

**Interim report on operations  
at 30 September 2022  
GVS Group**



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## **INFORMATION ABOUT THE COMPANY AND INFORMATION FOR SHAREHOLDERS**

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### **LEGAL INFORMATION**

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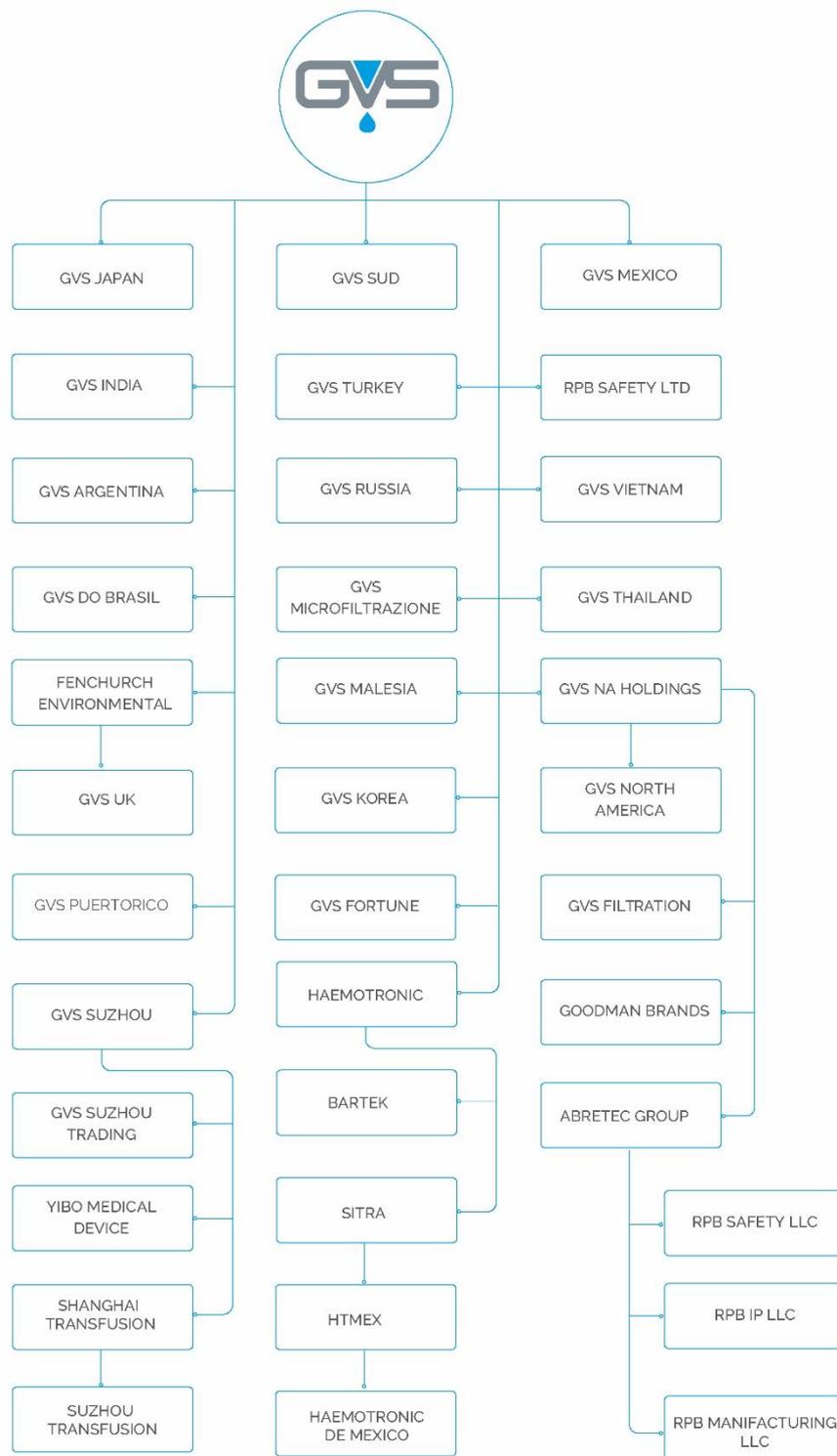
REA of Bologna 0305386

Register of Companies of Bologna 45539

### **INVESTOR RELATIONS**

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## GROUP STRUCTURE\*



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

## **CORPORATE BODIES**

### **Board of Directors**

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

### **Board of Auditors**

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

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

Emanuele Stanco

### **Independent auditors**

PricewaterhouseCoopers SpA

(1) Member of the Control, Risk and Sustainability Committee

(2) Member of the Nominations and Remuneration Committee

## DIRECTORS' REPORT ON OPERATIONS

### Foreword

The Interim Report on Operations of GVS SpA (hereinafter “GVS”, the “Company”, or the “Parent Company” and together with its subsidiaries the “GVS Group” or the “Group”) is presented together with the interim consolidated financial statements at 30 September 2022.

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

The tables below have been prepared on the basis of the consolidated financial statements at 30 September 2022, to which reference should be made. The latter were prepared in accordance with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and approved by the European Union, as well as with measures issued in implementation of Article 9 of Legislative Decree no. 38/2005.

### Group performance and analysis of the results for the period ending on 30 September 2022.

The GVS Group is one of the world’s leading suppliers of filter solutions for applications in the following industries: Healthcare & Life Sciences, Energy & Mobility and Health & Safety. The year 2020 and the first part of 2021 were strongly influenced by the outbreak of the COVID-19 pandemic, which for the Group had a significant impact on the sales of two sub-divisions: Healthcare Air & Gas and Personal Safety. The second half of 2021 and 2022 were periods characterized initially by a sustained recovery of the global economy, with a correlated inflationary push combined with the difficulty of procuring some materials, and subsequently by the energy crisis triggered by the war in Ukraine with a further growth in related expense items.

In this macroeconomic context with a high rate of instability and unpredictability, the GVS Group has combined three new acquisitions over the last 15 months, making the management scope even more complex to read, especially in terms of comparability with previous homogeneous periods. For this reason, the internal comparison metrics start by neutralizing the impacts of the sales of disposable masks (FFP3) linked specifically to the continuation of the pandemic.

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

<i>(in thousands of Euro)</i>	Period ending on 30 September		
	2022	2021 without sales of disposable masks for the pandemic	2021
<i>Healthcare Liquid</i>	119,457	73,483	73,483
<i>Healthcare Air &amp; Gas</i>	23,094	38,810	38,810
<i>Laboratory</i>	24,540	23,915	23,915

<b>Healthcare &amp; Life Sciences</b>	<b>167,091</b>	<b>136,208</b>	<b>136,208</b>
<i>Powertrain &amp; Drivetrain</i>	23,674	21,775	21,775
<i>Safety &amp; Electronics</i>	16,603	16,583	16,583
<i>Sport &amp; Utility</i>	18,173	16,605	16,605
<b>Energy &amp; Mobility</b>	<b>58,450</b>	<b>54,963</b>	<b>54,963</b>
<i>Personal Safety</i>	44,161	14,748	62,748
<i>Air Safety</i>	3,793	4,088	4,088
<b>Health &amp; Safety</b>	<b>47,954</b>	<b>18,836</b>	<b>66,836</b>
<b>Revenue from customer contracts</b>	<b>273,495</b>	<b>210,007</b>	<b>258,007</b>

In the first nine months of 2022 GVS achieved consolidated revenues of Euro 273.5 million, + 6% compared to Euro 258.0 million, recorded in the first nine months of 2021. The figure is up by 30.2% thanks to the contribution of the latest acquisitions once the impact of sales deriving from the spread of the COVID-19 pandemic in the first nine months of 2021 (normalized sales equal to Euro 210 million) have been neutralised.

The revenues of the Healthcare & Life Sciences division recorded significant growth in the Healthcare Liquid business (+62.6%), compared to the first nine months of last year, thanks also to the acquisitions concluded in the first part of 2022 (Euro 39 million), absorbing the contraction recorded in the Healthcare Air & Gas business. The Laboratory business shows an increase in turnover of 2.6%, settling at Euro 24.5 million, against the revenues of the first nine months of 2021, equal to Euro 23.9 million, which had also benefited from revenues equal to Euro 3 million, following an agreement reached with a customer for the early closure of a supply order.

The Energy & Mobility division recorded a positive trend with an increase of 6.3% in terms of revenues compared to the same period of the previous year, with the confirmation of the gradual recovery of production levels prior to the pandemic, thanks to the recovery of orders that had been rescheduled due to the disruptions of the logistics and supply chain in the sector. The trend of the division's orders remains positive, although we continue to be cautious in terms of forecasts for the last few months of the year, given the complexity of the global macroeconomic scenario.

Once the effects of extraordinary consumption deriving from the pandemic had been overcome, the Health & Safety division refocused on the development of the business of professional masks, benefiting also from the positive contribution of the acquisition of the RPB business consolidated from September 2021, which recorded differential revenues of 23 million euros in the first nine months of 2022. Net of the effects of COVID and recent acquisitions, the division's trend is growing by double digits (+ 35.1%) compared to the same period of the previous year.

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

- the Healthcare & Life Sciences division, which represents 61.1% of the total, recorded revenues of Euro 167.1 million and grew by 22.7% compared to the first nine months of 2021. STT and Haemotronic, taken over and consolidated respectively from 1 March 2022 and from 15 June 2022, contributed approximately Euro 39 million;
- the Energy & Mobility division, which represents 21.4% of the total, recorded an increase in turnover level of 6.3% compared to the same period of 2021, reaching Euro 58.5 million;
- the Health & Safety division represents 17.5% of the total and settled at Euro 48 million with a reduction of 28.3% compared to the same period of the previous year. After neutralising the effect of sales of disposable masks due to COVID-19, a growth of 154.6% is recorded.

