amortisation, depreciation and writedowns in the half years ending on 30 June 2020 and 30 June 2021.

(in thousands of Euro)	Half Year closed at 30 June	
	2021	**2020**
Amortisation and writedowns of intangible assets	2,855	2,929
Depreciation and writedowns of tangible assets	5,551	4,180
Amortisation and writedowns of assets represented by usage rights	1,900	1,931
Amortisation, depreciation and writedowns	**10,306**	**9,040**

A breakdown of the composition of, and movements in, intangible assets and tangible assets for the half year ending on 30 June 2021 is provided in notes 8.1 and 8.3. Information on assets represented by usage rights appears in note 8.2.

9.9 Financial proceeds and charges

The table below breaks down financial proceeds in the years ending on 30 June 2020 and 2021.

(in thousands of Euro)	Half Year closed at 30 June	
	2021	**2020**
Net profits on exchanges	2,541	-
Other financial proceeds	79	75
Financial proceeds	**2,620**	**75**

The table below breaks down financial charges in the half years ending on 30 June 2020 and 30 June 2021.

(in thousands of Euro)	Half Year closed at 30 June	
	2021	**2020**
Interest on bonded loans	849	1,100
Interest on loans	143	615
Net losses on exchanges	-	2,663
Interest on leasing liabilities	123	125
Amortised cost	46	122
Other financial charges	20	29
Financial charges	**1,181**	**4,654**

Financial income and charges include in the half year ended 30 June 2020 net losses on exchanges and in the half year ended 30 June 2021 net profits on exchanges mainly related to unrealised losses and profits 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.

9.10 Annual income tax

The table below breaks down annual income tax in the half years ending on 30 June 2020 and 30 June 2021.

(in thousands of Euro)	Half Year closed at 30 June	
	2021	**2020**
Current taxes	13,263	9,158
Deferred taxes	796	(154)
Taxes pertaining to previous financial years	227	(95)
Income tax	**14,286**	**8,909**

Income taxes, in accordance with the provisions of IAS 34, are recognised on the basis of management's estimate of the weighted average expected annual effective tax rate for the entire year, equal to 22.9% for the half year ended 30 June 2021 (24.8% for the half year ended 30 June 2020).

9.11 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.

	Half Year closed at 30 June	
	2021	**2020**
Group's share of net profit (in thousands of Euro)	48,154	27,002
Weighted average number of shares in circulation	175,000,000	100,029,540
Profit per share (in Euro)	**0.28**	**0.27**

Diluted earnings per share at 30 June 2021 was positive at 0.27 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.

Diluted net profit per share at 30 June 2020 was equal to net profit per share, as there are no financial instruments with potential diluting effects.

10 Non-recurring revenues and operating costs

It should also be noted that, in compliance with the provisions of the CONSOB Resolution 15519 of 27 July 2006 and CONSOB Communication No. DEM/6064293 of 28 July 2006, the consolidated income statement has been presented as an annex with separate indication of the amounts of costs and revenues deriving from non-recurring operations.

Non-recurrent proceeds and charges in the period ending on 30 June 2021 represent: *(i)* the capital gain realised following the sale of the Suzhou production site to the Chinese government (€1,911 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, and the production site in England (coming to €1,441 thousand) and *(v)* amortisation of intangible and tangible assets recorded following the purchase price allocation of the Kuss group (€1,817 thousand), net of the related tax effect.

Non-recurrent proceeds and charges in the period ending on 30 June 2020 represent: *(i)* amortisation of intangible assets recorded following the purchase price allocation of the Kuss group (Euro 1,984 thousand), *(ii)* consultancy costs and one-off bonuses paid to personnel in relation to the IPO procedure concluded on 19 June 2020 (Euro 5,019 thousand), *(iii)* consultancy costs for purchase of the shareholding in Puerto Rico (Euro 259 thousand) and *(iv)* personnel reorganisation costs (Euro 176 thousand), net of the related tax effect.

