



Half-yearly Financial Report at 30 June 2022



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Contents

01	Information About The Company And Information For Shareholders	6
02	Group Structure*	7
03	Corporate Bodies	8
04	Directors' Report on Operations	10
	Foreword	12
	Group performance and analysis of the results for the first half of the year 2022	12
	Investments	22
	Research and development	22
	Additional information	22
	Principal risks and uncertainties	22
	Inter-group and related party transactions	23
	Significant events occurring in the first half of 2022	24
	Events subsequent to the close of the period	25
	Business outlook	25
05	Condensed Consolidated Interim Financial Statements at 30 June 2022	26
	Consolidated statement of assets and liabilities*	28
	Consolidated income statement*	29
	Comprehensive consolidated income statement	30
	Prospectus of changes in consolidated shareholders' equity	32
	Consolidated statement of cash flows*	34

Explanatory Notes to the Condensed Interim Consolidated Financial Statements at 30 June 2022

1. General information	35
2. Summary of the accounting standards adopted	35
3. Recently issued accounting standards	41
4. Estimates and assumptions	42
5. Management of financial risk	43
6. Information on operating segments	48
7. Business combinations	48
8. Notes to the consolidated statement of assets and liabilities	52
9. Notes to the consolidated income statement	67
10. Non-recurring revenues and operating costs	74
11. Hyperinflation	74
12. Transactions with related parties	75
13. Commitments and risks	78
14. Directors' and auditors' fees	79
15. Independent auditor's fees	79
16. Research and development	79
17. Positions or transactions resulting from atypical and/or unusual transactions	80
18. Events of significance following the close of the financial period	80
19. Approval of the condensed interim consolidated financial statements and authorisation for publication	80

Attached Tables

Consolidated statement of financial position, with indication of the amounts of positions with related parties	81
Consolidated income statement, with indication of the amounts of positions with related parties	82
Consolidated statement of cash flows, with indication of the amounts of positions with related parties	83
Consolidated income statement, with indication of the amounts deriving from non-recurring transactions	84
CERTIFICATION OF THE CONSOLIDATED FINANCIAL STATEMENTS PURSUANT TO ARTICLE 154 BIS OF LEGISLATIVE DECREE 58/98	86
AUDITING COMPANY REPORT	87

Information About the Company and Information for Shareholders

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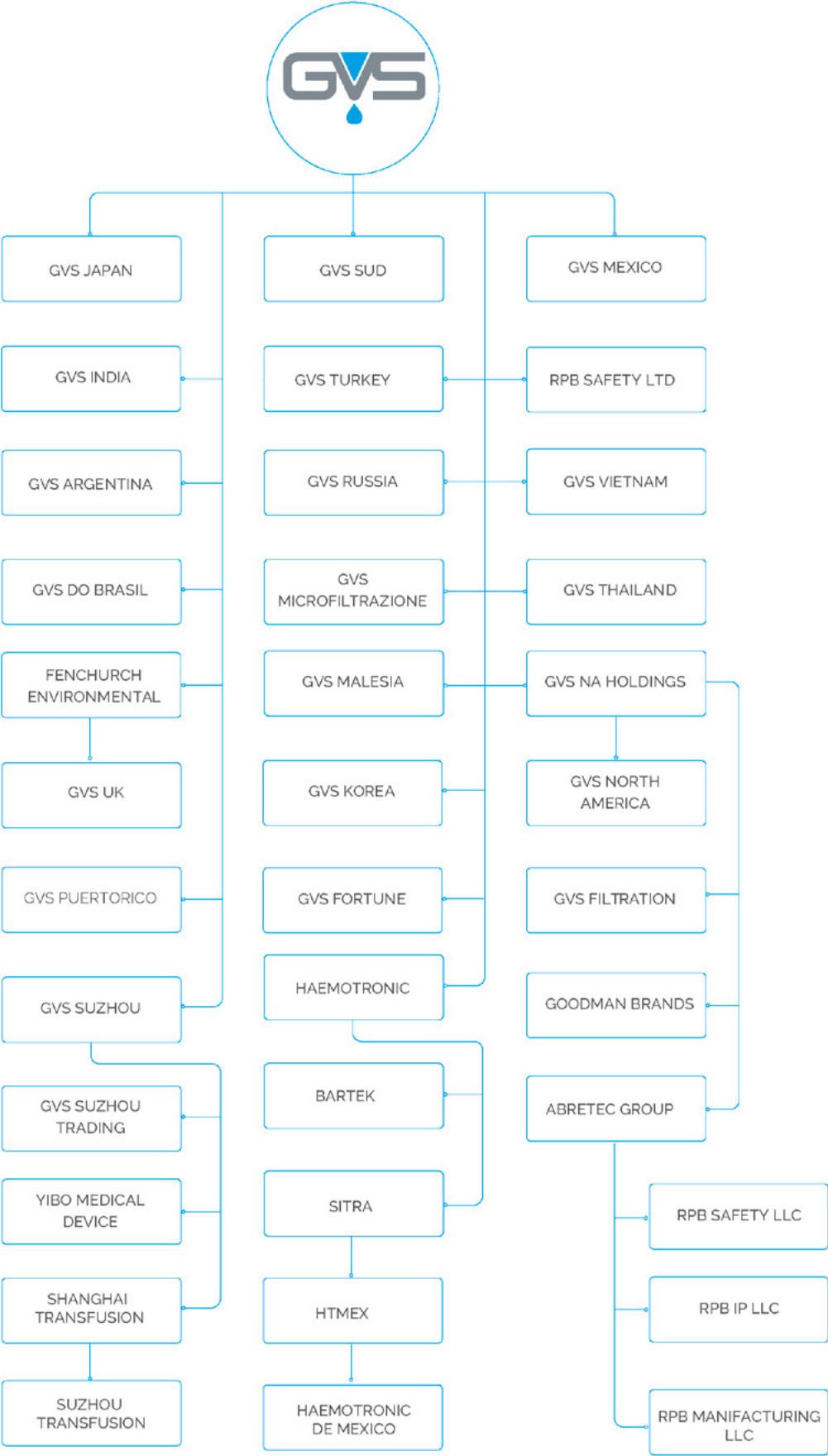
LEGAL INFORMATION

Share capital: Euro 1,750,000
Tax code 03636630372
VAT number 00644831208
REA of Bologna 0305386
Register of Companies of Bologna 45539

INVESTOR RELATIONS

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Group Structure*



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

Corporate Bodies

Board of Directors

Chair
Chief Executive Officer
Executive Directors

Grazia Valentini ⁽²⁾
Massimo Scagliarini
Marco Scagliarini
Mario Saccone
Matteo Viola
Nadia Buttignol ⁽¹⁾
Arabella Caporello ⁽¹⁾
Alessandro Nasi ⁽²⁾
Michela Schizzi ^{(1) (2)}

Independent Directors

Board of Auditors

Chair
Standing auditors

Substitute auditors

Patrizia Lucia Maria Riva
Francesca Sandrolini
Stefania Grazia
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





04.

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 2022.

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 2022, 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 2022

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 year 2020 and the first part of 2021 were strongly influenced by the outbreak of the COVID-19 pandemic, which for the Group had a significant impact on the sales of two sub-divisions: *Healthcare Air & Gas* and *Personal Safety*. The second half of 2021 and the beginning of 2022 were periods characterized initially by a sustained recovery of the global economy, with a correlated inflationary push combined with the difficulty of procuring some materials, and subsequently by the energy crisis triggered by the war in Ukraine with a further growth in related expense items.

In this macroeconomic context with a high rate of instability and unpredictability, the GVS Group has combined three new acquisitions over the last 12 months, making the management scope even more complex to read, especially in terms of comparability with previous homogeneous periods. For this reason, the internal comparison metrics start by neutralizing the impacts of the sales of disposable masks (FFP3) linked specifically to the continuation of the pandemic.

The table below breaks down revenues from contracts with customers by division in the half years ending on 30 June 2021 and 30 June 2022 presented with and without sales of disposable masks.

	Period ending on 30 June		
		2021 without sales of disposable masks for the pandemic	
(in thousands of Euro)	2022	2021	2021
<i>Healthcare Liquid</i>	63,043	48,988	48,988
<i>Healthcare Air & Gas</i>	16,062	25,973	25,973
<i>Laboratory</i>	16,347	19,106	19,106
Healthcare & Lifesciences	95,452	94,067	94,067
<i>Powertrain & Drivetrain</i>	15,927	15,549	15,549
<i>Safety & Electronics</i>	10,769	12,001	12,001
<i>Sport & Utility</i>	12,219	11,460	11,460
Energy & Mobility	38,915	39,011	39,011
<i>Personal Safety</i>	29,719	5,528	53,528
<i>Air Safety</i>	2,526	3,115	3,115
Health & Safety	32,245	8,643	56,643
Revenue from customer contracts	166,611	141,721	189,721

During the first half of 2022, GVS achieved consolidated revenues of Euro 166.6 million, + 17.6% compared to the figure for the same period of the previous year net of disposable masks and + 14.5% compared to the second half of 2021, thanks also to the contribution of the latest takeovers; on the other hand, down by 12.2% compared to a total of 189.7 million euros recorded in the same period of the previous year without eliminating the contribution of disposable masks.

The revenues of the *Healthcare & Life Sciences* division recorded significant growth in the *Healthcare Liquid* business (+ 28.7%), compared to the first half of last year, thanks also to the acquisitions concluded in the first six months of 2022 (Euro 11.3 million), absorbing the contraction recorded in the *Healthcare Air & Gas* business. We also remember that during the first half of 2021 the *Laboratory* business had benefited from revenues of Euro 3 million, following an agreement reached with a customer for the early closure of a supply order. The average by quarter of the *Laboratory* sub-division in terms of turnover in 2021 was equal to Euro 7.9 million, therefore the 2022 trend is incremental by approximately 4%, settling at Euro 8.2 million.

The *Energy & Mobility* division recorded a certain stability in terms of revenues compared to the same period of the previous year, which had nevertheless been a period of strong growth, with the confirmation of the gradual recovery of production levels prior to the pandemic and thanks to the recovery of orders that had been rescheduled due to the disruptions of the logistics and supply chain in the sector. The order trends of the division remains strong, although we continue to be cautious in terms of forecasts for the second half of the year, due to the complexity of the global macroeconomic scenario and the impacts that the energy crisis may have on the sector.

Once the effects of extraordinary consumption deriving from the pandemic had been overcome, the *Health & Safety* division refocused on the development of the business of professional masks, benefiting also from the positive contribution of the acquisition of the RPB business from September 2021, which recorded revenues of 16 million euros in the first half of 2022. The division's trend is growing, net of the effects of COVID and the recent takeovers, by double digits (+ 84.5%) compared to the same period of the previous

year, although it is affected by a delay in the PPE dust mask business, which only in recent months has shown significant signs of recovery.

In terms of performance and breakdown of revenues from contracts with customers as of 30 June 2022:

- the *Healthcare & Life Sciences* division, which represents 57.3% of the total, recorded revenues of Euro 95.5 million and grew by 1.5% compared to the first half of 2021. STT and Haemotronic, taken over and consolidated respectively from 1 March 2022 and from 15 June 2022, contributed approximately Euro 11.3 million;
- the *Energy & Mobility* division, which represents 23.4% of the total, recorded a turnover level substantially in line with the first half of 2021, reaching Euro 38.9 million;
- the *Health & Safety* division, which benefited from RPB's contribution for approximately Euro 16 million in the first half, represents 19.4% of the total and settled at Euro 32.2 million with a significant reduction compared to the first half of 2021; it was characterized by exceptional sales from disposable masks due to COVID-19.

Financial statements for the period closing at 30 June 2022 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

The 6-month period closed on 30 June								
(in thousands of Euro)	2022	of which non recurring	2022 from ordinary operations	%	2021	of which non recurring	2021 from ordinary operations	%
Revenues from sales and services	166,611		166,611	100.0%	189,721		189,721	100.0%
Other revenues and proceeds	1,551		1,551	0.9%	2,932	2,122	810	0.4%
Total revenues	168,162	-	168,162	100.9%	192,653	2,122	190,531	100.4%
Cost of raw materials purchases and variations in inventories	(52,357)	(996)	(51,361)	-30.8%	(46,587)		(46,587)	-24.6%
Services	(20,985)	(978)	(20,007)	-12.0%	(18,047)	(991)	(17,056)	-9.0%
Various operating costs	(2,102)		(2,102)	-1.3%	(3,563)	(1,441)	(2,122)	-1.1%
Added value	92,718	(1,974)	94,692	56.8%	124,456	(310)	124,766	65.8%
Cost of labour	(56,188)	(1,415)	(54,773)	-32.9%	(52,897)		(52,897)	-27.9%
EBITDA	36,530	(3,389)	39,919	24.0%	71,559	(310)	71,869	37.9%
Amortisation and depreciation	(15,553)	(4,725)	(10,828)	-6.5%	(10,306)	(1,817)	(8,489)	-4.5%
Provisions and writedowns	(232)		(232)	-0.1%	(248)		(248)	-0.1%
EBIT	20,745	(8,114)	28,859	17.3%	61,005	(2,127)	63,132	33.3%
Financial proceeds and charges	21,780	(713)	22,493	13.5%	1,439		1,439	0.8%
Pre-tax result	42,525	(8,827)	51,352	30.8%	62,444	(2,127)	64,571	34.0%
Income tax	(10,084)	1,788	(11,873)	-7.1%	(14,286)	274	(14,560)	-7.7%
Group's and minority shareholders' net profit or loss	32,441	(7,039)	39,479	23.7%	48,158	(1,852)	50,010	26.4%

The consolidated economic results of operations of the period closing at 30 June 2022 were as follows: total revenues from ordinary operations amounted to Euro 166.6 million (Euro 189.7 million in the first half of 2021); EBITDA from ordinary operations amounted to Euro 39.9 million (Euro 71.9 million in the first half of 2021); EBIT from ordinary operations came to Euro 28.9 million (Euro 63.1 million in the first half of 2021).

If in terms of turnover, net of the effects of COVID-19, the trend remains positive in terms of comparison with the first and second half of 2021, in terms of EBITDA from ordinary operations in absolute and relative value we still record a delay in the recovery of the target levels, settling at 39.9 million euros, equal to 24% of revenues, against 51.9 million euros in 2021 which corresponds to the value from ordinary operations without the COVID effects in the first half of the previous year.