Financial statements for the period closing at 30 September 2022 are shown below in comparison with those of the same period of the previous year, reclassified on the basis of current practice in financial analysis.

### Analysis of reclassified financial position

	The 9-month period closed on 30th September							
	2022		2022		2021			
(in thousands of Euro)	2022	of which non recurring	from ordinary operations	%	2021	of which non recurring	from ordinary operations	%
Revenues from sales and services	273,495		273,495	100.0%	258,007		258,007	100.0%
Other revenues and proceeds	2,544		2,544	0.9%	3,561	2,413	1,148	0.4%
<b>Total revenues</b>	<b>276,039</b>	-	<b>276,039</b>	<b>100.9%</b>	<b>261,568</b>	<b>2,413</b>	<b>259,155</b>	<b>100.4%</b>
Cost of raw materials purchases and variations in inventories	(93,588)	(3,959)	(89,629)	-32.8%	(68,230)		(68,230)	-26.4%
Services	(38,870)	(1,031)	(37,839)	-13.8%	(27,709)	(1,910)	(25,799)	-10.0%
Various operating costs	(3,368)		(3,368)	-1.2%	(4,334)	(1,451)	(2,883)	-1.1%
<b>Added value</b>	<b>140,213</b>	<b>(4,990)</b>	<b>145,203</b>	<b>53.1%</b>	<b>161,295</b>	<b>(948)</b>	<b>162,243</b>	<b>62.9%</b>
Cost of labour	(90,918)	(2,632)	(88,286)	-32.3%	(76,326)		(76,326)	-29.6%
<b>EBITDA</b>	<b>49,295</b>	<b>(7,622)</b>	<b>56,917</b>	<b>20.8%</b>	<b>84,969</b>	<b>(948)</b>	<b>85,917</b>	<b>33.3%</b>
Amortisation and depreciation	(26,028)	(8,742)	(17,286)	-6.3%	(15,789)	(2,746)	(13,043)	-5.1%
Provisions and writedowns	(342)		(342)	-0.1%	(303)		(303)	-0.1%
<b>EBIT</b>	<b>22,925</b>	<b>(16,364)</b>	<b>39,289</b>	<b>14.4%</b>	<b>68,877</b>	<b>(3,694)</b>	<b>72,571</b>	<b>28.1%</b>
Financial proceeds and charges	37,640	(1,580)	39,220	14.3%	4,550		4,550	1.8%
<b>Pre-tax result</b>	<b>60,565</b>	<b>(17,944)</b>	<b>78,509</b>	<b>28.7%</b>	<b>73,427</b>	<b>(3,694)</b>	<b>77,121</b>	<b>29.9%</b>
Income tax	(15,490)	4,065	(19,555)	-7.2%	(17,088)	541	(17,629)	-6.8%
<b>Group's and minority shareholders' net profit or loss</b>	<b>45,075</b>	<b>(13,879)</b>	<b>58,954</b>	<b>21.6%</b>	<b>56,340</b>	<b>(3,153)</b>	<b>59,493</b>	<b>23.1%</b>

The consolidated economic results of operations of the period closing at 30 September 2022 were as follows: total revenues from ordinary operations amounted to Euro 276 million (Euro 259.2 million in 2021); EBITDA from ordinary operations amounted to Euro 56.9 million (Euro 85.9 million in 2021); EBIT from ordinary operations came to Euro 39.3 million (Euro 72.6 million in 2021).

Normalised EBITDA shows a margin on revenues of 20.8% and is equal to Euro 56.9 million (Euro 85.9 million in the first nine months of 2021). The result for the period is influenced, on the one hand, by the dilution deriving from the acquisitions completed in 2022, and on the other hand, by the pressure in terms of cost increases and the related time lag in the absorption in sales prices, as well as by the investments made for the strengthening of the commercial and managerial structure to pave the way for future growth with the consequent increase in the level of operating leverage. The Company has already initiated actions aimed at recovering profitability and optimizing the Group's industrial assets following the acquisitions made.

EBIT from ordinary operations with a margin on revenues of 14.4% is equal to Euro 39.3 million, -45.9% compared to the Euro 72.6 million of the previous year (value of Euro 52.6 million from ordinary operations excluding the effects of COVID in the first nine months of the previous year). There was an increase in the item amortization and depreciation for Euro 4.3 million of which Euro 2.1 million attributable to the acquisitions of RPB, STT and Haemotronic and for the remaining part attributable to the acceleration of the investment plans implemented by the Group over the last few years, in order to cope with the necessary increase in production capacity.

Net financial charges (net of exchange rate gains of Euro 42,543 thousand recorded in the first nine months of 2022 and of Euro 5,923 thousand recorded in 2021) increased in the period in question, going from Euro 1,373 thousand for the period ended 30 September 2021 to Euro 3,323 thousand for the period ended 30 September 2022, mainly due to the new financial payables linked to the acquisitions, completed in the second half of 2021 and the first half of 2022, and to the increase in market interest rates the loans are related to.

The pre-tax result of recurrent activities reached Euro 78.5 million in the period in question, Euro 1.4 million higher than the 2021 figure of Euro 77.1 million, due to the effect of the factors described above.

Non-recurrent proceeds and charges in the period ending on 30 September 2022 represent: (i) to greater costs related to the higher inventory value attributed following the purchase price allocation of the RPB and STT groups (a total of Euro 3,959 thousand); (ii) costs allocated to the provision for risks and reorganization relating to Group personnel (totalling Euro 2,632 thousand); (iii) to consultancy costs related to acquisition of business/equity investments (Euro 1,031 thousand), (iv) amortization of intangible and depreciation of tangible assets recognized following the purchase price allocation of the Kuss, RPB and STT groups (a total of Euro 8,742 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 1,580 thousand), net of the related tax effect.

Non-recurrent proceeds and charges in the period ending on 30 September 2021 represent: (i) the capital gain realised following the sale of the Suzhou production site to the Chinese government (€1,925 thousand); (ii) contributions obtained from the Chinese government for the relocation of the same production site (€488 thousand); (iii) one-off CONSOB supervisory costs paid in relation to the IPO procedure (€991 thousand); (iv) costs allocated to the above-mentioned fund for the relocation of the Chinese production site, and the production site in England (coming to €1,451 thousand); and (v) consultancy costs for the acquisition of the RPB Group (€919 thousand) and (vi) amortisation of intangible and tangible assets recorded following the purchase price allocation of the Kuss group (€2,746 thousand), net of the related tax effect.

#### Analysis of reclassified equity position

<i>(in thousands of Euro)</i>	<b>At 30 September 2022</b>	<b>At 31 December 2021</b>
Net intangible fixed assets	509,754	227,743
Net usage rights	23,724	10,420
Net tangible fixed assets	117,285	77,622
Financial fixed assets	3,840	978
Other fixed assets	14,416	1,965
<b>Fixed capital (A)</b>	<b>669,020</b>	<b>318,727</b>
Net trade receivables	77,079	52,975
Inventories	119,931	72,353
Payables to suppliers	(46,219)	(23,820)
<b>Net commercial working capital (B)</b>	<b>150,791</b>	<b>101,508</b>
Other current assets	20,912	19,279
Other current liabilities	(36,094)	(21,629)
<b>Total current assets/liabilities (C)</b>	<b>(15,182)</b>	<b>(2,351)</b>
<b>Net working capital (D)= (B) + (C)</b>	<b>135,608</b>	<b>99,157</b>
Other non-current liabilities (E)	(27,727)	(5,675)
Employee termination indemnity and end of service indemnity (F)	(5,438)	(4,366)
Provisions for risks and charges (G)	(8,746)	(4,654)
<b>Net invested capital (H) = (A+D+E+F+G)</b>	<b>762,717</b>	<b>403,188</b>
Shareholders' equity	(358,470)	(295,346)
<b>Consolidated shareholders' equity (I)</b>	<b>(358,470)</b>	<b>(295,346)</b>

(Short-term financial indebtedness)/Liquidity	49,773	79,095
(Net medium/long term financial indebtedness)	(454,020)	(186,937)
<b>Net financial indebtedness (L)</b>	<b>(404,247)</b>	<b>(107,843)</b>
<b>Own funds and net financial indebtedness (M) = (I+L)</b>	<b>(762,717)</b>	<b>(403,188)</b>

Fixed capital at 30 September 2022 shows an increase of Euro 350,293 thousand, mainly due to the acquisition of the STT and Haemotronic groups for a comprehensive amount of Euro 299,302 thousand. Specifically, net intangible assets increased by € 282,011 thousand, of which € 254,091 thousand for the additional goodwill and provisional intangible fixed assets amounts recorded from the STT and Haemotronic acquisitions; tangible fixed assets increased by € 39,664 thousand, of which € 30,757 thousand related to STT and Haemotronic and net usage rights increased by Euro 13,304 thousand, of which Euro 11,800 thousand relating to Haemotronic net of amortisation of the period.

The balance of commercial net working capital at 30 September 2022 shows an increase of Euro 49,283 thousand, compared to 31 December 2021, due for Euro 28,299 to the net working capital relating to the STT and Haemotronic groups. Excluding the increase in inventories to be attributed to these extraordinary transactions and the exchange rate effect of the period equal to Euro 11,869 thousand, the increase in inventory of Euro 7,432 thousand mainly concerned raw materials to anticipate future price increases and to avoid production disruption, due to logistical problems in some markets, including the Chinese market.

The increase in other current assets at 30 September 2022, equal to Euro 1,633 thousand, was mainly due to the extraordinary transactions for the increase in prepaid expenses and tax receivables for indirect taxes.

The increase in other current liabilities at 30 September 2022 compared to 31 December 2021, equal to Euro 14,465 thousand, is mainly attributable to the STT and Haemotronic groups due to the increase in payables for indirect taxes, payables to employees and to social security institutions and advances received from customers.