11 Hyperinflation

On the basis of the provisions of EU-IFRS regarding the entry and exit criteria for inflation accounting, the Argentinian subsidiary GVS Argentina S.A. adopted inflation accounting beginning in the year ending on 31 December 2018; it is the only Group company to operate in a situation of high inflation. The price index used for the purpose is the national consumer price index (IPC) published by Argentina's National Statistics and Census Institute (INDEC). Also, in consideration of the immateriality of the subsidiary's contribution compared to the Group's balances, the effects on the income statement for the half year ended 30 June 2021 were not significant.

12 Transactions with related parties

Transactions with related parties identified on the basis of the criteria set forth in IAS 24 are primarily of a commercial and financial nature, and are conducted under regular market conditions.

The tables below provide details of economic and capital relations with related parties. The companies indicated have been identified as related parties because they are directly or indirectly linked to the Group's reference shareholders.

It should also be noted that, in compliance with the provisions of the CONSOB Resolution 15519 of 27 July 2006 and CONSOB Communication no. DEM/6064293 of 28 July 2006, the consolidated income statement, the consolidated balance sheet and the consolidated statement of cash flows are attached, with separate indication of transactions with related parties and an indication of their percentage weight on individual balances.

The table below sums up the Group's payables and receivables in relation to related parties at 31 December 2020 and 30 June 2021.

(in thousands of Euro)	Parent company	Companies subject to parent company's control			Top management	Total	Total item in the financial statement	Impact on the financial statement
	GVS Group	GVS Real Estate	GVS Real Estate US	GVS Real Estate UK				
Tangible assets								
At 30 June 2021	-	-	-	-	25	**25**	**73,098**	**0.0%**
At 31 December 2020	-	-	-	-	-	**-**	**68,925**	**0.0%**
Assets represented by usage rights								
At 30 June 2021	-	2,100	427	-	-	**2,527**	**9,791**	**25.8%**
At 31 December 2020	-	2,412	541	-	-	**2,953**	**8,438**	**35.0%**
Trade receivables								
At 30 June 2021	5	5	-	6	-	**16**	**52,168**	**0.0%**
At 31 December 2020	-	-	-		-	**-**	**52,084**	**0.0%**
Current tax receivables								
At 30 June 2021	1,885	-	-	-	-	**1,885**	**2,962**	**63.6%**
At 31 December 2020	-	-	-	-	-	**-**	**202**	**0.0%**
Non-current leasing liabilities								
At 30 June 2021	-	1,522	240	-	-	**1,762**	**6,790**	**25.9%**
At 31 December 2020	-	1,839	307	-	-	**2,146**	**5,471**	**39.2%**
Provisions for employee benefits								
At 30 June 2021	-	-	-	-	1,641	**1,641**	**4,553**	**36.0%**
At 31 December 2020	-	-	-	-	1,617	**1,617**	**4,499**	**35.9%**
Current leasing liabilities								
At 30 June 2021	-	631	267	-	-	**898**	**3,476**	**25.8%**
At 31 December 2020	-	627	338	-	-	**965**	**3,495**	**27.6%**
Current tax payables								
At 30 June 2021	-	-	-	-	-	**-**	**5,892**	**0.0%**
At 31 December 2020	5,041	-	-	-	-	**5,041**	**14,485**	**34.8%**
Other current payables and liabilities								
At 30 June 2021	-	-	-	-	1,483	**1,483**	**16,609**	**8.9%**
At 31 December 2020	-	-	-	-	2,885	**2,885**	**17,557**	**16.3%**

The table below lists the Group's economic relations with related parties for the half years ending on 30 June 2020 and 30 June 2021.