This difference stems from:

- a different mix of sales achieved in the periods under comparison, due to a change in the mix of products sold, mainly driven by the progressive normalization of consumption of disposable masks and the consequent reduction of absorption of fixed costs in some of the group's production plants, in particular in Mexico and in the overall industrial structure of the United States;
- an increase in the costs of materials and services, compared to the first half of 2021, in absolute value due to the acquisition of the RPB, STT and Haemotronic groups in the second half of last year and in the first half of 2022, which in particular for RPB and STT entail a different structure of the cost of the product sold with a higher incidence of materials, for RPB, and of the costs of external services, for STT;
- the growth in absolute value of personnel costs in the period ended 30 June 2022 compared to the same period of the previous year, following the acquisitions completed in the second half of 2021 and in the first half of 2022. In addition, during the pandemic, the Group had equipped itself with a direct staff structure with the aim of promptly and effectively coping with the strong growth in volumes and only in the third and fourth quarter of 2021 did GVS begin to implement the reduction of the employees directly involved in production; consequently scope being equal, starting from the second half of 2021 and in the first half of 2022, there was a reduction in absolute value of the cost of direct personnel. On the other hand, costs for indirect personnel increased in the half for strengthening the Group structure, mainly in the commercial and managerial areas to support growth;
- the percentage incidence of personnel costs on revenues from sales and services increased compared to the previous year, going from 27.9% in the first half of 2021 to 32.9% in 2022, due to the growth linked to acquisitions and the organizational structure not yet completely absorbed by the prospects for future growth in turnover.

EBIT from ordinary operations with a margin on revenues of 17.3% is equal to Euro 28.9 million (-54.3%) compared to the Euro 63.1 million of the previous year (value of Euro 43.1 million from ordinary operations excluding the effects of COVID in the first half of the previous year). There was an increase in the item amortization and depreciation for Euro 2.3 million of which Euro 1.1 million attributable to the acquisitions of RPB, STT and Haemotronic and for the remaining part attributable to the acceleration of the investment plans implemented by the Group over the last few years, in order to cope with the necessary increase in production capacity.

Net financial charges (net of exchange rate gains of Euro 23,649 thousand recorded in the first half of 2022 and of Euro 2,541 thousand recorded in 2021) increased in the period in question, going from Euro 1,102 thousand for the period ended 30 June 2021 to Euro 1,156 thousand for the period ended 30 June 2022, mainly due to the new financial payables, linked to the acquisitions, subscribed in the second half of 2021 and the first half of 2022.

The pre-tax result of recurrent activities reached Euro 51.3 million in the first half of 2022, Euro 13.2 million lower than the first half of 2021 figure of Euro 64.6 million, due to the effect of the factors described above.

Non-recurrent proceeds and charges in the period ending on 30 June 2022 represent: (i) to an increase in costs related to the higher inventory value attributed following the purchase price allocation of the RPB group (Euro 996 thousand); (ii) costs allocated to the provision for risks and reorganization relating to Group personnel (totalling Euro 1,415 thousand); (iii) to consultancy costs related to acquisition of business/equity investments (Euro 978 thousand), (iv) amortization of intangible and depreciation of tangible assets recognized following the purchase price allocation of the Kuss and RPB groups (Euro 4,725 thousand) and finally (v) interest recorded following the discounting of the debts for earn out for the acquisitions of the STT, RPB and Haemotronic groups (Euro 713 thousand), net of the related tax effect.

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.

Analysis of reclassified equity position

<i>(in thousands of Euro)</i>	At 30 June 2022	At 31 December 2021
Net intangible fixed assets	495.712	227.743
Net usage rights	20.936	10.420
Net tangible fixed assets	106.866	77.622
Financial fixed assets	1.831	978
Other fixed assets	9.366	1.965
Fixed capital (A)	634.711	318.727
Net trade receivables	73.428	52.975
Inventories	113.599	72.353
Payables to suppliers	(48.516)	(23.820)
Net commercial working capital (B)	138.512	101.508
Other current assets	22.657	19.279
Other current liabilities	(32.562)	(21.629)
Total current assets/liabilities (C)	(9.905)	(2.351)
Net working capital (D) = (B) + (C)	128.606	99.157
Other non-current liabilities (E)	(16.919)	(5.675)
Employee termination indemnity and end of service indemnity (F)	(5.533)	(4.366)
Provisions for risks and charges (G)	(7.835)	(4.654)
Net invested capital (H) = (A+D+E+F+G)	733.031	403.188

Shareholders' equity	(337.094)	(295.346)
Consolidated shareholders' equity (I)	(337.094)	(295.346)
(Short-term financial indebtedness)/Liquidity	(318.970)	79.095
(Net medium/long term financial indebtedness)	(76.967)	(186.937)
Net financial indebtedness (L)	(395.937)	(107.843)
Own funds and net financial indebtedness (M) = (I+L)	(733.031)	(403.188)

The short-term net financial debt, equal to Euro 318,970 thousand, reflects the fact that a portion of the medium-term financial debt (€ 395,137 thousand) was reclassified in the balance sheet item "*Current financial liabilities*" due to the temporary asymmetry between the timing of closing of the latest acquisition and the consistent adjustment of existing loan agreements. This reclassification is in fact attributable to the failure for technical reasons of one of the two covenants (linked to the ratio between the consolidated values of net financial debt / pro forma EBITDA) underlying most of the medium-term loans in place and was carried out on the closing values for the period. Although substantially these payables are not due within the twelve months following 30 June 2022, as the Company has not received any formal request for payment from the credit institutions, the reclassification has been accounted for in the condensed consolidated financial statements as required by the IAS 1, as the formal waivers to the exercise of the contractual rights provided for in the event of violation of the covenant were received from the credit institutions in July and therefore after the closing date of the period (30 June 2022). We therefore note that at the date of this report on operations the breakdown between adjusted short-term and medium / long-term net financial debt, which reflects the actual share of loans to be paid in the next twelve months, differs from the as reported short and medium / long term breakdown, prepared in accordance with the requirements of IAS 1, and is highlighted in the following table:

<i>(in thousands of Euro)</i>	At 30 June 2022	At 31 December 2021
(Short-term financial indebtedness)/Liquidity <i>as reported</i>	(318.970)	79.095
(Net medium/long term financial indebtedness) <i>as reported</i>	(76.967)	(186.937)
Net financial indebtedness (L)	(395.937)	(107.843)
(Short-term financial indebtedness)/Liquidity <i>adjusted</i>	76.167	79.095
(Net medium/long term financial indebtedness) <i>adjusted</i>	(472.104)	(186.937)
Net financial indebtedness (L)	(395.937)	(107.843)

Fixed capital at 30 June 2022 shows an increase of Euro 315,985 thousand, mainly due to the acquisition of the STT and Haemotronic groups for a comprehensive amount of Euro 287,994 thousand. Specifically, net intangible assets increased by € 267,970 thousand, of which € 245,420 thousand for the additional provisional goodwill amounts recorded from the STT and Haemotronic acquisitions, tangible fixed assets increased by € 29,244 thousand, of which € 22,200 thousand related to STT and Haemotronic and net usage rights increased by Euro 10,516 thousand, of which Euro 11,779 thousand relating to Haemotronic net of amortisation of the period.

The balance of commercial net working capital at 30 June 2022 shows an increase of Euro 37,001 thousand, compared to 31 December 2021, due for Euro 32,252 to the net working capital relating to the STT and Haemotronic groups. Excluding the increase in inventories to be attributed to these extraordinary transactions for Euro 26,611 thousand and the exchange rate effect of the period equal to Euro 6,174 thousand, the increase in inventory of Euro 8,461 thousand mainly concerned raw materials to anticipate future price increases and to avoid production disruption due to logistical problems in some markets, including the Chinese market.

The increase in other current assets at 30 June 2022, equal to Euro 3,377 thousand, was mainly due to the extraordinary transactions for the increase in prepaid expenses and tax receivables for indirect taxes.

The increase in other current liabilities at 30 June 2022 compared to 31 December 2021, equal to Euro 10,934 thousand, is mainly attributable to the STT and Haemotronic groups due to the increase in payables for indirect taxes, payables to employees and to social security institutions and advances received from customers.

Shareholders' equity at 30 June 2022 increased by Euro 41,747 thousand, mainly due to the overall result for the period equal to Euro 41,739 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.

<i>(in migliaia di Euro)</i>	Al 30 giugno 2022	Al 31 dicembre 2021
(A) Cash on hand	128.684	136.893
(B) Cash equivalents	-	-
Term deposits	-	727
Shares held for trading	3.074	7.437
Financial receivables due to leasing	174	173
(C) Other current financial assets	3.248	8.337
(D) Liquidity (A)+(B)+(C)	131.933	145.230
Current bank debts	4.382	-
Financial payables to other companies in the GVS Group due to leasing	1.939	2.117
Financial payables for leasing	5.437	2.643
Other current payables	-	19.670
Other financial payables	234	545
(E) Current financial indebtedness	11.992	24.975
(F) Current portion of non-current indebtedness	438.911	41.138
(G) Current financial indebtedness (E)+(F)	450.903	66.135
(H) Net current financial indebtedness (G)-(D)	(318.970)	79.095
Non-current bank debts	22.853	155.320
Non-current bonded loans	-	24.758
Other financial payables	37.481	87
Financial payables to other companies in the GVS Group due to leasing	2.302	2.784
Non-current financial payables for leasing	14.331	3.989
(I) Non-current financial indebtedness	76.967	186.937
Passive derivative financial instruments	-	0
(J) Debt instruments	-	0
(K) Trade payables and other non-current payables	-	-
(L) Non-current financial indebtedness (I)+(J)+(K)	76.967	186.937
(M) Total net financial indebtedness (H)-(L)	(395.937)	(107.843)

The change in net financial indebtedness at 30 June 2022 compared to 31 December 2021, totalling € 288,094 thousand, is mainly due to the net liquidity used for the acquisition of the STT and Haemotronic groups equal to € 219,094 thousand, to the net financial indebtedness for leasing and non-leasing obtained with the same STT and Haemotronic (€48,909 thousand) and to the non-current financial indebtedness for earn out, recorded at 30 June 2022 for Euro 36,458 thousand, relating to the same extraordinary transactions. In terms of current operations, the cash generated by operations was much higher than the liquidity necessary to meet the ordinary investments made in the period, the cash absorbed by working capital, and that used for the payment of financial charges and the purchase of treasury shares. The increase in current financial debt, equal to Euro 384,767 thousand, is mainly attributable to the portion of medium-term loans classified as short-term at 30 June 2022 due to the temporal asymmetry between the timing of the closing of the latest acquisition and the consistent adjustment of existing loan agreements. This reclassification is in fact attributable to the failure for technical reasons of one of the two covenants (linked to the ratio between the consolidated values of net financial debt / pro forma EBITDA) underlying most of the medium-term loans. Although substantially these payables are not due within the twelve months following 30 June 2022, as the Company has not received any formal request for payment from the credit institutions, the reclassification has been accounted for in the condensed consolidated financial statements as required by the IAS 1, as the formal waivers to the exercise of the contractual rights provided for in the event of violation of the covenant were received from the credit institutions in July and therefore after the closing date of the period (30 June 2022).

As mentioned earlier, adjusted short-term net financial debt, which reflects the actual share of loans to be paid in the next twelve months, differs from debt as reported, prepared in accordance with the requirements of IAS 1, and is highlighted in the following table:

<i>(in thousands of Euro)</i>	At 30 June 2022	At 31 December 2021
(A) Cash on hand	128.684	136.893
(B) Cash equivalents	-	-
(C) Other current financial assets	3.248	8.337
(D) Liquidity (A)+(B)+(C)	131.933	145.230
(E) Current financial indebtedness	11.992	24.975
(F) Current portion of non-current indebtedness	43.774	41.160
(G) Adjusted current financial indebtedness (E)+(F)	55.766	66.135
(H) Adjusted net current financial indebtedness (G)-(D)	76.167	79.095
(I) Non-current financial indebtedness	472.104	186.937
(J) Debt instruments	-	0
(K) Trade payables and other non-current payables	-	-
(L) Adjusted non-current financial indebtedness (I)+(J)+(K) adjusted	472.104	186.937
(M) Total net financial indebtedness (H)-(L)	(395.937)	(107.843)

The decrease in adjusted current financial debt, equal to Euro 10,370 thousand, is mainly attributable to the payable for earn out relating to the RPB group equal to Euro 20 million, the payment of which was made during the period under review. The increase in adjusted non-current financial debt, equal to Euro 285,166 thousand, is mainly attributable to the new debt of Euro 230 million underwritten for the acquisition of Haemotronic and the payables for earn out relating to the STT and Haemotronic groups, for Euro 36,458 thousand, payment of which will be made in the course of subsequent financial years.

The Group's net financial position (including non-current active derivatives and non-current active loans, and excluding net current and non-current leasing liabilities recorded in accordance with the provisions of IFRS 16) are equal to negative Euro 370,735 thousand at 30 June 2022 and negative Euro 96,360 thousand at 31 December 2021.

<i>(in thousands of Euro)</i>	At 30 June 2022	At 31 December 2021
(M) Total net financial indebtedness	(395.937)	(107.843)
Non-current active derivative financial instruments	919	123
Long-term financial receivables	448	-
Financial payables for leasing (net)	23.834	11.359
Total net financial position	(370.735)	(96.360)

Cash flow statement

The cash flow statement appears below.

