



**Interim report on
operations at**
31 March 2023
GVS Group



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Information about the Company and information for Shareholders

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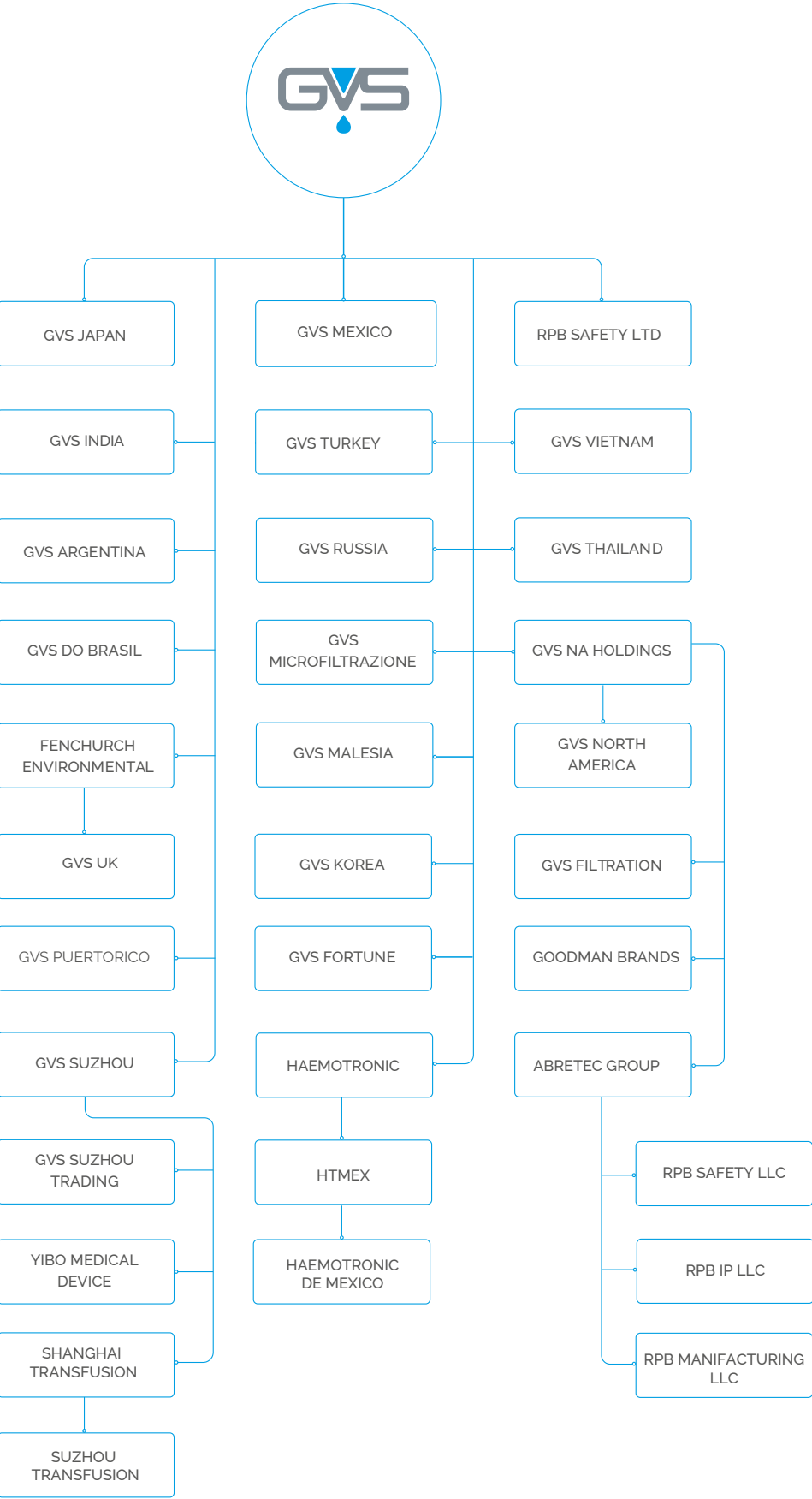
LEGAL INFORMATION

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

Chairman (independent)
Chief Executive Officer
Executive Directors
Non-executive directors

Alessandro Nasi
Massimo Scagliarini
Marco Pacini
Grazia Valentini
Marco Scagliarini
Simona Scarpaleggia ^{(1) (2)}
Anna Tanganelli ⁽¹⁾
Pietro Cordova ^{(1) (2)}
Michela Schizzi ⁽²⁾

Independent directors

Board of Auditors

Chairwoman
Standing auditors

Maria Federica Izzo
Francesca Sandrolini
Giuseppe Farchione
Alessia Fulgeri
Mario Difino

Alternate Auditors

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 and Related Party Transactions Committee.
(2) Member of the Nominations and Remuneration Committee.





01.

Directors' report on operations

Foreword

The Interim Report on Operations of GVS SpA (hereinafter “GVS”, the “Company”, or the “Parent Company” and together with its subsidiaries the “GVS Group” or the “Group”) is presented together with the interim consolidated financial statements at 31 March 2023.

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

The tables below have been prepared on the basis of the consolidated financial statements at 31 March 2023, to which reference should be made. The latter were prepared in accordance with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and approved by the European Union, as well as with measures issued in implementation of Article 9 of Legislative Decree no. 38/2005.

Group performance and analysis of the results for the period ending on 31 March 2023

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.

The table below breaks down revenues from contracts with customers by division in the periods ending on 31 March 2022 and 31 March 2023.

(in thousands of Euro)	Period ended 31 March	
	2023	2022
Healthcare Liquid	54,265	28,102
Healthcare Air & Gas	7,135	7,749
Laboratory	9,116	8,398
Healthcare & Life Sciences	70,516	44,249
Powertrain & Drivetrain	7,702	8,265
Safety & Electronics	5,006	5,685
Sport & Utility	4,473	6,173
Energy & Mobility	17,181	20,123
Personal Safety	15,317	15,561
Air Safety	942	1,167
Health & Safety	16,259	16,728
Revenue from customer contracts	103,956	81,100

In the first three months of 2023 GVS achieved consolidated revenues of Euro 104 million, up by 28.2% compared to Euro 81.1 million recorded in the first three months of 2022, thanks to the contribution of the latest acquisitions made during the previous year (STT and Haemotronic groups).

Net of the contribution from the acquisitions, the Company recorded a decrease in organic turnover of 9.0% compared to the first quarter of 2022, in the wake of the destocking policies of its customers, in line with what is observed at the sector level.

The revenues of the Healthcare & Life Sciences division recorded significant growth in the Healthcare Liquid business (+93.1%), compared to the same period of last year, thanks to the acquisitions of STT and Haemotronic concluded in 2022, absorbing the contraction recorded in the Healthcare Air & Gas business. The laboratory business shows a turnover up by 8.5%, settling at Euro 9.1 million, against revenues for the first three months of 2022, equal to Euro 8.4 million.

The Energy & Mobility division recorded a trend with a decrease of 14.6% in terms of revenues compared to the same period of the previous year, following the destocking policies mentioned above; the Sports & Utility segment, in particular, recorded 27.5% lower sales than in the previous year.

The Health & Safety division, also impacted by the destocking policy introduced by of its customer base, recorded a slight reduction in turnover, equal to -2.8% albeit down on the previous year.

