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PRESS RELEASE

GVS REPORTS REVENUE GROWTH AT CONSTANT EXCHANGE RATES IN THE FIRST QUARTER OF 2024 ON THE BACK OF A GRADUAL RECOVERY IN SALES VOLUMES AND A STEADY INCREASE IN PROFITABILITY

CONSOLIDATED REVENUES OF 103.9 MILLION EURO, +1.9% AT CONSTANT EXCHANGE RATES COMPARED TO Q1 2023

ADJUSTED EBITDA OF 24.3 MILLION EURO, UP 7.7% YEAR-ON-YEAR

CONTINUOUS INCREASE IN PROFITABILITY, WITH THE ADJUSTED EBITDA MARGIN STANDING AT 23.4% DURING THE QUARTER COMPARED TO 21.7% IN THE FIRST QUARTER 2023

ADJUSTED NET PROFIT, NET OF EXCHANGE RATE GAINS AND LOSSES, OF EURO 9.9 MILLION, UP 7.7% COMPARED TO THE PREVIOUS YEAR

ADJUSTED NET FINANCIAL DEBT OF EURO 254.2 MILLION AND ADJUSTED LEVERAGE RATIO OF 2.63X, A SLIGHT IMPROVEMENT OVER 2.65X IN DECEMBER 2023

Zola Predosa (BO), 14 May 2024 - The Board of Directors of GVS S.p.A. (the “Company” or the “Group”), a leading provider of advanced filtration solutions for highly critical applications, met today in Zola Predosa (BO) and approved the interim report on operations at 31 March 2024, which have been prepared in accordance with IFRS international accounting standards.

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

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ANALYSIS OF THE GROUP'S ECONOMIC PERFORMANCE

In the first quarter of 2024, GVS achieved **consolidated revenues of 103.9 million euro**, up 1.9% year-on-year at constant exchange rates (-0.1% at current exchange rates). The positive performance is highlighted of the Health & Safety division, which recorded an increase in turnover of +14.0% at constant exchange rates and +12.4% at current rates (18.3 million in Q1 2024), driven by favourable sector dynamics and the realisation of business synergies with the RPB group, which was acquired in September 2021.

The Healthcare & Lifesciences division, which accounts for 66.6% of the total, reported revenues of 69.1 million euro, up 0.3% at constant exchange rates (-1.9% at actual exchange rates) compared to the same period last year, with growth in the Healthcare Air & Gas business (+6.2% at constant exchange rates, +5.1% at actual exchange rates) and a decrease in the Laboratory business (-11.1% at constant exchange rates and -12.6% at current exchange rates), which amounted to 7.5 million euro and 8.0 million euro, respectively. Revenues of the Healthcare Liquid segment were 53.7 million euro, up 1.4% at constant exchange rates (-1.1% at current exchange rates).

The Energy & Mobility division recorded a 3.2% decrease at constant exchange rates (4.1% at current exchange rates) in terms of revenues compared to the same period of the previous year, reaching 16.5 million euro, but showing a trend of gradual business recovery compared to the previous quarters, characterised by the impact of de-stocking policies by its customers.

Adjusted EBITDA was up 7.7% compared to the first three months of 2023, with a margin on revenue of 23.4%, a significant improvement on the margin recorded in the first three months of 2023 of 21.7%. The period result is supported by the contribution of the profitability recovery actions implemented by the Group.

Adjusted EBIT with a margin on revenue of 16.5% amounted to 17.2 million euro (+6.9%) compared to 16.1 million euro in the same period of the previous year and is in line with the growth seen at Adjusted EBITDA level.

Adjusted net financial expenses, net of foreign exchange gains of 4.1 million euro recorded in the first three months of 2024 and exchange losses of 4.0 million euro in 2023, increased in the period under review, from 3.7 million euro for the period ended 31 March 2023 to 4.0 million euro for the period ended 31 March 2024, mainly due to the increase in market interest rates, to which some of the existing loans are linked.