During the period ended 30 June 2022, operations generated less liquidity for Euro 32,245

<i>(in thousands of Euro)</i>	Half Year closed at 30 June	
	2022	2021
Pre-tax result	42.525	62.444
- Adjustment for:		
Amortisation, depreciation and writedowns	15.553	10.306
Capital losses / (capital gains) from sale of assets	20	(1.937)
Financial charges / (proceeds)	(21.780)	(1.439)
Other non-monetary variations	3.750	2.938
Cash flow generated / (absorbed) by operations before variations in net working capital	40.068	72.312
Variation in inventories	(9.930)	(7.039)
Variation in trade receivables	364	(1.993)
Variation in trade payables	1.657	(2.259)
Variation in other assets and liabilities	1.924	(2.503)
Use of provisions for risks and charges and for employee benefits	(779)	(449)
Taxes paid	(5.148)	(24.746)
Net cash flow generated / (absorbed) by operations	28.156	33.323
Investments in tangible assets	(10.319)	(9.325)
Investments in intangible assets	(2.341)	(2.210)
Disposal of tangible assets	42	3.554
Investment in financial assets	(1.073)	-
Disinvestment in financial assets	6.451	17
Payment for purchase of a business net of acquired cash on hand	(239.162)	-
Net cash flow generated / (absorbed) by investment	(246.402)	(7.964)
Opening of long-term financial payables	232.511	87
Repayment of long-term financial payables	(23.219)	(6.264)
Repayment of leasing liabilities	(2.367)	(1.798)
Financial charges paid	(1.268)	(1.836)
Financial proceeds collected	1.285	79

Treasury shares	(1.405)	-
Dividends paid	-	(22.403)
Net cash flow generated/(absorbed) by financial assets	205.537	(32.134)
Total variation in cash on hand	(12.709)	(6.775)

Cash on hand at the start of the period	136.893	125.068
Total variation in cash on hand	(12.709)	(6.775)
Conversion differences on cash on hand	4.500	1.182
Cash on hand at the end of the period	128.684	119.475

thousand compared to the same period of the previous year, mainly due to the reduction in EBITDA largely linked to the sales of disposable masks in 2021; moreover, net of the liquidity used for the payment of taxes that characterized the first half of 2021, net working capital continues to absorb cash following an increase in the inventories of raw materials to anticipate future price increases and to avoid disruption production due to logistical problems in some markets.

During the period ended 30 June 2022, net investment activity (for ordinary and extraordinary acquisitions) shows a greater absorption of liquidity, compared to the same period of the previous year, for Euro 238,438 thousand following the acquisition of the STT and Haemotronic groups and the payment of the debt for earn out relating to the RPB group, also liquidated in the first half of 2022.

The item financial assets shows a higher level of liquidity compared to the same period of the previous year, for Euro 237,672, mainly as a result of the new financial debt subscribed for the acquisition of Haemotronic.

Indicators

The Group's principal economic and financial indicators and other indicators at 30 June 2021 and 30 June 2022 are listed below.

<i>(in migliaia di Euro)</i>	Periodo chiuso al 31 marzo	
	2022	2021
ROE (net profit/total net shareholders' equity)	19%	35%
ROI (EBIT from ordinary operations/net invested capital)	8%	52%
ROS (EBIT from ordinary operations/ordinary total revenues)	17%	33%
EBITDA	36.530	71.559
EBITDA from ordinary operations	39.919	71.869
Net interest expense (excluding exchange gains / losses and interest for discounting earn out)	(1.156)	(1.102)
Net Financial Debt	(395.937)	30.120
Net financial position	(370.735)	40.335
Total intangible fixed assets/Total fixed assets	78%	51%
Total intangible fixed assets/Total assets	51%	21%
Acid test (short-term assets/short-term liabilities)	1.2	1.3
Net interest expense / payables to lenders	0.5%	2.5%
Indebtedness ratio (net financial indebtedness/shareholders' equity)	1.17	(0.11)
Net financial position/shareholders' equity	1.10	(0.15)
EBITDA/Interest	31.61	64.92
EBITDA from ordinary operations/Interest	34.54	65.21
Net financial position/EBITDA	5.07	(0.28)
Net financial position/EBITDA from ordinary operations	4.64	(0.28)
Net financial position/pro forma EBITDA from ordinary operations	4.17	N/A
Net financial debt / EBITDA	5.42	(0.21)
Net financial indebtedness/EBITDA from ordinary operations	4.96	(0.21)

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 period ended 30 June 2022 are mainly attributable to the strengthening of the production capacity of the Healthcare & Life Sciences division.

Furthermore, it should be noted that, with reference to the period ended 30 June 2022, the main investments concerned the production plants in Italy, the plants in the United States of America and in Mexico, in addition to the construction of a new production plant in Suzhou, China.

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.

(in thousands of Euro)	Half Year closed at 30 June	
	At 30 June 2022	At 30 June 2021
Research and development costs	10.992	10.073
Research and development costs/revenues from contracts with customers	6,6%	5,3%

ADDITIONAL INFORMATION

The Company does not own, and has never owned, stocks or shares in its parent company, even through an intermediary and/or company; therefore, it did not buy or sell any such stocks or shares in the first half of 2022.

Starting from 8 October 2021, the Company launched the buyback program authorized by the Shareholders' Meeting of 27 April 2021. As of 30 June 2022, treasury shares in portfolio are 450,000 shares for a total amount equal to 0.26% of the Company's share capital.

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.

In relation to the war conflict that broke out between Ukraine and Russia, the Company monitors the geopolitical context and the situation in Russia on a daily basis to assess the potential direct and indirect effects in future, both in terms of strengthening the inflation dynamics in the supply markets of raw materials and energy costs, and in terms of sales reduction in the affected areas. Currently, the Group's exposure to the areas concerned is marginal and is around 0.3% of consolidated turnover.

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
Parent Company - GVS Group S.r.l.	Financial, consolidated fiscal.
Subsidiaries	Commercial, performance of services and financial.
Associated companies - 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 intragroup 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 2022

In October 2021, the Company launched the treasury share purchase program authorized by the Shareholders' Meeting of 27 April 2021 (the "Buyback Plan"), within the terms already disclosed to the market. In execution of the aforementioned shareholders' resolution, the first part of the Buyback Plan was concluded in the first half of 2022, for a number of treasury shares equal to 450,000 shares (equal to 0.26% of the subscribed and paid-up share capital).

On 02 March 2022, the GVS Group, through its subsidiary GVS Technology (Suzhou) Co. Ltd, has completed the acquisition of the entire share capital of Shanghai Transfusion Technology Co. Ltd ("STT"), a historic Chinese company, leader in the production and sale of products related to blood treatment. The closing of the transaction took place following the meeting of all conditions precedent set out in the sale contract. The consideration paid at the closing was equal to approximately 55 million euros. A deferred payment, of a maximum amount of approximately 9 million euros, will be paid to the seller in the event that STT obtains the authorization to produce and market a new strategic line of products. The price may be subject to some adjustments on the basis of the net working capital and net financial position. The acquisition was financed with the available liquidity of GVS. After the closing, STT repaid the loan of approximately CNY 73.5 million (approximately EUR 10.5 million) granted by the seller in order to finance certain pre-closing payments and provide STT with adequate working capital.

In March 2022, GVS agreed with the RPB sellers on the amount to pay as earn out on the basis of achievement of the Adjusted EBITDA targets of the RPB Group in the course of 2021 and provided for liquidation of the same amount in the same month.

On 15 June 2022, the GVS Group completed the takeover of the entire share capital of Haemotronic SpA and its subsidiaries, a historic Italian company specializing in the production of components and bags for the medical sector with plants in Italy and Mexico. The closing of the transaction took place following the meeting of all conditions precedent set out in the sale contract. The consideration paid at the closing was equal to approximately 224 million euros. A deferred payment, for at most approximately 38 million euros, will be paid to the seller upon reaching specific objectives of adjusted EBITDA, whose payment is expected in 2024 and 2025. The price may be subject to some adjustments on the basis of the net working capital and net financial position.

In order to finance the transaction, GVS signed a 5-year loan agreement for a total amount of € 230 million with a pool of lending banks, including Mediobanca - Banca di Credito Finanziario SpA and Unicredit SpA, acting, inter alia, in the capacity of arrangers, global coordinators and original lenders.

EVENTS SUBSEQUENT TO THE CLOSE OF THE PERIOD

In July 2022, GVS SpA entered into three interest rate swap-type derivative contracts with Mediobanca - Banca di Credito Finanziario SpA, Credit Agricole Italia SpA and Unicredit SpA for a total initial nominal amount of Euro 150,000 thousand, aimed at fully hedging the risk of fluctuation of the interest rates of the loan granted by the same credit institutions in the course of 2021, following the acquisition of RPB. Such derivative financial instruments, having a decreasing nominal value equal to the nominal value of the hedged items, guarantee a fixed interest rate for the entire duration of the loan.

With reference to the failure due to technical reasons to comply with one of the consolidated financial parameters (net financial debt / pro forma EBITDA) provided by some of the existing loan agreements, it is specified, as reported in other sections of this Report on Operations, that the Company has received, on the date of approval of the interim consolidated financial statements at 30 June 2022, the consent of the lending banks to waive the financial constraint, provided for in the contract, exceeded with reference to the results as at 30 June 2022.

BUSINESS OUTLOOK

GVS continues to pursue the organic consolidation of the results obtained so far thanks to the progressive industrial and commercial integration of the recent acquisitions. The objective is to confirm the organic growth trend that, net of extraordinary trends in the period, has historically characterized the Group, maintaining a high level of attention for timeliness in responding to the demands of the market and of its customers with ever greater integration of ESG factors in the business strategy. Particular attention to the performance of operations is linked to the current situation of geopolitical tension, which, although marginal in terms of direct exposure for the GVS Group, may have indirect economic impacts to be faced during the year. After the results achieved in the first half of 2022, and in consideration of economic and geopolitical cyclical uncertainty variables, for 2022 we confirm the forecast for moderate growth in terms of turnover compared to 2021, without considering the contribution in the first half of 2022 made by the Haemotronic acquisition, which positively absorbs the reduction in the extraordinary values recorded last year for the sale of disposable masks, thanks to the positive contribution of the most recent acquisitions, including the additional contribution of Haemotronic. In terms of EBITDA margin, a dilution with respect to the results achieved in 2021 is expected, due to the acquisitions themselves and the need to optimize the Group's industrial structures.

Zola Predosa, 6 settembre 2022

Per il Consiglio di Amministrazione
Massimo Scagliarini
Amministratore Delegato





05.

**Condensed
Consolidated
Interim Financial
Statements at 30
June 2022**

Consolidated statement of assets and liabilities*

(in thousands of Euro)	At 30 June 2022		At 31 December
	Notes	2022	2021
ASSETS			
Non-current assets			
Intangible assets	8.1	495.712	227.743
Assets represented by usage rights	8.2	20.936	10.420
Tangible assets	8.3	106.866	77.622
Advance tax assets	8.4	6.380	1.502
Non-current financial assets	8.5	2.122	1.318
Non-current derivative financial instruments	8.6	919	123
Other receivables and non-current assets	8.11	1.776	-
Total non-current assets		634.711	318.728
Current assets			
Inventories	8.7	113.599	72.353
Trade receivables	8.8	73.428	52.975
Assets from contracts with customers	8.9	2.943	1.678
Current tax receivables	8.10	7.065	7.590
Other receivables and current assets	8.11	12.648	10.011
Current financial assets	8.5	3.248	8.337
Cash on hand	8.12	128.684	136.893
Total current assets		341.616	289.837
TOTAL ASSETS		976.327	608.565
SHAREHOLDERS' EQUITY AND LIABILITIES			
Share capital		1.750	1.750
Reserves		302.867	225.967
Net income		32.437	67.590
Group net shareholders' equity		337.054	295.307
Shareholders' equity attributable to non-controlling interests	8.13	40	40
Total shareholders' equity		337.094	295.347
Non-current liabilities			
Debt for the purchase of equity investments and non-current earn out	7	36.458	-
Non-current financial liabilities	8.14	23.876	180.164
Non-current leasing liabilities	8.2	16.633	6.773
Deferred tax liabilities	8.4	16.919	5.675
Provisions for employee benefits	8.16	5.533	4.366
Provisions for risks and charges	8.17	7.835	4.654
Total non-current liabilities		107.253	201.632
Current liabilities			
Debt for the purchase of equity investments and current earn out		-	19.670
Current financial liabilities	8.14	443.527	41.706
Current leasing liabilities	8.2	7.375	4.760
Trade payables	8.18	48.516	23.820
Liabilities from contracts with customers	8.9	9.150	3.417
Current tax payables	8.10	2.597	3.047
Other current payables and liabilities	8.19	20.815	15.166
Total current liabilities		531.980	111.586
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		976.327	608.565

(*) 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	
		2022	2021
Revenue from customer contracts	9.1	166.611	189.721
Other revenues and proceeds	9.2	1.551	2.932
Total revenues		168.162	192.653
Purchases and consumption of raw materials, semi-products and finished products	9.3	(52.357)	(46.587)
Personnel costs	9.4	(56.188)	(52.897)
Service costs	9.5	(20.985)	(18.047)
Other operating costs	9.6	(2.102)	(3.563)
EBITDA		36.530	71.559
Net writedowns of financial assets	9.7	(232)	(248)
Amortisation, depreciation and writedowns	9.8	(15.553)	(10.306)
EBIT		20.745	61.005
Financial proceeds	9.9	23.947	2.620
Financial charges	9.9	(2.167)	(1.181)
Pre-tax result		42.525	62.444
Income tax	9.10	(10.084)	(14.286)
Net income		32.441	48.158
Group's share		32.437	48.154
Minority share		4	4
Basic net profit per share (in Euro)	9.11	0.19	0.28
Diluted net profit per share (in Euro)	9.11	0.19	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)	Half Year closed at 30 June		
	Notes	2022	2021
Net income		32.441	48.158
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	8.6	606	(5)
Difference due to conversion of financial statements in foreign currency	8.13	8.692	4.223
		9.298	4.218
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		9.298	4.218
Comprehensive net profit		41.739	52.376
Group's share		41.739	52.373
Minority share		-	3



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 2020	1.750	92.770	329	30.485	(11.636)	-	(187)	51.093	78.063	242.667	30	242.697
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
<i>Comprehensive net profit</i>	-	-	-	-	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 centives	-	-	-	-	-	-	-	1.298	-	1.298	-	1.298
Distribution of deliberated dividends	-	-	-	-	-	-	-	(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

(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 2021	1.750	92.770	350	35.022	(3.246)	(3.448)	(113)	104.632	67.590	295.307	40	295.347
Net income	-	-	-	-	-	-	-	-	32.437	32.437	4	32.441
Total other components in the comprehensive income statement	-	-	-	-	8.696	-	-	606	-	9.302	(4)	9.298
<i>Comprehensive net profit</i>	-	-	-	-	8.696	-	-	606	32.437	41.739	-	41.739
Allocation of net profit from previous year	-	-	-	25.606	-	-	-	41.984	(67.590)	-	-	-
Increase in reserves for long-term incentives	-	-	-	-	-	-	-	1.413	-	1.413	-	1.413
Purchase of treasury shares	-	-	-	-	-	(1.405)	-	-	-	(1.405)	-	(1.405)
At 30 June 2022	1.750	92.770	350	60.628	5.450	(4.853)	(113)	148.635	32.437	337.054	40	337.094