In terms of performance and breakdown of revenues from contracts with customers as of 31 March 2023:

- the Healthcare & Life Sciences division, which represents 67.8% of the total, recorded revenues of Euro 70.5 million and grew by 59.4% compared to the first three months of 2022. STT and Haemotronic, taken over and consolidated respectively from 1 March 2022 and from 15 June 2022, contributed approximately Euro 32.1 million;

- the Energy & Mobility division, which represents 16.5% of the total, recorded a decrease in turnover level of 14.6% compared to the same period of 2022, reaching Euro 17.2 million;

- the Health & Safety division represents 15.6% of the total and settled at Euro 16.3 million with a reduction of 2.8% compared to the same period of the previous year.

Financial statements for the period closing at 31 March 2023 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

(in thousands of Euro)	The 3-month period closed on 31 March							
	2023	of which non-recurring	2023 adjusted	%	2022	of which non-recurring	2022 adjusted	%
Revenue from contracts with customers	103,956		103,956	100.0%	81,100		81,100	100.0%
Other operating income	985	319	666	0.6%	533		533	0.7%
Total revenues	104,941	319	104,622	100.6%	81,633	-	81,633	100.7%
Purchases costs and change in inventories	(32,186)		(32,186)	-31.0%	(24,341)	(486)	(23,855)	-29.4%
Services costs	(14,704)		(14,704)	-14.1%	(9,319)		(9,319)	-11.5%
Other operating costs	(1,493)		(1,493)	-1.4%	(1,099)		(1,099)	-1.4%
Added value	56,558	319	56,239	54.1%	46,875	(486)	47,361	58.4%
Personnel costs	(33,940)	(267)	(33,673)	-32.4%	(27,639)	(1,060)	(26,579)	-32.8%
EBITDA	22,618	52	22,566	21.7%	19,236	(1,546)	20,782	25.6%
Amortisation and depreciation	(10,205)	(4,038)	(6,167)	-5.9%	(7,314)	(2,303)	(5,011)	-6.2%
Net impairment losses on financial assets	(344)		(344)	-0.3%	(27)		(27)	0.0%
EBIT	12,069	(3,986)	16,055	15.4%	11,895	(3,849)	15,744	19.4%
Financial income and costs	(8,610)	(892)	(7,718)	-7.4%	5,450	(398)	5,848	7.2%
Pre-tax result	3,458	(4,878)	8,337	8.0%	17,345	(4,247)	21,592	26.6%
Income tax	(910)	1,330	(2,240)	-2.2%	(4,347)	892	(5,239)	-6.5%
Group's and minority shareholders' net profit or loss	2,548	(3,548)	6,097	5.9%	12,998	(3,355)	16,353	20.2%

The consolidated economic results of operations of the period closing at 31 March 2023 were as follows: total revenues from ordinary operations amounted to Euro 104.6 million (Euro 81.6 million in 2022); EBITDA from ordinary operations amounted to Euro 22.6 million (Euro 20.8 million in 2022); EBIT from ordinary operations came to Euro 16 million (Euro 15.7 million in 2022).

Normalized EBITDA is up 8.6% compared to the first quarter of 2022, with a margin on revenues of 21.7%. The result for the period is influenced by the contribution of the acquisitions completed in 2022 and by the price increase introduced in the first quarter of 2023. The reduction in the margin on revenues compared to the first quarter of 2022 (equal to 25.6%) is mainly linked to the lower absorption of fixed costs against the decrease in organic turnover.

EBIT from ordinary operations with a margin on revenues of 15.4% is equal to Euro 16 million, +2% compared to Euro 15.7 million in the same period of the previous year. There was an increase in the item amortization and depreciation for Euro 1.2 million of which Euro 0.8 million attributable to the acquisitions of the Haemotronic group and 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 losses of Euro 4,036 thousand recorded in the first three months of 2023 and exchange rate gains of Euro 6,332 thousand recorded in 2022) increased in the period in question, going from Euro 484 thousand in the period ended 31 March 2022 to Euro 3,682 thousand in the period ended 31 March 2023. This was mainly due to new financial payables linked to the acquisitions, completed during 2022, and to the increase in market interest rates some loans are related to.

The pre-tax result of recurring activities reached Euro 8.3 million in the period in question, with a decrease of Euro 13.2 million compared to Euro 21.6 million in 2022, mainly due to the effect of the exchange gain recorded in 2022 against the effect of the exchange rate loss recorded during the first quarter of 2023.

Non-recurrent proceeds and charges in the period ending on 31 March 2023 represent: (i) grants obtained from the Chinese government for the relocation of the Suzhou production site (Euro 319 thousand); (ii) costs relating to Group personnel following the reorganization process going on (for a total of Euro 267 thousand, (iv) the depreciation of intangible and tangible assets recorded following the purchase price allocation of the Kuss, RPB, Haemotronic and STT groups (for a total of Euro 4,038 thousand) and finally (v) to the interest recorded following the discounting of payables for earn out for the acquisitions of the STT and Haemotronic groups (Euro 892 thousand), net of the related tax effect.

Non-recurrent proceeds and charges in the period ending on 31 March 2022 represent: (i) to the higher costs related to the higher inventory value attributed following the purchase price allocation of the RPB group (Euro 486 thousand); (ii) costs allocated to the provision for risks and reorganization relating to Group personnel (totalling Euro 1,060 thousand); (iii) amortization of intangible and depreciation of tangible assets recognized following the purchase price allocation of the Kuss and RPB groups (Euro 2,303 thousand) and finally (iv) interest recorded following the discounting of the debt for earn out to be paid for the acquisitions of the STT group and the RPB group (Euro 398 thousand), net of the related tax effect.

Analysis of reclassified equity position

<i>(in thousands of Euro)</i>	At 31 March 2023	At 31 December 2022
Net intangible fixed assets	486,631	494,846
Right of use assets	21,816	22,991
Net tangible fixed assets	122,339	120,403
Financial fixed assets	3,635	3,579
Other fixed assets	12,377	12,004
Fixed capital (A)	646,798	653,824
Net trade receivables	71,847	72,945
Inventories	114,702	106,922
Payables to suppliers	(44,734)	(57,944)
Net commercial working capital (B)	141,815	121,923
Other current assets	22,186	19,410
Other current liabilities	(37,409)	(32,072)
Total current assets/liabilities (C)	(15,224)	(12,662)
Net working capital (D) = (B) + (C)	126,592	109,260
Other non-current liabilities (E)	(42,375)	(46,086)
Employee termination indemnity and end of service indemnity (F)	(4,593)	(4,630)
Provisions for risks and charges (G)	(9,163)	(9,221)
Net invested capital (H) = (A+D+E+F+G)	717,259	703,147
Shareholders' equity	(328,370)	(327,675)
Consolidated shareholders' equity (I)	(328,370)	(327,675)
(Short-term financial indebtedness)/Liquidity	100,354	(306,602)
(Net medium-/long-term financial indebtedness)	(489,242)	(68,871)
Net financial indebtedness (L)	(388,888)	(375,473)
Own funds and net financial indebtedness (M) = (I+L)	(717,259)	(703,147)

Fixed capital at 31 March 2023 shows a decrease of Euro 7,025 thousand, mainly as a result of depreciation and negative exchange differences recorded in the period in question, relating to tangible and intangible fixed assets. Specifically, net intangible fixed assets decreased by Euro 8,215 thousand, of which Euro 4,748 thousand for amortization and Euro 5,006 thousand for the negative exchange translation reserve for the period; on the other hand, tangible fixed assets increased by Euro 1,936 thousand, of which Euro 6,050 thousand relating to investments capitalized in the first quarter, net of depreciation for the period of Euro 4,115 thousand; finally, the net decrease in usage rights equal to Euro 1,175 thousand is mainly linked to the depreciation for the period for a total of Euro 1,343 thousand.