(in thousands of Euro)	Parent company	Companies subject to parent company's control			Top Management	Total	Total item in the financial statement	Impact on the financial statement
	GVS Group	GVS Real Estate	GVS Real Estate US	GVS Real Estate UK				
Other revenues and proceeds								
Half year ended 30 June 2021	5	5	5	5	-	**20**	**2,932**	**0.7%**
Half year ended 30 June 2020	-	-	-	-	-	**-**	**698**	**0.0%**
Personnel costs								
Half year ended 30 June 2021	-	-	-	-	1,796	**1,796**	**52,897**	**3.4%**
Half year ended 30 June 2020	-	-	-	-	1,468	**1,468**	**44,045**	**3.3%**
Service costs								
Half year ended 30 June 2021	-	-	-	-	1,797	**1,797**	**18,047**	**10.0%**
Half year ended 30 June 2020	-	-	-	-	200	**200**	**16,775**	**1.2%**
Amortisation, depreciation and writedowns								
Half year ended 30 June 2021	-	312	157	-	-	**469**	**10,306**	**4.5%**
Half year ended 30 June 2020	-	312	167	-	-	**479**	**9,040**	**5.3%**
Financial charges								
Half year ended 30 June 2021	-	13	5	-	-	**17**	**1,181**	**1.5%**
Half year ended 30 June 2020	-	16	8	-	-	**24**	**4,654**	**0.5%**

Current tax receivables at 30 June 2021 and payables at 31 December 2020 refer exclusively to this case.

Transactions with the GVS Group

The Company and its Italian subsidiary GVS Sud S.r.l. participate in the optional national tax consolidation system under GVS Group.Current tax receivables at 30 June 2021 and payables at 31 December 2020 refer exclusively to this case. The trade receivable from GVS Group refers to the fact that GVS SpA manages the bookkeeping of GVS Group Srl.

Transactions with GVS Real Estate

On 5 March 2018 GVS stipulated a leasing agreement with GVS Real Estate, expiring on 28 January 2024, for two production facilities, one of which includes the Company's registered offices in Zola Predosa (BO). On the basis of this lease contract, at 30 June 2021, the Group recorded assets represented by usage rights and relative leasing liabilities for Euro 1,028 thousand and Euro 1,052 thousand respectively (Euro 1,221 thousand and Euro 1,246 thousand at 31 December 2020), as well as depreciation and financial charges, for the half year ended 30 June 2021, for Euro 193 thousand and Euro 7 thousand respectively.

On 11 December 2019, the Group company GVS Sud S.r.l. signed an agreement with GVS Real Estate for the sale of land and buildings pertaining to a production facility in Italy (Avellino). The parties subsequently signed a lease agreement under which GVS Real Estate leased the property sold back to the Group. The leasing agreement for the land and buildings sold involved entry, as of 30 June 2021, of assets represented by usage rights and leasing liabilities of Euro 1,072 thousand and Euro 1,101 thousand respectively (Euro 1,191 thousand and Euro 1,221 thousand, respectively at 31 December 2020), and of amortisation, depreciation and writedowns and financial charges for the half year ending on 30 June 2021 of Euro 119 thousand and Euro 6 thousand respectively.

Transactions with GVS Real Estate US

On 3 September 2019, the Group company GVS Filtration Inc signed two sales agreements with GVS Real Estate US Inc for sale of land and buildings pertaining to two production facilities in Ohio and Wisconsin. At the same time as the sale, the parties signed two lease agreements under which GVS Real Estate US leased the properties sold back to the Group. The leasing agreements for the real estate properties sold as described above resulted in entry as of 30 June 2021 of assets represented by usage rights amounting to Euro 427 thousand and Euro 507 thousand respectively (Euro 506 thousand and the corresponding leasing liabilities amounting to Euro 609 thousand at 31 December 2020), as well as amortisation, depreciation and writedowns and financial charges in the half year ending on 30 June 2021 amounting to Euro 157 thousand and Euro 4 thousand respectively.

Transactions with GVS Real Estate UK

GVS Real Estate UK Limited does not currently have any active lease agreements with companies in the GVS Group. The company's bookkeeping is looked after by the subsidiary of GVS SpA operating in the United Kingdom; the costs for this service are periodically re-invoiced.