Consolidated statement of cash flows*

(in thousands of Euro)	Notes	Half Year closed at 30 June	
		2022	2021
Pre-tax result		42.525	62.444
- Adjustment for:			
Amortisation, depreciation and writedowns	9.8	15.553	10.306
Capital losses / (capital gains) from sale of assets	9.2 - 9.6	20	(1.937)
Financial charges / (proceeds)	9.9	(21.780)	(1.439)
Other non-monetary variations		3.750	2.938
Cash flow generated / (absorbed) by operations before variations in net working capital		40.068	72.312
Variation in inventories	8.7	(9.930)	(7.039)
Variation in trade receivables	8.8	364	(1.993)
Variation in trade payables	8.18	1.657	(2.259)
Variation in other assets and liabilities	8.11 - 8.19	1.924	(2.503)
Use of provisions for risks and charges and for employee benefits		(779)	(449)
Taxes paid	9.10	(5.148)	(24.746)
Net cash flow generated / (absorbed) by operations		28.156	33.323
Investments in tangible assets	8.3	(10.319)	(9.325)
Investments in intangible assets	8.1	(2.341)	(2.210)
Disposal of tangible assets	8.3	42	3.554
Investment in financial assets	8.5	(1.073)	-
Disinvestment in financial assets	8.5	6.451	17
Payment for purchase of a business net of acquired cash on hand	7	(239.162)	-
Net cash flow generated / (absorbed) by investment		(246.402)	(7.964)
Opening of long-term financial payables	8.14	232.511	87
Repayment of long-term financial payables	8.14	(23.219)	(6.264)
Repayment of leasing liabilities	8.2	(2.367)	(1.798)
Financial charges paid	9.9	(1.268)	(1.836)
Financial proceeds collected	9.9	1.285	79
Treasury shares		(1.405)	-
Dividends paid	8.13	-	(22.403)
Net cash flow generated/(absorbed) by financial assets		205.537	(32.134)
Total variation in cash on hand		(12.709)	(6.775)
Cash on hand at the start of the period		136.893	125.068
Total variation in cash on hand		(12.709)	(6.775)
Conversion differences on cash on hand		4.500	1.182
Cash on hand at the end of the period		128.684	119.475

(*) Ai sensi della delibera CONSOB n. 15519 del 27 luglio 2016, gli effetti delle transazioni con parti correlate sui flussi finanziari consolidati sono evidenziati nei prospetti allegati.

Explanatory Notes to the Condensed Interim Consolidated Financial Statements at 30 JUNE 2022

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. Starting from the 2021 financial year, the ultimate parent is Lighthouse 11 SpA, which directly holds 50.52% of the share capital of the GVS Group.

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 Basic method of preparation

The Half-Yearly Financial Report at 30 June 2022 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 consolidated 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 2021.

The Group has prepared the financial statements on the assumption that it will continue to operate, believing that there are no real uncertainties that could give rise to significant doubts about this assumption. The directors believe that there is a reasonable expectation that the Group will have adequate resources to continue to operate in the near future and for a period of not less than 12 months from the reference date of the accounting period.

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 2022. 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 06 September 2022 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 condensed consolidated interim financial statements include the situation as at 30 June 2022 of GVS SpA, the Parent Company, and that of the companies in which GVS SpA holds a controlling interest pursuant to IFRS 10.

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.

It should be noted that due to the temporal asymmetry between the timing of the closing the latest acquisition and the consistent adjustment of existing loan agreements, at 30 June 2022 the Group did not technically comply with one of the consolidated financial parameters (net financial debt / pro forma EBITDA) envisaged by certain loan agreements, which resulted in the reclassification, in the current liabilities of the consolidated financial statements, of the medium-term portion of these loans. Although the aforementioned financial payables are not due within the twelve months following 30 June 2022, as the Company has not received any formal request for payment from credit institutions, the reclassification was accounted for as required by IAS 1, as the formal waivers, to exercise the contractual rights provided for in the event of violation of the covenant, were received from credit institutions in July and, therefore, after the closing date of the period (30 June 2022). The overrun of the financial parameter is attributable solely to the significant increase in financial debt, which took place in June 2022 following the acquisition of Haemotronic SpA and was overcome on the basis of the interlocutions with the lending institutions that made it possible to raise this financial parameter for 30 June 2022. Furthermore, the projections prepared make it possible to consider sustainable the financial debt, which increased significantly in the period, following the finalized acquisitions.

With reference to the business continuity perspective, it should be noted that the economic performance results of the Group as at 30 June 2022 show a reduction compared to 30 June 2021, mainly attributable to a contraction in the Health & Safety business, whose extraordinary growth linked to the sale of disposable masks in the previous year had been driven by the needs arising from the spread of the COVID-19 pandemic. Despite this reduction of performance at 30 June 2022, even with respect to expectations, the directors are in any case confident with reference to the results expected for the second half of 2022 and for the 2023 - 2025 plan approved by the Board of Directors on 22 March 2022, also in the context of the new acquisitions (STT and Haemotronic), concluded in the first half of 2022.

In consideration of the results achieved as at 30 June 2022 and the most up-to-date information available, based on their best estimates, while taking into account the uncertainties relating to the current macroeconomic context linked to the Russia-Ukraine conflict and other phenomena such as inflation, the directors confirm that there are no elements suggesting that the projections as at 31 December 2022 and 30 June 2023 included in the approved plan are not substantially confirmed even in relation to compliance with the financial parameters within the deadlines set by the existing loan agreements.

On the basis of the information available at the date of approval of this Financial Report and in consideration of the above, the Directors believe that the going concern assumption with which they have drawn up these consolidated interim financial statements is appropriate.

With regard to the performance in the first half of 2022, 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	Cur- rency	Share capital at 30 June 2022	Direct owner	Percentage of control	
					As of 30 June 2022	As of 31 December 2021
GVS Sud Srl	Italia - Zola Predosa (BO)	EUR	10.000	GVS SpA	100,00%	100,00%
YUYao Yibo Medical Device Co. Ltd	Cina - Yuyao	CNY	5.420.000	GVS Technology (Suzhou) Co. Ltd.	100,00%	100,00%
GVS Technology (Suzhou) Co. Ltd.	Cina - Suzhou (RPC)	CNY	182.658.405	GVS SpA	100,00%	100,00%
Suzhou GVS Trading Co. Ltd.	Cina - 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	Na	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 NA Holdings Inc	USA - Sanford (MA)	USD	0.10	GVS SpA	100,00%	100,00%
Fenchurch Environmental Group Ltd	Regno Unito - Morecambe	GBP	1.469	GVS SpA	100,00%	100,00%
GVS Filter Technology UK Ltd	Regno Unito - Morecambe	GBP	27.000	Fenchurch Environmental Group Ltd	100,00%	100,00%
GVS do Brasil Ltda	Brasile - 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	Messico - Nuevo Leon	MXN	50.000	GVS SpA	99,90%	99,90%
GVS Korea Ltd	Korea - Seul	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 Japan KK	Giappone - Tokyo	JPY	1.000.000	GVS SpA	100,00%	100,00%
GVS Russia LLC	Russia - Mosca	RUB	10.000	GVS SpA	100,00%	100,00%
GVS Filtre Teknolojileri	Turchia - Istanbul	TRY	100.000	GVS SpA	100,00%	100,00%
GVS Puerto Rico LLC	Puerto Rico - Fajardo	USD	Na	GVS SpA	100,00%	100,00%
GVS Filtration SDN. BHD.	Malesia - Petaling Jaya	MYR	1	GVS SpA	100,00%	100,00%
GVS Filter India Private Limited	India - Mumbai	INR	100.000	GVS SpA	100,00%	100,00%
Abretec Group LLC	USA - Detroit (MI)	USD	14.455.437	GVS North America Holdings Inc	100,00%	100,00%
Goodnan Brands LLC	USA - Detroit (MI)	USD	0	GVS North America Holdings Inc	100,00%	100,00%
RPB Safety LLC	USA - Detroit (MI)	USD	0	Abretec Group LLC	100,00%	100,00%
RPB Manufacturing LLC	USA - Detroit (MI)	USD	0	Abretec Group LLC	100,00%	100,00%
RPB IP LLC	USA - Detroit (MI)	USD	0	Abretec Group LLC	100,00%	100,00%
RPB Safety Ltd	New Zeland Christchurch	NZD	1.000	GVS SpA	100,00%	100,00%
GVS Filtration Co., Ltd.	Thailandia - Bangkok	THB	3.000.000	GVS SpA	100,00%	100,00%
Shanghai Transfusion Technology Co. Ltd	Cina - Shanghai (RPC)	CNY	113.450.000	GVS Technology (Suzhou) Co. Ltd.	100,00%	N/A
Suzhou Laishi Transfusion Equipment Co. Ltd.	Cina - Suzhou (RPC)	CNY	2.271.895	GVS Technology (Suzhou) Co. Ltd.	100,00%	N/A
GVS Vietnam Company Limited	Vietnam - Ho Chi Minh City	VND	449.800.000	GVS SpA	100,00%	N/A
Haemotronic SpA	Italia - Mirandola (MO)	EUR	5.040.000	GVS SpA	100,00%	N/A
S.i.t.ra Srl	Italia - Verona	EUR	50.000	Haemotronic SpA	100,00%	N/A
Bartek Srl	Italia - Verona	EUR	50.000	Haemotronic SpA	100,00%	N/A
Htmex inc	USA - Mcallen (TX)	USD	2.500.000	S.i.t.ra Srl	100,00%	N/A
Haemotronic de Mexico S DE RL DE CV	Mexico- Raynosa	MXN	29.603	Htmex Inc	100,00%	N/A

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 first half ended 30 June 2022, the scope of consolidation changed from the previous year, following the acquisition of the entire share capital of Shanghai Transfusion Technology Co. Ltd ("STT"), a historic Chinese company, leader in the production and sale of products related to blood treatment. In particular, GVS Technology (Suzhou) Co. Ltd., (100% owned by GVS SpA) acquired 100% of the share capital of the Chinese company Shanghai Transfusion Technology Co. Ltd. and its subsidiary Suzhou Laishi Transfusion Equipment Co. Ltd. The acquisition took place on 02 March 2022 against which the economic effects from the closing date (28 February 2022), have been recorded in the Interim Consolidated Financial Statements, respectively resulting in an increase in the consolidated economic results of €1,119 thousand and in the consolidated shareholders' equity for the period of €1,138 thousand.

During the month of June 2022, GVS also acquired the entire share capital of Haemotronic SpA ("Haemotronic"), specialized in the production of components and bags for the medical sector with plants in Italy and Mexico. In particular, GVS SpA acquired 100% of the share capital of the Italian company Haemotronic SpA and its subsidiaries Bartek Srl and Sitra Srl and the direct and indirect subsidiaries of the latter, Htmex Inc. and Haemotronic de Mexico S DE RL DE CV. The acquisition took place on 15 June 2022, and from that date the economic effects were recorded in the interim consolidated financial statements, resulting in an increase in the consolidated economic result of € 590 thousand and in the consolidated shareholders' equity of € 585 thousand for the period.

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 2022	At 31 December 2021	Half Year closed at 30 June	
			2022 (average)	2021 (average)
Brazilian Real	5.4229	6.3101	5.5565	6.4902
Argentine Peso	129.8984	116.3622	122.5091	110.0405
Chinese Renminbi	6.9624	7.1947	7.0823	7.7960
American Dollar	1.0387	1.1326	1.0934	1.2053
Hong Kong Dollar	8.1493	8.8333	8.5559	9.3551
Japanese Yen	141.5400	130.3800	134.3071	129.8681
Korean Won	1,351.6000	1,346.3800	1,347.8363	1,347.5387
Russian Ruble	56.5968	85.3004	87.6793	89.5502
Turkish Lira	17.3220	15.2335	16.2579	9.5226
Mexican Peso	20.9641	23.1438	22.1653	24.3270
Romanian Ron	4.9464	4.9490	4.9457	4.9016
British Pound	0.8582	0.8403	0.8424	0.8680
Malaysian Ringgit	4.5781	4.7184	4.6694	4.9387
Indian Rupee	82.1130	84.2292	83.3179	88.4126
New Zealand Dollar	1.6705	1.6579	1.6491	N/A
Vietnamese Dong	24,170.0000	N/A	25,059.3307	N/A
Thai Baht	36.7540	37.6530	36.8550	37.1531

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 2021.

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 2021, 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 1 January 2022 (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 2022

The following IFRS accounting standards, amendments and interpretations were applied for the first time by the Group from 1 January 2022.

- 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 entered into force on 1 January 2022. The adoption of these amendments 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 2022

- On 18 May 2017, the IASB published the standard IFRS 17 - Insurance Contracts which is intended to replace the standard IFRS 4 - Insurance Contracts. The objective of the new standard is to ensure that an entity provides relevant information that faithfully presents the rights and obligations deriving from insurance contracts issued. The directors do not expect that the adoption of this standard 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.

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 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 2021.

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.

In relation to the war that broke out between Ukraine and Russia, the Company monitors the geopolitical context and the situation in Russia on a daily basis to assess the potential direct and indirect effects. Currently, the Group's financial exposure to the areas concerned is marginal and is around 0.3% of turnover.

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 2021 and 30 June 2022.