Shareholders' equity at 30 September 2022 increased by Euro 63,123 thousand, mainly due to the overall result for the period equal to Euro 62,717 thousand.

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

#### Analysis of net financial indebtedness and net financial position

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

<i>(in thousands of Euro)</i>	<b>At 30 September 2022</b>	<b>At 31 December 2021</b>
(A) Cash on hand	111,338	136,893
(B) Cash equivalents	-	-
Term deposits	3,244	727
Shares held for trading	3,678	7,437
Financial receivables due to leasing	203	173
(C) Other current financial assets	7,125	8,337
<b>(D) Liquidity (A)+(B)+(C)</b>	<b>118,463</b>	<b>145,230</b>
Current bank debts	77	-
Financial payables to other companies in the GVS Group due to leasing	1,957	2,117
Financial payables for leasing	6,272	2,643
Other current payables	-	19,670
Other financial payables	234	545
(E) Current financial indebtedness	8,540	24,975
(F) Current portion of non-current indebtedness	60,150	41,160
<b>(G) Current financial indebtedness (E)+(F)</b>	<b>68,690</b>	<b>66,135</b>

<b>(H) Net current financial indebtedness (G)-(D)</b>	<b>49,773</b>	<b>79,095</b>
Non-current bank debts	380,460	155,320
Non-current bonded loans	13,078	24,758
Other financial payables	42,506	87
Financial payables to other companies in the GVS Group due to leasing	1,664	2,784
<u>Non-current financial payables for leasing</u>	<u>16,312</u>	<u>3,989</u>
(I) Non-current financial indebtedness	454,020	186,937
Passive derivative financial instruments	-	-
(J) Debt instruments	-	-
(K) Trade payables and other non-current payables	-	-
<b>(L) Non-current financial indebtedness (I)+(J)+(K)</b>	<b>454,020</b>	<b>186,937</b>
<b>(M) Total net financial indebtedness (H)-(L)</b>	<b>(404,247)</b>	<b>(107,843)</b>

The change in net financial indebtedness at 30 September 2022 compared to 31 December 2021, totalling € 296,404 thousand, is mainly due to the net liquidity used for the acquisition of the STT and Haemotronic groups equal to € 215,958 thousand, to the net financial indebtedness for leasing and non-leasing obtained with the same STT and Haemotronic (€48,909 thousand) and to the non-current financial indebtedness for earn out, recorded at 30 September 2022 for Euro 41,481 thousand, relating to the same extraordinary transactions. In terms of current operations, the cash generated by operations was much higher than the liquidity necessary to meet the ordinary investments made in the period, the cash absorbed by working capital, and that used for the payment of financial charges and the purchase of treasury shares. The increase in current financial debt, equal to Euro 2,555 thousand, is mainly attributable to the increase in the current portion of medium-term financial payables, net of the reduction in debt for earn out relating to the RPB group, which was paid in the period in question. The increase in non-current financial debt, equal to Euro 267,083 thousand, is mainly attributable to the new debt for Euro 230 million incurred for the acquisition of Haemotronic and to the debts for earn out relating to the STT and Haemotronic groups, for Euro 41,482 thousand, to be paid in the course of subsequent financial years.

The Group's net financial position (including non-current active derivatives and non-current active loans, and excluding net current and non-current leasing liabilities recorded in accordance with the provisions of IFRS 16) are equal to negative Euro 371,937 thousand at 30 September 2022 and negative Euro 96,360 thousand at 31 December 2021.

<i>(in thousands of Euro)</i>	<b>At 30 September 2022</b>	<b>At 31 December 2021</b>
<b>(M) Total net financial indebtedness</b>	<b>(404,247)</b>	<b>(107,843)</b>
Non-current active derivative financial instruments	5,832	123
Long-term financial receivables	476	-
Financial payables for leasing (net)	26,002	11,359
<b>Total net financial position</b>	<b>(371,937)</b>	<b>(96,360)</b>

### Cash flow statement

The cash flow statement appears below.

<i>(in thousands of Euro)</i>	<b>The 9-month period closed on 30th</b>	
	<b>2022</b>	<b>2021</b>
Pre-tax result	60,565	73,427
- <i>Adjustment for:</i>		
Amortisation, depreciation and writedowns	26,028	15,789
Capital losses / (capital gains) from sale of assets	36	(1,954)
Financial charges / (proceeds)	(37,640)	(4,550)

Other non-monetary variations	5,965	3,829
<b>Cash flow generated / (absorbed) by operations before variations in net working capital</b>	<b>54,954</b>	<b>86,542</b>
Variation in inventories	(7,432)	(11,646)
Variation in trade receivables	(4,553)	4,244
Variation in trade payables	(558)	(4,899)
Variation in other assets and liabilities	3,564	(3,976)
Use of provisions for risks and charges and for employee benefits	(1,670)	(728)
Taxes paid	(6,843)	(29,588)
<b>Net cash flow generated / (absorbed) by operations</b>	<b>37,461</b>	<b>39,949</b>
Investments in tangible assets	(14,003)	(11,633)
Investments in intangible assets	(3,686)	(3,877)
Disposal of tangible assets	43	3,516
Investment in financial assets	(6,686)	(1,126)
Disinvestment in financial assets	6,451	-
Payment for purchase of business unit net of cash on hand acquired	(236,025)	(129,202)
<b>Net cash flow generated / (absorbed) by investment</b>	<b>(253,906)</b>	<b>(142,322)</b>
Opening of long-term financial payables	232,511	150,139
Repayment of long-term financial payables	(37,467)	(15,260)
Repayment of leasing liabilities	(4,189)	(3,203)
Financial charges paid	(2,650)	(3,239)
Financial proceeds collected	1,346	342
Treasury shares	(1,405)	-
Dividends paid	-	(22,661)
<b>Net cash flow generated/(absorbed) by financial assets</b>	<b>188,146</b>	<b>106,118</b>
<b>Total variation in cash on hand</b>	<b>(28,299)</b>	<b>3,744</b>
<b>Cash on hand at the start of the period</b>	<b>136,893</b>	<b>125,068</b>
Total variation in cash on hand	(28,299)	3,744
Conversion differences on cash on hand	2,744	1,597
<b>Cash on hand at the end of the period</b>	<b>111,338</b>	<b>130,409</b>

During the period ended 30 September 2022, operations generated less liquidity for Euro 31,588 thousand compared to the same period of the previous year, mainly due to the reduction in EBITDA largely linked to the sales of disposable masks in 2021; moreover, net of the liquidity used for the payment of taxes that characterized the first nine months of 2021, net working capital continues to absorb cash following an increase in the inventories of raw materials to anticipate future price increases and to avoid disruption of production due to logistical problems in some markets and an increase in trade receivables.

During the period ended 30 September 2022, net investment activity (for ordinary and extraordinary acquisitions) shows a greater absorption of liquidity, compared to the same period of the previous year, for Euro 111,584 thousand following the acquisition of the STT and Haemotronic groups and the payment of the debt for earn out relating to the RPB group, carried out during 2022. This is unlike the RPB acquisition, as the first payment took place in the third quarter of 2021.

The item financial assets amounting to Euro 82,028 thousand, shows a higher level of liquidity compared to the same period of the previous year, mainly as a result of the new financial debt of Euro 230,000 thousand incurred in 2022 for the acquisition of Haemotronic, against the loan of Euro 150,000 thousand obtained in 2021 for the acquisition of RPB.

### Indicators

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

Period ending on 30 September

<i>(in thousands of Euro)</i>	<b>2022</b>	<b>2021</b>
ROE (net profit/total net shareholders' equity)	17%	26%
ROI (EBIT from ordinary operations/net invested capital)	7%	24%
ROS (EBIT from ordinary operations/ordinary total revenues)	14%	28%
EBITDA	49,295	84,969
EBITDA from ordinary operations	56,917	85,917
Net interest expense (excluding exchange gains / losses and interest for discounting earn out)	(3,322)	(1,373)
Net Financial Debt	(404,247)	(127,607)
Net financial position	(371,937)	(116,719)
Total intangible fixed assets/Total fixed assets	76%	72%
Total intangible fixed assets/Total assets	51%	39%
Acid test (short-term assets/short-term liabilities)	1.2	1.4
Net interest expense / payables to lenders	0.9%	0.8%
Indebtedness ratio (net financial indebtedness/shareholders' equity)	1.13	0.45
Net financial position/shareholders' equity	1.04	0.41
EBITDA/Interest	14.84	61.89
EBITDA from ordinary operations/Interest	17.13	62.58
Net financial position/EBITDA	5.66	1.03
Net financial position/EBITDA from ordinary operations	4.90	1.02
Net financial debt / normalised EBITDA based on pro forma data	4.60	N/A
Net financial debt / EBITDA	6.15	1.13
Net financial indebtedness/EBITDA from ordinary operations	5.33	1.11

## **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 September 2022 are mainly attributable to the strengthening of the production capacity of the Healthcare & Life Sciences division.

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

## **Research and development.**

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

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

<i>(in thousands of Euro)</i>	Period ending on 30 September	
	2022	2021
Research and development costs	17,316	15,100
Research and development costs/revenues from contracts with customers	6.3%	5.9%

### **Additional information**

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

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

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

### **Principal risks and uncertainties**

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

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

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

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

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

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

### **Inter-group and related party transactions**

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

<b>Company</b>	<b>Type of transaction</b>
Parent Company - GVS Group S.r.l.	Financial, consolidated fiscal
Subsidiaries	Commercial, performance of services and financial
Associated companies - Companies in the GVS Group	Services

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

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

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

#### **Significant events occurring during the period.**

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

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

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

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

EBITDA, whose payment is expected in 2024 and 2025. In order to finance the transaction, GVS signed a 5-year loan agreement for a total amount of € 230 million with a pool of lending banks, including Mediobanca - Banca di Credito Finanziario SpA and Unicredit SpA, acting, inter alia, in the capacity of arrangers, global coordinators and original lenders.

