Half-yearly Financial Report at

30 June 2023

GVS Group

Contents

Information About The Company And Information For Shareholders

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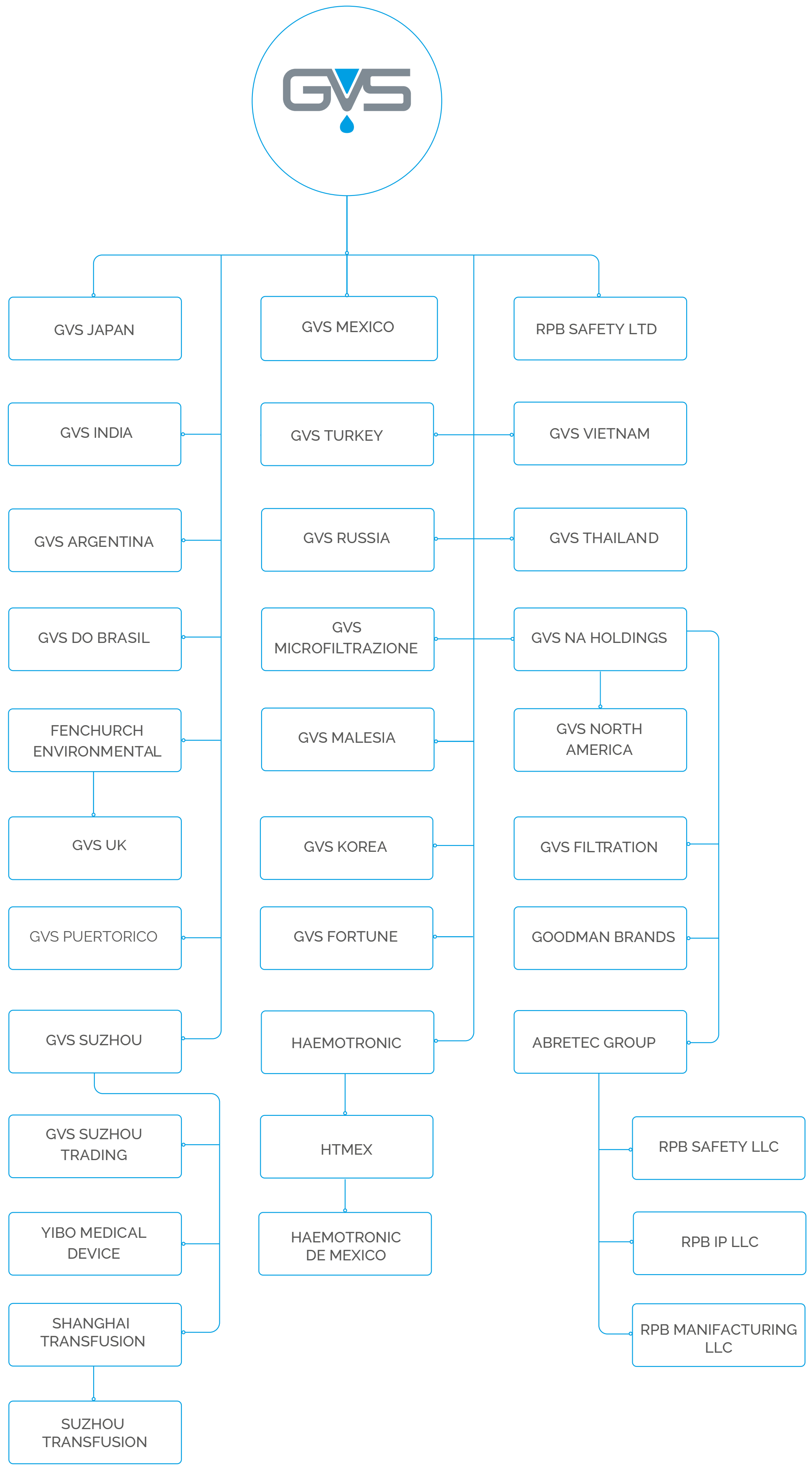
Group Structure*

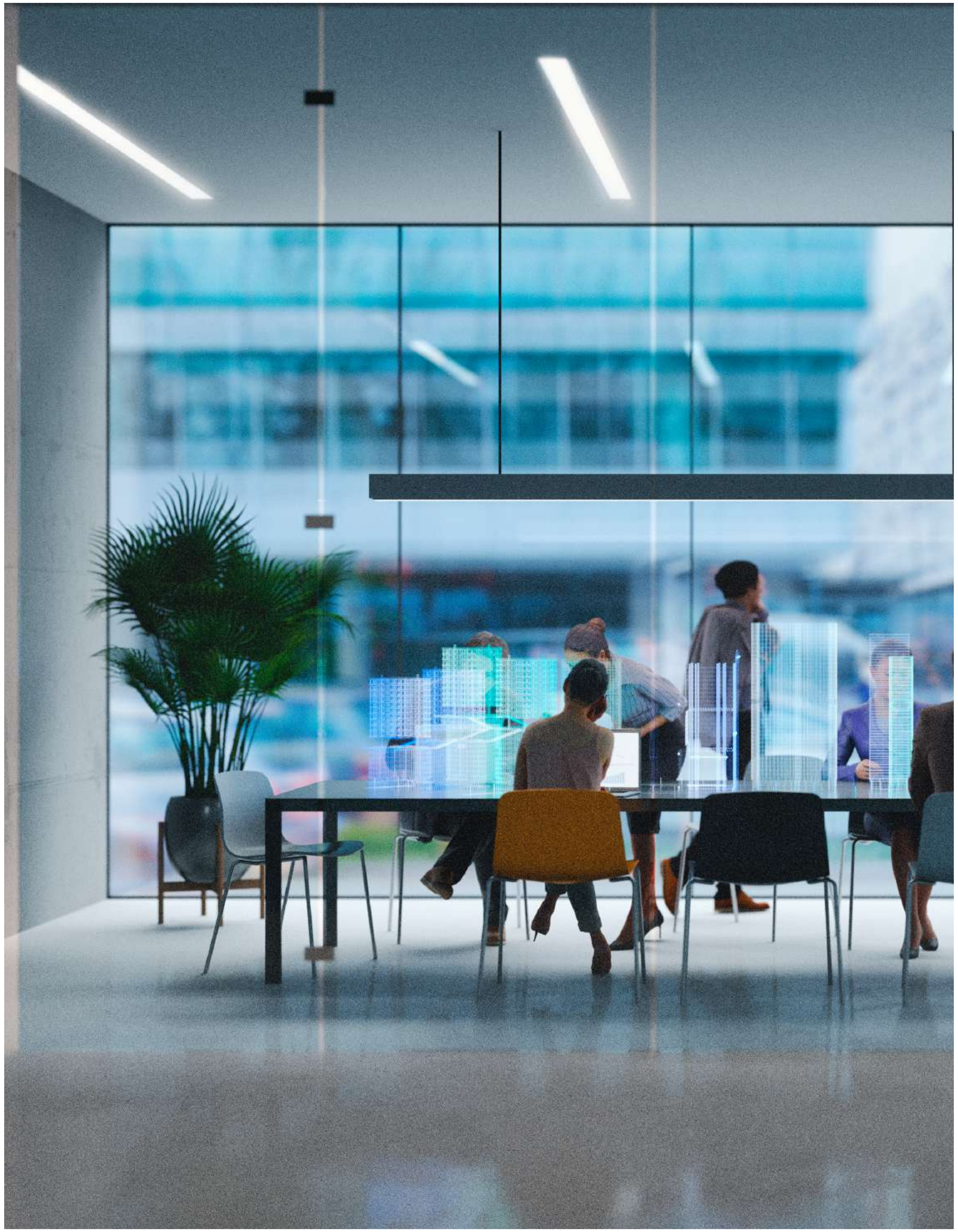


*For information on the company name, registered office, the currency in which the Company operates, share capital of the GVS Group companies and the stake held by GVS SpA, please see the Explanatory Notes.

CORPORATE BODIES

Board of Directors	
Chairman (independent)	Alessandro Nasi
Chief Executive Officer	Massimo Scagliarini
Executive Directors	Marco Pacini
Non-executive directors	Grazia Valentini
	Marco Scagliarini
Independent directors	Simona Scarpaleggia [(1) (2)]
	Anna Tanganelli [(1)]
	Pietro Cordova [(1) (2)]
	Michela Schizzi [(2)]
Board of Auditors	
Chairwoman	Maria Federica Izzo
Standing auditors	Francesca Sandrolini
	Giuseppe Farchione
Alternate Auditors	Alessia Fulgeri
	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 and Related Party Transactions Committee.
(2) Member of the Nominations and Remuneration Committee.



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Directors' Report On Operations

Half-yearly Financial Report

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 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 condensed interim consolidated financial statements at 30 June 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 first half of the year 2023

The GVS Group is a leading supplier of advanced filtering solutions for highly critical appl cations 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 30 June 2022 and 30 June 2023.

	Half Year closed at 30 June	
(in thousands of Euro)	**2023**	**2022**
Healthcare Liquid	113,880	63,043
Healthcare Air & Gas	14,677	16,062
Laboratory	16,313	16,347
Healthcare & Life Sciences	**144,870**	**95,452**
Powertrain & Drivetrain	15,276	15,927
Safety & Electronics	10,398	10,769
Sport & Utility	8,432	12,219
Energy & Mobility	**34,106**	**38,915**
Personal Safety	32,398	29,719
Air Safety	1,998	2,526
Health & Safety	**34,396**	**32,245**
Revenue from contracts with customers	**213,372**	**166,611**

During the first half of 2023, GVS achieved consolidated revenues of Euro 213.4 million, up by 28.1% compared to Euro 166.6 million recorded in the first six months of 2022, thanks to the contribution of the Healthcare & Life Sciences division and the Health & Safety division. The contribution of the first division includes the latest acquisitions made during the previous year, the STT group and the Haemotronic group, which contributed to the revenues of the first half of 2022 starting from the date of their acquisition which took place, respectively, on 1 March 2022 and 15 June 2022.

The revenues of the Healthcare & Life Sciences division record a significant business growth in the Healthcare Liquid business (+80.6%), compared to the same period of last year, thanks to the acquisitions of STT and Haemotronic concluded in 2022. The significant growth compared to last year is the result of an excellent commercial performance, which made it possible to absorb the decline recorded in the Healthcare Air & Gas business. The laboratory business shows stable turnover in the two half-years compared, settling at around Euro 16.3 million, equal to the same value as in the previous period.

The Energy & Mobility division recorded a trend with a decrease of 12.4% in terms of revenues compared to the same period of the previous year, following the destocking policies of its customers; the Sports & Utility segment, in particular, recorded 31% lower sales than in the same period of the previous year.

The Health & Safety division recorded a 6.7% increase in turnover on an annual basis and, thanks to growth of 16.9% in the second quarter compared to the second quarter of 2022, bounced back from the reduction in sales that had characterized the first quarter of 2023.

In terms of performance and breakdown of revenues from contracts with customers as of 30 June 2023:

- the Healthcare & Life Sciences division, which represents 67.9% of the total, recorded revenues of Euro 144.9 million and grew by 51.8% compared to the first six months of 2022. STT and Haemotronic, taken over and consolidated respectively from 1 March 2022 and from 15 June 2022, contributed approximately Euro 67 million during the first half of 2023;

- the Energy & Mobility division, which represents 16% of the total, recorded a decrease in turnover level of 12.4% compared to the same period of 2022, reaching Euro 34.1 million;

- the Health & Safety division represents 16.1% of the total and settled at Euro 34.4 million with an increase of 6.7% compared to the same period of the previous year.

Financial statements for the period closing at 30 June 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

	The 6-month period closed on 30 June							
(in thousands of Euro)	2023	of which non-recurring	2023 *Adjusted*	%	2022	of which non-recurring	2022 *Adjusted*	%
Revenue from contracts with customers	213,372		213,372	100.0%	166,611		166,611	100.0%
Other operating income	2,595	319	2,276	1.1%	1,551		1,551	0.9%
Total revenues	**215,967**	**319**	**215,648**	**101.1%**	**168,162**	**-**	**168,162**	**100.9%**
Purchases costs and variation in inventories	(70,285)		(70,285)	-32.9%	(52,357)	(996)	(51,361)	-30.8%
Services costs	(28,710)	(268)	(28,442)	-13.3%	(20,985)	(978)	(20,007)	-12.0%
Other operating costs	(4,139)	(857)	(3,282)	-1.5%	(2,102)		(2,102)	-1.3%
Added value	**112,833**	**(806)**	**113,639**	**53.3%**	**92,718**	**(1,974)**	**94,692**	**56.8%**
Personnel costs	(67,213)	(649)	(66,564)	-31.2%	(56,188)	(1,415)	(54,773)	-32.9%
EBITDA	**45,620**	**(1,455)**	**47,075**	**22.1%**	**36,530**	**(3,389)**	**39,919**	**24.0%**
Amortisation and depreciation	(21,403)	(8,579)	(12,824)	-6.0%	(15,553)	(4,725)	(10,828)	-6.5%
Net impairment losses on financial assets	(479)		(479)	-0.2%	(232)		(232)	-0.1%
EBIT	**23,738**	**(10,034)**	**33,772**	**15.8%**	**20,745**	**(8,114)**	**28,859**	**17.3%**
Financial income and costs	(13,773)	(1,784)	(11,989)	-5.6%	21,780	(713)	22,493	13.5%
Pre-tax result	**9,964**	**(11,818)**	**21,783**	**10.2%**	**42,525**	**(8,827)**	**51,352**	**30.8%**
Income tax	(2,629)	2,654	(5,283)	-2.5%	(10,084)	1,788	(11,872)	-7.1%
Group's and minority shareholders' net profit or loss	**7,336**	**(9,164)**	**16,501**	**7.7%**	**32,441**	**(7,039)**	**39,480**	**23.7%**

The consolidated economic results of operations of the period closing at 30 June 2023 were as follows: total revenues from ordinary operations amounted to Euro 215.6 million (Euro 168.2 million in the first half of 2022); EBITDA from ordinary operations amounted to Euro 47.1 million (Euro 39.9 million in the first half of 2022); EBIT from ordinary operations came to Euro 33.8 million (Euro 28.9 million in the first half of 2022).