(in thousands of Euro)	Book value	
	At 30 June 2022	At 31 December 2021
FINANCIAL ASSETS:		
Financial assets measured at amortised cost:		
Non-current financial assets	2.104	1.303
Other receivables and non-current assets	1.776	-
Trade receivables	73.428	52.975
Other receivables and current assets	8.613	6.092
Current financial assets	174	900
Cash on hand	128.684	136.893
	214.779	198.163
Financial assets measured at fair value entered in the income statement:		
Non-current financial assets	19	15
Current financial assets	3.074	7.437
	3.093	7.452
Non-current derivative financial instruments	919	123
TOTAL FINANCIAL ASSETS	218.791	205.738

(in thousands of Euro)	Book value	
	At 30 June 2022	At 31 December 2021
FINANCIAL LIABILITIES:		
Financial liabilities measured at amortised cost:		
Non-current financial liabilities	23.876	180.164
Non-current leasing liabilities	16.633	6.773
Current financial liabilities	443.527	41.706
Current leasing liabilities	7.375	4.760
Trade payables	48.516	23.820
Other current liabilities	20.387	15.062
	560.313	272.285
Financial liabilities measured at fair value entered in the income statement:		
Debt for the purchase of equity investments and non-current earn out	36.458	-
Debt for the purchase of equity investments and current earn out	-	19.670
	36.458	19.670
TOTAL FINANCIAL LIABILITIES	596.771	291.955

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 2021 and 30 June 2022:

(in thousands of Euro)	At 30 June 2022		
	Level 1	Level 2	Level 3
Non-current financial assets	-	-	19
Current financial assets	-	3.074	-
Non-current derivative financial instruments	-	919	-
Total assets measured at fair value	-	3.993	19

(in thousands of Euro)	At 30 June 2022		
	Level 1	Level 2	Level 3
Debt for the purchase of equity investments and non-current earn out	-	-	36.458
Total liabilities measured at fair value	-	-	36.458

(in thousands of Euro)	At 30 June 2022		
	Level 1	Level 2	Level 3
Non-current financial assets	-	-	15
Current financial assets	-	7.437	-
Non-current derivative financial instruments	-	123	-
Total assets measured at fair value	-	7.560	15

(in thousands of Euro)	At 30 June 2022		
	Level 1	Level 2	Level 3
Debt for the purchase of equity investments and current earn out	-	-	19.670
Total liabilities measured at fair value	-	-	19.670

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

7.1 Takeover of the STT Group

On 02 March 2022, the GVS Group, through its subsidiary GVS Technology (Suzhou) Co. Ltd, has completed the acquisition of the entire share capital of Shanghai Transfusion Technology Co. Ltd ("STT"), a historic Chinese company, leader in the production and sale of products related to blood treatment. The closing of the transaction took place following the meeting of all conditions precedent set out in the sale contract. The consideration paid at the closing was equal to approximately 55 million euros. A deferred payment, of a maximum amount of approximately 9 million euros, will be paid to the seller in the event that STT obtains the authorization to produce and market a new strategic line of products. The price may be subject to some adjustments on the basis of the net working capital and net financial position. The acquisition was financed with the available liquidity of GVS. After the closing, STT repaid the loan of approximately CNY 73.5 million (approximately EUR 10.5 million) granted by the seller in order to finance certain pre-closing payments and provide STT with adequate working capital.

The table below reports the provisional fair value of the assets and liabilities identifiable as of the date of the takeover.

<i>(in thousands of Euro)</i>	Provisional fair value as of the purchase date
ASSETS	
Non-current assets	
Intangible assets	451
Tangible assets	5.732
Advance tax assets	336
Non-current financial assets	384
Total non-current assets	6.902
Current assets	
Inventories	5.040
Trade receivables	4.772
Current tax receivables	220
Other receivables and current assets	56
Cash on hand	4.859
Total current assets	14.947
Total assets	21.849
Non-current liabilities	
Deferred tax liabilities	112
Total non-current liabilities	112
Current liabilities	
Current financial liabilities	10.479
Trade payables	5.342
Liabilities from contracts with customers	1.299
Other current payables and liabilities	1.745
Total current liabilities	18.865
Total liabilities	18.977
Total net assets acquired (A)	2.872
Consideration (B)	62.834
Goodwill (B) - (A)	59.962

Goodwill has been provisionally recognised for an amount of Euro 59,962 thousand, as the valuation period as defined by IFRS 3 is in progress.

The contribution made by the acquired business to the Group's revenues from contracts with customers in the period ending on 30 June 2022 was Euro 7,103 thousand.

7.2 Takeover of the Haemotronic Group

On 15 June 2022, the GVS Group completed the takeover of the entire share capital of Haemotronic SpA and its subsidiaries, a historic Italian company specializing in the production of components and bags for the medical sector with plants in Italy and Mexico. The closing of the transaction took place following the meeting of all conditions precedent set out in the sale contract. The consideration paid at the closing was equal to approximately 224 million euros. A deferred payment, for at most approximately 38 million euros, will be paid to the seller upon reaching specific objectives of adjusted EBITDA, the payment of which is expected in the year 2024 and in the year 2025. The price may be subject to some adjustments on the basis of the net working capital and net financial position. In order to finance the transaction, GVS signed a 5-year loan agreement for a total amount of € 230 million with a pool of lending banks, including Mediobanca - Banca di Credito Finanziario SpA and Unicredit SpA, acting, inter alia, in the capacity of arrangers, global coordinators and original lenders.

The table below reports the provisional fair value of the assets and liabilities identifiable as of the date of the takeover.

<i>(in thousands of Euro)</i>	Provisional fair value as of the purchase date
ASSETS	
Non-current assets	
Intangible assets	5.896
Assets represented by usage rights	11.801
Tangible assets	16.468
Advance tax assets	1.294
Non-current financial assets	490
Total non-current assets	35.949
Current assets	
Inventories	20.103
Trade receivables	17.315
Current tax receivables	51
Other receivables and current assets	2.500
Current financial assets	200
Cash on hand	55.572
Total current assets	95.741
Total assets	131.690
Non-current liabilities	
Non-current financial liabilities	14.456
Non-current leasing liabilities	10.862
Deferred tax liabilities	1.445
Provisions for employee benefits	1.076
Provisions for risks and charges	1.946
Total non-current liabilities	29.785
Current liabilities	
Current financial liabilities	10.460
Current leasing liabilities	2.853
Trade payables	15.711
Liabilities from contracts with customers	167
Current tax payables	1.397
Other current payables and liabilities	5.892
Total current liabilities	36.480
Total liabilities	66.265
Total net assets acquired (A)	65.425
Consideration (B)	250.882
Goodwill (B) - (A)	185.458

Goodwill has been provisionally recognised for an amount of Euro 185,458 thousand, as the valuation period as defined by IFRS 3 is in progress.

The contribution made by the acquired business to the Group's revenues from contracts with customers in the period ending on 30 June 2022 was Euro 4,244 thousand.

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 2022.

<i>(in thousands of Euro)</i>	Development costs	Goodwill	Customer relationship	Technology	Industrial patent rights and rights to use intellectual property	Concessions, licenses, trademarks, and similar rights	Other fixed assets	Fixed assets in progress	Total
Historical cost as of 31 December 2021	13,038	98,379	92,841	20,863	11,579	22,619	4,037	1,221	264,578
Investments	1,486	-	-	-	31	109	203	511	2,341
Reclassification	150	-	-	-	64	14		(228)	-
Business combinations	-	245,420	-	-	579	7,495		-	253,495
Conversion reserves	851	9,093	8,301	1,858	829	1,620	269	13	22,836
Historical cost at the end of the period	15,525	352,893	101,142	22,722	13,082	31,858	4,509	1,518	543,250
Provision for amortisation and depreciation as of 31 December 2021	(6,157)	-	(14,283)	(348)	(6,260)	(5,760)	(4,027)	-	(36,834)
Amortisation and depreciation	(1,126)	-	(3,327)	(540)	(534)	(601)	(83)		(6,211)
Business combinations	-		-	-	(567)	(1,159)	-		(1,726)
Conversion reserves	(341)		(1,463)	(59)	(391)	(234)	(278)		(2,766)
Depreciation fund at the end of the period	(7,624)	-	(19,073)	(947)	(7,751)	(7,755)	(4,389)	-	(47,538)
Net book value as of 31 December 2021	6,881	98,379	78,558	20,516	5,319	16,859	10	1,221	227,743
Net book value at the end of the period	7,902	352,893	82,069	21,775	5,331	24,103	121	1,518	495,712

Intangible assets with a defined useful lifespan

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

The technology refers exclusively to what is valued in the allocation of the consideration paid for the acquisition of RPB.

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, licenses, trademarks and similar rights mainly refer to the value of the trademark recorded after the allocation of the consideration paid for the acquisition of RPB, as well as the purchase and customization of software for industrial management and planning.

Investment in intangible assets in the half year ending on 30 June 2022, amounting to Euro 2,341 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.

The net increase relating to business combinations is attributable to the change in the scope of consolidation resulting from the STT and Haemotronic takeovers, the effects of which are described in note 7.

At 30 June 2022, the Group had not found any indicators of impairment of intangible assets.

Intangible assets with an indefinite useful lifespan

Goodwill

At 30 June 2022 the value of goodwill, equal to Euro 352,893 thousand (Euro 98,379 thousand at 31 December 2021), mainly refers to the acquisition of the STT and Haemotronic groups during 2022, as well as other previous business combinations. The change in the period, in addition to the acquisitions concluded, is due to the exchange rate effect for Euro 9,093 thousand.

The Group carries out the impairment test at the end of the year and, in any case, every time there are indicators of impairment. The Group's impairment test of goodwill is based on value in use; the key assumptions used to determine the recoverable value of the invested capital have been presented in the annual consolidated financial statements for the year ended 31 December 2021. Among the various indicators of impairment, the Group considers the relationship between its market capitalization and shareholders' equity, which, as of 30 June 2022, does not show any indicators of impairment. During the first half of 2022, various external indicators emerged (the increase in bank interest rates, which is reflected in the discount rate, the sudden increase in the inflation rate; the growth in the cost of raw materials, gas and electricity, difficulties in supply chains) and factors of geopolitical uncertainty, mainly deriving from the conflict between Russia and Ukraine, have emerged. In addition to external indicators, the Group analysed the final results as at 30 June 2022, comparing their performance with the provisions of the 2022 budget approved by the Board of Directors in March 2022, confirming the results of the impairment test carried out as at 31 December 2021, from which it emerges that the recoverable value of the cash-generating unit, consisting of all the operations of the GVS Group as a whole, remains significantly higher than the respective book values. In this context, despite the fact that the directors do not see any indicators of impairment as at 30 June 2022, a sensitivity analysis of the impairment test prepared as of 31 December 2021 was also carried out by using, in the absence of a new plan, the cash flows of the 2022 - 2025 business plan approved in March 2022, integrated with the estimated flows of the acquisitions finalized in the first half of 2022, by recalculating the net invested capital at 30 June 2022 and using an updated and estimated Group discount rate (Group WACC) equal to 10.7 % (9.7% in 2021). Finally, stress tests were developed to estimate: i) the percentage reduction in the breakeven EBITDA margin (equal to approximately 23%) for each financial year of the business plan and the terminal value; ii) the breakeven WACC (equal to approximately 14%). The sensitivity analysis carried out confirms the absence of impairment of the goodwill values recorded as at 30 June 2022.

The main assumptions used to determine the recoverable value, as well as the outcome of the impairment test carried out at 31 December 2021, are illustrated in the Consolidated Financial Statements for the year ended 31 December 2021, 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.

<i>(in thousands of Euro)</i>	At 30 June 2022	At 31 December 2021
Net book value of assets represented by usage rights (real estate)	15.710	9.345
Net book value of assets represented by usage rights (automobiles)	949	925
Net book value of assets represented by usage rights (machinery)	4.277	150
Total net book value of assets represented by usage rights	20.936	10.420
Current leasing liabilities	7.375	4.760
Non-current leasing liabilities	16.633	6.773
Total leasing liabilities	24.008	11.533

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

<i>(in thousands of Euro)</i>	Half Year closed at 30 June	
	2022	2021
Amortisation of assets represented by usage rights (real estate)	2.197	1.682
Amortisation of assets represented by usage rights (automobiles)	190	184
Amortisation of assets represented by usage rights (machinery)	73	34
Total amortisation of assets represented by usage rights	2.460	1.900
Interest payable on leases	168	123
Total outgoing cash flows due to leasing	24.008	11.533

The assets represented by usage rights relating to buildings, at 30 June 2022, mainly relate to the leasing of five production sites in North America, five production sites in Italy, production plants in Mexico, Romania and Brazil and various buildings used for production in the United Kingdom.

The change in the six-month period in assets represented by usage rights and leasing liabilities relates to the change in the scope of consolidation deriving from the acquisition of Haemotronic, the effects of which are described in note 7.

As of 30 June 2022, the Group had not identified any indicators of lasting impairment of assets corresponding to usage rights.

8.3 Tangible assets

The table below shows the breakdown and movements of tangible assets in the years ending on 30 June 2022.

<i>(in thousands of Euro)</i>	Land and buildings	Plants and machinery	Industrial and commercial equipment	Other assets	Improvements on third party assets	Tangible assets in progress and advances	Total
Historical cost as of 31 December 2021	-	102.648	65.001	11.171	9.496	13.099	201.413
Investments	-	597	3.272	194	74	6.182	10.319
Disposal	-	(69)	(21)	(109)	(5)	-	(205)
Reclassification	(7)	1.172	1.247	39	110	(2.562)	-
Business combinations	15.123	33.827	11.952	3.601	2.494	2.292	69.288
Conversion reserves	81	7.202	695	373	498	588	9.438
Historical cost at the end of the period	15.196	145.376	82.146	15.269	12.668	19.599	290.253
Provision for amortisation and depreciation as of 31 December 2021	-	(66.041)	(44.792)	(8.495)	(4.464)	-	(123.792)
Amortisation and depreciation	(53)	(3.531)	(2.346)	(512)	(441)	-	(6.882)
Disposal	-	63	8	72	-	-	143
Reclassification	(6)	(2)	(10)	18	-	-	-
Business combinations	(5.787)	(28.330)	(9.557)	(2.978)	(436)	-	(47.088)
Conversion reserves	(33)	(5.012)	(356)	(246)	(122)	-	(5.769)
Depreciation fund at the end of the period	(5.877)	(102.853)	(57.053)	(12.142)	(5.462)	-	(183.388)
Net book value as of 31 December 2021	-	36.607	20.209	2.676	5.031	13.099	77.622
Net book value at the end of the period	9.319	42.523	25.093	3.127	7.205	19.599	106.866

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 2022, amounting to € 10,319 thousand, mainly related to the expansion of production capacity for the Healthcare & Life Sciences division. The net value of investments in tangible assets in progress at 30 June 2022 refers for Euro 3.7 million to the construction of the new production site in Suzhou, China.

The net increase relating to business combinations is attributable to the change in the scope of consolidation resulting from the STT and Haemotronic takeovers, the effects of which are described in note 7.

As of 30 June 2022, no indications of possible impairment of tangible assets arose.

As of 30 June 2022, 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 6,380 thousand at 30 June 2022 (Euro 1,502 thousand at 31 December 2021), 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 2022 totalled Euro 16,919 thousand (Euro 5,765 thousand at 31 December 2021) 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 2021 and 30 June 2022.

<i>(in thousands of Euro)</i>	At 30 June 2022	At 31 December 2021
Security deposits	1.365	963
Non-current leasing assets	291	340
Loans	448	-
Capital instruments	19	15
Non-current financial assets	2.122	1.318
Investment funds	3.074	7.437
Term deposits	-	727
Current leasing assets	174	173
Current financial assets	3.248	8.337
Total financial assets	5.370	9.655

Security deposits, classified as financial assets measured at amortised cost: on the basis of IFRS 9, mainly 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, mainly represent excess liquidity invested in unlisted securities representing investment funds, primarily linked with the course of interbank interest rates on the Brazilian market.