The balance of net trade working capital at 31 March 2023 shows an increase of Euro 19,893 thousand, compared to 31 December 2022, due for Euro 13,210 thousand to the negative change in trade payables and for Euro 7,780 thousand to the increase in inventories.

The increase in other current assets at 31 March 2023, equal to Euro 2,776 thousand, was mainly due to prepaid expenses and tax receivables for direct and indirect taxes.

The increase in other current liabilities at 31 March 2023 compared to 31 December 2022, equal to Euro 5,337 thousand, is mainly attributable to the increase in payables for direct taxes, payables to employees and to social security institutions and advances received from customers.

Shareholders' equity at 31 March 2023 increased by Euro 696 thousand, due to the overall result for the period of the same amount.

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

Analysis of net financial indebtedness and net financial position

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

<i>(in thousands of Euro)</i>	At 31 March 2023	At 31 December 2022
(A) Cash on hand	102,132	135,169
(B) Cash equivalents	75,000	-
Financial assets held for trading	2,535	4,592
Financial lease receivables	184	187
(C) Other current financial assets	2,719	4,779
(D) Liquidity (A)+(B)+(C)	179,851	139,948
Financial lease liabilities to other companies in the GVS Group	2,010	2,907
Financial lease liabilities	5,743	5,405
Other financial liabilities	256	256
(E) Current financial indebtedness	8,009	8,568
(F) Current portion of non-current indebtedness	71,488	437,982
(G) Current financial indebtedness (E)+(F)	79,497	446,550
(H) Net current financial indebtedness (G)-(D)	100,354	(306,602)
Non-current bank borrowings	347,555	10,094
Non-current bond	7,987	-
Other financial liabilities	42,641	41,878
Other financial liabilities to GVS Group	75,118	-
Financial lease liabilities to other companies in the GVS Group	1,729	1,547
Non-current financial lease liabilities	14,212	15,352
(I) Non-current financial liabilities	489,242	68,871
Passive derivative financial instruments	-	-
(J) Debt instruments	-	-
(K) Trade payables and other non-current payables	-	-
(L) Non-current financial indebtedness (I)+(J)+(K)	489,242	68,871
(M) Total net financial indebtedness (H)-(L)	(388,888)	(375,473)

The change in net financial debt at 31 March 2023 compared to 31 December 2022, totalling Euro 13,415 thousand, is mainly due to the net liquidity used for investments in tangible and intangible assets in the period (Euro 7,604 thousand) and to net financial charges (Euro 5,197 thousand). In terms of current operations, the cash generated by operations was almost entirely absorbed by changes in working capital. Current financial debt, equal to a negative Euro 306,602 thousand as at 31 December 2022, amounts to a positive Euro 100,354 thousand as at 31 March 2023. Non-current financial debt, equal to a negative Euro 68,871 thousand as at 31 December 2022, amounted to a negative Euro 489,242 thousand as at 31 March 2023. These changes, between current and non-current payables, are mainly attributable to the portion of medium-term loans classified as short-term loans as at 31 December 2022, following the provisions of IAS 1. At 31 December 2022, even if essentially these payables were not due within the twelve-month period following 31 December 2022, as the Company had not received any formal request for payment from the credit institutions, the reclassification had

been accounted for in the consolidated financial statements as required by international accounting standards. At 31 March 2023, financial payables have been reclassified in the financial statements in accordance with the related amortization plans. We also note that in the period under review, the Company obtained a loan of Euro 75 million from the parent company GVS Group Srl, the liquidity of which was invested in current accounts term deposits at market rates.

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 357,993 thousand at 31 March 2023 and negative Euro 343,325 thousand at 31 December 2022.

<i>(in thousands of Euro)</i>	At 31 March 2023	At 31 December 2022
(M) Total net financial indebtedness	(388,888)	(375,473)
Non-current active derivative financial instruments	6,910	6,648
Long-term financial receivables	476	476
Financial payables for leasing (net)	23,510	25,024
Total net financial position	(357,993)	(343,325)

Cash flow statement

The cash flow statement appears below.

<i>(in thousands of Euro)</i>	Quarter ended 31 March	
	2023	2022
Pre-tax result	3,458	17,345
- Adjustment for:		
Amortisation, depreciation and writedowns	10,205	7,314
Capital losses / (capital gains) from sale of assets	41	(14)
Financial charges / (income)	8,611	(5,450)
Other non-monetary variations	540	2,000
Cash flow generated / (absorbed) by operations before variations in net working capital	22,855	21,195
Variation in inventories	(8,797)	(3,664)
Variation in trade receivables	82	3,119
Variation in trade payables	(12,332)	(3,389)
Variation in other assets and liabilities	94	(870)
Use of provisions for risks and charges and for employee benefits	(271)	(301)
Taxes paid	(1,784)	(2,122)
Net cash flow generated / (absorbed) by operations	(153)	13,969
Investments in tangible assets	(6,050)	(2,139)
Investments in intangible assets	(1,554)	(1,359)
Disposal of tangible assets	52	62
Investment in financial assets	(75,000)	(30)
Disinvestment in financial assets	2,280	6,451
Payment for purchase of business unit net of cash on hand acquired	-	(70,347)
Net cash flow generated / (absorbed) by investment	(80,272)	(67,362)
Opening of long-term financial liabilities	75,000	-
Repayment of long-term financial liabilities	(21,799)	(15,979)
Repayment of lease liabilities	(1,686)	(669)
Financial charges paid	(3,224)	(1,007)
Financial proceeds collected	145	149
Treasury shares	-	(1,405)
Net cash flow generated/(absorbed) by financial assets	48,437	(18,911)
Total change in cash on hand	(31,989)	(72,304)
Cash on hand at the start of the period	135,169	136,893
Total variation in cash on hand	(31,989)	(72,304)
Conversion differences on cash on hand	(1,047)	2,030
Cash on hand at the end of the period	102,133	66,618

During the period ended 31 March 2023, operations generated greater liquidity of Euro 1,660 thousand compared to the same period of the previous year, mainly due to the effect of the increase in EBITDA. Also, net working capital has absorbed cash following an increase in inventories and a decrease in trade payables.

Over the same period, net investment activity shows a higher liquidity absorption, compared to the same period of the previous year, for Euro 12,910 thousand. This followed financial investments in term deposits with an original maturity beyond 3 months for Euro 75,000 thousand, and is contrary to the cash absorption for extraordinary acquisition transactions that had characterized the first quarter of 2022 for Euro 70,347 thousand. We also note that investments in tangible and intangible fixed assets have increased by Euro 4,106 thousand in the two periods compared.

The item financial assets shows a higher level of liquidity compared to the same period of the previous year, for Euro 67,347 thousand, mainly as a result of the new financial debt of Euro 75,0000 thousand signed with the parent company GVS Group Srl and obtained in the first quarter of 2023.

Indicators

The Group's principal economic and financial indicators and other indicators at 31 March 2022 and 31 March 2023 are listed below.