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

### **Events subsequent to the close of the period**

In October 2022, GVS agreed with the seller of STT on the amount to be received as a price adjustment based on the net working capital and the net financial position at the closing date, against which the amount of Euro 3,184 thousand was provided by the escrow account during the same month.

In October 2022, GVS agreed with the seller of Haemotronic on the amount to be received, equal to Euro 1,000 thousand, as a price adjustment based on the net working capital and the net financial position at the closing date.

In October 2022, a voluntary mobility procedure was launched for the Italian production division of the Parent Company GVS SpA to pursue greater efficiency in the production departments through non-traumatic actions to reduce the workforce. The agreement with the social partners provides for a generational relay with early retirement incentives and new hires to replace those who leave voluntarily.

### **Business outlook**

GVS continues to pursue the organic consolidation of the results obtained so far thanks to the progressive industrial and commercial integration of the recent acquisitions. The objective is to confirm the organic growth trend that, net of extraordinary trends in the period, has historically characterized the Group, maintaining a high level of attention for timeliness in responding to the demands of the market and of its customers with ever greater integration of ESG factors in the business strategy. Particular attention to the performance of operations continues to be tied to the current situation of geopolitical tension, which, although marginal in terms of direct exposure for the GVS Group, may have indirect economic impacts to be monitored at the end of the year. Following the results achieved in the first nine months of 2022 and in consideration of the economic and geopolitical cyclical uncertainty variables, we confirm the 2022 forecast for a double-digit percentage growth in turnover, therefore by over 10%, compared to 2021, including the contribution deriving from the consolidation of the acquisition of Haemotronic and thus positively absorbing the reduction in the extraordinary values recorded last year for the sale of disposable masks. In terms of EBITDA margin, it is expected that the dilution dynamics, already observed in the first nine months of 2022 compared to the previous year, will be confirmed at the level of the overall result for the year 2022, since the benefits deriving from the actions taken to recover profitability and optimization of the Group's industrial assets following the acquisitions made are linked to a medium-term time period.

Zola Predosa, 09 November 2022

For the Board of Directors

Massimo Scagliarini

Chief Executive Officer

## FINANCIAL STATEMENTS AT 30 September 2022

### Consolidated statement of assets and liabilities\*

<i>(in thousands of Euro)</i>	At 30 September 2022	At 31 December 2021
<b>ASSETS</b>		
<b>Non-current assets</b>		
Intangible assets	509,754	227,743
Assets represented by usage rights	23,724	10,420
Tangible assets	117,285	77,622
Advance tax assets	6,566	1,502
Non-current financial assets	4,083	1,318
Non-current derivative financial instruments	5,832	123
Other receivables and non-current assets	1,776	-
<b>Total non-current assets</b>	<b>669,020</b>	<b>318,728</b>
<b>Current assets</b>		
Inventories	119,931	72,353
Trade receivables	77,079	52,975
Assets from contracts with customers	2,754	1,678
Current tax receivables	3,797	7,590
Other receivables and current assets	14,361	10,011
Current financial assets	7,125	8,337
Cash on hand	111,338	136,893
<b>Total current assets</b>	<b>336,385</b>	<b>289,837</b>
<b>Total Assets held for sale</b>	<b>-</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>1,005,405</b>	<b>608,565</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
Share capital	1,750	1,750
Reserves	311,611	225,967
Net income	45,073	67,590
<b>Group net shareholders' equity</b>	<b>358,434</b>	<b>295,307</b>
<b>Shareholders' equity attributable to non-controlling interests</b>	<b>36</b>	<b>40</b>
<b>Total shareholders' equity</b>	<b>358,470</b>	<b>295,347</b>
<b>Non-current liabilities</b>		
Debt for the purchase of equity investments and non-current earn out	41,482	-
Non-current financial liabilities	394,562	180,164
Non-current leasing liabilities	17,976	6,773
Deferred tax liabilities	27,727	5,675
Provisions for employee benefits	5,438	4,366
Provisions for risks and charges	8,746	4,654
<b>Total non-current liabilities</b>	<b>495,931</b>	<b>201,632</b>
<b>Current liabilities</b>		
Debt for the purchase of equity investments and current earn out	-	19,670
Current financial liabilities	60,461	41,706
Current leasing liabilities	8,229	4,760
Trade payables	46,219	23,820
Liabilities from contracts with customers	10,277	3,417
Current tax payables	5,711	3,047
Other current payables and liabilities	20,107	15,166
<b>Total current liabilities</b>	<b>151,004</b>	<b>111,586</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>1,005,405</b>	<b>608,565</b>

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

## Consolidated income statement\*

<i>(in thousands of Euro)</i>	Notes	The 9-month period closed on 30th September	
		2022	2021
Revenue from customer contracts	6.1	273,495	258,007
Other revenues and proceeds	6.2	2,544	3,561
<b>Total revenues</b>		<b>276,039</b>	<b>261,568</b>
Purchases and consumption of raw materials, semi-products and finished products	6.3	(93,588)	(68,230)
Personnel costs	6.4	(90,918)	(76,326)
Service costs	6.5	(38,870)	(27,709)
Other operating costs	6.6	(3,368)	(4,334)
<b>EBITDA</b>		<b>49,295</b>	<b>84,969</b>
Net writedowns of financial assets	6.7	(342)	(303)
Amortisation, depreciation and writedowns	6.7	(26,028)	(15,789)
<b>EBIT</b>		<b>22,925</b>	<b>68,877</b>
Financial proceeds	6.8	43,009	6,265
Financial charges	6.8	(5,369)	(1,715)
<b>Pre-tax result</b>		<b>60,565</b>	<b>73,427</b>
Income tax	6.9	(15,490)	(17,088)
<b>Net income</b>		<b>45,075</b>	<b>56,340</b>
<i>Group's share</i>		45,073	56,332
<i>Minority share</i>		2	8
<i>Basic net profit per share (in Euro)</i>	6.10	0.26	0.32
<i>Diluted net profit per share (in Euro)</i>	6.10	0.26	0.32

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

## Comprehensive consolidated income statement

<i>(in thousands of Euro)</i>	The 9-month period closed on 30th September	
	2022	2021
<b>Net income</b>	<b>45,075</b>	<b>56,340</b>
<b>Other components of the comprehensive income statement which will be reclassified in the income statement in subsequent years</b>		
Profits (losses) on cash flow hedges, net of tax effect	4,339	14
Difference due to conversion of financial statements in foreign currency	13,303	5,715
	<b>17,642</b>	<b>5,729</b>
<b>Other components of the comprehensive income statement which will not be reclassified in the income statement in subsequent years</b>		
Actuarial profit (loss) due to employee defined benefit plans net of tax effect	-	-
	-	-
<b>Total other components in the comprehensive income statement</b>	<b>17,642</b>	<b>5,729</b>
<b>Comprehensive net profit</b>	<b>62,717</b>	<b>62,069</b>
<i>Group's share</i>	<i>62,721</i>	<i>62,063</i>
<i>Minority share</i>	<i>(4)</i>	<i>6</i>

## Prospectus of changes in consolidated shareholders' equity

<i>(in thousands of Euro)</i>	Reserves								Net income	Group net shareholders' equity	Shareholders' equity attributable to non-controlling interests	Total shareholders' equity
	Share capital	Share premium reserve	Legal reserve	Extraordinary reserve	Translation reserve	Negative reserve for treasury shares	Actuarial profits and losses reserve	Profit (loss) carried over and other reserves				
<b>At 31 December 2020</b>	<b>1,750</b>	<b>92,770</b>	<b>329</b>	<b>30,485</b>	<b>(11,636)</b>	<b>-</b>	<b>(187)</b>	<b>51,093</b>	<b>78,063</b>	<b>242,667</b>	<b>30</b>	<b>242,697</b>
Net income	-	-	-	-	-	-	-	-	56,332	56,332	8	56,340
Total other components in the comprehensive income statement	-	-	-	-	5,717	-	-	14	-	5,731	(2)	5,729
<i>Comprehensive net profit</i>	-	-	-	-	5,717	-	-	14	56,332	62,063	6	62,069
Allocation of net profit from previous year	-	-	21	4,537	-	-	-	73,505	(78,063)	-	-	-
Increase of reserves for long-term incentives	-	-	-	-	-	-	-	2,025	-	2,025	-	2,025
Distribution of deliberated dividends	-	-	-	-	-	-	-	(22,750)	-	(22,750)	-	(22,750)
<b>At 30 September 2021</b>	<b>1,750</b>	<b>92,770</b>	<b>350</b>	<b>35,022</b>	<b>(5,919)</b>	<b>-</b>	<b>(187)</b>	<b>103,887</b>	<b>56,332</b>	<b>284,005</b>	<b>36</b>	<b>284,041</b>

