GVS

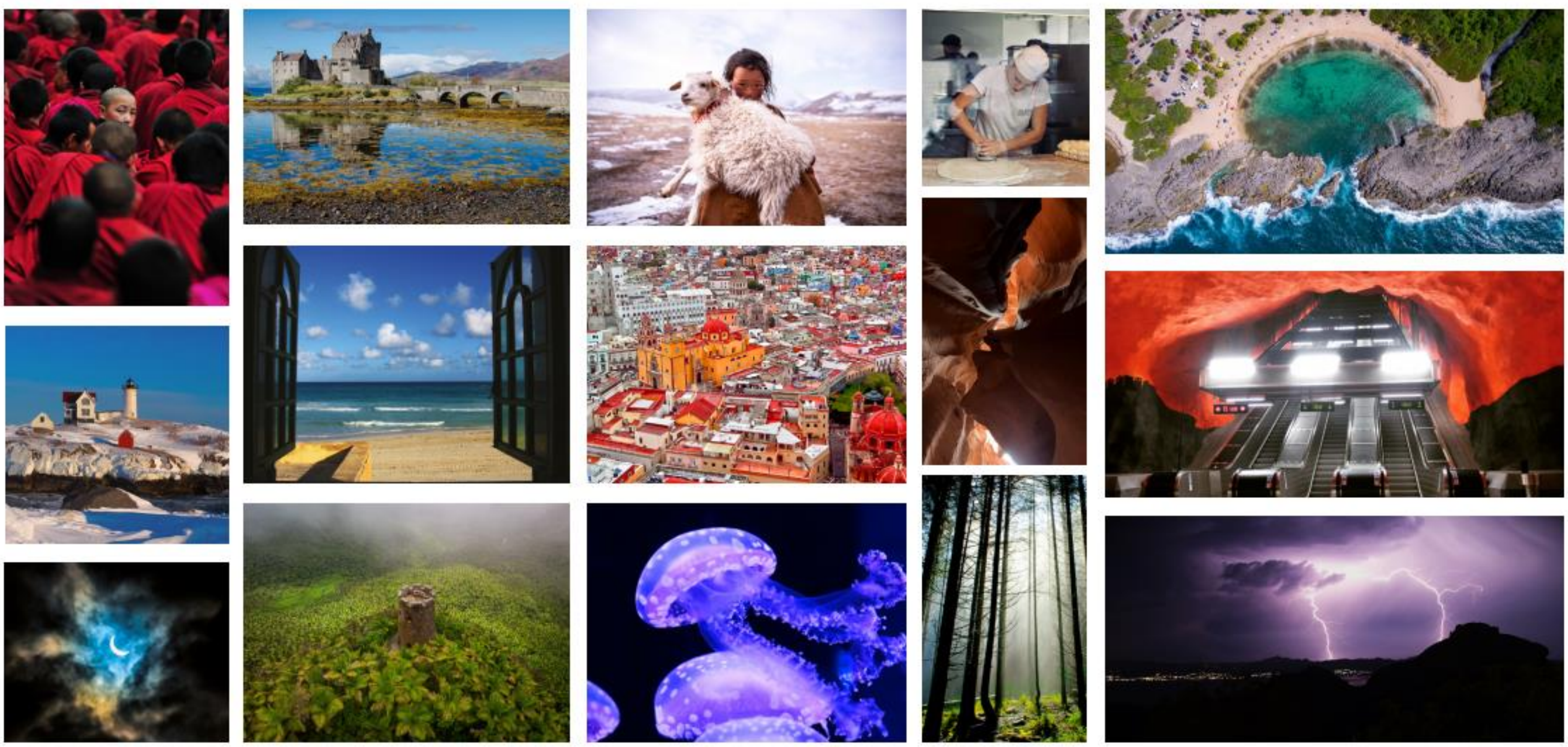
Annual financial report 2024

IMAGES THAT TELL OUR STORY

The photographs in this document are not just simple images, but works created with dedication and creativity by GVS employees, selected through an internal contest that is renewed with enthusiasm year after year for the creation of the company's annual calendar.

This initiative, to which GVS is deeply attached, has been carried out successfully for many years, becoming a long-awaited and appreciated tradition within the organization. Each edition of the contest represents a valuable opportunity for employees to express their artistic and personal vision, showing how the company's values and essence can be interpreted through the lens of a camera.

The selected shots reflect not only creativity and talent but also the daily commitment of those who contribute with dedication to the success of GVS. This visual tribute is an authentic and spontaneous narrative of our reality, seen through the eyes of those who are an integral part of it and live the mission and values that distinguish us every day.



INFORMATION ABOUT THE COMPANY AND INFORMATION FOR SHAREHOLDERS

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LEGAL INFORMATION

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INVESTOR RELATIONS

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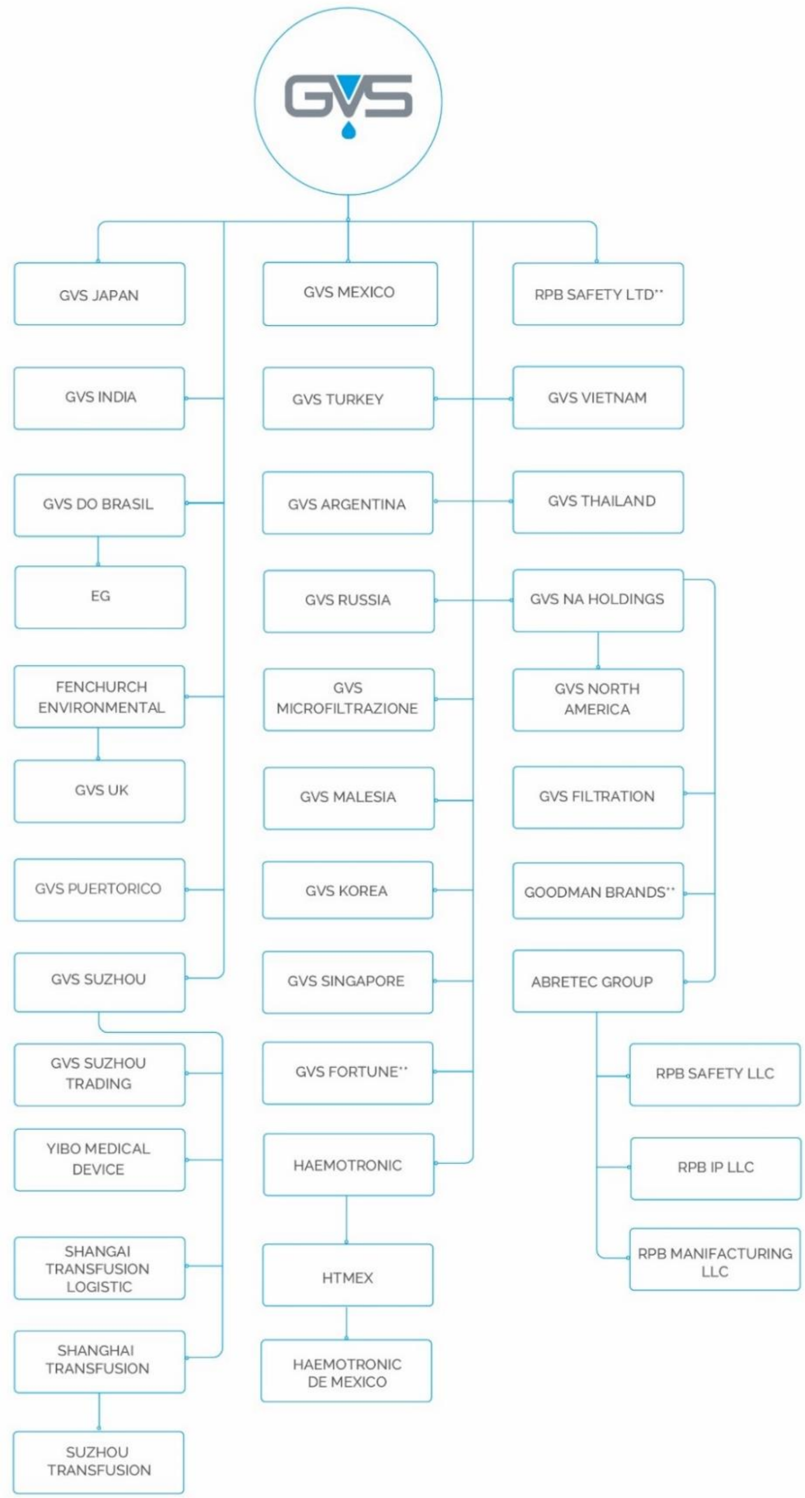
GROUP STRUCTURE*



**Società in fase di liquidazione

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

CORPORATE BODIES

Board of Directors

Chairman (independent)	Alessandro Nasi
Chief Executive Officer	Massimo Scagliarini
Non-Executive Directors	Marco Pacini
	Grazia Valentini
	Marco Scagliarini
Independent Directors	Simona Scarpaleggia (1) (2)
	Anna Tanganelli (1)
	Pietro Cordova (1) (2)
	Michela Schizzi (2)

Board of Auditors

Chairman	Maria Federica Izzo
Standing auditors	Francesca Sandrolini
	Giuseppe Farchione
Alternate auditors	Alessia Fulgeri
	Mario Difino

Manager responsible for the preparation of the Company's corporate accountants	Emanuele Stanco
Manager responsible for the sustainability reporting	Francesca Olivieri
Independent Auditors	PricewaterhouseCoopers SpA

(1) Member of the Control, Risk and Sustainability and Related Party Transactions Committee
(2) Member of the Nominations and Remuneration Committee

DIRECTORS' REPORT ON OPERATIONS

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Comment on Results

The Management Report of GVS SpA (hereinafter also referred to as the "Company" or the "Parent Company") and that of the GVS Group are presented with the annual financial statements and consolidated financial statements at 31 December 2024.

The annual and consolidated financial statements at 31 December 2024 were prepared in accordance with EU-IFRS standards. The consolidated financial statements at 31 December 2024 closes with a profit of Euro 33,375 thousand, after Euro 9,589 thousand in taxation and a total of Euro 44,987 thousand in amortisation, depreciation and writedowns.

The Management Report is intended to provide information the situation of the Company and the GVS Group and on management trends as a whole and in the various areas in which the Group operates, also through its subsidiary companies, and has been prepared in compliance with the provisions of section 2428 of Italy's Civil Code.

The tables below have been prepared on the basis of the consolidated financial statements and the annual financial statements at 31 December 2024, 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 Parent Company GVS and analysis of results for the year 2024

The GVS Group is one of the world's leading suppliers of advanced filtering solutions with applications primarily in the field of Healthcare & Life Sciences.

The year 2024 was marked by a further escalation of geopolitical tensions globally, with the situation in the Middle East escalating and new fronts of war opening as the Russian-Ukrainian conflict continues. 2024 was also marked by unprecedented electoral activity, involving some 3.7 billion voters in more than 70 countries around the world, contributing to increased global uncertainty.

In this challenging context, the GVS group continued its path of growth, both in terms of sales and profitability, continuing its organic development strategy and marking a return to inorganic growth, through the acquisition, announced in December 2024, of the transfusion medicine business of American group Haemonetics.

Through this transaction, GVS has consolidated its position as a global player and vertically integrated into transfusion medicine, adding critical solutions for blood collection, processing, filtration and transfusion to its product portfolio, and increasing exposure to the North American market, which accounts for approximately 50% of the Group's consolidated sales.

The table below breaks down revenues from contracts with customers by division in the years ending on 31 December 2024 and 31 December 2023:

(in thousands of Euro)	**Financial year ended 31 December**	
	2024	**2023**
Healthcare Liquid	223,110	226,185
Healthcare Air & Gas	33,369	29,473
Laboratory	31,715	31,592
Healthcare & Life Sciences	**288,194**	**287,249**
Powertrain & Drivetrain	26,612	29,065
Safety & Electronics	20,912	21,541
Sport & Utility	15,921	16,224
Energy & Mobility	**63,445**	**66,830**
Personal Safety	71,942	66,314
Air Safety	4,962	4,344
Health & Safety	**76,904**	**70,657**
Revenue from contracts with customers	**428,542**	**424,737**

During 2024, GVS generated consolidated revenues of Euro 428.5 million, up 0.9% compared with Euro 424.7 million in the previous year, thanks to the contribution of the *Health & Safety* division, which recorded an 8.8% year-on-year increase in turnover.

The *Healthcare & Lifesciences* division registered growth in the *Healthcare Air & Gas* business compared with the previous year (+13.2%), a positive result for the *Laboratory* business of Euro 31.7 million, in line with the previous year, and a slight decrease in the *Healthcare Liquid* business (-1.4%) of Euro 223.1 million.

The *Energy & Mobility* division shows a decrease of 5.1% in terms of revenues compared with the previous year, showing a negative performance affected by the slowdown in the automotive sector.

In terms of performance and breakdown of revenues from contracts with customers as of 31 December 2024:

- the *Healthcare & Life Sciences* division, which represents 67.2% of the total, registered revenues of Euro 288.2 million, up 0.3% compared with the twelve months of 2023;
- the *Energy & Mobility* division, which represents 14.8% of the total, recorded a 5.1% decrease in turnover compared with the previous year, reaching Euro 63.4 million;
- the *Health & Safety* division represents 17.9% of the total and amounts to Euro 76.9 million, an increase of 8.8% compared with the previous year.

The financial statements for the year closing at 31 December 2024 are shown below in comparison with those of the previous year, reclassified on the basis of current practice in financial analysis.

Analysis of reclassified financial position

	The 12-month year closed on 31 December							
(in thousands of Euro)	**2024**	**of which non-recurring**	**2024 Adjusted**	**%**	**2023**	**of which non-recurring**	**2023 Adjusted**	**%**
Revenue from sales and services	428,542		428,542	100.0%	424,737		424,737	100.0%
Other operating income	7,815	1,137	6,678	1.6%	7,620	1,716	5,904	1.4%
Total revenues	**436,357**	**1,137**	**435,220**	**101.6%**	**432,357**	**1,716**	**430,641**	**101.4%**
Raw materials purchases costs and variation in inventories	(133,281)		(133,281)	-31.1%	(144,236)		(144,236)	-34.0%
Services costs	(59,308)	(787)	(58,521)	-13.7%	(56,740)	(268)	(56,472)	-13.3%
Other operating costs	(7,663)	(2,038)	(5,625)	-1.3%	(6,872)	(2,340)	(4,532)	-1.1%
Added value	**236,105**	**(1,688)**	**237,793**	**55.5%**	**224,509**	**(892)**	**225,401**	**53.1%**
Personnel costs	(134,910)	(1,041)	(133,869)	-31.2%	(131,754)	(1,404)	(130,350)	-30.7%
EBITDA	**101,195**	**(2,729)**	**103,924**	**24.3%**	**92,755**	**(2,296)**	**95,051**	**22.4%**
Amortisation and depreciation	(44,291)	(16,650)	(27,641)	-6.5%	(44,125)	(17,090)	(27,035)	-6.4%
Provisions and write-downs	(696)		(696)	-0.2%	(594)		(594)	-0.1%
EBIT	**56,208**	**(19,379)**	**75,587**	**17.6%**	**48,036**	**(19,386)**	**67,422**	**15.9%**
Financial income and costs	(13,244)	(2,947)	(10,297)	-2.4%	(29,717)	(3,099)	(26,618)	-6.3%
Pre-tax result	**42,964**	**(22,326)**	**65,290**	**15.2%**	**18,318**	**(22,485)**	**40,803**	**9.6%**
Income tax	(9,589)	7,978	(17,567)	-4.1%	(4,677)	4,734	(9,410)	-2.2%
Group's and minority shareholders' net profit or loss	**33,375**	**(14,348)**	**47,723**	**11.1%**	**13,642**	**(17,752)**	**31,394**	**7.4%**

At 31 December 2024, the consolidated economic results of operations were as follows: total revenues from ordinary operations amounted to Euro 435.2 million (Euro 430.6 million in 2023); EBITDA from ordinary operations Euro 103.9 million (Euro 95.1 million in 2023); EBIT from ordinary operations Euro 75.6 million (Euro 67.4 million in 2023).

EBITDA from ordinary operations grew by 9.3% compared to 2023, with a 24.3% margin on revenues, a significant improvement compared to the 22.4% margin recorded in 2023. The increase in EBITDA is supported by the contribution of actions aimed at recovering the profitability implemented by the Group.

EBIT from ordinary operations with a margin on revenues of 17.6% amounts to Euro 75.6 million (+12.1%) compared to Euro 67.4 million in the previous year and in line with the growth achieved at the level of EBITDA from ordinary operations.

Normalised net financial charges (net of foreign exchange gains of Euro 3,890 thousand in 2024 and foreign exchange losses of Euro 10,651 thousand in 2023) were down in the year under review, from Euro 15,967 thousand for the year ended 31 December 2023 to Euro 14,187 thousand for the year ended 31 December 2024, mainly due to the reduction in the nominal value of the loans in accordance with the amortisation plans for the same and the contractually established interest rates.

The pre-tax result of the recurring activities reached Euro 65.3 million in the year under review, up from Euro 40.8 million in 2023, influenced respectively by the exchange gains recognised in 2024 (Euro 3,890 thousand) and the exchange losses recognised in 2023 (Euro 10,651 thousand).

Non-recurrent proceeds and charges in the year ending 31 December 2024 represent: *(i)* income resulting from the partial release of the provision for risks set aside in previous years for a specific dispute arising before the acquisition relating to Haemotronic SpA (Euro 1,137 thousand); *(ii)* costs relating to Group personnel following the ongoing reorganisation process (totalling Euro 1,041 thousand), *(iii)* consultancy costs relating to services received on an exceptional basis (Euro 787 thousand) mainly relating to Boreas operations; *(iv)* a cost relating to the downsizing of the indemnity to be obtained from the seller of Haemotronic SpA, for a specific dispute, for which the specific provision for risks was released for the same amount (Euro 1,137 thousand); *(v)* costs allocated to the reorganisation fund (Euro 902 thousand); *(vi)* amortisation of intangible and tangible assets recognised following the purchase price allocation of the Kuss, RPB, Haemotronic and STT groups (Euro 16,216 thousand); *(vii)* write-downs of intangible fixed assets from the plan for relocation and rationalisation of production sites of the Group in the amount of Euro 434 thousand; and finally *(vii)* interest recognised following the discounting of payables for earn out for acquisitions of the STT and Haemotronic groups (Euro 2,947 thousand), net of the related tax effect. Non-recurring net income from taxes includes, inter alia, Euro 2,942 thousand for revenues relating to the tax benefit of the *Patent Box* held by the parent company GVS SpA and Euro 750 thousand relating to the relevant costs of direct tax risks.

Non-recurring proceeds and charges in the period ending on 31 December 2023 refer to: *(i)* grants obtained from the Chinese government for the relocation of the Suzhou production site (Euro 373 thousand); *(ii)* the recharge to the seller of Haemotronic SpA, for an indemnity relating to a specific dispute for which a specific risk provision was recognised in the same amount (Euro 1,343 thousand); *(iii)* costs relating to Group personnel following the reorganization process in progress (totalling Euro 1,404 thousand); *(iv)* consultancy costs relating to services received of an exceptional nature (Euro 268 thousand), *(v)* costs allocated to the provision for the relocation and rationalization of the Group's production sites (totalling Euro 755 thousand); *(vi)* costs allocated to the risk provision for a specific dispute relating to Haemotronic SpA that arose before the acquisition (Euro 1,343 thousand); *(vii)* costs allocated to the provision for indirect taxes and related penalties for Euro 241 thousand; *(viii)* depreciation of intangible and tangible assets recorded following the purchase price allocation of the Kuss, RPB, STT and Haemotronic groups (for a total of Euro 16,108 thousand); *(ix)* write-downs of tangible fixed assets resulting from the relocation and rationalization plan of the Group's production sites for Euro 982 thousand; and finally *(x)* to interest recorded following the discounting of payables for earn-out for the acquisitions of the STT and Haemotronic groups (Euro 3,099 thousand), net of the related tax effect. Non-recurring charges for taxes also include Euro 1,121 thousand relating to the costs pertaining to the tax dispute concluded with GVS SpA and the Rumanian subsidiary for direct taxes.

<u>Analysis of reclassified equity position</u>

(in thousands of Euro)	As at 31 December 2024	As at 31 December 2023
Net intangible fixed assets	472,941	471,701
Right of use assets	23,389	20,207
Net tangible fixed assets	133,756	122,884
Financial fixed assets	3,175	3,531
Other fixed assets	2,983	10,718
Fixed capital (A)	**636,245**	**629,041**
Net trade receivables	55,368	54,114
Inventories	80,542	84,808
Payables to suppliers	(42,541)	(38,452)
Net commercial working capital (B)	**93,368**	**100,470**
Other current assets	24,223	21,203
Other current liabilities	(42,809)	(40,465)
Total current assets/liabilities (C)	**(18,586)**	**(19,263)**
Net working capital (D)= (B) + (C)	**74,782**	**81,207**
Other non-current liabilities (E)	(29,937)	(35,447)
Employee termination indemnity and end of service indemnity (F)	(2,924)	(3,120)
Provisions for risks and charges (G)	(7,148)	(8,529)
Net invested capital (H) = (A+D+E+F+G)	**671,017**	**663,152**
Shareholders' equity	(451,230)	(334,478)
Consolidated shareholders' equity (I)	**(451,230)**	**(334,478)**
(Short-term financial indebtedness)/Liquidity	49,375	60,503
(Net medium-/long-term financial indebtedness)	(269,161)	(389,178)
Net financial indebtedness (L)	**(219,786)**	**(328,675)**
Own funds and net financial indebtedness (M) = (I+L)	**(671,017)**	**(663,153)**

Fixed assets at 31 December 2024 increased by Euro 7,203 thousand, primarily as a result of: i) investments made in relation to tangible and intangible assets and rights of use; ii) the positive exchange rate conversion during the year, net of depreciation and amortization. Specifically, net intangible assets increased by Euro 1,240 thousand, for investments for the year of Euro 8,153 thousand and for the positive exchange rate translation reserve of Euro 13,114 thousand, net of amortisation and writedowns of Euro 20,597 thousand. Tangible fixed assets increased by Euro 10,872 thousand, of which Euro 29,200 thousand relating to investments capitalised during the year net of depreciation, writedowns and the negative exchange rate translation reserve, respectively Euro 16,973 thousand and Euro 968 thousand. The net increase in rights of use of Euro 3,183 thousand is mainly due to increases in the year of Euro 10,949 thousand net of amortisation totalling Euro 6,721 thousand. Finally, other non-current assets decreased by Euro 7,735 thousand due to the decrease in the fair value of active derivatives of Euro 2,952 thousand, the reduction in other non-current receivables of Euro 3,037 thousand, due to the resolution of a specific dispute to which these receivables were related, and finally the decrease of Euro 1,993 thousand in deferred tax assets.

The balance of trade net working capital at 31 December 2024 decreased by Euro 7,101 thousand compared to 31 December 2023, mainly due to the reduction in inventories of Euro 4,266 thousand and the increase in trade payables of Euro 4,089 thousand, net of the increase in net trade receivables of Euro 1,253 thousand.

The increase in other current assets at 31 December 2024, amounting to Euro 3,020 thousand, is mainly attributable to tax receivables for direct taxes and receivables from government agencies for contributions to be collected, net of the reduction in receivables for indirect taxes mainly relating to value added tax.

The increase in other current liabilities at 31 December 2024 compared to 31 December 2023, equal to Euro 2,344 thousand, is mainly attributable to the increase in payables for direct taxes.

Shareholders' equity increased by Euro 116,751 thousand at 31 December 2024, mainly due to: i) the capital increase relating to the waiver by the shareholder GVS Group of its financial receivable of Euro 75,000 thousand, ii) the total profit for the year of Euro 39,920 thousand and iii) the increase in reserves as a result of the new long-term incentives plan (Euro 1,646 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.

	(in thousands of Euro)	**As at 31 December 2024**	**As at 31 December 2023**
(A)	Cash and cash equivalents	102,991	191,473
(B)	Cash equivalents	-	-
	Term deposits	28,460	-
	Financial assets held for trading	2,401	2,317
	Financial lease receivables	124	168
(C)	Other current financial assets	**30,985**	**2,485**
(D)	**Liquidity (A)+(B)+(C)**	**133,976**	**193,958**
	Financial payables to parent companies	2,041	1,531
	Financial lease liabilities to other companies in the GVS Group	2,402	1,475
	Financial lease liabilities	5,632	5,909
	Other financial liabilities	20,729	20,789
(E)	Current financial indebtedness	30,804	29,704
(F)	Current portion of non-current indebtedness	53,797	103,751
(G)	**Current financial indebtedness (E)+(F)**	**84,601**	**133,455**
(H)	**Net current financial indebtedness (G)-(D)**	**49,375**	**60,503**
	Non-current bank borrowings	245,480	275,715
	Other financial liabilities	8,786	25,299
	Other financial liabilities to GVS Group	-	75,000
	Financial lease liabilities to other companies in the GVS Group	2,250	1,430
	Non-current financial lease liabilities	11,888	11,734
(I)	Non-current financial indebtedness	268,404	389,178
	Passive derivative financial instruments	-	-
(J)	Debt instruments	-	-

(K)	Trade payables and other non-current payables	757	-
(L)	**Non-current financial indebtedness (I)+(J)+(K)**	**269,161**	**389,178**
(M)	**Total net financial indebtedness (H)-(L)**	**(219,786)**	**(328,675)**

The reduction in net financial debt at 31 December 2024 compared with 31 December 2023 is due to the extraordinary increase in share capital of Euro 75,000 thousand due to the waiver by the shareholder GVS Group of its financial receivable from GVS SpA. From an ordinary standpoint, net financial debt decreased by an additional Euro 33,889 thousand, mainly due to cash generated by operations, net of cash used for net investments in tangible and intangible assets for the year (Euro 37,353 thousand), for the signing and/or renewal of leasing agreements (Euro 9,769 thousand), for net financial charges (Euro 17,134 thousand) and for payment and/or offsetting taxes (Euro 13,473 thousand). In terms of current operations, the cash generated by operations of Euro 108,989 thousand and cash generated by the change in working capital of Euro 7,599 thousand, exceeded overall the amount used to sign and/or renew leasing agreements, to pay financial charges, taxes, use of provisions for risks and charges and investments, resulting in a reduction in total net financial debt. Current financial debt of Euro 60,503 thousand at 31 December 2023 amounts to Euro 49,375 thousand at 31 December 2024. Non-current financial debt of Euro 389,178 thousand at 31 December 2023 amounts to Euro 269,161 thousand at 31 December 2024.

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) amount to negative Euro 195,861 thousand at 31 December 2024 and negative Euro 303,046 thousand at 31 December 2023, as indicated below.

	(in thousands of Euro)	**As at 31 December 2024**	**As at 31 December 2023**
(M)	**Total net financial indebtedness**	**(219,786)**	**(328,675)**
	Non-current active derivative financial instruments	1,877	4,829
	Long-term financial receivables	-	420
	Financial lease liabilities (net)	22,048	20,380
	Total net financial position	**(195,861)**	**(303,046)**

The following table shows the adjusted net financial indebtedness:

	(in thousands of Euro)	**As at 31 December 2024**	**As at 31 December 2023**
(M)	**Total net financial indebtedness**	**(219,786)**	**(328,675)**
	GVS Group loan (including interest)	2,041	76,531
	Total adjusted net financial indebtedness	**(217,745)**	**(252,144)**

Adjusted net financial debt is calculated excluding financial payables in the amount of Euro 2,041 thousand, equal to the interest to be paid in relation to the shareholder loan received from GVS Group S.r.l. (Euro 75,000 thousand), converted into share capital and share premium during 2024,in line with the provisions of the definition of net financial debt in existing loan agreements, in relation to the method of calculating financial covenants.

Cash flow statement

The cash flow statement appears below.

(in thousands of Euro)	Financial year ended 31 December	
	2024	**2023**
Pre-tax result	42,964	18,319
- *Adjustment for:*		
Amortisation, depreciation and write-downs	44,291	44,125
Capital losses / (capital gains) from sale of assets	(258)	74
Financial costs / (income)	13,244	29,717
Other non-monetary variations	8,748	4,363
Cash flow generated / (absorbed) by operations before variations in net working capital	**108,989**	**96,598**
Variation in inventories	3,190	14,637
Variation in trade receivables	(1,204)	19,150
Variation in trade payables	4,822	(17,394)
Variation in other assets and liabilities	791	3,793
Use of provisions for risks and charges and for employee benefits	(4,457)	(4,707)
Taxes paid	(15,004)	(10,508)
Net cash flow generated / (absorbed) by operations	**97,128**	**101,569**
Investments in tangible assets	(29,200)	(21,314)
Investments in intangible assets	(8,153)	(6,862)
Disposal of tangible assets	524	357
Investment in financial assets	(75,131)	(96,601)
Disinvestment in financial assets	47,500	98,691
Payment for purchase of business unit net of cash on hand acquired	(19,457)	(1,098)
Net cash flow generated / (absorbed) by investment	**(83,917)**	**(26,826)**
Opening of long-term financial liabilities	208	75,000
Repayment of long-term financial liabilities	(79,475)	(68,875)
Variations in current financial payables	-	2,174
Repayment of lease liabilities	(7,890)	(8,576)
Financial costs paid	(18,192)	(17,913)
Financial income collected	3,372	3,339
Treasury shares	(301)	(62)
Net cash flow generated/(absorbed) by financial assets	**(102,278)**	**(14,913)**
Total variation in cash on hand	**(89,068)**	**59,830**
Cash on hand at the start of the year	**191,473**	**135,169**
Total variation in cash on hand	(89,068)	59,830
Conversion differences on cash on hand	586	(3,526)
Cash on hand at the end of the year	**102,991**	**191,473**

During the year ended 31 December 2024, operations generated lower liquidity of Euro 4,442 thousand compared to the previous year, mainly due to greater absorption of liquidity due to management of working capital influenced by the performance of trade receivables, inventories, in addition to taxes paid and other current assets and liabilities, only partially offset by the increase in EBITDA in the two years compared to the performance of trade payables.

Net investments in the period show a greater liquidity absorption of Euro 57,091 thousand compared with the same period last year, mainly following the payment of the first earn-out to the seller of the Haemotronic group of Euro 19,000 thousand and net investments in financial assets in the current year of Euro 27,631 thousand (mainly relating to the time deposits in place at 31 December 2024) compared with net disinvestments in financial assets of Euro 2,091 thousand in 2023. We also note that net investments in tangible and intangible fixed assets have increased by Euro 9,178 thousand in the two years compared.

Without considering the Euro 75,000 thousand loan subscribed and obtained in 2023 from parent company GVS Group Srl, the financial activity in the first twelve months of 2024 shows greater absorption of cash compared to the same period of the previous year, mainly as a result of greater repayment of principal on loans paid during the two years compared.

Indicators

The Group's principal economic and financial indicators and other indicators at 31 December 2024 and 31 December 2023 are listed below.

	Financial year ended 31 December	
(in thousands of Euro)	**2024**	**2023**
ROE (net profit/total net shareholders' equity)	7%	4%
ROI (EBIT from ordinary operations/net invested capital)	11%	10%
ROS (EBIT from ordinary operations/ordinary total revenues)	17%	16%
EBITDA	101,195	92,755
Adjusted EBITDA	103,924	95,051
Net interest expense (excluding exchange gains / losses and interest for discounting earn out)	(14,187)	(15,968)
Net financial debt	(219,786)	(328,675)
Net financial position	(195,861)	(303,046)
Total intangible fixed assets/Total fixed assets	74%	75%
Total intangible fixed assets/Total assets	51%	48%
Acid test (short-term assets/short-term liabilities)	0.9	1.0
Net interest expense / payables to lenders	4.4%	3.3%
Indebtedness ratio (net financial indebtedness/shareholders' equity)	0.49	0.98
Net financial position/shareholders' equity	0.43	0.91
EBITDA/Interest	7.13	5.81
EBITDA from ordinary operations/Interest	7.33	5.95
Net financial position/EBITDA	1.94	3.27
Net financial position/adjusted EBITDA	1.88	3.19
Net financial debt / EBITDA	2.17	3.54
Net financial indebtedness/adjusted EBITDA	2.11	3.46

The Parent Company GVS SpA

The consolidated financial statements of the Parent Company GVS SpA for the year closing at 31 December 2024 are shown below in comparison with those of the previous year, reclassified on the basis of current practice in financial analysis.

Analysis of reclassified financial position

			Financial year ended 31 December					
(in thousands of Euro)	**2024**	**of which non-recurring**	**2024 from ordinary operations**	**%**	**2023**	**of which non-recurring**	**2023 from ordinary operations**	**%**
Revenue from sales and services	91,507		91,507	100.0%	74,265		74,265	100.0%
Other operating income	6,667		6,667	7.3%	6,457	1,343	5,114	6.9%
Total revenues	**98,174**	**-**	**98,174**	**107.3%**	**80,722**	**1,343**	**79,379**	**106.9%**
Raw materials purchases costs and variation in inventories	(33,045)		(33,045)	-36.1%	(29,677)		(29,677)	-40.0%
Services costs	(17,611)	(250)	(17,361)	-19.0%	(15,331)	(268)	(15,063)	-20.3%
Other operating costs	(4,813)	(1,137)	(3,676)	-4.0%	(3,008)		(3,008)	-4.0%
Added value	**42,704**	**(1,387)**	**44,091**	**48.2%**	**32,705**	**1,075**	**31,630**	**42.6%**
Personnel costs	(29,989)	(360)	(29,629)	-32.4%	(29,395)	(403)	(28,992)	-39.0%
EBITDA	**12,715**	**(1,747)**	**14,462**	**15.8%**	**3,310**	**672**	**2,638**	**3.6%**
Amortisation and depreciation	(6,648)		(6,648)	-7.3%	(6,201)	(289)	(5,912)	-8.0%
Provisions and write-downs	-		-	0.0%	-		-	0.0%
EBIT	**6,067**	**(1,747)**	**7,814**	**8.5%**	**(2,891)**	**383**	**(3,274)**	**-4.4%**
Financial income and costs	959	(2,674)	3,633	4.0%	(15,001)	(2,822)	(12,179)	-16.4%
Net income from equity investments	834		834		4,176		4,176	
Pre-tax result	**7,860**	**(4,421)**	**12,281**	**13.4%**	**(13,716)**	**(2,439)**	**(11,277)**	**-15.2%**
Income tax	2,224	3,425	(1,201)	-1.3%	4,014	(20)	4,033	5.4%
Net profit	**10,084**	**(996)**	**11,080**	**12.1%**	**(9,702)**	**(2,459)**	**(7,244)**	**-9.8%**

Revenues from ordinary operations mainly derive from *(i)* revenues from contracts with customers for Euro 91,507 thousand (Euro 74,265 thousand in 2023) and *(ii)* other operating income of Euro 6,667 thousand (Euro 5,114 thousand in 2023).
The normalised operating result for 2024 was positive for Euro 7,814 thousand, after saving Euro 6,648 thousand (of which Euro 4,703 thousand related to tangible assets, Euro 391 thousand to intangible assets and Euro 1,554 thousand to assets represented by usage rights following application of IFRS 16).
The result of financial operations from ordinary operations, positive for Euro 3,633 thousand, includes financial proceeds of Euro 24,744 thousand and financial costs of Euro 21,111 thousand. This result also includes positive net exchange differences of Euro 10,294 thousand, mostly unrealized.
Net income from equity investments of Euro 834 thousand mainly refers to dividends from subsidiaries of Euro 10,160 thousand, net of the writedowns of equity investments prudently accounted for in 2024.
Net profit for the year 2024 amounted to Euro 10,084 thousand.

Analysis of reclassified equity position

The capital structure of GVS S.p.A. as of 31 December 2024, compared with that at 31 December 2023, is as follows:

Reclassified balance sheet of GVS SpA (in thousands of Euro)	**31 Dec. 2024**	**31 Dec. 2023**
Net intangible fixed assets	3,887	2,799
Right of use assets	2,396	1,797
Net tangible fixed assets	28,092	26,847
Equity investments	382,429	391,446
Other fixed assets	350	6,896
Active derivatives	1,877	4,829
Non-current financial receivables from subsidiaries	140,459	165,677
Fixed capital (A)	**559,489**	**600,291**
Net trade receivables	27,558	20,514
Inventories	7,023	8,183
Payables to suppliers	(10,951)	(9,156)
Net commercial working capital (B)	**23,630**	**19,541**
Other current assets	13,850	10,177
Other current liabilities	(14,237)	(15,561)
Total current assets/liabilities (C)	**(386)**	**(5,384)**
Net working capital (D)= (B) + (C)	**23,244**	**14,157**
Other non-current liabilities (E)	(838)	(5,565)
Employee termination indemnity and end of service indemnity (F)	(2,099)	(2,146)
Provisions for risks and charges (G)	(3,450)	(2,898)
Net invested capital (H) = (A+D+E+F+G)	**576,347**	**603,839**
Shareholders' equity	(279,002)	(194,919)
Consolidated shareholders' equity (I)	**(279,002)**	**(194,919)**
(Short-term financial indebtedness)/Liquidity	(24,936)	(24,313)
(Net medium-/long-term financial indebtedness)	(272,408)	(384,607)
Net financial indebtedness (L)	**(297,344)**	**(408,920)**
Own funds and net financial indebtedness (M) = (I+L)	**(576,346)**	**(603,839)**

The net invested capital at 31 December 2024, amounting to Euro 575,589 thousand, was fully financed for Euro 279,002 thousand from net equity and Euro 296,587 thousand from the net financial debt. The changes in the balance sheet are analysed and described in the notes to the financial statements.

Analysis of net financial indebtedness and net financial position

The net financial position of the Parent Company as of 31 December 2024, compared with 31 December 2023, is as follows:

	Net financial indebtedness and net financial position of the Parent Company GVS SpA (in thousands of Euro)	31 Dec. 2024	31 Dec. 2023
	Cash	10	17
	Cash and cash equivalents	62,270	118,217
	Term deposits	28,460	-
	Financial assets held for trading	-	-
(A)	**Liquidity**	**90,740**	**118,234**
	Financial receivables from subsidiaries	26,389	28,753
	Other financial receivables	2,416	-
(B)	**Current financial receivables**	**28,805**	**28,753**
(C)	Current bank debts	-	-
(D)	Current portion of non-current indebtedness	(52,057)	(99,954)
	Financial payables to parent companies	(2,041)	(1,531)
	Financial payables to subsidiaries	(69,696)	(50,719)
	Financial payables to other companies in the GVS Group due to leasing	(933)	(389)
	Financial lease liabilities	(409)	(366)
	Other financial liabilities	(19,345)	(18,341)
(E)	Other current financial liabilities	(92,424)	(71,346)
(F)	**Current financial indebtedness (C)+(D)+(E)**	**(144,481)**	**(171,300)**
(G)	**Net current financial indebtedness (A)+(B)+(F)**	**(24,936)**	**(24,313)**
	Non-current bank borrowings	(242,863)	(270,413)
	Non-current financial payables to parent companies	-	(75,000)
	Non-current financial payables to subsidiaries	(27,590)	(21,085)
	Financial payables to other companies in the GVS Group due to leasing	(692)	(721)
	Non-current financial lease liabilities	(505)	(404)
	Other financial liabilities	(757)	(16,984)
(H)	**Non-current financial indebtedness**	**(272,407)**	**(384,607)**
(I)	**Net financial indebtedness (G)+(H)**	**(297,344)**	**(408,920)**
	Non-current derivative instruments	1,877	4,829
	Non-current financial receivables from subsidiaries	140,459	165,677
	Financial lease liabilities	2,539	1,880
	Total net financial position	**(152,469)**	**(236,535)**

The complete cash flow statement is shown in the financial statements.

Additional information

Business continuity

In view of the above market trend and the soundness of its financial structure, the Group and the Company consider the use of the going concern assumption to be appropriate and correct.

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, during the year the Group has invested both 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 or emergence of new product trends.

Investments for the year ended 31 December 2024 are mainly attributable to strengthening production capacity and maintaining production in all the business divisions. *In addition to those, the* investments during the year included approximately Euro 8,477 thousand for the construction of the new plant in Suzhou (China), construction of which began in the previous year.

Furthermore, it should be noted that, with reference to the year ended 31 December 2024, the main investments concerned the production plants in Italy, the plants in the United States of America and the GVS sites in the United Kingdom, China, Romania and Mexico.

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 year under review compared with the period of the previous year are shown below.

	Financial year ended 31 December	
(in thousands of Euro)	**2024**	**2023**
Research and development costs	26,113	24,978
Research and development costs/revenues from contracts with customers	6.1%	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 2024.

Starting from 8 October 2021, the Company launched the buyback program authorised by the Shareholders' Meeting of 27 April 2021. In September 2024, GVS SpA, renewed under the same terms and conditions, in implementation of the shareholders' resolution authorising the purchase and disposal of treasury shares of 7 May 2024, the appointment on 18 September 2023 of Kepler Cheuvreux SA to carry out liquidity support activities on the regulated market Euronext Milan, organised and managed by Borsa Italiana S.p.A. ("Euronext Milan"), under conditions of independence. The liquidity support activity on the ordinary shares issued by GVS SpA lasts for 12 months, starting on 19 September 2024, up to a maximum of Euro 1.5 million, in accordance with market practice no. 1, referred to in CONSOB Resolution No. 21318 of 7 April 2020. As of 31 December 2024, the Company held 300,984 treasury shares representing a total stake of 0.16% in the Company's share capital.

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

The table below compares the result of the year and the Parent Company's shareholders' equity with the corresponding values of the Group's consolidated financial statements for 31 December 2024 and the previous year.

	31 December 2024		31 December 2023	
(in thousands of Euro)	**Shareholders' equity**	**Result for the year**	**Shareholders' equity**	**Result for the year**
GVS SpA financial statements	279,002	10,084	194,919	(9,703)
Differences between shareholders' equity of consolidated shareholdings and their value in the Parent Company's financial statements and the subsidiaries' results:	170,770	34,812	137,529	31,124
Goodwill and purchase price allocation	7,222	(225)	6,744	-
Elimination of infragroup transactions	(5,609)	(1,124)	(4,637)	(1,563)
Reversal of infragroup dividends	-	(10,160)	-	(6,503)
Adjustments to align individual financial statements with Group accounting policies	(154)	(10)	(77)	287
Shareholders' equity and net income attributable to non-controlling interests	(52)	(5)	(27)	5
GVS Group Consolidated Financial Statements	**451,179**	**33,370**	**334,451**	**13,647**
Shareholders' equity and net income attributable to non-controlling interests	52	5	27	(5)
Total shareholders' equity and results of the consolidated financial statements	**451,231**	**33,375**	**334,478**	**13,642**

Climate change and potential impacts for the Group

As far as climate change is concerned, attention is being paid by Company management, which assesses both the risks defining the strategies aimed at reducing its impacts on the Group's operations, and the consequences of its own activities on climate change.

The recent work of the 29th United Nations Conference of the Parties (COP 29) confirmed the centrality and urgency of the climate agenda. The wars in Ukraine and the Middle East, and in particular the related energy crisis and increased consumption of coal to deal with the crisis, have placed emphasis on the need to accelerate the transition to renewable sources as a means of strengthening energy security.