<i>(in thousands of Euro)</i>	Period ended 31 March	
	2023	2022
ROE (net profit/total net shareholders' equity)	3%	17%
ROI (EBIT from ordinary operations/net invested capital)	9%	13%
ROS (EBIT from ordinary operations/ordinary total revenues)	15%	19%
EBITDA	22,618	19,236
Adjusted EBITDA	22,566	20,782
Net interest expense (excluding exchange gains / losses and interest for discounting earn out)	(3,682)	(882)
Net Financial Debt	(388,888)	(166,124)
Net financial position	(357,993)	(154,513)
Total intangible fixed assets/Total fixed assets	75%	75%
Total intangible fixed assets/Total assets	47%	47%
Acid test (short-term assets/short-term liabilities)	1.1	1.6
Net interest expense / payables to lenders	2.8%	0.5%
Indebtedness ratio (net financial indebtedness/shareholders' equity)	1.18	0.53
Net financial position/shareholders' equity	1.09	0.50
EBITDA/Interest	6.14	21.82
EBITDA from ordinary operations/Interest	6.13	23.57
Net financial position/EBITDA	3.96	2.01
Net financial position/adjusted EBITDA	3.97	1.86
Net financial debt / EBITDA	4.30	2.16
Net financial indebtedness/adjusted EBITDA	4.31	2.00

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 31 March 2023 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 31 March 2023, 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)	Period ended 31 March	
	2023	2022
Research and development costs	5.832	5.526
Spese per ricerca e sviluppo/ricavi da contratti con i clienti	5.6%	6.8%

ADDITIONAL INFORMATION

The Company does not own, and has never owned, stocks or shares in its parent companies, even through an intermediary, and did not buy or sell any such stocks or shares in 2023.

Starting from 8 October 2021, the Company launched the buyback program authorized by the Shareholders' Meeting of 27 April 2021. As of 31 March 2023, treasury shares in the

portfolio are 226,895 shares for a total amount equal to 0.13% 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 direct exposure to the areas concerned is marginal and is around 0.3% of consolidated turnover.

INTERGROUP 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 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 participates 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 intergroup 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 intergroup 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.

SIGNIFICANT EVENTS OCCURRING DURING THE PERIOD

On 8 March 2023, as part of activities aimed at ensuring compliance with the contract covenants for the measurement of 31 December 2022, GVS SpA signed a contract with the majority shareholder GVS Group Srl, concerning a subordinated and unsecured shareholder loan of Euro 75 million maturing on 31 December 2027, disbursed the day following the signing of the contract.

This solution made it possible, after the end of the financial year as at 31 December 2022, to remedy compliance with the level of financial covenants leverage ratio (equal to 3,5x), as resulting following the agreements reached with the financial counterparties on 23 December 2022. In particular, the amount of the shareholder loan was determined on the basis of the preliminary information available and which sees at 31 December 2022 a consolidated net financial position of approximately Euro 375 million and an adjusted EBITDA pro-forma (which considers the 12-month EBITDA of the business combinations carried out during 2022) for the purposes of calculating the financial covenants of approximately Euro 86 million.

On 8 March 2023, the Company reached an agreement with (i) the pool of lender banks of the credit lines (EUR 230 million, expiring in 2027 and EUR 150 million, expiring in 2026) and the credit institutions regarding the outstanding bilateral loans, as well as (ii) the bondholders referred to in the bond loans (EUR 40 million, maturing in 2024, and USD 35 million, maturing in 2024), for the modification of the interest coverage ratio of the financial covenant. The agreement provides for a lowering of the interest coverage ratio parameter for the checks as at 30 June 2023 and 31 December 2023 compared to the levels set at the time of signing the loans and the subscription agreements of the bond loans (from 4.5x to 3.5x). The redefinition of this parameter was negotiated on a prudential basis to take into account a scenario in 2023 of an increase in financial expenses for the Company as a result of the rate increase policy implemented by the European Central Bank to combat inflation.

EVENTS SUBSEQUENT TO THE CLOSE OF THE PERIOD

No significant events occurred after the end of the period.

BUSINESS OUTLOOK

GVS continues on its path to improve its economic and financial performance through the progressive integration of the recently acquired companies. The positive result for the quarter confirms the profitability growth trend that began in the latter part of last year and was achieved despite the drop in organic turnover linked to destocking. Inventory reduction by customers is expected to continue also during the second quarter of 2023, with the related impact on expected turnover. Although there are almost no signs of the dynamics expected in the second half of the year, a recovery in sales volumes is expected in the second half of 2023. In this regard, the impacts that the current macroeconomic scenario, characterized by a sudden increase in interest rates to contrast high inflation, will have on the real economy will have to be carefully monitored, particularly in relation to the growth expectations of the gross domestic product of the main economies (United States and European Union) the Group is exposed to.

Following the results achieved in the first three months of 2023 and in consideration of the uncertainty variables described above, the Company confirms the forecasts presented at the approval of the results for the 2022 financial year (turnover ranging from Euro 440 to Euro 460 million, adjusted EBITDA ranging between from 95 to Euro 105 million and net financial debt ranging from Euro 340 to Euro 360 million), with expectations, as regards the turnover forecast, in the lower part of the aforementioned range.

Zola Predosa, 15 May 2023

For the Board of Directors

Massimo Scagliarini
Chief Executive Officer





02.

**Financial
statements at 31
march 2023**

Consolidated statement of assets and liabilities*

(in thousands of Euro)	At 31 March 2023	At 31 December 2022
ASSETS		
Non-current assets		
Intangible assets	486,631	494,846
Right of use assets	21,816	22,991
Tangible assets	122,339	120,404
Deferred tax assets	3,648	3,487
Non-current financial assets	3,759	3,754
Non-current derivative financial instruments	6,910	6,648
Other receivables and non-current assets	1,695	1,695
Total non-current assets	646,798	653,825
Current assets		
Inventories	114,702	106,922
Trade receivables	71,847	72,944
Assets from contracts with customers	1,558	1,205
Current tax receivables	5,753	5,691
Other receivables and current assets	14,874	12,514
Current financial assets	77,719	4,779
Cash and cash equivalents	102,132	135,169
Total current assets	388,585	339,224
TOTAL ASSETS	1,035,383	993,049
SHAREHOLDERS' EQUITY AND LIABILITIES		
Share capital	1,750	1,750
Reserves	324,032	301,780
Net income	2,544	24,098
Group net shareholders' equity	328,326	327,628
Shareholders' equity attributable to non-controlling interests	43	46
Total shareholders' equity	328,369	327,674
Non-current liabilities		
Liabilities for the purchase of equity investments and non-current earn out	41,746	40,983
Non-current financial liabilities	431,555	10,989
Non-current leasing liabilities	15,941	16,899
Deferred tax liabilities	42,375	46,086
Provisions for employee benefits	4,593	4,630
Provisions for risks and charges	9,163	9,221
Total non-current liabilities	545,373	128,808
Current liabilities		
Current financial liabilities	71,744	438,238
Current leasing liabilities	7,753	8,312
Trade payables	44,734	57,944
Liabilities from contracts with customers	8,329	7,224
Current tax payables	5,414	2,662
Other current payables and liabilities	23,667	22,187
Total current liabilities	161,641	536,567
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,035,383	993,049