<i>(in thousands of Euro)</i>	Reserves								Net income	Group net shareholders' equity	Shareholders' equity attributable to non-controlling interests	Total shareholders' equity
	Share capital	Share premium reserve	Legal reserve	Extraordinary reserve	Translation reserve	Negative reserve for treasury shares	Actuarial profits and losses reserve	Profit (loss) carried over and other reserves				
<b>At 31 December 2021</b>	<b>1,750</b>	<b>92,770</b>	<b>350</b>	<b>35,022</b>	<b>(3,246)</b>	<b>(3,448)</b>	<b>(113)</b>	<b>104,632</b>	<b>67,590</b>	<b>295,307</b>	<b>40</b>	<b>295,347</b>
Net income	-	-	-	-	-	-	-	-	45,073	45,073	2	45,075
Total other components in the comprehensive income statement	-	-	-	-	13,309	-	-	4,339	-	17,648	(6)	17,642
<i>Comprehensive net profit</i>	-	-	-	-	13,309	-	-	4,339	45,073	62,721	(4)	62,717
Allocation of net profit from previous year	-	-	-	25,606	-	-	-	41,984	(67,590)	-	-	-
Increase of reserves for long-term incentives	-	-	-	-	-	-	-	1,811	-	1,811	-	1,811
Purchase of treasury shares	-	-	-	-	-	(1,405)	-	-	-	(1,405)	-	(1,405)
<b>At 30 September 2022</b>	<b>1,750</b>	<b>92,770</b>	<b>350</b>	<b>60,628</b>	<b>10,063</b>	<b>(4,853)</b>	<b>(113)</b>	<b>152,766</b>	<b>45,073</b>	<b>358,434</b>	<b>36</b>	<b>358,470</b>

## Consolidated statement of cash flows\*

<i>(in thousands of Euro)</i>	The 9-month period closed on 30th September	
	2022	2021
Pre-tax result	60,565	73,427
- <i>Adjustment for:</i>		
Amortisation, depreciation and writedowns	26,028	15,789
Capital losses / (capital gains) from sale of assets	36	(1,954)
Financial charges / (proceeds)	(37,640)	(4,550)
Other non-monetary variations	5,965	3,829
<b>Cash flow generated / (absorbed) by operations before variations in net working capital</b>	<b>54,954</b>	<b>86,542</b>
Variation in inventories	(7,432)	(11,646)
Variation in trade receivables	(4,553)	4,244
Variation in trade payables	(558)	(4,899)
Variation in other assets and liabilities	3,564	(3,976)
Use of provisions for risks and charges and for employee benefits	(1,670)	(728)
Taxes paid	(6,843)	(29,588)
<b>Net cash flow generated / (absorbed) by operations</b>	<b>37,461</b>	<b>39,949</b>
Investments in tangible assets	(14,003)	(11,633)
Investments in intangible assets	(3,686)	(3,877)
Disposal of tangible assets	43	3,516
Investment in financial assets	(6,686)	(1,126)
Disinvestment in financial assets	6,451	-
Payment for purchase of business unit net of cash on hand acquired	(236,025)	(129,202)
<b>Net cash flow generated / (absorbed) by investment</b>	<b>(253,906)</b>	<b>(142,322)</b>
Opening of long-term financial payables	232,511	150,139
Repayment of long-term financial payables	(37,467)	(15,260)
Repayment of leasing liabilities	(4,189)	(3,203)
Financial charges paid	(2,650)	(3,239)
Financial proceeds collected	1,346	342
Treasury shares	(1,405)	-
Dividends paid	-	(22,661)
<b>Net cash flow generated/(absorbed) by financial assets</b>	<b>188,146</b>	<b>106,118</b>
<b>Total variation in cash on hand</b>	<b>(28,299)</b>	<b>3,744</b>
<b>Cash on hand at the start of the period</b>	<b>136,893</b>	<b>125,068</b>
Total variation in cash on hand	(28,299)	3,744
Conversion differences on cash on hand	2,744	1,597
<b>Cash on hand at the end of the period</b>	<b>111,338</b>	<b>130,409</b>

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

# EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2022

## 1. General information

### 1.1 Foreword

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

GVS is owned by the company GVS Group S.r.l. (hereinafter the “GVS Group”), which directly holds 60% of the share capital. There is no other entity exercising direction and coordination of the Company. Starting from the 2021 financial year, the ultimate parent is Lighthouse 11 SpA, which directly holds 50.52% of the share capital of the GVS Group.

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

## 2. Structure and content of the consolidated financial statements

### 2.1 Basic method of preparation

The Interim Report on Operations at 30 September 2022 was prepared in accordance with the valuation and measurement criteria established by the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Commission in accordance with the procedure set out in Art. 6 of Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002, while reference was made to Art. 154-ter of Legislative Decree No. 58 of 24 February 1998 for the purpose of this report.

The accounting standards adopted for this interim report are the same as those used to prepare the annual consolidated financial statements closing at 31 December 2021, to which reference should be made for further details, with the exception of the following:

- accounting standards, or amendments to existing accounting standards, effective from 1 January 2022 (see note 3 for more details), and
- income taxes, recognised on the basis of the best estimate of the weighted average tax rate expected for the entire year, in line with the provisions of IAS 34.

For comparison purposes, the consolidated financial statements at 30 September 2022 show, for the income statement the figures for nine months of 2021, while for the balance sheet the balances for the year ended 31 December 2021.

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

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

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

The Interim Report on Operations is not subject to audit.

It should also be noted that with reference to business continuity, cash equivalents at 30 September 2022, amounting to Euro 111 million, the credit lines currently available and the cash flows that will be generated by operations are considered adequate to meet the Group's obligations and to finance its operations.

Considering the results achieved as at 30 September 2022 and the most up-to-date information available, based on the best estimates of the directors and taking into account the uncertainties relating to the current macroeconomic context linked to the Russia-Ukraine conflict and other phenomena such as inflation, the directors believe that the decline in margins highlighted in the third quarter could cause potential criticalities in relation to compliance with financial parameters at the deadlines set by the existing loan agreements. Discussions have, therefore, begun with the lending banks and other financial partners to resolve any critical issues in advance.

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

With regard to performance in the first nine months of 2022, please read the Directors' Report on Operations.

## 2.2 Consolidation criteria and methods

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

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

Company name	Registered offices	Currency	Share capital at 30 September 2022	Direct owner	Percentage of control	
					As of 30 September 2022	As of 31 December 2021
GVS Sud Srl	Italy - Zola Predosa (BO)	EUR	10,000	GVS SpA	100.00%	100.00%
YUYao Yibo Medical Device Co. Ltd	China - Yuyao	CNY	5,420,000	GVS Technology (Suzhou) Co. Ltd.	100.00%	100.00%
GVS Technology (Suzhou) Co. Ltd.	China - Suzhou (PRC)	CNY	182,658,405	GVS SpA	100.00%	100.00%
Suzhou GVS Trading Co. Ltd.	China - Ningbo	CNY	250,000	GVS Technology (Suzhou) Co. Ltd.	100.00%	100.00%
GVS Fortune Holding Ltd	Hong Kong (PRC)	HKD	1	GVS SpA	100.00%	100.00%
GVS North America Inc	USA - Sanford (MA)	USD	Na	GVS North America Holdings Inc	100.00%	100.00%
GVS Filtration Inc	USA - Findlay (OH)	USD	10	GVS North America Holdings Inc	100.00%	100.00%
GVS NA Holdings Inc	USA - Sanford (MA)	USD	0.10	GVS SpA	100.00%	100.00%
Fenchurch Environmental Group Ltd	United Kingdom - Morecambe	GBP	1,469	GVS SpA	100.00%	100.00%
GVS Filter Technology UK Ltd	United Kingdom - Morecambe	GBP	27,000	Fenchurch Environmental Group Ltd	100.00%	100.00%
GVS do Brasil Ltda	Brazil - 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	1	GVS SpA	100.00%	100.00%
GVS Filter India Private Limited	India - Mumbai	INR	100,000	GVS SpA	100.00%	100.00%
Abretec Group LLC	USA - Detroit (MI)	USD	14,455,437	GVS North America Holdings Inc	100.00%	100.00%
Goodnan Brands LLC	USA - Detroit (MI)	USD	0	GVS North America Holdings Inc	100.00%	100.00%
RPB Safety LLC	USA - Detroit (MI)	USD	0	Abretec Group LLC	100.00%	100.00%
RPB Manufacturing LLC	USA - Detroit (MI)	USD	0	Abretec Group LLC	100.00%	100.00%
RPB IP LLC	USA - Detroit (MI)	USD	0	Abretec Group LLC	100.00%	100.00%
RPB Safety Ltd	New Zealand - Christchurch	NZD	1,000	GVS SpA	100.00%	100.00%
GVS Filtration Co., Ltd.	Thailand - Bangkok	THB	3,000,000	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%	N/A
Suzhou Laishi Transfusion Equipment Co. Ltd.	China - Suzhou (PRC)	CNY	2,271,895	GVS Technology (Suzhou) Co. Ltd.	100.00%	N/A
GVS Vietnam Company Limited	Vietnam - Ho Chi Minh City	VND	449,800,000	GVS SpA	100.00%	N/A
Haemotronic SpA	Italy - Mirandola (MO)	EUR	5,040,000	GVS SpA	100.00%	N/A
S.i.t.ra Srl	Italy - Verona	EUR	50,000	Haemotronic SpA	100.00%	N/A
Bartek Srl	Italy - Verona	EUR	50,000	Haemotronic SpA	100.00%	N/A
Htmex Inc	USA - McAllen, Texas	USD	2,500,000	S.i.t.ra Srl	100.00%	N/A
Haemotronic de Mexico S DE RL DE CV	Mexico - Raynosa	MXN	29,603	Htmex Inc	100.00%	N/A

Note that as of the date of the consolidated interim financial statements at 30 September 2022, all companies included in the consolidation area are consolidated using the full consolidation method.

In the period ended 30 September 2022, the scope of consolidation changed from the previous year, following the acquisition of the entire share capital of Shanghai Transfusion Technology Co. Ltd (“STT”), a historic Chinese company, leader in the production and sale of products related to blood treatment. In particular, GVS Technology (Suzhou) Co. Ltd., (100% owned by GVS SpA) acquired 100% of the share capital of the Chinese company Shanghai Transfusion Technology Co. Ltd. and its subsidiary Suzhou Laishi Transfusion Equipment Co. Ltd. The acquisition took place on 02 March 2022 against which the economic effects from the closing date (28 February 2022), have been recorded in the Interim Consolidated Financial Statements, respectively resulting in a decrease of the consolidated economic results of € 916 thousand and in the consolidated shareholders’ equity for the period of € 927 thousand, taking into account the amortisations pertaining to the greater values allocated during the purchase price allocation.