The management of the GVS Group, in line with these principles, considers environmental protection a priority objective and undertakes to promote actions aimed at improving environmental performance and limiting the impacts generated.
For more information on quantitative data for energy consumption, emissions and waste management, please see the Consolidated Sustainability Report section below.
Based on the information currently available, management has carried out assessments on the possible risks and uncertainties associated with climate change. Below is a summary of the analysis conducted using the scheme of the *Task Force on Climate Relayed Financial Disclosure*.

Climate-related risks	**Potential Impacts**
Regulatory and legal risks	No significant economic impacts are expected from cost increases or reductions in the demand for products and services
Risks of technology	We are not expecting any significant economic impacts related to the replacement of products and services with others with low emissions and no significant development and implementation costs for new processes are expected that deviate from the Group's normal level of investment. With regard to the exposure of the *Energy & Mobility* division to the production and sale of components for endothermic engines, management has launched a process of developing new products and technologies dedicated to electric vehicles that will gradually replace existing products, without significant impact in terms of costs and new processes.
Market risk	No significant economic impacts are expected from the reduction in demand for goods and services due to changes in consumer habits or an increase in raw materials. With regard to the exposure of the *Energy & Mobility* division to the production and sale of components for endothermic engines, management has launched a process of developing new products and technologies dedicated to electric vehicles that will gradually replace existing products, with no significant impact in terms of sales of goods and services.
Reputational risks	No significant economic impacts are expected due to the expectations of stakeholders on issues relating to climate change and reputational damage arising from a possible loss of credibility to the Group in the event of failure to develop an appropriate climate strategy.

Regarding the group's climate change objectives, please refer to the section Climate Change (E1) of the Consolidated Sustainability Report.
Group Management constantly evaluates solutions that can mitigate the negative impacts linked to the increase in costs and, on the other hand, guarantee a reduction of the negative effects that company business has on the climate.
In view of the above, the Directors do not foresee significant risks related to changes in the climate and do not foresee significant effects on the economic and financial results of the Group. At the date of this report, there are no significant risks of adjusting the book values of assets and liabilities

or uncertainties that influence the assumptions used to prepare the estimates deriving from climate change.

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.

For more details, refer to the "Management of financial risk" section of the Explanatory Notes.

In relation to the wars in Ukraine and in the Middle East, the Company monitors the geopolitical context and the situation in these countries 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.

Intergroup and related party transactions

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

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

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

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

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

For more details, refer to the section entitled "Transactions with related parties" in the Explanatory Notes.

Corporate governance

The corporate governance system adopted by GVS complies with the guidelines contained in the Code of Corporate Governance for Italian listed companies published by Borsa Italiana S.p.A. In compliance with regulatory obligations, the Report on Corporate Governance and Ownership Structure is prepared annually, which contains a general description of the corporate governance system adopted by the Group and reports on the ownership structure and compliance with the Code of Corporate Governance, including the main governance practices applied and the characteristics of the internal control and risk management system also in relation to the financial reporting process.

The above report can be viewed on the website www.gvs.com - Governance.

The Code of Corporate Governance can be viewed on the Borsa Italiana S.p.A. website www.borsaitaliana.it.

Annually, the Board of Directors, on the proposal of the Remuneration Committee, defines the remuneration policy, in accordance with regulatory provisions and recommendations of the Code of Corporate Governance. In accordance with the law, the remuneration policy is the first section of the Report on Remuneration Policy and Remuneration paid and will be submitted to the Shareholders' Meeting called to approve the 2024 annual financial statements.

Adoption of the European Single Electronic Format (ESEF) taxonomy

Directive 2013/50/EU – amending Directive 2004/109/EC (the "Transparency Directive") – stipulates that, as from 1 January 2021, European listed companies must prepare their annual financial reports in accordance with the same European Single Electonic Format (ESEF). The format is a combination of XHTML (eXtensible HyperText Markup Language), for the presentation of financial reports in a human-readable format, and XBRL (eXtensible Business Reporting Language) markups. XBRL markups should be incorporated into the XHTML using inline-XBRL or iXBRL specifications. The obligation to use the iXBRL has seen two stages of implementation:

First step: for FY 2021, in addition to basic registry information, the companies concerned have tagged all figures in the Statement of Financial Position, Profit or loss for the period, other components of Comprehensive Income, changes in Shareholders' Equity and the Cash Flow Statement.

Second phase: from 1 January 2022, iXBRL extended itself to disclosure in the notes to the consolidated financial statements.

All of the above with the aim of facilitating the accessibility, analysis and comparability of the financial statements prepared in accordance with International Financial Reporting Standards (IFRS).

In accordance with the above, GVS also prepared the annual financial report in XHTML format for 2024, supplemented by appropriate XBRL markings with regard to the consolidated financial statements relating to:

- Consolidated statement of financial position

- Consolidated statement of profit/(loss) for the year

- Consolidated statement of other comprehensive income

- Statement of changes in consolidated shareholders' equity

- Consolidated statement of cash flows (indirect method)

Explanatory notes to the consolidated financial statements

The compliance of the annual financial report with the ESEF Regulation has been audited by the firm PricewaterhouseCoopers S.p.A.

Significant events occurring in 2024

In April 2024, GVS announced its intention to build a new production plant for the manufacture of an innovative diaphragm for water alkaline electrolysis systems for the production of green hydrogen (the "Project"). The new diaphragm has been developed internally by GVS's research & development department, leveraging the Group's established expertise in the production of membranes and filtering materials, and will provide high performance in terms of durability, electrochemical conductivity and gas separation. The investment decision follows a testing period with selected customers, which confirmed the superior performance and reliability of the new membrane. The new production plant will be installed at the GVS headquarters in Zola Predosa (Bologna) and will have the capacity to provide the equivalent of 4 GW/year capacity of an electrolyser for the production of green hydrogen (320,000 tonnes H2/year produced). It is expected that the fixed asset investments associated with the project will be in the order of 4 million euros and will be financed in 2024 and 2025 with available financial resources. The commercial launch of the diaphragm is expected in the second half of 2025, with impacts in terms of revenue generation starting in 2026. As the Project is fully in line with the European Hydrogen Strategy (COM/2020/301), which aims to achieve an installed capacity of 40 GW electro-welders by 2030, GVS will submit a funding request to the European Innovation Fund (EU Innovation Fund), one of the world's largest funding programs for innovative low-CO2 technologies.

On 26 July 2024, the Board of Directors of GVS SpA approved the 2024-2026 Sustainability Plan - *Protecting your tomorrow*. The Plan includes more than 100 projects, covering 46 objectives linked to the 4 central pillars of the Group's sustainability strategy: *Protecting people*, *protecting the planet*, *protecting through innovation* and *protecting our values*. The objectives of the Sustainability Plan aim, on the one hand, to strengthen management and safeguards on the most crucial sustainability issues, and, on the other hand, to create the foundations for the achievement of ambitious future goals.

On 18 July 2024, GVS presented the new Elipse Full Face Mask, which weighs only 346g, stands out as one of the lightest integral masks currently available on the market. This result underscores GVS's commitment to innovation and excellence, offering a product that prioritises both performance and comfort. The Elipse Full Face Mask is compatible with a wide range of filters that meet the needs of the user in the most critical environments. The commercial launch of the Full Face Mask Elipse took place in the third quarter of 2024.

In August 2024, a process was initiated to reorganise some production departments of the subsidiary GVS Puerto Rico in order to pursue greater efficiency through the transfer of certain production lines from GVS Puerto Rico to our subsidiaries located in Mexico. The implementation of the plan consequently provides for the reduction of the workforce in GVS Puerto Rico, with the recognition of early retirement incentives.

On 3 December 2024, GVS's Board of Directors announced that on 2 December 2024 it implemented the statutory delegation referred to in Article 2443 of the Italian Civil Code and, consequently, resolved a capital increase (the "Capital Increase"), for payment and in tranches, excluding option rights pursuant to Article 2441, paragraph 4, second sentence, of the Italian Civil Code, for an amount of Euro 75,000,000 (including share premium), reserved for subscription by GVS Group S.r.l. ("GVS Group"), by issuing a maximum of 17,500,000 shares with no par value and regular enjoyment, or the lower number of shares (rounded down) as determined by the ratio between Euro 75,000,000 and the Issue Price (as defined below), to be subscribed by 23 December 2024; it being understood that if the same is not fully subscribed by that date, it will remain determined in the lower amount resulting from subscriptions made. GVS Group has made an irrevocable commitment to subscribe to the Capital Increase that allows GVS to: *i)* take up an application repeatedly expressed by investors regarding the simplification of GVS's financial structure, by eliminating the interest-bearing shareholder loan of 8 March 2023 between the Company and GVS Group, for an amount of Euro 75,000,000; *ii)* definitively acquire the sums originally disbursed with the shareholder loan, achieving a rapid strengthening of the capital structure concurrently with acquiring certain assets relating to the transfusion medicine activities of Haemonetics Corp. and iii) facilitate the discussions initiated with financial institutions regarding the possible restructuring of part of the existing debt. The issue price (the "Issue Price") for each of the shares resulting from the Capital Increase has been determined as the arithmetic average of the closing prices of the time interval that includes entries in the previous 10 trading days (including 2 December) and in the 10 trading days following disclosure to the Acquisition market, including details, and therefore from 19 November 2024 to 16

December 2024. The Capital Increase was approved as a significant related-party transaction, since the significance indicator relating to the countervalue of the transaction set out in Annex 3 to the RPT Consob Regulation and the GVS Procedure on Related-Party Transactions is greater than 5%. GVS's Board of Directors approved the transaction on 2 December 2024, after obtaining the reasoned favourable opinion of the Control, Risks, Sustainability and Related Parties Committee, acting as the Related Parties Committee, on GVS's interest in carrying out the transaction, as well as on the appropriateness and substantial correctness of the respective conditions under GVS's Related Parties Procedure.

On 3 December 2024, GVS signed a binding agreement with Haemonetics Corp. (the "Seller" or "Haemonetics") to acquire certain assets (the "Transaction") related to the *whole blood* business of Haemonetics. The Transaction involves the acquisition of the production plant in Covina, California, of the warehouse relating to the *whole blood* business and part of the production activities of Haemonetics in Tijuana, Mexico, where these solutions are currently produced (the "Target"). The production activities acquired in Tijuana consist only of production machinery currently located in the Haemonetics plant for the *whole blood* business and will be transferred to the existing GVS facilities. The Transaction represents the strategic evolution of GVS's presence in the transfusion medicine market, which began in 2020 with the acquisition of Haemonetics' manufacturing operations in Puerto Rico, dedicated to the production and supply of blood filters, and is further emphasized in 2022 with the acquisition of Shanghai Transfusion Technology ("STT"), active in the production and sale of blood management products in China and other emerging markets, and the acquisition of Haemotronic, a world leader in medical bag manufacturing technology and components for haemodialysis and fluid management. The acquisition will enable GVS to consolidate its position as a global player and vertically integrated into transfusion medicine, through: *i)* the consolidation of a vertically integrated product offering, from the production of membranes to the final medical device, adding critical solutions for blood collection, processing, filtration and transfusion to GVS's current portfolio; *ii)* the achievement of global geographical coverage, combining GVS's existing presence in emerging markets with a consolidated Target position in developed markets; *iii)* expansion into the B2C channel, with 85% of Target's sales to blood banks and hospitals as end customers. The Transaction will also offer GVS the opportunity to increase its presence in the large and attractive global whole blood market, characterised by: *i)* a target market of around EUR 3.6 billion, with a specific focus on the collection and processing segments; *ii)* support of secular growth drivers, including the structural increase in demand for blood from donors linked to population growth, improved access to admissions/surgery and increased adoption of filtration solutions in best practices for blood collection and processing in emerging countries. Finally, the Transaction will offer GVS significant synergies from: *i)* the transfer of the production assets acquired in the GVS plants, increasing their saturation and benefiting from economies of scale; *ii)* the complete verticalization of production and the insourcing of membranes and components, significantly optimizing costs; *iii)* the implementation of a global commercial strategy, combining Target's product offering with the existing STT portfolio, to increase penetration in both developed countries and attractive emerging markets, exploiting GVS's international commercial and production platform; *iv)* the combination of Haemonetics and GVS' filter and bag technology, to develop next-generation blood transfusion solutions. The purchase price is 44.6 million US dollars (the "Purchase Price"), corresponding to Euro 42.4 million at the exchange rate on 3 December 2024, on a *cash free/debt free* basis, subject to customary price adjustment mechanisms. In addition to the Purchase Price, a maximum amount of 22.5 million US dollars is payable by February 2029 in various annual tranches and includes: *i)* up to 17.5 million US dollars, payable by February 2028 in various annual tranches, subject to the achievement of certain revenue targets for financial years 2025, 2026 and 2027 (the "Base Variable Purchase Price"); *ii)* up to 5.0 million US dollars, payable by February 2029 in various annual tranches, subject to the achievement of certain profitability targets for anticoagulant and preservative solutions ancillary to blood collection procedures for financial years 2026, 2027 and 2028 (the "Additional Variable Purchase Price"). The scope of acquired assets is expected to generate revenues in excess of 50 million US dollars in financial year 2025. The acquisition is structured as an *asset deal* and includes the real estate property of the Covina plant with a third party market valuation of 19.5 million US dollars. The *Enterprise Value* of the Transaction (including both the Purchase Price and the Basic Variable Purchase Price, but not the Additional Variable Purchase Price) net of the value of the Covina property is 42.6 million US dollars, corresponding to an EV/EBITDA multiple of approximately 6x, based on Target adjusted EBITDA for the 12 months ending March 2024. The Transaction was concluded on 14 January 2025, subject to satisfaction of the conditions precedent of practice. The Transaction was financed using the available cash resources.

On 3 December 2024, in order to optimise its financial structure, GVS reached an agreement with the pool of banks concerning the loan agreement for the original amount of Euro 230 million signed in June 2022, concerning: *(i)* the rescheduling, on a non-constant basis, on a half-yearly basis from 18 months to 60 months, of the repayment schedule for the residual amount (equal to Euro 195.5 million), as well as *(ii)* a reduction in margins.

On 17 December 2024, GVS completed the paid capital increase in tranches, excluding option rights pursuant to Article 2441, paragraph 4, second sentence, of the Italian Civil Code, for an amount of Euro 75,000,000 (including share premium), reserved for subscription by GVS Group S.r.l. ("GVS Group"), resolved by GVS's Board of Directors on 2 December 2024, subject to the favourable opinion of the Control, Risks, Sustainability and Related-Parties Committee, acting as the Related-Party Transactions Committee. In particular, in execution of the aforementioned Capital Increase resolution, GVS issued 14,177,693 new shares (the "New Shares") with no par value and no regular dividend rights, at the issue price (the "Issue Price") of Euro 5.29 per each New Share and for a total value of Euro 75 million. The Issue Price was determined as the arithmetic average of the closing prices of the GVS shares from 19 November 2024 to 16 December 2024. As a result of the execution of the Capital Increase, the GVS Group holds a total of 119,177,693 GVS shares, representing 63% of GVS's share capital (as well as 74.82% of voting rights). The New Shares are automatically admitted to trading on Euronext Milan, like the other ordinary shares of GVS, without the need to publish a prospectus offering to the public and/or listing, under the exemptions provided for by Article 1(4)(b) and (5)(a) of Regulation (EU) 2017/1129, as subsequently amended.

Events subsequent to the close of the financial year

On 14 January 2025, GVS successfully completed the acquisition of Haemonetics' whole blood assets, in line with terms entered into on 3 December 2024. The purchase price paid at closing, which reflects the price adjustment mechanism and subject to potential further adjustments in accordance with the terms of the acquisition agreement, is 43.5 million US dollars (the "Purchase Price"), corresponding to Euro 42.3 million at the exchange rate on 14 January 2025, on a cash free / debt free basis, and includes the warehouse related to the whole blood business and the real estate property of the Covina production plant, in addition to specific plant and machinery. In addition to the Purchase Price, a maximum amount of 22.5 million US dollars is payable by February 2029 in different annual tranches. Consolidation of the acquisition is included in the financial data of GVS as of the closing date.

Business outlook

During financial year 2025, the GVS Group will continue on its path of continuous improvement in economic and financial performance, focusing its strategy on:

- the full integration, within the new *Transfusion Medicine* subdivision, of the whole blood business acquired by Haemonetics earlier this year and the implementation of a marketing strategy aimed at increasing the market share on the American market;
- the launch/consolidation of new products relating to the Group's 3 divisions and developed in the three-year period 2023-2025, to support growth in the coming years;
- the continuation of industrial efficiency actions, aimed at supporting further improvement of the Group's margins;
- the implementation of the new organisational structure of the *Healthcare & Life Sciences* division, aimed at maximising the growth potential of the various markets.

In light of the actions described above, GVS expects to achieve the following results in 2025:

- mid-to-high single digit growth in consolidated turnover compared with 2024, gradually accelerating during the year thanks to the gradual integration of revenues from the whole blood business;
- a normalised EBITDA margin increasing between 150 and 250 basis points compared to 2024;
- A leverage ratio of below 2x as of 31 December 2025.

Consolidated Sustainability Statement

General Information

Basis for preparation

[BP-1; BP-2]

This Consolidated Sustainability Statement (hereinafter also referred to as "Statement"), approved by the Board of Directors of GVS S.p.A. on 24 March 2025, is prepared in accordance with the European Sustainability Reporting Standards (ESRS) and Italian Legislative Decree No. 125 of 2024. In addition, for the calculation of greenhouse gas (GHG) emissions, the Group applied the methodology defined by the GHG Protocol.

This Statement has been prepared on a consolidated basis and includes GVS S.p.A (parent company) and all companies consolidated on a line-by-line basis in accordance with the scope of the Consolidated Financial Statements detailed in the section "Consolidation criteria and methods" of the "Notes to the Consolidated Financial Statements as at 31 December 2024".

The Consolidated Sustainability Statement covers GVS's upstream and downstream value chain in relation to policies and actions concerning material impacts, risks and opportunities (IROs) identified along the Group's value chain (for more details refer to the section "Double materiality assessment") and greenhouse gas emission metrics - Scope 3 (for more details refer to the section "Climate change (E1)").

The Group did not choose to omit information corresponding to intellectual property, know-how or innovation results.

There are no changes in the preparation and presentation of sustainability information as 2024 is the first year of implementation of the ESRSs.

To facilitate readability for stakeholders, each section of the document indicates the disclosure requirements it contains. For full details, refer to the section 'Disclosure requirements of ESRSs covered by sustainability reporting.

The terms 'disclosure requirement' and 'datapoint' correspond to the definitions contained within the European Sustainability Reporting Standards (ESRS).

Incorporation by reference

In order to respond to the datapoint SBM-3 48d, relating to the current financial effects of material risks and opportunities, the Group has referred to the information in the '8.18 Provisions for current and non-current risks and charges' section of the Consolidated Financial Statements.

Transitional provisions

The Group also made use of the transitional provisions of the ESRSs concerning the value chain (ref. 10.2 Transitional Provision concerning Chapter 5 Value Chain) and the following Disclosure Requirements (ref. Transitional provision: List of gradually introduced disclosure requirements):

- SBM-1 40 b-c) - Strategy, business model and value chain

- SBM-3 48 e) - Material impacts, risks and opportunities and their interaction with strategy and business model
- E1-9 - Anticipated financial effects from material physical and transition risks and potential climate-related opportunities
- E5-6 - Anticipated financial effects from material resource use and circular economy-related risks and opportunities
- S1-8 63 a) - Collective bargaining coverage and social dialogue (in reference to the overall percentage of employees covered by employee representatives for countries outside the European Economic Area)
- S1-11 - Social protection
- S1-13 83 a) - Training and skills development metrics (with reference to the gender breakdown of employees who participated in periodic performance and career development reviews, the number/proportion of performance reviews per employee and the number of reviews in proportion to the agreed number of reviews by the management)

In addition, the Group has made use of the transitional provisions relating to comparative information (ref. 10.3 Transitional Provision relating to section 7.1 Presentation of comparative information) only with regard to quantitative disclosure requirements related to metrics that were not previously collected and/or reported. Specifically, despite this being the first year of application, the Group decided to include comparative data from previous years for the metrics measured and previously published within the Consolidated Non-Financial Statement to provide greater transparency on the Group's performance on these metrics. Finally, it should be noted that the historical data for metrics E3-4 have been updated from what was previously published in order to reflect the improved quality of the data source (for more details, refer to the section "Water (E3)"); in addition, the data for FY 2023 in the section "European Taxonomy for environmentally sustainable activities" have been updated from what was previously published to reflect the interpretative clarifications released by the European Commission in 2024 (more details can be found in the appropriate section). Lastly, the data for the comparative years 2022 and 2023 were not audited by the independent auditors, as indicated in the 'Other Matters' section of the Independent auditor's limited assurance report on the consolidated sustainability report in accordance with article 14-bis of Legislative Decree No. 39 of 27 January 2010', included in this document.

Causes of uncertainty in estimates and results and value chain-related estimates

The following metrics contain sources of uncertainty in both estimation and results, arising from several factors. These include, for example, the limited availability of value chain data required the use of reasonable assumptions and estimates defined with the involvement of in-house experts. The description of the calculation methodologies, the assumptions and estimates made and the uncertainties in the results are detailed in the sections below:

Disclosure requirement with a high level of uncertainty	Value chain data estimates	Reference sections
E1-6 - Gross GHG scope 1, 2, 3 emissions and total GHG emissions	✓	Climate change (E1)
E5-4 - Resource inflows	✓	Circular economy (E5)

In order to reduce the level of estimation and uncertainty of the above metrics, the Group has initiated activities to involve suppliers in the collection of data pertaining to the value chain and internal projects to track certain data in the systems that were not available to date. These activities will continue during 2025 with a view to continuous improvement.

In addition, the following metrics required some re-proportions or the use of estimates due to unavailability of data from some of the Group companies, as described in the respective sections: E1-5 'Climate change (E1)', E3-4 'Water (E3)', E5-5 'Circular economy (E5)', S1-10, S1-14 and S1-16 - 'Own workforce (S1)'.

For the calculation of the share of capital expenditure (CapEx) and of the share of operating expenditure (OpEx) resulting from products or services associated with economic activities eligible/aligned to the taxonomy, estimates were used as indicated in the section "Contextual information on the indicators in the Taxonomy" of the chapter "European taxonomy for environmentally sustainable activities".

The information set out in this document is provided as of the date indicated herein. In addition, the forward-looking information, which is provided at certain points in this Statement, is based on current expectations and opinions developed by the Company, as well as current estimates and projections concerning future events. These forward-looking statements are subject to risks and uncertainties - many of which are beyond GVS S.p.A.'s control. - which could lead to a significant difference between the forecast information and the actual future results.

GVS Group

[SMB-1]

We have been bringing innovation to promote the protection of people's health and safety for over 40 years. Over time we have grown to operate in 17 countries, constantly striving to improve our efficiency and reduce the impacts of our activities on the planet and people. We believe in ethical and responsible management, consistent with the values and principles that have always distinguished us and in line with our motto: "We Make It Happen."

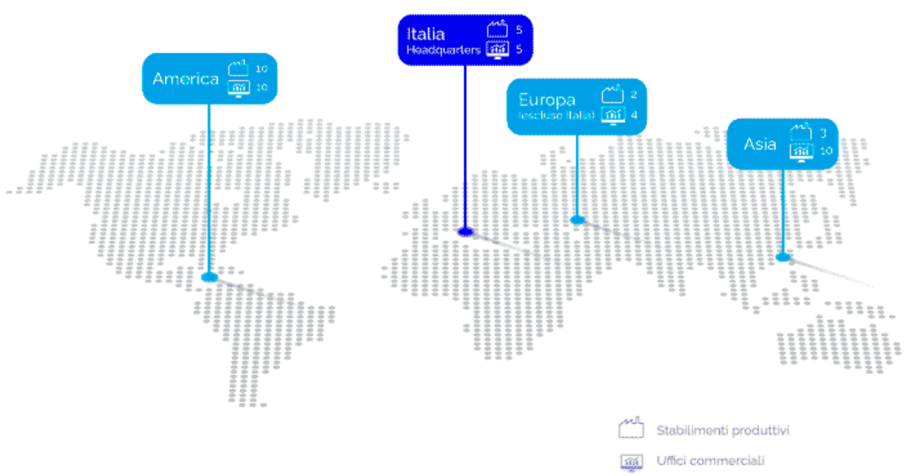
Corporate identity

GVS S.p.A. is an Italian company based in Zola Predosa (Bologna), listed on the Italian Stock Exchange's electronic share market (MTA), the leader in the supply of advanced filtration solutions for critical applications in various highly regulated sectors. The company operates through the following divisions: *Healthcare & Life Sciences*, *Energy & Mobility* and *Health & Safety*.

As of 31 December 2024, the Group was structured as follows:

- the **headquarters** are the decision-making and administrative centre where the Group's strategies are defined: GVS S.p.A. is located in Zola Predosa (Bologna), Italy;
- **20 production plants** located in Brazil (2), China (3), Italy (5), Mexico (2), Puerto Rico (1), the United Kingdom (1), Romania (1) and the United States (5);
- **29 sales offices** located in Argentina, Brazil, China, South Korea, Japan, India, Italy, Malaysia, Mexico, Puerto Rico, the UK, Romania, Russia, the USA, Thailand, Turkey and Vietnam;
- **4,348 employees** globally distributed as follows: 1,509 in Europe, 2,207 on the American continent and 632 in Asia[1].

In order to effectively support customers in the development and implementation of their projects, GVS has always placed great emphasis on the constant improvement of the quality of its products and the innovation of its production processes. Since its origins, the Group has shown a strong tendency to develop in global markets and has established, through its collaborators and foreign branches, an international sales and production network to closely support its clients and offer them a more efficient service.



[1] The figure refers to the number of employees (headcount) as at 31.12.2024

Business model and value chain

GVS has developed a dynamic and flexible business model, in line with its mission "**We Make It Happen,**" which enables it to successfully meet the changing demands of the market and customers. Flexibility, quality and attention to detail are the Group's strengths, which have enabled it to develop the three business areas in which it operates, focusing on a "Local For Local" approach to the customer and spreading its technical production know-how in the world.

Business divisions

Healthcare & Life Sciences (67% of revenues from contracts with customers)

We innovate healthcare using science. Health and science are the key to continuous evolution.

The Healthcare & Life Division manufactures a wide range of filters and components covering numerous gas/air and liquid filtration applications, for example filters for breathing and anaesthesia, surgery, insufflation, suction and ventilation and for drug delivery, parenteral nutrition, transfusion and haemodialysis.

The research and development department makes a major contribution to product development, which also carries out projects in cooperation with OEM (Original Equipment Manufacturer) customers, working closely with companies around the world to provide state-of-the-art solutions or finished products. The division's distinctive feature is the in-house production of microporous and track-etched membranes used in its own products and also sold in the Life Sciences and Healthcare sectors.

In addition, on the Life Sciences side, GVS offers a complete range of solutions for filtration and purification in research laboratories, the pharmaceutical and biotechnology industry, diagnostics and environmental quality control. Products include syringe filters, filtration membranes, cell culture filters, systems for the separation and purification of biomolecules, as well as solutions for microbiology and contaminant analysis in various environments. With its industry expertise and ability to customise solutions, the Group supports companies in improving the efficiency of their processes and ensuring reliable results.

In 2024, the Group announced the acquisition of Haemonetics' entire portfolio of proprietary whole blood collection, processing and filtration solutions, along with the production facility in Covina, California, and part of Haemonetics' manufacturing operations in Tijuana, Mexico, where these solutions were produced at the date of acquisition. The acquisition will allow GVS to consolidate its position as a global, vertically integrated player in transfusion medicine following the transaction's closing date in January 2025[2].

[2] For further information, refer to the press releases published on www.gvs.com.

Health & Safety (18% of revenues from contracts with customers)

We promote health and safety in the most critical environments. Health is the priority for increasing safety for all.

The Health & Safety division designs and manufactures filtration devices for personal and collective respiratory protection. From the reusable, lightweight and compact protective respirators used in manufacturing industries (Elipse), to the disposable masks used in the healthcare sector, as well as a complete range of energy-saving air adapters. In addition, GVS produces positive-pressure respirators in the United States through its company specialised in the design and production of respiratory protection, including supplied-air respirators and air-purifying respirators.

Energy & Mobility (15% of revenues from contracts with customers)

We combine reliability with the technology of tomorrow. Energy & Mobility for a sustainable future.

The Energy & Mobility Division produces filters for the vast majority of applications on all types of vehicles, both traditional and new (hybrid, electric, hydrogen), as well as filtration solutions for batteries and for hydrogen production. Through its numerous research and development centres around the world and a global network of production facilities, the division has the goal of successfully meeting the needs of its customers on an international scale, guaranteeing constant support from the development phase to product design, from prototype creation to industrial production, carried out with the most modern and competitive techniques and a strong focus on innovation.

The value chain

In the upstream value chain, GVS works directly with a large number of (first-tier) suppliers operating globally and from whom it purchases goods and services for the performance of its production and management activities. The main goods purchased are materials, components and products that the Group uses within its production processes and, especially for materials, the main suppliers are large specialised multinational companies. The companies further up the supply chain (i.e. the suppliers beyond the first level) are mainly the companies that extract and produce the raw materials (e.g. fossil fuels or metals) required for the production of the materials and components purchased by the Group. GVS's own activities include research and development, procurement, production, marketing and sales through different channels depending on the division or product category, operating mainly in the business-to-business field. The Healthcare & Life Sciences division sells its products mainly to OEM customers with whom it actively collaborates in the development of solutions that are ultimately intended for use in the medical sector. The main category of end-users are the employees of the companies providing patient care. The Energy & Mobility division mainly collaborates with first-tier suppliers of automotive OEMs and products are mainly intended for traditional and new generation vehicles. Lastly, the Health and Safety division markets its products through various distributors, both physical and on-line, and they are intended for use by workers working in critical environments.

The Group's sustainability strategy and the link between sustainability targets and the main elements of the value chain, including the Group's products, are detailed in the 'Sustainability Plan' section.

Role of administrative, management and control bodies and sustainability management [GOV-1; GOV-2]

GVS S.p.A. has defined a corporate governance structure with the aim of operating according to a solid set of rules, practices and processes and in line with its ethical values and strategic targets. Specifically, the Company is organised according to the traditional administration and control model as per Articles 2380-bis et seq. of the Civil Code, which provides for the Shareholders' Meeting, the Board of Directors and the Board of Statutory Auditors.

The Group is constantly striving to maintain and strengthen good governance in line with national and international best practices, also to ensure a clear and sustainable development strategy. In fact, pursuant to Article 10.2 of the Regulation of the **Board of Directors** of GVS S.p.A. (the "BoD"), it exercises and organises business activities with the aim of pursuing sustainable success through the creation of long-term value for the benefit of shareholders, taking into account the interests of other relevant stakeholders.

On 3 May 2023, the Ordinary Shareholders' Meeting set the number of directors at nine and appointed the current Board of Directors, which will remain in office until the approval of the financial statements as at 31 December 2025.

Composition of the Board of Directors and its competencies

Chair	Alessandro Nasi	Non-executive - Independent	
Chief Executive Officer	Massimo Scagliarini	Executive	
Directors	Simona Scarpaleggia	Non-executive - Independent (Chair of the Appointments and Remuneration Committee)	
	Anna Tanganelli	Non-executive - Independent (Chair of the Control, Risks and Sustainability Committee)	
	Pietro Cordova	Non-executive - Independent	
	Marco Pacini	Non-executive	
	Marco Scagliarini	Non-executive	
	Michela Schizzi	Non-executive - Independent	
	Grazia Valentini	Non-executive	

Competences legend:

Finance
Strategy / M&A
Control and Risk
ESG and Sustainability
Managerial / Enrepreneurial
HR
Legal and Governance
Digital

Pursuant to Article 17 of the Articles of Association of GVS S.p.A. (hereinafter also referred to as the "Articles of Association"), the Directors are appointed by the Shareholders' Meeting on the basis of lists presented by the Shareholders and filed at the Company's (GVS S.p.A.) registered office within the terms and in compliance with the law and regulations in force at the time. Only Shareholders who, alone or together with others, own voting shares representing a percentage no lower than the percentage envisaged for the Company (GVS S.p.A.) by the laws and regulations in force at the time, have the right to submit lists. The Board of Directors is not composed of employee representation, as this is not required by current legislation applicable to GVS.

The members of the Board of Directors boast professional and managerial skills, acquired in global organisations, suitable for pursuit of the Company's (GVS S.p.A.) targets, thanks to the coexistence of heterogeneous technical, managerial and financial profiles. Moreover, the educational and professional background of the Board members currently in office ensures a balanced combination of profiles and experiences within the Board, suitable to ensure the proper performance of the functions assigned to it.

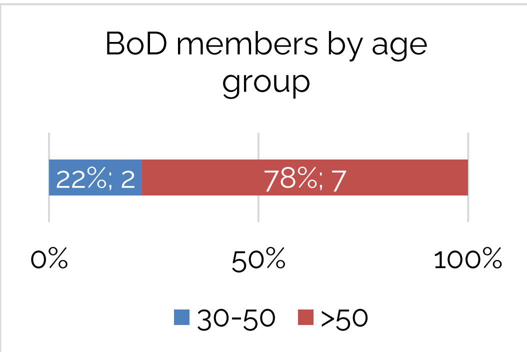
The Board of Directors has also appointed two permanent Internal Board Committees, both composed of three independent members of the Board:

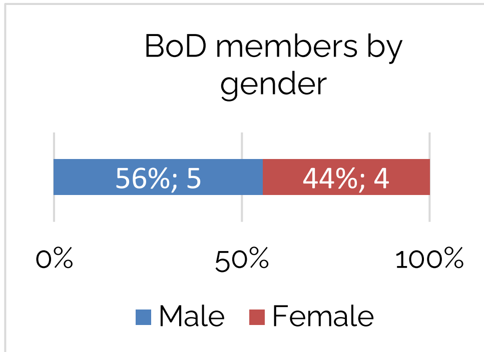
- **Control, Risk and Sustainability Committee**: its task is to support the Board of Directors's assessments and decisions concerning the internal control and risk management system and the approval of periodic financial and non-financial statements, as recommended by the Corporate Governance Code. In addition, the Committee is also assigned the tasks provided for in the Related Party Transactions Procedure adopted by the Company pursuant to the Consob Regulation on Related Party Transactions;
- **Appointments and Remuneration Committee**: the committee is responsible for matters related to appointments and determining remuneration as recommended by the Corporate Governance Code.

The members of the Appointments and Remuneration Committee boast adequate knowledge and experience in financial matters or remuneration policies, while the members of the Control, Risk and Sustainability Committee have adequate experience in accounting and finance or risk management.

On an annual basis, the Board of Directors carries out a self-assessment aimed at identifying any areas that may require further exploration and/or induction sessions for directors on sustainability-related topics. Furthermore, upon the renewal of the Board, during the final year of its term, the Directors conduct a self-assessment with the support of an external advisor, also with the purpose of gathering suggestions and input regarding the composition of the future Board of Directors, including with respect to sustainability expertise. In fact, also following the self-assessment activity carried out at the last Board renewal in 2023, the current Board is composed of 4 Directors with specific experience in sustainability-related matters acquired through training and/or roles held in other companies.

Furthermore, through the induction programme, the Board of Directors has the opportunity to explore various topics of interest, including those related to sustainability. In this regard, a board induction session was held on 25 June 2024, during which the Directors and Auditors discussed the topics related to the commitments and targets defined in the preliminary draft of the Sustainability Plan.





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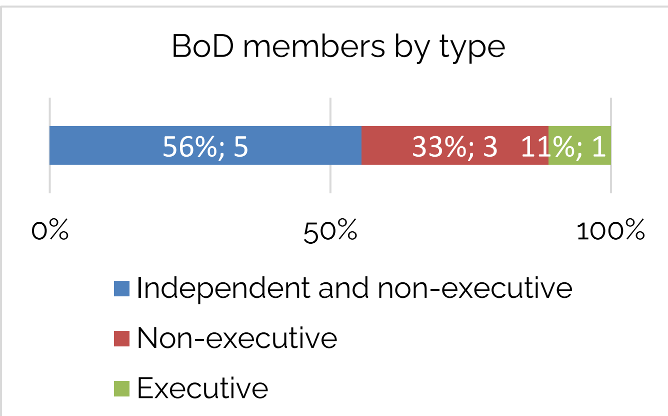
BoD gender diversity ratio

(Number of female Directors / Number of male Directors)



- 56% of Directors, including the President, are independent
- 8 Directors, equal to 89% of BoD, are non-executive
- 44% female Directors, 56% male Directors
- 44% of Directors have sustainability-related expertise

The functions of supervising compliance with the law and the Articles of Association are entrusted to the **Board of Statutory Auditors**, which is composed of 3 standing auditors and 2 alternate auditors, 60% of whom are women and 40% men (counting also the alternate auditors), with a gender diversity index of 1.5[3]. Once a year, the Board of Statutory Auditors verifies that its members meet the independence requirements set forth in Article 148, paragraph 3 of the Consolidated Law on Finance and the Corporate Governance Code, reporting its findings to the Board of Directors.

Position	Members	Code independence
President	Maria Federica Izzo	✓
Standing Auditor	Giuseppe Farchione	✓
Standing Auditor	Francesca Sandrolini	✓
Alternate Auditor	Alessia Fulgeri	✓
Alternate Auditor	Mario Difino	✓

[3] Number of auditors (standing and alternate) female / number of auditors (standing and alternate) male.

Pursuant to Article 24 of the Articles of Association, the Auditors are appointed by the Shareholders' Meeting based on the lists presented by the shareholders and filed at the Company's registered office within the terms and in compliance with the law and regulations in force at the time. Lists may be presented by shareholders who, alone or together with others, at the time the list is presented, represent at least the percentage of share capital required for the presentation of lists of candidates for the office of Director. The Board of Statutory Auditors is not composed of employee representation, as this is not required by current legislation applicable to the Company.

The Board of Statutory Auditors expresses widespread and diversified professionalism, as its members boast academic, professional and managerial skills, acquired also in the context of multinational Groups. The educational background and professional experience of the Auditors in office ensure a balanced combination of financial, accounting and economic profiles, appropriate to the complexity and international dimension of the Company and suitable to ensure an efficient functioning of the control body.

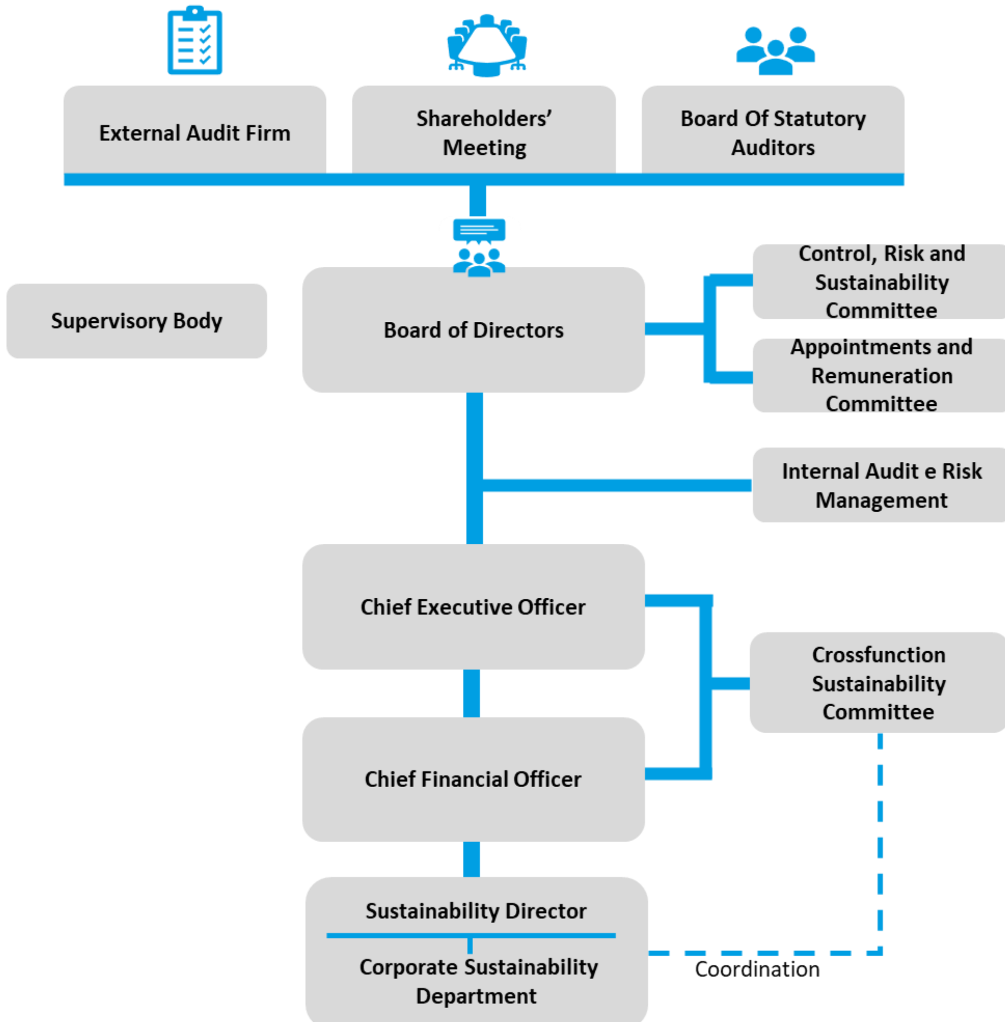
The control of compliance with the Organisation, Management and Control Model pursuant to Italian Legislative Decree no. 231/2001 (hereinafter also '**OMM**') is the responsibility of the **Supervisory Body**, which consists of three members.

PricewaterhouseCoopers S.p.A. currently acts as the **Independent Auditor**.

Further information can be found in the "Governance" section of the website www.gvs.com and in the Report on Corporate Governance and Ownership Structure published annually.

The Group's commitment to sustainability topics has also translated into a progressive strengthening of the governance structure through the creation of specific controls.

The governance model and sustainability safeguards



The definition of the corporate strategy on sustainability topics, and thus the pursuit of sustainable success, is entrusted to the **Board of Directors**, which also approves the Consolidated Non-Financial Statement (NFS) pursuant to Italian Legislative Decree no. 125/2024 and sustainability targets. The frequency with which the Board is informed about sustainability topics can vary annually according to specific needs or topics of relevance and, therefore, no fixed frequency has been defined.

In the course of 2024, the Sustainability Department, the Legal Department and the Internal Audit & Risk Management Department reported to the Board of Directors on sustainability topics, respectively.

With regard to the direct involvement of the Board of Directors during 2024, 3 out of 10 meetings had at least one item related to sustainability topics on the agenda. Specifically, the Board of Directors approved the 2024 Remuneration Policy including an ESG target related to health and safety, the 2023 Consolidated Non-Financial Statement. On 26 July 2024, the Board of Directors also approved the Sustainability Plan, containing the Group's sustainability commitments and targets relating to human resources management, the environment, sustainability in the supply chain, business conduct, and the sustainability and safety of products and their packaging[4]. Finally, the Board of Directors examined the reports of the Supervisory Body on its activities in the second half of 2023 and the first half of 2024, and approved the updating of the Organisation, Management and Control Model with the introduction of smuggling offences.