Normalized EBITDA is up 17.9% compared to the first half of 2022, with a margin on revenues of 22.1%. 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 half of 2023.

The Company also recorded the third consecutive quarter of a growth in profitability, achieving a normalized EBITDA ratio of sales in the second quarter of 2023 equal to 22.4%, compared to the 21.7% ratio recorded in the first quarter of 2023, 19.4% in the fourth quarter of 2022 and 15.9% in the third quarter of 2022.

EBIT from ordinary operations with a margin on revenues of 15.8% is equal to Euro 33.8 million, +17% compared to Euro 28.9 million in the period of the previous year and in line with the growth achieved at the level of EBITDA from ordinary operations.

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Net financial costs (net of exchange rate losses of Euro 4,663 thousand recorded in the first six months of 2023 and exchange rate gains of Euro 23,649 thousand recorded in 2022) increased in the period in question, going from Euro 1,156 thousand in the period ended 30 June 2023 to Euro 7,326 thousand in the period ended 30 June 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 21.8 million in the period in question, with a decrease of Euro 29.6 million compared to Euro 51.4 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 half of 2023.

Non-recurrent proceeds and charges in the period ending on 30 June 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 in progress (totalling Euro 649 thousand); *(iii)* consultancy costs relating to services received of an exceptional nature (Euro 268 thousand), *(iv)* costs allocated to the provision for the relocation and rationalization of the Group's production sites (totalling Euro 650 thousand); *(v)* costs allocated to the provision for indirect taxes and related penalties for Euro 207 thousand; *(vi)* depreciation of intangible and tangible assets recorded following the purchase price allocation of the Kuss, RPB, STT and Haemotronic groups (for a total of Euro 8,048 thousand); *(vii)* to write-downs of tangible fixed assets resulting from the relocation and rationalization plan of the Group's production sites for Euro 531 thousand; and finally *(viii)* to the interest recorded following the discounting of payables for earn out for the acquisitions of the STT and Haemotronic groups (Euro 1,784 thousand), net of the related tax effect. Non-recurring charges for taxes also include € 416 thousand relating to the costs of the tax dispute with the Rumanian subsidiary for direct taxes.

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.

Analysis of reclassified equity position

(in thousands of Euro)	At 30 June 2023	At 31 December 2022
Net intangible fixed assets	481,175	494,846
Right of use assets	20,836	22,991
Net tangible fixed assets	120,526	120,403
Financial fixed assets	3,637	3,579
Other fixed assets	16,690	12,004
Fixed capital (A)	**642,863**	**653,824**
Net trade receivables	70,549	72,945
Inventories	103,203	106,922
Payables to suppliers	(46,183)	(57,944)
Net commercial working capital (B)	**127,569**	**121,923**
Other current assets	20,283	19,410
Other current liabilities	(35,729)	(32,072)
Total current assets/liabilities (C)	**(15,446)**	**(12,662)**
Net working capital (D)= (B) + (C)	**112,123**	**109,260**
Other non-current liabilities (E)	**(45,557)**	**(46,086)**
Employee termination indemnity and end of service indemnity (F)	(2,980)	(4,630)
Provisions for risks and charges (G)	(9,931)	(9,221)
Net invested capital (H) = (A+D+E+F+G)	**696,518**	**703,147**
Shareholders' equity	(331,551)	(327,675)
Consolidated shareholders' equity (I)	**(331,551)**	**(327,675)**
(Short-term financial indebtedness)/Liquidity	77,539	(306,602)
(Net medium-/long-term financial indebtedness)	(442,507)	(68,871)
Net financial indebtedness (L)	**(364,967)**	**(375,473)**
Own funds and net financial indebtedness (M) = (I+L)	**(696,518)**	**(703,147)**

Fixed capital at 30 June 2023 shows a decrease of Euro 10,961 thousand, mainly as a result of depreciation and negative exchange differences recorded in the period in question, net of investments made, relating to tangible and intangible fixed assets. Specifically, net intangible fixed assets decreased by Euro 13,672 thousand, of which Euro 9,557 thousand for amortization and Euro 7,679 thousand for the negative exchange translation reserve for the period, net of net increases for the period equal to Euro 3,564 thousand. Tangible fixed assets recorded an increase of Euro 123 thousand, of which Euro 9,525 thousand relating to investments capitalized in the half year net of depreciation for the period equal to Euro 9,020 thousand. The net decrease in usage rights equal to Euro 2,155 thousand is mainly linked to depreciation for the period for a total of Euro 2,827 thousand. Lastly, other fixed assets went up by Euro 3,725 thousand following the change in deferred tax assets and Euro 1,025 thousand due to the increase in the fair value of hedging derivatives recognized as at 30 June 2023.

The balance of trade net working capital at 30 June 2023 shows an increase of Euro 5,646 thousand compared to 31 December 2022, mainly due to the negative change in trade payables (Euro 11,760 thousand), net of the positive change linked to the reduction in inventories and the reduction in net trade receivables, respectively equal to Euro 3,719 thousand and Euro 2,395 thousand.

The increase in other current assets at 30 June 2023, equal to Euro 873 thousand, was mainly attributable to prepaid expenses and tax receivables for direct taxes net of the reduction of tax receivables for indirect taxes.

The increase in other current liabilities at 30 June 2023 compared to 31 December 2022, equal to Euro 3,657 thousand, is mainly attributable to the increase in payables for direct taxes, payables to employees and directors and to social security institutions.

Shareholders' equity at 30 June 2023 increased by Euro 3,876 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.

(in thousands of Euro)	At 30 June 2023	At 31 December 2022
(A) Cash and cash equivalents	132,406	135,169
(B) Cash equivalents	-	-
Term deposits	63,136	-
Financial assets held for trading	2,943	4,592
Financial lease receivables	185	187
(C) Other current financial assets	**66,264**	**4,779**
(D) Liquidity (A)+(B)+(C)	**198,671**	**139,948**
Current bank debts	-	-
Financial lease liabilities to other companies in the GVS Group	2,555	2,907
Financial lease liabilities	5,234	5,405
Other current payables	-	-
Other financial liabilities	20,493	256
(E) Current financial indebtedness	28,282	8,568
(F) Current portion of non-current indebtedness	92,849	437,982
(G) Current financial indebtedness (E)+(F)	**121,131**	**446,550**
(H) Net current financial indebtedness (G)-(D)	**77,539**	**(306,602)**
Non-current bank borrowings	319,899	10,094
Non-current bond	7,989	-
Other financial liabilities	24,796	41,878
Other financial liabilities to GVS Group	75,000	-
Financial lease liabilities to other companies in the GVS Group	1,109	1,547
Non-current financial lease liabilities	13,714	15,352
(I) Non-current financial liabilities	442,507	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)	**442,507**	**68,871**
(M) Total net financial indebtedness (H)-(L)	**(364,967)**	**(375,473)**

The reduction in net financial debt at 30 June 2023 compared to 31 December 2022, equal to a total of Euro 10,506 thousand, is mainly due to the cash generated by operations net of the liquidity used for net investments in tangible and intangible fixed assets for the period (Euro 12,280 thousand), for net financial charges (Euro 10,233 thousand) and for the payment of taxes (Euro 4,661 thousand). In terms of current operations, the cash generated by operations was equal to Euro 48,914 thousand net of the liquidity absorbed by changes in working capital for Euro 8,564 thousand and was much higher than the amount used for the payment of financial charges, taxes and investments, resulting in a reduction of overall net financial debt. Current financial debt, equal to a negative Euro 306,602 thousand as at 31 December 2022, amounts to a positive Euro 77,539 thousand as at 30 June 2023. Non-current financial debt, equal to a negative Euro 68,871 thousand as at 31 December 2022, amounted to a negative Euro 442,507 thousand as at 30 June 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 30 June 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 334,439 thousand at 30 June 2023 and negative Euro 343,325 thousand at 31 December 2022, as indicated below.

(in thousands of Euro)	At 30 June 2023	At 31 December 2022
(M) Total net financial indebtedness	**(364,967)**	**(375,473)**
Non-current active derivative financial instruments	7,673	6,648
Long-term financial receivables	428	476
Financial lease liabilities (net)	22,427	25,024
Total net financial position	**(334,439)**	**(343,325)**

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Cash flow statement

The cash flow statement appears below.

	Half Year closed at 30 June	
(in thousands of Euro)	**2023**	**2022**
Pre-tax result	9,965	42,525
- Adjustment for:		
Amortisation, depreciation and writedowns	21,403	15,553
Capital losses / (capital gains) from sale of assets	102	20
Financial costs / (income)	13,773	(21,780)
Other non-monetary variations	3,671	3,750
Cash flow generated / (absorbed) by operations before variations in net working capital	***48,914***	***40,068***
Variation in inventories	418	(9,930)
Variation in trade receivables	1,671	364
Variation in trade payables	(10,698)	1,657
Variation in other assets and liabilities	45	1,924
Use of provisions for risks and charges and for employee benefits	(1,432)	(779)
Taxes paid	(4,661)	(5,148)
Net cash flow generated / (absorbed) by operations	**34,257**	**28,156**
Investments in tangible assets	(9,524)	(10,319)
Investments in intangible assets	(3,060)	(2,341)
Disposal of tangible assets	304	42
Investment in financial assets	(82,500)	(1,073)
Disinvestment in financial assets	21,393	6,451
Payment for purchase of business unit net of cash on hand acquired	-	(239,162)
Net cash flow generated / (absorbed) by investment	**(73,387)**	**(246,402)**
Opening of long-term financial liabilities	75,936	232,511
Repayment of long-term financial liabilities	(27,293)	(23,219)
Repayment of lease liabilities	(3,278)	(2,367)
Financial costs paid	(8,782)	(1,268)
Financial income collected	608	1,285
Treasury shares	-	(1,405)
Net cash flow generated/(absorbed) by financial assets	**37,192**	**205,537**
Total variation in cash on hand	**(1,938)**	**(12,709)**
Cash on hand at the start of the period	**135,169**	**136,893**
Total variation in cash on hand	(1,938)	(12,709)
Conversion differences on cash on hand	(824)	4,500
Cash on hand at the end of the period	**132,406**	**128,684**

During the period ended 30 June 2023, operations generated greater liquidity of Euro 6,100 thousand compared to the same period of the previous year, mainly due to the effect of the increase in EBITDA and to better management of net working capital, which generated a greater cash flow than the previous period following a drop in inventories and trade receivables.

Without considering the 230 million Euro loan signed in the first half of 2022 for the acquisition of Haemotronic, the financial assets in the first half of 2023 shows a higher level of liquidity compared to the same period of the previous year, for Euro 61,654 thousand, mainly as a result of the new financial debt of Euro 75,0000 thousand obtained in the first half of 2023 from the parent company GVS Group Srl.

Indicators

The Group's principal economic and financial indicators and other indicators at 30 June 2022 and 30 June 2023 are listed below.

	Period ending on 30 June	
(in thousands of Euro)	**2023**	**2022**
ROE (net profit/total net shareholders' equity)	4%	19%
ROI (adjusted EBIT/net invested capital)	10%	8%
ROS (adjusted EBIT/adjusted total revenues)	16%	17%
EBITDA	45,620	36,530
Adjusted EBITDA	47,075	39,919
Net interest expense (excluding exchange gains / losses and interest for discounting earn out)	(7,326)	(1,156)
Net Financial Debt	(364,967)	(395,937)
Net financial position	(334,439)	(370,735)
Total intangible fixed assets/Total fixed assets	75%	78%
Total intangible fixed assets/Total assets	46%	51%
Acid test (short-term assets/short-term liabilities)	1.1	1.2
Net interest expense / payables to lenders	3.2%	0.5%
Indebtedness ratio (net financial indebtedness/shareholders' equity)	1.10	1.17
Net financial position/shareholders' equity	1.01	1.10
EBITDA/Interest	6.23	31.61
EBITDA from ordinary operations/Interest	6.43	34.54
Net financial position/EBITDA	3.67	5.07
Net financial position/adjusted EBITDA	3.55	4.64
Net financial debt / EBITDA	4.00	5.42
Net financial indebtedness/adjusted EBITDA	3.88	4.96

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 2023 are mainly attributable to the strengthening of the production capacity of the Healthcare & Life Sciences division as well as to construction of the new production plant in China.