Adjusted net profit, net of foreign exchange gains and losses and the related tax impact, amounted to 9.9 million euro, up 7.7% compared to the previous year.

Adjusted net financial debt at 31 March 2024 was 254.2 million euro. The increase compared to 31 December 2023, totalling 2.1 million euro, is mainly due to the cash used for net investments in tangible and intangible fixed assets for the period (totalling 9.4 million euro), net financial expenses (4.2 million euro), tax payments (4.2 million euro) and the signing/renewal of leasing contracts (5.0 million euro), net of cash generated from current operations.

Adjusted net financial debt is calculated by excluding from financial payables the amount of 77.1 million euro equal to the shareholders' loan received by GVS Group Srl (75 million euro) and relative interest, in line with the provisions of the definition of net financial debt in the loan agreements in place, in relation to the method of calculating financial covenants.

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BUSINESS OUTLOOK

GVS continues on its path of improving its economic and financial performance, which began in the fourth quarter of 2022 and continued throughout 2023 despite the negative impact of its customers' de-stocking policies on revenue growth.

The Company recorded turnover in the first quarter of 2024 in line with the first quarter of 2023, still impacted by a residual effect of de-stocking, particularly in the Healthcare & Life Sciences and Energy & Mobility divisions; a gradual recovery in the growth of sales volumes is expected in the second half of 2024.

In terms of profitability, as seen in the first quarter of 2024, GVS will continue its improvement process, thanks to the contribution of measures taken to recover margins.

Following the results achieved in the first three months of 2024, the Company confirms the forecasts communicated when approving the results for FY 2023 and specifically expects to achieve the following results in FY 2024:

- a low-to-mid single-digit growth in consolidated turnover compared to financial year 2023;
- an increase in the adjusted EBITDA margin of between 100 and 200 basis points compared to 2023;
- an adjusted leverage ratio expected to be around 2.0x as at 31 December 2024.

DECLARATION PURSUANT TO ARTICLE 154-BIS, PARAGRAPH 2, T.U.F.

The Manager responsible for preparing the company's financial reports, Emanuele Stanco, declares, pursuant to Article 154-bis, second paragraph of Legislative Decree 58/98, that the accounting information contained in this press release corresponds to the results in the Company's documents, books and accounting records.

The Interim Report on Operations as at 31 March 2024, approved by the Board of Directors today, will be made available to the public at the Company's registered office and can be consulted on the Company's website at www.gvs.com and on the authorised storage mechanism "eMarket Storage", managed by Teleborsa Srl.

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CONFERENCE CALL

Financial results for Q1 2024 will be presented on 14 May 2024 at 16:00 pm CET during a webinar/conference call held by the Group's Senior Management.

The event can be followed in webinar or telephone mode by registering at the link below:

[CLICK HERE TO REGISTER FOR THE CONFERENCE CALL & WEBINAR](#)

The presentation given by the Senior Management will be available before the beginning of the conference call on the authorised storage mechanism eMarket Storage, managed by Teleborsa Srl, as well as on the Company's website www.gvs.com (in the section Investor Relations/Financial Presentations).

This press release is available on the regulated information dissemination system eMarket SDIR, managed by Teleborsa Srl, as well as on the Company's website www.gvs.com (in the Investor/Press releases section).

Contacts

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DISCLAIMER

This press release contains forward-looking statements concerning future events and operating, economic and financial results of GVS. These forecasts have by their very nature a component of risk and uncertainty, as they depend on the occurrence of future events and developments. Actual results may deviate even significantly from those announced in relation to a multitude of external factors not necessarily under GVS's control.