With regard to the new provisions of Legislative Decree No. 125/2024, on 28 January 2025, the Board of Directors appointed the Sustainability Director as the **Manager responsible for the sustainability reporting**.

In carrying out these tasks, the Board is supported by the **Control, Risk and Sustainability Committee** (CRSC), which, in accordance with the provisions of the Corporate Governance Code, makes proposals to the Board of Directors on sustainability topics, i.e., on processes, initiatives and activities aimed at overseeing the Company's commitment to sustainable development along the value chain. Specifically, the main functions attributed to the CRSC related to the management and monitoring of relevant sustainability topics are:

- expressing opinions on specific aspects concerning the identification of the main corporate risks, including those related to sustainability topics dealt with in the Group's risk catalogue;
- examining the periodic non-financial reports relating to the assessment of the internal control and risk management system and any specifically relevant periodic reports prepared by the Internal Audit department;
- monitoring compliance with any principles of conduct adopted by the Group regarding sustainability;
- examining the sustainability disclosure pursuant to Italian Legislative Decree no. 125/2024;
- assisting the Board of Directors in taking measures to ensure the effectiveness and impartial judgement of the other corporate departments;
- assessing the adequacy and efficacy of the internal control and risk management system with regard to the characteristics of the Company and the risk profile assumed;

Considering the responsibilities listed above, the CRSC periodically carries out activities related to these topics with varying frequency depending on business needs. In 2024, the Committee held 14 meetings, 9 of which included topics related to sustainability. Below is a summary description of the main topics discussed and activities carried out during 2024 by the CRSC regarding sustainability impacts, risks and opportunities:

- meetings with the Sustainability Director on the following topics:
  - preparation of the Sustainability Plan and analysis of its targets with regard to social, environmental and governance topics;
  - review of the sustainability activities carried out, the results of the gap analysis against the new requirements introduced by the Corporate Sustainability Reporting Directive (CSRD) and the 2024 work plan;

[4] The topics included in the Sustainability Plan that are related to relevant sustainability topics (i.e. reflecting significant impacts, risks and opportunities) are: Human Capital Management, Work-Life Balance and Parental Support, Diversity, Equity and Inclusion, Skills Development and Performance Evaluation, Health and Safety, Awareness on Sustainability, Environmental Management, Climate change, Water Resources, Manufacturing Efficiency, Product Ecodesign, Circularity and Efficient Use of Materials, Quality and Safety of Products, Responsible Supply Chain Management, Business Conduct.

- review of the results of stakeholder engagement and Double materiality assessment also for the purposes of the Consolidated Sustainability Statement;
- definition of the ESG targets included in the 2024 Remuneration Policy, in coordination with the Appointments and Remuneration Committee responsible for supporting the Board of Directors in its overall definition.

- meetings with the Head of Internal Audit on the analysis of the risk catalogue, including those relating to sustainability matters;
- meetings with the Legal Department for updates on risk assessment and gap analysis 231 - and consequent updating of the Organisation, Management and Control Model pursuant to Legislative Decree no. 231 of 2001 - and other compliance topics;
- meetings with the Supervisory Body to present the activities carried out during the year.

As provided for in Article 10 of Italian Legislative Decree no. 125/24, the Board of Statutory Auditors oversees compliance with the provisions of the decree itself in relation to the preparation and publication of the Consolidated Sustainability Statement, within the scope of the functions assigned to it by law, and reports on this in its annual report to the Shareholders' Meeting. During 2024, the Board of Statutory Auditors, either in its entirety or through the participation of the Chairman and at least one member, attended all meetings of the CRSC (in joint session) and of the Board of Directors, thus taking an active part in the analysis of the topics related to sustainability impacts, risks and opportunities reported above.

Further overseeing the sustainability governance system is the Cross-functional Sustainability Committee, composed of the Chief Executive Officer (CEO) and the members of the company's direct reporting line involved in managing sustainability topics related to the Group's significant impacts, risks and opportunities (Chief Financial Officer, Chief Operations Officer, Chief Marketing Officer, VP Research and Development, Corporate HR Director, General Counsel). The Committee's main role is to implement the strategic direction on sustainability topics by proposing, supervising and monitoring the achievement of the defined strategic targets. Regular meetings ensure constant updates on GVS's progress on sustainability topics and the achievement of the targets defined in the Plan, and also allow for discussions on the Group's strategic priorities, also in the light of regulatory changes. In addition, starting 2024, Committee members receive quarterly reports monitoring the progress of key sustainability KPIs and Plan targets. The Cross-functional Sustainability Committee, through the participation of the coordinator, reports on significant sustainability topics to the Board of Directors, which has ultimate responsibility for the management and external reporting of GVS. Eight meetings were organised in 2024 and the Committee was actively involved in the definition of the Group Sustainability Plan, which was subsequently approved by the Board of Directors, and its monitoring, the preparation of the Double materiality assessment and the definition of the sustainability targets included in the Remuneration Policy. The Group Sustainability Director is responsible for coordinating the Committee.

In addition to reporting to the Control, Risk and Sustainability Committee, the Bod and the Board of Statutory Auditors, the **Group Sustainability Department** is responsible for proposing and coordinating initiatives related to sustainability and monitoring the performance of the main sustainability indicators managed operationally by the Group companies and the achievement of the targets defined in the Sustainability Plan, through quarterly reports shared with the Cross-functional Committee. Finally, it is responsible for drafting the Statement published annually, which also includes information on the achievement of the Group's defined sustainability targets.

Each corporate department is responsible for the management and coordination of the areas under its responsibility, including the definition of policies, procedures and control activities related to its corporate department. At an operational level, each Group company is responsible for implementing the policies, guidelines and procedures defined at corporate level, including the management of sustainability topics.

Additional policies, procedures and controls in relation to the management of specific areas related to significant sustainability impacts, risks and opportunities are outlined, where present, in the individual thematic chapters of this Statement.

Remuneration and sustainability targets

[GOV-3; E1 GOV-3]

To support the pursuit of corporate growth in line with the Group's commitment to sustainability, the Board of Directors defines and approves the **Remuneration and Compensation Policy** annually, based on the proposal formulated by the Appointments and Remuneration Committee, to be submitted to the Shareholders' Meeting.

The remuneration of the Chairman of the Board of Directors and of the non-executive directors is exclusively composed of a fixed compensation, therefore, remuneration is not linked to either economic results or specific targets, and they are not recipients of any variable incentive plan. In the same way, the remuneration of the Board of Statutory Auditors is commensurate with the competence, professionalism, commitment required, the importance of the role covered as well as the size and sector characteristics of GVS S.p.A. and consists of a fixed amount.

The Policy provides for two types of variable incentives, the short-term and the medium-long term, aimed at the Chief Executive Officer, the Key Managers (hereinafter also referred to as 'KMs') and some additional managerial figures.

GVS considers of primary importance to have a remuneration policy that is linked, on the one hand, to economic-financial performance and, on the other hand, to sustainable success. This is why the company has incentive plans linked to financial and non-financial indicators, aimed at steering management towards the creation of value over time for shareholders and all stakeholders and this is why at least one sustainability target is identified each year.

Regarding the **Short-Term Variable Incentive Plan** (the “STI”, the programme includes an annual incentive whose amount is commensurate with the achievement of annual targets (both Group and individual) and annual strategic Group targets, the relative weight of which is differentiated according to role. One of the Group's three strategic targets relates to the ESG area, reflecting GVS's increasing commitment in this direction.

With regard to the **2024 short-term variable incentive plan**, the Group's strategic objective related to sustainability is linked to the reduction of the workplace accident rate (relative to employees and contract workers) compared to the 2023 results (calculated as total no. workplace accidents / hours worked x 200,000), with the awareness that workplace safety is a necessary and unavoidable condition in the performance of all company activities and is a central pillar in the Group's priorities. The target objective was calculated with a 10% improvement on the 2023 result[5].

Summary of Group targets in the STI Plan for the period 2024

Objective	% Achievement			Objective Weight		
	THRESHOLD	TARGET	OVER PERFORMANCE	CEO	KM Staff Functions	KM Commercial Division
GROUP TARGET				100%	70%	40%
-Adjusted EBITDA (Organic)	91%	100% of budget	105%	45%	30%	20%
-Free Cash Flow	73%	100% of budget	119%	45%	30%	10%
- ESG Health & Safety	91%	- 10% vs 2023 data	112%	10%	10%	10%

With regard to the 2024 ESG target, the Group achieved an injury rate of 0.89, meeting and exceeding the target set. For more information, refer to the 'Health and Safety' section.

For the ESG target included in the 2025 Short-Term Variable Incentive Plan, the Group decided to maintain the focus on the topic of health and safety, introducing a new target to improve the workplace injury rate (related to employees and agency workers) for 2025, equal to a 6% reduction compared to the average of the previous three years recalculated considering the impact of the newly acquired companies on the Group's injury rate based on available data. Consistent with prior financial years, the ESG target under the STI plan weights 10% of the overall incentive scheme.

In addition, specific future actions on gender equity and climate change contained in the company's approved Sustainability Plan were added to the individual targets of the 2025 STI plan for four Key Managers. Specifically, the first is related to the analysis of the gender pay gap by role in order to identify possible further areas for improvement and the second concerns the development of a feasibility study for the definition of the direct and indirect greenhouse gas emission reduction target (Scope 1 + Scope 2 + Scope 3) and related decarbonisation levers. The individual objective accounts for 5% of the short-term variable incentive plan for each KM.

With regard to the 2023-2025 Medium-Long Term Variable Incentive Plan (the "LTI"), the ESG indicator is linked to the quality and safety of products placed on the market, measured in terms of the ratio of the number of products recognised as non-compliant to the total number of products placed on the market (parts per million sold).

[5] The 2023 result was included as a threshold value being substantially equal to the average of the previous three years, 2020 - 2023.

Summary of the targets of the LTI Plan for 2023-25

	KPI	Weight
The 23-25 LTI Plan was approved by the Shareholders' Meeting on 3 May 2023	% EBITDA (average cumulative result over 3 years)	30%
The detailed regulations were approved on 3 July 2023 and the letters assigned to the beneficiaries	PFN (Period end)	30%
23-25 Strategic Plan, to which the objectives of the LTI Plan are linked, was approved by the Board of Directors on 20 September 2023	TSR	20%
The threshold, target and maximum over-performance values were approved at the Board meeting of 13 December 2023.	Defects (ppm) Quality of products placed on the market (period end 25)	20%

These sustainability targets are also integrated into the targets assigned to General Managers and/or other relevant strategic figures to encourage the pursuit of the corporate strategy in the Group entities.

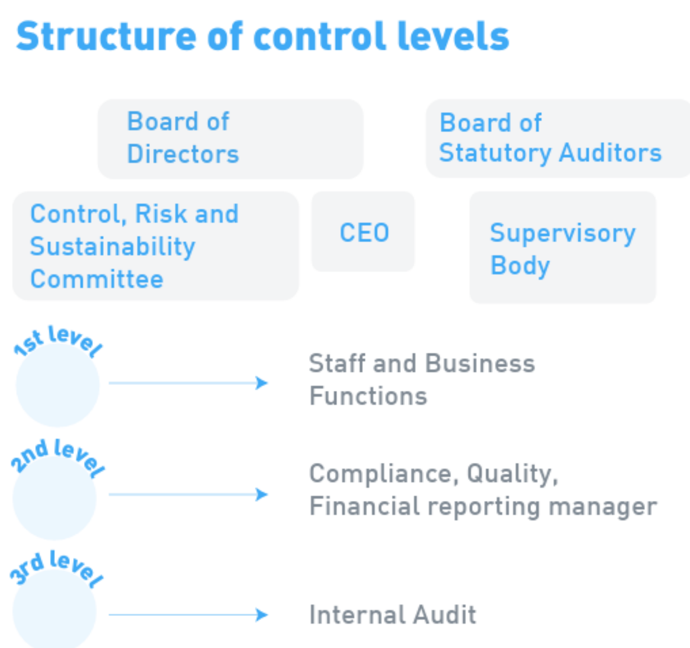
Considering what has been reported in the previous sections, in 2024 the targets linked to short- and long-term incentive plans were not related to the topic of energy and climate change.

For more information, refer to the Report on Remuneration Policy and Compensation Paid published annually at www.gvs.com.

The internal control and risk management system

[GOV-5]

GVS internal control and risk management system is the set of guidelines, rules and organisational structures aimed at identifying, measuring, managing and monitoring the main corporate risks. The internal control and management system contributes to management in line with the corporate targets defined by the Board of Directors, encouraging informed decision-making. It contributes to ensuring the safeguarding of corporate assets, the efficiency and effectiveness of corporate processes, the reliability of information (not only financial) provided to corporate bodies and the market, compliance with laws and regulations as well as with the Articles of Association and internal procedures.



The **internal control and risk management system** involves the following bodies, each within its respective area of responsibility:

- the **Board of Directors**, guides and reviews the system's effectiveness, appointing among its members:
  - one or more directors, responsible for establishing and maintaining an effective internal control and risk management system;
  - a Control, Risks and Sustainability Committee, tasked with supporting, through appropriate investigative activities, the evaluations and decisions of the Board of Directors regarding the internal control and risk management system, as well as those related to the approval of the periodic financial reports;
- the **Chief Executive Officer**, with the task of implementing the internal control and risk management system and supervising its application;

- the **head of the internal audit department**, responsible for verifying that the internal control and risk management system is effective and adequate;
- other **corporate roles and functions with specific tasks in terms of internal control and risk management**, broken down in relation to the size, complexity and risk profile of the company;
- the **Board of Statutory Auditors**, also in its capacity as the Internal Control and Audit Committee, which oversees the effectiveness of the internal control and risk management system.
- the **Supervisory Body**, which verifies the observance and proper implementation of the principles of conduct contained in the Organisational Model pursuant to Legislative Decree No. 231/2001.

The Board of Directors identified the CEO as the Appointed Director in charge of the internal control and risk management system (the "**Appointed Director**"), in accordance with the Corporate Governance Code. The Appointed Director has the following responsibilities:

(i) to take care of the identification of the main corporate risks, submitting them periodically for examination by the Board of Directors;

(ii) to implement the guidelines laid down by the Board of Directors, overseeing the design, implementation and management of the internal control and risk management system and constantly checking its adequacy and effectiveness;

(iii) to adapt the internal control and risk management system to the dynamics of the operating conditions and the legislative and regulatory framework;

(iv) to report to the Control, Risk and Sustainability Committee (or to the Board of Directors) on problems and critical issues that have emerged in the performance of its activities or of which it has become aware.

Internal Control and Risk Management System for sustainability reporting

The internal control and risk management system for sustainability reporting entails some specificities. In particular, the process of preparing the sustainability statement is governed by a specific procedure that defines the flow of activities and clearly establishes the roles and responsibilities of the of the involved parties. Below are the main actors and their respective responsibilities in the internal control and risk management system for sustainability reporting:

- **Board of Directors**: approves the double materiality assessment and the Consolidated Sustainability Statement.
- **Control, Risks and Sustainability Committee:** evaluates the results of the double materiality assessment , examines the draft Sustainability Statement and provides an opinion on it before approval by the Board of Directors.

- **Chief Executive Officer**: validates the results of the materiality analysis and the Statement and certifies, together with the Manager responsible for the sustainability reporting, the compliance of the Statement with applicable regulations.
- **Cross-functional Sustainability Committee**: involved in and contributes to the development of the double materiality assessment.
- **Board of Statutory Auditors**: exercises supervisory and oversight functions over the sustainability reporting process.
- **Manager responsible for the sustainability reporting**: coordinates the Sustainability Department and certifies, together with the Chief Executive Officer, the compliance of reporting with applicable regulations.
- **Sustainability Department**: coordinates the reporting process, establishing timelines and procedures, prepares and supervises the collection of sustainability metrics (qualitative and quantitative) from Group companies or department managers, and is responsible for ensuring compliance of reporting with relevant regulations. In addition, it defines the procedures on sustainability reporting to be applied at Group level and the related controls to be put in place.
- **Department managers at corporate level and Group companies**: collect and process the sustainability data that feed into the reporting and are responsible for ensuring the quality, consistency and completeness of the sustainability data reported to the Sustainability Department.

In defining the procedure, the Group identified the main potential risks related to sustainability reporting on the basis of the results of the activities carried out by the Internal Audit Department and the investigations conducted by the Sustainability Department. The main risks, considered as those that could generate a significant error in reporting, are:

- Incomplete reporting boundary;
- Inconsistency in data collection and misalignment with internal procedures;
- Inaccuracy and manual errors in the reporting process mainly resulting from the aggregation of data from different company systems and sources.

GVS has defined a number of mitigation strategies of a preventive or identifying nature, depending on whether they are aimed at identifying potential errors (identifying) or preventing them (preventing). The main ones were:

- Definition and dissemination of the sustainability reporting procedure and preparation of an operating manual containing practical guidelines for the collection of sustainability data within the Group;
- Standardising the data collection framework, calculation methodologies and setting up automatic data consistency checks;
- Delivery of internal training for all Group companies;
- Quarterly monitoring and analysis of key sustainability metrics;
- Setting up the data collection model consistent with the consolidation scope of the Consolidated Financial Statements;
- Reasonableness analysis of sustainability data and further analysis;

- Collection of representations letters by those responsible for collecting and reporting data at company or department level;
- Initiation of walk-through activities by the Internal Audit Department on the sustainability data collection process of a selection of significant Group companies, aimed at identifying possible areas of improvement in the process. The improvement actions identified were implemented and, where necessary, extended to other Group companies. In addition, the results of this analysis are periodically shared with the Group companies, the Manager responsible for the sustainability reporting, the CEO and the Control, Risks and Sustainability Committee (CRSC), together with the Board of Statutory Auditors.

The Consolidated Sustainability Statement is also subject to a limited assurance by the independent auditors in accordance with the procedures listed in the Report attached to this document. The system described is constantly evolving and responds to a continuous improvement approach, aimed at ensuring an increasingly articulated framework.

Due diligence statement

[GOV-4]

The following is a mapping of the information provided in this Statement on the due diligence process.

Core elements of due diligence	Paragraphs of the Sustainability Statement
a) Embedding due diligence in governance, strategy and business model	Governance; Double materiality assessment and stakeholder engagement
b) Engaging with affected stakeholders in all key steps of the due diligence	Governance; Double materiality assessment and stakeholder engagement; Workers in the value chain (S2); Business conduct - Supplier Relationship Management (G1)
c) Identifying and assessing adverse impacts	Double materiality assessment and stakeholder engagement; Climate change (E1); Water (E3); Circular economy (E5); Environmental information in the value chain (E2, E3, E4, E5); Own workforce (S1); Workers in the value chain (S2); Consumers and end-users (S4); Business conduct - Ethics and anti-corruption (G1); Business conduct - Supplier relationship management (G1)
d) Taking actions to address those adverse impacts	Sustainability Plan; Main Group Policies related to sustainability topics; Climate change (E1); Water (E3); Circular Economy (E5); Environmental information in the value chain (E2, E3, E4, E5); Own workforce (S1); Workers in the value chain (S2); Consumers and end-users (S4); Business conduct - Ethics and anti-corruption (G1); Business conduct - Supplier Relationship Management (G1)
e) Tracking the effectiveness of these efforts and communicating	Sustainability Plan; Main Group Policies related to sustainability topics; Climate change (E1); Water (E3); Circular Economy (E5); Environmental information in the value chain (E2, E3, E4, E5); Own workforce (S1); Workers in the value chain (S2); Consumers and end-users (S4); Business conduct - Ethics and anti-corruption (G1); Business conduct - Supplier Relationship Management (G1)

Double materiality assessment and stakeholder engagement

[SBM-2; SBM-3; IRO-1]

Stakeholder engagement

The Group operates on a global scale and, in carrying out its activities, interacts with a wide range of internal and external stakeholders worldwide. GVS has always recognized the importance of maintaining continuous dialogue and, to guarantee a management approach that also takes into account the needs and interests of its stakeholders, it has carried out an analysis that has led to the identification of 13 categories considered most relevant.

Each stakeholder group has different interests and opinions, and these contribute, where appropriate, to guiding the Group's efforts in carrying out its activities. Stakeholder opinions are indeed gathered through the activities of the relevant departments and, when pertinent, are incorporated into the information used by the Group to develop its materiality assessment. The findings of the stakeholder engagement activities that feed into the double materiality assessment are then also shared with the Control, Risks and Sustainability Committee.

The Group adopts a differentiated approach to stakeholder engagement, which varies according to the parties with whom GVS interfaces. A mix of informal and formal channels and methods is therefore used to promote dialogue with stakeholders, details of which are given below:

Stakeholder category	**Engagement methods**
Trade associations	GVS engages with trade associations also through participation in meetings and events. Discussions with associations allow the Group to assess best practices and regulatory provisions governing the activities of the sector in which the various Group companies operate.
Shareholders and investors	GVS intends to encourage transparency towards investors and the financial community, by building, maintaining and developing an active relationship with them. Dialogue with shareholders and investors is entrusted to the Investor Relations Department and is managed in line with the Policy for managing dialogue with shareholders and other stakeholders.
Customers and end-users	Over the years, GVS has established strategic relationships with its business partners in terms of product quality and responsible business conduct, including through audits carried out by its customers. In general, customer relations are managed constantly through direct contact, and occasionally through trade fairs and visits.
Local Communities	Local communities play an important role for GVS, which promotes building effective relationships with local communities in the countries in which it operates. The relationship with the community takes shape through dialogue with the local authorities and participation and promotion of projects and initiatives to support the territory.
Employees and partners	The Group is committed to the protection, enhancement and development of its employees. In managing its people, the company has set up a performance evaluation system that involves indirect employees and management, in addition to more traditional communication channels (e-mail, noticeboards, training and meetings). GVS is committed to maintaining active dialogue

	based on integrity and transparency with its employees and partners.
Distributors	GVS collaborates, mainly in the Health & Safety and Healthcare & Life Sciences Divisions, with the main distributors in the sector, operating in compliance with the Group's principles of loyalty, integrity, confidentiality, transparency and professionalism. To ensure the respect of these principles, GVS maintains constant dialogue with its distributors through various channels (e-mail and meetings).
Regulatory bodies	GVS is subject to controls by institutions and the Antitrust and market regulatory authorities and, when required, it actively collaborates with them, basing the relationship on principles of transparency and integrity. Likewise, regarding its product portfolio, the Group is in continuous dialogue with the relevant sectoral regulators.
Suppliers	GVS's suppliers are an essential partner in ensuring product quality and the carrying out of production activities. Additionally, the Group has developed the Supplier Code of Conduct, a document outlining GVS's expectations regarding the sustainability practices of its suppliers. The relationship with suppliers is managed through direct contact via various channels (email, meetings, visits, and audits).
Financial institutions	The treasury function is responsible for managing the relationship with financial institutions, which support the Group in daily operations and extraordinary projects. Communication with financial institutions is based on transparency to ensure a proper assessment of the risks related to their activities and to maximize collaboration with the Group.
Academic world	The relationship with the academic world plays an important role for the Group; in fact, GVS actively invests in research and development projects carried out in cooperation with universities and research institutes.
Non-profit organisations	The Group supports various organizations and associations in the fields of scientific research and ì social welfare, also paying attention to local non-profit organizations.
Public Administration	In carrying out its operations, GVS maintains relations with local Public Administrations, committing to conduct itself in accordance with the provisions of Italian Legislative Decree 231/2001 and its own Code of Ethics.

Further engagement activities were carried out as part of the Double materiality assessment, as described in the following section.

Double materiality assessment

GVS updated its materiality analysis in 2024 with the aim of identifying significant negative and positive impacts that the Group generates or could generate on the environment and people, and risks and opportunities that could have a financial impact on the Group (referred to as 'double materiality') in line with ESRS 1. The analysis was carried out through a process structured in the following steps:

Step 1 - Context and stakeholder analysis

The Group conducted its materiality analysis on the basis of a context and stakeholder analysis. First, its activities and internal processes were examined in order to understand the specificities of each of these and identify the stakeholders involved. Subsequently, the analysis was extended to upstream and downstream activities in the value chain, considering suppliers, business partners and customers and end-users. This approach allowed the Group to obtain a comprehensive view of business dynamics and stakeholders involved and to ensure that all Group activities were included in the materiality analysis and that the value chain was also considered in subsequent assessments.

Step 2 - Identification of Impacts, Risks and Opportunities (IROs)

The Group analyzed all topics, including sub-topics and sub-sub-topics, listed in the ESRS, assessing, for each, the presence of actual and potential impacts, risks and opportunities related to the Group's activities and its value chain. It was also assessed whether the impacts and dependencies identified could generate risks and/or opportunities not previously identified and, in such cases, were added to the mapping. The analysis involved consultation of internal and external sources as well as in-depth meetings with the company managers of the areas analyzed, workers' representatives and a selection of the main suppliers (as described below). External sources used include:

- benchmarks of sustainability reports developed by operators in sectors comparable to that of GVS;
- analysis of ESG standards and ratings to understand which topics were considered most relevant for the sectors in which GVS operates and the players in its supply chain;
- specific reports and questionnaires for suppliers, together with specific analyses based on risk criteria (e.g. human rights violations) specific to the sector and/or country of supply;
- analysis of requests on sustainability topics received from customers to assess which topics are considered a priority in the downstream value chain and requests from investors.

At the same time, internal sources were analyzed, including:

- the results of the impact analysis carried out during 2023;
- environmental assessments carried out by individual Group companies, where available, to substantiate the impacts that GVS processes might have;

- analysis of the geographical location of the Group's production sites with respect to certain environmental topics (water stress and proximity to biodiversity-sensitive sites) and underlying production processes (e.g. release of pollutants, water consumption, etc.);
- climate analyses carried out by some Group companies to understand which topics are of most importance to employees;
- group policies related to sustainability topics, as well as the 2024-2026 Sustainability Plan;
- the Group Risk Catalogue (Risk Assessment), including risks related to sustainability topics, was used to identify risks related to the sustainability topics analyzed to ensure consistency and integration of the analyses;
- the results of the engagement activity carried out in late 2023 that involved employees, suppliers and clients; specifically, an on-line survey was conducted involving the main categories of stakeholders (Employees, Clients and Suppliers) with the aim of gathering their opinion on the impacts generated by GVS. The questionnaire had questions differentiated according to the stakeholder involved, and was constructed with the aim of being simple and intuitive to make it accessible to an audience as wide as possible. The questions were aimed at gathering information on the impacts generated by the company on stakeholders, and were translated into 11 languages and resulted in over 750 responses from 16 different countries;
- a specific analysis on physical climate risks carried out in 2024 on all production sites, through which the Group's exposure to various factors was assessed on the basis of different scenarios (for more information, refer to the chapter "Climate change (E1)" and the analysis of transitional physical risks.

The assessments made on this documentation were supplemented through dedicated meetings with representatives of some of the Group's main suppliers, managers of areas related to sustainability topics and employee representatives in order to incorporate, where possible, the opinions of internal and external stakeholders.

The activities enabled the construction of a detailed mapping of sustainability impacts, risks and opportunities related to the sectors in which GVS operates, its production processes and value chain. The analysis laid the foundation for the next steps in assessing the level of relevance according to the criteria of impact and financial relevance.

Step 3 - Assessment of Impacts, Risks and Opportunities (IROs)

In accordance with ESRS 1, the assessment of sustainability topics followed different procedures depending on the type of IRO. The significance of impacts was assessed by applying the following criteria:

- **Scale**: how severe the negative impact is or how much benefit the positive impact brings to people or the environment;
- **Scope**: how widespread the impact is;

- **Irremediable character of the impact**: whether and to what extent negative impacts can be remedied;
- **Likelihood**: possibility of impact occurrence (for potential impacts only).

It should be noted that, for the calculation of negative impacts' relevance, all the above criteria are considered, and likelihood is taken into account only for potential impacts. For positive impacts, only scale and scope are considered, and likelihood is only taken into account for potential impacts. Potential impacts refer to an impact that did not occur during the reference period but could arise in the future in the event of incidents and/or inadequate management of the issue.

Relevance (or severity for negative impacts) was assessed on a scale from 'Low' (1) to 'High' (5) considering the above criteria according to the type of impact. The likelihood was assessed on a scale from 'Remote' (1) to 'Very High' (5).

For risks and opportunities, on the other hand, the **potential magnitude of the financial effects** and the **likelihood** of their occurrence were assessed. Risks were considered gross of mitigating actions (inherent risks). The assessment was carried out by applying the methodology of the corporate risk catalogue (risk assessment) and considering a scale from 'Low' (1) to 'High' (5) for the magnitude of financial effects and a scale from 'Remote' (1) to 'Very High' (5) for the likelihood. For the assessment of the financial effects, where possible, reference was made to a quantitative estimate of the potential effects or, alternatively, a qualitative assessment of the effects (where not reliably quantifiable) was made, also considering the effects associated with potential reputational damage. In addition, as required by ESRS, the assessment is not limited to the scope of financial effects that affect (or may affect in the future) items in the financial statements.

Step 4 - Definition of the materiality threshold

To define the final list of relevant sustainability topics in terms of impact and/or financial relevance, the analyses previously carried out were consolidated and a materiality threshold was defined as the limit beyond which an IRO is considered significant.

The threshold, applied to both materiality of impacts and risks and opportunities, was decided in order to give a fair representation of the material impacts with respect to the Group's activities and its value chain and to ensure alignment with the way risks are generally assessed in relation to financial performance.

Specifically, on a scale from 'Low' to 'High'. the materiality threshold was set to be 'Medium' for both impacts and risks and opportunities, i.e. all IROs with 'High', 'Medium-high' and 'Medium' significance were considered relevant.

For each sustainability topic deemed "relevant," specific disclosure requirements and/or information elements to be reported were associated in order to fully report in the Sustainability Report the relevant impacts, risks, and opportunities identified.

Other information on the analysis process

The double materiality assessment is carried out in cooperation with the internal functions that manage specific sustainability topics and by the sustainability department. Once completed, the latter also presents the results of the analysis to the Control, Risk and Sustainability Committee and the Board of Statutory Auditors before approval by the Board of Directors, which may also take place at the same time as the approval of the Sustainability Statement. In addition, the sustainability risks identified and analyzed are an integral part of the Group's risk catalogue (risk assessment), which is monitored and updated at least once a year, and thus sustainability risks are monitored and managed in the same way as other risks. Specifically, GVS has adopted a process aimed at identifying, assessing and tracing company risks and at guiding the definition of appropriate tools to ensure that they are periodically monitored, verified, assessed and, where necessary, updated. The result of the annual risk assessment update is also shared with the CEO and the Control, Risk and Sustainability Committee. Finally, as part of the corporate risk management process, the Group also defines and evaluates the effectiveness of the mitigation actions put in place to prevent identified potential negative effects.

Compared to the analysis carried out for the previous year, the 2024 analysis was aligned with ESRS 1. In the future, the analysis will be updated, if necessary, in preparation of the next Consolidated Sustainability Statements, in order to reflect any relevant changes in the business model, strategy and value chain, including any changes in the company scope or other significant changes in the internal and external environment.

Summary of material impacts, risks and opportunities

Material impacts, risks and opportunities and their interaction with the strategy and business model

Below is a list of the relevant IROs identified. Specifically, the negative impacts and risks identified represent the sustainability topics that, if not adequately managed, generate or could generate (in case of potential impacts) consequences for people or the environment (negative impacts) or that could negatively affect GVS's business (risks) and are assessed without considering the prevention and mitigation actions put in place (inherent impacts/risks) as required by the ESRSs. For all identified IROs, in fact, the Group has put in place policies, targets and actions to mitigate the impact and/or reduce the risk of their occurrence, as described in the thematic sections of this document.

ESRS topic	Sub-topic (sub-sub-topic)	Type of IRO	Description	Localization in the value chain			Time horizon considered[6]
				A upstream	Activity own	A downstream	
E1 - Climate change	Climate change mitigation	Negative impact (actual)	The Group's production activities and the activities of entities connected to the value chain generate greenhouse gas emissions that contribute to climate change	■	■	■	S, M, L
		Risk	Potential changes in the automotive sector related to the transition to vehicles with a lower environmental impact		■		L
		Opportunity	Strategic opportunity related to the development of an innovative membrane for green hydrogen production		■		M, L
	Energy	Negative impact (actual)	Group production and supply chain activities consume resources for the production of purchased energy and generate greenhouse gas emissions that contribute to climate change	■	■		S, M, L
		Risk	Availability and potential fluctuation in the cost of energy resources needed for production		■		M, L
E2 - Pollution	Pollution of air, pollution of water	Negative impact (potential)	Group suppliers could generate a negative impact on the environment in the event of inadequate management of pollutant emissions into the atmosphere or water	■			S, M, L
	Microplastics	Negative impact (potential)	The Group could be linked to impacts on the environment due to the dispersion of microplastics during transport (in the event of an accident) of purchased plastic granules or during incorrect disposal of products at the end of their life by users	■		■	S, M, L
E3 - Water and marine resources	Water (Water withdrawal)	Negative impact (actual)	Some of the Group's production processes require water withdrawals in water-stressed areas		■		S, M, L
	Water (water withdrawal, water	Negative impact (potential)	Consumption of water for the production of products purchased from GVS	■			S, M, L

[6] S: short-term, M: medium-term, L: long-term. The definition of time horizons is aligned with ESRS 1 section 6.4.

ESRS topic	Sub-topic (sub-sub-topic)	Type of IRO	Description	Localization in the value chain: A upstream	Localization in the value chain: Activity own	Localization in the value chain: A downstream	Time horizon considered[6]
	discharges, water consumption)						
E4 - Biodiversity and ecosystems	Direct impact drivers of biodiversity loss (Land-Use Change, Fresh water-use change and sea-use change; pollution)	Negative impact (potential)	Activities upstream in the supply chain (i.e. extraction of fossil fuels and metals) could generate impacts on biodiversity and local ecosystems in terms of land or sea-use change or through the release of pollutants.	■			S, M, L
E5 - Circular economy	Resources inflows	Negative impact (actual)	Negative impact on the environment related to the use of materials and resources in the manufacture of its products		■		S, M, L
		Risk	Availability and potential fluctuation in the cost of the materials needed for production		■		M, L
	Waste	Negative impact (actual)	Waste generation generates an environmental impact both in the Group's activities and in the activities of suppliers upstream in the value chain, to which GVS is linked	■	■		S, M, L
		Negative impact (actual)	Impact on the environment due to end-of-life disposal processes of products sold by GVS			■	S, M, L
		Risk	Non-compliance with waste regulations and/or any accidents could result in penalties and reputational damage		■		M, L
S1 - Own workforce	Working conditions (Working hours, adequate wages, social dialogue, freedom of association, collective bargaining, work-life balance, secure employment, health and safety)	Negative impact (potential)	Ineffective management of own workforce could have a negative impact on individuals in connection with freedom of association and collective bargaining, work-life balance, working hours, job security and health and safety		■		S, M, L
	Working conditions (secure employment)	Risk	Lack of staff, including those in strategic roles, and/or reorganisation of production activities could lead to fluctuations in personnel costs and/or ineffective management of internal processes		■		S, M, L
	Working conditions (Health and safety)	Risk	Non-compliance with health and safety regulations and/or high-consequence injuries could lead to sanctions and reputational damage		■		M, L
	Equal treatment and opportunities for all	Negative impact (potential)	Ineffective management of gender and pay equity, training and workforce development could lead to negative impact on		■		S, M, L

ESRS topic	Sub-topic (sub-sub-topic)	Type of IRO	Description	Localization in the value chain			Time horizon considered[6]
				A upstream	Activity own	A downstream	
	(Measures against violence, diversity, gender equality and equal pay, training and skills development)		people				
	Equal treatment and opportunities for all (Gender equality and pay)	Risk	Ineffective policies and/or actions to enhance diversity and development, could lead to the risk of internal barriers to growth within the company		■		M, L
	Other work-related rights (Child labour, forced labour, privacy)	Negative impact (potential)	Even though the Group actively promotes respect for human rights and employee privacy, if its policies and procedures are ineffective (especially in countries where regulations are less structured) the Group could generate impacts on people related to child and forced labour and employee privacy topics		■		S, M, L
	Other work-related rights (Privacy)	Risk	Failure to comply with employee privacy legislation (including GDPR) could lead to the risk of sanctions and reputational damage		■		M, L
S2 - Workers in the value chain	Working conditions (Working hours, Freedom of association, Collective bargaining, Health and safety)	Negative impact (potential)	Ineffective workforce management with respect to topics of working time, freedom of association, collective bargaining and health and safety by supply chain actors could impact people	■			S, M, L
	Human Rights (Forced labour, Child labour)	Negative impact (potential)	In case of ineffective policies and procedures (especially in countries where regulations are less structured), actors in the supply chain could generate impacts on people related to child and forced labour topics	■			S, M, L
S4 - Consumers and end-users	Information-related impacts for consumers and/or end-users (Access to quality information)	Negative impact (potential)	In the event of incomplete or inaccurate information provided with GVS products, negative impacts could occur for the individuals using them or for patients		■		S, M, L
	Information-related impacts for consumers and/or end-users (Access to quality information); Personal safety of consumers and/or end-users (health and safety)	Risk	Significant product defects and/or malfunctions (including the mandatory information accompanying the product) could negatively affect the Group's reputation and operations		■		S, M, L

ESRS topic	Sub-topic (sub-sub-topic)	Type of IRO	Description	Localization in the value chain			Time horizon considered[6]
				A upstream	Activity own	A downstream	
	Personal safety of consumers and/or end-users (health and safety)	Negative impact (potential)	In the event of significant non-conformities in its products, negative impacts could arise for the individuals using them or for patients		■		S, M, L
		Positive impact (potential)	Given the nature of the products manufactured by GVS, designed to protect the health and safety of people, the Group generates a positive impact on users and/or patients			■	S, M, L
G1 - Business conduct	Corporate culture; Protection of whistleblowers	Negative impact (potential)	In the event of ineffective policies, procedures and training on ethical conduct and whistleblowing, the Group could potentially impact on individuals		■		S, M, L
		Risk	Organisation, Management and Control Model pursuant to Italian Legislative Decree no. 231/01, if inadequate, could generate the risk of sanctions		■		M, L
	Management of relationships with suppliers	Negative impact (potential)	Inadequate management by suppliers could have impacts on people and/or the environment	■	■		S, M, L
		Risk	Ineffective compliance with future due diligence regulations could lead to the risk of sanctions and reputational damage		■		L
	Corruption and bribery (Prevention and detection including training; Incidents)	Negative impact (potential)	Ineffective management (including training) could lead to violations of relevant regulations and related impacts on people and society		■		S, M, L
		Risk	Failure to comply with anti-corruption legislation could lead to the risk of sanctions and reputational damage		■		M, L

No current financial effects have been identified in addition to those reported in the "Provisions for risks and charges" section of the Consolidated Financial Statements and which are attributable to the own workforce (S1) and Consumers and end-users (S4).

As 2024 is the first year of reporting under ESRS, it is not possible to indicate changes in impacts, risks and opportunities compared to the previous reporting period. For details on the approach, management and resilience of the Group's strategy to each sustainability topic respectively, refer to the specific chapters for each topic and the section 'Sustainability Plan'.

Sustainability Plan

[SBM-1; SBM-3; MDR-T]

During 2024, the Group defined and approved the sustainability plan 'Protecting your tomorrow'. The 2024-2026 Sustainability Plan lays the foundation for GVS's sustainability path by defining significant yet pragmatic commitments and targets. In this way, the Group aims to contribute to the well-being of society through innovative solutions and to reduce the impact of its activities on a global scale.

The 2024-2026 Sustainability Plan is structured around four fundamental pillars on which the Group intends to focus to pursue sustainable growth. For each of these pillars, GVS identified the strategic areas of focus, the commitments to pursue, and the goals it aims to achieve. In total, the sustainability plan covers 15 areas, 5 of which have been identified as priorities due to the relevance of the topics addressed and the commitment required to achieve the targets. Moreover, the areas of the Plan are linked to the relevant topics identified by GVS and thus direct the Group's action towards the most significant areas in terms of impact, risks and opportunities identified.

The Plan was drawn up with the direct involvement of the Cross-functional Sustainability Committee, composed of the CEO and the members of senior management most closely involved in the management of sustainability topics. The Group 2024-2026 Sustainability Plan was discussed with the Control, Risks and Sustainability Committee prior to its final approval by the Board of Directors in July 2024. The Group's employees were not directly involved in the definition of the sustainability targets of the Plan, but the functions responsible for managing the related topics were involved.

	PROTECTING PEOPLE	PROTECTING THE PLANET	PROTECTING THROUGH INNOVATION	PROTECTING OUR VALUES
SUSTAINABILITY PILLARS	We strongly believe that people are the cornerstone of our company, each contributing uniquely to our shared goals. We prioritize protecting, empowering, and developing them and we commit to ensuring an inclusive and equitable work environment that upholds the rights, dignity, and wellbeing of all individuals.	We recognize the importance of environmental protection as we believe it is our collective responsibility to safeguard the planet. To fulfill this commitment, we are dedicated to building a more resilient organization through the improvement of operational efficiency, to reducing use of resources and to mitigating climate change.	Protecting people is central to every solution we create. We focus on developing technologies that elevate product quality for ultimate safety and simultaneously we strive to enhance the environmental performance of our solutions through circularity and ecodesign.	Upholding the highest ethical standards is fundamental to who we are and what we stand for. We are committed to fostering responsible behavior not just within our organization but also among all the partners cooperating with us.
AREAS	Human capital management Work-life balance and parental support Diversity, equity and inclusion ★ Skills development and performance evaluation Health and safety ★ Awareness on sustainability	Environmental Management Climate change ★ Water resources Manufacturing efficiency	Product ecodesign Circularity and efficient use of materials ★ Quality and safety of products	Responsible supply chain management ★ Business conduct
ASSOCIATED SUSTAINABLE DEVELOPMENT GOALS	3, 5, 8	6, 7, 12, 13	3, 12	8, 16

★ Priority areas

Compared to the list of goals presented in the full version of the Sustainability Plan, which was approved and published on the company's website, this Statement identifies as 'targets' only those which, based on a precautionary interpretation of the ESRS and in the absence of further available clarifications, meet all the requirements listed under the minimum disclosure requirement 'MDR-T Objectives – Tracking the effectiveness of policies and actions through targets'. The remaining targets that did not clearly meet these criteria were therefore reclassified as 'Planned Actions'.

The monitoring of the targets is coordinated by the Group's sustainability department, which, together with the corporate departments in charge of implementing the actions included in the Plan, informs the company senior management through progress reports.