During the month of June 2022, GVS also acquired the entire share capital of Haemotronic SpA (“Haemotronic”), specialized in the production of components and bags for the medical sector with plants in Italy and Mexico. In particular, GVS SpA acquired 100% of the share capital of the Italian company Haemotronic SpA and its subsidiaries Bartek Srl and Sitra Srl and the direct and indirect subsidiaries of the latter, Htmex Inc. and Haemotronic de Mexico S DE RL DE CV. The acquisition took place on 15 June 2022, and from that date the economic effects were recorded in the interim consolidated financial statements, resulting in an increase in the consolidated economic result of € 3,045 thousand and in the consolidated shareholders’ equity of € 3,006 thousand for the period.

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

Currency	At 30 September 2022	At 31 December 2021	Period ending on 30 September	
			2022 (average)	2021 (average)
Brazilian Real	5.2584	6.3101	5.4631	6.3764
Argentine Peso	143.3764	116.3622	127.2470	111.5844
Chinese Renminbi	6.9368	7.1947	7.0193	7.7376
American Dollar	0.9748	1.1326	1.0638	1.1962
Hong Kong Dollar	7.6521	8.8333	8.3326	9.2912
Japanese Yen	141.0100	130.3800	135.9679	129.8320

Korean Won	1,400.6900	1,346.3800	1,348.7902	1,354.3097
Russian Ruble	59.0080	85.3004	78.3929	88.5335
Turkish Lira	18.0841	15.2335	16.8796	9.7104
Mexican Peso	19.6393	23.1438	21.5542	24.0772
Romanian Ron	4.9490	4.9490	4.9348	4.9121
British Pound	0.8830	0.8403	0.8472	0.8636
Malaysian Ringgit	4.5201	4.7184	4.6165	4.9414
Indian Rupee	79.4250	84.2292	82.2983	88.0420
New Zealand Dollar	1.7177	1.6579	1.6468	1.6816
Vietnamese Dong	23,246	N/A	24,570	N/A
Thai Baht	36.8230	37.6530	36.7874	37.7261

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

### 3. Valuation criteria

The valuation criteria used for the preparation of the consolidated financial statements for the period ended 30 September 2022 do not differ from those used for the preparation of the consolidated financial statements for the year ended 31 December 2021, with the exception of the new accounting principles, amendments and interpretations applicable from 1st January 2022, which, however, have not had a significant impact on the Group's current financial position and results.

#### a) IFRS accounting standards, amendments and interpretations effective from 1 January 2022

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

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

All amendments entered into force on 1 January 2022. The adoption of these amendments had no impact on the Group's consolidated financial statements.

b) IFRS and IFRIC accounting standards, amendments and interpretations endorsed by the European Union, not yet mandatorily applicable and not adopted early by the Group at 30 September 2022

- On 18 May 2017, the IASB published the standard IFRS 17 - Insurance Contracts which is intended to replace the standard IFRS 4 - Insurance Contracts. The objective of the new standard is to ensure that an entity provides relevant information that faithfully presents the rights and obligations deriving from insurance contracts issued. The directors do not expect that the adoption of this standard will have any meaningful effect on the Group's consolidated financial statements;
- On 12 February 2021, the IASB published two amendments entitled '*Disclosure of Accounting Policies-Amendments to IAS 1 and IFRS Practice Statement 2*' and '*Definition of Accounting Estimates-Amendments to IAS 8*'. The amendments are intended to improve the disclosure of accounting policies so as to provide more useful information to investors and other primary users of financial statements and to help companies distinguish changes in accounting estimates from changes in accounting policies. The amendments will apply from 1 January 2023, but earlier application is permitted. The directors are currently evaluating the possible effects of the introduction of these amendments on the Group's consolidated financial statements.

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

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

- On 23 January 2020, the IASB published an amendment entitled '*Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current*'. The document aims to clarify how to classify debts and other short-term or long-term liabilities. The amendments enter into force on 1 January 2023; however, earlier application is permitted. The directors do not expect that the adoption of this amendment will have any meaningful effect on the Group's consolidated financial statements;
- On 7 May 2021, the IASB published an amendment entitled '*Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction*'. The document clarifies how deferred taxes should be accounted for on certain transactions that may generate assets and liabilities of equal amounts, such as leases and decommissioning obligations. The amendments will apply from 1 January 2023, but earlier application is

permitted. The directors do not expect that the adoption of this amendment will have any meaningful effect on the Group’s consolidated financial statements.

#### 4. Estimates and assumptions

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

#### 5. Business combinations

##### 5.1 Takeover of the STT Group

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

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

<i>(in thousands of Euro)</i>	<b>Provisional fair value as of the purchase date</b>
<b>ASSETS</b>	
<b>Non-current assets</b>	
Intangible assets	37,418
Tangible assets	14,289
Advance tax assets	336
Non-current financial assets	384
<b>Total non-current assets</b>	<b>52,427</b>
<b>Current assets</b>	
Inventories	8,174
Trade receivables	3,988
Other receivables and current assets	56
Cash on hand	4,859
<b>Total current assets</b>	<b>17,076</b>

<b>Total assets</b>	<b>69,503</b>
<b>Non-current liabilities</b>	
Deferred tax liabilities	12,152
<b>Total non-current liabilities</b>	<b>12,152</b>
<b>Current liabilities</b>	
Current financial liabilities	10,479
Trade payables	5,570
Liabilities from contracts with customers	1,299
Current tax payables	381
Other current payables and liabilities	1,522
<b>Total current liabilities</b>	<b>19,250</b>
<b>Total liabilities</b>	<b>31,402</b>
<b>Total net assets acquired (A)</b>	<b>38,101</b>
<b>Consideration (B)</b>	<b>59,615</b>
<b>Goodwill (B) - (A)</b>	<b>21,514</b>

Goodwill has been provisionally recognised for an amount of Euro 21,514 thousand, as the valuation period as defined by IFRS 3 is in progress.

The contribution made by the acquired business to the Group's revenues from contracts with customers in the period ending on 30 September 2022 was Euro 13,597 thousand.

## 5.2 Takeover of the Haemotronic Group

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

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

<i>(in thousands of Euro)</i>	<b>Provisional fair value as of the purchase date</b>
<b>ASSETS</b>	
<b>Non-current assets</b>	
Intangible assets	5,896
Assets represented by usage rights	11,800
Tangible assets	16,468
Advance tax assets	1,444
Non-current financial assets	490

<b>Total non-current assets</b>	<b>36,098</b>
<b>Current assets</b>	
Inventories	20,103
Trade receivables	17,315
Current tax receivables	51
Other receivables and current assets	2,892
Current financial assets	200
Cash on hand	55,524
<b>Total current assets</b>	<b>96,085</b>
<b>Total assets</b>	<b>132,183</b>
<b>Non-current liabilities</b>	
Non-current financial liabilities	14,159
Non-current leasing liabilities	10,862
Deferred tax liabilities	1,479
Provisions for employee benefits	1,076
Provisions for risks and charges	1,946
<b>Total non-current liabilities</b>	<b>29,522</b>
<b>Current liabilities</b>	
Current financial liabilities	10,758
Current leasing liabilities	2,853
Trade payables	15,711
Liabilities from contracts with customers	230
Current tax payables	1,294
Other current payables and liabilities	6,024
<b>Total current liabilities</b>	<b>36,870</b>
<b>Total liabilities</b>	<b>66,392</b>
<b>Total net assets acquired (A)</b>	<b>65,791</b>
<b>Consideration (B)</b>	<b>255,054</b>
<b>Goodwill (B) - (A)</b>	<b>189,263</b>

Goodwill has been provisionally recognised for an number of Euro 189,263 thousand, as the valuation period as defined by IFRS 3 is in progress.

The contribution made by the acquired business to the Group's revenues from contracts with customers in the period ending on 30 September 2022 was Euro 25,582 thousand.

## 6. Explanatory Notes to the main consolidated income statement items

### 6.1 Revenue from customer contracts

The table below breaks down revenues from contracts with customers by division in the periods ending on 30 September 2021 and 30 September 2022.

<i>(in thousands of Euro)</i>	<b>The 9-month period closed on 30th September</b>	
	<b>2022</b>	<b>2021</b>
<i>Healthcare Liquid</i>	119,457	73,483
<i>Healthcare Air &amp; Gas</i>	23,094	38,810
<i>Laboratory</i>	24,540	23,915
<b>Healthcare &amp; Life Sciences</b>	<b>167,091</b>	<b>136,208</b>
<i>Powertrain &amp; Drivetrain</i>	23,674	21,775
<i>Safety &amp; Electronics</i>	16,603	16,583
<i>Sport &amp; Utility</i>	18,173	16,605
<b>Energy &amp; Mobility</b>	<b>58,450</b>	<b>54,963</b>
<i>Personal Safety</i>	44,161	62,748
<i>Air Safety</i>	3,793	4,088
<b>Health &amp; Safety</b>	<b>47,954</b>	<b>66,836</b>
<b>Revenue from customer contracts</b>	<b>273,495</b>	<b>258,007</b>

The increase in revenues in the period ended 30 September 2022 compared to the same period of the previous year is mainly attributable to the performance of the Healthcare & Life Sciences division, whose growth in the current year is impacted by the acquisitions of STT and Haemotronic.