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Consolidated Financial Statements as at 31 March 2024

Consolidated Income Statement

(In thousands of Euro)	Period of 3 months ended 31 March	
	2024	2023
Revenue from contracts with customers	103,886	103,956
Other revenue and income	1,505	985
Total revenue	105,391	104,941
Purchases and consumption of raw materials, semi-finished and finished products	(31,780)	(32,186)
Personnel costs	(33,537)	(33,940)
Services Cost	(14,199)	(14,704)
Other operating costs	(1,593)	(1,493)
EBITDA	24,282	22,618
Net write downs of financial assets	(191)	(344)
Amortisation, depreciation and write downs	(10,961)	(10,205)
EBIT	13,130	12,069
Financial income	5,077	294
Financial costs	(5,710)	(8,905)
Profit before income tax	12,497	3,458
Income taxes	(3,054)	(910)
Net profit	9,443	2,548
Group's share	9,436	2,544
Minority share	7	4
Basic net result per share (in Euro)	0.05	0.01
Diluted net result per share (in Euro)	0.05	0.01

Analysis of Reclassified Income Statement

(In thousands of euro)	Period of 3 months ended 31 March							
	2024	of which non-recurring	2024 Adjusted	%	2023	of which non-recurring	2023 Adjusted	%
Revenues from sales and services	103,886	-	103,886	100.0%	103,956	-	103,956	100.0%
Other revenues and income	1,505	250	1,255	1.2%	985	319	666	0.6%
Total revenue	105,391	250	105,141	101.2%	104,941	319	104,622	100.6%
Costs for purchase of raw materials and change in inventories	(31,780)	-	(31,780)	-30.6%	(32,186)	-	(32,186)	-31.0%
Service provisions	(14,199)	-	(14,199)	-13.7%	(14,704)	-	(14,704)	-14.1%
Other operating expenses	(1,593)	(250)	(1,343)	-1.3%	(1,493)	-	(1,493)	-1.4%
Added value	57,819	-	57,819	55.7%	56,558	319	56,239	54.1%
Labour cost	(33,537)	(27)	(33,510)	-32.3%	(33,940)	(267)	(33,673)	-32.4%
EBITDA	24,282	(27)	24,309	23.4%	22,618	52	22,566	21.7%
Depreciation and amortisation	(10,961)	(4,006)	(6,955)	-6.7%	(10,205)	(4,038)	(6,167)	-5.9%
Provisions and write-downs	(191)	-	(191)	-0.2%	(344)	-	(344)	-0.3%
EBIT	13,130	(4,033)	17,163	16.5%	12,069	(3,986)	16,055	15.4%
Financial income and expenses	(633)	(772)	139	0.1%	(8,611)	(892)	(7,719)	-7.4%
Pre-tax result	12,496	(4,805)	17,302	16.7%	3,458	(4,878)	8,336	8.0%
Income taxes	(3,054)	1,254	(4,308)	-4.1%	(910)	1,330	(2,240)	-2.2%
Group and minorities' net profit	9,443	(3,551)	12,994	12.5%	2,548	(3,548)	6,096	5.9%

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Consolidated Balance Sheet

<i>(In thousands of Euro)</i>	As of March 31, 2024	As of December 31, 2023
ASSETS		
Non-current assets		
Intangible assets	473,928	471,701
Right of use assets	23,309	20,207
Property, plant and equipment	127,239	122,884
Deferred tax assets	4,137	2,852
Non-current financial assets	3,568	3,531
Derivative financial instruments	3,996	4,829
Other non current assets and receivables	2,787	3,037
Total non current assets	638,964	629,041
Current assets		
Inventories	85,805	84,808
Trade receivables	62,447	54,114
Contract assets	1,104	964
Income tax receivables	7,831	7,486
Other current assets and receivables	16,095	12,753
Current financial assets	78,071	2,484
Cash and cash equivalents	96,240	191,473
Total current assets	347,593	354,082
Total assets	986,556	983,123
EQUITY AND LIABILITIES		
Share capital	1,750	1,750
Reserves	335,913	319,054
Profit for the period	9,436	13,647
Group shareholders' equity	347,099	334,451
Non-controlling interests	33	27
Total equity	347,132	334,478
Non-current liabilities		
Payables for the purchase of equity investments and earn-outs	25,126	24,677
Non-current borrowings	331,118	351,337
Non-current lease liabilities	15,002	13,164
Deferred tax liabilities	36,606	35,447
Employee benefit obligations	3,227	3,120
Provisions for risks and charges	8,048	8,529
Total non-current liabilities	419,128	436,274
Current liabilities		
Payables for the purchase of equity investments and earn-outs	18,700	18,342
Current borrowings	107,243	107,729
Current lease liabilities	8,404	7,384
Trade payables	44,417	38,452
Contract liabilities	5,862	6,029
Income tax payables	7,316	8,130
Other current liabilities	28,354	26,305
Total current liabilities	220,296	212,370
Total equity and liabilities	986,556	983,123