Below are the targets of the Plan and the sections of the Statement where the targets and progress against them are described in more detail:

Area	Commitments	Targets	Target year	Connected Material topic	Paragraphs
Work-life balance and parental support	Extend initiatives on work-life balance and parental support	Extension of the Work-from-home Policy to 100% of Italian GVS Group companies	2024	S1 (Working conditions; Equal treatment and opportunities for all)	Own workforce (S1) | Work-life balance
		Extension of the Parental leave Policy to 100% of the U.S. GVS Group companies	2025		
Diversity, Equity and Inclusion	Ensure equal pay for equivalent work irrespective of gender	Ensure equal pay for equivalent work irrespective of gender	2026		
Skills development and performance evaluation	Extend the performance evaluation process	Ensure that at least 70% of the Group's indirect employees receive a structured feedback and performance evaluation process	Annual		
Health and safety	Extend the health and safety management system certifications (ISO 45001)	Implementation of certified Health and Safety management systems (ISO 45001) in 7 additional manufacturing companies of the Group	2026	S1 (Working conditions – Health and safety)	Own workforce (S1) | Health and safety
	Perform internal assessments on health and safety	Carry out an internal assessment of compliance with Group-defined Health and Safety criteria on 100% of manufacturing Companies	2026		
	Improve the work-related injury rate	Enhance workplace safety by achieving a 9.6% reduction in work-related injury rate compared to 2023	2024		
Environmental management	Extend the environmental and energy management system certifications (ISO 14001 and ISO 50001)	Implementation of certified environmental management systems (ISO 14001) in 3 additional manufacturing companies and of certified energy management system (ISO 50001) in 1 additional manufacturing company of the Group	2026	E1 (Climate Change); E3 (Water and marine resources); E5 (Circular economy)	Climate Change (E1); Water (E3); Circular economy (E5)
Climate change	Reduce GHG emissions of own operations and value chain	Reduction of greenhouse gas emissions (Scope 1 + Scope 2) by 42% compared to the 2024 baseline, in line with the emission reduction trajectory defined by the Paris Agreement	2030	E1 (Climate Change)	Climate Change (E1)
Product ecodesign	Define Ecodesign Guidelines for new product development	Assess at least 50% of new product development projects with the sustainability checklist (intermediate target)	2025	E1 (Climate Change); E5 (Circular economy)	Circular economy (E5)
		Ensure that 100% of new product development projects are assessed using the sustainability checklist	2026		
Circularity and efficient use of materials	Reduce the environmental impact of packaging	Launch of 3 new product lines with 100% virgin plastic-free single-use packaging (Health and Safety division)	2026	E1 (Climate Change); E5 (Circular economy)	Circular economy (E5)
		Launch of 1 pilot project to explore possible alternatives for product packaging with reduced environmental impact	2026		
	Improve circularity of products and	Launch of 3 projects aimed at reducing the amount of virgin plastic used in 3 product families	2026		

	material use efficiency				
Quality and safety of products	Improve the quality and safety of products	Improvement of the product quality and safety KPI by 9.6% compared to 2023 baseline	2025	S4 (Consumers and end users– Health and safety)	Consumers and end-users (S4)
Responsible supply chain management	Implement an evaluation and improvement program on sustainability for top suppliers	Involvement of 50% top direct suppliers (in terms of spending) on sustainability topics through a continuous evaluation and improvement program	2026	E1 (Climate Change); E2 (Pollution); E3 (Water and marine resources); E4 (Biodiversity); E5 (Circular economy); S2 (Workers in the value chain); G1 (Business conduct)	Business conduct - Supplier relationship management (G1); Environmental information in the value chain (E2, E3, E4, E5); Workers in the value chain (S2)
Business conduct	Define and launch a global program on Business Conduct (including human rights topics)	Delivery of the Business Conduct training to 100% of the Group's executives, managers and indirect employees globally	2026	S1 (Other work-related rights – Human rights); G1 (Business conduct)	Business conduct – Ethics and anti-corruption (G1)

The goals of the Sustainability Plan that have a more direct correlation with the Group's products are those associated with the topics of Product Ecodesign and Circularity and efficient use of materials. Specifically, the commitment to define ecodesign guidelines for the development of new products applies to all products across the Group's three divisions. It stems from the intention to identify a common ecodesign approach that can be shared across the various sectors in which GVS operates, while still taking into account the specific characteristics of each. Regarding Circularity and efficient use of materials, the target of launching 3 new product lines with 100% virgin plastic-free single-use packaging refers only to the Health & Safety division, as it is the only one that sells finished products and not components. In addition, the aim of launching 3 projects to reduce the amount of virgin plastic used in 3 product families is to develop projects for at least one family group per division. Finally, climate change and production efficiency goals also aim to reduce the environmental impact of production processes and thus reduce the impact associated with the manufacture of Group products. Lastly, the objective related to product non-conformities is to always keep the quality of the products sold as a priority. These targets also correspond to the main sustainability topics that emerged from the engagement with the Group's clients.

Find out more about our Sustainability Plan

Main Group policies related to sustainability topics
[MDR-P]

The Group has established a system of policies and procedures to manage actual and potential impacts and address risks related to sustainability topics. Responsibility for implementing the documents that constitute the internal regulatory and procedural system lies with the Appointed Director whose role corresponds with the Chief Executive Officer of GVS S.p.A. as identified by the Board of Directors (more information in the section "The internal control and risk management system"). The Group has also set up a specific channel to collect any reports (referred to as "Whistleblowing") concerning violations or suspected violations of the Code of Ethics and all company policies and procedures (for more information, refer to the section "Business conduct - Ethics and anti-corruption (G1)").

The following policies are further detailed in the thematic chapters of this document. For each material sustainability topic, a breakdown is provided of the policies related to each impact or risk identified by the Group.

Below is an overview of the policies in place:

Policy	Main contents	Scope of application	Monitoring	Disclosure	Associated ESRS topic
Code of Ethics	Outlines the values, principles, and guidelines that reflect GVS's approach with regard to human resources, human rights, health and safety, environmental protection, privacy, cybersecurity, quality, conflict of interest, anti-corruption, supplier relations, fair competition and intellectual property, financial integrity, and anti-money laundering	GVS Group, business partners	Whistleblowing channel and management of reports	GVS website	E1, E2, E3, E4, E5, S1, S2, S4, G1
Whistleblowing Policy	Regulates the process of receiving, analyzing, and handling reports, as well as the provisions to ensure the protection of the whistleblower and prevent retaliation	GVS Group, third parties		GVS website	E1, E2, E3, E4, E5, S1, S2, S4, G1
Global Compliance Programme	Defines the guidelines, principles, and controls that all Group companies must follow and adopt in the conduct of business activities to prevent the commission of crimes	GVS Group		GVS website	G1
Organisation, Management and Control Model	Defines the responsibilities and procedures implemented to prevent the commission of crimes across the various categories of offenses outlined in Legislative Decree No. 231/2001	GVS S.p.A. and Haemotronic S.p.A..	Monitoring of the application of the Organisation, Management and Control Model pursuant to Legislative Decree No. 231/2001 (OMM) by the Supervisory Body; Whistleblowing channel	GVS website (only GVS S.p.A.'s Organizational Model)	G1
Quality Policy	Defines the Group's commitment to ensuring the highest levels of product and service quality by promoting continuous improvement and an ethical and safe work environment	GVS Group	Internal report for monitoring the main quality KPIs shared periodically with management	GVS website	S4
Environmental Policy[7]	Formalizes GVS's commitment to operate responsibly towards the environment. The Policy specifically addresses the following topics: energy and climate change, pollution, material use and waste, water resources, biodiversity, product use and end-of-life, and supplier engagement	GVS Group	Internal reporting for monitoring key environmental KPIs (energy, emissions, waste, water and supplier evaluation) shared periodically with management	GVS website	E1, E3, E5,
Health and Safety Policy	Establishes the Group's commitment to promoting a safety culture, eliminating hazards and reducing risks related to workers' health and safety	GVS Group	Internal report for monitoring the main health and safety KPIs shared periodically with management	GVS website	S1
Supplier Code of Conduct	Defines GVS's expectations of its suppliers on the following topics: labour and human rights, environment, business conduct and information technology	GVS Group, suppliers	Whistleblowing channel; Assessment of suppliers	GVS website	E1, E2, E3, E4, E5, S2, G1

[7] Approved internally in 2024 and published on the company website in early 2025.

Remote working policy	Defines the procedures for employees of Italian companies who perform compatible tasks and have signed individual agreements to use remote work	Italian companies	Periodic analysis of the implementation of the processes foreseen by the policies adopted by the Human Resources Department	Internal policy	S1
Parental leave policy	Defines the procedures through which employees can take paid leave in case of maternity, paternity, or adoption, and offers more flexible solutions for the employee's return to work, allowing for remote work or part-time hours, exceeding the minimum requirements of local legislation	U.S. companies		Internal policy	S1
Onboarding Policy	Provides guidelines on the onboarding process to ensure the introduction and integration of new employees within the organisation	GVS Group		Internal policy	S1
Individual Variable Bonus Policy	Establishes guidelines about employee bonuses, ensuring that they are applied fairly and equally	GVS Group		Internal policy	S1
Succession Planning Policy	Defines guidelines for the implementation and management of succession plans within GVS and ensures that they are applied fairly and equally	GVS Group		Internal policy	S1
Information Technology Management and Privacy Policy	Defines the guidelines for the management of IT tools, such as networks, services, and computers, within GVS Group in order to reduce the risk of cybercrimes, data breaches, and financial frauds carried out through IT technologies.	GVS Group	Monitoring by the IT department and the Privacy Officer	Internal policy	S1

For details on the content of the policies and to which specific material impacts, risks or opportunities they address, refer to the specific chapters for each ESRS topic indicated.

Disclosure requirements in ESRS covered by sustainability reporting
[IRO-2]

Content index of disclosure requirements in the Consolidated Sustainability Statement
Below is a list of the disclosure requirements covered by the Consolidated Sustainability Statement. The information to be reported was selected based on the results of the double materiality assessment and represents the disclosure requirements necessary to report on material impacts, risks and opportunities for the Group.

ESRS Topic	Disclosure Requirement			Reference section
	Nr.	Reporting area	Description	
ESRS 2 General disclosures	BP-1	Basis for preparation	General basis for preparation of the sustainability statement	Basis for preparation
ESRS 2 General disclosures	BP-2	Basis for preparation	Disclosures in relation to specific circumstances	Basis for preparation
ESRS 2 General disclosures	GOV-1	Governance	The role of the administrative, management and supervisory bodies	Governance | Role of administrative, management and control bodies and sustainability management
ESRS 2 General disclosures	GOV-2	Governance	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	Governance | Role of administrative, management and control bodies and sustainability management
ESRS 2 General disclosures	GOV-3	Governance	Integration of sustainability-related performance in incentive schemes	Governance | Remuneration and sustainability targets
ESRS 2 General disclosures	GOV-4	Governance	Statement on due diligence	Due diligence statement
ESRS 2 General disclosures	GOV-5	Governance	Risk management and internal controls over sustainability reporting	Governance | The internal control and risk management system;
ESRS 2 General disclosures	SBM-1	Strategy	Strategy, business model and value chain	GVS Group; Sustainability Plan
ESRS 2 General disclosures	SBM-2	Strategy	Interests and views of stakeholders	Double materiality assessment and stakeholder engagement
ESRS 2 General disclosures	SBM-3	Strategy	Material impacts, risks and opportunities and their interaction with strategy and business model	Double materiality assessment and stakeholder engagement; Provisions for risks and charges | Consolidated Financial Statements
ESRS 2 General disclosures	IRO-1	Disclosures on the materiality assessment process	Description of the process to identify and assess material impacts, risks and opportunities	Double materiality assessment and stakeholder engagement
ESRS 2 General disclosures	IRO-2	Disclosures on the materiality assessment process	Disclosure Requirements in ESRS covered by the undertaking's sustainability statement	Content index of disclosure requirements in the Consolidated Sustainability Statement; Index of information from other EU legislative acts
E1 Climate change	E1 GOV-3	Governance	Integration of sustainability-related performance in incentive schemes	Governance | Remuneration and sustainability targets

E1 Climate change	E1-1	Strategy	Transition plan for climate change mitigation	Climate change (E1) | Targets and actions
E1 Climate change	E1 SBM-3	Strategy	Material impacts, risks and opportunities and their interaction with strategy and business model	Climate change (E1)
E1 Climate change	E1 IRO-1	Impact, risk and opportunity management	Description of the processes to identify and assess material climate-related impacts, risks and opportunities	Double materiality assessment and stakeholder engagement; Environmental information | Impacts, risks and opportunities; Climate change (E1)
E1 Climate change	E1-2	Impact, risk and opportunity management	Policies related to climate change mitigation and adaptation	Climate change (E1) | Policies
E1 Climate change	MDR-P	Minimum Disclosure Requirement - Policies	Policies adopted to manage material sustainability matters	Main Group policies related to sustainability topics; Climate change (E1) | Policies
E1 Climate change	E1-3	Impact, risk and opportunity management	Actions and resources in relation to climate change policies	Climate change (E1) | Targets and actions
E1 Climate change	MDR-A	Minimum Disclosure Requirement - Actions	Actions and resources in relation to material sustainability matters	Climate change (E1) | Targets and actions
E1 Climate change	E1-4	Metrics and targets	Targets related to climate change mitigation and adaptation	Climate change (E1) | Targets and actions
E1 Climate change	MDR-T	Minimum Disclosure Requirement - Targets	Tracking effectiveness of policies and actions through targets	Sustainability Plan; Climate change (E1) | Targets and actions
E1 Climate change	E1-5	Metrics and targets	Energy consumption and mix	Climate change (E1) | Metrics
E1 Climate change	E1-6	Metrics and targets	Gross Scopes 1, 2, 3 and Total GHG emissions	Climate change (E1) | Metrics
E1 Climate change	E1-7	Metrics and targets	GHG removals and GHG mitigation projects financed through carbon credits	Climate change (E1) | Metrics
E1 Climate change	E1-8	Metrics and targets	Internal carbon pricing	Climate change (E1) | Metrics
E1 Climate change	MDR-M	Minimum Disclosure Requirement - Metrics	Metrics in relation to material sustainability matters	Climate change (E1) | Metrics
E2 Pollution	E2 IRO-1	Impact, risk and opportunity management	Description of the processes to identify and assess material pollution-related impacts, risks and opportunities	Double materiality assessment and stakeholder engagement; Environmental information | Impacts, risks and opportunities; Environmental information in the supply chain
E2 Pollution	E2-1	Impact, risk and opportunity management	Policies related to pollution	Environmental information in the supply chain (E2, E3, E4, E5) | Policies
E2 Pollution	MDR-P	Minimum Disclosure Requirement - Policies	Policies adopted to manage material sustainability matters	Main Group policies related to sustainability topics; Environmental information in the supply chain (E2, E3, E4, E5) | Policies
E2 Pollution	E2-2	Impact, risk and opportunity management	Actions and resources related to pollution	Environmental information in the supply chain (E2, E3, E4, E5) | Targets and actions

E2 Pollution	MDR-A	Minimum Disclosure Requirement - Actions	Actions and resources in relation to material sustainability matters	Environmental information | Impacts, risks and opportunities; Environmental information in the supply chain (E2, E3, E4, E5) | Targets and actions
E2 Pollution	E2-3	Metrics and targets	Targets related to pollution	Environmental information in the supply chain (E2, E3, E4, E5) | Targets and actions
E2 Pollution	MDR-T	Minimum Disclosure Requirement - Targets	Tracking effectiveness of policies and actions through targets	Sustainability plan; Environmental information in the supply chain (E2, E3, E4, E5) | Targets and actions
E3 Water and marine resources	E3 IRO-1	Impact, risk and opportunity management	Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities	Double materiality assessment and stakeholder engagement; Environmental information | Impacts, risks and opportunities; Water (E3) | Impacts, risks and opportunities; Environmental information in the supply chain (E2, E3, E4, E5) | Impacts, risks and opportunities
E3 Water and marine resources	E3-1	Impact, risk and opportunity management	Policies related to water and marine resources	Environmental information | Impacts, risks and opportunities; Water (E3) | Policies; Environmental information in the supply chain (E2, E3, E4, E5) | Policies
E3 Water and marine resources	MDR-P	Minimum Disclosure Requirement - Policies	Policies adopted to manage material sustainability matters	Main Group policies related to sustainability topics; Water (E3) | Policies; Environmental information in the supply chain (E2, E3, E4, E5)| Policies
E3 Water and marine resources	E3-2	Impact, risk and opportunity management	Actions and resources related to water and marine resources	Water | Targets and actions; Environmental information in the supply chain (E2, E3, E4, E5) | Targets and actions
E3 Water and marine resources	MDR-A	Minimum Disclosure Requirement - Actions	Actions and resources in relation to material sustainability matters	Environmental information | Impacts, risks and opportunities; Water (E3) | Targets and actions; Environmental information in the supply chain (E2, E3, E4, E5) | Targets and actions
E3 Water and marine resources	E3-3	Metrics and targets	Targets related to water and marine resources	Water (E3) | Targets and actions; Environmental information in the supply chain | Targets and actions
E3 Water and marine resources	MDR-T	Minimum Disclosure Requirement - Targets	Tracking effectiveness of policies and actions through targets	Sustainability Plan; Water (E3)| Targets and actions; Environmental information in the supply chain (E2, E3, E4, E5) | Targets and actions
E3 Water and marine resources	E3-4	Metrics and targets	Water consumption	Water (E3) | Metrics
E3 Water and marine resources	MDR-M	Minimum Disclosure Requirement - Metrics	Metrics in relation to material sustainability matters	Water (E3) | Metrics
E4 Biodiversity	E4 IRO-1	Impact, risk and opportunity management	Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks and opportunities	Double materiality assessment and stakeholder engagement; Environmental information | Impacts, risks and opportunities; Environmental information in the supply chain (E2, E3, E4, E5) | Impacts, risks and opportunities
E4 Biodiversity	E4 SBM-3	Strategy	Material impacts, risks and opportunities and their interaction with strategy and business model	Environmental information in the supply chain (E2, E3, E4, E5) | Impacts, risks and opportunities
E4 Biodiversity	E4-1	Strategy	Transition plan and consideration of biodiversity and ecosystems in strategy and business model	Environmental information | Impacts, risks and opportunities; Environmental information in the supply chain (E2, E3, E4, E5) | Impacts, risks and opportunities
E4 Biodiversity	E4-2	Impact, risk and opportunity management	Policies related to biodiversity and ecosystems	Environmental information in the supply chain (E2, E3, E4, E5) | Policies

E4 Biodiversity	MDR-P	Minimum Disclosure Requirement - Policies	Policies adopted to manage material sustainability matters	Main Group policies related to sustainability topics; Environmental information in the supply chain (E2, E3, E4, E5) | Policies
E4 Biodiversity	E4-3	Impact, risk and opportunity management	Actions and resources related to biodiversity and ecosystems	Environmental information in the supply chain (E2, E3, E4, E5) | Targets and actions
E4 Biodiversity	MDR-A	Minimum Disclosure Requirement - Actions	Actions and resources in relation to material sustainability matters	Environmental information | Impacts, risks and opportunities; Environmental information in the supply chain (E2, E3, E4, E5) | Targets and actions
E4 Biodiversity	E4-4	Metrics and targets	Targets related to biodiversity and ecosystems	Environmental information in the supply chain (E2, E3, E4, E5) | Targets and actions
E4 Biodiversity	MDR-T	Minimum Disclosure Requirement - Targets	Tracking effectiveness of policies and actions through targets	Sustainability plan; Environmental information in the supply chain (E2, E3, E4, E5) | Targets and actions
E5 Resource use and circular economy	E5 IRO-1	Impact, risk and opportunity management	Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities	Double materiality assessment and stakeholder engagement; Environmental information | Impacts, risks and opportunities; Circular economy (E5) Environmental information in the supply chain (E2, E3, E4, E5) | Impacts, risks and opportunities
E5 Resource use and circular economy	E5-1	Impact, risk and opportunity management	Policies related to resource use and circular economy	Circular economy (E5) | Policies; Environmental information in the supply chain (E2, E3, E4, E5) | Policies
E5 Resource use and circular economy	MDR-P	Minimum Disclosure Requirement - Policies	Policies adopted to manage material sustainability matters	Main Group policies related to sustainability topics; Circular economy (E5) | Policies; Environmental information in the supply chain (E2, E3, E4, E5) | Policies
E5 Resource use and circular economy	E5-2	Impact, risk and opportunity management	Actions and resources related to resource use and circular economy	Circular economy (E5) | Targets and actions; Environmental information in the supply chain (E2, E3, E4, E5) | Targets and actions
E5 Resource use and circular economy	MDR-A	Minimum Disclosure Requirement - Actions	Actions and resources in relation to material sustainability matters	Environmental information | Impacts, risks and opportunities; Circular economy (E5) | Targets and actions; Environmental information in the supply chain (E2, E3, E4, E5) | Targets and actions
E5 Resource use and circular economy	E5-3	Metrics and targets	Targets related to resource use and circular economy	Circular economy (E5) | Targets and actions; Environmental information in the supply chain (E2, E3, E4, E5) | Targets and actions
E5 Resource use and circular economy	MDR-T	Minimum Disclosure Requirement - Targets	Tracking effectiveness of policies and actions through targets	Sustainability plan; Circular economy (E5) | Targets and actions; Environmental information in the supply chain (E2, E3, E4, E5) | Targets and actions
E5 Resource use and circular economy	E5-4	Metrics and targets	Resource inflows	Circular economy (E5) | Metrics
E5 Resource use and circular economy	E5-5	Metrics and targets	Resource outflows	Circular economy (E5) | Metrics
E5 Resource use and circular economy	MDR-M	Minimum Disclosure Requirement - Metrics	Metrics in relation to material sustainability matters	Circular economy (E5) | Metrics
S1 Own workforce	S1 SBM-2	Strategy	Interests and views of stakeholders	Double materiality assessment and stakeholder engagement; Own workforce (S1) | Impacts, risks and opportunities, Policies
S1 Own workforce	S1 SBM-3	Strategy	Material impacts, risks and opportunities and their interaction with strategy and business model	Double materiality assessment and stakeholder engagement; Own workforce (S1) | Impacts, risks and opportunities, Policies

S1 Own workforce	S1-1	Impact, risk and opportunity management	Policies related to own workforce	Own workforce (S1)
S1 Own workforce	MDR-P	Minimum Disclosure Requirement - Policies	Policies adopted to manage material sustainability matters	Main Group policies related to sustainability topics; Own workforce (S1)
S1 Own workforce	S1-2	Impact, risk and opportunity management	Processes for engaging with own workforce and workers' representatives about impacts	Double materiality assessment and stakeholder engagement; Own workforce (S1) | Impacts, risks and opportunities
S1 Own workforce	S1-3	Impact, risk and opportunity management	Processes to remediate negative impacts and channels for own workforce to raise concerns	Own workforce (S1) | Policies
S1 Own workforce	S1-4	Impact, risk and opportunity management	Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	Own workforce (S1) | Policies - Targets and actions - Diversity - Collective bargaining coverage - Social dialogue and social protection - Adequate wages - Work-life balance - Serious human rights indicators, complaints and impacts - Training and skills development - Health and safety - Remuneration (pay gap and total remuneration)
S1 Own workforce	MDR-A	Minimum Disclosure Requirement - Actions	Actions and resources in relation to material sustainability matters	Own workforce (S1) | Policies - Targets and actions - Diversity - Collective bargaining coverage - Social dialogue and social protection - Adequate wages - Work-life balance - Serious human rights indicators, complaints and impacts - Training and skills development - Health and safety - Remuneration (pay gap and total remuneration)
S1 Own workforce	S1-5	Metrics and targets	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Own workforce (S1) | Targets and actions - Work-life balance - Training and skills development - Health and safety - Remuneration (pay gap and total remuneration)
S1 Own workforce	MDR-T	Minimum Disclosure Requirement - Targets	Tracking effectiveness of policies and actions through targets	Sustainability plan; Own workforce (S1) | Targets and actions - Work-life balance - Training and skills development - Health and safety - Remuneration (pay gap and total remuneration)
S1 Own workforce	S1-6	Metrics and targets	Characteristics of the undertaking's employees	Own workforce (S1) | Characteristics of the enterprise's employees, Calculation methodology
S1 Own workforce	S1-7	Metrics and targets	Characteristics of non-employees in the undertaking's own workforce	Own workforce (S1) | Characteristics of non-employees in the enterprise's own workforce, Calculation methodology
S1 Own workforce	S1-8	Metrics and targets	Collective bargaining coverage and social dialogue	Own workforce (S1) | Collective bargaining coverage, social dialogue and social protection; Calculation methodology
S1 Own workforce	S1-9	Metrics and targets	Diversity metrics	Own workforce (S1) | Diversity, Calculation methodology
S1 Own workforce	S1-10	Metrics and targets	Adequate wages	Own workforce (S1) | Wages, adjusted, Calculation methodology
S1 Own workforce	S1-13	Metrics and targets	Training and skills development metrics	Own workforce (S1) | Training and skills development; Calculation methodology
S1 Own workforce	S1-14	Metrics and targets	Health and safety metrics	Own workforce (S1) | Health and safety, Calculation methodology
S1 Own workforce	S1-15	Metrics and targets	Work-life balance metrics	Own workforce (S1) | People management and optimisation, Calculation methodology
S1 Own workforce	S1-16	Metrics and targets	Remuneration metrics (pay gap and total remuneration)	Own workforce (S1) | Remuneration (pay gap and total remuneration), Calculation methodology

S1 Own workforce	S1-17	Metrics and targets	Incidents, complaints and severe human rights impacts	Own workforce (S1) | Incidents, complaints and serious human rights impacts
S1 Own workforce	MDR-M	Minimum Disclosure Requirement - Metrics	Metrics in relation to material sustainability matters	Own workforce (S1)
S2 Workers in the value chain	S2 SBM-2	Strategy	Interests and views of stakeholder	Double materiality assessment and stakeholder engagement; Workers in the value chain (S2) | Impacts, risks and opportunities
S2 Workers in the value chain	S2 SBM-3	Strategy	Material impacts, risks and opportunities and their interaction with strategy and business model	Double materiality assessment and stakeholder engagement; Workers in the value chain (S2) | Impacts, risks and opportunities
S2 Workers in the value chain	S2-1	Impact, risk and opportunity management	Policies related to value chain workers	Workers in the value chain (S2) | Policies
S2 Workers in the value chain	MDR-P	Minimum Disclosure Requirement - Policies	Policies adopted to manage material sustainability matters	Main Group policies related to sustainability topics; Workers in the value chain (S2) | Policies
S2 Workers in the value chain	S2-2	Impact, risk and opportunity management	Processes for engaging with value chain workers about impacts	Double materiality assessment and stakeholder engagement; Workers in the value chain (S2) | Impacts, risks and opportunities
S2 Workers in the value chain	S2-3	Impact, risk and opportunity management	Processes to remediate negative impacts and channels for value chain workers to raise concerns	Workers in the value chain (S2) | Policies
S2 Workers in the value chain	S2-4	Impact, risk and opportunity management	Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions	Workers in the value chain (S2) | Targets and actions; Supplier relationship management | Targets and actions
S2 Workers in the value chain	MDR-A	Minimum Disclosure Requirement - Actions	Actions and resources in relation to material sustainability matters	Workers in the value chain (S2) | Targets and actions; Supplier relationship management | Targets and actions
S2 Workers in the value chain	S2-5	Metrics and targets	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Workers in the value chain (S2) | Targets and actions
S2 Workers in the value chain	MDR-T	Minimum Disclosure Requirement - Targets	Tracking effectiveness of policies and actions through targets	Sustainability Plan; Workers in the value chain (S2) | Targets and actions
S4 Consumers and end-users	S4 SBM-2	Strategy	Interests and views of stakeholders	Double materiality assessment and stakeholder engagement; Consumers and end-users (S4) | Impacts, risks and opportunities
S4 Consumers and end-users	S4 SBM-3	Strategy	Material impacts, risks and opportunities and their interaction with strategy and business model	Double materiality assessment and stakeholder engagement; Consumers and end-users (S4) | Impacts, risks and opportunities
S4 Consumers and end-users	S4-1	Impact, risk and opportunity management	Policies related to consumers and end-users	Consumers and end-users (S4) | Policies
S4 Consumers and end-users	MDR-P	Minimum Disclosure Requirement - Policies	Policies adopted to manage material sustainability matters	Main Group policies related to sustainability topics; Consumers and end-users (S4) | Policies
S4 Consumers and end-users	S4-2	Impact, risk and opportunity management	Processes for engaging with consumers and end-users about impacts	Consumers and end-users (S4) | Policies
S4 Consumers and end-users	S4-3	Impact, risk and opportunity management	Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	Consumers and end-users (S4) | Policies
S4 Consumers and end-users	S4-4	Impact, risk and opportunity management	Taking action on material impacts on consumers and end-users, and approaches	Consumers and end-users (S4) | Targets and actions

			to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions	
S4 Consumers and end-users	MDR-A	Minimum Disclosure Requirement - Actions	Actions and resources in relation to material sustainability matters	Consumers and end-users (S4) | Targets and actions
S4 Consumers and end-users	S4-5	Metrics and targets	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Consumers and end-users (S4) | Targets and actions
S4 Consumers and end-users	MDR-T	Minimum Disclosure Requirement - Targets	Tracking effectiveness of policies and actions through targets	Sustainability Plan; Consumers and end-users (S4) | Targets and actions
G1 Business conduct	G1 GOV-1	Impact, risk and opportunity management	The role of the administrative, supervisory and management bodies	Double materiality assessment and stakeholder engagement; Business conduct - Ethics and anti-corruption (G1) | Impacts, risks and opportunities
G1 Business conduct	G1 IRO-1	Impact, risk and opportunity management	Description of the processes to identify and assess material impacts, risks and opportunities	Double materiality assessment and stakeholder engagement; Business conduct - Ethics and anti-corruption (G1) | Impacts, risks and opportunities; Business conduct - Supplier Relationship Management) | Impacts, risks and opportunities
G1 Business conduct	G1-1	Impact, risk and opportunity management	Business conduct policies and corporate culture	Business conduct - Ethics and anti-corruption (G1) | Policies; Business conduct - Supplier Relationship Management (G1) | Policies
G1 Business conduct	MDR-P	Minimum Disclosure Requirement - Policies	Policies adopted to manage material sustainability matters	Main Group policies related to sustainability topics; Business conduct - Ethics and anti-corruption (G1) | Policies; Business conduct - Supplier Relationship Management (G1) | Policies
G1 Business conduct	G1-2	Impact, risk and opportunity management	Management of relationships with suppliers	Business conduct - Supplier Relationship Management (G1)
G1 Business conduct	G1-3	Impact, risk and opportunity management	Prevention and detection of corruption and bribery	Business conduct - Ethics and anti-corruption (G1) | Policies, Targets and actions
G1 Business conduct	G1-4	Metrics and targets	Incidents of corruption or bribery	Business conduct - Ethics and anti-corruption (G1) | Metrics
G1 Business conduct	MDR-M	Minimum Disclosure Requirement - Metrics	Metrics in relation to material sustainability matters	Business conduct - Ethics and anti-corruption | Metrics

Index of datapoints that derive from other EU legislation

Disclosure Requirement and related datapoint	SFDR	Pillar 3	Benchmark Regulation	EU Climate Law	Paragraph
ESRS 2 GOV-1 Board's gender diversity (par 21-d)	x		x		Governance | Role of administrative, management and control bodies and sustainability management
ESRS 2 GOV-1 Percentage of board members who are independent (par. 21-e)			x		Governance | Role of administrative, management and control bodies and sustainability management
ESRS 2 GOV-4 Statement on due diligence (par. 30)	x				Due diligence statement
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities (par. 40-d i)	x	x	x		Not applicable
ESRS 2 SBM-1 Involvement in activities related to chemical production (par. 40-d ii)	x		x		Not applicable
ESRS 2 SBM-1 Involvement in activities related to controversial weapons (par. 40-d iii)	x		x		Not applicable
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco (par. 40-d iv)			x		Not applicable
ESRS E1-1 Transition plan to reach climate neutrality (par. 14)				x	Climate change (E1) | Targets and actions
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks (par. 16-g)		x	x		Climate change (E1) | Targets and actions
ESRS E1-4 GHG emission reduction targets (par. 34)	x	x	x		Climate change (E1) | Targets and actions
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) (par. 38)	x				Climate change (E1) | Metrics
ESRS E1-5 Energy consumption and mix (par. 37)	x				Climate change (E1) | Metrics
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors (par. from 40 to 43)	x				Climate change (E1) | Metrics
ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions (par. 44)	x	x	x		Climate change (E1) | Metrics
ESRS E1-6 Gross GHG emissions intensity (par. from 53 to 55)	x	x	x		Climate change (E1) | Metrics
ESRS E1-7 GHG removals and carbon credits (par. 56)				x	Climate change (E1) | Metrics
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks (par. 66)			x		Not applicable (application of Transitional provisions)
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk (par. 66-a) and ESRS E1-9 Location of significant assets at material physical risk (par. 66-c)		x			Not applicable (application of Transitional provisions)
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes (par. 67-c)		x			Not applicable (application of Transitional provisions)
ESRS E1-9 Degree of exposure of the portfolio to climate- related opportunities (par. 69)			x		Not applicable (application of Transitional provisions)
ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, (par. 28)	x				Not relevant
ESRS E3-1 Water and marine resources (par. 9)	x				Water (E3) | Policies; Environmental information in

					the supply chain (E2, E3, E4, E5) | Policies
ESRS E3-1 Dedicated policy (par. 13)	x				Not applicable
ESRS E3-1 Sustainable oceans and seas (par. 14)	x				Not material
ESRS E3-4 Total water consumption in m 3 per net revenue on own operations (par. 28-c)	x				Not material
ESRS E3-4 Total water consumption in m 3 per net revenue on own operations (par. 29)	x				Not material
ESRS 2 IRO-1 – E4 (par. 16-a i)	x				Environmental information | Impacts, risks and opportunities: Environmental information in the supply chain (E2, E3, E4, E5) | Impacts, risks and opportunities
ESRS 2 IRO-1 – E4 (par. 16-b)	x				Not material
ESRS 2 IRO-1 – E4 (par. 16-c)	x				Not material
ESRS E4-2 Sustainable land / agriculture practices or policies (par. 24-b)	x				Not material
ESRS E4-2 Sustainable oceans / seas practices or policies (par. 24-c)	x				Not material
ESRS E4-2 Policies to address deforestation (par. 24-d)	x				Not material
ESRS E5-5 Non-recycled waste (par. 37-d)	x				Circular economy (E5) | Metrics
ESRS E5-5 Hazardous waste and radioactive waste (par. 39)	x				Circular economy (E5) | Metrics
ESRS 2 – SBM3 – S1 Risk of incidents of forced labour (par. 14-f)	x				Own workforce (S1) | Impacts, risks and opportunities, policies, incidents, complaints and serious human rights impacts
ESRS 2 – SBM3 – S1 Risk of incidents of child labour (par. 14-g)	x				Own workforce (S1) | Impacts, risks and opportunities, policies, incidents, complaints and serious human rights impacts
ESRS S1-1 Human rights policy commitments (par. 20)	x				Own workforce (S1) | Impacts, risks and opportunities, Policies
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8 (par. 21)			x		Own workforce (S1) | Policy - Incidents, complaints and serious human rights impacts
ESRS S1-1 Processes and measures for preventing trafficking in human beings (par. 22)	x				Own workforce (S1) | Policy - Incidents, complaints and serious human rights impacts
ESRS S1-1 Workplace accident prevention policy or management system (par. 23)	x				Own workforce (S1) | Health and safety
ESRS S1-3 Grievance/complaints handling mechanisms (par. 32-c)	x				Own workforce (S1) | Policies
ESRS S1-14 Number of fatalities and number and rate of work-related accidents (par. 88 from b to c)	x		x		Own workforce (S1) | Health and safety
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness (par. 88-e)	x				Own workforce (S1) | Health and safety
ESRS S1-16 Unadjusted gender pay gap (par. 97-a)	x		x		Own workforce (S1) | Remuneration (pay gap and total remuneration)
ESRS S1-16 Excessive CEO pay ratio (par. 97-b)	x				Own workforce (S1) | Remuneration (pay gap and total remuneration)

ESRS S1-17 Incidents of discrimination (par. 103-a)	x				Own workforce (S1) | Incidents, complaints and serious human rights impacts
ESR S1-17 Non-respect of UNGPs on Business and Human Rights and OECD Guidelines (par. 104-a)	x		x		Own workforce (S1) | Incidents, complaints and serious human rights impacts
ESRS 2 SBM-3 – S2 Significant risk of child labour or forced labour in the value chain (par. 11-b)	x				Own workforce (S1) | Workers in the value chain
ESRS S2-1 Human rights policy commitments (par. 17)	x				Workers in the value chain (S2) | Policies
ESRS S2-1 Policies related to value chain workers (par. 18)	x				Workers in the value chain (S2) | Policies
ESRS S2-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines (par. 19)	x		x		Workers in the value chain (S2) | Policies
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8 (par. 19)			x		Workers in the value chain (S2) | Policies
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain (par. 36)	x				Workers in the value chain (S2) | Targets and actions; Supplier relationship management | Targets and actions
ESRS S3-1 Human rights policy commitments (par. 16)	x				Not material
ESRS S3-1 Non-respect of UNGPs on Business and Human Rights, ILO principles or OECD guidelines (par. 17)	x		x		Not material
ESRS S3-4 Human rights issues and incidents (par. 36)	x				Not material
ESRS S4-1 Policies related to consumers and end-users (par. 16)	x				Consumers and end-users (S4) | Policies
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines (par. 17)	x		x		Not material
ESRS S4-4 Human rights issues and incidents (par. 35)	x				Not material
ESRS G1-1 United Nations Convention against Corruption (par. 10-b)	x				Not material
ESRS G1-1 Protection of whistleblowers (par. 10-d)	x				Business conduct - Ethics and anti-corruption (G1) | Policies
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws (par. 24-a)	x		x		Business conduct - Ethics and anti-corruption (G1) | Metrics
ESRS G1-4 Standards of anti- corruption and anti- bribery (par. 24-b)	x				Business conduct - Ethics and anti-corruption (G1) | Metrics

Environmental information

We recognise the importance of environmental protection, convinced that it is a collective responsibility to safeguard our planet. To fulfil this commitment, we are committed to making our organisation more resilient, improving operational efficiency, reducing resource consumption and contributing to climate change mitigation.

Impacts, risks and opportunities

In over 40 years of activity, the GVS Group has come to operate with its own production facilities in 17 countries around the world. GVS is aware of the impact that its activities, and those of the value chain, have or could have on the environment and is committed to developing solutions to reduce and mitigate its effects. Below are the material impacts, risks and opportunities that the Group has identified in accordance with the methodology set out in the "Double materiality assessment" section, the relevant applicable policies and the areas covered by one or more commitments included in the Sustainability Plan; the ways in which GVS manages each of these are set out in the respective sections of this document.

Material Impacts, Risks and Opportunities (IRO) and related policies and commitments

Rif. ESRS	Sub-topics	Type	Location in the value chain	Environmental Policy	Suppliers Code of Conduct	Sustainability plan commitments
E1	Climate change mitigation	Impact	• Upstream • Own operations • Downstream	✓	✓	✓
		Opportunity	• Own operations			
		Risk	• Own operations			
	Energy	Impact	• Upstream • Own operations	✓	✓	✓
		Risk	• Own operations			
E2	Pollution of air	Impact	• Upstream		✓	✓
	Pollution of water	Impact	• Upstream		✓	✓
	Microplastic	Impact	• Upstream • Downstream		✓	✓
E3	Water withdrawal	Impact	• Own operations	✓		✓
	Water consumption and withdrawal	Impact	• Upstream		✓	✓
E4	Direct impact drivers on biodiversity	Impact	• Upstream		✓	✓
E5	Resources inflows	Impact	• Own operations	✓		✓

	Risk	• Own operations			
Waste	Impact	• Upstream • Own operations	✓	✓	✓
	Risk	• Own operations			

In addition, the Code of Ethics also foresees the Group's commitment to respect the environment; this commitment has been further outlined in the specific Environmental Policy described below.

Climate change (E1)

[E1-1; E1 SBM-3; E1 IRO-1; E1-2; E1-3]

Impacts, risks and opportunities

As a global company with worldwide sourcing, production and distribution of its products, the activities of GVS and the players in the value chain release greenhouse gas emissions that directly and indirectly generate climate change impacts. The majority (around 80%) of greenhouse gas emissions come from the upstream and downstream value chain (scope 3), mainly in connection with procurement and logistics. Greenhouse gas emissions from the Group's direct activities (Scope 1 and 2) have a relatively minor impact (about 20%), and derive mainly from the consumption of electricity, heating gas and fuel use for the car fleet. To address these impacts, the Group has included climate change management in its Environmental Policy and set targets for reducing its emissions within the framework of the Sustainability Plan, presented below.

In 2024, GVS also carried out an initial assessment of 12 categories of physical climate risks (chronic and acute) that could pose a hazard on its production sites. The analysis took into account three scenarios defined by the Intergovernmental Panel on Climate change: one characterised by low greenhouse gas emissions (RCP 2.6), one intermediate scenario (RCP 4.5) and one characterised by high greenhouse gas levels (RCP 8.5). Finally, the simulations considered the following time horizons: 2030, 2035, 2040, 2050 and 2085. As far as the value chain is concerned, the analysis first identified the areas that could be most prone to such risks and then qualitative assessments were carried out through internal analyses, considering in particular the upstream supply chain and the information available to date through publications, analyses and direct involvement of suppliers, taking into account on a macro-scenario level the potential consequences of high-emission scenarios. On the basis of the results of the analysis, the risks that emerged were assessed as non-material from a financial point of view according to the criteria set out in the section on 'Double materiality assessment '. However, risk assessment is periodically monitored as part of the Group's risk management system, so that it can react promptly to any changes in conditions and requirements and refine analysis methodologies based on best available practices.

In addition, the Group conducted a preliminary qualitative analysis of the different categories of transition climate risks, including political and legal, technological, market and reputational risks, assessing their potential effect on GVS also considering the significant elements of the value chain, i.e. the upstream[8]. The category that emerged as significant was market-related, specifically in relation to the automotive sector's transition to less CO_2-emitting vehicles. The Group's Energy & Mobility division manufactures and sells components for this sector, and an untimely update of the product range for the low-emission vehicle market could entail a risk of market loss if not properly managed in the medium and long term. Risks are assessed excluding preventive and mitigating actions implemented by the Group (inherent/gross risks). In this sense, GVS has for several years taken actions to reduce the impact of this risk and make its business more resilient, including the development and sale of products for the low-emission vehicle market (electric and plug-in hybrid cars) and the pursuit of a strategic opportunity to contribute to the green hydrogen sector.

In fact, the Group announced plans to build a new production plant for the manufacture of an innovative diaphragm for alkaline water electrolysis systems for the production of green hydrogen. The new diaphragm was developed in-house by the GVS R&D department, taking advantage of the Group's consolidated experience in the production of membranes and filter materials, and will be manufactured at the new plant. The investment decision followed a period of testing with selected customers, which confirmed the superior performance and reliability of the new membrane. The total Capex associated with the project is expected to be in the order of 4 million euros and will be financed between FY 2024 and FY 2025 from available financial resources.

Policies
[MDR-P]

In order to prevent and minimise environmental risks and impacts, including those arising from energy and climate change, related to its production processes, the Group Environmental Policy, updated during 2024 and published in its final version early 2025, includes GVS's commitment to:

- contribute to climate change mitigation by improving energy efficiency and exploring opportunities to increase the use of renewable energy sources;
- regularly evaluate processes and practices to ensure resilience against climate change risks.