Furthermore, it should be noted that, with reference to the period ended 30 June 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 mentioned above.

RESEARCH AND DEVELOPMENT

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

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

	Half Year closed at 30 June	
(in thousands of Euro)	**2023**	**2022**
Research and development costs	12,208	10,992
Research and development costs/revenues from contracts with customers	5.7%	6.6%

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 2023.

Starting from 8 October 2021, the Company launched the buyback program authorized by the Shareholders' Meeting of 27 April 2021. As of 30 June 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 exposure to the areas concerned is marginal and is around 0.3% of consolidated turnover.

For more information, see the "Management of financial risk" section of the Explanatory Notes.

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 condensed 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 costs and finan-cial.
Associated companies - Companies in the GVS Group	Services costs.

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 condensed interim consolidated financial statements 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 2023

On 8 March 2023, GVS SpA signed an agreement 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 comply with the level of financial covenants leverage ratio (equal to 3.5x), calculated on a pro-forma basis with the resulting cash flow deriving from the shareholder loan as at 31 December 2022 and without considering the amount of the shareholder loan as a financial debt for the purpose of calculating the leverage ratio, as resulting from the agreements reached with the financial counterparties on 23 December 2022.

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 costs for the Company as a result of the rate increase policy implemented by the European Central Bank to combat inflation.

Half-yearly Financial Report

EVENTS SUBSEQUENT TO THE CLOSE OF THE PERIOD

On 1 August 2023, GVS SpA signed an advance tax ruling with the Revenue Agency regarding the determination of the benefited income arising from intangible assets (so-called Patent Box) for the purposes of the related preferential taxation; the agreement is effective for the 2019 to 2023 tax years.

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 half-year confirms the recovery trend in profitability that began in the fourth quarter of 2022 and was achieved despite the negative impact on revenue growth of de-stocking policies. These policies are also expected to continue in the second half of 2023, with the expectation of a potential rebound in sales volumes during 2024. 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.

As a result of the results achieved in the first half of 2023 and in consideration of the uncertainty variables described above, with reference to the FY 2023 guidance communicated at the time of approval of the 2022 results (revenues in a range between 440 million euro and 460 million euro, Adjusted EBITDA in a range between 95 million euro and 105 million euro and Net Financial Debt in a range between 340 million euro and 360 million euro), the Company confirms the forecasts for Adjusted EBITDA and net financial debt in line with expectations, while 2023 turnover is expected tofall within a range of between 425 and 430 million euro.

Zola Predosa, 5 September 2023

For the Board of Directors

Massimo Scagliarini
Chief Executive Officer

02.

Condensed Interim Consolidated Financial Statements At 30 June 2023

Consolidated statement of assets and liabilities*

(in thousands of Euro)	Notes	At 30 June 2023	At 31 December 2022
ASSETS			
Non-current assets			
Intangible assets	7.1	481,175	494,846
Right of use assets	7.2	20,836	22,991
Tangible assets	7.3	120,526	120,404
Deferred tax assets	7.4	7,213	3,487
Non-current financial assets	7.5	3,745	3,754
Non-current derivative financial instruments	7.6	7,673	6,648
Other receivables and non-current assets	7.11	1,695	1,695
Total non-current assets		**642,863**	**653,825**
Current assets			
Inventories	7.7	103,203	106,922
Trade receivables	7.8	70,549	72,944
Assets from contracts with customers	7.9	942	1,205
Current tax receivables	7.10	7,170	5,691
Other receivables and current assets	7.11	12,172	12,514
Current financial assets	7.5	66,264	4,779
Cash and cash equivalents	7.12	132,406	135,169
Total current assets		**392,706**	**339,224**
TOTAL ASSETS		**1,035,569**	**993,049**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Share capital		1,750	1,750
Reserves		322,431	301,780
Net income		7,331	24,098
Group net shareholders' equity		**331,513**	**327,628**
Shareholders' equity attributable to non-controlling interests		39	46
Total shareholders' equity	7.13	**331,551**	**327,674**
Non-current liabilities			
Liabilities for the purchase of equity investments and non-current earn out	7.14	24,030	40,983
Non-current financial liabilities	7.15	403,654	10,989
Non-current leasing liabilities	7.2	14,823	16,899
Deferred tax liabilities	7.4	45,557	46,086
Provisions for employee benefits	7.17	2,980	4,630
Provisions for risks and charges	7.18	9,931	9,221
Total non-current liabilities		**500,975**	**128,808**
Current liabilities			
Liabilities for the purchase of equity investments and current earn out	7.14	18,714	-
Current financial liabilities	7.15	94,628	438,238
Current leasing liabilities	7.2	7,789	8,312
Provisions for current employee benefits	7.17	1,514	-
Trade payables	7.19	46,183	57,944
Liabilities from contracts with customers	7.9	6,432	7,224
Current tax payables	7.10	5,923	2,662
Other current payables and liabilities	7.20	21,859	22,187
Total current liabilities		**203,042**	**536,567**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**1,035,569**	**993,049**

(*) 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*

		Half Year closed at 30 June	
(in thousands of Euro)	Notes	2023	2022
Revenue from contracts with customers	8.1	213,372	166,611
Other operating income	8.2	2,595	1,551
Total revenues		**215,967**	**168,162**
Purchases costs and change in inventories	8.3	(70,285)	(52,357)
Personnel costs	8.4	(67,213)	(56,188)
Service costs	8.5	(28,710)	(20,985)
Other operating costs	8.6	(4,139)	(2,102)
EBITDA		**45,620**	**36,530**
Net impairment losses on financial assets	8.7	(479)	(232)
Amortisation, depreciation and writedowns	8.8	(21,403)	(15,553)
EBIT		**23,738**	**20,745**
Financial income	8.9	1,244	23,947
Financial costs	8.9	(15,017)	(2,167)
Pre-tax result		**9,965**	**42,525**
Income tax	8.10	(2,629)	(10,084)
Net income		**7,336**	**32,441**
Group's share		*7,331*	*32,437*
Minority share		*5*	*4*
Basic net profit per share (in Euro)	8.11	*0.04*	*0.19*
Diluted net profit per share (in Euro)	8.11	*0.04*	*0.19*

(*) 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

		Half Year closed at 30 June	
(in thousands of Euro)	**Notes**	**2023**	**2022**
Net income		**7,336**	**32,441**
Other components of the comprehensive income statement which will be reclassified in the income statement in subsequent years			
Profits (losses) on cash flow hedges	7.6	1,025	1,046
Effect of taxation		(246)	(440)
Difference due to conversion of financial statements in foreign currency	7.13	(4,239)	8,692
		(3,460)	**9,298**
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	7.17	-	-
Effect of taxation		-	-
		-	-
Total other components in the comprehensive income statement		**(3,460)**	**9,298**
Comprehensive net profit		**3,876**	**41,739**
Group's share		*3,883*	*41,739*
Minority share		*(7)*	-

Prospectus of changes in consolidated shareholders’ equity

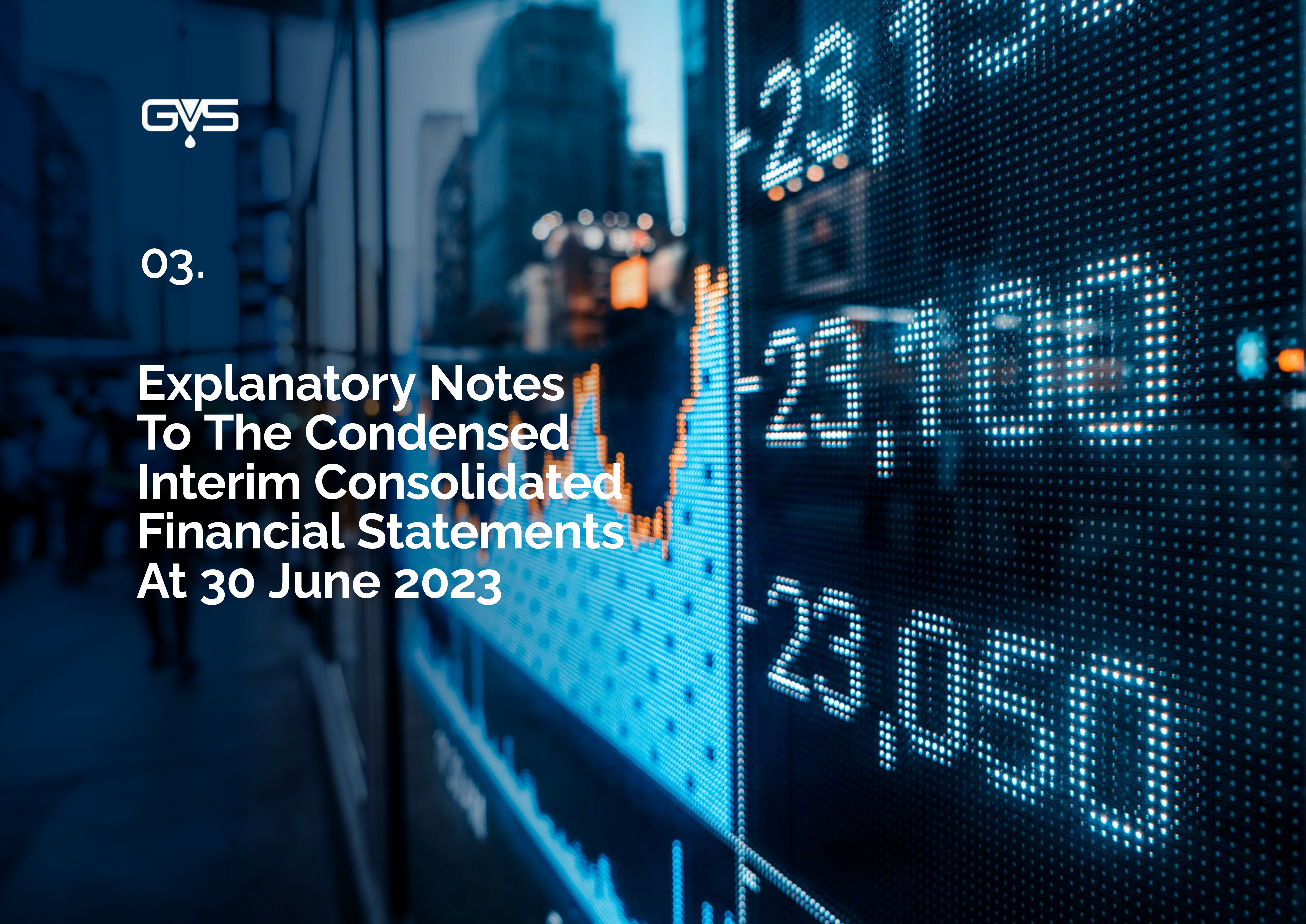
		Reserves										
(in thousands of Euro)	Share capital	*Share pre-mium re-serve*	*Legal reserve*	*Extraordinary reserve*	*Translation reserve*	*Negative reserve for treasury shares*	*Actuarial profits and losses reserve*	*Profit (loss) car-ried over and other reserves*	Net income	Group net shareholders' equity	Shareholders' equity attributable to non-controlling interests	Total shareholders' equity
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
Comprehensive net profit	-	-	-	-	*8,696*	-	-	*606*	*32,437*	*41,739*	-	*41,739*
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	-	-	-	-	-	-	-	1,413	-	1,413	-	1,413
At 30 June 2022	**1,750**	**92,770**	**350**	**35,022**	**5,450**	**(4,853)**	**(113)**	**174,241**	**32,437**	**337,054**	**40**	**337,094**

		Reserves										
(in thousands of Euro)	Share capital	*Share pre-mium re-serve*	*Legal reserve*	*Extraordinary reserve*	*Translation reserve*	*Negative reserve for treasury shares*	*Actuarial profits and losses reserve*	*Profit (loss) car-ried over and other reserves*	Net income	Group net shareholders' equity	Shareholders' equity attributable to non-controlling interests	Total shareholders' equity
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	-	-	-	-	-	-	-	-	7,331	7,331	5	7,336
Total other components in the comprehensive income state-ment	-	-	-	-	(4,227)	-	-	779	-	(3,448)	(12)	(3,460)
Comprehensive net profit	-	-	-	-	*(4,227)*	-	-	779	*7,331*	*3,883*	*(7)*	*3,876*
Allocation of net profit from previous year	-	-	-	4,274	-	-	-	*19,824*	(24,098)	-	-	-
Assignment of treasury shares for long-term incentives	-	-	-	-	-	2,406	-	(2,406)	-	-	-	-
At 30 June 2023	**1,750**	**92,770**	**350**	**64,902**	**(5,404)**	**(2,447)**	**444**	**171,816**	**7,331**	**331,512**	**38**	**331,551**