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Consolidated Cash Flow Statement

(In thousands of Euro)	Period of 3 months ended 31 March	
	2024	2023
Profit before income tax	12,497	3,458
- Adjustments:		
Depreciation and amortization	10,961	10,205
Capital loss / (gain) from disposal of assets	(27)	41
Net financial expenses	633	8,611
Other non-monetary movements	1,118	540
Cash flow from operating activities before changes in net working capital	25,182	22,855
Changes in inventory	(68)	(8,797)
Changes in trade receivables	(8,383)	82
Changes in trade payables	4,875	(12,332)
Changes in other assets and liabilities	(1,127)	94
Uses of employee benefit obligations and provisions for risks and charges	(141)	(271)
Income tax paid	(4,207)	(1,784)
Net cash flow provided by / (used in) operating activities	16,131	(153)
Investments in property, plant and equipment	(7,544)	(6,050)
Investments in intangible assets	(1,896)	(1,554)
Disposal of property, plant and equipment	43	52
Investments in financial assets	(75,679)	(75,000)
Disposal of financial assets	-	2,280
Net cash flow provided by / (used in) investing activities	(85,076)	(80,272)
Proceeds from long term borrowings	-	75,000
Repayment of long term borrowings	(23,095)	(21,799)
Repayment of lease liabilities	(2,221)	(1,686)
Finance costs paid	(2,484)	(3,224)
Finance income received	963	145
Treasury shares	(36)	-
Net cash flow provided by / (used in) financing activities	(26,872)	48,437
Total cash flow provided / (used) in the year	(95,817)	(31,989)
Cash and cash equivalents at the beginning of the period	191,473	135,169
Total cash flow provided / (used) in the year	(95,817)	(31,989)
Exchange differences from translation of cash and cash equivalents	585	(1,047)
Cash and cash equivalents at the end of the period	96,240	102,133

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Consolidated Net Financial Debt

<i>(In thousands of euro)</i>	At 31 March 2024	At 31 December 2023
(A) Cash on hand	96,240	191,473
(B) Cash equivalents	-	-
Fixed-term deposits	75,000	-
Securities held for trading	2,945	2,317
Financial receivables for leasing	125	168
(C) Other current financial assets	78,071	2,485
(D) Cash and cash equivalents (A)+(B)+(C)	174,310	193,958
Current bank payables	-	-
Financial debt to parent company	2,059	1,531
Financial payables to other companies in GVS Group for leases	2,411	1,475
Financial payables for leases	5,993	5,909
Other Financial Payables	18,973	20,789
(E) Current financial payables	29,436	29,704
(F) Current portion of non-current payables	104,910	103,751
(G) Current financial debt (E) + (F)	134,346	133,455
(H) Net current financial debt (G) - (D)	39,964	60,503
Non-current bank payables	255,497	275,715
Other financial payables	25,748	25,299
Other financial payables to GVS Group	75,000	75,000
Financial payables to other companies in GVS Group for leases	1,927	1,430
Non-current payables for leasing	13,076	11,734
(I) Non-current financial payables	371,247	389,178
Derivative financial instruments with negative values	-	-
(J) Debt obligations	-	-
(K) Commercial and other non-current debt	-	-
(L) Non-current financial debt (I) + (J) + (K)	371,247	389,178
(M) Total net financial debt (H)-(L)	(331,283)	(328,675)

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