Making own processes more energy efficient also has the objective of preventing, together with appropriate budgeting, any risks related to fluctuating energy costs. In addition, as part of the Sustainability Plan, one of the priority areas identified relates to climate change and includes a specific commitment and several targets listed in the following sections.

We seek to contribute to the fight against climate change by playing our part in achieving the goals set by the Paris Agreement. For this reason, we have defined the trajectory we intend to follow and the key actions to be implemented in the short term to carry out the necessary assessments to define the decarbonisation strategy for our direct operations and value chain.

In addition, the implementation of the Environmental Policy is also connected to the presence of several Group companies in possession of certified management systems. Specifically, 10 companies, representing 14 production sites, possess ISO 14001-certified environmental

[8] Due to the nature of the areas analysed, relevant external sources (e.g. studies, regulations under development, etc.) were evaluated for the different risk categories and a climate scenario in line with limiting global warming to 1.5 °C with no or limited overshoot.

management systems and 1 company holds ISO 50001 certification for its energy management system, making for 83% of Group employees. Below is the list:

		ISO 14001	ISO 50001
Italy	GVS SpA – 3 manufacturing plants	x	
Mexico	GVS de Mexico	x	
	Haemotronic de Mexico	x	
United Kingdom	GVS Filter Technology UK	x	x
Romania	GVS Microfiltrazione	x	
United States of America	GVS Filtration – 2 manufacturing plants	x	
	GVS North America – 2 manufacturing plants	x	
Brasil	GVS do Brasil	x	
China	GVS Technology Suzhou	x	
	Shanghai Transfusion Technology	x	

For an up-to-date list of the Group's certifications and awards, refer to the "Quality and Certifications" section of the website www.gvs.com.

Targets and actions

[E1-4; MDR-T; MDR-A]

To promote the appropriate management of impacts and risks related to energy and climate change topics, GVS has adopted specific targets within its Sustainability Plan:

Climate change

Rif. ESRS	Commitment	Target[9]	Scope	Unit of measure	Base value (Base year)	Target value (Target year)	Progress
E1	Extend the environmental and energy management system certifications (ISO 14001 and ISO 50001)	Implementation of certified environmental management systems (ISO 14001) in 3 additional manufacturing companies and of certified energy management system (ISO 50001) in 1 additional manufacturing company of the Group	Group	Nr. of new sites certified ISO 14001 e/o 50001	0 (2023)	4 (2026)	~25% (1 additional company has obtained the ISO 14001 certification)
	Reduce GHG emissions	Reduction of greenhouse gas emissions (Scope 1 + Scope 2) by 42%	Group	Ton CO_2 eq.	39,273 (2024)	22,778 (2030)	~ongoing

[9] The targets have been voluntarily adopted by the Group and do not stem from legal obligations.

	compared to the 2024 baseline, in line with the emission reduction trajectory defined by the Paris Agreement	

As part of the Sustainability Plan, the Group has set the target of reducing its greenhouse gas emissions (Scope 1 + Scope 2 market-based) by 42%[10] by 2030, compared to the 2024 baseline (considering the full Group scope). These efforts made it possible to identify the reduction trajectory that GVS intends to pursue and, during 2025, a specific feasibility study is planned to assess the extension of the target to the value chain (Scope 3) and the related decarbonisation levers (transition plan), in line with the Paris Agreement.

Metric tonnes of CO2 equivalent	Base year (2024)	Target 2030[11]	%
Scope 1 + Scope 2 market based	39,273	22,778	-42%

The defined target has not been validated or certified against external standards. However, for the definition of the reduction target, the Group took into account the guidelines published by the Science Based Target initiative (SBTi) for near-term targets in order to define a reduction trajectory consistent with this methodology, even though GVS has not submitted its target to SBTi to date. This standard also requires the definition of a target for the reduction of indirect Scope 3 emissions, which to date has not been defined by the Group but will be analysed as part of the feasibility study scheduled for completion in 2025. Following the acquisition finalised by the Group in early 2025, the need to update the base year will also be assessed as part of the feasibility study.

The Group is not excluded from EU Paris-aligned Benchmarks.

The Group annually evaluates solutions aimed at reducing energy consumption and related GHG emissions through different types of actions. Below are the main actions implemented during the year and the related decarbonisation levers:

- **Purchase of energy from renewable sources**: purchase of electricity from certified renewable sources from two Group companies for a total of 7,044 MWh;
- **Self-production of renewable energy**: installation of a photovoltaic system at Bologna site (105 kWp), the production of which will start in 2025 (linked to eligible activity 7.6 Installation, maintenance and repair of renewable energy technologies of the European Taxonomy);
- **Car fleet conversion**: gradual replacement of fossil-fuelled company vehicles with electric or plug-in hybrid models;

[10] With reference to the Group's scope of consolidation as at 31/12/2024.
[11] During 2025, the share of GHG emissions reduction for each scope (Scope 1 and Scope 2) will be defined to ensure the achievement of the 2030 target.

- **Circularity and efficient use of materials in products and packaging**: the Group has initiated several projects to reduce fossil-derived virgin plastic from certain product and packaging categories (more details in 'Circular Economy (E5)').

Where not specified, data on the quantification of GHG emission reductions resulting from the actions themselves are not available to date.

Following the completion of the feasibility study planned for 2025, the Group will evaluate further actions needed to achieve its decarbonisation targets and the results will be presented in future reports.

In addition, the Group has defined and pursued the following actions within the framework of the Sustainability Plan:

Actions concluded in 2024:

- Update of the Environmental Policy to reflect the Group's commitment and targets on all environmental sustainability topics;
- Calculation of the complete inventory of direct and indirect greenhouse gas emissions (Scope 1 + Scope 2 + Scope 3) on 2023 data;
- Completion of the Climate change CDP questionnaire to increase transparency, obtaining a 'B' score[12];
- Conducting climate risk analysis.

Actions planned:

- Expand the health and safety assessment programme to include Group-defined environmental criteria (timing: 2026);
- Prepare a feasibility study for the definition of the target reduction of direct and indirect greenhouse gas emissions (Scope 1 + Scope 2 + Scope 3) that also includes the value chain and in line with the Paris Agreements and related decarbonisation levers (timing 2025).

All the above planned actions do not depend on the availability and allocation of resources as they are already foreseen within the corporate budget.

Energy consumption and energy mix

GVS's energy consumption is due to its production processes and a residual part to heating, cooling and car fleet use. Specifically, the main source of energy used is electricity (76% of total consumption), as it is needed to process the plastic materials of which the Group's main product categories are composed. Additional energy sources are natural gas (17%) for heating and fuels,

[12] CDP is an independent organisation that evaluates companies and cities on their climate strategy. The CDP Climate change questionnaire collects data on organisations' climate strategies, including climate-related risks and opportunities, greenhouse gas emissions, targets and reduction measures. Responses are assessed according to a standardised methodology that measures the completeness and quality of the information provided, as well as the company's awareness of climate issues, management methods and progress towards concrete action on climate change on a scale from D (disclosure) to A (leadership).

mainly used for generators and the company fleet (7%). Overall, 7% of the energy consumed comes from renewable sources.

Altogether, there was an increase in total consumption in 2024, partly due to an increase in production and the electricity needed for production, and partly due to an increase in the consumption of natural gas, which is mainly used for heating and is linked to average winter temperatures.

Metrics

[E1-5; E1-6; E1-7; E1-8; MDR-M]

Group energy consumption by source (Megawatt-hour[13])

Energy consumption and mix	2024	2023	2022
1) Fuel consumption from coal and coal products	0	0	0
2) Fuel consumption from crude oil and petroleum products	6,495	6,146	7,605
3) Fuel consumption from natural gas	17,177	14,696	14,073
4) Fuel consumption from other fossil sources	0	0	0
5) Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources	67,596	53,677	41,282
6) Total fossil energy consumption (sum of lines 1 to 5)	**91,267**	**74,518**	**62,960**
Share of fossil sources in total energy consumption (%)	93%	80%	73%
7) Consumption from nuclear sources	0	0	0
Share of consumption from nuclear sources in total energy consumption (%)	0%	0%	0%
8) Fuel consumption for renewable sources	0	0	0
9) Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources	7,044	18,013	22,900
10) The consumption of self-generated non-fuel renewable energy	130	192	83
11) Total renewable energy consumption (sum of lines 8 to 10)	**7,174**	**18,206**	**22,983**
Share of renewable sources in total energy consumption (%)	7%	20%	27%
Total energy consumption (sum of lines 6 to 11)	**98,441**	**92,724**	**85,943**

[13] For the conversion of energy consumption into Megawatt-hour (MWh), the 2024 Department for Environment Food & Rural Affairs (DEFRA) conversion factors were used. The historical data for the reporting year 2023 and 2022, previously published in the 2023 Consolidated Non-Financial Statement, were converted from Gigajoules to Megawatt-hours in order to ensure the comparability of the data with previous years.

Energy intensity based on net revenue (Megawatt-hour/€)

	UoM	2024	2023	2022
Total energy consumption from activities in high climate impact sectors	MWh	98,441	92,724	85,943
Revenue from contracts with customers[14]	000€	428,542	424,737	387,591
Energy intensity	MWh /000€	0.230	0.218	0.222

The Group measures its direct and indirect greenhouse gas emissions (scope 1, scope 2 and scope 3) annually. Specifically, scope 1 GHG emissions refer to fuel consumption in the plants, warehouses, offices and vehicles where GVS operates. Scope 2 emissions come from the generation of electricity purchased by GVS. Finally, scope 3 emissions are related to the value chain and cover the following 10 categories that have been assessed as significant, according to GHG Protocol's methodology.

In 2024, the total (market-based) emissions of GVS amounted to 235,833 tonnes of CO_2 equivalent. With regard to Scope 1 and Scope 2 GHG emissions (market-based) only, the Group recorded an increase in 2024 compared to previous years (31,206 tons of CO_2 eq. in 2023 and 28,413 tons of CO_2 eq. in 2022), driven by the reduction in the share of energy from renewable sources and the increase in production and related revenues.

The Group is not included in the EU Emissions Trading Scheme (EU ETS).

Direct and indirect GHG emissions (metric tonnes of CO_2 equivalent)

Emission category	**2024**
Total direct GHG emissions (scope 1)[15]	5,570
Total indirect GHG emissions (scope 2 market-based)	33,703
Total indirect GHG emissions (scope 2 location-based)	28,508
Total Scope 3 GHG emissions	196,560
3.1 Purchased goods and services	58,734
3.2 Capital goods	5,479
3.3 Fuel and energy-related Activities (not included in Scope 1 or Scope 2)	10,239
3.4 Upstream transportation and distribution	50,563
3.5 Waste generated in operations	1,064
3.6 Business travel	1,356

[14] The value refers to "Revenue from contracts with customers" reported in the section "Consolidated income statement" of the "Consolidated Financial Statements at 31 December 2024". The entirety of the activities carried out and the revenues generated come from high-climate-impact sectors, specifically the "manufacturing" sector listed in Annex I of Regulation (EC) No. 1893/2006 of the European Parliament and of the Council (as defined in Commission Delegated Regulation (EU) 2022/1288). Compared to previously published data, the values have been converted from GJ to MWh to provide comparable data.

[15] The Group does not fall within the scope of EU regulated emission trading systems, so the related percentage of Scope 1 emissions is equal to 0%.

3.7 Employee commuting	5,138
3.9 Downstream transportation	61,937
3.11 Use of sold products	158
3.12 End-of-life treatment of sold products	1,892
Total GHG emissions (market-based)[16]	**235,833**
Total GHG emissions (location-based)[17]	**230,638**

GHG emissions intensity	2024
Market-based GHG emissions intensity (ton CO2 equivalent / 000€ Revenue from contracts with customers[18])	**0.55**
Location-based GHG emissions intensity (ton CO2 equivalent / 000€ Revenue from contracts with customers)	**0.54**

The Group did not carry out GHG emission absorption or storage activities, did not purchase carbon credits and did not finance emission mitigation projects with carbon credits.

To date, the Group has not defined an internal carbon price.

Calculation methodology
[MDR-M]

Group energy consumption by source

Energy consumption from non-renewable sources includes all fossil fuels used mainly for heating and for the car fleet (vehicles owned or under operational control of GVS (leasing)), as well as the consumption of electricity purchased from the grid which is not certified as renewable. Energy from renewable sources includes electricity purchased from the grid and certified through Renewable Energy Certificate (REC) in the UK and through a specific agreement with the supplier in Brazil, and finally self-generated energy through photovoltaics.

Energy consumption was calculated from primary consumption data and, in limited cases, estimated based on data available for buildings of similar size and use. Energy consumption is recorded using different units (e.g. litres, kWh, m^3) and then converted to megawatt-hours (MWh) by applying the Department for Environment Food & Rural Affairs (DEFRA) conversion factors published in 2024, 2023 and 2022, respectively.

Greenhouse gas (GHG) emissions

Scope 1 and scope 2 emissions were calculated from the previously mentioned energy consumption and coolant gas losses from cooling systems.

[16] Total GHG emissions (market-based): Total direct GHG emissions (scope 1) + Total indirect GHG emissions (Scope 2 Market-based) + Total Scope 3 GHG emissions.
[17] Total GHG emissions (location-based): Total direct GHG emissions (scope 1) + Total indirect GHG emissions (Scope 2 Location-based) + Total Scope 3 GHG emissions.
[18] The value refers to "Revenue from contracts with customers" reported in the section "Consolidated income statement" of the "Consolidated Financial Statements at 31 December 2024".

The scope 3 indirect GHG emissions were calculated based on the Corporate Accounting and Reporting Standard and Corporate Value Chain (scope 3) Accounting and Reporting Standard (2011 version) of the Greenhouse Gas Protocol. Out of the 15 categories analysed, 10 were found to be applicable or relevant and therefore reported within this document.

Greenhouse gas emissions calculation methodology

Emission category	Methodology and use of estimations
Scope 1	Fossil fuel consumption and fugitive emissions of coolant gases were multiplied by the specific emission factor. In limited cases, consumption was estimated based on the value spent on fuel purchases and the average price, or based on data available for buildings of similar size and use.
Scope 2 - location-based	The consumption of electricity purchased from the grid (from fossil and renewable sources) was multiplied by the specific average emission factor derived from the national energy mix. In limited cases, electricity consumption was estimated based on data available for buildings of similar size and use.
Scope 2 – market-based	The calculation takes into account the purchase of energy from certified renewable sources for which greenhouse gas emissions are considered zero. Therefore, only the consumption of electricity purchased from the grid from fossil sources was multiplied by the specific emission factor; where available, the residual mix factor was used, and for the remaining countries, the same emission factors as applied in the location-based calculation were used.
Scope 3	
3.1 Goods and services purchased	The weight of raw materials and goods purchased, per category, was multiplied by the appropriate emission factors. Where the weight was not available, this was done in two ways: the weight was estimated based on similar categories or a relevant spend-based emission factor was applied. Regarding services, the value in euro was multiplied by the relevant spend-based emission factor. The spend-based emission factors applied (kg CO_2e/2022 USD) were converted to euro by applying an inflation-indexed USD 2022 exchange rate. The emission quota calculated from the weight value (not estimated) is 68% of the category.
3.2 Capital goods	The value of investments and business combinations related to tangible assets (table 'Tangible assets' in the chapter 'Consolidated Financial Statements as at 31 December 2024') was multiplied with the appropriate spend-based emission factors per category. The emission factors applied (kg CO2e/2022 USD) were converted to euro by applying an inflation-indexed USD 2022 exchange rate.
3.3 Fuel and energy-related activities not included in Scope 1 or Scope 2	The category was calculated by multiplying the Group's total energy consumption by the appropriate emission factors.
3.4 Upstream transport and distribution	The category includes inbound (purchases) and outbound (intercompany and to third parties only if managed by GVS) logistics transports. The number of shipments made was considered equal to the number of inbound and outbound stock movements. Based on the point of departure and the point of arrival, the means of transport was estimated on the following assumptions: by land (truck), by sea (ship) and by air (airplane). For land routes, the distance of the route was estimated and the relevant emission factor was applied considering an averagely loaded truck. For sea and air routes, an emission factor based on the kilometres travelled and the weight of the goods transported was used; the weight, where available, was retrieved from the data in the system and where not available, was estimated. For inbound logistics, the distance travelled was estimated assuming that the delivery of goods started from the supplier's headquarters, as traced within the company's systems. If some of the information required for the calculation was not present in the systems, it was estimated based on the available actual data and, for some Group companies not present in the systems, a re-proportioning was carried out for completeness of the scope.
3.5 Waste generated in activities	The amount of waste generated and disposed of by the Group was multiplied by the appropriate emission factors, making assumptions about the type of materials. In few cases, the weight of disposed waste was estimated by applying average factors.

3.6 Business travel	The value of business travel expenses (transport and hotels) of employees was multiplied by the appropriate spend-based emission factors. Where the cost was available by type of transport (e.g. flight, train, taxi), the value was multiplied by the related emission factor. In cases where only the total value (transport + hotel) was available, the share per category was estimated using the available data. In addition, for Italian companies, the share of mileage reimbursements for employee travel by private vehicle was calculated by estimating the kilometres travelled and multiplying this value by an emission factor for an average-sized car; for fuel reimbursements, on the other hand, the quantity in litres was calculated from the average cost of fuel in the year and the total was multiplied by the appropriate emission factor.
3.7 Employee commutes	The average distance travelled by employees, the number of daily trips and the relative means used for home-work commutes were determined on the basis of an internal survey conducted in 2024. These values were used to estimate an average emission factor for the employee's home-work commute based on the Group company, also considering cases where the company provides a shuttle. Then, this factor was multiplied by the number of employees as of 31.12.2024.
3.8 Right of use of assets	Not applicable, as consumption from leased assets and facilities used by GVS are already included in Scope 1 and Scope 2 emissions.
3.9 Downstream transport and distribution	The category includes the transport of outbound logistics (to third parties and not managed/paid for by GVS). The number of shipments made was considered equal to the number of outbound stock movements. Based on the point of departure and the point of arrival, the means of transport was estimated based on the following assumption: by land (truck), by sea (ship) and by air (aeroplane). For land routes, the distance of the route was estimated and the appropriate emission factor was applied considering an averagely loaded truck. For sea and air routes, an emission factor based on the kilometres travelled and the weight of the goods transported was used; this weight, where available, was taken from the data in the system and where not available, was estimated. If some of the information required for the calculation was not present in the systems, it was estimated on the basis of the available actual data and, for some Group companies not present in the systems, a re-proportioning was carried out for completeness of the scope.
3.10 Processing of products sold	This is not applicable because the additional processing to which GVS products that are classifiable as semi-finished products are subjected are highly heterogeneous. Therefore, greenhouse gas (GHG) emissions from such processes cannot be clearly mapped or plausibly calculated (considering the guidelines in Section 6.4 of the GHG Protocol). In addition, it is estimated that the semi-finished products sold by GVS do not require energy-intensive activities during their processing.
3.11 Use of products sold	For product categories that require electricity to operate (by battery or from the grid), the hours of use during the product's lifetime and the related electricity consumption were estimated. This consumption was multiplied by the number of products sold, per country, and was then multiplied by the appropriate location-based emission factor.
3.12 End-of-life treatment of products sold	The weight of the products sold was multiplied by an average emission factor related to the method of disposal. Where available, the weight of products sold was calculated from actual data in the internal management systems (26% of the total estimated weight) and, in the remaining cases, was estimated by applying an average weight per product category (74% of the estimated weight). Since the Group does not directly manage the end-of-life disposal of products, it has applied precautionary and conservative emission factors considering the most disadvantageous cases, i.e. incineration as disposal method for Healthcare & Life Sciences products, landfill disposal for Health & Safety products and a combination of incineration and landfill for Energy & Mobility division products.
3.13 Right of use of GVS assets towards third parties	Category not applicable as there are no assets provided with a right of use by GVS to third parties which were not already accounted in other categories.
3.14 Franchises	Category not applicable as there are no franchises.
3.15 Investments	Category not applicable as no further investments were made that were not counted in other categories above.

The sources of the emission factors applied are given below:

Source of emission factors	Published by	Version and/or date of publication	Emissions category
Greenhouse gas emission intensity of electricity generation in Europe	European Environment Agency (EEA)	31 Oct 2024	2; 3.11
UK Government GHG Conversion Factors for Company Reporting	Department for Environment Food & Rural Affairs (DEFRA)	v. 1.1 2024	1, 2; 3.1; 3.3; 3.4; 3.5; 3.6; 3.7; 3.9; 3.11; 3.12
Confronti Internazionali	Terna	2019	2; 3.11
Notice on the management of greenhouse gas emission reports for enterprises in the power generation industry	Ministry of Ecology and Environment - Cina	2023	2; 3.11
Factor de emisión del sistema eléctrico nacional	Secretaria de medio ambiente y recursos naturales - Messico	2024	2; 3.11
Baseline Carbon Dioxide Emission Database	Ministry of Power - India	V. 19	2; 3.11
GHG Emission Factors Hub	United States Environmental Protection Agency – USA	2024	2; 3.11
European Residual Mix	Association of Issuing Bodies (AIB)	V.1 2024	2
Green-e Energy Residual Mix Emissions Rates	Center for Resource Solutions	2023	2
Supply Chain Emission Factors for US Industries Commodities v.1.3	United States Environmental Protection Agency	V.1.3 2024	3.1; 3.2; 3.6
Worldsteel LCA eco-profile Global | Hot rolled coil	Worldsteel association	June 2023	3.1
Average factor calculated from the Environmental Product Declarations (EPD) of the PCR Basic Chemical category	EPD Library	Data collected in June 2024	3.1
Specific LCA factor for a purchased material	Supplier	2024	3.1

The calculation of emission categories presents a high level of uncertainty as it required the development of estimates and assumptions due to the limited availability of primary data, especially in cases where data are derived from the value chain. Specifically:

- The emission factors applied refer to average factors derived from available literature and publications, and therefore do not refer to the specific emissions of GVS's suppliers and/or customers (primary data);
- The calculation of all categories required the use of estimates and/or evaluations by management as the availability of certain data is currently limited.

The reporting of GHG emissions will be progressively refined in the coming years to enable a more timely and effective measurement of emissions. The data in this section is not subject to validation by any external bod other than the independent auditors.

Water (E3)

[E3 IRO-1]

Impacts, risks and opportunities

To assess water-related impacts, risks and opportunities, the Group analysed its production processes and sites by geographical location to identify water stress areas, and no direct consultation with local communities was conducted. The value chain analysis covered GVS's upstream and downstream activities in relation to water-related topics and the results are detailed in the section 'Environmental information in the supply chain'.

In most processes performed by GVS, i.e. assembly and moulding of plastic materials, water is not used as an integral part of the production process, and therefore for most of the production sites, consumption is mainly linked to the utilities served such as offices, the company canteen, fire fighting tanks and the plant's air conditioning system. For the two production companies where the processes to make filter membranes take place (Italy and the United States), the use of water is an integral part of the process, in addition to the above-mentioned civil utilities served by water within the plant. In addition, water is also used for production purposes in China, where steam sterilisation activities are carried out, and at two additional plants that manufacture products requiring extrusion processes.

Water is supplied mainly through the public aqueduct or, residually, by drawing water from on-site wells, also operating in water-stressed areas. In addition, as far as water discharge is concerned, wastewater from membrane manufacturing processes is handled differently depending on the permits of each site. In Italy, the wastewater is mostly collected in tanks and picked up as waste by a specialised company that carries out the necessary treatment for subsequent recycling. Regarding the United States, wastewater is treated internally and then disposed of in the public sewage system. More specifically, there is a water treatment system, including a monitoring system, to correct the pH of wastewater and discharge it to the sewage system. Under no circumstances, therefore, is water used for production purposes discharged into the oceans.

Given the type of processes carried out, water consumption is residual compared to the total amount withdrawn. This only occurs in the Italian factory that manufactures filter membranes because the water is disposed of as waste, through recycling, and not discharged directly back into the grid. Similarly, but to a lesser extent, in Chinese factories that steam-sterilise their products, some of the water withdrawn is dispersed. In general, water consumption does not represent a significant impact of the Group's activities.

These considerations led the Group to define water withdrawal as a relevant topic based on its production processes and geographical presence in water-stressed areas[19].

[19] The way water resources are used, the amount of water withdrawn, water discharges and the geographical location of all the Group's production companies and their possible interaction with marine resources were analysed. The stakeholders involved in the analysis are those listed in the "Double materiality assessment" section and did not include direct consultation with local communities.

Policies

[MDR-P; E3-1]

In 2024, GVS updated its Environmental Policy and Supplier Code of Conduct previously described at the beginning of the chapter 'Environmental Information', which contain the Group's commitments to prevent or limit potential impacts on the environment and the expectations towards its suppliers also on environmental topics, including those related to water management.

As stated in the Environmental Policy, GVS is committed to:

Manage water resources responsibly, committing to implement actions to reduce water withdrawals and to treat and recycle water used for production, particularly in water-stressed areas.

Targets and actions

[E3-2; E3-3; MDR-T; MDR-A]

To promote appropriate management of impacts on water resources, the Group has set a target[20] to extend certified environmental management systems to 3 additional companies to strengthen internal environmental continuous improvement systems (see section 'Climate change' for more information).

In addition, GVS has launched a project (action) to design and install a water treatment system for the membrane production line in Italy to be completed by 2025. The project aims at improving water efficiency in company operations and reduce the overall environmental impact, starting with the parent company (GVS S.p.A.), which uses water for production purposes and operates in a water-stressed area. This system is expected to significantly reduce the amount of effluent produced by the membrane production line and consequently also the amount withdrawn. As currently the water used for these production lines is subsequently collected and disposed of as waste, this project will simultaneously reduce water consumption and the amount of waste produced by the plant. This project is therefore part of GVS's broader commitment to manage water resources responsibly, by committing to implement actions to reduce water withdrawals and to treat and recycle water used for production, particularly in water-stressed areas. In 2024, the design of the plant was completed, and the first test phases were started.

Additionally, a first internal recirculation system with active carbon filters had already been implemented in the same plant in 2022, which saved more than 280,000 litres of water in the year it was installed.

[20] The target was adopted voluntarily by the Group and does not stem from legal obligations.

Metrics
[ESRS E3-4; MDR-M]

The Group's total water withdrawal in 2024 amounts to 161,699 m^3, of which 73% is in high water stress areas[21].

Compared to the previous year, there was an increase in total withdrawals, mainly due to the increase in membrane production. Although turnover increased in 2024 compared to 2023, the Group's water intensity increased from 0.35 to 0.38[22].

Water withdrawn[23]

(m^3)	**2024**	**2023**	**2022**
Total water withdrawal	161,699	150,032	120,681
Of which from high water stress areas	118,387	104,311	85,150

Calculation methodology
[MDR-M]

Water withdrawal data is calculated by summing up the quantities of water withdrawn recorded by each Group company. This information comes in most cases from the consumption reported on the bills. Only in one case water is taken from a well and, due to a technical problem, direct meter readings are not available to date, so the figure has been estimated from the consumption of similar plants by type of activity.

The data in this section is not subject to validation by any external body other than the independent auditors.

[21] Water stress was assessed on the basis of the classification reported by the Aqueduct World Resources Institute, considering as water stress areas those with "High" and "Extremely High" values.
[22] Water intensity was calculated as: Total water withdrawn / Revenue from contracts with customers (000€) (ref. section 'Consolidated Income Statement' of the Consolidated Financial Statements).
[23] The historical values of 2023 and 2022 have been updated from what was previously published as a result of efforts to improve the quality of water withdrawal data collection, especially in cases where the management of utilities is the responsibility of the landlord and not GVS. Previous years' values have been then revised by updating the historical data of a Group company and estimating the 2022 and 2023 withdrawals based on the actual 2024 data, which was not previously available.

Circular economy (E5)

We aim at increasing our production efficiency to optimise the use of resources and reduce waste, strengthening global monitoring and defining a path for future improvement.

Impacts, risks and opportunities

To assess impacts, risks and opportunities related to the circular economy, the Group analysed its production processes and products and no direct consultation with local communities was conducted. The value chain analysis covered upstream and downstream activities of GVS and the results are also detailed in the section 'Environmental information in the supply chain'.

By their very nature, the GVS products of the Healthcare & Life Sciences division (accounting for 67% of revenues from contracts with customers) are mainly disposable and require the use of raw materials and production processes that ensure the highest technical and quality standards to meet the requirements of the medical sector in order to protect the health of patients. The introduction of disposable plastic products in this sector has been aimed at reducing the risk of contamination compared to other materials, providing greater flexibility and speed in production. In addition, according to local legislation, medical disposables generally have to be incinerated as contaminated waste at the end of their life cycle and, in most cases, it is not possible today to recycle them given the facilities and applicable regulations.

The remaining product categories (automotive and personal protection) have a longer durability, which varies according to the type of use, and they too are mainly composed of plastic materials following high product standards.

The circular economy therefore represents a major challenge for the sectors in which the Group operates. Where possible, actions to improve the environmental profile of products must necessarily also consider the safety of users through the application of high technical and quality standards and the consequent limitations these standards may imply.

Finally, production processes, in particular extrusion and plastic moulding, generate waste materials (e.g. sprues) that are not part of the final product and are either managed as waste or ground for reuse. Furthermore, inadequate management of the waste produced and disposed of could generate risks of non-compliance with applicable regulations.

Given the above, the Group has identified impacts and risks on the subject as reported in the 'Environmental Information' section.

Policies

[MDR-P; E5-1]

Within the framework of its Environmental Policy, GVS has defined its commitments on the topic of the circular economy to prevent and reduce its impact on this topic and to ensure structured management in all the companies of the Group, also in order to minimise the risk that inadequate management may lead to non-compliance with the relevant regulations. In addition, most Group companies have implemented a certified environmental management system (ISO 14001). The Group's Environmental Policy includes the following commitments:

- Prioritise the avoidance or minimisation of waste over waste generation and treatment. When these options are not feasible, adopt the waste hierarchy approach (prevention, preparation for re-use, recycling, other waste recovery and disposal operations);
- Carefully monitor scrap materials in accordance with procedural requirements, seeking possible reduction opportunities;
- Consider the locality of the materials sourced in relation to their end-use location;
- Seek solutions to reduce the use of virgin materials and to increase the use of renewable materials for products and packaging where feasible.

Targets and actions

[E5-2; E5-3; MDR-T; MDR-A]

Within the framework of the Sustainability Plan, the Group has defined a series of commitments that address the topic of the circular economy from various points of view:

- Efficient use of materials and circularity
- Product ecodesign
- Production efficiency

For each of these areas, GVS has defined specific targets.

Efficient use of materials and circularity

Regarding the efficient use of materials and circularity, the Group is committed to developing solutions to reduce the use of virgin materials and increase the use of materials with reduced environmental impact in the manufacture of its products and packaging.

Circularity and efficient use of materials

Rif. ESRS	Commitment	Target[24]	Scope	Unit of measure	Base value (Base year)	Target value (Target year)	Progress
E5	Reduce the environmental impact of packaging	Launch of 3 new product lines with 100% virgin plastic-free single-use packaging	Health and Safety division	Nr. new product lines	0 (2023)	3 (2026)	66% 2 new product lines launched in 2024
		Launch of 1 pilot project to explore possible alternatives for product packaging with reduced environmental impact	Group	Nr. new pilot project	0 (2023)	1 (2026)	✓ Ongoing

[24] The targets have been voluntarily adopted by the Group and do not stem from legal obligations.

E5	Improve circularity of products and material use efficiency	Launch of 3 projects aimed at reducing the amount of virgin plastic used in 3 product families	Group	Nr. new projects	0 (2023)	3 (2026)	✓ 1 project launched

Already in 2024, GVS launched two new product lines, the new Full Face Mask and the Elipse Rev3 filters, which, thanks to new cardboard packaging, use no single-use virgin plastic in their packaging.

To reduce the use of virgin plastic in the manufacture of GVS products, the new Electrostatic Filters for Spirometry were launched in 2024. Thanks to the new design, they use 12%[25] less plastic to manufacture than the previous version. This project also aims to reduce the amount of waste generated at the end of the product's life cycle.

Product ecodesign

In order to contribute to a management of its products that reduces their impact where feasible, the Group is working to implement specific criteria in its research and development processes to assess the sustainability characteristics of products under development, aiming at drawing up specific guidelines for product ecodesign.

Product ecodesign

Rif. ESRS	Commitment	Target[26]	Scope	Unit of measure	Base value (Base year)	Target value (Target year)	Progress
E5	Define Ecodesign Guidelines for new product development	Assess at least 50% of new product development projects with the sustainability checklist (intermediate target)	Group	% assessed project	0 (2024)	50% (2025)	The assessment will start in 2025
		Ensure that 100% of new product development projects are assessed using the sustainability checklist	Group	% assessed project	0 (2024)	100% (2026)	The assessment will start in 2025

[25] Calculated based on the reduction in the amount of plastic in the new product design compared to the previous model.
[26] The targets have been voluntarily adopted by the Group and do not stem from legal obligations.

In addition, the Group has defined and pursued the following actions within the framework of the Sustainability Plan:

Actions concluded in 2024:

The Group has defined the criteria by which it will evaluate new product development projects. These criteria range from the possibility of using recycled materials to the application of circularity concepts in the product life cycle, from the evaluation of production processes that reduce energy or water consumption to the possibility of improving the environmental performance of the components on which they will be installed. This will allow the Group to integrate environmental sustainability criteria into the project evaluation process. This will promote solutions with circularity principles or which reduce the use of virgin raw materials in favour of recycled and/or recyclable materials.

Actions planned:

Based on the results of the above activities, the Group planned to define guidelines on product ecodesign, containing sustainability principles for the development of new products, by 2026.

<u>Production efficiency</u>

To promote appropriate management of waste-related impacts, the Group has set the goal[27] to extend certified environmental management systems at 3 additional companies to strengthen internal systems for continuous environmental improvement (see section 'Climate change (E1)' for further information).

In addition, the Group has also planned, as part of the Sustainability Plan, to set a Group-wide improvement target on Overall Equipment Effectiveness (OEE) concerning the reduction of waste generated in production (scrap) and the promotion of energy-efficient use of machinery. In fact, this indicator measures several parameters related to the efficiency of production machinery, including the rate of waste produced. An improvement in OEE is therefore also intended to lead to a reduction in scrap production and therefore to prevent waste generation.

Metrics

<u>Resource inflows</u>

[E5-4; MDR-M]

In 2024, resource inflows amounted to approximately 24,337 tonnes of materials, components and products. The main types of raw materials used are plastic granules[28] used for moulding filters produced by the Group's three divisions (Energy & Mobility, Healthcare & Life Sciences and Health & Safety) and in the production of filtering elements. Secondary raw materials include steel metal inserts, mainly used in the Energy & Mobility sector. The process-related materials used are solvents, oil and silicone. Finally, the Group also purchases components or certain products that can be assembled or sold directly to the end customer. The Group did not use biological materials

[27] The target was adopted voluntarily by the Group and does not stem from legal obligations.

[28] The main polymers used include: Polyvinyl chloride (PVC), Acrylonitrile-butadiene-styrene (ABS), Polyethylene, Polypropylene, Polystyrene, Nylon, Thermoplastic elastomers (TPE), Polyvinylidene fluoride (PVDF), Polyethersulphones (PES) and Polytetrafluoroethylene (PTFE).

to manufacture its products, nor did it use reused or recycled secondary components, products and secondary intermediate materials.

Resource outflows
[E5-5]

Waste

The most significant production of non-hazardous waste comes from the production departments, particularly from moulding, from which plastic scrap is generated. In addition to scrap, both the assembly and the moulding process produce waste from moulded products. Some production lines also produce metal waste and the production of membranes in Italy generates wastewater that is disposed of as waste. Hazardous waste is mainly composed - in terms of weight - of membrane production effluents, i.e. the water used in the rinsing process of membranes following the treatments required for production.

In line with local regulations, the waste is confined and identified at production sites before being sent for disposal. In order to minimise the risk of soil and sewage pollution in the event of spills and yard runoffs, the use of covered warehouses for storage is preferred, and where necessary, special containment basins are provided to prevent accidental spills.

After being temporarily stored within the sites, the waste is transported to be disposed by authorised specialised companies in accordance with the legislation of the various countries where it is generated. Generally, the waste follows different procedures or is destined for disposal or recycling depending on the type of waste. Where possible, the Group prefers recycling, which is mainly used for scrap, paper, cardboard, packaging and wood. More specifically, most plastic scrap is recovered by companies that use this waste as raw material for other plastic products, allowing to give the scrap material a second life.

As far as hazardous waste is concerned, a significant part of which consists of wastewater from the membrane production process, it is disposed of through specialised companies and is mainly directed to recycling operations.

In 2024, the amount of waste disposed of increased compared to previous years, and a significant part of this increase is due to the increase in the production of membranes, which generate large amounts of waste, disposed of as hazardous waste. However, the Group has increased the percentage of waste not sent for disposal, i.e. 74% of the waste produced was sent for recovery or recycling operations and only 26% was sent for disposal (incineration, landfill or other disposal operations). In addition, more than half (64%) of the waste was sent for recycling, and only 36% (2,294 tons) of the waste was not sent for recycling. Lastly, GVS does not generate radioactive waste.

Waste generated by type and disposal method

(tons)	**2024**	**2023**	**2022**
Total hazardous waste	**1,502**	**1,161**	**739**
Total hazardous waste diverted from disposal	**1,406**	**980**	**473**
Preparation for reuse	0	0	2

Recycling	1,347	974	464
Other recovery operations	59	6	7
Total hazardous waste directed to disposal	**97**	**181**	**266**
Incineration	3	62	169
Landfill	14	0	0
Other disposal operations	80	119	97
Total non-hazardous waste	**4,852**	**4,069**	**4,178**
Total non-hazardous waste diverted from disposal	**3,278**	**2,421**	**2,488**
Preparation for reuse	11	102	168
Recycling	2,714	1,769	1,837
Other recovery operations	553	524	483
Total non-hazardous waste directed to disposal	**1,574**	**1,648**	**1,690**
Incineration	203	606	509
Landfill	1,057	684	1,054
Other disposal operations	314	354	128
Total waste	**6,355**	**5,230**	**4,917**
Total waste directed to disposal	1,671	1,829	1,956
Total waste diverted from disposal	4,684	3,401	2,961

Calculation methodology

[MDR-M]

Purchased materials

The total weight of resource inflows is partly derived from actual data recorded in the Group's systems and partly estimated on the basis of available data. Specifically, where the weight was not available, it was estimated based on similar purchase categories for which the information was available or with an overall average weight factor in proportion to the expenditure. It was also assumed that the materials used were equal to those purchased during the year.

Waste

The calculation of the quantities of waste produced by the Group was carried out using information from the waste collection documents issued by the companies involved. For those cases where, due to the nature of the service, this information was not available, an estimate was made based on the size of the containers sent for disposal, the frequency of collection and the main type of waste disposed of. This approach was also used for some of the Group's trading companies, which, due to the small quantity and type of waste produced, do not have precise information on the weight of waste produced and disposed of. The category 'Other recovery operations' also includes waste sent for incineration with energy recovery only at companies operating in the EU where the type of disposal has been classified as R1 according to Annex II of the Waste Framework Directive.

The data in this section is not subject to validation by any external body other than the independent auditors.

Environmental information in the supply chain (E2, E3, E4, E5)

[ESRS 2 SBM-3; E2 IRO-1; E3 IRO-1; E4 IRO-1; E5 IRO-1; E4 SBM-3; E4-1]

Impacts, risks and opportunities

The Group carried out a value chain analysis of GVS's upstream and downstream activities in relation to environmental topics, and the area that emerged as most significant was the supply chain (upstream), as detailed below.

GVS uses a wide range of raw materials, products and supplies for the production of its products and their packaging. These include plastic granules, plastic and metal components, solvents, other chemicals, as well as paper and cardboard for packaging. The extraction and production of these materials and the necessary raw materials (such as metals, fossil fuels, plastic granules and solvents) require processes that, if not properly managed, can have a significant environmental impact. Specifically, they can have an impact on water consumption, pollution (air, water and microplastics), waste management and biodiversity due to the very nature of the underlying and upstream processes in the supply chain. Regarding energy and climate change impacts in the supply chain, refer to the section "Climate change (E1)".

Regarding water, waste and pollution, the production of some categories of purchased materials, including membranes and plastic granules, and the related raw materials may require significant water use, generate waste during production, and could result in the release of pollutant emissions to air and water if the processes are not properly managed. The topic of biodiversity, on the other hand, turned out to be a major challenge related to the extraction processes of the raw materials that make up the materials purchased by GVS, mainly fossil fuels, as they could have a direct impact on biodiversity in terms of changes in land or sea use or through the release of pollutants. This identified potential impact, linked to suppliers (beyond the first level) with whom the Group has no direct business relationship, has not to date highlighted the need to develop a strategy to adapt its business model in relation to the topic of biodiversity, considering also that no significant risks have emerged on the topic. With regard to the Group's own activities, no biodiversity-related IROs were assessed as relevant because the analyses conducted did not identify any production processes of the Group that have a significant impact, risk or dependence on biodiversity, and only one site, in the process of closure, is located near[29] a biodiversity-sensitive area.

Although the Group's products do not contain plastics in the form of microplastics and do not contain microplastics that can be intentionally released during use, the plastic granule used for production is small in size before being melted and moulded into its final form. The purchase of plastic granules therefore led to the identification of the possibility that, in the event of an accident during transport, the spillage of this material could occur and thus lead to a potential negative impact on the environment.

[29] Within 1 km of the sensitive area

Finally, based on the results of the analysis carried out on the levels of pollutants released from the Group's sites[30], no significant impacts, risks or opportunities related to the Group's own activities were identified in connection with the topic of pollution.

Policies

[E2-1; E4-2; MDR-P]

Aware of the environmental challenges related to upstream industries in its supply chain, the Group has developed a two-pronged approach:

- Commitment to **resource efficiency and circularity**, to reduce the amount of raw material needed for the same number of products manufactured and to explore ways to reduce virgin raw materials in products. For more details, see the chapter on "Circular economy (E5)";
- Launch of a **process of assessment and involvement of the supply chain on sustainability topics** in order to strengthen the supervision on the subject and define possible improvement actions on the management of environmental topics for those upstream of their direct activities.

The Supplier Code of Conduct

With regard to the specific topic of the environment, GVS requires its suppliers, as a minimum, to comply with all applicable environmental laws and regulations and to undertake to minimise any negative impacts on the community, the environment and natural resources that may arise in the context of their production activities, while guaranteeing the protection of public health and safety. In addition, GVS requires a commitment from suppliers to reduce and mitigate - going beyond legal requirements - any form of environmental pollution (air, water, soil, etc.) and environmental accidents, guaranteeing rapid restoration of damage should an adverse event occur.

The Group encourages its suppliers to implement certified environmental management systems to ensure alignment to best practice and continuous improvement of environmental performance. In addition, suppliers must establish processes to identify, assess and prevent environmental risks in their operations. In addition, the Group requires suppliers to comply with the following specific commitments:

ESRS ref.	Pillar of the Supplier Code of Conduct	Summary
E1 Climate change	Energy efficiency and greenhouse gas (GHG) emissions	Suppliers must manage their energy consumption and greenhouse gas (GHG) emissions, monitoring consumption also in order to identify opportunities for improvement. GVS expects suppliers to actively contribute to climate change mitigation by adopting sustainable practices, improving energy efficiency and increasing the use of renewable sources. Suppliers are encouraged to set emission reduction targets aligned with science.