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

Consolidated income statement *

(in thousands of Euro)	Notes	Quarter ended 31 March	
		2023	2022
Revenue from contracts with customers	9.1	103,956	81,100
Other operating income	9.2	985	533
Total revenues		104,941	81,633
Purchases costs and change in inventories	9.3	(32,186)	(24,341)
Personnel costs	9.4	(33,940)	(27,639)
Service costs	9.5	(14,704)	(9,319)
Other operating costs	9.6	(1,493)	(1,099)
EBITDA		22,618	19,236
Net impairment losses on financial assets	9.7	(344)	(27)
Amortisation, depreciation and writedowns	9.8	(10,205)	(7,314)
EBIT		12,069	11,895
Financial income	9.9	294	6,481
Financial costs	9.9	(8,905)	(1,031)
Pre-tax result		3,458	17,345
Income tax	9.10	(910)	(4,347)
Net income		2,548	12,998
<i>Group's share</i>		<i>2,544</i>	<i>12,996</i>
<i>Minority share</i>		<i>4</i>	<i>2</i>
<i>Basic net profit per share (in Euro)</i>	9.11	<i>0.01</i>	<i>0.07</i>
<i>Diluted net profit per share (in Euro)</i>	9.11	<i>0.01</i>	<i>0.07</i>

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

Comprehensive consolidated income statement

(in thousands of Euro)	Quarter ended 31 March	
	2023	2022
Net income	2,548	12,998
Other components of the comprehensive income statement which will be reclassified in the income statement in subsequent years		
Profits (losses) on cash flow hedges	262	480
Effect of taxation	(63)	(115)
Difference due to conversion of financial statements in foreign currency	(2,050)	3,615
	(1,851)	3,980
Other components of the comprehensive income statement which will not be reclassified in the income statement in subsequent years		
Actuarial profit (loss) due to employee defined benefit plans	-	-
Effect of taxation	-	-
	-	-
Total other components in the comprehensive income statement	(1,851)	3,980
Comprehensive net profit	697	16,978
<i>Group's share</i>	<i>698</i>	<i>16,978</i>
<i>Minority share</i>	<i>(1)</i>	-



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 2021	1,750	92,770	350	35,022	(3,246)	(3,448)	(113)	104,632	67,590	295,307	40	295,347
Net income	-	-	-	-	-	-	-	-	12,996	12,996	2	12,998
Total other components in the comprehensive income statement	-	-	-	-	3,617	-	-	365	-	3,982	(2)	3,980
<i>Comprehensive net profit</i>	-	-	-	-	<i>3,617</i>	-	-	<i>365</i>	<i>12,996</i>	<i>16,978</i>	-	<i>16,978</i>
Allocation of net profit from previous year	-	-	-	-	-	-	-	67,590	(67,590)	-	-	-
Purchase of treasury shares	-	-	-	-	-	(1,405)	-	-	-	(1,405)	-	(1,405)
Increase in reserves for long-term incentives	-	-	-	-	-	-	-	671	-	671	-	671
At 31 March 2022	1,750	92,770	350	35,022	371	(4,853)	(113)	173,258	12,996	311,551	40	311,591

(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 2022	1,750	92,770	350	60,628	(1,177)	(4,853)	444	153,619	24,098	327,629	45	327,674
Net income	-	-	-	-	-	-	-	-	2,544	2,544	4	2,548
Total other components in the comprehensive income statement	-	-	-	-	(2,045)	-	-	199	-	(1,846)	(5)	(1,851)
<i>Comprehensive net profit</i>	-	-	-	-	<i>(2,045)</i>	-	-	<i>199</i>	<i>2,544</i>	<i>698</i>	<i>(1)</i>	<i>697</i>
Allocation of net profit from previous year	-	-	-	-	-	-	-	24,098	(24,098)	-	-	-
Assignment of treasury shares for long-term incentives	-	-	-	-	-	2,406	-	(2,406)	-	-	-	-
At 31 March 2023	1,750	92,770	350	60,628	(3,222)	(2,447)	444	175,510	2,544	328,327	44	328,371

Consolidated statement of cash flows*

(in thousands of Euro)	Quarter ended 31 March	
	2023	2022
Pre-tax result	3,458	17,345
- Adjustment for:		
Amortisation, depreciation and writedowns	10,205	7,314
Capital losses / (capital gains) from sale of assets	41	(14)
Financial costs/ () income	8,611	(5,450)
Other non-monetary variations	540	2,000
Cash flow generated / (absorbed) by operations before variations in net working capital	22,855	21,195
Variation in inventories	(8,797)	(3,664)
Variation in trade receivables	82	3,119
Variation in trade payables	(12,332)	(3,389)
Variation in other assets and liabilities	94	(870)
Use of provisions for risks and charges and for employee benefits	(271)	(301)
Taxes paid	(1,784)	(2,122)
Net cash flow generated / (absorbed) by operations	(153)	13,969
Investments in tangible assets	(6,050)	(2,139)
Investments in intangible assets	(1,554)	(1,359)
Disposal of tangible assets	52	62
Investment in financial assets	(75,000)	(30)
Disinvestment in financial assets	2,280	6,451
Payment for purchase of business unit net of cash on hand acquired	-	(70,347)
Net cash flow generated / (absorbed) by investment	(80,272)	(67,362)
Opening of long-term financial liabilities	75,000	-
Repayment of long-term financial liabilities	(21,799)	(15,979)
Repayment of lease liabilities	(1,686)	(669)
Financial charges paid	(3,224)	(1,007)
Financial income collected	145	149
Treasury shares	-	(1,405)
Net cash flow generated/(absorbed) by financial assets	48,437	(18,911)
Total variation in cash on hand	(31,989)	(72,304)
Cash on hand at the start of the period	135,169	136,893
Total change in cash on hand	(31,989)	(72,304)
Conversion differences on cash on hand	(1,047)	2,030
Cash on hand at the end of the period	102,133	66,618

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



03.

**Explanatory
notes to the
consolidated
financial
statements at
31 march 2023**

1. General information

1.1 Foreword

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

GVS is owned by the company GVS Group S.r.l. (hereinafter the “**GVS Group**”), which directly holds 60% of the share capital. There is no other entity exercising direction and coordination of the Company. The 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. Structure and content of the consolidated financial statements

2.1 Basic method of preparation

The Interim Report on Operations at 31 March 2023 was prepared in accordance with the valuation and measurement criteria established by the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Commission in accordance with the procedure set out in Art. 6 of Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002, while reference was made to Art. 154-ter of Legislative Decree No. 58 of 24 February 1998 for the purpose of this report.

The accounting standards adopted for this interim report are the same as those used to prepare the annual consolidated financial statements closing at 31 December 2022, 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 2023, and
- income taxes, recognised on the basis of the best estimate of the weighted average tax rate expected for the entire year, in line with the provisions of IAS 34.

For comparison purposes, the consolidated financial statements at 31 March 2023 show, for the income statement the figures related to the first three months of 2022, while for the balance sheet the balances for the year ended 31 December 2022.

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

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

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

The Interim Report on Operations is not subject to audit.

It should also be noted that with reference to business continuity, cash equivalents at 31 March 2023, amounting to Euro 102 million, the credit lines currently available and the cash flows that will be generated by operations are considered adequate to meet the Group's obligations and to finance its operations.

In consideration of the results achieved as at 31 March 2023, the most up-to-date information available and the financial support obtained from the majority shareholder and described in the report on operations, based on their best estimates, while taking into account the uncertainties relating to the current macroeconomic context tied to the Russia-Ukraine conflict and other phenomena such as inflation, the directors believe that there are no critical issues in relation to compliance with the financial parameters at 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 performance in the first three months of 2023, please read the Directors' Report on Operations.