Transactions with Top Management

As of the date of this Statement the following persons are considered members of the Group's Top Management:

- the chief executive officer;
- the chief financial officer;
- the chief operation officer;

- the managers of the (i) Healthcare & Life Sciences; (ii) Health & Safety; (iii) Energy & Mobility and (iv) Science & Development divisions.
- the chairman of the board of directors and the other members of the board of directors

The table below provides details of fees payable to members of Top Management in the half years ending on 30 June 2020 and 30 June 2021.

(in thousands of Euro)	**Half Year closed at 30 June**	
	2021	**2020**
Fees for office held	589	541
Bonuses and other incentives	1,120	795
Other fees	86	132
Directors' fees	1,797	200
Total	**3,593**	**1,668**

Current tax receivables at 30 June 2021 and payables at 31 December 2020 refer exclusively to this case.

Other related parties

Please note that:

- other current payables and liabilities as of 30 June 2021 include payables to directors for fees not yet paid totalling Euro 721 thousand (Euro 1,360 thousand at 31 December 2020);
- provisions for employee benefits as of 30 June 2021 include the value of end of service indemnity for directors totalling Euro 1,641 thousand (Euro 1,617 thousand at 31 December 2020);
- costs for services for the half year ended 30 June 2021 include directors' fees, expenses tied to the performance share plan and allocations to the provisions for end of service indemnity for a total amount of Euro 1,797 thousand (Euro 200 thousand for the half year ended 30 June 2020).

Allocation of end of service indemnity to a number of directors was resolved by the Company's shareholders' meeting on 15 January 2015, with reference to the 2015-2017 three-year period, and renewed by the shareholders' meeting on 23 May 2018 for the 2018-2020 three-year period. It should be noted that with effect from the date of commencement of trading of GVS's ordinary shares on the Mercato Telematico Azionario organised and managed by the Italian Stock Exchange, on 17 April 2020, the Board of Directors of GVS ordered the termination of the provisions for termination indemnity relating to one of the directors who ceased to be an executive director from the negotiation start date.

13 Commitments and risks

Sureties and guarantees granted to third parties

At 30 June 2021, the Group had sureties and guarantees in place for a total amount of Euro 100 thousand.

Potential liabilities

Given that the Group operates internationally, it is exposed to legal risks primarily due to professional, corporate and tax liability. Disbursements relating to ongoing or future proceedings cannot be expected with certainty and it is possible that court outcomes may result in costs not covered or not fully covered by insurance claims having effects on the Group's financial situation and results. On the other hand, where it is likely to be due to an outlay of resources to meet obligations and this amount can be reliably estimated, the Group made specific allocations to the provision for risks and charges.

14 Directors' and auditors' fees

Emoluments for the 2021 half-year in question due to directors (including bonuses, charges related to the performance shares plan, provisions for severance indemnity and related contributions) and statutory auditors amounted to €1,797 thousand and €48 thousand, respectively.

The following table gives details of the remuneration for executive directors and non-executive directors for the first half of 2021.

(in thousands of Euro)	**2021**
Chairman of the Board of Directors	130
Executive Directors	1,592
Non-executive directors	75
Total cost	**1,797**

No loans or advances were granted to directors or shareholders during the period under examination.

15 Independent auditor's fees

The fees due to the independent auditors for the half year ended 30 June 2021 amounted to Euro 162 thousand, of which Euro 148 thousand for auditing services and Euro 14 thousand for services other than auditing.

16 Research and development

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 table below reports research and development costs entered among operating costs in the half years ending on 30 June 2020 and 30 June 2021.

(in thousands of Euro)	**Half Year closed at 30 June**	
	2021	**2020**
Research and development costs	10,073	9,053
Capitalised development costs	(1,812)	(1,168)
Amortisation of capitalised development costs	813	684
Research and development costs entered as operating costs	**9,074**	**8,569**

17 Positions or transactions resulting from atypical and/or unusual transactions

Pursuant to the CONSOB communication no. 6064293 of 28 July 2006, it should be noted that during the first half of 2021 there were no atypical and/or unusual transactions with respect to the normal management of the company that could give rise to doubts regarding the correctness and completeness of the information in the financial statements, conflicts of interest, the safeguarding of the company's assets, or the protection of minority shareholders.

