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Societa' : GVS

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Regolamentata

Nome utilizzatore : GVSN03 - Bala

Tipologia : REGEM

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Diffusione presunta

Oggetto : Agreement to amend and adjust the financial covenant (leverage ratio) and commitment of the Shareholder to provide a subordinated shareholder loan

Testo del comunicato

Vedi allegato.



PRESS RELEASE

AGREEMENT TO AMEND AND ADJUST THE FINANCIAL COVENANT (LEVERAGE RATIO)

COMMITMENT OF THE MAJORITY SHAREHOLDER TO PROVIDE A SUBORDINATED LOAN IN ORDER TO MEET THE YEAR-END LEVERAGE RATIO WITHOUT CAPITAL INTERVENTIONS AND/OR INCREASING THE COST OF CURRENTLY EXISTING DEBT

Zola Predosa (BO), 23 December 2022 - Further to the press release dated 9 November 2022, GVS S.p.A. ("**GVS**" or the "**Company**"), as part of activities aimed at verifying compliance with contractual covenants to be calculated as at 31 December 2022, announces:

- The **reaching of an agreement** with (i) the pool of banks financing its credit lines (EUR 230 million, maturity 2027 and EUR 150 million, maturity 2026 (the "**Facility Agreements**") and (ii) the noteholders under its US private placements (EUR 40 million, maturity 2024 and USD 35 million, maturity 2024, ISIN IT0004983067 (the "**Notes**") **for the amendment and adjustment of the financial covenant (leverage ratio)**.
- **The commitment of the Company's shareholder, GVS Group, to provide a subordinated and unsecured shareholder loan in favour of GVS** to the extent necessary to allow for the leverage ratio as at 31 December 2022 to be met.

This solution will allow compliance with the aforementioned financial covenant as at 31 December 2022 without capital interventions and/or increasing the cost of currently existing debt.

1. AGREEMENT TO AMEND AND ADJUST THE FINANCIAL COVENANT AND LEVERAGE RATIO

The agreement with the pool of lending banks provides for the following adjustments and amendments to the covenant concerning the ratio of consolidated net financial debt to consolidated *pro forma* EBITDA (leverage ratio):

- **inclusion in the calculation of the consolidated net financial position as of 31 December 2022 of cash proceeds deriving from any subordinated shareholder loans** advanced after 31 December 2022 and prior to the date of submission of the compliance certificate showing, *inter alia*, the value of the leverage ratio as of 31 December 2022.
- **amendment to the definition of consolidated total borrowings** to exclude debt arising from any subordinated shareholder loans from the calculation of the consolidated net financial position.
- raising the leverage ratio parameter, calculated with the above amendment, for the test dates falling on 30 June 2023 and 31 December 2023 compared to the levels set at the time the Facility Agreements were underwritten **(from 3.5x to 4.25x and 4.00x**

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Cap. Soc. € 1.750.000 int. vers. - C.F. 03636630372 - P. Iva 00644831208

R.E.A. 0305386/BO - Reg. Imprese 45539/BO - Mecc. BO 012048



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respectively at **30 June 2023 and 31 December 2023**), in order to ensure more headroom in a complex market and geopolitical scenario.

The agreement also provides for customary **margin adjustments (step-ups)** after 31 December 2022, if the **leverage ratio exceeds the maximum levels originally agreed** in the Facility Agreements.

A **covenant adjustment agreement** was also reached **with the noteholders**, who expressed their written consent to amendments to the Notes similar in content to those mentioned above with respect to the Facility Agreements and also undertook to vote in favour of the approval of such amendments at noteholders' meetings. It is planned that the relevant noteholders' meetings will be held in the first part of 2023.

For the sake of completeness, it should be noted that similar changes were agreed in relation to the bilateral credit lines for the residual amount of 25 million euro.

2. SHAREHOLDER GVS GROUP'S COMMITMENT TO PROVIDE A SUBORDINATED AND UNSECURED SHAREHOLDER LOAN

The solution identified above is based on the majority shareholder's willingness to support the Company. In particular, **the shareholder, GVS Group, has undertaken to provide a subordinated and unsecured shareholder loan in favour of GVS to an extent that would allow the leverage ratio to be met as at 31 December 2022**. The terms and conditions of this loan, to be advanced in time to allow for the verification of compliance with the aforementioned financial covenant, will be defined between the Company and GVS Group in the first quarter of 2023 (the "**GVS Loan**"), following the outcome, *inter alia*, of the completion of the procedure for carrying out transactions with related parties in accordance with the applicable law.

The measures announced enable GVS to focus on its strategy - in particular, on the integration of its latest acquisitions which will continue during 2023 - with respect to which the Company has started preparatory activities to update the 2022-2025 business plan in order to reflect the change in the perimeter, where relevant, and the evolving macroeconomic scenario.

GVS Group:

The GVS Group is one of the world's leading manufacturers of filter solutions for applications in the Healthcare & Life Sciences, Energy & Mobility and Health & Safety sectors. In addition to the corporate office in Bologna, GVS currently has 20 plants in Italy, the United Kingdom, Brazil, the United States, China, Mexico, Romania and Puerto Rico and 30 sales offices located across the world. In the year ended 31 December 2021, the GVS Group recorded revenue from contracts with customers of 338.1 million euro and Normalised EBITDA of 107.9 million euro.

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