The Health & Safety division, which benefited from RPB's contribution for approximately Euro 23 million in the first nine months of 2022, settled at a turnover level of Euro 47.9 million with a significant reduction compared to the same period of 2021; it was influenced by exceptional sales from disposable masks due to COVID-19. The Energy & Mobility division recorded a positive trend with an increase of 6.3% in terms of revenues compared to the same period of the previous year, which had nevertheless been a period of strong growth, with the confirmation of the gradual recovery of production levels prior to the pandemic, thanks to the recovery of orders that had been rescheduled due to the disruptions of the logistics and supply chain in the sector. The revenues of the Healthcare & Life Sciences division, considering the business combinations mentioned above which contributed during 2022 for approximately Euro 39 million, grew during the period in question, compared to the corresponding period of the previous year, thanks to a sustained growth trend in the Healthcare Liquid business, which only partially offset the decrease in Healthcare Air & Gas. The Laboratory business shows a 2.6% increase in turnover, settling at Euro 24.5 million, against the revenues of the first nine months of 2021, equal to Euro 23.9 million, which had also benefited from revenues of Euro 3 million, following an agreement reached with a customer for the early closure of a supply order.

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

<i>(in thousands of Euro)</i>	<b>The 9-month period closed on 30th September</b>	
	<b>2022</b>	<b>2021</b>
Business to business (BTB)	213,748	181,512
Business to consumer (BTC)	59,747	76,495
<b>Revenue from customer contracts</b>	<b>273,495</b>	<b>258,007</b>

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

<i>(in thousands of Euro)</i>	<b>The 9-month period closed on 30th September</b>	
	<b>2022</b>	<b>2021</b>
North America	133,717	106,214
Europe	70,344	97,256
Asia	47,883	37,162
Other countries	21,551	17,375
<b>Revenue from customer contracts</b>	<b>273,495</b>	<b>258,007</b>

## 6.2 Other revenues and proceeds

The table below breaks down other revenues and proceeds for the periods ending on 30 September 2021 and 30 September 2022.

<i>(in thousands of Euro)</i>	<b>The 9-month period closed on 30th September</b>	
	<b>2022</b>	<b>2021</b>
Contributions for operating expenses	775	585
Recovery and chargeback	741	399
Insurance refunds	-	36
Recovery of scrap	351	203
Capital gains on sales	15	1,954
Other	662	384
<b>Other revenues and proceeds</b>	<b>2,544</b>	<b>3,561</b>

Other revenues and proceeds for the period ended 30 September 2021 included non-recurrent proceeds related to: (i) the capital gain realised following the sale of the Suzhou production site to the Chinese government (€1,925 thousand); (ii) contributions received from the Chinese government for the relocation of the same production site (€488 thousand).

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

The table below breaks down purchases and consumption of raw materials, semi-products and finished products in the periods ending on 30 September 2021 and 30 September 2022.

<i>(in thousands of Euro)</i>	<b>The 9-month period closed on 30th September</b>	
	<b>2022</b>	<b>2021</b>
Purchases of raw materials	98,516	77,643
Variation in inventories of products in progress, semi-products and finished products	771	(1,972)
Variation in inventories of raw materials, subsidiary materials and goods	(5,699)	(7,441)
<b>Purchases and consumption of raw materials, semi-products and finished products</b>	<b>93,588</b>	<b>68,230</b>

## 6.4 Personnel costs

The table below breaks down personnel costs in the periods ending on 30 September 2021 and 30 September 2022.

<i>(in thousands of Euro)</i>	<b>The 9-month period closed on 30th September</b>	
	<b>2022</b>	<b>2021</b>
Salaries and wages	68,770	59,664
Social security contributions	18,252	15,725
Cost of termination indemnity	1,168	778
Other costs	2,728	159
<b>Personnel costs</b>	<b>90,918</b>	<b>76,326</b>

The increase in personnel costs in the period ended 30 September 2022 compared to the same period of the previous year is due for approximately Euro 13 million to the business combinations carried out in 2022 (STT and Haemotronic) and during the last half of the previous year (RPB). Furthermore, for the period ended 30 September 2022, the item personnel costs includes non-recurring charges relating to the costs allocated to the staff reorganization fund for a total amount of Euro 2,632 thousand.

## 6.5 Service costs

The table below breaks down service costs in the periods ending on 30 September 2021 and 30 September 2022.

<i>(in thousands of Euro)</i>	<b>The 9-month period closed on 30th September</b>	
	<b>2022</b>	<b>2021</b>
Utilities and cleaning services	9,914	5,826
Maintenance	3,577	3,539
Transportation	5,369	3,217
Consulting services	4,888	3,461
Travel and lodging	1,686	476
Subcontracting	1,591	1,338
Marketing and trade fairs	977	643
Insurance	1,551	1,355
Cafeteria	1,325	1,056
Commissions	2,679	561
Directors' fees	2,844	2,689
Other services	2,469	3,548
<b>Service costs</b>	<b>38,870</b>	<b>27,709</b>

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

## 6.6 Other operating costs

The table below breaks down other operating costs in the periods ending on 30 September 2021 and 30 September 2022.

<i>(in thousands of Euro)</i>	The 9-month period closed on 30th September	
	2022	2021
Leasing costs	1,703	1,259
Indirect taxation	806	704
Membership fees and charity contributions	204	275
Allocation to provision for risks	-	1,451
Losses on sales	51	-
Other minor costs	604	645
<b>Other operating costs</b>	<b>3,368</b>	<b>4,334</b>

The item other operating expenses, for the period ended 30 September 2021, included non-recurrent charges related to costs allocated to the provision for the relocation of the Chinese production site and the English production site for a total amount of €1,451 thousand.

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

## 6.7 Amortisation, depreciation and writedowns

The table below breaks down amortisation, depreciation and writedowns in the periods ending on 30 September 2021 and 30 September 2022.

<i>(in thousands of Euro)</i>	The 9-month period closed on 30th September	
	2022	2021
Amortisation and writedowns of intangible assets	10,883	4,341
Depreciation and writedowns of tangible assets	11,294	8,468
Amortisation and writedowns of assets represented by usage rights	3,852	2,980
<b>Amortisation, depreciation and writedowns</b>	<b>26,029</b>	<b>15,789</b>

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 RPB and STT groups, acquired during the second half of 2021 and the first half of 2022 respectively.

## 6.8 Financial proceeds and charges

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

<i>(in thousands of Euro)</i>	The 9-month period closed on 30th September	
	2022	2021
Net profits on exchanges	42,543	5,923
Other financial proceeds	466	342
<b>Financial proceeds</b>	<b>43,009</b>	<b>6,265</b>

The table below breaks down financial charges in the periods ending on 30 September 2021 and 30 September 2022.

<i>(in thousands of Euro)</i>	<b>The 9-month period closed on 30th September</b>	
	<b>2022</b>	<b>2021</b>
Interest on bonded loans	986	1,178
Interest on loans	2,146	197
Interest on leasing liabilities	311	198
Amortised cost	278	83
Interest for discounting for earn out	1,580	-
Other financial charges	68	59
<b>Financial charges</b>	<b>5,369</b>	<b>1,715</b>

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

## 6.9 Annual income tax

The table below breaks down annual income tax in the periods ending on 30 September 2021 and 30 September 2022.

<i>(in thousands of Euro)</i>	<b>The 9-month period closed on 30th September</b>	
	<b>2022</b>	<b>2021</b>
Current taxes	11,735	15,310
Deferred taxes	3,767	1,543
Taxes pertaining to previous financial years	(12)	235
<b>Income tax</b>	<b>15,490</b>	<b>17,088</b>

In accordance with the provisions of IAS 34, income taxes are recognised on the basis of management's estimate of the weighted average expected annual effective tax rate for the entire year, equal to 25.6% for the period ended 30 September 2022 (23.3% for the period ended 30 September 2021).

## 6.10 Net profit per share

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

	<b>The 9-month period closed on 30th September</b>	
	<b>2022</b>	<b>2021</b>
Group's share of net profit (in thousands of Euro)	45,073	56,332
Weighted average number of shares in circulation	174,693,198	175,000,000
<b>Profit per share (in Euro)</b>	<b>0.26</b>	<b>0.32</b>

Diluted earnings per share at 30 September was positive at 0.26 (positive at €0.32 at 30 September 2021) calculated by dividing the result attributable to the shareholders of GVS SpA by the weighted average number of shares in circulation, adjusted to take into account the effects of all potential ordinary shares with dilutive effect. As potential ordinary shares with dilutive effect, those linked to the performance shares plan have been considered.

## 7. Non-recurring revenues and operating costs

Non-recurrent proceeds and charges in the period ending on 30 September 2022 represent: (i) to greater costs related to the higher inventory value attributed following the purchase price allocation of the RPB and STT groups (a total of Euro 3,959 thousand); (ii) costs allocated to the provision for risks and

reorganization relating to Group personnel (totalling Euro 2,632 thousand); (iii) to consultancy costs related to acquisition of business/equity investments (Euro 1,031 thousand), (iv) amortization of intangible and depreciation of tangible assets recognized following the purchase price allocation of the Kuss, RPB and STT groups (a total of Euro 8,742 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 1,580 thousand), net of the related tax effect.

Non-recurrent proceeds and charges in the period ending on 30 September 2021 represent: (i) the capital gain realised following the sale of the Suzhou production site to the Chinese government (€1,925 thousand); (ii) contributions obtained from the Chinese government for the relocation of the same production site (€488 thousand); (iii) one-off CONSOB supervisory costs paid in relation to the IPO procedure (€991 thousand); (iv) costs allocated to the above-mentioned fund for the relocation of the Chinese production site, and the production site in England (coming to €1,451 thousand); and (v) consultancy costs for the acquisition of the RPB Group (€919 thousand) and (vi) amortisation of intangible and tangible assets recorded following the purchase price allocation of the Kuss group (€2,746 thousand), net of the related tax effect.