18 Events of significance following the close of the financial period

On 28 July 2021, the Board of Directors resolved to sell the shareholding in GVS Patrimonio immobiliare Srl, held by GVS Microfiltration to GVS Real Estate Srl. This transaction will be financed by GVS Real Estate Srl, which will pay the sale price and provide GVS Patrimonio Immobiliare with the amount necessary to extinguish its current debt position with GVS S.p.A.

On 31 August 2021, the GVS Group acquired 100% of the share capital of the RPB Group, which specialises in the design and manufacture of respiratory protection, including compressed air respirators and powered air-purifying respirators. In particular, GVS NA Holding Inc. (100% owned by GVS S.p.A.) acquired 100% of the share capital of the American companies Goodman Brands LLC and Abretec Group LLC, while GVS S.p.A. acquired 100% of the share capital of RPB Safety Limited (a New Zealand company). The purchase price was set at a maximum of USD 194.4 million. The transaction provides for an upfront payment of approximately $150 million for the acquisition of 100% of the share capital, and a possible earn-out of $44.4 million (maximum value), the payment of which, expected in 2022, will be proportionally related to the achievement of the RPB group's 2021 Adjusted EBITDA targets. In order to finance the transaction, GVS signed a 5-year loan agreement for 150 million Euro with a pool of lending banks: Mediobanca - Banca di Credito Finanziario S.p.A., which also acts as agent, Unicredit S.p.A. and Crédit Agricole Italia S.p.A. ("Financing"). GVS S.p.A. then made available to GVS NA Holding Inc. the funds for the two American companies through an intra-group loan at market conditions.

19 Approval of the condensed interim consolidated financial statements and authorisation for publication

The condensed interim consolidated financial statements ending on 30 June 2021 were approved on 10 September 2021 by the Board of Directors, which authorised their publication within the legal deadline.

ATTACHED TABLES

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

(in thousands of Euro)	**At 30 June 2021**	**of which with related parties**	**percen-tage**	**At 31 Decem-ber 2020**	**of which with related parties**	**percen tage**
ASSETS						
Non-current assets						
Intangible assets	92,716			90,979		
Assets represented by usage rights	9,791	2,527	25.8%	8,438	2,953	35.0%
Tangible assets	73,098	25	0.0%	68,925		
Advance tax assets	4,501			4,568		
Non-current financial assets	1,072			968		
Non-current derivative financial instruments	21			-		
Total non-current assets	**181,199**			**173,878**		
Current assets						
Inventories	56,151			46,048		
Trade receivables	52,168	16	0.0%	52,084		
Assets from contracts with customers	2,867			1,753		
Current tax receivables	2,962	1,885	63.7%	202		
Other receivables and current assets	11,347			8,299		
Current financial assets	5,162			5,026		
Cash on hand	119,475			125,068		
Total current assets	**250,132**			**238,480**		
TOTAL ASSETS	**431,331**			**412,358**		
SHAREHOLDERS' EQUITY AND LIABILITIES						
Share capital	1,750			1,750		
Reserves	223,685			162,854		
Net income	48,154			78,063		
Group net shareholders' equity	**273,589**			**242,667**		
Shareholders' equity attributable to non-controlling interests	33			30		
Total shareholders' equity	**273,622**			**242,697**		
Non-current liabilities						
Non-current financial liabilities	61,903			69,728		
Non-current leasing liabilities	6,790	1,762	25.9%	5,471	2,146	39.2%
Deferred tax liabilities	3,926			3,167		
Provisions for employee benefits	4,553	1,641	36.0%	4,499	1,617	35.9%
Provisions for risks and charges	2,463			1,000		
Non-current derivative financial instruments	26			107		
Total non-current liabilities	**79,661**			**83,972**		
Current liabilities						
Current financial liabilities	22,322			19,673		
Current leasing liabilities	3,476	898	25.8%	3,495	965	27.6%
Trade payables	24,202			25,585		
Liabilities from contracts with customers	5,547			4,894		
Current tax payables	5,892			14,485	5,041	34.8%
Other current payables and liabilities	16,609	1,483	8.9%	17,557	2,855	16.3%
Total current liabilities	**78,048**			**85,689**		
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**431,331**			**412,358**		