Consolidated statement of cash flows*

(in thousands of Euro)	Notes	Half Year closed at 30 June 2023	2022
Pre-tax result		9,965	42,525
- Adjustment for:			
Amortisation, depreciation and writedowns	8.8	21,403	15,553
Capital losses / (capital gains) from sale of assets	8.2 - 8.6	102	20
Financial costs / (income)	8.9	13,773	(21,780)
Other non-monetary variations		3,671	3,750
Cash flow generated / (absorbed) by operations before variations in net working capital		***48,914***	***40,068***
Variation in inventories	7.7	418	(9,930)
Variation in trade receivables	7.8	1,671	364
Variation in trade payables	7.19	(10,698)	1,657
Variation in other assets and liabilities	7.11 - 7.20	45	1,924
Use of provisions for risks and charges and for employee benefits	7.17 - 7.18	(1,432)	(779)
Taxes paid	8.10	(4,661)	(5,148)
Net cash flow generated / (absorbed) by operations		**34,257**	**28,156**
Investments in tangible assets	7.3	(9,524)	(10,319)
Investments in intangible assets	7.1	(3,060)	(2,341)
Disposal of tangible assets	7.3	304	42
Investment in financial assets	7.5	(82,500)	(1,073)
Disinvestment in financial assets	7.5	21,393	6,451
Payment for purchase of business unit net of cash on hand acquired		-	(239,162)
Net cash flow generated / (absorbed) by investment		**(73,387)**	**(246,402)**
Opening of long-term financial liabilities	7.15	75,936	232,511
Repayment of long-term financial liabilities	7.15	(27,293)	(23,219)
Repayment of lease liabilities	7.2	(3,278)	(2,367)
Financial costs paid	8.9	(8,782)	(1,268)
Financial income collected	8.9	608	1,285
Treasury shares		-	(1,405)
Net cash flow generated/(absorbed) by financial assets		**37,192**	**205,537**
Total variation in cash on hand		**(1,938)**	**(12,709)**
Cash on hand at the start of the period		**135,169**	**136,893**
Total variation in cash on hand		(1,938)	(12,709)
Conversion differences on cash on hand		(824)	4,500
Cash on hand at the end of the period		**132,406**	**128,684**

(*) 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 Condensed Interim Consolidated Financial Statements At 30 June 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. 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 Preparation basis

The Half-Yearly Financial Report at 30 June 2023 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 condensed interim consolidated 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 2022.

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 2023. 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 condensed interim consolidated financial statements were approved by the Company's Board of Directors on 05 September 2023 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 interim consolidated financial statements include the situation as at 30 June 2023 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 condensed interim consolidated 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 interim consolidated financial statements have been prepared as follows:

- on the basis of EU-IFRS, taking into account best practice in the field; any future orientations and updated interpretations will be reflected in subsequent years, on the basis of the methods specified in the applicable accounting standards;
- with a view to business continuity, on an accrual accounting basis, in compliance with the principle of the relevance and significance of the information and the prevalence of substance over form, and with a view to promoting consistency with future presentations. Assets and liabilities, costs and revenues are not compensated against one another unless this is permitted or required under International Accounting Standards;
- on the basis of the conventional criterion of historical cost, with the exception of assessment of financial assets and liabilities in cases in which it is obligatory to apply the fair value criterion, and for the financial statements of companies operating in economies subject to hyperinflation, which are prepared on the basis of the current cost criterion.

With reference to business continuity, it should be noted that the Group's economic and financial performance as at 30 June 2023, are in line with the initial expectations of the budget. It should also be noted that cash and cash equivalents at 30 June 2023, amounting to Euro 132,4 million, the credit lines currently available and the cash flows that will be generated by operations, are considered more than sufficient to meet the Group's obligations and finance its operations.

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 2023, 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.

					Percentage of control	
Company name	**Registered offices**	**Cur-rency**	**Share capi-tal at 30 June 2023**	**Direct owner**	**As of 30 June 2023**	**As of 31 Decem-ber 2022**
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 - More-cambe	GBP	1,469	GVS SpA	100,00%	100,00%
GVS Filter Technology UK Ltd	United Kingdom - More-cambe	GBP	27,000	Fenchurch Environmental Group Ltd	100,00%	100,00%
GVS do Brasil Ltda	Brazil - Municipio de Monte Mor, Campinas	BRL	20,755,226	GVS SpA	99,95%	99,95%
GVS Argentina Sa	Argentina - Buenos Aires	ARS	1,510,212	GVS SpA	94,12%	94,12%
GVS Filter Technology de Mexico	Mexico - Nuevo Leon	MXN	50,000	GVS SpA	99,90%	99,90%
GVS Korea Ltd	Korea - Seoul	KRW	100,000,000	GVS SpA	100,00%	100,00%
GVS Microfiltrazione Srl	Romania - Ciorani	RON	1,600	GVS SpA	100,00%	100,00%
GVS 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	2,500,000	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 - Christ-church	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 condensed interim consolidated financial statements, all companies included in the consolidation area are consolidated using the full consolidation method.

In the period ended 30 June 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 30 June 2023	At 31 December 2022	Half Year closed at 30 June	
			2023 (average)	2022 (average)
Brazilian Real	5.2788	5.6386	5.4826	5.5565
Argentine Peso	278.5022	188.5033	229.1777	122.5091
Chinese Renminbi	7.8983	7.3582	7.4894	7.0823
American Dollar	1.0866	1.0666	1.0806	1.0934
Hong Kong Dollar	8.5157	8.3163	8.4708	8.5559
Japanese Yen	157.1600	140.6600	145.7603	134.3071
Korean Won	1,435.8800	1,344.0900	1,400.4349	1,347.8363
Russian Ruble	96.9660	78.9716	83.5820	87.6793
Turkish Lira	28.3193	19.9649	21.5662	16.2579
Mexican Peso	18.5614	20.8560	19.6456	22.1653
Romanian Ron	4.9635	4.9495	4.9341	4.9457
British Pound	0.85828	0.8869	0.8763	0.8424
Malaysian Ringgit	5.0717	4.6984	4.8188	4.6694
Indian Rupee	89.2065	88.1710	88.8442	83.3179
New Zealand Dollar	1.7858	1.6798	1.7318	1.6491
Vietnamese Dong	25,618	25,183	25,425	25,059.3307
Thai Baht	38.4820	36.8350	36.9561	36.8550

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 2022.

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 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 (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 significantly affected by seasonal factors.

3. Recently issued accounting standards

a) IFRS accounting standards, amendments and interpretations effective from 1 January 2023
The following IFRS accounting standards, amendments and interpretations were applied for the first time by the Group from 1 January 2023.

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 IASB has developed the standard to eliminate inconsistencies and weaknesses in accounting policies, by providing a single principle-based framework to account for all types of insurance contracts, including reinsurance contracts that an insurer holds. The new standard also envisages presentation and disclosure requirements to improve comparability between entities belonging to this sector. The new standard measures an insurance contract on the basis of a *General Model* or a simplified version of the latter, called *Premium Allocation Approach* ("PAA"). The main features of the *General Model* are: the estimates and assumptions of future cash flows are always the current ones; the measurement reflects the time value of money; the estimates envisage extensive use of information observable in the market; there is a current and explicit measurement of risk; the expected profit is deferred and aggregated into groups of insurance contracts upon initial recognition; and, the expected profit is recognized in the contractual hedging period taking into account the adjustments deriving from changes in the assumptions relating to the cash flows relating to each group of contracts. The premium allocation approach involves measuring the liability for the residual coverage of a group of insurance contracts provided that, at the time of initial recognition, the entity expects that this liability reasonably represents an approximation of the *General Model*. Contracts with a coverage period of one year or less are automatically eligible for the premium allocation approach. The simplifications deriving from the application of the PAA method do not apply to the measurement of liabilities for outstanding claims, which are measured with the *General Model*. However, it is unnecessary to discount those cash flows if it is expected that payment or collection of the balance will take place within one year of the date on which the claim took place. The entity must apply the new standard to insurance contracts issued, including reinsurance contracts issued, reinsurance contracts held and also investment contracts with a discretionary participation feature (DPF). There have been no effects on the condensed interim consolidated financial statements of the Group since the adoption of this standard.

On 09 December 2021, the IASB published an amendment entitled "*Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information*". The amendment is a transition option relating to the comparative information on financial assets presented at the date of first application of IFRS 17. The amendment is aimed at avoiding temporary accounting misalignments between financial assets and liabilities of insurance contracts, and therefore at improving the usefulness of comparative information for readers of the financial statements. There have been no effects on the condensed interim consolidated financial statements of the Group since the adoption of this standard.

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. There have been no effects on the condensed interim consolidated financial statements of the Group since the adoption of this standard.

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. There are no significant effects on the condensed interim consolidated financial statements of the Group from the adoption of this standard.

All amendments entered into force on 1 January 2023. As anticipated above, the adoption of these amendments had no impact on the Group's condensed interim consolidated financial statements.

<u>b) IFRS accounting standards, amendments and interpretations not yet endorsed by the European Union</u>

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*" and on 31 October 2022 it published an amendment called "*Amendments to IAS 1 Presentation of Financial Statements: Non-Current Liabilities with Covenants*". The documents aim to clarify how to classify debts and other short-term or long-term liabilities. The amendments enter into force on 1 January 2024; however, earlier application is permitted. The directors are currently evaluating the possible effects of the introduction of this amendment on the Group's condensed interim consolidated financial statements.

- On 22 September 2022, the IASB published an amendment entitled "*Amendments to IFRS 16 Income Taxes: Lease Liability in a Sale and Leaseback*". The document requires the seller/lessee to evaluate the liability for the lease resulting from a sale and leaseback transaction so as not to recognize an income or loss that refers to the withheld usage right. The amendments will apply from 1 January 2024, but earlier application is permitted. The directors are currently evaluating the possible effects of the introduction of this amendment on the Group's condensed interim consolidated financial statements.

- On 23 May 2023, the IASB published an amendment entitled "*Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules*". The document introduces a temporary exception to the recognition and disclosure obligations of deferred tax assets and liabilities relating to Pillar Two Model Rules and provides for specific disclosure obligations for the entities involved in the related International Tax Reform. The document provides for the immediate application of the temporary exception. On the other hand, the disclosure obligations will be applicable only to annual financial statements starting on 1 January 2023 (or later) but not to interim financial statements with a closing date prior to 31 December 2023. The directors do not expect that the adoption of this amendment will have any meaningful effect on the Group's condensed interim consolidated financial statements.

- On 25 May 2023, the IASB published an amendment entitled "*Amendments to IAS 7 Statement of Cash Flows and IFRS 7* Financial Instruments*: Disclosures; Supplier Finance Arrangements*". The document requires an entity to provide additional information on reverse factoring agreements that allow users of the financial statements to evaluate how the financial agreements with suppliers can affect the entity's liabilities and cash flows and to understand the effect of such arrangements on the entity's exposure to liquidity risk. The amendments will apply from 1 January 2024, 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 condensed interim consolidated financial statements.

- On 30 January 2014, the IASB published IFRS 14 – *Regulatory Deferral Accounts* which allows only those adopting IFRS for the first time to continue to recognize the amounts relating to assets subject to regulated tariffs ("*Rate Regulation Activities*") according to the previous accounting standards adopted. As our Group is not a first-time adopter, this standard does not apply to it.

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 2022.

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 costs. 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 2022 and 30 June 2023.

	Book value	
(in thousands of Euro)	At 30 June 2023	At 31 December 2022
FINANCIAL ASSETS:		
Financial assets measured at amortised cost:		
Non-current financial assets	3,693	3,715
Other receivables and non-current assets	1,695	1,695
Trade receivables	70,549	72,944
Other receivables and current assets	8,057	9,791
Current financial assets	63,321	187
Cash and cash equivalents	132,406	135,169
	279,721	**223,500**
Financial assets measured at fair value entered in the income statement:		
Non-current financial assets	52	39
Current financial assets	2,943	4,592
	2,996	**4,631**
Derivative financial instruments	**7,673**	**6,648**
TOTAL FINANCIAL ASSETS	**290,390**	**234,780**

	Book value	
(in thousands of Euro)	At 30 June 2023	At 31 December 2022
FINANCIAL LIABILITIES:		
Financial liabilities measured at amortised cost:		
Non-current financial liabilities	403,654	10,989
Non-current leasing liabilities	14,823	16,899
Current financial liabilities	94,628	438,238
Current leasing liabilities	7,789	8,312
Trade payables	46,183	57,944
Other current liabilities	21,498	21,953
	588,575	**554,335**
Financial liabilities measured at fair value entered in the income statement:		
Debt for the purchase of equity investments and non-current earn out	24,030	40,983
Debt for the purchase of equity investments and current earn out	18,714	-
	42,744	**40,983**
TOTAL FINANCIAL LIABILITIES	**631,319**	**595,317**

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 2022 and 30 June 2023:

	At 30 June 2023		
(in thousands of Euro)	Level 1	Level 2	Level 3
Non-current financial assets	-	-	52
Current financial assets	-	2,943	-
Non-current derivative financial instruments	-	7,673	-
Total assets measured at fair value	**-**	**10,616**	**52**

	At 30 June 2023		
(in thousands of Euro)	Level 1	Level 2	Level 3
Liabilities for the purchase of equity investments and non-current earn out	-	-	24,030
Liabilities for the purchase of equity investments and current earn out	-	-	18,714
Total liabilities measured at fair value	**-**	**-**	**42,744**

(in thousands of Euro)	At 31 December 2022 Level 1	Level 2	Level 3
Non-current financial assets	-	-	39
Current financial assets	-	4,592	-
Non-current derivative financial instruments	-	6,648	-
Total assets measured at fair value	**-**	**11,240**	**39**

(in thousands of Euro)	At 31 December 2022 Level 1	Level 2	Level 3
Liabilities for the purchase of equity investments and non-current earn out	-	-	40,983
Total liabilities measured at fair value			**40,983**

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 8.1.