## **8. Additional information**

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

## ATTACHED TABLES

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

<i>(in thousands of Euro)</i>	At 30 September 2022	of which with related parties	percent- age	At 31 December 2021	of which with related parties	percent- age
<b>ASSETS</b>						
<b>Non-current assets</b>						
Intangible assets	509,754			227,743		
Assets represented by usage rights	23,724	3,530	14.9%	10,420	4,155	39.9%
Tangible assets	117,285	15	0.0%	77,622	18	0.0%
Advance tax assets	6,566			1,502		
Non-current financial assets	4,083			1,318		
Non-current derivative financial instruments	5,832			123		
Other receivables and non-current assets	1,776			-		
<b>Total non-current assets</b>	<b>669,020</b>			<b>318,728</b>		
<b>Current assets</b>						
Inventories	119,931			72,353		
Trade receivables	77,079	46	0.1%	52,975		
Assets from contracts with customers	2,754			1,678		
Current tax receivables	3,797	2,433	64.1%	7,590	3,462	45.6%
Other receivables and current assets	14,361			10,011	12	0.1%
Current financial assets	7,125			8,337		
Cash on hand	111,338			136,893		
<b>Total current assets</b>	<b>336,385</b>			<b>289,837</b>		
<b>Total Assets held for sale</b>	<b>-</b>			<b>-</b>		
<b>TOTAL ASSETS</b>	<b>1,005,405</b>			<b>608,565</b>		
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>						
Share capital	1,750			1,750		
Reserves	311,611			225,967		
Net income	45,073			67,590		
<b>Group net shareholders' equity</b>	<b>358,434</b>			<b>295,307</b>		
<b>Shareholders' equity attributable to non-controlling interests</b>	<b>36</b>			<b>40</b>		
<b>Total shareholders' equity</b>	<b>358,470</b>			<b>295,347</b>		
<b>Non-current liabilities</b>						
Debt for the purchase of equity investments and earn out	41,482			-		
Non-current financial liabilities	394,562			180,164		
Non-current leasing liabilities	17,976	1,664	9.3%	6,773	2,783	41.1%
Deferred tax liabilities	27,727			5,675		
Provisions for employee benefits	5,438	1,735	31.9%	4,366	1,699	38.9%
Provisions for risks and charges	8,746			4,654		
<b>Total non-current liabilities</b>	<b>495,931</b>			<b>201,632</b>		
<b>Current liabilities</b>						
Debt for the purchase of equity investments and earn out	-			19,670		
Current financial liabilities	60,461			41,706		
Current leasing liabilities	8,229	1,957	23.8%	4,760	1,970	41.4%
Trade payables	46,219			23,820		
Liabilities from contracts with customers	10,277			3,417		
Current tax payables	5,711			3,047		
Other current payables and liabilities	20,107	1,585	7.9%	15,166	2,667	17.6%
<b>Total current liabilities</b>	<b>151,004</b>			<b>111,586</b>		
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>1,005,405</b>			<b>608,565</b>		

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

<i>(in thousands of Euro)</i>	Period ending on 30 September					
	2022	of which with related parties	percent- age	2021	of which with related parties	percent- age
Revenue from customer contracts	273,495			258,007		
Other revenues and proceeds	2,544	46	1.8%	3,561	33	0.9%
<b>Total revenues</b>	<b>276,039</b>			<b>261,568</b>		
Purchases and consumption of raw materials, semi-products and finished products	(93,588)			(68,230)		
Personnel costs	(90,918)	(2,713)	3.0%	(76,326)	(2,651)	3.5%
Service costs	(38,870)	(2,781)	7.2%	(27,709)	(2,689)	9.7%
Other operating costs	(3,368)			(4,334)		
<b>EBITDA</b>	<b>49,295</b>			<b>84,969</b>		
Net writedowns of financial assets	(342)			(303)		
Amortisation, depreciation and writedowns	(26,028)	(1,452)	5.6%	(15,789)	(828)	5.2%
<b>EBIT</b>	<b>22,925</b>			<b>68,877</b>		
Financial proceeds	43,009			6,265		
Financial charges	(5,369)	(133)	2.5%	(1,715)	(50)	2.9%
<b>Pre-tax result</b>	<b>60,565</b>			<b>73,427</b>		
Income tax	(15,490)			(17,088)		
<b>Net income</b>	<b>45,075</b>			<b>56,340</b>		
<i>Group's share</i>	45,073			56,332		
<i>Minority share</i>	2			8		

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

<i>(in thousands of Euro)</i>	Period ending on 30 September					
	2022	of which with related parties	percent-age	2021	of which with related parties	percent-age
Pre-tax result	60,565	(7,032)	-12%	73,427	(6,185)	-8%
- <i>Adjustment for:</i>						
Amortisation, depreciation and writedowns	26,028	1,452	6%	15,789	828	5%
Capital losses / (capital gains) from sale of assets	36			(1,954)		
Financial charges / (proceeds)	(37,640)	133	0%	(4,550)	50	-1%
Other non-monetary variations	5,965	36	1%	3,829	32	1%
<b>Cash flow generated / (absorbed) by operations before variations in net working capital</b>	<b>54,954</b>			<b>86,542</b>		
Variation in inventories	(7,432)			(11,646)		
Variation in trade receivables	(4,553)	(46)	1%	4,244	(27)	-1%
Variation in trade payables	(558)			(4,899)		
Variation in other assets and liabilities	3,564	(1,070)	-30%	(3,976)	(760)	19%
Use of provisions for risks and charges and for employee benefits	(1,670)			(728)		
Taxes paid	(6,843)	1,029	-15%	(29,588)	(7,081)	24%
<b>Net cash flow generated / (absorbed) by operations</b>	<b>37,461</b>			<b>39,949</b>		
Investments in tangible assets	(14,003)	(1)	0%	(11,633)	(23)	0%
Investments in intangible assets	(3,686)			(3,877)		
Disposal of tangible assets	43			3,516		
Investment in financial assets	(6,686)			(1,126)		
Disinvestment in financial assets	6,451			-		
Payment for purchase of business unit net of cash on hand acquired	(236,025)			(129,202)		
<b>Net cash flow generated / (absorbed) by investment</b>	<b>(253,906)</b>			<b>(142,322)</b>		
Opening of long-term financial payables	232,511			150,139		
Repayment of long-term financial payables	(37,467)			(15,260)		
Variations in current financial payables	-			-		
Opening of leasing payables	-			-		
Repayment of leasing liabilities	(4,189)	(1,959)	47%	(3,203)	(985)	31%
Financial charges paid	(2,650)	(133)	5%	(3,239)	(50)	2%
Financial proceeds collected	1,346			342		
Net fee for IPO	(0)			-		
Treasury shares	(1,405)			-		
Dividends paid	(0)			(22,661)	(13,650)	60%
<b>Net cash flow generated/(absorbed) by financial assets</b>	<b>188,146</b>			<b>106,118</b>		
<b>Total variation in cash on hand</b>	<b>(28,299)</b>			<b>3,744</b>		
<b>Cash on hand at the start of the year</b>	<b>136,893</b>			<b>125,068</b>		
Total variation in cash on hand	(28,299)			3,744		
Conversion differences on cash on hand	2,744			1,597		
<b>Cash on hand at the end of the year</b>	<b>111,338</b>			<b>130,409</b>		

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

<i>(in thousands of Euro)</i>	The 9-month period closed on 30th September							
	2022	of which non-recurring	2022 from ordinary operations	percentage	2021	of which non-recurring	2021 from ordinary operations	percentage
Revenue from customer contracts	273,495		273,495		258,007		258,007	
Other revenues and proceeds	2,544		2,544		3,561	2,413	1,148	67.8%
<b>Total revenues</b>	<b>276,039</b>	<b>-</b>	<b>276,039</b>		<b>261,568</b>	<b>2,413</b>	<b>259,155</b>	
Purchases and consumption of raw materials, semi-products and finished products	(93,588)	(3,959)	(89,629)	4.2%	(68,230)		(68,230)	
Personnel costs	(90,918)	(2,632)	(88,286)	2.9%	(76,326)		(76,326)	
Service costs	(38,870)	(1,031)	(37,839)	2.7%	(27,709)	(1,910)	(25,799)	6.9%
Other operating costs	(3,368)		(3,368)		(4,334)	(1,451)	(2,883)	33.5%
<b>EBITDA</b>	<b>49,295</b>	<b>(7,622)</b>	<b>56,917</b>		<b>84,969</b>	<b>(948)</b>	<b>85,917</b>	
Net writedowns of financial assets	(342)		(342)		(303)		(303)	
Amortisation, depreciation and writedowns	(26,028)	(8,742)	(17,286)	33.6%	(15,789)	(2,746)	(13,043)	17.4%
<b>EBIT</b>	<b>22,925</b>	<b>(16,364)</b>	<b>39,289</b>		<b>68,877</b>	<b>(3,694)</b>	<b>72,571</b>	
Financial proceeds	43,009		43,009		6,265		6,265	
Financial charges	(5,369)	(1,580)	(3,789)	29.4%	(1,715)		(1,715)	
<b>Pre-tax result</b>	<b>60,565</b>	<b>(17,944)</b>	<b>78,509</b>		<b>73,427</b>	<b>(3,694)</b>	<b>77,121</b>	
Income tax	(15,490)	4,065	(19,555)	-26.2%	(17,088)	541	(17,629)	-3.2%
<b>Net income</b>	<b>45,075</b>	<b>(13,879)</b>	<b>58,954</b>		<b>56,340</b>	<b>(3,153)</b>	<b>59,493</b>	

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

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

Zola Predosa, 09 November 2022

Emanuele Stanco

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