The item loan is attributable to a loan granted to a counterpart outside the Group by the newly-acquired company Htmex Inc.

Term deposits as at 31 December 2021 referred to sums deposited by the American subsidiary in an escrow account, and were released in 2022 into a bank account belonging to the same company, after agreements reached on the definition of the net working capital of the RPB group at the acquisition date.

8.6 Non-current derivative financial instruments

Non-current active financial derivatives amount to € 919 thousand. 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, the changes in the fair value of the derivatives were accounted for in a specific equity reserve, with an impact on the comprehensive income statement.

8.7 Inventories

The table below reports details of inventories as of 31 December 2021 and 30 June 2022.

<i>(in thousands of Euro)</i>	At 30 June 2022	At 31 December 2021
Finished products and goods	52.499	32.317
Raw materials, subsidiary materials and consumables	54.116	37.855
Products in progress and semi-products	12.878	6.282
Spare parts	3.387	3.176
Gross inventories	122.879	79.630
Provision for writedown of inventory	(6.530)	(4.738)
Provision for write-downs of spare parts	(2.749)	(2.539)
Inventories	113.599	72.353

In the reference period, the change in the balance of the item compared to the previous year is mainly attributable to the change in the scope of consolidation for the acquisitions of STT and Haemotronic. The provision for writedown of inventory also increased during the period mainly as a result of the change in the scope of consolidation for the above-mentioned acquisitions (Euro 2,066 thousand). Uses of the inventory write-down fund and spare parts write-down fund totalled Euro 695 thousand for the half year ended 30 June 2022.

8.8 Trade receivables

The table below reports details of trade receivables as of 31 December 2021 and 30 June 2022.

<i>(in thousands of Euro)</i>	At 30 June 2022	At 31 December 2021
Trade receivables from customers		
Trade receivables from related parties	-	-
Trade receivables (gross)	78.521	54.426
Provision for writedown of trade receivables	(5.093)	(1.451)
Trade receivables	73.428	52.975

The book value of trade receivables is considered to approximate their fair value. In the reference period, the change in the balance of the item compared to the previous year is mainly attributable to the change in the scope of consolidation for the acquisitions of STT and Haemotronic.

The table below reports movements in the provision for writedown of trade receivables in the half year ending on 30 June 2022.

<i>(in thousands of Euro)</i>	Provision for writedown of trade receivables
At 31 December 2021	1.451
Net provisions	232
Business combinations	3.346
Use	(1)
Conversion reserves	65
At 30 June 2022	5.093

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).

8.9 Assets and liabilities deriving from contracts with customers

Assets from contracts with customers, equal to Euro 2,943 thousand at 30 June 2022 (Euro 1,678 thousand at 31 December 2021), primarily represented the right to obtain a consideration for goods transferred to customers in relation to the production of moulds and equipment.

Liabilities from contracts with customers, worth Euro 9,150 thousand at 30 June 2022 (Euro 3,417 thousand at 31 December 2021) 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 2021 and 30 June 2022.

<i>(in thousands of Euro)</i>	At 30 June 2022	At 31 December 2021
Gross assets from contracts with customers	4.266	3.110
Compensation with liabilities from contracts with customers	(1.323)	(1.432)
Assets from contracts with customers	2.943	1.678
Gross liabilities from contracts with customers	10.473	4.849
Compensation with assets from contracts with customers	(1.323)	(1.432)
Liabilities from contracts with customers	9.150	3.417

8.10 Current tax receivables and payables

Current tax receivables at 30 June 2022 amounted to Euro 7,065 thousand (Euro 7,590 thousand at 31 December 2021).

Current tax payables at 30 June 2022 amounted to Euro 2,597 thousand (Euro 3,047 thousand at 31 December 2021).

The changes in the net balances of the assets and liabilities in question for the six months ended 30 June 2022 mainly concern the allocation of current income taxes of Euro 4,597 thousand and payments of Euro 5,148 thousand respectively.

8.11 Other receivables and assets (current and non-current)

Other receivables and non-current assets (€ 1,776 thousand) refer exclusively to the indemnity recognized at the acquisition date from the seller of the Haemotronic group, to cover specific risks pertaining to the group acquired in 2022.

The table below reports details of other receivables and current assets as of 31 December 2021 and 30 June 2022.

<i>(in thousands of Euro)</i>	At 30 June 2022	At 31 December 2021
Advances and instalments	1.072	1.484
Tax receivables	7.225	5.476
Prepaid expenses	2.963	1.754
Receivables from government agencies	704	681
Receivable from employees	414	99
Other receivables	270	517
Other receivables and current assets	12.648	10.011

The increase in other current assets at 30 June 2022 compared to 31 December 2021 is attributable for Euro 2,452 thousand to the increase in tax receivables, prepaid expenses and other receivables attributable to the change in the scope of consolidation following the acquisition of Haemotronic.

8.12 Cash on hand

The table below reports details of cash on hand as of 31 December 2021 and 30 June 2022.

<i>(in thousands of Euro)</i>	At 30 June 2022	At 31 December 2021
Bank and postal accounts	128.656	136.858
Cash and cash equivalents on hand	28	35
Cash on hand and cash equivalents	128.684	136.893

As of 30 June 2022, 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.

8.13 Shareholders' equity

The table below reports details of shareholders' equity as of 31 December 2021 and 30 June 2022.

<i>(in thousands of Euro)</i>	At 30 June 2022	At 31 December 2021
Share capital	1.750	1.750
Share premium reserve	92.770	92.770
Legal reserve	350	350
Extraordinary reserve	60.628	35.022
Translation reserve	5.450	(3.246)
Negative reserve for treasury shares	(4.853)	(3.448)
Actuarial profits and losses reserve	(113)	(113)
Profit (loss) carried over and other reserves	148.635	104.632
Net income	32.437	67.590
Shareholders' equity attributable to non-controlling interests	40	40
Total shareholders' equity	337.094	295.347

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

Movements in shareholders' equity in the period ending on 30 June 2022 pertained to:

- entry of the comprehensive annual net profit for the period, amounting to Euro 41,739 thousand;
- the purchase of treasury shares for € 1,405 thousand;
- the increase in reserves following the long-term incentives plan for € 1,413 thousand.

Share capital

As of 30 June 2022, 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.

Negative reserve for treasury shares

The reserve for treasury shares refers to the purchase of 450,000 shares representing a total of 0.26% of the Company's share capital.

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 2022, this item amounted to a positive €698 thousand and was related to interest rate hedging contracts entered into to specifically hedge variable rate loan agreements, taking into account the related tax effect of the fair value of the derivatives.

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.

8.14 Financial liabilities (current and non-current)

The table below reports details of current and non-current financial liabilities as of 31 December 2021 and 30 June 2022.

(in thousands of Euro)	At 30 June 2022		At 31 December 2021	
	Current portion	Non-current portion	Current portion	Non-current portion
2014 Bond Loan	9.568	-	4.375	8.789
2017 Bond Loan	23.953	-	7.969	15.969
Total bonded loans	33.521	-	12.344	24.758
Mediobanca loan (2020)	15.529	-	4.434	13.314
Unicredit loan (2020)	3.989	10.008	3.981	12.008
Club Deal loan (2021)	149.556	-	19.482	129.998
Club Deal loan (2022)	228.691	-	-	-
Valsabbina loan (Haemotronic)	188	1.313	-	-
Unicredit loan (Haemotronic)	600	-	-	-
Credem loans (Haemotronic)	3.315	1.703	-	-
BPM loans (Haemotronic)	1.250	1.883	-	-
BPER loans (Haemotronic)	524	3.431	-	-
Intesa loans (Haemotronic)	1.099	2.956	-	-
Banco Popolare loan (Haemotronic)	572	1.299	-	-
BPM loan (Bartek)	78	260	-	-
Commercial lines of credit	3.359	-	-	-
Accrued payables	1.023	-	920	-
Total financial payables to banks	409.773	22.853	28.816	155.319
Subsidized loan Horizon call for tenders	211	729	-	87
Loans under special terms Invitalia	23	294	545	-
Total other financial payables	234	1.023	545	87
Total financial liabilities	443.527	23.875	41.706	180.164

As previously mentioned, it should be noted that during the half year ended 30 June 2022, a new 5-year loan agreement was signed for the total amount of 230 million euros with a pool of lending banks, including Mediobanca - Banca of Credito Finanziario SpA and Unicredit SpA, acting, inter alia, in the capacity of arrangers, global coordinators and original lenders.

The contract provides for the repayment of the line of credit starting from the 18th month from the date of use of the line and the amortization plan is defined as follows:

- 5% of the residual debt, at the expiry of the 18th month;
- 10% of the residual debt at the expiry of the 24th month and every six months for the following two six-month periods;
- 15% of the residual debt at the expiry of the 42nd month and every six months for the following six-month period;
- 17.5% of the residual debt at the expiry of the 54th month and every six months for the last six-month period.

The line of credit requires payment of interest at an annual rate equal to the Euribor six-month rate plus a spread which varies on the basis of the ratio of net financial indebtedness to consolidated EBITDA, as defined in the agreement, between a minimum of 100 basis points if the ratio is less than 1.25 and a maximum of 170 basis points if the ratio is greater than or equal to 2.75.

The financing agreement requires, as financial constraints, compliance at the consolidated level with:

- a ratio of consolidated pro forma EBITDA to net financial charges, higher than or equal to 4.5 as of the date of the annual and half-yearly financial statements for as long as the contract remains in effect;
- a ratio of consolidated net financial indebtedness to consolidated pro forma EBITDA, as defined in the contract, of less than or equal to 3.5 as of the date of the annual and half-yearly financial statements for as long as the contract remains in effect.

It should also be noted that financial liabilities increased during the period under review by Euro 35,394 thousand, equal to the financial payables present in the financial statements of the companies acquired in the first half of 2022.

For a description of the main items making up the Group's financial liabilities as at 30 June 2022, please read the relevant notes to the consolidated financial statements as at 31 December 2021.

At 30 June 2022, due to the temporal asymmetry between the timing of the closing of the last acquisition and the consistent adjustment of existing loan agreements, a portion of the medium-term financial debt equal to Euro 395,137 thousand, was reclassified in the balance sheet item "Current financial liabilities". This reclassification is attributable to the failure for technical reasons of one of the two covenants (linked to the ratio between the consolidated values of net financial debt / pro forma EBITDA) underlying most of the medium-term loans and was carried out on the closing values for the period. Although substantially these payables are not due within the twelve months following 30 June 2022, as the Company has not received any formal request for payment from the credit institutions, the reclassification has been accounted for as required by the IAS 1, as the formal waivers to the exercise of the contractual rights provided for in the event of violation of the covenant were received from the credit institutions in July and therefore after the closing date of the period (30 June 2022).

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.

<i>(in thousands of Euro)</i>	At 01 January 2021	Opening	Change in scope of consolidation	Reclassification	Repayment	Variation in accrued payables on interest	Amortization cost	(Profits) losses on exchanges	At 30 June 2022
Non-current financial liabilities	180.164	229.122	14.456	(391.803)	(8.721)			659	23.876
Current financial liabilities	41.706	3.390	20.939	391.803	(14.498)	69	118		443.527
Total financial liabilities	221.870	232.512	35.394	-	(23.219)	69	118	659	467.403

8.15 Net financial indebtedness and net financial position

In accordance with the requirements of the CONSOB communication of 28 July 2006 and in compliance with ESMA guidelines of 4 March 2021 (ESMA32-382-1138), the net financial debt of the GVS Group at 30 June compared with the closing of the previous year is reported.

<i>(in thousands of Euro)</i>	At 30 June 2022	At 31 December 2021
(A) Cash on hand	128.684	136.893
(B) Cash equivalents	-	-
Term deposits	-	727
Shares held for trading	3.074	7.437
Financial receivables due to leasing	174	173
(C) Other current financial assets	3.248	8.337
(D) Liquidity (A)+(B)+(C)	131.933	145.230
Current bank debts	4.382	-
Financial payables to other companies in the GVS Group due to leasing	1.939	2.117
Financial payables for leasing	5.437	2.643
Other current payables	-	19.670
Other financial payables	234	545
(E) Current financial indebtedness	11.992	24.975
(F) Current portion of non-current indebtedness	438.911	41.160
(G) Current financial indebtedness (E)+(F)	450.903	66.135
(H) Net current financial indebtedness (G)-(D)	(318.970)	79.095
Non-current bank debts	22.853	155.320
Non-current bonded loans	-	24.758
Other financial payables	37.481	87
Financial payables to other companies in the GVS Group due to leasing	2.302	2.784
Non-current financial payables for leasing	14.331	3.989
(I) Non-current financial indebtedness	76.967	186.937
Passive derivative financial instruments	-	0
(J) Debt instruments	-	0
(K) Trade payables and other non-current payables	-	-
(L) Non-current financial indebtedness (I)+(J)+(K)	76.967	186.937
(M) Total net financial indebtedness (H)-(L)	(395.937)	(107.843)

As previously explained, due to the temporal asymmetry between the timing of the closing of the latest acquisition and the consistent adjustment of existing loan agreements, a portion of the medium-term financial debt, equal to Euro 395,137 thousand, was reclassified as current as at 30 June 2022. This reclassification is attributable to the failure for technical reasons of one of the two covenants (linked to the ratio between the consolidated values of net financial debt / pro forma EBITDA) underlying most of the medium-term loans. Even if substantially these payables are not due within the twelve months following 30 June 2022, as the Company has not received any formal request for payment from the credit institutions, the short-term classification of this medium-term portion of the loans was accounted for as required by IAS 1, as the formal waivers of the exercise of the contractual rights envisaged in the event of a breach of covenant were received from the credit institutions in July and therefore after the closing date of the period (30 June 2022).

For further details on the composition of the items in the table, see Note 8.12 and Note 8.14.

The Group's net financial position (including non-current active derivatives and non-current active loans, and excluding net current and non-current leasing liabilities recorded in accordance with the provisions of IFRS 16) are equal to negative Euro 370,735 thousand at 30 June 2022 and Euro 96,360 thousand at 31 December 2021.