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

(in thousands of Euro)	**Half Year closed at 30 June**					
	2021	**of which with related parties**	**percen-tage**	**2020**	**of which with related parties**	**percen-tage**
Revenue from customer contracts	189,721			146,333		
Other revenues and proceeds	2,932	20	0.7%	698		
Total revenues	**192,653**			**147,031**		
Purchases and consumption of raw materials, semi-products and finished products	(46,587)			(35,273)		
Personnel costs	(52,897)	(1,796)	3.4%	(44,045)	(1,468)	3.3%
Service costs	(18,047)	(1,797)	10.0%	(16,775)	(200)	1.2%
Other operating costs	(3,563)			(1,280)		
EBITDA	**71,559**			**49,658**		
Net writedowns of financial assets	(248)			(122)		
Amortisation, depreciation and writedowns	(10,306)	(469)	4.5%	(9,040)	(479)	5.3%
EBIT	**61,005**			**40,495**		
Financial proceeds	2,620			75		
Financial charges	(1,181)	(17)	1.5%	(4,654)	(24)	0.5%
Pre-tax result	**62,444**			**35,916**		
Income tax	(14,286)			(8,909)		
Net income	**48,158**			**27,008**		
Group's share	48,154			27,002		
Minority share	4			5		

Conto economico consolidato, con indicazione degli ammontari delle posizioni con parti correlate.

(In migliaia di Euro)	Semestre chiuso al 30 giugno					
	2021	**di cui con parti correlate**	**incidenza %**	**2020**	**di cui con parti correlate**	**incidenza %**
Ricavi da contratti con i clienti	189.721			146.333		
Altri ricavi e proventi	2.932	20	0,7%	698		
Ricavi totali	**192.653**			**147.031**		
Acquisti e consumi di materie prime, semilavorati e prodotti finiti	(46.587)			(35.273)		
Costi per il personale	(52.897)	(1.796)	3,4%	(44.045)	(1.468)	3,3%
Costi per servizi	(18.047)	(1.797)	10,0%	(16.775)	(200)	1,2%
Altri costi operativi	(3.563)			(1.280)		
Margine operativo lordo (EBITDA)	**71.559**			**49.658**		
Svalutazioni nette di attività finanziarie	(248)			(122)		
Ammortamenti e svalutazioni	(10.306)	(469)	4,5%	(9.040)	(479)	5,3%
Risultato operativo (EBIT)	**61.005**			**40.495**		
Proventi finanziari	2.620			75		
Oneri finanziari	(1.181)	(17)	1,5%	(4.654)	(24)	0,5%
Risultato prima delle imposte	**62.444**			**35.916**		
Imposte sul reddito	(14.286)			(8.909)		
Risultato netto	**48.158**			**27.008**		
di cui Gruppo	48.154			27.002		
di cui Terzi	4			5		