[30] The analysis examined the potential release of pollutants from the Group's production sites in relation to the list of pollutants and their thresholds as set out in Annex II of Regulation (EC) No.166/2006 of the European Parliament and the Council, dated January 18, 2006, concerning the establishment of a European Pollutant Release and Transfer Register, and amending Council Directives 91/689/EEC and 96/61/EC (OJ L 33, 4.2.2006, p. 1).

E2 Pollution	Pollution	Suppliers must comply with current pollution regulations and regularly monitor, control, reduce and treat pollutant emissions (including microplastics) into the air, water and soil.
E3 Water and marine resources	Water conservation	Suppliers must manage water resources responsibly, complying with regulations on water use and discharge. They must monitor water withdrawal and consumption, treat wastewater before discharge, and adopt practices that reduce pressure on local water resources, especially in water-stressed areas.
E4 Biodiversity and ecosystems	Protecting biodiversity	Suppliers must manage their activities to avoid negative impacts on ecosystems and biodiversity. This includes taking measures to identify, assess and mitigate activities that could cause biodiversity loss or damage natural habitats, wildlife or ecosystem services. Particular attention must be paid to activities close to biodiversity-sensitive areas.
E5 Resource utilisation and circular economy	Circular economy and waste management	The Group encourages suppliers to actively adopt the principles of the circular economy. In addition, suppliers must implement an effective waste management system, focusing on hazardous waste, ensuring full compliance with applicable regulations and favouring reduction and recycling over disposal.

Finally, the Code specifies that suppliers must monitor potential environmental impacts on the communities surrounding their production facilities and adopt practices to minimise any identified negative effects.

Find out more in our Supplier Code of Conduct

Responsibility for implementing the commitments stated in the Policy lies with the Chief Executive Officer or his designated representative. In addition, the monitoring process of the updated Code is being defined and is part of the objective below. There is also a specific channel to collect any reports (referred to as "Whistleblowing") concerning violations or suspected violations of laws and regulations, the Code of Ethics and all company policies and procedures, including the Supplier Code of Conduct[31]. Also refer to the section 'Business conduct - Ethics and anti-corruption (G1)' for more details.

[31] The process and procedures are defined in the Whistleblowing Policy available on www.gvs.com.

Targets and actions

[E2-2; E2-3; E4-3; E4-4; MDR-T; MDR-A]

To strengthen the effectiveness of the existing policies and to better structure the dialogue with its suppliers on sustainability topics, the Group has defined commitments and targets in its Sustainability Plan.

Specifically, the goal for 2024 was to update its Supplier Code of Conduct and launch an engagement programme on sustainability. Furthermore, by 2026, the Group has set the target of involving at least 50% of its most significant suppliers in terms of expenditure in this programme[32].

The GVS 2024-2026 Sustainability Plan therefore contains targets to strengthen responsible supply chain management, also from an environmental point of view:

Responsible supply chain management

Rif. ESRS	Commitment	Target[33]	Scope	Unit of measure	Base value (Base year)	Target value (Target year)	Progress
E1; E2; E3; E4; E5; S2; G1	Implement an evaluation and improvement program on sustainability for top suppliers	Involvement of 50% top direct suppliers (in terms of spending) on sustainability topics through a continuous evaluation and improvement program	Group	% top direct suppliers assessed (in terms of spend)	0% (2023)	50% (2026)	Pilot project launched

In addition, the Group has defined and pursued the following actions within the framework of the Sustainability Plan:

Actions concluded in 2024:

- Updating its Supplier Code of Conduct by expanding and further detailing the expectations toward its suppliers on existing environmental topics and introducing the topic of biodiversity and the circular economy;
- Development and implementation of the new sustainability supplier assessment questionnaire that will be progressively disseminated to all Group companies. The tool includes specific sections aimed at assessing suppliers' policies, targets, risks and actions on environmental topics.

[32] The target is not linked to legal requirements.
[33] The targets have been voluntarily adopted by the Group and do not stem from legal obligations.

Actions planned (timing: 2025-2026):

- Define possible improvement actions together with suppliers on the basis of the results of the evaluation to prevent the occurrence of negative impacts in the supply chain and/or provide for mitigation or remedial actions by suppliers should they emerge as necessary. In the pilot project carried out in 2024, no environmental mitigation or remedial actions were required from suppliers.

The Group has not used biodiversity offsets linked to its supply chain in setting targets and actions, has not applied ecological thresholds and has not integrated local and indigenous knowledge and nature-based solutions into the actions described above. The potential impact identified in connection with biodiversity is linked to suppliers with whom GVS does not have a direct business relationship, so the actions and targets defined are aimed at increasing transparency in its supply chain regarding the practices adopted, disseminating a set of principles in line with GVS's policies, and thus being able to identify - if necessary - further prevention and mitigation actions to be implemented.

For more information on the objective and the actions undertaken regarding supply chain management, refer to the section 'Business conduct - Responsible Supply Chain Management (G1)'.

European Taxonomy for environmentally sustainable activities

Introduced by EU Regulation 2020/852 (hereinafter referred to as the Regulation), the European Union Taxonomy (hereinafter also referred to as the Taxonomy) is part of the Sustainable Finance Action Plan launched in 2018 by the Commission and of the broader EU strategy to achieve the Green Deal goals and make Europe climate neutral by 2050.

Specifically, the Taxonomy provides a classification system to define which economic activities can be considered environmentally sustainable and therefore which can substantially contribute to the achievement of one of the following six objectives:

- Climate change mitigation (CCM)
- Climate change adaptation (CCA)
- Protection of water and marine resources (WTR)
- Transition to a circular economy (CE)
- Pollution prevention and control (PPC)
- Protection of biodiversity and ecosystems (BIO)

The Regulation therefore requires information to be provided on how and to what extent the Group's activities are associated with economic activities that are considered environmentally sustainable according to the six environmental objectives, through the declaration of the proportion of turnover, capital expenditure ("CapEx") and operating expenditure ("OpEx") that is eligible ("Taxonomy-eligible") and aligned ('Taxonomy-aligned") according to the following criteria defined by the Taxonomy:

- **Eligibility** an economic activity described in the list of activities identified by the Regulation itself.
- **Alignment** an eligible activity that jointly satisfies the following criteria:
  - **complies with the technical screening criteria** set by the European Commission. In particular, the economic activity:
    - must make a substantial contribution to one of the environmental objectives defined in Article 9 of the same Regulation
    - must not cause significant harm (Do No Significant Harm - DNSH) to any of the above environmental objectives
  - is carried out in **compliance with the minimum safeguards** set out in Article 18 of the Regulation, recognising the importance of international rights and standards (including OECD, UN and the International Labour Organisation)

Since this is a recently implemented international regulation that is periodically being updated, all the criteria and assumptions made and included in this section are based on the information and requirements that are currently available, which may be subject to future revisions or updates; in particular, with respect to the presence of numerous open questions concerning the definition of eligible economic activities, the interpretation of the technical screening criteria and the minimum safeguard criteria, which have not yet been definitively clarified by the European Commission (considering the information available until 31 December 2024).

Analyses performed

Eligibility analysis

In order to determine the presence of any eligible activity, the Group carried out several analyses. In particular, an analysis of the activities carried out by GVS was conducted in order to identify which of them is classified by the Taxonomy as being able to substantially contribute to at least one of the six of the environmental objectives set out in the Regulation (*eligible/admissible* activities)[34]. The analysis identified a few revenue lines that can be attributed to eligible activities as follows:

- In line with what was reported in FY 2023, the analysis showed that one of the revenue lines, related to the sale of certain types of automotive filters, could be considered eligible with respect to the activity of the **manufacture of automotive and mobility components (3.18)** (climate change mitigation target). Specifically, Activity 3.18 indicates that only those components that are essential for ensuring and/or improving the environmental performance of vehicles can be considered for eligibility. In addition, the Draft Commission Notice (approved in principle on 29.11.2024) was published in the course of 2024, which includes examples of components that can be considered 'essential' in the light of the Regulation. With respect to this sample list, GVS does not directly produce the components mentioned in the document because the Group's products are 'components of components'. The joint analysis of the available documents therefore leads to some uncertainty as to whether or not it is possible to consider components of components within the scope of activity 3.18 as it is not directly mentioned in the Regulation, and it would also be necessary to define further parameters to assess whether GVS products are 'essential' for the functioning of the components mentioned in the Draft Commission Notice. For these reasons, the Group decided to adopt a prudent approach and report the production and sale of automotive filters of the Energy & Mobility division as non-eligible.

- Certain product categories of the Health & Safety division were assessed as eligible under Activity **1.2 CE Manufacture of electrical and electronic equipment**. Specifically, the products that were identified as eligible are those that contain electronic components and that require energy in order to function properly (via battery or direct connection to the grid)[35]. The products identified are the full-face respirators (Z-link) that require batteries to operate, their accessories (portable batteries, lights and communication systems) and the GX4 Gas Monitor, a product used to detect the presence of harmful levels of toxic gases near the breathing source.

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[34] The analysis performed referred to the list of eligible/aligned activities included in the following Delegated Regulations of the European Commission: Delegated Regulation (EU) 2021/2139, Delegated Regulation (EU) 2022/1214, Delegated Regulation (EU) 2023/2486, Delegated Regulation (EU) 2023/2485.

[35] In addition to the description of the activity in the delegated act, the answer no. 79 published in the DRAFT COMMISSION NOTICE on the interpretation and implementation of certain legal provisions of the EU Taxonomy Environmental Delegated Act, the EU Taxonomy Climate Delegated Act and the EU Taxonomy Disclosures Delegated Act on 24.11.2024 was also taken into account.

At the end of the eligibility analyses on the Group's product lines, a limited number of solutions were confirmed as falling under the Taxonomy with a 2.2% proportion of eligible turnover. The main reason for this exclusion is related to the fact that the Regulation refers to the manufacture of end products and therefore, unless explicitly stated, the manufacture of components and intermediate products such as GVS is largely excluded to date, just like products relating to the medical sector.
In accordance with the provisions of Regulation 2021/2178 (Annex I, Art. 8, 1.1.2.2 and 1.1.3.2, point c), in addition to the core activities that generate turnover, the following individual investments made during the reporting year relating to the purchase of outputs from eligible economic activities with respect to the six environmental objectives were also identified as eligible, namely:

- **Transport by motorbikes, passenger cars and light commercial vehicles** (6.5 CCM): in connection with the purchase or leasing (new or renewed) of company vehicles;
- **Construction of new buildings** (7.1 CCM[36]; 3.1 CE): referring to the new production plant under construction in China;
- **Renovation of existing buildings** (7.2 CCM; 3.2 CE): referring to renovation activities carried out at some Group sites;
- **Installation, Maintenance and Repair of Renewable Energy Technologies** (7.6 CCM): referring to the installation of a new photovoltaic system at a Group site and maintenance performed on an existing photovoltaic system;
- **Acquisition and ownership of buildings** (7.7 CCM): with reference to new leases of buildings or the renewal of existing contracts.
- **Manufacture of electrical and electronic equipment** (1.2 CE): purchases of electronic goods (e.g. computers, printers, machineries).

The Group has no activities related to the production of nuclear energy and natural gas and therefore has not deemed the reporting required by Delegated Regulation 2022/1214 to be applicable.

Alignment analysis

Starting with the activities identified as eligible, alignment against the technical screening criteria (substantial contribution and DNSH) and minimum safeguards was also verified. Based on the analysis, briefly described below, the activities are not aligned with the technical screening criteria to date, specifically:

- **Transport by motorbikes, passenger cars and light commercial vehicles (6.5 CCM)**: the substantial contribution criterion for defining alignment with the climate change mitigation target requires that vehicles purchased or leased have zero emissions or less than 50 g CO_2/km (until 31 December 2025). The Group has defined a policy that will progressively replace combustion vehicles with plug-in hybrid or electric vehicles. During 2024, this approach led GVS to increase the number of hybrid or electric vehicles in its car fleet with emissions below the 50 g CO_2/km threshold. However, it was not possible to deepen the DNSH criteria requirements pertaining to the activity with the right level of detail, as some of the information required the direct involvement of suppliers. Therefore, as a precautionary

[36] CCM: Climate Change Mitigation; CE: Circular Economy

measure, GVS considered investments related to the above-mentioned eligible activities for the reporting year 2024 as not aligned with the Taxonomy.

- **Construction of new buildings (7.1 CCM):** the substantial contribution with respect to the climate change mitigation objective is defined in terms of the energy efficiency of buildings under construction, i.e., performance 10% higher than the highest standard available (Nearly Zero-Energy Building (NZEB) Standard); despite the Group's commitment to increasing the energy efficiency of its buildings and in particular new buildings, to date the production plant under construction does not meet the requirements described above;
- **Renovation of existing buildings (7.2 CCM)**: the substantial contribution criterion to be met in order to be able to define the activity aligned with the climate change mitigation objective requires that the renovation entails a significant improvement in the building's energy performance; the renovation activities carried out during the reporting year are attributable to interventions of various types, which, although resulting in the improvement or expansion of plants, did not have the primary objective of increasing energy efficiency. For this reason, there was no alignment with the previously described requirements;
- **Installation, maintenance and repair of renewable energy technologies (7.6 CCM):** the installation of the new photovoltaic system and the maintenance of the existing one meet the criteria of substantial contribution to climate change mitigation, however, as goods and services are purchased from third parties, it was not possible to investigate with the right level of detail the criterion of Do No Significant Harm related to Climate change Adaptation and therefore the activity was considered as not aligned.
- **Acquisition and ownership of buildings** (7.7 CCM): the substantial contribution with respect to the climate change mitigation objective is defined in terms of the energy efficiency of the building, i.e., compliance with the above criteria for activity 7.1 (for buildings built after 2020) or a high energy class level is required; despite the Group's commitment to increasing the energy efficiency of its buildings, to date the buildings do not meet all the above requirements and the activities mainly refer to the renewal or extension of existing lease contracts.
- **Manufacture of electrical and electronic equipment (1.2 CE):** the substantial contribution requires that the equipment purchased complies with an extensive list of criteria related to its durability, reparability and production process. Diversified analyses were therefore carried out with respect to the direct manufacturing activities performed by the Group and those related to the purchase or leasing of such equipment:
    - **Products manufactured and sold by GVS:** the above-mentioned products of the Health and Safety division meet numerous requirements for a substantial contribution to the transition to a circular economy. For example, the batteries of the full-face respirators (Z-link) are rechargeable and easily replaceable, software is not used to adversely affect product circularity, and many spare parts are made available to customers. However, to date, due to the very nature of the products, which are composed of several components made of different materials, they still do not reach the level of "proven superior recyclability" (especially in view of different local waste disposal regulations) required for full alignment with all the criteria of the Regulation.

- **Purchase or leasing of electronic equipment from suppliers**: since products are purchased from third parties, it was not possible to go into the requirements of the Do No Significant Harm criteria pertaining to the activity with the appropriate level of detail, as some of the information required the direct involvement of suppliers. Therefore, as a precautionary measure, GVS considered investments related to the above-mentioned eligible activities for the reporting year 2024 as not aligned with the Taxonomy.

Minimum Safeguards: the criteria set out in the Regulation refer to an organisation's practices to ensure that it complies with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. The Group promotes responsible behaviour by all its people and partners, adopting specific policies and procedures aimed at preventing the risk of committing offences. Specifically, GVS has taken the following measures on the following issues:

- **Bribery and fair competition:** the Group has implemented a structured regulatory system consisting of the Code of Ethics, which promotes the principles for responsible conduct, the Organisation, Management and Control Model pursuant to Italian Legislative Decree 231/2001 ("OMM") and the Global Compliance Programme, which together form an integrated system of controls aimed at more effective prevention and management of the risk of offences being committed (for more details, see the section "Business conduct - Ethics and anti-corruption (G1)")
- **Human rights**: the protection of these rights is included in the Group's Code of Ethics and in the Suppliers' Code of Conduct, a document which sets out GVS's expectations on the sustainability practices of its suppliers, including respect for human rights (for more details see the sections on "Own workforce (S1), "Workers in the value chain (S2") and "Business conduct – Suppliers relationship management (G1)")
- **Taxation**: in order to ensure that tax risks are adequately monitored, roles and responsibilities assigned to the various sectors of the organisation have been defined, including by means of specific safeguards included in the Organisation and Management Model pursuant to Legislative Decree no. 231/01

  Protecting the interests of customers and end-users: safeguarding the quality and safety of products is one of the pillars of the Code of Ethics and one of the Group's main priorities. Customer relations are inspired by criteria of professionalism, fairness, transparency, and clarity in order to create stable relations based on continuous listening. GVS has adopted a Quality Policy at the Group level and conducts its activities by implementing specific procedures to ensure product quality, based on the standards established by the existing quality management systems (for further details, please refer to the section "Consumers and End Users (S4)").

Contextual information on the indicators in the Taxonomy

For the elaboration of the three KPIs, the Group's administrative-accounting structures were involved in order to identify the accounting items to be associated with the different KPIs, starting from the items of the Consolidated Financial Statements indicated in the following sections. In accordance with the Regulation, revenue and cost items generated by intra-group transactions have not been taken into account. In order to avoid double counting, the share of CapEx and OpEx associated with the activity Manufacture of electric and electronic equipment (1.2 CE) was counted only once, and therefore excluded from the values for the individual investments related to the purchase of outputs from eligible economic activities with respect to the six environmental objectives.

TURNOVER

For the denominator, reference was made to the item relating to the sale of goods and services shown as "Revenue from contracts with customers" in the Group's consolidated financial statements. For the calculation of the numerator, the portion of revenue related to the sale of the previously mentioned products, identified as eligible with respect to the activity "Manufacturing of electrical and electronic equipment" (1.2 CE), was reported, excluding any intercompany transactions.

CAPEX

For the calculation of the denominator, additions in value presented during the year to tangible and intangible assets and rights of use (as per IFRS 16), including those arising from business combinations, were included, without taking into account depreciation, amortisation, impairment and any revaluation and excluding changes in fair value. These values correspond to the amounts disclosed as 'Investments' and 'business combinations' in sections '8.3 Tangible Assets' and '8.1 Intangible Assets' of the 'Explanatory Notes to the Consolidated Financial Statements at 31 December 2024' and are attributable to increases in usage rights with reference to the information provided in section '8.2 Assets represented by usage rights and current and non-current leasing liabilities'.

In order to determine the numerator, an analysis was carried out on the additions incurred during the year with reference to the activities identified as eligible listed in the previous section. As for the portion related to Activity 1.2 CE, an estimate was made by re-proportioning the additions attributable to the manufacture of products related to the identified activity. To this end, a percentage was calculated of the incidence, in terms of turnover, of the product lines identified as eligible in relation to the total turnover for the company where these products are manufactured.

OPEX

For the calculation of the denominator, an analysis was performed on the consolidated values by identifying the values pertaining to non-capitalised direct costs related to research and development, building renovation measures, short-term leases, maintenance and repair. These values are included in the following sections of the Explanatory Notes to the Consolidated Financial Statements at 31 December 2024: 16. Research and development (excluding capitalised costs), 9.5 Service costs (line item related to "maintenance"), 9.6 Other operating costs (line item related to "leasing costs"). For the purpose of determining the OpEx numerator, the expenses associated with the eligible activities listed above were taken into account. With regard to the portion related to Activity 1.2 CE, the same estimate was applied as indicated in the section "CapEx."

Proportion of turnover derived from products or services associated with economic activities aligned with the Taxonomy - 2024 disclosure[37]

Financial year: 2024				Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic Activities	Code	Turnover (thousands €)	Proportion of Turnover, 2024	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Minimum Safeguards	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) turnover, 2023[38]	Category enabling activity	Category transitional activity
A. **TAXONOMY-ELIGIBLE ACTIVITIES**																			
A.1. **Environmentally sustainable activities (Taxonomy-aligned)**																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**0%**		
Of which enabling		**0**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**0%**	E	
Of which transitional		**0**	**0%**	**0%**						**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**0%**		T
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Manufacture of electrical and electronic equipment	CE 1.2	9,217	2.2%	*N/EL*	*N/EL*	*N/EL*	*N/EL*	*EL*	*N/EL*								2.3%		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		9,217	2.2%	0%	0%	0%	0%	2.2%	0%								2.3%		
A. **Turnover of Taxonomy-eligible activities** ***(A.1+A.2)***		9,217	2.2%	0%	0%	0%	0%	2.2%	0%								2.3%		
B. **TAXONOMY-NON-ELIGIBLE ACTIVITIES**																			
Turnover of Taxonomy- non-eligible activities		419,325	97.8%																
TOTAL		**428,542**	**100%**																

[37] Glossary of terms used in the table: E - Enabling, T - Transitional, EL - Eligible, N/EL - Not eligible
[38] The comparative data for the 2023 financial year have been updated from what was previously published to reflect the interpretative clarifications issued by the European Commission in 2024 (further details are provided in the introduction to this section).

Proportion of capital expenditure (CapEx) arising from products or services associated with economic activities aligned with the Taxonomy - 2024 disclosure[39]

Financial year: 2024				Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic Activities	Code	CapEx (thousands €)	Proportion of CapEx, 2024	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Minimum Safeguards	Proportion of Taxonomy-aligned (A.1.) or eligible (A.2.) CapEx, 2023[40]	Category enabling activity	Category transitional activity
A. **TAXONOMY-ELIGIBLE ACTIVITIES**																			
A.1. **Environmentally sustainable activities (Taxonomy-aligned)**																			
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**0%**		
Of which enabling		0	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	0%	E	
Of which transitional		0	**0%**	**0%**						**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	0%		T
A.2. **Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)** (9)																			
Transport by motorbikes, passenger cars and light commercial vehicles'	CCM 6.5	1,312	2.7%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								2%		
Construction of new buildings	**CCM 7.1**, CE 3.1	8,477	17.4%	EL	N/EL	N/EL	N/EL	EL	N/EL								12%		
Renovation of existing buildings	**CCM 7.2**, CE 3.2	546	1,1%	EL	N/EL	N/EL	N/EL	EL	N/EL								1%		
Installation, maintenance and repair of renewable energy technologies	**7.6 CCM**	189	0.4%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
Acquisition and ownership of building	CCM 7.7	9,332	19.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								10%		
Manufacture of electrical and electronic equipment	CE 1.2	1,776	3.6%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								3.6%		

[39] Glossary of terms used in the table: E – enabling, T – Transitional, EL - Eligible, N/EL - Non eligible. In cases where an expenditure or investment contributes to multiple environmental objectives, the main activity is highlighted in bold.

[40] The comparative data for the 2023 financial year have been updated from what was previously published to reflect the interpretative clarifications issued by the European Commission in 2024 (further details are provided in the introduction to this section).

CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)	21,632	44.3%	40.7%	0%	0%	0%	3.6%	0%		29%	
A. **CapEx of Taxonomy-eligible activities *(A.1+A.2)***	21,632	44.3%	40.7%	0%	0%	0%	3.6%	0%		29%	
B. **TAXONOMY-NON-ELIGIBLE ACTIVITIES**											
CapEx of Taxonomy-non-eligible activities	27,183	55.7%									
TOTAL	48,815	100%									

Proportion of operating expense (OpEx) derived from products or services associated with economic activities aligned with the Taxonomy - 2024 disclosure[41]

Financial year: 2024				Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic Activities	Code	OpEx (thousands €)	Proportion of OpEx, 2024	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Minimum Safeguards	Proportion of Taxonomy - aligned (A.1.) or - eligible (A.2.) OpEx, 2023[42]	Category enabling activity	Category transitional activity
A. **TAXONOMY-ELIGIBLE ACTIVITIES**																			
A.1. **Environmentally sustainable activities (Taxonomy-aligned)**																			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**0%**		
Of which enabling		0	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**0%**	E	
Of which transitional		0	**0%**	**0%**						**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**0%**		T
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Renovation of existing buildings	**CCM 7.2**, CE 3.2	2	0.01%	EL	N/EL	N/EL	N/EL	EL	N/EL								1,6%		
Manufacture of electrical and electronic equipment	CE 1.2	46	0.17%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								0,4%		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		48	0.18%	0.01%	0%	0%	0%	0.17%	0%								1%		
A. **OpEx of Taxonomy eligible activities *(A.1+A.2)***		48	0.18%	0.01%	0%	0%	0%	0.17%	0%								1%		
B. **TAXONOMY-NON-ELIGIBLE ACTIVITIES**																			
OpEx of Taxonomy-non- eligible activities		26,565	99.8%																
TOTAL		26,613	100%																

[41] Glossary of terms used in the table: E – enabling, T – Transitional, EL - Eligible, N/EL - Non eligible. In cases where an expenditure or investment contributes to multiple environmental objectives, the main activity is highlighted in bold.
[42] The comparative data for the 2023 financial year have been updated from what was previously published to reflect the interpretative clarifications issued by the European Commission in 2024 (further details are provided in the introduction to this section).

In addition to the above information, the Regulation requires the degree of eligibility and alignment for each environmental objective to be reported:

Proportion of turnover/ Total turnover 2024		
	Taxonomy-aligned per objective	**Taxonomy-eligible per objective**
CCM	0%	0%
CCA	0%	0%
WTR	0%	0%
CE	0%	2.2%
PPC	0%	0%
BIO	0%	0%

Proportion of CapEx/ Total CapEx 2024		
	Taxonomy-aligned per objective	**Taxonomy-eligible per objective**
CCM	0%	40.7%
CCA	0%	0%
WTR	0%	0%
CE	0%	22.1%
PPC	0%	0%
BIO	0%	0%

Proportion of OpEx/ Total OpEx 2024		
	Taxonomy-aligned per objective	**Taxonomy-eligible per objective**
CCM	0%	0.01%
CCA	0%	0%
WTR	0%	0%
CE	0%	0.18%
PPC	0%	0%
BIO	0%	0%

Social information

Own workforce (S1)

We firmly believe that People are the foundation of our company and that each of them contributes in a unique way to the achievement of our shared goals. We promote the protection, enhancement and development of our employees and are committed to ensuring an inclusive and fair working environment that upholds the rights, dignity and well-being of all individuals.

Impacts, risks and opportunities

[S1-2; S1 SBM-2; S1 SBM-3]

The success of GVS is closely linked to the People who work there, which is why the Group considers the value of its human capital as an indispensable element of development.

GVS is an international Group and currently employs more than 4,000 people worldwide. Most of these are employees of the Group, while a residual part is made up of self-employed workers, trainees or agency workers, needed to handle special operational needs.

The involvement of numerous people globally has led to the identification of a number of sustainability topics, which, if not managed properly, could have negative consequences for people (potential negative impacts). From this perspective, the most relevant issues identified concern working conditions, equal treatment and opportunities for all, privacy and human rights.

Specifically, working conditions cover a number of topics, including secure employment, working hours, adequate wages, social dialogue, freedom of association, collective bargaining, work-life balance and health and safety, the latter with a particular focus on direct employees (employees and agency workers) working in production departments. In terms of equal treatment and opportunities for all, gender equality and equal pay for work of equal value, training and skills development, measures against violence and harassment in the workplace and diversity were considered. As far as human rights are concerned, although GVS's business segment is not considered as one exposed to significant and systemic negative impacts on workers in terms of human and labour rights, given its geographical presence, the Group has identified some countries (China, India, Malaysia, Russia and Turkey) where there is a higher risk of human and labour rights violations as they are characterised by less structured human and labour rights legislation and/or a higher incidence of violations at country level[43].

The complexity of the activities has also led to the identification of certain topics that, if not adequately managed, could lead to negative consequences for the Group's business (risks), considering the inherent risk that is before the prevention and management actions

[43] The list of the countries considered to be at greatest risk of human rights violations (including forced labour, bonded labour and child labour) was based on the analysis of the following two indices: i) Global Slavery Index Report 2023, published by Walk Free, which assesses the level of risk of modern slavery globally; ii) Labour/Human Rights Indicator, included in the WWF Biodiversity Risk Filter, which provides an assessment of regional differences in human and labour rights and is constructed as an average of two parameters: The Ratified International Human Rights Instruments, which reflect the degree to which countries adhere to international human rights instruments and labour rights violations, and the International Trade Union Congress (ITUC) Global Rights Index, which measures labour rights violations recorded per country and thus the relative protection of trade union and labour rights globally. Countries that fall into the 'medium-high' or 'high' risk range in at least one of the two indices analysed were identified as higher risk.

implemented. Specifically, the main risks associated with health and safety and privacy concern the risk of non-compliance with relevant regulations and the consequent sanctions and reputational risks. The topic of job security is associated with the risk of cost increases or production interruptions in the event of periods of tension in labour relations. On the subject of training and gender equality, the risk is that inadequate development and training could preclude the growth of talent within the Group.

All sustainability topics identified reflect those that might be most relevant without considering the prevention and management actions put in place as part of the structured system of policies, objectives and projects aimed at preventing, managing and mitigating impacts and risks described below.

The Group, also by means of external benchmarking activities, annually assesses the work and project plan in the area of human resources in order to improve or implement new processes, procedures and actions aimed at making the overall internal management of employees increasingly effective and thus mitigate any negative impacts. The human resources structure defines the resources to be dedicated to the projects identified when defining the annual budget.

The Group pays particular attention to dialogue and listening to its employees, recognising their contribution as a fundamental element in understanding the needs and priorities on which to focus its work. To this end, it provides various channels of communication and confrontation, which may vary between the different Group companies according to their organisational and operational specificities. Through regular surveys, dedicated meetings, digital tools and direct feedback channels, the company gathers employees' opinions, needs and proposals, fostering an inclusive, transparent and continuous improvement-oriented working environment. For example, in the Italian headquarters (GVS S.p.A.) as well as in all production plants with trade union representatives, periodic meetings are held with the Unitary Trade Union Representative (RSU) to accommodate workers' needs.

In this context, in order to ensure that the Group's impact and risk assessments also reflect the views of employees, they are shared with the GVS S.p.A. Unitary Trade Union Representative (RSU) to inform workers and collect any considerations. The Group also shares the results published in this Statement with the RSU in order to inform them about the management and results achieved with respect to the relevant topics. The meetings are coordinated by the Group's sustainability department, which carries out relevance analyses of sustainability topics following the dialogue with representatives. In addition, the analyses carried out in 2024 took into account the results of the employees climate analyses conducted in some Group companies and the results of the direct employee engagement activity carried out in 2023.

To manage and mitigate the impacts and risks described above, the Group has developed various policies, commitments and procedures, as outlined below:

Material Impacts, Risks and Opportunities (IRO) and related policies and commitments

ESRS ref.	Sub-topic (sub-sub-topic)	Type	Localisation in the value chain	Code of Ethics	Health and Safety Policy	Whistleblowing Policy	IT Policy	Succession Policy	Sustainability Plan commitments
S1	Working conditions (Working hours, adequate wages, social dialogue, freedom of association, collective bargaining, work-life balance)	Impact	• Own activities	✓		✓			✓
S1	Working conditions (Job security, health and safety)	Impact Risk	• Own activities • Own activities	✓	✓				✓
S1	Equal treatment and opportunities for all (Measures against violence, diversity)	Impact	• Own activities	✓		✓			✓
S1	Equal treatment and opportunities for all (Gender equality and pay, training and development)	Impact Risk	• Own activities • Own activities	✓		✓		✓	✓
S1	Other work-related rights (Child labour, forced labour)	Impact	• Own activities	✓		✓			✓
S1	Other work-related rights (Privacy)	Impact Risk	• Own activities • Own activities	✓		✓	✓		✓

In the event of any negative impact on the workforce, the Group assesses on a case-by-case basis the most appropriate ways to implement remedial and/or corrective actions. These actions may include, for example, depending on the specific situation, in-depth meetings and communication, improvement actions, disciplinary actions.

Policies

[S1-1; S1-3; MDR-P]

The Group promotes a working environment for all its employees and collaborators that is based on the ethical principles contained in the Code of Ethics. In order to ensure adequate management of what may be identified potential impacts, the Group has committed to:

- pursue the goal of an ethical workplace, i.e. an environment where the worker is guaranteed respect for health and safety at work, the promotion and enhancement of the worker's ideas and potential, and fair remuneration for their work;
- prohibit all forms of violence, physical or moral, harassment and discrimination, whether based on gender, ethnicity, religious belief or other factors related to economic, personal or social conditions;

- promote a workplace based on inclusion, be multicultural and strive for gender equality.
- optimise the potential of each person even beyond specific skills or abilities and offer training and work opportunities to the youngest and most disadvantaged workers;
- ensure compliance with data protection legislation of persons coming into contact with GVS, whether employees, suppliers or customers;
- condemn slavery, human trafficking and the exploitation of labour, whether child, forced or under threat of corporal punishment.
- promote the universality of human rights and supports the principles expressed by the Universal Declaration of Human Rights adopted by the United Nations.

The effective application of the Code of Ethics and knowledge of the channels for making reports is promoted through dissemination and training activities; in 2024, some 1,800 hours of training on this topic were provided through specific courses or as part of employee onboarding activities. For more information on training programmes related to the Code of Ethics, refer to 'Business conduct - Ethics and anti-corruption (G1)'.

Learn more in our Code of Ethics

The Group is committed to identifying, managing and preventing any risk of violation of the principles of the Code of Ethics in the conduct of its business. Managers have the task of preventing possible risks of unethical conduct, so as to reduce the likelihood of it occurring; whilst employees and collaborators must understand the rules of good conduct and immediately report any possible violation and cooperate in case of investigation. In addition, reports can be sent, also anonymously, through the whistleblowing system.

To manage the process of receiving and handling reports, the Group adopted the Whistleblowing Policy in 2023. The policy governs the process of receiving, analysing and handling reports from anyone sent or transmitted. The system includes the possibility of anonymous reporting through multiple channels, including an IT platform, voicemail box and regular mail. In order to assess that people are aware of the existence of the channel, the Group periodically sends an informative e-mail and includes specific information about during onboarding. The use of the channel by employees is monitored through the Reporting Team, which meets periodically.

Find out more in our Whistleblowing Policy

More information on the channel and the Whistleblowing Policy can be found in the dedicated section under 'Business conduct - Ethics and anti-corruption (G1)'.

Targets and actions

[MDR-T; MDR-A; S1-4; S1-5]

The management of specific human resources topics is entrusted to dedicated policies, developed to address each topic in a targeted manner and to ensure a consistent and structured approach. Strengthening the management of these topics follows the direction indicated by one of the commitments in the 2024-2026 Sustainability Plan to which the following actions are linked.

Actions concluded in 2024:

- **Definition and publication of the Individual Variable Bonus Policy**

  This establishes guidelines on bonuses for employees/managers, ensuring that these are applied fairly and equally in all countries in which the Group operates.

- **Definition and publication of the Onboarding Policy**

  It provides guidelines on the onboarding process that can be applied to all employees of the GVS Group to ensure the introduction and integration of new employees within the organisation.

- **Definition and publication of the Succession Planning Policy with respect to the direct reports of the CEO**

  This defines guidelines for the implementation and management of succession plans within GVS, with the aim of ensuring, in a fair and objective manner, a structured planning of growth paths and an effective and smooth transition of key responsibilities in the event of retirement, resignation or unforeseen situations concerning Key Managers (KMs). This process also aims to strengthen the management of the risk associated with conditions that could lead to the exit from GVS of key figures in the Group. Consistent with the adopted Policy, the Succession Planning for Key Managers (KMs) was also approved in 2024.

In developing these policies, the Group has introduced, where appropriate, elements to promote discrimination-free personnel management. These policies thus serve to direct GVS's commitment not only to the responsible management of human resources but also to promoting principles of Diversity, Equity and Inclusion within the Group; at the same time mitigating the risk of loss of skills due to obstacles to the professional growth of women in the company and their access to management positions.

Actions planned:

- Definition and publication of the Recruitment Policy (by 2025)
- Definition and publication of the Salary Review Policy (by 2025)
- Extension of the Succession Planning Policy to the top management of Group companies (by 2026)
- Definition of Group-wide Training and Development Guidelines to provide guidance on projects to be implemented locally (by 2026)
- Periodic review of existing Human Capital Management policies to strengthen Diversity, Equity and Inclusion elements (periodically)

The specific targets relating to the topics of the own workforce are given in the thematic sections below.

Characteristics of the company's employees

[S1-6]

GVS is proud to be an international company with 4,348 employees and a global presence in 17 countries: the majority of employees (51%) are located on the American continent, 35% are located in Europe, and the remaining 14% are employed in Asia. The Group has a female predominance in its workforce; in fact, about 60% of its employees are women.

Breakdown of employees by gender

Gender	Number of employees (headcount)
Male	1,738
Female	2,610
Other	0
Not disclosed	0
Total employees	**4,348**

List of countries with at least 50 employees representing at least 10% of the total number of employees

Country	Number of employees (headcount)
China	585
Italy	800
Mexico	1,569
Romania	531
United States of America	408

The total number of employees at the end of the period increased slightly compared to the previous year. Nevertheless, there was a significant turnover in the Group's workforce during 2024. In particular, the turnover rate of outgoing staff was 37% compared to the number of employees at the end of the period.

Number of employees who left the Group per year

	2024	2023	2022
Total number of employees who have left the Group	1,626	2,511	2,266
Rate of employee turnover[44]	37.4%	61.1%	46.5%

In 2024, 1,699 people were hired at Group level. As at 31 December 2024, most of the people (79%) were employed with permanent contracts, confirming GVS's objective of promoting lasting, stable relationships with its workers. Similarly, the Group is committed to fostering a flexible working environment and, depending on the job description, employees can benefit

[44] Rate of employee turnover is calculated as follows: Total number of employees who have left the Group during the reporting year (HC) / Total number of employees at the end of the reporting period (HC)

from flexible working hours and part-time work, which to date has been adopted by 49 employees globally.

Breakdown of employees by type of contract and gender

2024				
Female	**Male**	**Other**	**Not disclosed**	**Total**
Number of employees (headcount)				
2,610	1,738	0	0	**4,348**
Number of permanent employees (headcount)				
2,038	1,408	0	0	**3,446**
Number of temporary employees (headcount)				
572	330	0	0	**902**
Number of non-guaranteed hours employees (headcount)				
0	0	0	0	**0**
Number of full-time employees (headcount)				
2,568	1,731	0	0	**4,299**
Number of part-time employees (headcount)				
42	7	0	0	**49**

2023				
Female	**Male**	**Other**	**Not disclosed**	**Total**
Number of employees (headcount)				
2,497	1,614	0	0	**4,111**
Number of permanent employees (headcount)				
2,300	1,510	0	0	**3,810**
Number of temporary employees (headcount)				
197	104	0	0	**301**
Number of non-guaranteed hours employees (headcount)				
0	0	0	0	**0**
Number of full-time employees (headcount)				
2,468	1,611	0	0	**4,079**
Number of part-time employees (headcount)				
29	3	0	0	**32**

2022				
Female	**Male**	**Other**	**Not disclosed**	**Total**
Number of employees (headcount)				
2,908	1,961	0	0	**4,869**
Number of permanent employees (headcount)				
2,641	1,924	0	0	**4,565**
Number of temporary employees (headcount)				
267	37	0	0	**304**
Number of non-guaranteed hours employees (headcount)				
0	0	0	0	**0**
Number of full-time employees (headcount)				
2,874	1,957	0	0	**4,831**
Number of part-time employees (headcount)				
34	4	0	0	**38**

Breakdown of employees by type of contract and geographical area

2024				
Italy	**Europe (excluding Italy)**	**Americas**	**Asia**	**Total**
Number of employees (headcount)				
800	709	2,207	632	**4,348**
Number of permanent employees (headcount)				
757	680	1,694	315	**3,446**
Number of temporary employees (headcount)				
43	29	513	317	**902**
Number of non-guaranteed hours employees (headcount)				
0	0	0	0	**0**
Number of full-time employees (headcount)				
771	702	2,195	631	**4,299**
Number of part-time employees (headcount)				
29	7	12	1	**49**

2023				
Italy	**Europe (excluding Italy)**	**Americas**	**Asia**	**Total**
Number of employees (headcount)				
786	867	1,831	627	**4,111**
Number of permanent employees (headcount)				
772	699	1,831	508	**3,810**
Number of temporary employees (headcount)				
14	168	0	119	**301**
Number of non-guaranteed hours employees (headcount)				
0	0	0	0	**0**
Number of full-time employees (headcount)				
769	866	1,819	625	**4,079**
Number of part-time employees (headcount)				
17	1	12	2	**32**

2022				
Italy	**Europe (excluding Italy)**	**Americas**	**Asia**	**Total**
Number of employees (headcount)				
819	867	2,428	755	**4,869**
Number of permanent employees (headcount)				
818	714	2,385	648	**4,565**
Number of temporary employees (headcount)				
1	153	43	107	**304**
Number of non-guaranteed hours employees (headcount)				
0	0	0	0	**0**
Number of full-time employees (headcount)				
789	865	2,424	753	**4,831**
Number of part-time employees (headcount)				
30	2	4	2	**38**

Characteristics of workers who are not employees in the undertaking's own workforce

[S1-7]

For its activities, GVS employs people through agencies (agency workers) or with trainee contracts. The use of agency workers is generally aimed at coping with production peaks, in line with operational needs. In order to market its products, the Group also uses commercial agents, but these do not work exclusively with GVS, as in most cases they are multi-firm agents (which is why the Group did not include them in the count of its non-employee workers). In fact, the data show that most workers are hired on permanent contracts, confirming the Group's commitment to stable and lasting employment relationships, although there is no formalised policy specifically on this topic. In the management of these recruitments, the Group strictly applies local labour regulations in all the countries where it operates, guaranteeing respect for the rights and protections of non-employee workers.

Main categories of workers who are not employees

Workers who are not employees (headcount)	2024	2023	2022
Agency workers	225	230	82
Interns	11	7	n.d.
Total	**236**	**237**	**82**

Diversity

[S1-9]

The Group's top management, i.e. employees reporting directly to the CEO (first line of reporting) and employees with managerial responsibility reporting to the CEO's first line (second line of reporting), is composed of a male majority (87%).

Breakdown of top management by gender

Top management by gender	2024	
	Number	%
Male	39	87%
Female	6	13%
Other	0	0%
Not declared	0	0%
Total	**45**	**100%**

In terms of the distribution of employees by age group, around half (51%) are between 30 and 50 years old, while people over 50 make up 20% of employees and those under 30 reach 29%.

Distribution of employees by age group

Age group	2024	2023	2022
<30 years	1,260	1,093	1,460
30-50 years	2,236	2,141	2,529
>50 years	852	877	880
Total	**4,348**	**4,111**	**4,869**

Collective bargaining coverage and social dialogue

[S1-8]

In accordance with local legislation, GVS applies the relevant collective agreements in the countries where it operates and regardless guarantees fair working conditions for workers. At a Group level, 77% of the workforce is covered by collective bargaining agreements and 100% of the employees of the companies operating in the European Economic Area (EEA), i.e. in Italy and Romania, are covered by employee representatives[45]. Where possible, GVS also offers better conditions than the legal requirements through company contracts or second-level supplementary agreements that offer better conditions than the national collective agreement or country standards.