2.2 Consolidation criteria and methods

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

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

Company name	Registered offices	Currency	Share capital at 31 March 2023	Direct owner	Percentage of control	
					At 31 December 2022	At 31 December 2023
YUYao Yibo Medical Device Co. Ltd	China - Yuyao	CNY	5,420,000	GVS Technology (Suzhou) Co. Ltd.	100.00%	100.00%
GVS Technology (Suzhou) Co. Ltd.	China - Suzhou (PRC)	CNY	182,658,405	GVS SpA	100.00%	100.00%
Suzhou GVS Trading Co. Ltd.	China - Ningbo	CNY	250,000	GVS Technology (Suzhou) Co. Ltd.	100.00%	100.00%
GVS Fortune Holding Ltd	Hong Kong (PRC)	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	United Kingdom - Morecambe	GBP	1,469	GVS SpA	100.00%	100.00%
GVS Filter Technology UK Ltd	United Kingdom - Morecambe	GBP	27,000	Fenchurch Environmental Group Ltd	100.00%	100.00%
GVS do Brasil Ltda	Brazil - Município de Monte Mor, Campinas	BRL	20,755,226	GVS SpA	99.95%	99.95%
GVS Argentina Sa	Argentina - Buenos Aires	ARS	1,510,212	GVS SpA	94.12%	94.12%
GVS Filter Technology de Mexico	Mexico - Nuevo Leon	MXN	50,000	GVS SpA	99.90%	99.90%
GVS Korea Ltd	Korea - Seoul	KRW	100,000,000	GVS SpA	100.00%	100.00%
GVS Microfiltrazione Srl	Romania - Ciorani	RON	1,600	GVS SpA	100.00%	100.00%
GVS Japan KK	Japan - Tokyo	JPY	1,000,000	GVS SpA	100.00%	100.00%
GVS Russia LLC	Russia - Moscow	RUB	10,000	GVS SpA	100.00%	100.00%
GVS Filtre Teknolojileri	Turkey - Istanbul	TRY	100,000	GVS SpA	100.00%	100.00%
GVS Puerto Rico LLC	Puerto Rico - Fajardo	USD	Na	GVS SpA	100.00%	100.00%
GVS Filtration SDN. BHD.	Malaysia - Petaling Jaya	MYR	1,500,000	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 Zealand - Christchurch	NZD	1,000	GVS SpA	100.00%	100.00%

GVS Filtration Co., Ltd.	Thailand - Bangkok	THB	12,000,000	GVS SpA	100.00%	100.00%
Shanghai Transfusion Technology Co. Ltd	China - Shanghai (PRC)	CNY	113,450,000	GVS Technology (Suzhou) Co. Ltd.	100.00%	100.00%
Suzhou Laishi Transfusion Equipment Co. Ltd.	China - Suzhou (PRC)	CNY	2,271,895	Shanghai Transfusion Technology Co. Ltd	100.00%	100.00%
GVS Vietnam Company Limited	Vietnam - Ho Chi Minh City	VND	449,800,000	GVS SpA	100.00%	100.00%
Haemotronic SpA	Italy - Mirandola (MO)	EUR	5,040,000	GVS SpA	100.00%	100.00%
Htmex Inc	USA - McAllen, Texas	USD	2,500,000	Haemotronic SpA	100.00%	100.00%
Haemotronic de Mexico S DE RL DE CV	Mexico - Raynosa	MXN	29,603	Htmex Inc	100.00%	100.00%

Note that as of the date of the consolidated interim financial statements at 31 March 2023, all companies included in the consolidation area are consolidated using the full consolidation method.

In the period ended 31 March 2023, the scope of consolidation did not change from 31 December 2022.

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

Currency	At 31 March 2023	At 31 December 2022	Half year ended 31 March	
			2023 (average)	2022 (average)
Brazilian Real	5.5158	5.6386	5.5750	5.8696
Argentine Peso	226.8909	188.5033	206.2678	119.4929
Chinese Renminbi	7.4763	7.3582	7.3419	7.1212
American Dollar	1.0875	1.0666	1.0730	1.1217
Hong Kong Dollar	8.5367	8.3163	8.4106	8.7551
Japanese Yen	144.8300	140.6600	141.9806	130.4636
Korean Won	1420.2600	1,344.0900	1369.9326	1,352.2919
Russian Ruble	84.24363	78.9716	78.7083	88.3971
Turkish Lira	20.8632	19.9649	20.2627	15.6725
Mexican Peso	19.6392	20.8560	20.0431	22.9919
Romanian Ron	4.949	4.9495	4.9201	4.9465
Indian Rupee	89.3995	88.1710	88.2437	84.3944
Malaysian Ringitt	4.7986	4.6984	4.7086	4.7027
New Zealand dollar	1.7392	1.6798	1.7040	1.6584
Thai Baht	37.1110	36.8350	36.4179	37.0771
Vietnamese Dong	25.528	25.183	25.289	25.541
British Pound	0.8792	0.8869	0.8830	0.8364

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

3. Valuation criteria

The valuation criteria used for the purposes of preparing the consolidated financial statements for the period ended 31 March 2023 are in line with the provisions of the IFRS adopted by the European Union. Please refer to the content of the 2022 Annual Financial Report as regards the reference international accounting standards and the criteria for preparing the aforementioned accounting schedules chosen by the Group.

4. Estimates and assumptions

The preparation of this Report requires the Directors to make estimates and assumptions that affect the values of costs, assets and liabilities on the financial statements. If in the

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

5. Explanatory Notes to the main consolidated income statement items

5.1 Revenue from customer contracts

The table below breaks down revenues from contracts with customers by division in the periods ending on 31 March 2022 and 31 March 2023.

(in thousands of Euro)	Quarter ended 31 March	
	2023	2022
Healthcare Liquid	54,265	28,102
Healthcare Air & Gas	7,135	7,749
Laboratory	9,116	8,398
Healthcare & Life Sciences	70,516	44,249
Powertrain & Drivetrain	7,702	8,265
Safety & Electronics	5,006	5,685
Sport & Utility	4,473	6,173
Energy & Mobility	17,181	20,123
Personal Safety	15,317	15,561
Air Safety	942	1,167
Health & Safety	16,259	16,728
Revenue from customer contracts	103,956	81,100

The increase in revenues in the period ended 31 March 2023 compared to the same period of the previous year is attributable to the performance of the Healthcare & Life Sciences division, whose growth in the current year is impacted by the acquisitions of STT and Haemotronic.

For further information on the trend in turnover compared with the same quarter of the previous year, please refer to what is set out in the Directors' Report on Operations.

The table below breaks down revenues from contracts with customers by type of sale in the half years ending on 31 March 2022 and 31 March 2023.

<i>(in thousands of Euro)</i>	Quarter ended 31 March	
	2023	2022
Business-to-business (BTB)	80,667	56,407
Business-to-consumer (BTC)	23,289	24,693
Revenue from customer contracts	103,956	81,100

The table below breaks down revenues from contracts with customers by geographic area in the periods ending on 31 March 2022 and 31 March 2023.