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

(in thousands of Euro)	Half Year closed at 30 June							
	2021	**of which non-recurring**	**2021 from ordinary operations**	**percentage**	**2020**	**of which non-recurring**	**2020 from ordinary operations**	**percentage**
Revenue from customer contracts	189,721		189,721		146,333		146,333	
Other revenues and proceeds	2,932	2,122	810		698		698	
Total revenues	**192,653**	**2,122**	**190,531**		**147,031**	**-**	**147,031**	
Purchases and consumption of raw materials, semi-products and finished products	(46,587)		(46,587)		(35,273)		(35,273)	
Personnel costs	(52,897)		(52,897)	0.0%	(44,045)	(972)	(43,073)	2.2%
Service costs	(18,047)	(991)	(17,056)	5.5%	(16,775)	(4,482)	(12,293)	26.7%
Other operating costs	(3,563)	(1,441)	(2,122)		(1,280)	-	(1,280)	
EBITDA	**71,559**	**(310)**	**71,869**		**49,658**	**(5,454)**	**55,112**	
Net writedowns of financial assets	(248)		(248)		(122)		(122)	
Amortisation, depreciation and writedowns	(10,306)	(1,817)	(8,489)	17.6%	(9,040)	(1,984)	(7,056)	21.9%
EBIT	**61,005**	**(2,127)**	**63,132**		**40,495**	**(7,438)**	**47,933**	
Financial proceeds	2,620		2,620		75		75	
Financial charges	(1,181)		(1,181)		(4,654)		(4,654)	
Pre-tax result	**62,444**	**(2,127)**	**64,571**		**35,916**	**(7,438)**	**43,354**	
Income tax	(14,286)	274	(14,560)	-1.9%	(8,909)	1,690	(10,599)	-19.0%
Net income	**48,158**	**(1,852)**	**50,010**		**27,008**	**(5,748)**	**32,756**	

CERTIFICATION OF THE CONSOLIDATED FINANCIAL STATEMENTS PURSUANT TO ARTICLE 154 BIS OF LEGISLATIVE DECREE 58/98

1. The undersigned, Massimo Scagliarini, Chief Executive Officer and Emanuele Stanco, Manager responsible for the preparation of the accounting documents of GVS S.p.A., taking into account the provisions of Article 154-bis, paragraphs 3 and 4 of Legislative Decree no. 58 of 24 February 1998, certify:

   - the adequacy in relation to the characteristics of the business, and
   - the effective application of the administrative and accounting procedures for the preparation of the condensed interim consolidated financial statements during the first half of 2021.

2. The assessment of the adequacy of the administrative and accounting procedures for the preparation of the condensed interim consolidated financial statements at 30 June 2021 was carried out on the basis of the standards and methodologies defined by GVS mainly in accordance with the Internal Control - Integrated Framework model issued by the Committee of Sponsoring Organisations of the Treadway Commission, which represents a reference framework for the internal control system generally accepted at the international level.

3. In addition, they also certify that:

3.1 The condensed interim consolidated financial statements:

- have been prepared in compliance with applicable international accounting standards recognised by the European Community pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002 and with the measures issued in implementation of Article 9 of Legislative Decree no. 38/2005;
- correspond to the results in accounting books and records;
- are suitable to provide a true and fair view of the statement of financial position, and the statement of profit and loss of the issuer and all the companies included in the consolidation.

3.2 the Interim Report on Operations includes a reliable analysis of references to important events that occurred in the first six months of the financial year and their impact on the condensed interim consolidated financial statements, together with a description of the main risks and uncertainties for the remaining six months of the year. The interim report on operations also includes a reliable analysis of information on transactions with related parties.

Zola Predosa, 10 September 2021

Massimo Scagliarini
Chief Executive Officer

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

REVIEW REPORT ON CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

To the Shareholders of
GVS SpA

Foreword

We have reviewed the accompanying consolidated condensed interim financial statements of GVS SpA (hereinafter, also the “Company” and together with its subsidiaries the “GVS Group”) as of 30 June 2021 which comprise the consolidated statement of financial position, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows and the related explanatory notes. The Directors of the Company are responsible for the preparation of the consolidated condensed interim financial statements in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these consolidated condensed interim financial statements based on our review.

Scope of review

We conducted our work in accordance with the criteria for a review recommended by Consob in Resolution No. 10867 of 31 July 1997. A review of consolidated condensed interim financial statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than a full-scope audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the consolidated condensed interim financial statements.

PricewaterhouseCoopers SpA

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Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the consolidated condensed interim financial statements of GVS Group as of 30 June 2021 are not prepared, in all material respects, in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Bologna, 13 September 2021

PricewaterhouseCoopers SpA

Signed by
Giuseppe Ermocida
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers www.gvs.com

GVS

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