<i>(in thousands of Euro)</i>	At 30 June 2022	At 31 December 2021
Total net financial indebtedness	(395.937)	(107.843)
Non-current active derivative financial instruments	919	123
Long-term financial receivables	448	-
Financial payables for leasing (net)	23.834	11.359
Total net financial position	(370.735)	(96.360)

8.16 Provisions for employee benefits

As of 30 June 2022 and 31 December 2021, provisions for employee benefits represented termination indemnity allocated for employees and end of service indemnity allocated for directors.

The increase in the period refers for Euro 1,058 thousand to the provision for termination indemnities relating to the employees of the newly-acquired Italian companies.

8.17 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 2022.

<i>(in thousands of Euro)</i>	Provisions for risks and charges
Balance as of 31 December 2021	4.654
Allocation	1.415
Business combinations	1.945
Use	(200)
Conversion reserves	21
Balance as of 30 June 2022	7.835

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 made provisions for risks of € 3,000 thousand in the previous years.

The changes in the period mainly relate to the allocation to the staff reorganization fund for Euro 1,415 thousand and for Euro 1,945 thousand to the provisions for risks and charges set aside by the newly acquired Italian companies, in periods prior to the transfer of control to the GVS Group.

8.18 Trade payables

The table below reports details of trade payables as of 31 December 2021 and 30 June 2022.

<i>(in thousands of Euro)</i>	At 30 June 2022	At 31 December 2021
Trade payables to suppliers	48.516	23.820
Trade payables to related parties	-	-
Trade payables	48.516	23.820

Trade payables primarily regard transactions for the purchase of raw materials, components and services. In the reference period, the change in the balance of the item compared to the previous year is mainly attributable to the change in the scope of consolidation for the acquisitions of STT and Haemotronic. The book value of trade payables is considered to approximate their fair value.

8.19 Other current payables and liabilities

The table below reports details of other payables and current liabilities as of 31 December 2021 and 30 June 2022.

<i>(in thousands of Euro)</i>	At 30 June 2022	At 31 December 2021
Payable to employees	11.659	9.157
Payable to social security institutions	3.513	2.708
Tax payables	3.845	1.596
Accrued payables	110	49
Deferred income	318	55
Payable to directors	725	1.175
Other	645	426
Other current payables and liabilities	20.815	15.166

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 2022 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.

The increase in other current liabilities at 30 June 2022 compared to 31 December 2021 is attributable for Euro 5,341 thousand to the increase in tax payables, payables to employees and payables to social security institutions, attributable to the change in the scope of consolidation following the acquisition of Haemotronic.

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 2021 and 30 June 2022.

<i>(in thousands of Euro)</i>	Half Year closed at 30 June	
	2022	2021
<i>Healthcare Liquid</i>	63.043	48.988
<i>Healthcare Air & Gas</i>	16.062	25.973
<i>Laboratory</i>	16.347	19.106
Healthcare & Life Sciences	95.452	94.067
<i>Powertrain & Drivetrain</i>	15.927	15.549
<i>Safety & Electronics</i>	10.769	12.001
<i>Sport & Utility</i>	12.219	11.460
Energy & Mobility	38.915	39.011
<i>Personal Safety</i>	29.719	53.528
<i>Air Safety</i>	2.526	3.115
Health & Safety	32.245	56.643
Revenue from customer contracts	166.611	189.721

The decrease in revenues in the period ended 30 June 2022 compared to the same period of the previous year is mainly attributable to the performance of the *Health & Safety* division, whose extraordinary growth in the previous year had been driven by the needs deriving from the spread of the pandemic.

The *Health & Safety* division, which benefited from RPB's contribution for approximately Euro 16 million in the first half of 2022, settled at a turnover level of Euro 32.2 million with a significant reduction compared to the first half of 2021; it was influenced by exceptional sales from disposable masks due to COVID-19. The contraction in revenues from contracts with customers, recorded by the *Energy & Mobility* division in 2020, was also due to the exceptional events of the period, and during 2021 there was a return to the trend prior to the pandemic, which was also confirmed in the first half of 2022. The revenues of the *Healthcare & Life Sciences* division, considering the business combinations mentioned above which contributed in the first half of 2022 for approximately Euro 11.3 million, grew during the period in question, compared to the corresponding period of the previous year, thanks to a sustained growth trend in the *Healthcare Liquid business*, which only partially offset the decrease in *Healthcare Air & Gas* and *Laboratory*. We also remember that during the first half of 2021 the Laboratory business had benefited from revenues of Euro 3 million, following an agreement reached with a customer for the early closure of a supply order.

The table below breaks down revenues from contracts with customers by type of sale in the half years ending on 30 June 2021 and 30 June 2022.

<i>(in thousands of Euro)</i>	Half Year closed at 30 June	
	2022	2021
Business to business (BTB)	120.260	123.008
Business to consumer (BTC)	46.351	66.713
Revenue from customer contracts	166.611	189.721

The table below breaks down revenues from contracts with customers by geographic area in the half years ending on 30 June 2021 and 30 June 2022.

<i>(in thousands of Euro)</i>	Half Year closed at 30 June	
	2022	2021
North America	81.352	73.888
Europe	41.669	78.396
Asia	30.064	26.274
Other countries	13.526	11.163
Revenue from customer contracts	166.611	189.721

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 2021 and 30 June 2022.

<i>(in thousands of Euro)</i>	Half Year closed at 30 June	
	2022	2021
Contributions for operating expenses	411	316
Recovery and chargeback	538	202
Insurance refunds	-	35
Recovery of scrap	166	147
Capital gains on sales	13	1.937
Other	422	295
Other revenues and proceeds	1.551	2.932

Other revenues and proceeds for the period ended 30 June 2021 included 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 2021 and 30 June 2022.

<i>(in thousands of Euro)</i>	Half Year closed at 30 June	
	2022	2021
Purchases of raw materials	61,772	61,772
Variation in inventories of products in progress, semi-products and finished products	(4,230)	(4,230)
Variation in inventories of raw materials, subsidiary materials and goods	(5,185)	(5,185)
Purchases and consumption of raw materials, semi-products and finished products	52,357	52,357

9.4 Personnel costs

The table below breaks down personnel costs in the half years ending on 30 June 2021 and 30 June 2022.

<i>(in thousands of Euro)</i>	Half Year closed at 30 June	
	2022	2021
Salaries and wages	42,511	41,094
Social security contributions	11,548	11,161
Cost of termination indemnity	677	501
Other costs	1,451	141
Personnel costs	56,188	52,897

The increase in personnel costs in the half year ended 30 June 2022 compared to the half year of the previous year is due for Euro 6,008 thousand to the business combinations carried out in 2022 (STT and Haemotronic) and in the last half of the previous year (RPB). Furthermore, for the period ended 30 June 2022, the item personnel costs includes non-recurring charges relating to the costs allocated to the staff reorganization fund for a total amount of Euro 1,415 thousand.

9.5 Service costs

The table below breaks down service costs in the half years ending on 30 June 2021 and 30 June 2022.

<i>(in thousands of Euro)</i>	Half Year closed at 30 June	
	2022	2021
Utilities and cleaning services	4,843	3,843
Maintenance	2,071	2,294
Transportation	2,727	2,358
Consulting services	2,502	1,894
Travel and lodging	1,034	283
Subcontracting	575	600
Marketing and trade fairs	602	420
Insurance	998	664
Cafeteria	781	820
Commissions	1,493	341
Directors' fees	1,899	1,797
Independent auditor's fees	250	233
Other services	1,210	2,500
Service costs	20,985	18,047

In the period ending on 30 June 2021, the item other services included, for €991 thousand, the 2021 CONSOB supervisory fee, relevant to the approval of the prospectus and the listing supplement. It should be clarified that the increase in service costs is due for Euro 4,800 thousand to the service costs relating to the newly-acquired companies in the business combinations carried out in the second half of 2021 and in the first half of 2022.

9.6 Other operating costs

The table below breaks down other operating costs in the half years ending on 30 June 2021 and 30 June 2022.

<i>(in thousands of Euro)</i>	Half Year closed at 30 June	
	2022	2021
Leasing costs	1,104	900
Indirect taxation	488	477
Membership fees and charity contributions	117	187
Allocation to provision for risks	-	1,441
Losses on sales	33	-
Other minor costs	360	558
Other operating costs	2,102	3,563

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.

9.8 Amortisation, depreciation and writedowns

The table below breaks down amortisation, depreciation and writedowns in the half years ending on 30 June 2021 and 30 June 2022.

<i>(in thousands of Euro)</i>	Half Year closed at 30 June	
	2022	2021
Amortisation and writedowns of intangible assets	6.211	2.855
Depreciation and writedowns of tangible assets	6.882	5.551
Amortisation and writedowns of assets represented by usage rights	2.460	1.900
Amortisation, depreciation and writedowns	15.553	10.306

A breakdown of the composition of, and movements in, intangible assets and tangible assets for the half year ending on 30 June 2022 is provided in notes 8.1 and 8.3. Information on assets represented by usage rights appears in note 8.2.

The increase in the item is mainly attributable to the amortization of intangible assets recorded following the purchase price allocation of the RPB group, acquired during the second half of 2021.

9.9 Financial proceeds and charges

The table below breaks down financial proceeds in the years ending on 30 June 2021 and 30 June 2022.

<i>(in thousands of Euro)</i>	Half Year closed at 30 June	
	2022	2021
Net profits on exchanges	23.649	2.541
Other financial proceeds	298	79
Financial proceeds	23.947	2.620

The table below breaks down financial charges in the half years ending on 30 June 2021 and 30 June 2022.

<i>(in thousands of Euro)</i>	Half Year closed at 30 June	
	2022	2021
Interest on bonded loans	678	849
Interest on loans	461	143
Interest on leasing liabilities	168	123
Amortised cost	118	46
Interest for discounting for earn out	713	-
Other financial charges	30	20
Financial charges	2.167	1.181

Financial income in the half year ended 30 June 2022 and to a lesser extent in the first half of the previous year, mainly includes the net unrealized exchange gains deriving from the adjustment in Euro of intra-group loans granted in dollars by GVS to the subsidiaries GVS NA Holdings Inc., GVS Technology (Suzhou) Co. Ltd., and GVS Filter Technology de Mexico, net of the exchange effect of the bond loan denominated in dollars.

9.10 Annual income tax

The table below breaks down annual income tax in the half years ending on 30 June 2021 and 30 June 2022.

<i>(in thousands of Euro)</i>	Half Year closed at 30 June	
	2022	2021
Current taxes	4.597	13.263
Deferred taxes	5.499	796
Taxes pertaining to previous financial years	(12)	227
Income tax	10.084	14.286

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 23.7% for the half year ended 30 June 2022 (22.9% for the half year ended 30 June 2021).

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.

<i>(in thousands of Euro)</i>	Half Year closed at 30 June	
	2022	2021
Group's share of net profit (in thousands of Euro)	32.437	48.154
Weighted average number of shares in circulation	174.693.198	175.000.000
Profit per share (in Euro)	0,19	0,28

Diluted earnings per share at 30 June 2022 was positive at 0.19 (positive at € 0.27 at 30 June 2021) 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.

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 2022 represent: (i) to greater costs related to the higher inventory value attributed following the purchase price allocation of the RPB group (Euro 996 thousand); (ii) costs allocated to the provision for risks and reorganization relating to Group personnel (totalling Euro 1,415 thousand); (iii) to consultancy costs related to acquisition of business/equity investments (Euro 978 thousand), (iv) amortization of intangible and depreciation of tangible assets recognized following the purchase price allocation of the Kuss and RPB groups (Euro 4,725 thousand) and finally (v) interest recorded following the discounting of the debts for earn out for the acquisitions of the STT, RPB and Haemotronic groups (Euro 713 thousand), net of the related tax effect.

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.

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 2022 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 2021 and 30 June 2022.

	Parent company	Companies subject to parent company's control	Top management	Total	Total item in the financial statement	Impact on the financial statement
(in thousands of Euro)	GVS Group	GVS Real Estate S.r.l. and subsidiaries				
Assets represented by usage rights						
At 30 June 2022	-	3.947	-	3.947	20.936	18,9%
At 31 December 2021	-	4.155	-	4.155	10.420	39,9%
Tangible Fixed Assets						
At 30 June 2022	-	-	16	16	106.866	0,0%
At 31 December 2021	-	-	18	18	77.622	0,0%
Current tax receivables						
At 30 June 2022	2.442	-	-	2.442	7.065	34,6%
At 31 December 2021	3.462	-	-	3.462	7.590	45,6%
Other receivables and current assets						
At 30 June 2022	-	-	-	-	12.648	0,0%
At 31 December 2021	-	12	-	12	10.011	0,1%
Non-current leasing liabilities						
At 30 June 2022	-	2.302	-	2.302	16.633	13,8%
At 31 December 2021	-	2.783	-	2.783	6.773	41,1%
Provisions for employee benefits:						
At 30 June 2022	-	-	1.723	1.723	5.533	31,1%
At 31 December 2021	-	-	1.699	1.699	4.366	38,9%
Current leasing liabilities						
At 30 June 2022	-	1.939	-	1.939	7.375	26,3%
At 31 December 2021	-	1.970	-	1.970	4.760	41,4%
Other current payables and liabilities						
At 30 June 2022	-	-	1.450	1.450	20.815	7,0%
At 31 December 2021	308	-	2.359	2.667	15.166	17,6%

The table below lists the Group's economic relations with related parties for the half years ending on 30 June 2021 and 30 June 2022.

(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 S.r.l. and subsidiaries				
Half year ended 30 June 2022	10	20	-	30	1,551	1.9%
Half year ended 30 June 2021	5	15	-	20	2,932	0.7%
Personnel costs						
Half year ended 30 June 2022	-	-	2,043	2,043	56,188	3.6%
Half year ended 30 June 2021	-	-	1,796	1,796	52,897	3.4%
Service costs						
Half year ended 30 June 2022	-	-	1,886	1,886	20,985	9.0%
Half year ended 30 June 2021	-	-	1,797	1,797	18,047	10.0%
Amortisation, depreciation and writedowns						
Half year ended 30 June 2022	-	897	-	897	15,553	5.8%
Half year ended 30 June 2021	-	469	-	469	10,306	4.6%
Financial charges						
Half year ended 30 June 2022	-	89	-	89	2,167	4.1%
Half year ended 30 June 2021	-	17	-	17	1,181	1.5%

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 31 December 2021 and 30 June 2022 refer exclusively to this case.