In addition, in some of the Group companies, employees also have the opportunity to interface with their employer through employee representatives. Representation arrangements and coverage rates differ in response to local needs: in some places, representation covers the entire workforce, while in others it is limited to specific categories of employees. Furthermore, the Group is committed to ensuring channels of dialogue with its workers on specific topics. For example, in order to promote the health and safety of employees, the GVS Health and Safety Policy provides for the consultation and participation of employees and others working on behalf of the Group, as well as their representatives.

<u>Percentage of employees covered by collective agreements and employee representatives</u>

	Collective Bargaining Coverage		**Social dialogue**
Coverage Rate	Employees – EEA (For countries with >50 employees representing >10% total employees)	Employees – Non-EEA (Estimate for regions with >50 employees representing >10% total employees)	Workplace representation (EEA only) (for countries with >50 employees representing >10% total employees)
0-19%		Europe (excluding EEA countries)[46]	
20-39%		Asia	
40-59%			
60-79%			
80-100%	Italy, Romania	America	Italy, Romania

These safeguards and management methods are also important in preventing any tense situations, aiming to maintain a climate of positive relations with workers and reducing the likelihood of disruptions to company operations.

Group employees are guaranteed all statutory social protection provisions and where possible these are further extended through supplementary agreements.

[45] No European Works Council (EWC) was in 2024.
[46] The region "Europe (excluding EEA countries)" includes: United Kingdom, Turkey and Russia.

Adequate wages

[S1-10]

The Group ensures compliance with legal obligations regarding remuneration in all countries where it operates, ensuring that the minimum wages required by local legislation are always paid to its employees. For some geographic areas in which GVS operates, the adequate wage (which differs from the legal minimums in that it considers the level of remuneration that enables the needs of the worker and his or her family to be met in the light of economic and social conditions) is significantly higher than the legal minimums due to differences in the cost of living. In any case, the Group promotes fair working conditions for all employees; in fact, the inflation rate and purchasing power as well as market benchmarks are monitored annually in each country. This data is evaluated annually during the salary review process, which is carried out on an individual basis, proposing salary revisions where necessary. For the most critical figures, moreover, an above-market positioning is assessed and maintained to ensure a high retention rate (e.g. managerial levels with responsibility for projects that are important for the group's strategic results, or people who have core specialised and technical skills or who need several years of training to be developed).

Countries in which employees earn a wage below the benchmark

Country	% of employees earning a salary below the benchmark parameter[47]
Brazil	4%
China	1%
Mexico	24% (refer to comments below)
United States of America	5%
United Kingdom	41% (refer to comments below)
Argentina	0%
South Korea	0%
Japan	0%
India	0%
Italy	0%
Malaysia	0%
Puerto Rico	0%
Romania	0%
Russia	0%
Thailand	0%
Turkey	0%

In some countries, the wage received is, for some people only, lower than the adequate wage (but still higher than the statutory minimum wage). This phenomenon is linked to specific cases, where the salary is legally deducted for prolonged absences of workers and then compensated at government level (sick leave, maternity leave).

In some cases (e.g. the UK), the difference to the adjusted wage is also small, at around 0.025%.

[47] The data is calculated as follows: the number of employees as of 12/31/2024 earning less than the benchmark (as indicated in the "Calculation Methodology" section) / the total number of employees in the country as of 12/31/2024.

In other cases, on the other hand, the salary adjustment is made in the course of the year following notifications of adjustments to contractual minimums. As a result, the minimum wage is actually aligned with the adjusted wage parameter if the last month's salary is taken into account, whereas it is slightly lower if the total annual amount is taken into account, as the first months of the year meet the previous and thus lower standards.

Finally, in Mexico, where the percentage of employees deviating from the adjusted wage is higher, the gap between the statutory minimum wage and the adjusted wage is considerable. The definition of the salary is contractually agreed upon annually with the trade unions and remains within this range.

Work-life balance

[S1-4; S1-15; MDR-P; MDR-T]

GVS is actively committed to promoting the well-being of its workers, valuing the balance between professional and personal life. This commitment is realised through policies that focus on compliance with local regulations applicable in the countries where it operates, and that guarantee concrete tools to support parenthood. In particular, GVS provides for parental leave in accordance with the relevant local regulations and the policies of each Group company.

This commitment is also embodied in the targets the Group has adopted in its Sustainability Plan:

Work-life balance and parental support

Rif. ESRS	Commitment	Target[48]	Scope	Unit of measure	Base value (Base year)	Target value (Target year)	Progress
S1	Work-life balance and parental support	Extension of the Work-from-home Policy to 100% of Italian GVS Group companies	Italian companies	% companies covered by the policy	50% (2023)	100% (2024)	✓ Completed
		Extension of the Parental leave Policy to 100% of the U.S. GVS Group companies	Companies in USA	% companies in US covered by the policy	0% (2024)	100% (2025)	✓ Completed

In 2024, GVS extended its policy on remote working to all Italian companies to allow greater flexibility for its employees. The policy applies to all Italian employees who perform tasks compatible with this organisational mode and who have signed individual agreements to this effect with GVS.

Similarly, in the United States, the Group has implemented, effective 1 January 2025, a new parental leave policy to support parenthood that allows employees to take paid leave in the event of maternity, paternity or adoption, and offers more flexible solutions for employees to

[48] The targets have been voluntarily adopted by the Group and do not stem from legal obligations.

return to work, allowing for remote work or part-time hours, going beyond the minimum requirements for local regulations.

In addition, as a further example of the Group's initiative to support parenthood, the Italian companies (GVS S.p.A. and Haemotronic S.p.A.) have recently implemented the possibility, in cases of paternity, to take more paid leave than required by law.

In 2024, 134 men and 205 women took family leave. In order to facilitate a smooth transition back to work after parental leave, the Group is committed to providing the possibility of using residual leave, the possibility of returning on a temporary part-time basis and, where possible, a more extensive use of remote work than normal company policies. This approach aims to support, particularly in the first year of children's lives, a balanced reconciliation of work and family.

Family-related leave data

	2024		
	Male	Female	**Total**
Percentage of employees entitled to take family-related leave[49]	99%	99%	**99%**
Percentage of entitled employees that took family-related leave[50]	8%	8%	**8%**

In some cases, on the basis of local legislation, employees acquire the right to family leave after they have been with the company for a limited period.

Furthermore, within the framework of policies aimed at supporting parenthood and guaranteeing inclusion and gender equality, GVS S.p.A. extends the legal provisions on compulsory parental leave to actual homogeneous families, consolidating its commitment to a fair and inclusive working environment.

The Group also implements a set of initiatives aimed at maximising employee well-being and helping to maintain a high quality of life. Benefits that are normally provided to GVS Group employees include: life insurance, health care, disability and invalidity insurance coverage, pension contributions and annual leave, cars for mixed use and work tools, transportation at agreed rates or free transportation to and from work. These benefits are different in the different Group companies, depending on the country, local needs and the minimums already stipulated in collective agreements.

Notwithstanding the actions implemented in 2024, the Group intends to continue its path in promoting the well-being of its employees. As envisaged in the Sustainability Plan, a global employee satisfaction survey will be conducted by 2026 to define areas for improvement, and suitable initiatives to improve work-life balance and support for parents will be identified.

[49] Employees entitled to family-related leave are those covered by regulations, company policies, agreements, contracts, or collective labor agreements that provide the right to family leave. The indicator is calculated as follows: Number of employees as of 12/31/2024 entitled to family-related leave / Total number of employees as of 12/31/2024.
[50] The indicator is calculated as follows: Number of employees as of 12/31/2024 who took family-related leave in 2024 / Total number of employees as of 12/31/2024.

Incidents, complaints and human rights impacts

[S1-1; S1-17]

There is no business activity without respect for Human Rights, which is why this topic is considered a priority factor. The Group is committed to identifying, managing and preventing any risk of human rights violations in the conduct of its business, in line with the commitment laid out within the Code of Ethics.

During the year, an analysis was conducted on human rights, with a focus on the geographical context of Group companies. This analysis also considered potential risks related to forced labour and child labour practices in order to identify possible areas of concern and define appropriate measures. The process showed that, although there are countries that are more exposed to such risks, the Group did not detect a significant overall risk of rights violations also due to its internal policies and procedures on these topics.

As proof of GVS's commitment to this topic, no cases of human rights violations were recorded in 2024.

Furthermore, the Group is committed to managing the information of its employees in accordance with the regulations on the subject, in order to prevent possible violations of the privacy of the Group's people to which a risk for GVS is also related. To this end, it contributes the IT Policy adopted by GVS (applicable to all Group companies), which establishes guidelines for the management of IT tools, such as networks, services and computers in order to reduce the risk of cybercrime, data breaches and financial fraud.

As described in the previous sections, the Group is committed to promoting a working environment free of discrimination. In 2024, GVS received a report on the topic of discrimination through the dedicated channel and the Whistleblowing Team carried out the investigation activities as defined in the Whistleblowing Procedure (for more information on the whistleblowing channel, see 'Business conduct - Ethics and anti-corruption (G1)'.

Cases of discrimination	**2024**
Number of reports received for potential discrimination incidents	1
Of which number of confirmed reports	0
Total amount of fines for discrimination incidents	0

Training and skills development

[S1-4; S1-13; MDR-T]

The development of human capital is an indispensable element for the growth and development of the entire GVS Group. For this reason, specific targets have been defined in the 2024-2026 Sustainability Plan on this topic:

Skills development and performance evaluation

Rif. ESRS	Commitment	Target[51]	Scope	Unit of measure	Base value (Base year)	Target value (Target year)	Progress
S1	Extend the performance evaluation process	Ensure that at least 70% of the Group's indirect employees receive a structured feedback and performance evaluation process	Group	% indirect employees assessed	n.d.	70% (annual)	✓ Achieved in 2024

To ensure the adequate professional development of its employees, the Group is committed to promoting training courses based on training needs and an appropriate performance appraisal system. Lastly, with a view to promoting the empowerment of people and increasing the awareness level of the importance of their role in achieving the company's targets, individual and collective incentive systems are envisaged. The entire process is aimed at supporting the motivation and satisfaction of individuals in seeing their contribution valued in relation to the achievement of company targets.

Considerable attention is paid to both internal training and staff training and development, in order to better manage the risk of loss of skills that lack of adequate training might generate. The definition of the annual training programme is the result of the budget preparation activity, which takes into account the needs of new staff, changes in activities, reinstatements of personnel already on staff but temporarily absent, the introduction of new technologies or measurement and control instruments, new investments and training needs also assessed in accordance with the quality system, as well as the need for personal and/or managerial development.

Confirming the Group's growing sensitivity to the subject of managerial development, a specially constructed training course was launched in 2024, which will continue during the year 2025, aimed at a large group of managers of the parent company (GVS S.p.A.), in collaboration with an accredited managerial training company. The aim of the course is to invest in the all-round managerial skills of the participants, while continuing to spread the culture of training.

In addition, high-level training activities were financed and supported within the Group by offering some talents the opportunity to attend professional management development courses such as Executive MBA (in the parent company) and professional coaching (in one American company), as well as launching training courses to obtain 'Six Sigma Green Belt' certification for a group of employees among the various companies in the NAFTA region. The aim of these initiatives is to foster cultural and professional growth by providing the tools to improve technical skills and knowledge in the specific field.

[51] The targets have been voluntarily adopted by the Group and do not stem from legal obligations.

Where foreseen at local level, at the end of each training course, the employee is required to evaluate the efficiency of the institution where they took the course and of the lecturers who held the course and, a few months after the conclusion of the course, the employee is evaluated by the Area Manager by filling in a specific evaluation session certifying the acquisition of a new skill or the development of existing skills.

As part of the Sustainability Plan, the Group also planned to define and launch a management development plan for middle management (including training on Diversity, Equity and Inclusion) by 2026.

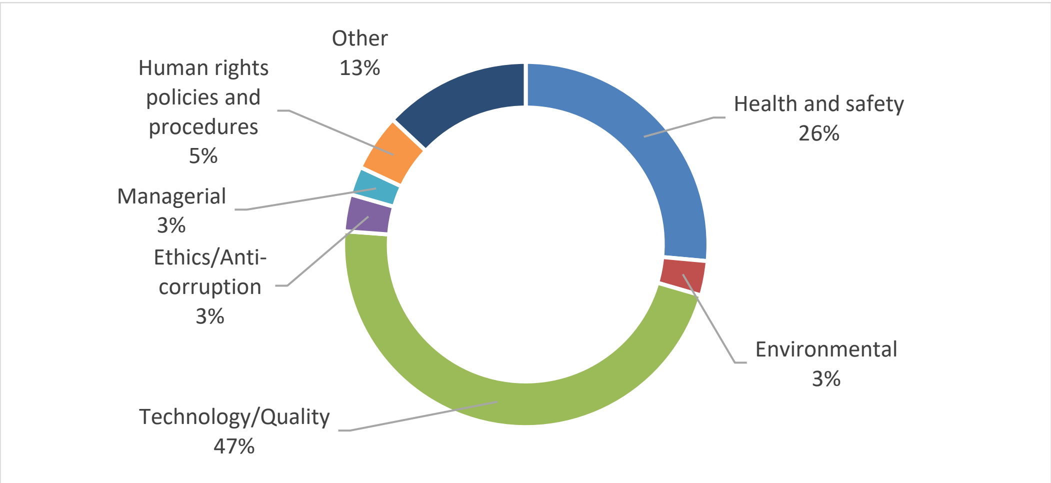
Training activities are carried out by the person directly in charge of the staff to be trained, who organises and defines the tutor to accompany the training user according to the time and organisational needs of the area in question.

More than 54,000 hours of training and development were provided in 2024, averaging 12.6 hours per capita. The reduction compared to 2023 is mainly attributable to the fact that in the previous year an intensive training programme was carried out in the Group's two Italian companies, which came to an end and was therefore not repeated in 2024.

Average hours of training by gender[52]

Gender	2024	2023	2022
Male	11.1	25.1	16.3
Female	13.6	28.3	19.6
Other	0.0	0.0	0.0
Not declared	0.0	0.0	0.0
Total	**12.6**	**27.0**	**18.3**

Training hours by topic



[52] The counting of training hours only includes hours provided through courses held in-house or by external companies and the administration of training documents; training hours are therefore excluded from the count. Average training hours are calculated as follows: total number of training hours provided during the year by gender / number of employees at the end of the reporting period (HC) by gender.

In addition, a project was launched in 2024 to raise employee awareness of sustainability topics in line with the Sustainability Plan. During the year, the first newsletters were sent out to employees on these topics; the project will resume in 2025. Since 2017, a performance appraisal system has been in place through the use of the IT platform, designed to connect employees and department managers and provide information on the progress of the targets set at the beginning of the year; thanks to this software, it is possible to monitor the results of indirect employees, guaranteeing transparency on the progress achieved and providing an objective and shared basis for the allocation of any annual bonuses, ensuring that everyone receives feedback on their work. In fact, GVS's success also depends on its employees' ability to fulfil their individual goals and thus contribute to the achievement of the company's goals.

Effective two-way communication is essential to ensure cooperation between the various levels of the Group. For this reason, the system, in addition to allowing users to upload set targets, subject to the approval of the reference manager, requires a quarterly self-assessment of the results achieved and a meeting to verify and validate the same with the employee's manager. To date, the platform is used by all Group companies for indirect employees classified as general and industrial.

As far as direct employees are concerned, the procedures differ between the different Group companies and different performance appraisal methods apply depending on the role and task, mainly related to the achievement of production and/or individual targets.

In 2024, 32.8%[53] of the total number of Group employees received a performance appraisal. Considering only the category of indirect employees (general and industrial managerial[54]), the percentage of evaluated employees is 70.4%, in line with the target defined in the Sustainability Plan.

Health and safety

[S1-1; S1-4; S1-14; MDR-P; MDR-T]

The commitments made by GVS in its Code of Ethics to protecting and promoting the health and safety of workers in the workplace are one of the Group's most important challenges. To confirm this commitment, in 2024, GVS updated its Health and Safety Policy to ensure alignment with corporate priorities and best available practices. The document sets out the Group's commitments, including:

Find out more in our Health and Safety Policy

- to eliminate hazards and reduce risks to health and safety at work;
- to create and maintain an adequate, safe and healthy working environment and ensure appropriate solutions for the well-being of workers;
- to ensure proper maintenance of plant and equipment;

[53] The rate was calculated as follows: number of employees who received at least one evaluation in the year/ average number of employees (HC). By calculating the indicator based on the number of employees at the end of the period (HC), the percentage is 31.9%.

[54] The category includes general indirect employees, i.e. those who do not carry out activities related to production areas, and industrial managerial indirect employees, i.e. those who have a specific specialised technical role involving the management of other people and/or coordination and senior engineering tasks.

- to provide instructions for the safe use, handling, storage and transport of articles and substances;
- to analyse all work activities and, through risk assessment and implementation of control measures, enabling safe systems of work;
- to inform, train, instruct and supervise their employees to maintain a safe and healthy working environment;
- to involve suppliers of goods and services in the common goal of improving the health and safety of operators; and
- to promote continuous process improvement to monitor all systems and procedures.

For the type of activity carried out, depending on the specifics of each production site, the risks to people may be of a different nature and consequently also the Group's compliance risks. The responsibility for the implementation and communication of the principles set out in the Policy lies primarily with the CEO or his designated representative, and the task is also extended to all GVS Group companies whose aim is to implement it locally.

This is why, in the area of security, the Group favours dialogue and listening to its employees, also valuing their input to identify the priorities on which to focus. There are processes, which may differ between the different Group companies according to organisational and regulatory specificities, to collect reports and monitor their management over time. By way of example, in the Italian companies (GVS S.p.A. and Haemotronic S.p.A.) as well as in all production plants, including those abroad, where a similar body is envisaged, the Company periodically holds meetings with the Workers' Safety Representative (RLS), whose aim is to represent workers on health and safety aspects during work, to collect any observations that could lead to possible improvements. In addition, the Group is working to make the processes that allow workers directly to make, according to pre-established channels, reports on possible events or situations ("near misses") for which it might be appropriate for the Company to look into more closely.

In order to strengthen its management methods and to ensure compliance with the targets included in its Policy, the Group has set the objective of increasing the number of companies with a certified health and safety management system (ISO 45001) and of carrying out internal assessments on the compliance of establishments with criteria defined at Group level.

Health and safety

Rif. ESRS	Commitment	Target[55]	Scope	Unit of measure	Base value (Base year)	Target value (Target year)	Progress
S1	Extend the health and safety management system certifications (ISO 45001)	Implementation of certified Health and Safety management systems (ISO 45001) in 7 additional manufacturing	Group	Nr. of additional company certified ISO 45001	0 (2023)	7 (2026)	✓ 14% (1 company obtained the certification in 2024)

[55] The targets have been voluntarily adopted by the Group and do not stem from legal obligations.

		companies of the Group					
	Perform internal assessments on health and safety	Carry out an internal assessment of compliance with Group-defined Health and Safety criteria on 100% of manufacturing Companies	Group	% manufacturing companies assessed	0% (2023)	100% (2026)	✓ 50% of manufacturing plants have been assessed

In 2024, one Group plant obtained ISO 45001 certification for its health and safety management system. This result represents the first step towards achieving the target set for 2026. This brings the number of workers covered by health and safety management systems certified according to UNI ISO 45001 to 2,636, or 58% of the total number of workers (with reference to Group employees alone, the total amounts to 2,504 or 58% of the total). Below is a summary of the certifications held by GVS companies:

		ISO 45001
Italy	GVS SpA - 3 manufacturing sites	✓
Mexico	Haemotronic de Mexico	✓
United Kingdom	GVS Filter Technology UK	✓
Romania	GVS Microfiltrazione	✓
China	GVS Technology Suzhou	✓

Even non-ISO certified sites have systems in place to analyse, prevent and manage workplace accidents and to meet the requirements of local health and safety regulations.

For an up-to-date list of the Group's certifications and awards, refer to the "Quality and Certifications" section of the website www.gvs.com.

In addition to this, the Group implements various procedures to ensure that employees work in a safe workplace and which pay attention to ensuring that adequate training and information is provided, based on the activities performed by the person and the risks identified. Confirming the commitment to training, more than 14,500 hours of health and safety training were delivered at the various Group companies in 2024.

As per the objective of the Sustainability Plan, internal inspections are also carried out to assess the suitability of the management of occupational health and safety against criteria defined by the Group and to identify possible improvement actions. To date, these assessments have covered 50% of the Group's production plants. By 2026, this project will be extended to 100% of production companies, with the aim of promoting the continuous improvement of health and safety management for all workers employed in production activities.

In addition, each Group company has implemented actions to reduce the incidence of accidents in its plants. The actions differed according to the processes implemented and the needs of each site.

All actions implemented by the Group have as their ultimate goal the prevention and relative reduction of the incidence of accidents among employees and contractors. This goal was included in the 2024-2026 Sustainability Plan and is also present in the 2024 Short-Term Variable Incentive Plan. To further promote the culture of health and safety, the Group has decided to set a target for 2025 on the same indicator in order to maintain the strong focus on the subject and continue with the programmes it has started.

Health and safety

Rif. ESRS	Commitment	Target[56]	Scope	Unit of measure	Base value (Base year)	Target value (Target year)	Progress
S1	Improve the work-related injury rate	Enhance workplace safety by achieving a 9.6% reduction in work-related injury rate compared to 2023	Group	Nr. injuries / Hours worked x 1.000.000	5.74 (2023)	4.47 (2024)	✓ Achieved (23% reduction achieved)
		Enhance workplace safety by achieving a 6% reduction in work-related injury rate compared to three-year average	Group (extended scope including new acquisitions in 2024)	Nr. injuries / Hours worked x 1.000.000	4.9[57] (2023)	4.6 (2024)	~Ongoing

During the year, there were no fatalities as a result to work-related accidents at Group sites and no fatalities due to ill health of employees or agency workers. The number of work-related injuries recorded was 41 (with an injury rate of 0.89 per 200,000 hours worked[58]). As a result, the target of reducing the injury rate below the threshold of 1.04, set for 2024 according to the previous calculation methodology, was achieved. Below is the injury rate according to the methodology described above (based on 200,000 hours) and according to the requirements of the ESRS standard (based on 1,000,000 hours):

	Variation 2024 vs. 2023	2024	2023	2022
Rate of work-related injuries (calculated considering 200,000 hours)	-23%	0.89	1.15	0.78

[56] The targets have been voluntarily adopted by the Group and do not stem from legal obligations.
[57] The three-year average has been recalculated considering the impact of the newly acquired companies on the Group's injury rate based on the available data.
[58] Indicator calculated as follows: (Number of work-related injuries / Hours worked) x 200,000

Rate of work-related injuries (calculated considering 1,000,000 hours)	-23%	4.47	5.74	3.90

The 2025 work-related injury rate target is linked to the Short-Term Variable Incentive Plan, as indicated in the section 'Remuneration and Sustainability Targets'.

Employee injury data

	2024
Number of fatalities	0
Number of work-related injuries[59]	35
Rate of work-related injuries	4.16
Number of days lost	733

Injury data for agency workers (non-employees)

	2024
Number of fatalities	0
Number of work-related injuries	6
Rate of work-related injuries	7.87
Number of days lost	123

Injury data for employees and agency workers (non-employees)

	2024
Number of fatalities	0
Number of work-related injuries	41
Rate of work-related injuries	4.47
Number of days lost	856

Cases of ill health of employees and former employees

	2024
Recordable work-related ill health of employees	1
Number of days lost as a result of recordable work-related ill health of employees	0
Recordable work-related ill health of former employees	5

During 2024, the Group recorded 1 case of ill health of an employee and received 5 reports of cases of ill health from 5 former employees (from the discontinued production site in Puerto Rico).

In case of injuries, company procedures include an analysis of the causes and the evaluation of possible corrective actions (e.g., process updates, upgrades to safety equipment) to mitigate the risk of similar incidents occurring in the future. Continuous monitoring of injury indicators allows

[59] Rate is calculated as follows: (Number of recordable work-related injuries / Hours worked) x 1.000.000

the company to assess the effectiveness of the measures implemented and, if necessary, consider additional actions.

Remuneration (pay gap and total remuneration)

[S1-16; MDR-T]

GVS is committed to valuing and promoting diversity, equity and inclusion in all its activities. Indeed, the 2024-2026 Sustainability Plan includes several actions and a priority target dedicated to promoting pay and gender equity, aiming to ensure a fair and respectful working environment for each employee in which equal opportunities are guaranteed from the selection and recruitment stage, and throughout the employee's entire working life.

Diversity, Equity and Inclusion

Rif. ESRS	Commitment	Target[60]	Scope	Unit of measure	Base value (Base year)	Target value (Target year)	Progress
S1	Ensure equal pay for equivalent work irrespective of gender	Ensure equal pay for equivalent work irrespective of gender	Group	Gender pay gap[61]	n.d. (2024)	+/- 5%[62] (2026)	✓ Currently under analysis

To achieve the target, the Group has committed to conducting a pay gap analysis by gender and role in 2025, to identify any further areas for improvement.

In the course of 2024, the existing Group policies and those under development were evaluated, and where possible, implemented to encompass GVS's commitments on Diversity, Equity, and Inclusion. For example, the Succession Policy was updated to reinforce the Group's commitment to promoting a work environment where career paths and compensation are based on merit, ensuring and safeguarding equal opportunities. The targets presented are not limited to the work carried out over the past year; in fact, the Group will continue these activities in the future with the aim of increasingly integrating its commitments on this issue into its policies.

Gender pay gap by employees category

Employee category	Gender pay gap[63]
Direct	22%
Indirect	29%
Top Management	30%
Total	**49%**

[60] The targets have been voluntarily adopted by the Group and do not stem from legal obligations.
[61] Gender pay gap is calculated as follows: (Average gross pay level of male employees - Average gross pay level of female employees) / Average gross pay level of male employees *100 for equal work.
[62] By company, country and equivalent work.
[63] Gender pay gap is calculated as follows: (Average gross pay level of male employees - Average gross pay level of female employees) / Average gross pay level of male employees *100

The pay gap is mainly attributable to role differences within the Group and not to substantial pay differences for the same role.

For this reason, the Group has set itself the goal of conducting an in-depth analysis of the gender pay gap by 2025, also detailed by role, in order to identify possible areas for improvement.

In any case, GVS constantly pursues its commitment in the Sustainability Plan and annually monitors the remuneration-related indicators to ensure that equal pay is provided for equal work.

In addition, the ratio of the highest paid individual's annual total remuneration to the median annual total remuneration of all employees was equal to 143.5[64] in 2024. The ratio is influenced by the Group's geographical presence in various countries, including emerging countries, with remunerations that are higher than legal standards and adequate wages, but still much lower than salaries in more industrialised countries with a higher cost of living.

Calculation methodology

Characteristics of the company's employees

Workforce data (both employees and non-employees) were reported as headcount (HC) and refer to the number of persons at the end of the reporting period (31/12) of each reporting year, unless otherwise specified.

Information on the number of employees is presented as well in the section 'Consolidated Financial Statements as at 31 December 2024' of the 'Annual Financial Report'. This indicator is calculated as the average number of employees for each reporting period and therefore differs from the data reported in this section, which are based on the headcount at the end of the period.

With regard to the definition of employees with a permanent contract, this category includes employment contracts that do not indicate an end date.

With regards to the breakdown of employees by gender, the Group's systems to date only record the breakdown between 'male' and 'female', so the data reported in the chapter reflect the information tracked by the individual local companies.

Health and safety

The number of work-related injuries and ill health, for employees and non-employees, includes all those incidents that have resulted in one or more of the following consequences:

- the death of the person involved;
- days of absence from work;
- a work restriction or transfer to a different job;
- medical treatment beyond first aid;
- loss of consciousness; or

[64] The ratio is calculated as follows: Total annual remuneration of the highest paid individual in the company / Median of the total annual remuneration of employees (excluding the highest paid individual)

- significant injuries diagnosed by a physician or other authorised health professional.

Commuting accidents are only counted if the accident occurred while the person was performing work activities.

The calculation of lost working days includes the first and last full day of absence considering calendar days.

In limited cases, for employees for whom the data was not available in the system, workable hours were used instead of hours worked.

The accident rate is reported in two different ways in order to provide a representation of the data consistent with both the ESRS reporting standards and the STI target previously communicated by the Group:

- the first, consistent with the injury rate reduction target set for 2024, is calculated as follows: (Number of work-related injuries / Hours worked) x 200,000
- the second, aligned with the ESRS standard, is calculated as follows: (Number of work-related injuries / Hours worked) x 1,000,000

Remuneration (pay gap and total remuneration)

The definition applied for top management included employees reporting directly to the CEO (first line of reporting) and employees in managerial positions reporting to the first line of the CEO (second line of reporting).

In order to calculate the indicators for the gender pay gap and the total annual rate of remuneration, employees in force on 31 December 2024 were taken into account. The following components were included in the remuneration:

- fixed components (base salary of employees); and
- variable components (remuneration for overtime, bonuses, benefits, paid leave, etc.).

To calculate the variable components, the cash accounting principle was used, so only what was paid during the year is included in the 2024 calculation.

The values were converted into euros using the average exchange rate of each currency for 2024 in line with the rates reported in the section "Summary of the accounting standards adopted" of the Consolidated Financial Statements as at 31 December 2024.

Where necessary, the hours worked paid to the employee were used to calculate the average wages, thus including (in addition to regular hours) overtime and paid leave. For the calculation of the annual total remuneration rate, the remuneration of employees with part-time contracts and those hired during the year was normalised to make it equivalent to that of an employee with a full-time contract from 01/01/2024 to 31/12/2024.

As expressed in the dedicated section, the calculation of the gender pay gap was carried out using the following formula: (Average gross pay level of male employees - Average gross pay level of female employees) / Average gross pay level of male employees x 100. The following formula was used to calculate the annual total remuneration ratio: Total annual remuneration of the highest paid individual in the Group / Median of the total annual remuneration of employees (excluding the highest paid individual).

Adequate wages

The calculation of the number of employees not receiving an adequate wage was carried out by comparing, for each Group company, the base salary (and any fixed payment guaranteed to all employees) with publicly available indicators of the adequate wage specific to the region in which each company operates. The adequate wage is defined as the wage that enables the needs of the worker and his or her family to be met in the light of national economic and social conditions. The percentage of employees who do not receive an adequate salary was calculated as: number of employees in the country in force at 31/12/2024 who receive less than the benchmark / total number of employees in the country in force at 31/12/2024.

Impacts, risks and opportunities

[S2 SBM-2; S2 SBM-3; S2-2]

The value chain of the sectors in which GVS operates through the sale of the products of its three divisions, has a global scale and involves a large number of workers considering the workforce of those who have a direct and indirect business relationship with the Group, i.e. considering tier 1 suppliers and beyond (i.e. suppliers of suppliers). These workers perform activities necessary to extract and produce the materials essential for the production of GVS products that are ultimately intended for various uses, including the delivery of patient care (healthcare & life sciences division), the protection of workers' safety operating in critical environments (health and safety division) and the safety of vehicles (energy & mobility division).

In the overall analysis of the Group's value chain[65], the (upstream) supply chain emerges as the area that could present the greatest challenges in relation to the conditions of the workers involved. This is related to the multifaceted nature of the supply network, composed of numerous players operating on a global scale and in diverse sectors, and, for this reason, the Group aims to promote ethical and sustainable practices in its supply chain as detailed in the following sections.

Material Impacts, Risks and Opportunities (IRO) and related policies

Rif. ESRS	Sub-topics	Type	Location in the value chain	Code of Ethics	Supplier Code of Conduct	Sustainability plan commitments
S2	Working conditions (Working time; freedom of association; collective bargaining; health and safety)	Impact	• Upstream	✓	✓	✓
	Other work-related rights (Forced labour; Child Labour)	Impact	• Upstream	✓	✓	✓

Specifically, the sourcing of raw materials, products and services involves different geographic areas and sectors where risks for the protection of workers may exist, particularly when activities

[65] The Group does not make significant use of third-party workers at its sites (e.g. subcontractors) and the main categories of non-employee workers (contract workers) who work at GVS sites are already included in the 'own workers' section. Furthermore, the Group is currently not involved in joint ventures.

are carried out in contexts with less advanced labour and human rights regulations[66]. Such circumstances could expose workers to less favourable conditions or less structured management of their rights. In addition, the extraction and production processes of the purchased materials and the related raw materials needed to produce them (in particular, extraction of metals and fossil fuels, production of plastic granules, solvents and other substances), present characteristics that require special attention, especially with regard to health and safety, given the very nature of the underlying processes, in order to prevent possible risks of accidents to workers. Through its supplier selection and evaluation activities, the Group has not identified any actual cases of impact on workers in its supply chain. However, considering the wide geographical coverage and the diversification of business sectors covered by the supply chain (especially beyond tier 1), GVS has chosen to take a precautionary approach to its assessments, which will be progressively updated following the implementation of the projects described below.

Policies

[S2-1; S2-3; MDR-P]

In order to address and prevent potentially negative conditions for workers in the supply chain, the Group has defined expectations of its suppliers in its Code of Ethics and Supplier Code of Conduct.

The first, approved by the Board of Directors, contains ethical principles that all employees and suppliers must respect, including the value of human resources, respect for human rights and occupational health and safety[67].

The Supplier Code of Conduct, updated in December 2024[68] and approved by the CEO, defines all the Group's expectations regarding the responsible conduct of its suppliers and is addressed to all companies supplying goods and services to GVS. The structure and elements of the Code, reported below, are aligned with the United Nations Guiding Principles on Business and Human Rights.

In addition, the Group requires that the same principles included in the Code are communicated to and adhered to by suppliers' subcontractors and suppliers with the aim of promoting responsible practices at all levels of the supply chain, in line with the recommendations included in the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights. The Code also envisages the possibility for GVS to carry out checks on the compliance of Suppliers with the Code. In the event of non-conformities on the part of the Supplier, GVS reserves the right to demand the correction of violations, suspend purchases, refuse to deliver orders and return goods until the non-conformities have been

[66] The list of the countries considered to be at greatest risk of human rights violations was based on the analysis of the following two indices: i) Global Slavery Index Report 2023, published by Walk Free, which assesses the level of risk of modern slavery globally; ii) Labour/Human Rights Indicator, included in the WWF Biodiversity Risk Filter, which provides an assessment of regional differences in human and labour rights and is constructed as an average of two parameters: The Ratified International Human Rights Instruments, which reflect the degree to which countries adhere to international human rights instruments and labour rights violations, and the International Trade Union Congress (ITUC) Global Rights Index, which measures labour rights violations recorded per country and thus the relative protection of trade union and labour rights globally. Based on the analysis of the countries in which the Group's main direct suppliers are based, China, India, Malaysia, Taiwan, Thailand and Turkey were identified as higher risk because they fall in the 'medium-high' or 'high' risk range in at least one of the two indices analysed.

[67] For further details, refer to the section Business conduct - Ethics and anti-corruption (G1)'

[68] The Code was published on the company website in February 2025.

corrected, up to and including the suspension of its business relationship with the Suppliers.

With regard to the specific topic of workers, GVS requires, as a minimum, that its suppliers respect local laws and internationally recognised human rights, understood as those defined in the International Charter of Human Rights and the principles related to fundamental rights included in the Declaration on Fundamental Principles and Rights at Work of the International Labour Organisation (ILO). In addition to this commitment, the Group requires the following commitments from suppliers:

ESRS ref.	**The pillars of our Supplier Code of Conduct on Labour and Human Rights**	
S2 Workers in the value chain	Child labour	Prohibition of child labour defined in accordance with International Labour Organisation (ILO) standards. Suppliers must not employ workers below the minimum legal age, which is set at 15 years or a higher age as determined by national law. If the minimum age is linked to the completion of compulsory education, the higher age applies. It is forbidden to employ minors under the age of 18 in hazardous work that may endanger their health, safety or moral development. Suppliers must comply with ILO Conventions No. 138 and No. 182 and implement systems to verify the age of workers, ensuring compliance with legal and ethical standards.
	Forced labour and modern slavery	Suppliers must not resort to, nor support, the use of forced or compulsory labour, modern slavery, illegal work, human trafficking and bonded labor. Workers must have the freedom to leave or terminate their employment and must not be forced to surrender any personal identification documents as a condition of employment.
	Freedom of association and collective bargaining	Suppliers are required to guarantee freedom of association and the right to collective bargaining, including encouraging social dialogue.
	Respect and dignity	Suppliers must ensure that their employees are free from any form of harsh or inhuman treatment, such as sexual harassment, sexual abuse, corporal punishment, mental or physical coercion and verbal abuse.
	Employment contract, wages and benefits	Suppliers must provide written contracts that clearly specify working conditions, where required by law, and wages must comply with local laws. Where possible, GVS encourages suppliers to ensure stable employment and adequate wages that exceed minimum legal requirements and meet the needs of workers and their families, taking into account national economic and social conditions.
	Working hours, overtime and family leave	Working hours and overtime must comply with applicable laws and international standards. In addition, employees are entitled to sick, family and holiday leave in accordance with applicable regulations.
	Non-discrimination and equal opportunities	Suppliers must support diversity and employment equity, prevent any form of discrimination and ensure equal opportunities for all and an inclusive, non-discriminatory work environment where employees' skills and diversity can be valued. GVS expects suppliers to offer equal opportunities and compensation without any discrimination and is committed to maintaining a workforce free of unlawful discrimination and harassment.

	Training and development	Suppliers are encouraged to invest in workers by offering training, skills enhancement and growth opportunities.
	Recruitment fees	Workers shall not be required to pay employers' or agents' recruitment fees or other related fees for their employment.
	Health and safety	Suppliers must comply with all applicable local health and safety laws and regulations, ensuring a safe and healthy working environment to prevent occupational injuries and illnesses. GVS promotes the adoption of certified health and safety management systems to ensure a system of continuous improvement on these topics. Suppliers must take measures to analyse and prevent risks, train employees on safety and provide adequate protective equipment. Accommodation, when provided, must also be safe and healthy.

Find out more in our Supplier Code of Conduct

The Group has also set up a specific channel to collect any reports (referred to as "Whistleblowing") concerning violations or suspected violations of the Code of Ethics and all company policies and procedures, including the Supplier Code of Conduct[69]. For more information, refer to the chapter 'Business conduct - Ethics and anti-corruption (G1)'.

In 2024, the Group received no reports of labour rights violations occurring within its supply chain.

Targets and actions

[S2-4; S2-5; MDR-T; MDR-A]

In order to strengthen the effectiveness of the existing policies and to better structure the dialogue with its suppliers in the area of sustainability, the Group has defined commitments and targets in its Sustainability Plan[70]. Specifically, the commitment is to promote ethical and sustainable practices in the GVS supply chain by launching a new global programme to actively engage suppliers on sustainability topics, with the aim of fostering transparency and continuous improvement throughout the supply chain.

GVS's 2024-2026 Sustainability Plan therefore contains the goal of engaging 50% of the main direct suppliers (in terms of spending) on sustainability topics, through a continuous evaluation and improvement programme by 2026 (activity initiated).

In the context of the Group's commitment to responsible and sustainable supply chain management, GVS carried out several actions in 2024, including updating its Supplier Code of Conduct by going into greater detail and broadening the expectations towards its suppliers on labour and human rights topics, as reported in the previous section.

69 The process and procedures are defined in the Whistleblowing Policy available on www.gvs.com. Also refer to the section 'Business conduct - Ethics and anti-corruption (G1)' for more details.
70 For a description of the process of establishing the Sustainability Plan and its monitoring, refer to the section 'Sustainability Plan'.

In addition, GVS developed and implemented a new sustainability supplier assessment questionnaire. The tool includes specific sections aimed at assessing the policies, targets, risks and actions implemented by suppliers on the topics of labour management, human rights and health and safety and their supply chain. The next step, which will be carried out during 2025, is to define possible improvement actions together with the suppliers on the basis of the results of the assessment to prevent the occurrence of negative impacts in the supply chain and/or to envisage possible mitigation or remedial actions by the suppliers should situations arise that make this necessary. In the pilot project carried out in 2024, no mitigation or remedial actions were required from suppliers in the area of workers and human rights. To complete the programme, the Group may also define further procedures for monitoring and evaluating the system put in place.

For more information on supplier management and the targets of the Sustainability Plan, refer to the section 'Business conduct - Responsible Supply Chain Management (G1)'.

Finally, as part of the activities described above, the Group involved its suppliers through questionnaires, collection of documentary evidence and remote meetings. No further activities were carried out to interact directly with supply chain workers or their direct representatives.

Consumers and end-users (S4)

Protecting people is central to every solution we create. We focus on developing technologies that elevate product quality for ultimate safety and simultaneously we strive to enhance the environmental performance of our solutions through circularity and ecodesign..

Impacts, risks and opportunities

[S4 SBM-2; S4 SBM-3]

GVS's mission is to provide high levels of quality, offering its customers products that are safe and protect the health and safety of those who use them. Protecting the health and safety of end-users is a crucial topic for GVS and is an essential part of its strategy, given the very nature of the applications of its products.

The products manufactured by GVS vary significantly across the different divisions, and the consumers and/or end-users to whom they are addressed also differ. Most of the Group's sales take place in a Business to Business (B2B) environment, so the stakeholders are mostly other companies that use GVS products as components of their finished products.

The categories of customers and end-users by division are summarised below:

- **Healthcare & Life Sciences:** almost all the products in this division are sold to distributors or companies that manufacture the final medical device. The products then reach the hospitals and clinics where they are used. The actual use of the products is then carried out by staff in these centres.
- **Health & Safety:** products from this division are sold by GVS through distributors and then distributed in specialised shops or sold to other companies. The products are then used by specialised workers or private individuals.
- **Energy & Mobility:** GVS only residually sells products to OEMs, the majority being sold to OEM suppliers. In any case, the products are then installed on the vehicles and the use of the product takes place by the vehicle users.

The Group's products, while spanning different areas, share a common goal and generate a common positive impact: the protection of people's health. Every solution, from healthcare devices to personal protective equipment, is designed to guarantee high safety standards, offering not only innovative features tailored to the specific field of use but also added value that prioritizes users' health..

In addition, given the use of the products in critical applications, there are topics that, if not handled properly, could cause negative consequences for people and/or pose risks to the Group. Specifically, any significant defects or anomalies in the products and/or incorrect information on the characteristics of the products and their use could potentially create a health risk for patients and the Group.

The use of GVS products is not inherently related to negative effects on people's health, as they are intended to provide care to patients, protect workers in critical environments, or contribute to the proper functioning of vehicles; negative impacts on users' health could only occur in the event of defects or anomalies in the products. For the Group, guaranteeing the highest level of quality therefore means protecting the health of the people who use the products or receive treatments with GVS products, aiming to minimise the risk of defects and anomalies that could endanger the health of patients and users[71].