<i>(in thousands of Euro)</i>	Quarter ended 31 March	
	2023	2022
North America	48,633	39,592
Europe	30,088	21,463
Asia	17,453	13,669
Other countries	7,782	6,376
Revenue from customer contracts	103,956	81,100

5.2 Other revenues and proceeds

The table below breaks down other revenues and proceeds for the periods ending on 31 March 2022 and 31 March 2023.

<i>(in thousands of Euro)</i>	Quarter ended 31 March	
	2023	2022
Contributions for operating expenses	575	69
Recovery and chargeback	163	280
Recovery of scrap	141	58
Capital gains on sales	-	14
Other	106	112
Other revenues and proceeds	985	533

The item other revenues and income, for the period ended 31 March 2023, includes non-recurring income relating to grants obtained from the Chinese government for the relocation of the production site (Euro 319 thousand).

5.3 Purchases and consumption of raw materials, semi-finished goods and finished products

The table below breaks down purchases and consumption of raw materials, semi-finished goods and finished products in the periods ending on 31 March 2022 and 31 March 2023..

<i>(in thousands of Euro)</i>	Quarter ended 31 March	
	2023	2022
Purchases of raw materials	41,551	27,753
Change in inventories of products in progress, semi-finished goods and finished products	(3,850)	(2,594)
Change in inventories of raw materials, subsidiary materials and goods	(5,515)	(818)
Purchases and consumption of raw materials, semi-finished goods and finished products	32,186	24,341

5.4 Personnel costs

The table below breaks down personnel costs in the periods ending on 31 March 2022 and 31 March 2023.

<i>(in thousands of Euro)</i>	Quarter ended 31 March	
	2023	2022
Salaries and wages	25,762	20,331
Social security contributions	7,541	5,930
Cost of termination indemnity	462	307
Other costs	175	1,071
Personnel costs	33,940	27,639

The increase in personnel costs in the period ended 31 March 2023 compared to the same period of the previous financial year is mainly due to the business combinations carried out during 2022 (STT and Haemotronic). Furthermore, for the period ended 31 March 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 1,060 thousand (Euro 175 at 31 March 2023).

5.5 Service costs

The table below breaks down service costs in the periods ending on 31 March 2022 and 31 March 2023.

<i>(in thousands of Euro)</i>	Quarter ended 31 March	
	2023	2022
Utilities and cleaning services	3,728	2,131
Maintenance	1,584	898
Transportation	1,897	1,365
Consulting services	1,784	978
Travel and lodging	572	408
Subcontracting	1,126	168
Marketing and trade fairs	487	281
Insurance	491	483
Cafeteria	638	372
Commissions	1,033	606
Directors' fees	774	984
Other services	590	645
Service costs	14,704	9,319

It should be clarified that the increase in service costs is mostly due to costs relating to the newly acquired companies in the business combinations carried out during 2022 (STT and Haemotronic groups).

5.6 Other operating costs

The table below breaks down other operating costs in the periods ending on 31 March 2022 and 31 March 2023.

<i>(in thousands of Euro)</i>	Quarter ended 31 March	
	2023	2022
Leasing costs	1,008	602
Indirect taxation	247	234
Membership fees and charity contributions	90	53
Losses on sales	41	-
Other minor costs	107	210
Other operating costs	1,493	1,099

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.

5.7 Amortisation, depreciation and writedowns

The table below breaks down amortisation, depreciation and writedowns in the periods ending on 31 March 2022 and 31 March 2023.

<i>(in thousands of Euro)</i>	Quarter ended 31 March	
	2023	2022
Amortisation and writedowns of intangible assets	4,748	2,974
Depreciation and writedowns of tangible assets	4,115	3,279
Amortisation and writedowns of assets represented by usage rights	1,343	1,061
Amortisation, depreciation and writedowns	10,205	7,314

The increase in the item is mainly attributable to the amortization of intangible assets and depreciation of tangible assets recorded following the purchase price allocation of the STT and Haemotronic groups, acquired during the first quarter of 2022 and in the second quarter of 2022 respectively.

5.8 Financial proceeds and charges

The table below breaks down financial proceeds in the periods ending on 31 March 2022 and 31 March 2023.

<i>(in thousands of Euro)</i>	Quarter ended 31 March	
	2023	2022
Net profits on exchanges	-	6,332
Other financial proceeds	294	149
Financial proceeds	294	6,481

The table below breaks down financial charges in the periods ending on 31 March 2022 and 31 March 2023.

<i>(in thousands of Euro)</i>	Quarter ended 31 March	
	2023	2022
Interest on bonded loans	214	330
Interest on loans	3,431	146
Net losses on exchanges	4,036	-
Interest on leasing liabilities	176	83
Amortised cost	140	58
Interest for discounting for earn out	892	398
Other financial charges	16	16
Financial charges	8,905	1,031

Financial charges in the period ending 31 March 2023 include the net unrealized exchange losses 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.

5.9 Annual income tax

The table below breaks down annual income tax in the periods ending on 31 March 2022 and 31 March 2023.

(in thousands of Euro)	Quarter ended 31 March	
	2023	2022
Current taxes	4,591	2,775
Deferred taxes	(3,670)	1,560
Taxes pertaining to previous financial years	(11)	12
Income tax	910	4,347

In accordance with the provisions of IAS 34, income taxes are recognised on the basis of management's estimate of the weighted average expected annual effective tax rate for the entire year, equal to 26.3% for the period ended 31 March 2023 (25.1% for the period ended 31 March 2022).

5.10 Net profit per share

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

	Quarter ended 31 March	
	2023	2022
Group's share of net profit (in thousands of Euro)	2,544	12,996
Weighted average number of shares in circulation	174,550,000	174,693,198
Profit per share (in Euro)	0.01	0.07

Diluted earnings per share at 31 March was positive at 0.01 (positive at €0.07 at 31 March 2022) 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.

6. Non-recurring revenues and operating costs

Non-recurrent proceeds and charges in the period ending on 31 March 2023 represent: (i) grants obtained from the Chinese government for the relocation of the Suzhou production site (Euro 319 thousand); (ii) costs relating to Group personnel following the reorganization process going on (for a total of Euro 267 thousand, (iv) the depreciation of intangible and tangible assets recorded following the purchase price allocation of the Kuss, RPB, Haemotronic and STT groups (for a total of Euro 4,038 thousand) and finally (v) to the interest recorded following the discounting of payables for earn out for the acquisitions of the STT and Haemotronic groups (Euro 892 thousand), net of the related tax effect.

Non-recurrent proceeds and charges in the period ending on 31 March 2022 represent: (i) to the higher costs related to the higher inventory value attributed following the purchase price allocation of the RPB group (Euro 486 thousand); (ii) costs allocated to the provision for risks and reorganization relating to Group personnel (totalling Euro 1,060 thousand); (iii) amortization of intangible and depreciation of tangible assets recognized following the purchase price allocation of the Kuss and RPB groups (Euro 2,303 thousand) and finally (iv) interest recorded following the discounting of the debt for earn out to be paid for the acquisitions of the STT group and the RPB group (Euro 398 thousand), net of the related tax effect.

Additional information

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



04.