Half-yearly Financial Report

7. Notes to the consolidated statement of assets and liabilities

7.1 Intangible assets

The table below reports the composition of, and movement in, intangible assets in the half year ending on 30 June 2023.

(in thousands of Euro)	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 2022	**17,238**	**246,664**	**208,292**	**27,397**	**12,923**	**33,029**	**3,692**	**1,153**	**550,389**
Investments	2,590	-	-	-	25	79	13	353	3,060
Reclassification	124	-	-	-	-	393	19	(370)	166
Business combinations	-	539	-	-	-	-		-	539
Conversion reserves	(366)	(2,996)	(3,671)	(762)	(181)	(582)	(104)	19	(8,642)
Historical cost at the end of the period	**19,586**	**244,207**	**204,621**	**26,635**	**12,767**	**32,919**	**3,621**	**1,155**	**545,512**
Provision for amortisation and depreciation as of 31 December 2022	**(8,639)**	**-**	**(25,385)**	**(1,914)**	**(8,148)**	**(7,817)**	**(3,640)**	**-**	**(55,542)**
Amortisation and depreciation	(1,390)	-	(6,000)	(805)	(546)	(813)	(3)		(9,557)
Reclassification	-	-	-	-	-	(201)	-		(201)
Conversion reserves	135	-	465	73	100	48	142		963
Depreciation fund at the end of the period	**(9,894)**	**-**	**(30,920)**	**(2,646)**	**(8,595)**	**(8,782)**	**(3,501)**	**-**	**(64,337)**
Net book value as of 31 December 2022	**8,600**	**246,664**	**182,908**	**25,483**	**4,775**	**25,212**	**53**	**1,153**	**494,847**
Net book value at the end of the period	**9,692**	**244,207**	**173,701**	**23,989**	**4,172**	**24,137**	**120**	**1,155**	**481,175**

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, RPB, STT and Haemotronic.

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.

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

The trademarks refer mainly to what is valued in the allocation of the consideration paid for the acquisitions of RPB and STT.

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

Investment in intangible assets in the half year ending on 30 June 2023, amounting to Euro 3,060 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.

At 30 June 2023, the Group had not found any indicators of impairment of intangible assets.

Intangible assets with an indefinite useful lifespan

Goodwill

At 30 June 2023 the value of goodwill, equal to Euro 244,207 thousand (Euro 246,664 thousand at 31 December 2022), mainly refers to the acquisition of the STT Groups, Haemotronic, KUSS and RPB, as well as other previous business combinations. The change in the period, in addition to the price adjustments relating to the acquisition of the Haemotronic group (539 thousand euros), is due to the exchange rate effect for 2,996 thousand euros.

In accordance with the requirements of IAS 36, the Group verified the absence of impairment indicators at 30 June 2023 with reference to goodwill recognised in intangible assets. In particular, the Group has not found any indicators of impairment in view of: (i) economic and financial performance in line with budget forecasts; (ii) medium/long-term growth rates in line with those determined in previous estimates; (iii) no interruptions or slowdowns in its operations that had a noteworthy impact on its economic or financial performance; (iv) investment forecasts unchanged, in terms of overall values, with respect to what was planned and (v) no changes in its business model.

Furthermore, it is believed that the increase in interest rates which occurred in the last period is not such as to lead to a significant increase in the discount rate used and to significantly reduce the recoverable value of goodwill.

At the reporting date of these condensed interim consolidated financial statements, based on what is described in the previous paragraph, the Group's management did not find any elements that could change the results obtained with reference to the impairment test carried out at 31 December 2022, consequently confirming the results also as at 30 June 2023.

The main assumptions used to determine the recoverable value, as well as the outcome of the impairment test carried out at 31 December 2022, are illustrated in the Consolidated Financial Statements for the year ended 31 December 2022, to which reference should be made.

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

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

(in thousands of Euro)	At 30 June 2023	At 31 December 2022
Net book value of right of use assets (real estate)	16,272	18,085
Net book value of right of use assets (automobiles)	746	868
Net book value of right of use assets (machinery)	3,818	4,038
Total net book value of right of use assets	**20,836**	**22,991**
Current leasing liabilities	7,789	8,312
Non-current leasing liabilities	14,823	16,899
Total leasing liabilities	**22,612**	**25,211**

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

	Half Year closed at 30 June	
(in thousands of Euro)	2023	2022
Amortisation of right of use assets (real estate)	2,260	2,197
Amortisation of right of use assets (automobiles)	343	190
Amortisation of right of use assets (machinery)	225	73
Total amortisation of right of use assets	**2,828**	**2,460**
Interest payable on leases	**226**	**168**
Total outgoing cash flows due to leasing	**3,504**	**2,534**

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

Assets represented by usage rights recognized for the half year period ending 30 June 2023 are mainly attributable (*i*) to renewals of lease contracts relating to office buildings and guest houses located in Brazil, North America, Argentina and Mexico; and (*ii*) the signing of new lease contracts relating to company cars.

As of 30 June 2023, the Group had not identified any indicators of lasting impairment of assets corresponding to usage rights.

7.3 Tangible assets

The table below shows the breakdown and movements of tangible assets in the years ending on 30 June 2023.

(in thousands of Euro)	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 2022	**26,947**	**147,071**	**80,762**	**15,057**	**13,385**	**20,951**	**304,172**
Investments	-	(147)	(407)	368	150	9,561	**9,525**
Disposal	-	(1,016)	-	(333)	(2)	(3)	**(1,355)**
Reclassification	-	3,445	2,535	185	115	(6,447)	**(167)**
Write-downs	-	-	(531)	-	-	(114)	**(645)**
Conversion reserves	(783)	3,036	(16)	(194)	236	(177)	**2,102**
Historical cost at the end of the period	**26,163**	**152,388**	**82,342**	**15,082**	**13,885**	**23,771**	**313,631**
Provision for amortisation and depreciation as of 31 December 2022	**(684)**	**(106,338)**	**(58,685)**	**(12,175)**	**(5,887)**	**-**	**(183,769)**
Amortisation and depreciation	(498)	(4,107)	(2,719)	(539)	(511)		**(8,374)**
Disposal	-	866	-	84	-		**950**
Reclassification	-	750	(597)	50	(3)		**201**
Conversion reserves	24	(2,196)	(34)	172	(79)		**(2,113)**
Depreciation fund at the end of the period	**(1,158)**	**(111,025)**	**(62,036)**	**(12,407)**	**(6,480)**	**-**	**(193,105)**
Net book value as of 31 December 2022	**26,262**	**40,733**	**22,077**	**2,882**	**7,498**	**20,951**	**120,403**
Net book value at the end of the period	**25,006**	**41,363**	**20,306**	**2,675**	**7,405**	**23,771**	**120,526**

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 2023, amounting to € 9,525 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 as at 30 June 2023 refers for approximately Euro 6 million to the construction of the new production site in Suzhou in China (Euro 3.9 million as at 31 December 2022) and for the remaining amount mainly to investments in plants, machinery and specific equipment.

As of 30 June 2023, no indications of possible impairment of tangible assets arose. In the period in question, write-downs of tangible fixed assets were recorded for Euro 645 thousand, mainly related to the plan for relocation and rationalization of production sites in progress within the Group, for which the long-term usefulness of these investments is no longer recognized.

As of 30 June 2023, there were no real estate assets or capital goods burdened by any kind of guarantee provided to a third party.

7.4 Deferred tax assets and deferred tax liabilities

Deferred tax assets, amounting to Euro 7,213 thousand at 30 June 2023 (Euro 3,487 thousand at 31 December 2022), 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 deferred 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 2023 totalled Euro 45,557 thousand (Euro 46,086 thousand at 31 December 2022) and refer to temporary differences arising between the result for the period and taxable profit in relation to deferred deductibility items.

7.5 Financial assets (current and non-current)

The table below reports details of current and non-current financial assets as of 31 December 2022 and 30 June 2023.

(in thousands of Euro)	At 30 June 2023	At 31 December 2022
Security deposits	3,157	3,064
Non-current leasing assets	109	174
Loans	428	476
Capital instruments	52	39
Non-current financial assets	**3,745**	**3,754**
Investment funds	2,943	4,592
Term deposits	63,136	-
Current leasing assets	185	187
Current financial assets	**66,264**	**4,779**
Total financial assets	**70,010**	**8,533**

Security deposits, classified as financial assets measured at amortised cost: on the basis of IFRS 9, represent a down-payment on an investment and for 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 loans is attributable to a loan granted to a counterpart outside the Group by the subsidiary company Htmex Inc.

Time deposits as at 30 June 2023 refer to sums deposited by the Parent Company in bank current accounts with a maturity of more than 3 months.

7.6 Non-current derivative financial instruments

Non-current active financial derivatives amount to € 7,673 thousand (€ 6,648 thousand at 31 December 2022). The balance of this item is entirely the result of the positive fair value of five IRS (*Interest rate Swap*) derivative contracts hedging the risk of changes in interest rates of contracts entered into with Unicredit and Mediobanca during 2020 and the syndicated loan taken out with Unicredit, Mediobanca and Credit Agricole in 2021. The derivative financial instruments, having individually an original notional amount equal to the nominal value of the hedged items, guarantee a fixed interest rate for the entire duration of the loans covered.

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.

7.7 Inventories

The table below reports details of inventories as of 31 December 2022 and 30 June 2023.

(in thousands of Euro)	At 30 June 2023	At 31 December 2022
Finished products and goods	39,505	51,738
Raw materials, subsidiary materials and consumables	54,969	46,636
Products in progress and semi-products	14,975	14,029
Spare parts	3,030	3,206
Gross inventories	**112,479**	**115,609**
Provision for writedown of inventory	(6,580)	(5,950)
Provision for write-downs of spare parts	(2,697)	(2,738)
Inventories	**103,203**	**106,922**

In the reference period, the change in the item compared to the previous year is mainly attributable to the exchange rate effect and the de-stocking policies implemented by the Group. The provision for write-down of inventories and spare parts increased during the period as a result of the total provision equal to Euro 883 thousand, net of uses and the exchange rate effect equal to Euro 162 thousand and Euro 132 thousand respectively.

7.8 Trade receivables

The table below reports details of trade receivables as of 31 December 2022 and 30 June 2023.

(in thousands of Euro)	At 30 June 2023	At 31 December 2022
Trade receivables from customers	75,952	78,080
Trade receivables from related parties	52	82
Trade receivables (gross)	**76,004**	**78,162**
Provision for writedown of trade receivables	(5,455)	(5,218)
Trade receivables	**70,549**	**72,944**

The book value of trade receivables is considered to approximate their fair value. Towards the end of the half year, the Group availed itself of the instrument of transferring a portion of its trade receivables through factoring without recourse transactions. As at 30 June 2023, the amount of the assignments of trade receivables through factoring without recourse, for which the derecognition of the related receivables, amounted to Euro 10,586 thousand.

The table below reports movements in the provision for writedown of trade receivables in the half year ending on 30 June 2023.

(in thousands of Euro)	Provision for writedown of trade receivables
At 31 December 2022	**5,218**
Net provisions	479
Use	(92)
Conversion reserves	(150)
At 30 June 2023	**5,455**

Net provisions to the provision for writedown of receivables appear in the income statement under the item net writedowns of financial assets (see note 8.7).

7.9 Assets and liabilities deriving from contracts with customers

Assets from contracts with customers, equal to Euro 942 thousand at 30 June 2023 (Euro 1,205 thousand at 31 December 2022), 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 6,432 thousand at 30 June 2023 (Euro 7,224 thousand at 31 December 2022) 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 2022 and 30 June 2023.