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). In addition, in December 2021 GVS took over the lease agreements concerning the buildings used as warehouses located in Zola Predosa (BO) previously signed with a third-party lessor and following their sale to GVS Real Estate Srl, transferred to the latter, as the new lessor. On the basis of these lease contracts, at 30 June 2022, the Group recorded assets represented by usage rights and related leasing liabilities for Euro 1,208 thousand and Euro 1,237 thousand respectively (Euro 927 thousand and Euro 1,240 thousand at 31 December 2021), as well as depreciation and financial charges, for the half year ended 30 June 2022, for Euro 192 thousand and Euro 4 thousand respectively (Euro 193 thousand and Euro 7 thousand at 30 June 2021).

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 2022, of assets represented by usage rights and leasing liabilities of Euro 834 thousand and Euro 861 thousand respectively (Euro 953 thousand and

Euro 982 thousand, respectively at 31 December 2021), and of amortisation, depreciation and writedowns and financial charges for the half year ending on 30 June 2022 of Euro 119 thousand and Euro 5 thousand respectively (Euro 119 thousand and Euro 6 thousand at 30 June 2021).

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 2022 of assets represented by usage rights amounting to Euro 152 thousand and Euro 186 thousand respectively (Euro 275 thousand and the corresponding leasing liabilities amounting to Euro 333 thousand at 31 December 2021), as well as amortisation, depreciation and writedowns and financial charges in the half year ending on 30 June 2022, for Euro 142 thousand and Euro 2 thousand respectively (Euro 157 thousand and Euro 4 thousand at 30 June 2021).

TRANSACTIONS WITH GVS REAL ESTATE MEXICO

In July 2021, the company of the GVS Filter Technology de Mexico Group signed a lease agreement with GVS Real Estate Mexico, relating to the production site in the city of Apocada. The leasing agreement involved recording, as of 30 June 2022, of assets represented by usage rights and leasing liabilities of Euro 1,203 thousand and Euro 1,202 thousand respectively (Euro 1,333 thousand and Euro 1,331 thousand at 31 December 2021), and of amortisation, depreciation and writedowns and financial charges for the period ending on 30 June 2022 of Euro 269 thousand and Euro 50 thousand respectively.

TRANSACTIONS WITH GVS PATRIMONIO IMMOBILIARE

During 2021, the company of the GVS Microfiltrazione Group signed a lease agreement with the company GVS Patrimonio Immobiliare through which GVS Patrimonio Immobiliare leased to the Group the property attributable to the production site located in Ciorani. Such leasing agreement involved entry, as of 30 June 2022, of assets represented by usage rights and leasing liabilities of Euro 378 thousand and Euro 380 thousand (Euro 495 thousand and Euro 495 thousand at 31 December 2021), and of amortisation, depreciation and writedowns and financial charges for the period ending on 30 June 2022 of Euro 119 thousand and Euro 6 thousand, respectively.

TRANSACTIONS WITH GVS REAL ESTATE DO BRASIL

In December 2021, the company of the GVS Do Brasil group signed an agreement with GVS Real Estate Do Brasil for the sale of land and buildings pertaining to a production site in Monte Mor. At the same time as the sale, the parties signed one lease agreement under which GVS Real Estate Do Brasil leased the property sold back to the Group. The leasing agreement for the real estate property sold as described above resulted in entry as of 30 June 2022 of assets represented by usage rights amounting to Euro 132 thousand and Euro 336 thousand respectively (Euro 136 thousand and the corresponding leasing liabilities amounting to Euro 336 thousand at 31 December 2021), as well as amortisation, depreciation and writedowns and financial charges in the period ending on 30 June 2022 amounting to Euro 26 thousand and Euro 22 thousand respectively.

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 and the female director of human resources;
- 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 2021 and 30 June 2022, including contributions.

(in thousands of Euro)	Half Year closed at 30 June	
	2022	2021
Fees for office held	720	589
Bonuses and other incentives	1.227	1.120
Other fees	95	86
Directors' fees	1.886	1.797
Total	3.929	3.593

Please note that:

- other current payables and liabilities as of 30 June 2022 include payables to directors for fees not yet paid totalling Euro 725 thousand (Euro 1,175 thousand at 31 December 2021);
- provisions for employee benefits as of 30 June 2022 include the value of end of service indemnity for directors totalling Euro 1,723 thousand (Euro 1,699 thousand at 31 December 2021);
- costs for services for the half year ended 30 June 2022 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 1,886 thousand (Euro 1,797 thousand for the half year ended 30 June 2021).

13. Commitments and risks

Sureties and guarantees granted to third parties

At 30 June 2022, 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 2022 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 €1,886 thousand and €45 thousand, respectively.

The following table gives details of the remuneration for executive directors and non-executive directors for the first half of 2022.

(in thousands of Euro)	2022	2021
Chairman of the Board of Directors	130	130
Executive Directors	1.681	1.592
Non-executive directors	75	75
Total cost	1.886	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 2022 amounted to Euro 323 thousand, of which Euro 173 thousand for auditing services and Euro 150 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 2021 and 30 June 2022.

(in thousands of Euro)	Half Year closed at 30 June	
	2022	2021
Research and development costs	10.992	10.073
Capitalised development costs	(2.222)	(1.812)
Amortisation of capitalised development costs	1.126	813
Research and development costs entered as operating costs	9.896	9.074

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 2022 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

In July 2022, GVS SpA entered into three interest rate swap-type derivative contracts with Mediobanca - Banca di Credito Finanziario SpA, Credit Agricole Italia SpA and Unicredit SpA for a total initial nominal amount of Euro 150,000 thousand, aimed at fully hedging the risk of fluctuation of the interest rates of the loan granted by the same credit institutions in the course of 2021, following the acquisition of RPB. Such derivative financial instruments, having a decreasing nominal value equal to the nominal value of the hedged items, guarantee a fixed interest rate for the entire duration of the loan.

With reference to the failure for technical reasons to comply with one of the consolidated financial parameters (net financial debt / pro forma EBITDA) envisaged by some of the existing loan agreements, it should be clarified, as reported in other sections of this Explanatory Note, that the Company has received, at the date of approval of the consolidated interim financial statements at 30 June 2022, the consent of the lending banks to waive the financial constraint, provided for in the contract, exceeded with reference to the results as at 30 June 2022.

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

The condensed interim consolidated financial statements ending on 30 June 2022 were approved on 06 September 2022 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 2022	of which with related parties	percentage	At 31 December 2021	of which with related parties	percentage
ASSETS						
Non-current assets						
Intangible assets	495.712			227.743		
Assets represented by usage rights	20.936	3.947	18,9%	10.420	4.155	39,9%
Tangible assets	106.866	16	0,0%	77.622	18	0,0%
Advance tax assets	6.380			1.502		
Non-current financial assets	2.122			1.318		
Non-current derivative financial instruments	919			123		
Other receivables and non-current assets	1.776			-		
Total non-current assets	634.711			318.728		
Current assets						
Inventories	113.599			72.353		
Trade receivables	73.428			52.975		
Assets from contracts with customers	2.943			1.678		
Current tax receivables	7.065	2.442	34,6%	7.590	3.462	45,6%
Other receivables and current assets	12.648			10.011	12	0,1%
Current financial assets	3.248			8.337		
Cash on hand	128.684			136.893		
Total current assets	341.616			289.837		
TOTAL ASSETS	976.327			608.565		
SHAREHOLDERS' EQUITY AND LIABILITIES						
Share capital	1.750			1.750		
Reserves	302.867			225.967		
Net income	32.437			67.590		
Group net shareholders' equity	337.054			295.307		
Shareholders' equity attributable to non-controlling interests	40			40		
Total shareholders' equity	337.094			295.347		
Non-current liabilities						
Debt for the purchase of equity investments and earn out	36.458			-		
Non-current financial liabilities	23.876			180.164		
Non-current leasing liabilities	16.633	2.302	13,8%	6.773	2.783	41,1%
Deferred tax liabilities	16.919			5.675		
Provisions for employee benefits	5.533	1.723	31,1%	4.366	1.699	38,9%
Provisions for risks and charges	7.835			4.654		
Non-current derivative financial instruments	-			-		
Other non-current payables and liabilities	-			-		
Total non-current liabilities	107.253			201.632		
Current liabilities						
Debt for the purchase of equity investments and earn out	-			19.670		
Current financial liabilities	443.527			41.706		
Current leasing liabilities	7.375	1.939	26,3%	4.760	1.970	41,4%
Trade payables	48.516			23.820		
Liabilities from contracts with customers	9.150			3.417		
Current tax payables	2.597			3.047		
Other current payables and liabilities	20.815	1.450	7,0%	15.166	2.667	17,6%
Total current liabilities	531.980			111.586		
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	976.327			608.565		

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

(in thousands of Euro)	Period ending on 30 June					
	2022	of which with related parties	percentage	2021	of which with related parties	percentage
Revenue from customer contracts	166.611			189.721		
Other revenues and proceeds	1.551	30	1,9%	2.932	20	0,7%
Total revenues	168.162			192.653		
Purchases and consumption of raw materials, semi-products and finished products	(52.357)			(46.587)		
Personnel costs	(56.188)	(2.043)	3,6%	(52.897)	(1.796)	3,4%
Service costs	(20.985)	(1.886)	9,0%	(18.047)	(1.797)	10,0%
Other operating costs	(2.102)			(3.563)		
EBITDA	36.530			71.559		
Net writedowns of financial assets	(232)			(248)		
Amortisation, depreciation and writedowns	(15.553)	(897)	5,8%	(10.306)	(469)	4,5%
EBIT	20.745			61.005		
Financial proceeds	23.947			2.620		
Financial charges	(2.167)	(89)	4,1%	(1.181)	(17)	1,5%
Pre-tax result	42.525			62.444		
Income tax	(10.084)			(14.286)		
Net income	32.441			48.158		
Group's share	32.437			48.154		
Minority share	4			4		

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

(in thousands of Euro)	2022	of which with related parties	percentage	2021	of which with related parties	percentage
Pre-tax result	42.525	(4.884)	-11%	62.444	(4.059)	-7%
- Adjustment for:						
Amortisation, depreciation and writedowns	15.553	897	6%	10.306	469	5%
Capital losses / (capital gains) from sale of assets	20			(1.937)		
Financial charges / (proceeds)	(21.780)	89	0%	(1.439)	17	-1%
Other non-monetary variations	3.750	24	1%	2.938	24	1%
Cash flow generated / (absorbed) by operations before variations in net working capital	40.068			72.312		
Variation in inventories	(9.930)			(7.039)		
Variation in trade receivables	364	-	0%	(1.993)	(16)	1%
Variation in trade payables	1.657	0	0%	(2.259)	0	0%
Variation in other assets and liabilities	1.924	(1.205)	-63%	(2.503)	(1.372)	55%
Use of provisions for risks and charges and for employee benefits	(779)			(449)		
Taxes paid	(5.148)	1.020	-20%	(24.746)	(8.384)	34%
Net cash flow generated / (absorbed) by operations	28.156			33.323		
Investments in tangible assets	(10.319)	(1)	0%	(9.325)	(25)	0%
Investments in intangible assets	(2.341)			(2.210)		
Disposal of tangible assets	42			3.554		
Investment in financial assets	(1.073)			-		
Disinvestment in financial assets	6.451			17		
Payment for purchase of a business net of acquired cash on hand	(239.162)			-		
Net cash flow generated / (absorbed) by investment	(246.402)			(7.964)		
Opening of long-term financial payables	232.511			87		
Repayment of long-term financial payables	(23.219)			(6.264)		
Repayment of leasing liabilities	(2.367)	(1.210)	51%	(1.798)	(493)	27%
Financial charges paid	(1.268)	(89)	7%	(1.836)	(17)	1%
Financial proceeds collected	1.285			79		
Treasury shares	(1.405)					
Dividends paid	-			(22.403)	(13.650)	61%
Net cash flow generated/(absorbed) by financial assets	205.537			(32.134)		
Total variation in cash on hand	(12.709)			(6.775)		
-						
Cash on hand at the start of the year	136.893			125.068		
Total variation in cash on hand	(12.709)			(6.775)		
Conversion differences on cash on hand	4.500			1.182		
Cash on hand at the end of the year	128.684			119.475		

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

(in thousands of Euro)	The 6-month period closed on 30 June							
	2022	of which non-recurring	2022 from ordinary operations	percentage	2021	of which non-recurring	2021 from ordinary operations	percentage
Revenue from customer contracts	166.611		166.611		189.721		189.721	
Other revenues and proceeds	1.551		1.551		2.932	2.122	810	72.4%
Total revenues	168.162	-	168.162		192.653	2.122	190.531	
Purchases and consumption of raw materials, semi-products and finished products	(52.357)	(996)	(51.361)	1.9%	(46.587)		(46.587)	
Personnel costs	(56.188)	(1.415)	(54.773)	2.5%	(52.897)		(52.897)	0.0%
Service costs	(20.985)	(978)	(20.007)	4.7%	(18.047)	(991)	(17.056)	5.5%
Other operating costs	(2.102)		(2.102)		(3.563)	(1.441)	(2.122)	40.4%
EBITDA	36.530	(3.389)	39.919		71.559	(310)	71.869	
Net writedowns of financial assets	(232)		(232)		(248)		(248)	
Amortisation, depreciation and writedowns	(15.553)	(4.725)	(10.828)	30.4%	(10.306)	(1.817)	(8.489)	17.6%
EBIT	20.745	(8.114)	28.859		61.005	(2.127)	63.132	
Financial proceeds	23.947		23.947		2.620		2.620	
Financial charges	(2.167)	(713)	(1.454)	32.9%	(1.181)		(1.181)	
Pre-tax result	42.525	(8.827)	51.352		62.444	(2.127)	64.571	
Income tax	(10.084)	1.788	(11.873)	-17.7%	(14.286)	274	(14.560)	-1.9%
Net income	32.441	(7.039)	39.479		48.158	(1.852)	50.010	

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 2022.

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 2022 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, 6 settembre 2022

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 and its subsidiaries (hereinafter, the “GVS Group”) as of 30 June 2022, comprising 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 are responsible for the preparation of the consolidated condensed interim financial statements in accordance with International Accounting Standard 34 applicable to interim financial reporting 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 Italy) 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 2022 are not prepared, in all material respects, in accordance with International Accounting Standard 34 applicable to interim financial reporting as adopted by the European Union.

Bologna, 12 September 2022

PricewaterhouseCoopers SpA

signed by

Giuseppe Ermocida
(Partner)

This report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

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