Attached tables



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

<i>(in thousands of Euro)</i>	At 31 March 2023	of which with related parties	percentage	At 31 December 2022	of which with related parties	percentage
ASSETS						
Non-current assets						
Intangible assets	486,631			494,846		
Assets represented by usage rights	21,816	3,214	14.7%	22,991	3,261	14.2%
Tangible assets	122,339	13	0.0%	120,404	14	0.0%
Advance tax assets	3,648			3,487		
Non-current financial assets	3,759			3,754		
Non-current derivative financial instruments	6,910			6,648		
Other receivables and non-current assets	1,695			1,695		
Total non-current assets	646,798			653,825		
Current assets						
Inventories	114,702			106,922		
Trade receivables	71,847	26	0.0%	72,944	82	0.1%
Assets from contracts with customers	1,558			1,205		
Current tax receivables	5,753	2,564	44.6%	5,691	2,973	52.2%
Other receivables and current assets	14,874			12,514		
Current financial assets	77,719			4,779		
Cash on hand	102,132			135,169		
Total current assets	388,585			339,224		
TOTAL ASSETS	1,035,383			993,049		
SHAREHOLDERS' EQUITY AND LIABILITIES						
Share capital	1,750			1,750		
Reserves	324,032			301,780		
Net income	2,544			24,098		
Group net shareholders' equity	328,326			327,628		
Shareholders' equity attributable to non-controlling interests	43			46		
Total shareholders' equity	328,369			327,674		

Non-current liabilities						
Debt for the purchase of equity investments and earn out	41,746			40,983		
Non-current financial liabilities	431,555	75,118	17.4%	10,989		
Non-current leasing liabilities	15,941	1,729	10.8%	16,899	1,547	9.2%
Deferred tax liabilities	42,375			46,086		
Provisions for employee benefits	4,593	1,511	32.9%	4,630	1,499	32.4%
Provisions for risks and charges	9,163			9,221		
Total non-current liabilities	545,373			128,808		
Current liabilities						
Current financial liabilities	71,744			438,238		
Current leasing liabilities	7,753	2,010	25.9%	8,312	2,907	35.0%
Trade payables	44,734			57,944		
Liabilities from contracts with customers	8,329			7,224		
Current tax payables	5,414			2,662		
Other current payables and liabilities	23,667	1,512	6.4%	22,187	2,462	11.1%
Total current liabilities	161,641			536,567		
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,035,383			993,049		

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

	Period ended 31 March					
	2023	of which with related parties	percentage	2022	of which with related parties	percentage
<i>(in thousands of Euro)</i>						
Revenue from customer contracts	103,956			81,100		
Other revenues and proceeds	985	26	2.6%	533	25	4.7%
Total revenues	104,941			81,633		
Purchases and consumption of raw materials, semi-finished goods and finished products	(32,186)			(24,341)		
Personnel costs	(33,940)	(955)	2.8%	(27,639)	(1,060)	3.8%
Service costs	(14,704)	(774)	5.3%	(9,319)	(984)	10.6%
Other operating costs	(1,493)			(1,099)		
EBITDA	22,618			19,236		
Net writedowns of financial assets	(344)			(27)		
Amortisation, depreciation and writedowns	(10,205)	(613)	6.0%	(7,314)	(475)	6.5%
EBIT	12,069			11,895		
Financial proceeds	294			6,481		
Financial charges	(8,905)	(149)	1.7%	(1,031)	(48)	4.7%
Pre-tax result	3,458			17,345		
Income tax	(910)			(4,347)		
Net income	2,548			12,998		
<i>Group's share</i>	2,544			12,996		
<i>Minority share</i>	4			2		

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

	Period ended 31 March					
	2023	of which with related parties	percentage	2022	of which with related parties	percentage
<i>(in thousands of Euro)</i>						
Pre-tax result	3,458	(2,465)	-71.3%	17,345	(2,542)	-14.7%
- Adjustment for:						
Amortisation, depreciation and writedowns	10,205	613	6.0%	7,314	475	6.5%
Capital losses / (capital gains) from sale of assets	41			(14)		
Financial charges / (proceeds)	8,611	149	1.7%	(5,450)	48	-0.9%
Other non-monetary changes	540	12	2.2%	2,000	12	0.6%
Cash flow generated / (absorbed) by operations before changes in net working capital	22,855			21,195		
Change in inventories	(8,797)			(3,664)		
Change in trade receivables	82	56	68.3%	3,119		
Change in trade payables	(12,332)			(3,389)		
Change in other assets and liabilities	94	(950)	-1007.1%	(870)	652	-74.9%
Use of provisions for risks and charges and for employee benefits	(271)			(301)		
Taxes paid	(1,784)	409	-22.9%	(2,122)	1,056	-49.8%
Net cash flow generated / (absorbed) by operations	(153)			13,969		
Investments in tangible assets	(6,050)			(2,139)	1	0.0%
Investments in intangible assets	(1,554)			(1,359)		
Disposal of tangible assets	52			62		
Investment in financial assets	(75,000)			(30)		
Disinvestment in financial assets	2,280			6,451		
Payment for purchase of business unit net of cash on hand acquired	-			(70,347)		
Net cash flow generated / (absorbed) by investment	(80,272)			(67,362)		
Opening of long-term financial payables	75,000	75,000	100.0%	-		
Repayment of long-term financial payables	(21,799)			(15,979)		
Repayment of leasing liabilities	(1,686)	(1,280)	75.9%	(669)	(550)	82.2%
Financial charges paid	(3,224)	(31)	1.0%	(1,007)	(48)	4.8%
Financial proceeds collected	145			149		
Treasury shares	-			(1,405)		
Net cash flow generated/(absorbed) by financial assets	48,437			(18,911)		
Total change in cash on hand	(31,989)			(72,304)		
Cash on hand at the start of the year	135,169			136,893		
Total change in cash on hand	(31,989)			(72,304)		
Conversion differences on cash on hand	(1,047)			2,030		
Cash on hand at the end of the year	102,133			66,618		

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

(in thousands of Euro)	The 3-month period closed on 31 March							
	2023	of which non-recurring	2023 adjusted	percentage	2022	of which non-recurring	2022 adjusted	percentage
Revenue from customer contracts	103,956		103,956		81,100		81,100	
Other revenues and proceeds	985	319	666	32.4%	533		533	
Total revenues	104,941	319	104,622		81,633	-	81,633	
Purchases and consumption of raw materials, semi-finished goods and finished products	(32,186)		(32,186)		(24,341)	(486)	(23,855)	2.0%
Personnel costs	(33,940)	(267)	(33,673)	0.8%	(27,639)	(1,060)	(26,579)	3.8%
Service costs	(14,704)		(14,704)		(9,319)		(9,319)	
Other operating costs	(1,493)		(1,493)		(1,099)		(1,099)	
EBITDA	22,618	52	22,566		19,236	(1,546)	20,782	
Net writedowns of financial assets	(344)		(344)		(27)		(27)	
Amortisation, depreciation and writedowns	(10,205)	(4,038)	(6,167)	39.6%	(7,314)	(2,303)	(5,011)	31.5%
EBIT	12,069	(3,986)	16,055		11,895	(3,849)	15,744	
Financial proceeds	294		294		6,481		6,481	
Financial charges	(8,905)	(892)	(8,013)	10.0%	(1,031)	(398)	(633)	38.6%
Pre-tax result	3,458	(4,878)	8,336		17,345	(4,247)	21,592	
Income tax	(910)	1,330	(2,240)	-146.2%	(4,347)	892	(5,239)	-20.5%
Net income	2,548	(3,548)	6,096		12,998	(3,355)	16,353	

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

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

Zola Predosa, 15 May 2023

Emanuele Stanco

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



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