(in thousands of Euro)	At 30 June 2023	At 31 December 2022
Gross assets from contracts with customers	4,169	2,623
Compensation with liabilities from contracts with customers	(3,227)	(1,418)
Assets from contracts with customers	**942**	**1,205**
Gross liabilities from contracts with customers	9,659	8,642
Compensation with assets from contracts with customers	(3,227)	(1,418)
Liabilities from contracts with customers	**6,432**	**7,224**

7.10 Current tax receivables and payables

Current tax receivables at 30 June 2023 amounted to Euro 7,170 thousand (Euro 5,691 thousand at 31 December 2022).

Current tax payables at 30 June 2023 amounted to Euro 5,923 thousand (Euro 2,662 thousand at 31 December 2022).

The changes in the net balances of the assets and liabilities in question for the six months ended 30 June 2023 mainly concern the allocation of current income taxes of Euro 6,524 thousand and payments of Euro 4,661 thousand respectively.

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

Other receivables and non-current assets (€ 1,695 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 2022 and 30 June 2023.

(in thousands of Euro)	At 30 June 2023	At 31 December 2022
Advances and instalments	1,215	1,223
Tax receivables	6,440	8,578
Prepaid expenses	2,900	1,500
Receivables from government agencies	649	667
Receivable from employees	312	160
Other receivables	657	386
Other receivables and current assets	**12,172**	**12,514**

The slight reduction in other current assets at 30 June 2023 compared to 31 December 2022 is mainly attributable to the Euro 2,139 thousand decrease in tax

receivables, net of the increase in prepaid expenses due to the temporary effect of an interim closure, receivables from employees and other receivables for a total of Euro 1,823 thousand.

7.12 Cash and cash equivalents

The table below reports details of cash on hand as of 31 December 2022 and 30 June 2023.

(in thousands of Euro)	At 30 June 2023	At 31 December 2022
Bank and postal accounts	132,388	135,137
Cash and cash equivalents on hand	18	32
Cash on hand and cash equivalents	**132,406**	**135,169**

As of 30 June 2023, 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.

7.13 Shareholders' equity

The table below reports details of shareholders' equity as of 31 December 2022 and 30 June 2023.

(in thousands of Euro)	At 30 June 2023	At 31 December 2022
Share capital	1,750	1,750
Share premium reserve	92,770	92,770
Legal reserve	350	350
Extraordinary reserve	64,903	60,628
Translation reserve	(5,404)	(1,177)
Negative reserve for treasury shares	(2,447)	(4,853)
Actuarial profits and losses reserve	444	444
Profit (loss) carried over and other reserves	171,816	153,619
Net income	7,331	24,098
Shareholders' equity attributable to non-controlling interests	39	45
Total shareholders' equity	**331,551**	**327,674**

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

The movement that affected shareholders' equity for the period ended 30 June 2023 relates to the recognition of the total net result for the period of Euro 3,876 thousand.

Share capital
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.

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 226,895 shares representing a total of 0.13% 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 2023, this item amounted to a positive €5,832 thousand and was related to interest rate hedging contracts entered into so as 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.

7.14 Liabilities for the purchase of equity investments and current and non-current earn out

The total amount of this item, as at 30 June 2023, amounted to Euro 42,744 thousand and refers to the variable component of the price defined in the business combination in relation to the Haemotronic and STT groups.

7.15 Financial liabilities (current and non-current)

The table below reports details of current and non-current financial liabilities as of 31 December 2022 and 30 June 2023.

	At 30 June 2023		At 31 December 2022	
(in thousands of Euro)	**Current portion**	**Non-current portion**	**Current portion**	**Non-current portion**
2014 Bond Loan	4,582	-	9,336	-
2017 Bond Loan	7,989	7,989	15,967	-
Total bonded loans	**12,571**	**7,989**	**25,303**	**-**
Mediobanca loan (2020)	4,436	6,656	13,310	-
Unicredit loan (2020)	3,997	6,013	12,005	-
Club Deal loan (2021)	29,935	104,772	149,632	-
Club Deal loan (2022)	34,345	194,619	228,798	-
Valsabbina loan (Haemotronic)	375	1,125	375	1,125
Credem loans (Haemotronic)	1,102	602	2,459	903
BPM loans (Haemotronic)	1,255	629	1,252	1,258
BPER loans (Haemotronic)	529	2,904	526	3,168
Intesa loans (Haemotronic)	1,101	1,855	1,099	2,407
Banco Popolare loan (Haemotronic)	575	724	573	1,012
BPV loan (Haemotronic)	-	-	78	221
Commercial lines of credit	21	-	8	-
Accrued payables	2,607	-	2,563	-
Total financial payables to banks	**80,278**	**319,899**	**412,679**	**10,094**
GVS Group Srl loan	586	75,000	-	-
Subsidized loan Horizon call for tenders	212	517	211	624
Loans under special terms Invitalia	45	249	45	271
Financial payables to factoring companies	936	-	-	-
Total other financial liabilities	**1,779**	**75,766**	**256**	**895**
Total financial liabilities	**94,628**	**403,654**	**438,238**	**10,989**

As mentioned before, it is highlighted that during the half year ending on 30 June 2023, GVS SpA signed an agreement with the majority shareholder GVS Group Srl, concerning a subordinated and unsecured shareholder loan of Euro 75 million expiring on 31 December 2027, disbursed the day following the signing of the contract (the "Loan"). The terms and conditions of this loan, defined between the Company and GVS Group following the outcome of the procedure for carrying out transactions with related parties in compliance with current provisions, are highlighted below:

- Amount: Euro 75 million, to be repaid, save early repayment, on 31 December 2027.

- Purpose: the purpose of the loan is to enable compliance with the leverage ratio, envisaged pursuant to existing loans, at the recognition of 31 December 2022 (limit level equal to 3.5x). Furthermore, should operational needs require it, the sums deriving from the loan could still be used by GVS for operational needs.

- Use: the Company has undertaken not to use the sums deriving from the loan to the extent that it has additional resources available, being able in any case to carry out treasury management activities.

- Interest: the loan provides for a remuneration equal to 80% of the gross yield of the Italian treasury bill with a 12-month maturity, to be calculated exclusively on the amount not used by the Company for operational needs. Therefore, to the extent that GVS uses all or a portion of the loan for operational needs, no interest will accrue on these uses. The initial interest rate (i.e., from the disbursement date to 31 December 2023) was conventionally determined at 2.5% on an annual basis. The accrual and payment of interest remain subject to further conditions inherent mainly to the subordinated nature of the loan and compliance with the financial covenants envisaged by the existing debt.

- In case of early repayment: there is an obligation for GVS to repay the loan in full (plus any interest), subject to a positive evaluation by the Company of its short-medium term financial solidity in the event that: the Company were to repay in full the debt deriving from the loans and bond loans existing prior to the respective repayment dates or after 30 June 2024, if the ratio between consolidated net debt (calculated assuming repayment in full of the loan) and consolidated EBITDA does not exceed, on the verification date, the coefficient of 3.0x. The sums deriving from the loan may be used by GVS Group Srl for the subscription of any capital increases of the Company.

- Subordination: except in the cases of early repayment and any payment of interest described above, the loan is subordinated to the syndicated loans and existing bond loans.

For a description of the main items making up the Group's financial liabilities as at 30 June 2023, please read the relevant notes to the consolidated financial statements as at 31 December 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.

(in thousands of Euro)	At 01 January 2022	Opening	Reclassification	Repayment	Variation in accrued payables on interest	Amortization cost	(Profits) losses on exchanges	At 30 June 2023
Non-current financial liabilities	10,989	75,000	318,164	-	-	-	(499)	403,654
Current financial liabilities	438,238	936	(318,164)	(27,293)	630	281	-	94,628
Total financial liabilities	**449,227**	**75,936**	**-**	**(27,293)**	**630**	**281**	**(499)**	**498,282**

7.16 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.

(in thousands of Euro)	At 30 June 2023	At 31 December 2022
(A) Cash and cash equivalents	132,406	135,169
(B) Cash equivalents	-	-
Term deposits	63,136	-
Financial assets held for trading	2,943	4,592
Financial lease receivables	185	187
(C) Other current financial assets	**66,264**	**4,779**
(D) Liquidity (A)+(B)+(C)	**198,671**	**139,948**
Current bank debts	-	-
Financial lease liabilities to other companies in the GVS Group	2,555	2,907
Financial lease liabilities	5,234	5,405
Other current payables	-	-
Other financial liabilities	20,493	256
(E) Current financial indebtedness	28,282	8,568
(F) Current portion of non-current indebtedness	92,849	437,982
(G) Current financial indebtedness (E)+(F)	**121,131**	**446,550**
(H) Net current financial indebtedness (G)-(D)	**77,539**	**(306,602)**
Non-current bank borrowings	319,899	10,094
Non-current bond	7,989	-
Other financial liabilities	24,796	41,878
Other financial liabilities to GVS Group	75,000	-
Financial lease liabilities to other companies in the GVS Group	1,109	1,547
Non-current financial lease liabilities	13,714	15,352
(I) Non-current financial liabilities	442,507	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)	**442,507**	**68,871**
(M) Total net financial indebtedness (H)-(L)	**(364,967)**	**(375,473)**

For further details on the composition of the items in the table, see Notes 7.5, 7.12, 7.14 and 7.15.
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 334,439 thousand at 30 June 2023 and Euro 343,325 thousand at 31 December 2022.

(in thousands of Euro)	At 30 June 2023	At 31 December 2022
Total net financial indebtedness	**(364,967)**	**(375,473)**
Non-current active derivative financial instruments	7,673	6,648
Long-term financial receivables	428	476
Financial lease liabilities (net)	22,427	25,024
Total net financial position	**(334,439)**	**(343,325)**

7.17 Provisions for employee benefits

As of 30 June 2023 and 31 December 2022, provisions for employee benefits represented termination indemnity allocated for employees and end of service indemnity allocated for directors.
The decrease for the period refers for Euro 1,514 thousand to the end of service indemnity for directors, classified under current liabilities.

7.18 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 2023.

(in thousands of Euro)	Provisions for risks and charges
Balance as of 31 December 2022	**9,221**
Allocation	1,778
Use	(1,021)
Conversion reserves	(47)
Balance as of 30 June 2023	**9,931**

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 2020, the Company settled the refutations relating to the same report of verification by means of verification with acceptance procedure. During 2022, the Company received verification notices from the Revenue Agency for the 2016 tax period relating to the transfer price and consequently as a prudential measure, supported by its consultants, made a further provision of Euro 1,000 thousand, in addition to the amount set aside in previous years. During the first half of 2023, the Company settled the disputes relating to the transfer price for the 2016 tax period through the tax assessment procedure and consequently partially used the fund for Euro 672 thousand previously allocated. Finally, it should be noted that in the period in question a further verification of GVS SpA began in relation to the years 2017, 2018 and 2019, and is still in progress.

During the previous year, the Romanian subsidiary GVS Microfiltrazione was subject to a tax verification in relation to direct taxes for the years 2016 to 2020 and indirect taxes for the period from 1 April 2016 to 31 May 2021. On 14 July 2023, the subsidiary received the results of the verifications carried out which lead to higher income taxes of Euro 416 thousand as well as higher VAT of Euro 161 thousand. Against these refutations, while your company is convinced that it acted fairly, a provision for risks has been set aside for a total amount of Euro 623 thousand, including the sums indicated above and an estimate of possible penalties. The company is considering whether to appeal the results of this verification.

In addition, during the first half of 2023, the Group set aside the amount of Euro 505 thousand in the income statement item "other personnel costs", against non-recurring charges relating to the personnel reorganization process started during 2022 and in the income statement item "other operating costs" the amount of Euro 650 thousand for a plan for relocation and rationalisation of the Group's production plants. Uses in the period refer almost exclusively to payments made to the personnel and rationalisation costs paid following the implementation of the aforementioned reorganization plans.

7.19 Trade payables

The table below reports details of trade payables as of 31 December 2022 and 30 June 2023.

(in thousands of Euro)	At 30 June 2023	At 31 December 2022
Trade payables to suppliers	46,183	57,944
Trade payables to related parties	-	-
Trade payables	**46,183**	**57,944**

Trade payables primarily regard transactions for the purchase of raw materials, components and services.
The book value of trade payables is considered to approximate their fair value

7.20 Other current payables and liabilities

The table below reports details of other payables and current liabilities as of 31 December 2022 and 30 June 2023.

(in thousands of Euro)	At 30 June 2023	At 31 December 2022
Payable to employees	14,162	13,307
Payable to social security institutions	3,663	4,028
Tax payables	2,142	3,290
Accrued payables	96	146
Deferred income	265	88
Payable to directors	753	872
Other	778	456
Other current payables and liabilities	**21,859**	**22,187**

Payables to employees primarily reflect salaries payable and deferred charges such as holidays, leaves 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 2023 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.

8. Notes to the consolidated income statement

Foreword

For a better understanding of the changes in costs and revenues between the first half of 2023 and the first half of 2022, it should be noted that during the first half of 2022 two business combinations were recorded relating to the Haemotronic group and the STT group acquired, respectively, on 15 June 2022 and 1 March 2022; therefore, the income statement for the first half of 2022 includes the costs and revenues of the two business combinations mentioned above starting from the acquisition date.

8.1 Revenue from contracts with customers

The table below breaks down revenues from contracts with customers by division in the half years ending on 30 June 2022 and 30 June 2023.

	Half Year closed at 30 June	
(in thousands of Euro)	**2023**	**2022**
Healthcare Liquid	113,880	63,043
Healthcare Air & Gas	14,677	16,062
Laboratory	16,313	16,347
Healthcare & Life Sciences	**144,870**	**95,452**
Powertrain & Drivetrain	15,276	15,927
Safety & Electronics	10,398	10,769
Sport & Utility	8,432	12,219
Energy & Mobility	**34,106**	**38,915**
Personal Safety	32,398	29,719
Air Safety	1,998	2,526
Health & Safety	**34,396**	**32,245**
Revenue from contracts with customers	**213,372**	**166,611**

The increase in revenues in the period ended 30 June 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 period is impacted by the acquisitions of STT and Haemotronic.
For further information on the trend in turnover compared with the same half 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 30 June 2022 and 30 June 2023.

(in thousands of Euro)	Half Year closed at 30 June 2023	2022
Business-to-business (BTB)	166,883	120,260
Business-to-consumer (BTC)	46,489	46,351
Revenue from contracts with customers	**213,372**	**166,611**

The table below breaks down revenues from contracts with customers by geographic area in the half years ending on 30 June 2022 and 30 June 2023.

(in thousands of Euro)	Half Year closed at 30 June 2023	2022
North America	98,331	81,352
Europe	64,365	41,669
Asia	35,343	30,064
Other countries	15,333	13,526
Revenue from contracts with customers	**213,372**	**166,611**

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.

8.2 Other operating income

The table below breaks down other operation income for the half years ending on 30 June 2022 and 30 June 2023.

(in thousands of Euro)	Half Year closed at 30 June 2023	2022
Contributions for operating expenses	1,051	411
Recovery and chargeback	439	538
Insurance refunds	273	-
Recovery of scrap	283	166
Capital gains on sales	71	13
Other	478	422
Other operating income	**2,595**	**1,551**

The item other operating income, for the period ended 30 June 2023, includes non-recurring income relating to grants obtained from the Chinese government for the relocation of the production site (Euro 319 thousand).

8.3 Purchases costs and change in inventories

The table below breaks down purchases and consumption of raw materials, semi-products and finished products in the half years ending on 30 June 2022 and 30 June 2023.

(in thousands of Euro)	Half Year closed at 30 June 2023	2022
Purchases of raw materials	73,930	61,772
Variation in inventories of products in progress, semi-finished goods and finished products	(2,618)	(4,230)
Variation in inventories of raw materials, subsidiary materials and goods	(1,026)	(5,185)
Purchases costs and change in inventories	**70,286**	**52,357**

The increase of the period ended 30 June 2023 compared to the same period of the previous financial year is mainly due to the business combinations carried out during the first half of 2022 (STT and Haemotronic).

8.4 Personnel costs

The table below breaks down personnel costs in the half years ending on 30 June 2022 and 30 June 2023.

(in thousands of Euro)	Half Year closed at 30 June 2023	2022
Salaries and wages	51,360	42,511
Social security contributions	14,433	11,548
Cost of termination indemnity	911	677
Other costs	509	1,451
Personnel costs	**67,213**	**56,188**

The increase in personnel costs in the period ended 30 June 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 30 June 2023, the item personnel costs includes non-recurring charges relating to the reorganization process going on in the Group, equal to Euro 649 thousand (Euro 1,415 at 30 June 2022).

8.5 Service costs

The table below breaks down service costs in the half years ending on 30 June 2022 and 30 June 2023.

	Half Year closed at 30 June	
(in thousands of Euro)	**2023**	**2022**
Utilities and cleaning services	7,253	4,843
Maintenance	2,884	2,071
Transportation	3,797	2,727
Consulting services	3,295	2,502
Travel and lodging	1,348	1,034
Subcontracting	2,201	575
Marketing and trade fairs	761	602
Insurance	1,015	998
Cafeteria	1,403	781
Commissions	2,062	1,493
Directors' fees	1,210	1,899
Other services	1,481	1,460
Service costs	**28,710**	**20,985**

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).

8.6 Other operating costs

The table below breaks down other operating costs in the half years ending on 30 June 2022 and 30 June 2023.

	Half Year closed at 30 June	
(in thousands of Euro)	**2023**	**2022**
Leasing costs	1,828	1,104
Indirect taxation	568	488
Membership fees and charity contributions	173	117
Allocation to provision for risks	857	-
Losses on sales	173	33
Other minor costs	540	360
Other operating costs	**4,139**	**2,102**

The item other operating costs, for the period ended 30 June 2023, includes non-recurring charges relating to costs allocated to the provision for the relocation and rationalization of the Group's production sites (for a total of Euro 650 thousand) and costs allocated to the provisions for indirect tax risks and related

fines of Euro 207 thousand, following the results of the tax verification concluded by the Romanian authorities at our subsidiary.

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.

8.7 Net impairment losses on financial assets

Net writedowns of financial assets, entered on the basis of the requirements of IFRS 9, totalled Euro 479 thousand and Euro 232 thousand in the half years ending on 30 June 2023 and 2022, respectively, and represent writedown of trade receivables.

A breakdown of movements in the provision for writedown of receivables for the half year ending on 30 June 2023 appears in note 7.8 - "Trade receivables".

8.8 Amortisation, depreciation and writedowns

The table below breaks down amortisation, depreciation and writedowns in the half years ending on 30 June 2022 and 30 June 2023.

	Half Year closed at 30 June	
(in thousands of Euro)	**2023**	**2022**
Amortisation and writedowns of intangible assets	9,557	6,211
Depreciation and writedowns of tangible assets	9,019	6,882
Amortisation and writedowns of right of use assets	2,827	2,460
Amortisation, depreciation and writedowns	**21,403**	**15,553**

A breakdown of the composition of, and movements in, intangible assets and tangible assets for the half year ending on 30 June 2023 is provided in notes 7.1 and 7.3. Information on assets represented by usage rights appears in note 7.2.

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 near the end of the second quarter of 2022 respectively. In addition, write-downs of tangible fixed assets of Euro 645 thousand were recognized in the period in question, mainly linked to the plan for relocation and rationalization of production sites in progress within the Group, for which the long-term usefulness of these investments is no longer recognized.

8.9 Financial income and costs

The table below breaks down financial income in the years ending on 30 June 2022 and 30 June 2023.

	Half Year closed at 30 June	
(in thousands of Euro)	**2023**	**2022**
Net profits on exchanges	-	23,649
Other financial income	1,244	298
Financial income	**1,244**	**23,947**

The table below breaks down financial costs in the half years ending on 30 June 2022 and 30 June 2023.

	Half Year closed at 30 June	
(in thousands of Euro)	**2023**	**2022**
Interest on bonded loans	423	678
Interest on loans	7,535	461
Net losses on exchanges	4,663	-
Interest on leasing liabilities	226	168
Amortised cost	281	118
Interest for discounting for earn out	1,784	713
Other financial costs	105	30
Financial costs	**15,017**	**2,167**

Financial costs and income in the half years ending 30 June 2022 and 30 June 2023 include the losses and 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 relevant bond loan denominated in dollars.
The increase in interest on loans and interest for discounting earn out is mainly attributable to the Haemotronic business combination transaction, which took place at the end of June 2022.

8.10 Annual income tax

The table below breaks down annual income tax in the half years ending on 30 June 2022 and 30 June 2023.

	Half Year closed at 30 June	
(in thousands of Euro)	**2023**	**2022**
Current taxes	6,524	4,597
Deferred taxes	(3,704)	5,499
Taxes pertaining to previous financial years	(191)	(12)
Income tax	**2,629**	**10,084**

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 26.4% for the half year ended 30 June 2023 (23.7% for the half year ended 30 June 2022).

8.11 Net profit per share

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

	Half Year closed at 30 June	
(in thousands of Euro)	**2023**	**2022**
Group's share of net profit (in thousands of Euro)	7,331	32,437
Weighted average number of shares in circulation	174,662,169	174,693,198
Profit per share (in Euro)	**0.04**	**0.19**

Diluted earnings per share at 30 June 2023 was positive at 0.04 (positive at € 0.19 at 30 June 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.

9. 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 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 in progress (totalling Euro 649 thousand); (*iii*) consultancy costs relating to services received of an exceptional nature (Euro 268 thousand), (*iv*) costs allocated to the provision for the relocation and rationalization of the Group's production sites (totalling Euro 650 thousand); (*v*) costs allocated to the provision for indirect taxes and related penalties for Euro 207 thousand; (*vi*) depreciation of intangible and tangible assets recorded following the purchase price allocation of the Kuss, RPB, STT and Haemotronic groups (for a total of Euro 8,048 thousand); (*vii*) to write-downs of tangible fixed assets resulting from the relocation and rationalization plan of the Group's production sites for Euro 531 thousand; and finally (*viii*) to the interest recorded following the discounting of payables for earn out for the acquisitions of the STT and Haemotronic groups (Euro 1,784 thousand), net of the related tax effect. Non-recurring charges for taxes also include € 416 thousand relating to the costs pertaining of the tax dispute with the Rumanian subsidiary for direct taxes.

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.

10. 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 and starting from the previous year the subsidiary based in Turkey is operating in a situation of high inflation. Also, in consideration of the immateriality of the subsidiaries' contribution compared to the Group's balances, the effects on the income statement for the half year ended 30 June 2023 were not significant.

11. 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 2022 and 30 June 2023.

	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				
Right of use assets						
At 30 June 2023	-	2,893	-	**2,893**	**20,836**	**13.9%**
At 31 December 2022	-	3,261	-	**3,261**	**22,991**	**14.2%**
Tangible Fixed Assets						
At 30 June 2023	-	-	12	**12**	**120,526**	**0.0%**
At 31 December 2022	-	-	14	**14**	**120,404**	**0.0%**
Trade receivables						
At 30 June 2023	10	21	22	**52**	**70,549**	**0.1%**
At 31 December 2022	20	21	41	**82**	**72,994**	**0.1%**
Current tax receivables						
At 30 June 2023	3,511	-	-	**3,511**	**7,170**	**49.0%**
At 31 December 2022	2,973	-	-	**2,973**	**5,691**	**52.2%**
Non-current financial liabilities						
At 30 June 2023	75,000	-	-	**75,000**	**403,654**	**18.6%**
Non-current leasing liabilities						
At 30 June 2023	-	1,109	-	**1,109**	**14,823**	**7.5%**
At 31 December 2022	-	1,547	-	**1,547**	**16,899**	**9.2%**
Provisions for non-current employee benefits:						
At 30 June 2023	-	-	21	**21**	**2,980**	**0.7%**
At 31 December 2022	-	-	1,499	**1,499**	**4,630**	**32.4%**
Current financial liabilities						
At 30 June 2023	586	-	-	**586**	**94,628**	**0.6%**
Current leasing liabilities						
At 30 June 2023	-	2,555	-	**2,555**	**7,789**	**32.8%**
At 31 December 2022	-	2,907	-	**2,907**	**8,312**	**35.0%**
Provisions for employee benefits:						
At 30 June 2023	-	-	1,514	**1,514**	**1,514**	**100%**
Other current payables and liabilities						
At 30 June 2023	-	-	1,869	**1,869**	**21,859**	**8.6%**
At 31 December 2022	-	-	2,227	**2,227**	**21,187**	**10.0%**

The table below lists the Group's economic relations with related parties for the half years ending on 30 June 2022 and 30 June 2023.

	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				
Other operating income						
Half year ended 30 June 2023	10	21	22	**52**	**2,595**	**2.0%**
Half year ended 30 June 2022	10	20	-	**30**	**1,551**	**1.9%**
Personnel costs						
Half year ended 30 June 2023	-	-	1,941	**1,941**	**67,213**	**2.9%**
Half year ended 30 June 2022	-	-	2,043	**2,043**	**56,188**	**3.6%**
Service costs						
Half year ended 30 June 2023	-	-	1,220	**1,220**	**28,710**	**4.2%**
Half year ended 30 June 2022	-	-	1,886	**1,886**	**20,985**	**9.0%**
Amortisation, depreciation and writedowns						
Half year ended 30 June 2023	-	982	2	**984**	**21,403**	**4.6%**
Half year ended 30 June 2022	-	897	-	**897**	**15,553**	**5.8%**
Financial costs						
Half year ended 30 June 2023	586	58	-	**644**	**15,017**	**4.3%**
Half year ended 30 June 2022	-	89	-	**89**	**2,167**	**4.1%**

Transactions with the GVS Group

The Company participates in the optional national tax consolidation system under the GVS Group. Current tax receivables or payables recorded on the balance sheet at 31 December 2022 and 30 June 2023 refer mostly 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). On 11 December 2019, the company GVS Sud S.r.l., merged by incorporation into GVS, signed an agreement with GVS Real Estate S.r.l. for the sale of land and buildings pertaining to a production facility in Avellino and thereafter entered into the lease agreement. 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 2023, the Group recorded assets represented by usage rights and relative leasing liabilities for Euro 1,319 thousand and Euro 1,320 thousand respectively (Euro 1,675 thousand and Euro 1,710 thousand at 31 December 2022), as well as depreciation and financial costs, for the half year ended 30 June 2023, for Euro 319 thousand and Euro 8 thousand respectively.

Transactions with GVS Real Estate US

On 31 December 2022, the Group company GVS Filtration Inc renewed two rental agreements with GVS Real Estate US for land and buildings pertaining to two production facilities in Ohio and Wisconsin. The leasing agreements for the real estate properties sold as described above resulted in entry as of 30 June 2023 of assets represented by usage rights amounting to Euro 568 thousand and Euro 571 thousand respectively (Euro 574 thousand and the corresponding leasing liabilities amounting to Euro 802 thousand at 31 December 2022), as well as amortisation, depreciation and writedowns and financial costs in the half year ending on 30 June 2023 amounting to Euro 203 thousand and Euro 5 thousand respectively.

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 2023, of assets represented by usage rights and leasing liabilities of Euro 697 thousand and Euro 1,247 thousand respectively (Euro 906 thousand and Euro 1,417 thousand at 31 December 2022), and of amortisation, depreciation and writedowns and financial costs for the period ending on 30 June 2023 of Euro 304 thousand and Euro 27 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 2023, of assets represented by usage rights and leasing liabilities of Euro 139 thousand and Euro 215 thousand (Euro 257 thousand and Euro 285 thousand at 31 December 2022), and of amortisation, depreciation and writedowns and financial costs for the period ending on 30 June 2023 of Euro 119 thousand and Euro 0.3 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 2023 of assets represented by usage rights and the corresponding leasing liabilities amounting to Euro 170 thousand and Euro 312 thousand respectively (Euro 102 thousand and Euro 266 thousand at 31 December 2022), as well as amortisation, depreciation and writedowns and financial costs in the period ending on 30 June 2023 amounting to Euro 37 thousand and Euro 18 thousand respectively.

Transactions with Top Management

As of the date of 30 June 2023 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; (*iv*) Research & Development divisions, the director of human resources and the general counsel;

The table below provides details of fees payable to members of Top Management in the half years ending on 30 June 2022 and 30 June 2023, including contributions.

	Half Year closed at 30 June	
(in thousands of Euro)	**2023**	**2022**
Fees for office held	1,137	720
Bonuses and other incentives	682	1,227
Other fees	121	95
Directors' fees	1,210	1,886
Total	**3,151**	**3,929**

Please note that:

• other current payables and liabilities as of 30 June 2023 include payables to directors for fees not yet paid totalling Euro 753 thousand (Euro 872 thousand at 31 December 2022);

• provisions for employee benefits as of 30 June 2023 include the value of end of service indemnity for directors totalling Euro 1,535 thousand (Euro 1,499 thousand at 31 December 2022);

• costs for services for the half year ended 30 June 2023 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 1,210 thousand (Euro 1,886 thousand for the half year ended 30 June 2022.

12. Commitments and risks

Sureties and guarantees granted to third parties

At 30 June 2023, the Group had sureties and guarantees in place for a total amount of Euro 1,238 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.

13. Directors' and auditors' fees

Emoluments for the 2023 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 €1,210 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 and 2023.

(in thousands of Euro)	**2023**	**2022**
Chairman of the Board of Directors	107	130
Executive Directors	983	1.681
Non-executive directors	120	75
Total cost	**1,210**	**1,886**

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

14. Independent auditor's fees

The fees due to the independent auditors for the half year ended 30 June 2023 amounted to Euro 213 thousand, of which Euro 185 thousand for auditing services and Euro 28 thousand for services other than auditing.

15. 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 2022 and 30 June 2023.

	Half Year closed at 30 June	
(in thousands of Euro)	**2023**	**2022**
Research and development costs	12,208	10,992
Capitalised development costs	(2,943)	(2,222)
Amortisation of capitalised development costs	1,390	1,126
Research and development costs entered as operating costs	**10,655**	**9,896**

16. 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 2023 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.

17. Events of significance following the close of the financial period

On 1 August 2023, GVS SpA signed an advance tax ruling with the Revenue Agency regarding the determination of the benefited income arising from intangible assets (so-called Patent Box) for the purposes of the related preferential taxation; the agreement is effective for the 2019 to 2023 tax years.

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

The condensed interim consolidated financial statements ending on 30 June 2023 were approved on 05 September 2023 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 2023	of which with related parties	percentage	At 31 December 2022	of which with related parties	percentage
ASSETS						
Non-current assets						
Intangible assets	481,175			494,846		
Right of use assets	20,836	2,893	13.9%	22,991	3,261	14.2%
Tangible assets	120,526	12	0.0%	120,404	14	0.0%
Deferred tax assets	7,213			3,487		
Non-current financial assets	3,745			3,754		
Non-current derivative financial instruments	7,673			6,648		
Other receivables and non-current assets	1,695			1,695		
Total non-current assets	**642,863**			**653,825**		
Current assets						
Inventories	103,203			106,922		
Trade receivables	70,549	52	0.1%	72,944	82	0.1%
Assets from contracts with customers	942			1,205		
Current tax receivables	7,170	3,511	49.0%	5,691	2,973	52.2%
Other receivables and current assets	12,172			12,514		
Current financial assets	66,264			4,779		
Cash and cash equivalents	132,406			135,169		
Total current assets	**392,706**			**339,224**		
TOTAL ASSETS	**1,035,569**			**993,049**		
SHAREHOLDERS' EQUITY AND LIABILITIES						
Share capital	1,750			1,750		
Reserves	322,431			301,780		
Net income	7,331			24,098		
Group net shareholders' equity	**331,513**			**327,628**		
Shareholders' equity attributable to non-controlling interests	39			46		
Total shareholders' equity	**331,551**			**327,674**		
Non-current liabilities						
Liabilities for the purchase of equity investments and earn out	24,030			40,983		
Non-current financial liabilities	403,654	75,000	18.6%	10,989		
Non-current leasing liabilities	14,823	1,109	7.5%	16,899	1,547	9.2%
Deferred tax liabilities	45,557			46,086		
Provisions for employee benefits	2,980	21	0.7%	4,630	1,499	32.4%
Provisions for risks and charges	9,931			9,221		

Total non-current liabilities	**500,975**			**128,808**		
Current liabilities						
Liabilities for the purchase of equity investments and earn out	18,714			-		
Current financial liabilities	94,628	586	0.6%	438,238		
Current leasing liabilities	7,789	2,555	32.8%	8,312	2,907	35.0%
Provisions for current employee benefits	1,514	1,514	100.0%	-		
Trade payables	46,183			57,944		
Liabilities from contracts with customers	6,432			7,224		
Current tax payables	5,923			2,662		
Other current payables and liabilities	21,859	1,869	8.6%	22,187	2,227	10.0%
Total current liabilities	**203,042**			**536,567**		
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**1,035,569**			**993,049**		

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

	Period ending on 30 June					
(in thousands of Euro)	**2023**	**of which with related parties**	**percentage**	**2022**	**of which with related parties**	**percentage**
Revenue from contracts with customers	213,372			166,611		
Other operating income	2,595	52	2.0%	1,551	30	1.9%
Total revenues	**215,967**			**168,162**		
Purchases costs and change in inventories	(70,285)			(52,357)		
Personnel costs	(67,213)	(1,941)	2.9%	(56,188)	(2,043)	3.6%
Service costs	(28,710)	(1,220)	4.2%	(20,985)	(1,886)	9.0%
Other operating costs	(4,139)			(2,102)		
EBITDA	**45,620**			**36,530**		
Net impairment losses on financial assets	(479)			(232)		
Amortisation, depreciation and writedowns	(21,403)	(984)	4.6%	(15,553)	(897)	5.8%
EBIT	**23,738**			**20,745**		
Financial income	1,244			23,947		
Financial costs	(15,017)	(644)	4.3%	(2,167)	(89)	4.1%
Pre-tax result	**9,965**			**42,525**		
Income tax	(2,629)			(10,084)		
Net income	**7,336**			**32,441**		
Group's share	7,331			32,437		
Minority share	5			4		

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

	Period ending on 30 June					
(in thousands of Euro)	**2023**	**of which with related parties**	**percentage**	**2022**	**of which with related parties**	**percentage**
Pre-tax result	9,965	(4,737)	-47.5%	42,525	(4,884)	-11.5%
- Adjustment for:						
Amortisation, depreciation and writedowns	21,403	984	4.6%	15,553	897	5.8%
Capital losses / (capital gains) from sale of assets	102			20		
Financial costs / (income)	13,773	644	4.7%	(21,780)	89	-0.4%
Other non-monetary variations	3,671	36	1.0%	3,750	24	0.6%
Cash flow generated / (absorbed) by operations before variations in net working capital	***48,914***			***40,068***		
Variation in inventories	418			(9,930)		
Variation in trade receivables	1,671	30	1.8%	364	-	0.0%
Variation in trade payables	(10,698)	-	0.0%	1,657	-	0.0%
Variation in other assets and liabilities	45	(593)	-1309.5%	1,924	(1,205)	-62.6%
Use of provisions for risks and charges and for employee benefits	(1,432)			(779)		
Taxes paid	(4,661)	(538)	11.5%	(5,148)	1,020	-19.8%
Net cash flow generated / (absorbed) by operations	**34,257**			**28,156**		
Investments in tangible assets	(9,524)			(10,319)	(1)	0.0%
Investments in intangible assets	(3,060)			(2,341)		
Disposal of tangible assets	304			42		
Investment in financial assets	(82,500)			(1,073)		
Disinvestment in financial assets	21,393			6,451		
Payment for purchase of business unit net of cash on hand acquired	-			(239,162)		
Net cash flow generated / (absorbed) by investment	**(73,387)**			**(246,402)**		
Opening of long-term financial liabilities	75,936	75,000	98.8%	232,511		
Repayment of long-term financial liabilities	(27,293)			(23,219)		
Repayment of lease liabilities	(3,278)	(1,404)	42.8%	(2,367)	(1,210)	51.1%
Financial costs paid	(8,782)	(58)	0.7%	(1,268)	(89)	7.0%
Financial income collected	608			1,285		
Treasury shares	-			(1,405)		
Net cash flow generated/(absorbed) by financial assets	**37,192**			**205,537**		
Total variation in cash on hand	**(1,938)**			**(12,709)**		
Cash on hand at the start of the year	**135,169**			**136,893**		
Total variation in cash on hand	(1,938)			(12,709)		
Conversion differences on cash on hand	(824)			4,500		
Cash on hand at the end of the year	**132,406**			**128,684**		

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

	The 6-month period closed on 30 June							
(in thousands of Euro)	2023	of which non-recurring	2023 *adjusted*	percentage	2022	of which non-recurring	2022 *adjusted*	percentage
Revenue from contracts with customers	213,372		213,372		166,611		166,611	
Other operating income	2,595	319	2,276	12.3%	1,551		1,551	
Total revenues	**215,967**	**319**	**215,648**		**168,162**	**-**	**168,162**	
Purchases costs and change in inventories	(70,285)		(70,285)		(52,357)	(996)	(51,361)	1.9%
Personnel costs	(67,213)	(649)	(66,564)	1.0%	(56,188)	(1,415)	(54,773)	2.5%
Service costs	(28,710)	(268)	(28,442)	0.9%	(20,985)	(978)	(20,007)	4.7%
Other operating costs	(4,139)	(857)	(3,282)	20.7%	(2,102)		(2,102)	
EBITDA	**45,620**	**(1,455)**	**47,075**		**36,530**	**(3,389)**	**39,919**	
Net impairment losses on financial assets	(479)		(479)		(232)		(232)	
Amortisation, depreciation and writedowns	(21,403)	(8,579)	(12,824)	40.1%	(15,553)	(4,725)	(10,828)	30.4%
EBIT	**23,738**	**(10,034)**	**33,772**		**20,745**	**(8,114)**	**28,859**	
Financial income	1,244		1,244		23,947		23,947	
Financial costs	(15,017)	(1,784)	(13,233)	11.9%	(2,167)	(713)	(1,454)	32.9%
Pre-tax result	**9,965**	**(11,818)**	**21,783**		**42,525**	**(8,827)**	**51,352**	
Income tax	(2,629)	2,654	(5,283)	-101.0%	(10,084)	1,788	(11,872)	-17.7%
Net income	**7,336**	**(9,164)**	**16,501**		**32,441**	**(7,039)**	**39,480**	

CERTIFICATION OF THE CONDENSED INTERIM 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 2023.

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 2023 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, 05 September 2023

Massimo Scagliarini
Chief Executive Officer

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

AUDITING COMPANY REPORT

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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 subsidiaries (GVS Group) as of 30 June 2023, 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 of GVS SpA 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.

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 2023 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, 5 September 2023

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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