Policies

[S4-1, S4-2, S4-3; MDR-P]

To ensure comprehensive and appropriate management of the topic, the Group has established a structured quality management system geared to meet the specific requirements of the various product families manufactured. A key role in this system is played by the Quality Policy adopted in 2024 and applicable to all Group companies[72]. In addition, all GVS production facilities have a certified quality management system according to at least one of the following standards:

- 9001 ISO
- 13485 ISO
- 16949 IATF

Material Impacts, Risks and Opportunities (IRO) and related policies and commitments

Rif. ESRS	Sub-topics	Type	Location in the value chain	Quality Policy	Quality management systems	Sustainability plan commitments
S4	Information for consumers and end-users (Access to quality information)	Impact	• Own operations	✓	✓	✓
		Risk	• Own operations			
	Personal safety of consumers and/or end-users (Health and safety)	Impact	• Own operations	✓	✓	✓
		Risk	• Own operations			

Find out more in our Quality Policy

With regard to quality management systems, the certifications obtained by the Group's production companies are summarised below.

[71] No categories of end users with specific characteristics that could be exposed to higher risks have been identified.
[72] The responsibility for implementing and communicating the principles articulated in this Policy lies with the Chief Executive Officer or his designated representative. This duty is then cascaded to all GVS Group companies.

		IATF 16949	ISO 13485	ISO 9001
Italy	GVS SpA - 2 manufacturing sites in Bologna	✓	✓	✓
	GVS SpA – manufacturing site in Avellino	✓		✓
	Haemotronic SpA		✓	
Mexico	GVS de Mexico	✓	✓	✓
	Haemotronic de Mexico		✓	
United Kingdom	GVS Filter Technology UK		✓	✓
Romania	GVS Microfiltrazione	✓	✓	✓
United States of America	GVS Filtration – manufacturing site of Bloomer	✓		✓
	GVS Filtration – manufacturing site of Findlay	✓	✓	✓
	GVS North America – 2 manufacturing sites	✓	✓	✓
	GVS Puerto Rico		✓	
	RPB Safety			✓
Brasil	GVS do Brasil	✓		✓
China	GVS Technology Suzhou	✓	✓	✓
	Shanghai Transfusion Technology		✓	✓
	Suzhou Laishi Transfusion Equipment		✓	✓

For an up-to-date list of the Group's certifications and awards, refer to the 'Quality and Certifications' section of the website www.gvs.com.

With regard to the GVS quality system, the main distinguishing elements are:

- a manufacturing information system that incorporates quality elements, combining product traceability and evidence of controls within the system;
- a strong customer orientation in the timeliness of interactions on quality topics: the Group sets itself the ambitious target of responding to customer complaints within 48 hours and closing any reports received within 15 working days;
- constant sharing of quality information between the different Group companies and between them and the headquarters, in order to share good practices and areas for improvement.

In addition, in order to enable the continuous monitoring of the company's performance in terms of quality, Group companies are required to produce a monthly Management Report that includes the main Key Performance Indicators (KPIs) used internally to measure the quality levels achieved. This document serves to inform management about the company's performance on this topic and to direct possible actions. Based on the findings of the report, any opportunities for improvement of the quality management system, potential new targets on business process indicators, the need for resources and training and the company's continuous improvement plan are identified.

With respect to the information accompanying GVS products, in general, GVS products contain or may be accompanied by essential information on at least one of the following categories:

- information provided with or on products:
    - labels containing various types of information, including for example the batch number, product identification code and expiry date, and some mandatory symbols on product characteristics (e.g., sterile, latex-free, etc.)

- use, i.e., instructions for use and warnings on how to use the products
- additional supporting documentation (provided on request):
    - technical documentation and product data sheets
    - information on raw materials used and other regulatory information (REACH[73], RoHS[74], Conflict Mineral, etc.).

As described above, the Group interfaces primarily with customers and not with end-users, so engagement activities on product quality topics, including any non-conformities, are mainly aimed at corporate customers and involve different channels and methods depending on the Group company. Specifically, for all business divisions, the characteristics of the products that determine their quality are defined together with the customer and concern various parameters, including the materials used and quality controls. In addition, the Group's companies may periodically provide their customers with satisfaction questionnaires in order to assess overall performance.

To ensure that the users of the products are also adequately informed, they are supplied with instructions on how to use them in order to inform customers of the potential risks that could arise from incorrect use. In addition, in the event of non-conformities or problems in use, GVS customer service contact details are provided with the product.

If, despite the safeguards put in place by the Group, non-compliance of products with client or regulatory requirements occur, GVS has established specific internal procedures. In general, the Group is committed to managing cases of non-compliance with a strong customer-oriented approach, aiming to respond promptly to the reports received. GVS in fact aims to respond to complaints within 48 hours and to close them within 15 working days. Once a notification of non-compliance has been received, depending on the seriousness of the non-compliance and the product category, GVS proceeds to establish, along with the client, the most effective way to isolate products that may fall within the scope of the non-compliance, up to and including recalling the defective products for reprocessing or disposal in the most important cases. Following the detection of a non-compliance, the system in place aims to identify and eliminate the root cause through corrective actions.

Once the corrective action has been implemented, its effectiveness is verified by the quality department and if it is effective, it is extended to similar processes.

GVS's quality system is set up to detect and correct any non-compliances as described above, but also in the direction of continuous prevention of potential non-conformities. In fact, preventive action is carried out precisely to eliminate potential causes of non-compliance.

[73] Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH): Regulation (EC) 1907/2006 of the European Parliament and of the Council of 18 December 2006 concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals.

[74] Restriction of Hazardous Substances in Electrical and Electronic Equipment (RoHS): Directive 2011/65/EU restricts the use of hazardous substances.

Finally, the whistleblowing channel can also be used to make reports of alleged violations or possible violations of company rules (e.g. Code of Ethics), internal policies or procedures, laws or regulations[75].

Customer involvement and improvement activities are coordinated at Group level by the Quality function headed by the Quality & Regulatory Director of the parent company, which is also responsible for coordinating the monitoring of product non-conformity trends and the corrective actions implemented.

Targets and actions

[S4-4; S4-5; MDR-A; MDR-T]

The improvement of product quality, and consequently safety, is also promoted through the target set in 2023 within the Group's medium-to-long-term variable incentive plan, which is also included in the 2024-2026 Sustainability Plan.[76].

Quality and safety of products

Rif. ESRS	Commitment	Target[77]	Scope	Unit of measure	Base value (Base year)	Target value (Target year)	Progress
S4	Improve the quality and safety of products	Improvement of the product quality and safety KPI by 9.6% compared to 2023 baseline	Group[78]	Number of products identified as non-compliant / total products sold (parts per million sold).	31.4 (2023)	28.3 (2025)	✓ Ongoing

The Group is currently in line with the target set for 2025 to improve the quality and safety of its products; this is thanks to the actions that the individual Group companies have implemented, each according to the peculiarities of the products and processes they produce. Actions related to product quality management are therefore adopted periodically when areas for improvement are identified. Continuous improvement actions were therefore carried out and no action was necessary to remedy negative impacts on users and/or patients as a result of non-compliance of GVS products.

The monitoring of the results of the actions and related targets related to quality management systems are monitored centrally through the preparation of a quarterly report shared with management.

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[75] For further information on the communication methods of the channel and the retaliation prohibition set forth in the Whistleblowing Policy, refer to the section 'Business conduct - Ethics and anti-corruption (G1)'.
[76] The Group's external stakeholders were not directly involved in the definition of the sustainability targets of the Plan, but the functions responsible for managing the related topics were involved. End-users and/or patients are not directly involved in monitoring results and identifying improvement actions.
[77] The targets have been voluntarily adopted by the Group and do not stem from legal obligations.
[78] The scope of the objective refers to the companies included in the Group's consolidated perimeter as of December 31, 2023, and therefore excludes companies acquired thereafter.

In fact, thanks also to the quality management systems adopted by the individual companies and the Group monitoring system, each company operates with a view to continually improving its performance, also with regard to product quality and safety.

Governance information

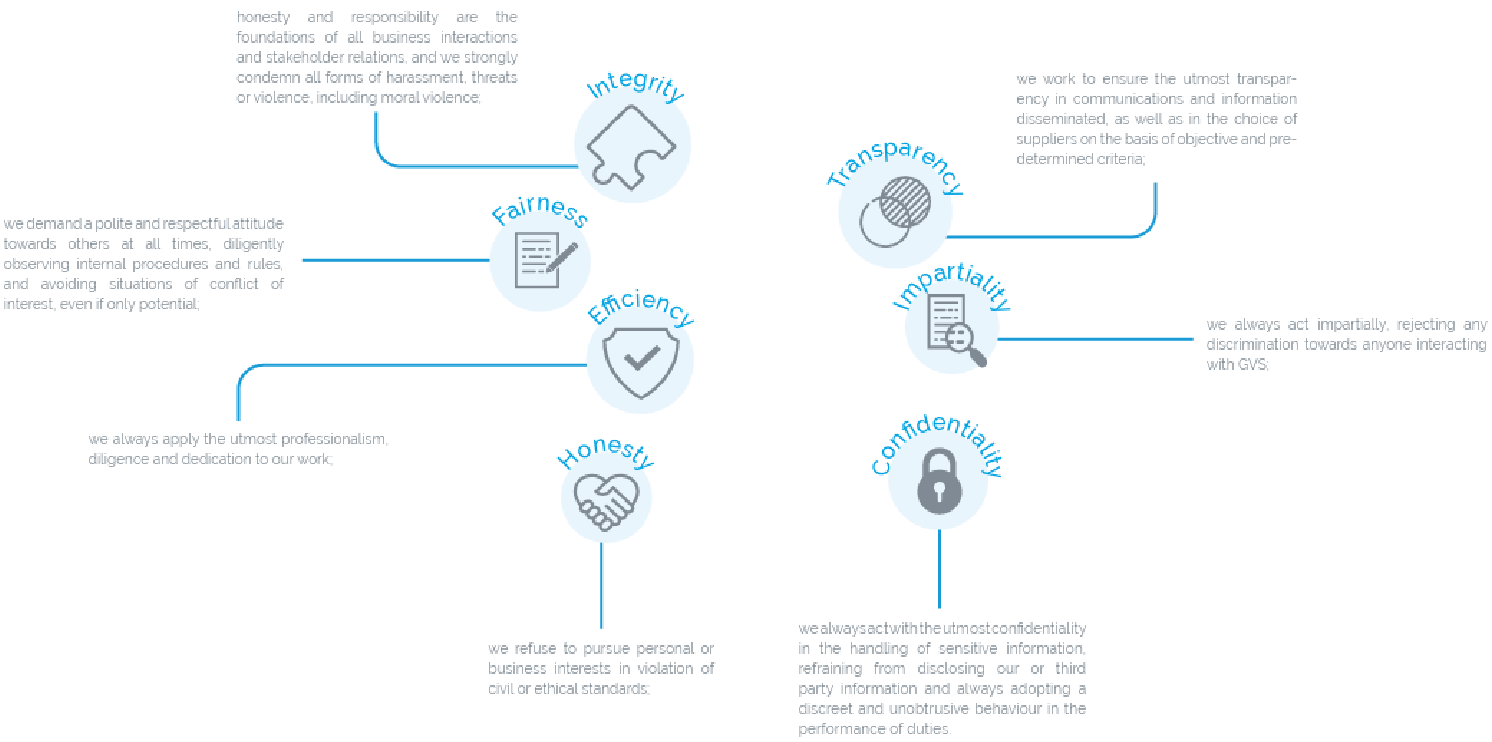
Business conduct - Ethics and anti-corruption (G1)

Integrity is a fundamental part of our identity and one of the founding principles of our Code of Ethics. We commit to promote responsible behaviour not only within our organisation but also from all partners with whom we collaborate in the conduct of business activities.

Impacts, risks and opportunities

[G1 GOV-1; G1 IRO-1]

Responsible and ethical conduct is one of the main pillars of business conduct and therefore plays a central role in the Group's activities. GVS commits to respect its ethical principles in the course of activities at all levels of the company, as set out in its Code of Ethics:



To this end, GVS is therefore not only committed to promoting compliance with applicable laws, but also to developing an internal procedural and regulatory system to prevent and reduce the risk of offences being committed and the related impacts that any such event may generate. For this reason, the Group has adopted policies, procedures and tools that establish the principles and rules of conduct to be followed by all employees and third parties who have relations with GVS, including combating corruption and bribery and whistleblowing. All adopted Policies on Ethical Conduct and anti-corruption and anti-bribery are available on the Group's website and on the corporate portal where the Policies and Procedures applicable to the Group are grouped. For the definition of the Impacts, Risks and Opportunities below, all Group activities were considered in terms of geography, activities and sectors[79].

Material Impacts, Risks and Opportunities (IRO) and related policies and commitments

Rif. ESRS	Sub-topics	Type	Location in the value chain	Code of Ethics	Anti-Corruption Policy	Whistleblowing Policy	Sustainability plan commitments
G1	Corporate culture; Protection of whistle-blowers	Impact	• Own operations	✓	✓	✓	✓
		Risk	• Own operations				
	Corruption and bribery	Impact	• Own operations	✓	✓	✓	✓
		Risk	• Own operations				

The Board of Directors is responsible for defining the regulatory and procedural system described below:

- consistent with its leading role in the pursuit of the sustainable success of the Company, on the proposal of the CEO, it defines strategies and targets of the Company and the Group and monitors their implementation;
- it defines the system and rules of corporate governance of the Company and the Group functional to the course of business activities and the pursuit of the relevant strategies; it assesses and promotes the appropriate changes, submitting them, when applicable, to the Shareholders' Meeting;
- it assesses annually the adequacy of the organisational, administrative and accounting structure of the Company and subsidiaries with reference to the internal control and risk management system;
- it appoints the Supervisory Body pursuant to Article 6(1)(b) of Italian Legislative Decree no. 231/2001;

As part of the activities carried out during 2024, the BoD has:

- examined the reports of the Supervisory Body on its activities in the second half of 2023 and the first half of 2024 (the reports related to the second half of 2024 was examined in February 2025);
- examined and approved the Audit Plan for FY 2024;
- approved the appointment of a new member of the Supervisory Body;
- approved the updating of the Special Part of Model 231.

In addition, the **Control, Risk and Sustainability Committee** examined the 231 risk assessment and gap analysis activity carried out during 2024 by GVS, in which it (i) mapped the areas at risk of offences and the related sensitive activities, (ii) identified the offences that could occur in

[79] More information on the process of defining relevant IROs can be found in the section Double materiality assessment and Stakeholder engagement.

relation to each sensitive activity, the control measures in place and any existing gaps, and (iii) suggested the measures to be implemented to close the identified gaps and minimise the risk of offences being committed.

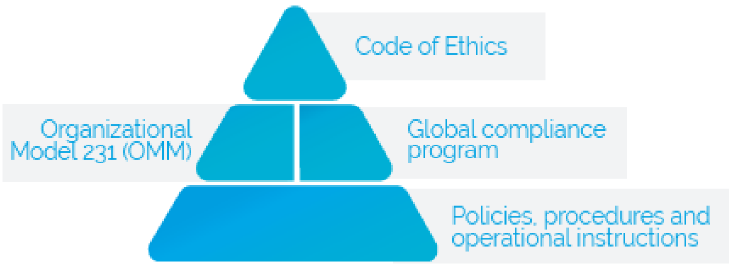
Following this activity, the appropriate updates to the Organisation, Management and Control Model pursuant to Italian Legislative Decree no. 231/001 were identified, first examined by the **Control, Risk and Sustainability Committee** and then approved by the Board of Directors on 28 January 2025.

As a result of their experience in multinational corporate contexts, the directors have developed adequate expertise on topics of business and ethical conduct. In addition, 1 independent director has an academic background and professional experience in the legal field.

Finally, the Group monitors the effectiveness of its regulatory and procedural system through the Company's Internal Control and Risk Management System, which ensures the identification, management and control of the main corporate risks. For more details, refer to the section 'The internal control and risk management system'.

Policies
[G1-1, G1-3; MDR-P]

The existing regulatory and procedural system has been designed and periodically updated to respond to the most significant risks and their potential impact on the Company. This process considers multiple criteria, including the nature of the business activities carried out by the Group, the sectors to which it belongs and the geographical areas in which GVS companies operate. The responsibility for the implementation of the documents that make up the internal regulatory and procedural system - and which will be detailed below - lies with the Appointed Director.



The cornerstone of the system is the **Code of Ethics**, a document that promotes the principles for responsible conduct within the Group and aims to ensure transparent and appropriate behaviour by all recipients.

- GVS Group staff, irrespective of their job description, including supervisory bodies, directors, employees and collaborators;
- third parties with whom GVS maintains contractual relations, such as suppliers, agents, consultants.

Specifically, the Code of Ethics consists of several articles detailing the Group's commitments and behavioural expectations on the topics of:

- Value of Human Resources
- Respect of Human Rights
- Health and safety at work
- Environmental protection

Learn more in our Code of Ethics

- Privacy
- Cybersecurity
- Quality
- Conflict of interest
- Anti-corruption
- Relationship with Suppliers
- Fair Competition and Protection of Industrial and Intellectual Property
- Financial integrity
- Anti-money laundering

The occurrence of potential occurrences of significant non-compliance with laws and regulations (risks) could lead to negative consequences for the entire Group (including the application of sanctions, loss of profit, impairment of business relations and damage to image). In order to mitigate this risk, in addition to the adoption and distribution of the Code of Ethics, specific communication and training plans are promoted for all employees on rules of conduct to be followed when acting on behalf of the Company.

In addition, the **Global Compliance Programme**, which applies to the entire GVS Group carries out an adequate risk analysis to define the guidelines, principles and controls necessary to prevent the commission of offences.

Learn more about our Global Compliance Programme

In the context of the Global Compliance Programme, the controls adopted by the Company in different areas that contribute to feeding the internal control and risk management system are included, with the purpose not only to create an integrated risk management and related control and remedial measures, but also to maximise the value of the Company and the entire Group for the proper pursuit of corporate targets.

In addition, the Organisation, Management and Control Model pursuant to Italian Legislative Decree 231/2001 ("OMM"), adopted by both Italian companies of the Group (GVS S.p.A. and Haemotronic S.p.A.) and updated from time to time, aims to establish a set of rules of conduct and general and specific control measures for preventing the perpetration of the different groups of offences contemplated in the Decree and considered relevant respectively for GVS S.p.A. and Haemotronic S.p.A.. When defining the OMM, GVS S.p.A. and Haemotronic S.p.A. carried out an analysis of all (100%) of their activities and processes to identify the significance of relevant offences under Italian Legislative Decree 231/2001, including corruption and bribery, and the existence of adequate controls (risk assessment and gap analysis).

In addition, both companies have appointed a Supervisory Body (Supervisory Body) to (i) supervise the actual application of the OMM, (ii) verify its effectiveness, and (iii) identify and propose updates and changes to regulations and/or organisational changes.

The **Anti-Corruption Policy** has been adopted as part of the Global Compliance Programme. It is an integral part of the system of control of business ethics, aimed at guaranteeing the compliance of GVS with the anti-corruption laws, both national and international, and with the highest international standards in the fight against corruption. Any violation of anti-corruption laws, in addition to being contrary to the Group's ethics, could lead to serious consequences, such as, but not limited to, loss of licences, sanctions, and economic and reputational damage, which would hinder the continuation of business activities. For these reasons, GVS adopts a zero-tolerance approach to corruption and money-laundering activities. The Policy, which applies to all the companies of the Group regardless of location or applicable legislation, must be followed and respected by all persons working for GVS. Therefore, this includes senior managers, officers, directors, employees (permanent, fixed-term or temporary), consultants, contractors, trainees, seconded staff, home workers, casual workers and agency staff, volunteers, interns, agents, sponsors, intermediaries, or any other person associated with GVS, and wherever these may be.

Learn more in our Anti-Corruption Policy

Under the Policy, the areas and activities potentially exposed to the risk of corruption and money laundering are those related to (i) dealings with public officials; (ii) relations with third parties; (iii) management of donation activities, charity, sponsorship, entertainment, and hospitality and gifts.

The commitment to zero tolerance implies the prohibition of any action that could even generate the suspicion of corrupt purposes. Furthermore, in order to ensure compliance with the provisions of the Anti-Corruption Policy, the latter lays down general rules of conduct: (i) segregation of roles, (ii) formalisation of powers and responsibilities, (iii) traceability and archiving of documents, (iv) prior assessment of business partners.

Finally, the Anti-Corruption Policy envisages:

- the monitoring of the effectiveness of the forecasts by the Appointed Director;
- training and communication activities towards certain categories of employees (identified on the basis of their role within the organisation);
- disciplinary measures against employees who act in breach of the requirements;
- internal channels for reporting any violation of anti-corruption laws (whistleblowing system).

In order to make the commitment to responsible conduct effective, those who report violations of laws, regulations or company rules must be protected; to this end, the Group approved a specific **Whistleblowing Policy** in 2023, which is available on the company website. The Policy governs the process of receiving, analysing and processing reports sent or transmitted by anyone, including in confidential or anonymous form, in compliance with EU Directive no. 1937 of 23 October 2019, converted in Italy by Legislative Decree no. 24 of 10 March 2023.

Learn more in our Whistleblowing Policy

According to the Whistleblowing Policy, the following individuals may submit a report: (i) members of corporate bodies (e.g., Shareholders' Meeting, Board of Directors, Board of Statutory Auditors); (ii) personnel (e.g., current employees, former employees, temporary workers, apprentices, trainees or volunteers in relation to circumstances occurring during the employment relationship or the selection process); and (iii) the external parties who have dealings with the GVS Group (i.e., stakeholders such as shareholders, customers, suppliers, contractors, subcontractors, as well as collaborators and employees of the aforementioned parties). The subject of the reports must be: (i) alleged violations or possible violations of company rules (e.g., violations of the Code of Ethics, the OMM, internal policies or procedures) and/or laws or regulations, consisting of administrative, accounting, civil and criminal offences; (ii) conduct aimed at concealing the aforementioned violations.
The reports, which remain subject to the guarantee of confidentiality and prohibition of retaliation, may be submitted using the channels set up by GVS, such as: (i) the IT platform (main channel); and (ii) voice mail and regular mail (subsidiary channels).
GVS is committed to guaranteeing the confidentiality of the identity of the Whistleblowers, of persons connected to them and of the information reported, as well as the integrity of the persons involved, in compliance with the applicable privacy and whistleblowing regulations. To this end:

- the platform for reporting is encrypted and external to the corporate network;
- the whistleblowers may also communicate anonymously.
- each report entered into the platform has a unique identification code that allows each whistleblower to check its management status.

In addition, GVS guarantees that the whistleblower will not suffer any retaliation (e.g. dismissal, discrimination, harassment, demotion or non-promotion, change of job, workplace, salary or working hours) as a result of the report. As required by law, there are only certain situations that render the guarantee of confidentiality and the prohibition of retaliation null and void, obliging GVS to discipline the whistleblower.

- criminal investigation for the offences of slander or defamation related to reporting;
- civil finding of wilful misconduct or gross negligence in facts similar to the point above.

The identity of the whistleblower may be disclosed by GVS at the express and formal request of the Legal Authorities.

For the management of the reports received, GVS set up a team, consisting of the heads of the corporate Legal, Human Resources and Internal Audit departments. If the report concerns a person in the Team, it is handled exclusively by the other members of the Team.

All reports will be given appropriate consideration by the Team, which informs the whistleblower that the report has been received within seven days, by updating the status of the report in the IT platform. Following receipt of the report, an initial analysis of the relevance and substantiation of the facts reported is carried out and, in the event of significant reports, the Team proceeds with the investigation, possibly resorting to specific in-depth investigations, making use of the Internal Audit Department or delegating the management to teams set up for that case. The

Internal Audit Department manages the inquiry and, if necessary: (i) initiates specific audits, (ii) involves the functions concerned, as well as the Legal function, (iii) calls on experts or consultants from outside the Company, if necessary, (iv) interviews those involved. If the report concerns potential significant violations pursuant to Italian Legislative Decree no. 231/01, the Team forwards it to the competent Supervisory Body (SB), which handles it in the same manner as set out previously. The Internal Audit Department reports the results of its audits to the Reports Team (or to the SB, in the case of violations in accordance with Italian Legislative Decree 231). Management must be concluded within 3 months of the report. If it is not, the Team proceeds to close as soon as possible and updates the Whistleblower, providing the reasons for continuing the investigation. According to the Whistleblowing Policy, if the report concerns a person belonging to administrative and control bodies, the Team shall promptly inform the Board of Directors.

In 2024, 22 reports were received through the 'WhistleB - Navex' IT platform, of which nine were considered potentially relevant and containing the minimum information necessary to ensure an adequate internal investigation. In all potentially relevant cases, an internal investigation was carried out according to the procedures and time-frame defined in the Policy and, where necessary, appropriate corrective actions were identified. It should also be noted that all reports received (even those that were not relevant) were always acknowledged to the reporter. In all 9 cases, the internal investigation concluded that no violations of procedures, laws or regulations falling within the scope of the Group Whistleblowing Policy had been committed. Finally, the same procedure for handling and investigating Whistleblowing reports is also applied in the case of reports that are not received through the Whistleblowing channel.

Dissemination and training of employees on responsible conduct policies

Training on the principles included in the regulatory and procedural system has been delegated to the individual Group companies, which have adopted various practices for the dissemination of the principles defined by GVS. In total, around 1,800 hours of training including ethics were provided to GVS employees during 2024, such as those provided during onboarding programmes.

The new Onboarding Policy, which applies to all Group companies, requires at a minimum that the Code of Ethics be shared with all employees at the hiring stage.

In addition, in 2024, GVS S.p.A. again started the training cycle on the topics of the 231 OMM and the related measures for the prevention of the offences provided for in the Model, including corruption and bribery, addressed to new indirect employees (white collars, middle managers and executives) who had joined the company and had not yet received specific training. The course, delivered on-line and lasting 30 minutes, involved 108 employees for a total of 54 hours of training provided to new employees of the Italian company. In addition, all new employees (direct and indirect employees) of the parent company are given a specific information sheet on the 231 OMM.

Starting in 2025, the Group has decided to launch a new global training programme on Business conduct, which also includes topics related to anti-corruption and anti-bribery and human rights, as set out in the Sustainability Plan.

Targets and actions

[MDR-T; MDR-A]

Business conduct

Rif. ESRS	Commitment	Target[80]	Scope	Unit of measure	Base value (Base year)	Target value (Target year)	Progress
G1	Define and launch a global program on Business Conduct (including human rights topics)	Delivery of the Business Conduct training to 100% of the Group's executives, managers and indirect employees globally[81]	Group	% employees trained (executive, manager e indirect)	0% (2024)	100% (2026)	✓ The training activity will start in 2025

In the course of 2024, as envisaged in the Sustainability Plan, the content of the programme, how it will be delivered, and to whom it will be delivered were defined. Specifically, the Group assessed to include 100% of employees belonging to the categories considered to be at higher risk with respect to the type of task performed, namely: executives, managers and indirect employees (those who do not work in production departments).

The course includes in-depth discussions on existing policies and a Q&A section with concrete examples, with a view to facilitating understanding and encouraging discussion with participants. The course will last approximately 1 hour, will be delivered on-line by specialised in-house staff and will cover various topics, including:

- Code of Ethics
- Global Compliance Programme
- Anti-Corruption Policy
- Whistleblowing Policy
- Human Rights

The frequency with which training will be delivered will be determined following the results of the programme to monitor the effectiveness of the training delivered. The Board of Directors reviews and approves the Policies concerning the topics described in this section. As described in the section 'The role of administrative, management and control bodies and sustainability management', due to the experience gained within multinational contexts, the directors have

[80] The targets have been voluntarily adopted by the Group and do not stem from legal obligations.
[81] For the purpose of this goal, reference will be made to employees who have been with the company for at least 6 months.

developed adequate expertise on business ethics topics. The Company therefore does not provide specific training to directors on ethics and anti-corruption. Future actions planned as part of the Sustainability Plan also include a commitment to launch a programme to monitor the effectiveness of the training provided by 2026.

Metrics

[G1-4; MDR-M]

In conclusion, the Group is committed to disseminating an ethical business culture that is compliant with all applicable regulations in the various countries in which it operates, including those concerning the fight against corruption and bribery.

Confirming the Group's commitment to responsible conduct, no convictions or fines were received for violations of laws against corruption and bribery during the reporting period. In addition, during 2024. The Group found no violations of its policies and procedures on anti-corruption and anti-bribery.

We are committed to promoting ethical and sustainable practices in our supply chain. As part of this commitment, we are launching a new global programme to actively engage our suppliers on sustainability topics. Our goal is to promote transparency and continuous improvement throughout our supply chain.

Impacts, risks and opportunities

[G1 IRO-1]

GVS recognises the importance of responsible supplier relationship management as a key element for sustainability throughout the supply chain. The Group currently operates in 17 countries and its supply chain involves different countries and sectors. In the process of identifying the impacts, risks and opportunities related to the management of its suppliers, the Group considered the geographical location of suppliers, the nature of the activities performed and the sector they belong to. These assessments have led to the identification of a potential impact on people or the environment in the event of inadequate management of players in the supply chain. If, due to inadequate oversight on this topic, the Group were to participate in contractual relationships with parties whose activities do not reflect the principles and values of GVS, negative impacts on people and the environment could be generated in connection with the activities carried out by parties in the supply chain. This could potentially also generate risks for the Group itself in the medium to long term, especially in view of the new regulations on due diligence being defined at European level[82].

The topic of supplier relationship management was therefore considered relevant both with reference to the Group's activities and to the activities of the supply chain.

Material Impacts, Risks and Opportunities (IRO) and related policies and commitments

ESRS ref.	Sub-topic	Type	Localisation in the value chain	Code of Ethics	Supplier Code of Conduct	Sustainability Plan commitments
G1	Managing relations with suppliers	Impact	• Own activities • Upstream	✓	✓	✓
		Risk	• Own activities			

Policies

[G1-2; MDR-P]

Always aware of the importance of the supply chain, GVS aims to create close relationships with its suppliers both globally and locally. The Group considers its suppliers a fundamental part of

[82] The list of relevant IROs represents sustainability topics that, if not properly managed, could lead to consequences for people or the environment (negative impacts) or that could adversely affect GVS's business (risks) and are assessed excluding the prevention and mitigation actions put in place (inherent impacts/risks).

the production process and is committed to requiring that they comply with quality requirements and behavioural principles corresponding to the Group's values.

More specifically, the choice of suppliers is oriented towards the criteria of professionalism, quality and fairness in the performance of activities. Relations with strategic suppliers aim to construct business partnerships, based on healthy competition and a long-term relationship, in terms of reliability, quality and continuity of production.

GVS has chosen to manage suppliers using an interdisciplinary approach, involving departments that are part of the Quality Assurance Area, Purchasing Office, Programming and Selection, Technical Office, each area intervenes in the qualification, monitoring and development of the supplier, as well as in the procurement process, as far as it is concerned.

The parent company GVS S.p.A. operates following a formalised procedure for the qualification, monitoring and development of suppliers. Similar procedures are adopted by the other Group companies for supply chain management, in compliance with the respective national reference regulations and quality management systems adopted locally.

The supplier qualification process varies according to the type of product or service provided and the impact it could have on GVS's final product. For this reason, it is relevant to classify suppliers on the basis of the potential impact of the supply on product quality, distinguishing between: direct impact, suppliers that directly influence the quality of the final product, and indirect impact, suppliers that do not directly influence the quality of the final product.

For the qualification of its suppliers, the parent company GVS S.p.A. refers, together with other tools, to a questionnaire that is sent to the supplier, whose completion constitutes a self-assessment by the supplier of the company's potential and management system for quality, environment and safety. A very important requirement for GVS to ensure compliance with quality requirements is that the quality management system of its suppliers is certified according to ISO 9001:2015 - "Quality Management System." In addition, specific certifications such as IATF 16949:2016 - "Quality Management System" for the automotive sector or CE marking are required for some sectors, as well as the applicable requirements of Regulation (EU) 2016/425 for Personal Protective Equipment (PPE).

As regards the procurement of materials, the Quality Department of GVS supervises the compliance of the products acquired in relation to the international requirements established by the REACH and RoHS regulations for the European Union and other applicable rules.

For suppliers deemed critical, i.e., those who provide a product or service that may influence the safety and functionality of the end product in medical products, ISO 13485:2016 - "Quality Management System for Medical Devices" certification is also required. Additional certifications such as ISO 14001 - "Environmental Management System," ISO 45001 - "Occupational Health and Safety Management System" and ISO 50001 - "Energy Management System," as well as the availability of a code of ethics and adherence to sustainability policies are considered elements of added value for the supplier's qualification, and can become a minimum essential requirement if expressly requested by GVS's end client.

The parent company GVS S.p.A. also has a formalised procedure for the management of activities in the case of assigning works, services and supplies under contract, with a contract of work or supply. The aim is to define the activities, methods and roles involved in the management of suppliers in compliance with the requirements of Italian Legislative Decree 81/08 and subsequent amendments and additions concerning the protection of health and safety in the workplace in order to prevent the relative risks.

The procedures adopted by the parent company GVS S.p.A. call for the following activities to monitor compliance with the requirements ascertained during the supplier qualification phase:

- incoming material checks;
- development of performance indicators;
- quality audits at production sites;
- verification of quality, environmental, health and safety management system certification status.

Already in its Code of Ethics, the Group extends its values, principles and guidelines to all third parties with which GVS maintains contractual relations. In this way, the Group underlines its commitment to promote these values also in its value chain. For further details on the principles of the Code of Ethics, refer to the section on 'Business conduct – Ethics and anti-corruption (G1)'.

In order to be more incisive in managing sustainability topics in its supply chain, the Group updated its Supplier Code of Conduct in 2024. The document, approved by the Chief Executive Officer of GVS S.p.A. and published externally at the beginning of 2025, applies to all Group companies and is aimed at all companies that supply goods and services to GVS[83].

The Supplier Code of Conduct encapsulates all the Group's expectations regarding the responsible conduct of its suppliers. In particular, suppliers are required to comply with all applicable local laws and regulations and GVS's expectations regarding labour and human rights, the environment, Business conduct and information technology.

Furthermore, GVS encourages its suppliers to implement management systems to ensure structured processes to prevent risks and ensure continuous compliance with laws, regulations and requirements Supplier Code of Conduct, and continuous performance improvement. It is also important for the Group that its suppliers establish processes for identifying, assessing and preventing risks related to the topics set out in the Code.

The pillars of the Supplier Code of Conduct	
Labor and human rights	Child labour
	Forced labour and modern slavery
	Freedom of association and collective bargaining
	Respect and dignity
	Employment contract, wages and benefits
	Working hours, overtime and family leave
	Non-discrimination and equal opportunities
	Training and development

[83] The responsibility for the implementation of the Supplier Code of Conduct lies with the Appointed Director.

	Recruitment fees
	Human rights of local communities
	Health and safety
Environment	Environmental permits and reporting
	Energy efficiency and greenhouse gas emissions (GHG) emissions
	Water conservation
	Hazardous substances & materials restrictions
	Pollution
	Biodiversity protection
	Animal welfare
	Local communities
Business conduct	Anti-corruption
	Prohibition of money laundering
	Fraud
	Conflict of interest
	Use of proprietary information
	Political engagement
	Fair business, advertising and competition
	Trade compliance
	Responsible sourcing of minerals
Information technology	Privacy
	Cyber security

Find out more in our Supplier Code of Conduct

To manage potential impacts that may arise in the supply chain, GVS requires that the expectations listed in the Supplier Code of Conduct are communicated and promoted by suppliers throughout their supply chain. In this way, the Group aims to promote responsible practices at all levels of the supply chain.

Targets and actions

[MDR-T; MDR-A]

The GVS 2024-2026 Sustainability Plan also contains a target to strengthen responsible supply chain management:

Responsible supply chain management

Rif. ESRS	Commitment	Target[84]	Scope	Unit of measure	Base value (Base year)	Target value (Target year)	Progress
E1; E2; E3; E4; E5; S2; G1	Implement an evaluation and improvement program on sustainability	Involvement of 50% top direct suppliers (in terms of spending) on	Group	% top direct suppliers assessed (in terms of spend)	0% (2023)	50% (2026)	Pilot project launched

[84] The targets have been voluntarily adopted by the Group and do not stem from legal obligations.

	for top suppliers	sustainability topics through a continuous evaluation and improvement program

As envisaged in the Sustainability Plan, as part of the Group's commitment to responsible and sustainable supply chain management, GVS developed and implemented a dedicated sustainability assessment questionnaire for suppliers in 2024. This tool aims to assess the environmental, social and ethical practices of our business partners, promoting collaboration based on principles of transparency and accountability. Through the questionnaire, the Group wants to identify possible areas for improvement, to support suppliers in achieving higher standards aligned with GVS sustainability Targets. This project is a key step in strengthening the promotion of the Group's values and expectations to its supply chain, with the aim of reducing environmental impacts, improving working conditions and strengthening governance throughout the supply chain.

To date, the questionnaire has been filled out by a selection of the Group's main material suppliers operating in different geographical areas. The launch of the pilot project was aimed at testing the prepared evaluation questionnaire and carrying out the relevant evaluations on the suppliers involved. The target for 2026 is to reach 50% of major direct suppliers, thus ensuring that a significant selection of the most relevant business partners is evaluated and involved in the continuous improvement of their practices. These activities reflect the Group's determination to consolidate a responsible supply chain fully aligned with its sustainability principles.

The implementation of this new questionnaire did not preclude the individual Group companies from carrying out different sustainability assessments for new suppliers; as in the past, they continued to carry out sustainability assessments in their supplier qualification processes in 2024.

Attestation of the Sustainability Statement pursuant to Article 81-ter, paragraph 1, of Consob Regulation No. 11971 of 14 May 1999 as amended and supplemented

The undersigned Massimo Scagliarini, Chief Executive Officer, and Francesca Olivieri, Manager responsible for the sustainability reporting, of GVS S.p.A. hereby certify, pursuant to Article 154-bis, paragraph 5-ter, of Legislative Decree No. 58 of 24 February 1998, that the Sustainability Statement included in the Directors' Report on Operations has been prepared:

a) in accordance with the reporting standards applied pursuant to Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 and Italian Legislative Decree No. 125 of 6 September 2024;
b) with the specifications adopted in accordance with Article 8, paragraph 4 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020.

Zola Predosa, 24 March 2025

Chief Executive Officer
Massimo Scagliarini

Manager responsible for the sustainability reporting
Francesca Olivieri

Independent auditor's limited assurance report on the consolidated sustainability report

in accordance with article 14-bis of Legislative Decree No. 39 of 27 January 2010

To the shareholders of
GVS SpA

Conclusion

In accordance with articles 8 and 18, paragraph 1, of Legislative Decree No. 125 of 6 September 2024 (hereinafter also the "Decree"), we have undertaken a limited assurance engagement on the consolidated sustainability report of the GVS Group for the year ended 31 December 2024 prepared in accordance with article 4 of the Decree, presented in the specific section of the consolidated report on operations.

Based on the procedures performed, nothing has come to our attention that causes us to believe that:

- the consolidated sustainability report of the GVS Group for the year ended 31 December 2024 is not prepared, in all material respects, in accordance with the reporting criteria adopted by the European Commission pursuant to Directive (EU) 2013/34/UE (European Sustainability Reporting Standards, hereinafter also the "ESRS");
- the information set out in the section titled "European Taxonomy for environmentally sustainable activities" of the consolidated sustainability report is not prepared, in all material respects, in accordance with article 8 of Regulation (UE) No. 852 of 18 June 2020 (hereinafter also the "Taxonomy Regulation").

Basis for Conclusion

We conducted our limited assurance engagement in accordance with the Standard on Sustainability Assurance Engagements - SSAE (Italia). The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement.

Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our responsibilities under this Standard are further described in the *Auditor's Responsibilities for the Limited Assurance Conclusion on the Consolidated Sustainability Report* section of this report.

PricewaterhouseCoopers SpA

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We are independent in accordance with the principles of ethics and independence applicable to assurance engagements on consolidated sustainability reporting under Italian law.

Our firm applies International Standard on Quality Management 1 (ISQM Italia 1), which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Other Matters – Comparative Information

The comparative information presented in the consolidated sustainability report was not subjected to any assurance procedures.

Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Sustainability Report

The directors are responsible or developing and implementing the procedures adopted to identify the information included in the consolidated sustainability report in accordance with the provisions of the ESRS (hereinafter the "materiality assessment process") and for describing those procedures in the section titled "Double materiality assessment and stakeholder engagement" of the consolidated sustainability report.

The directors are also responsible for preparing the consolidated sustainability report, which contains the information identified through the materiality assessment process, in accordance with the provisions of article 4 of the Decree, including:

- its compliance with the ESRS;
- the compliance with article 8 of the Taxonomy Regulation of the information set out in the section titled "European Taxonomy for environmentally sustainable activities".

That responsibility involves designing, implementing and maintaining, in the terms prescribed by law, such internal control as they determine is necessary to enable the preparation of a consolidated sustainability report in accordance with article 4 of the Decree that is free from material misstatement, whether due to fraud or error. That responsibility also involves selecting and applying appropriate methods for processing the information, as well as developing hypotheses and estimates about specific items of sustainability information that are reasonable in the circumstances.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, compliance with the Decree.

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Inherent limitations in the preparation of the consolidated sustainability report

For the purpose of reporting forward-looking information in accordance with the ESRS, the directors are required to prepare such information on the basis of assumptions, described in the consolidated sustainability report, about future events and possible future actions by the GVS Group. Because of the uncertainty connected with any future event, in terms both of occurrence and of the extent and timing of occurrence, variances between actual results and forward-looking information may be significant.

The disclosure provided about Scope 3 emissions is subject to greater inherent limitations compared with Scope 1 and 2 emissions, because of the poor availability and accuracy of both the qualitative and quantitative information related to the value chain.

Auditor's responsibilities for the limited assurance conclusion on the consolidated sustainability report

Our objectives are to plan and perform procedures to obtain limited assurance about whether the consolidated sustainability report is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that contains our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of the consolidated sustainability report.

As part of our engagement designed to achieve limited assurance in accordance with the Standard on Sustainability Assurance Engagements - SSAE (Italia), we exercised professional judgement and maintained professional scepticism throughout the engagement.

Our responsibilities include:

- Performing risk assessment procedures to identify the disclosures where a material misstatement, whether due to fraud or error, is likely to arise;
- Designing and performing procedures to verify the disclosures where a material misstatement is likely to arise. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Directing, supervising and performing a limited assurance engagement on the consolidated sustainability report and assuming full responsibility for the conclusion on the consolidated sustainability report.

Summary of the work performed

An engagement designed to obtain limited assurance involves performing procedures to obtain evidence as a basis for our conclusion.

The procedures performed were based on our professional judgement and included inquiries, primarily of personnel of GVS SpA responsible for the preparation of the information presented in the consolidated sustainability report, analyses of documents, recalculations and other procedures designed to obtain evidence considered useful.

We performed the following main procedures:

- We understood the Group's business model and strategies, and the environment in which it operates with reference to sustainability issues;
- We understood the processes underlying the generation, collection and management of the qualitative and quantitative information included in the consolidated sustainability report;
- We understood the process implemented by the GVS Group to identify and assess the material impacts, risks and opportunities, in accordance with the double materiality principle, related to sustainability issues and, based on the information thus obtained, we considered whether any contradictory items emerged that could point to the existence of sustainability issues not considered by the Company in the materiality assessment process;
- We identified the disclosures where a material misstatement is likely to arise;
- We defined and performed procedures, based on our professional judgement, to address the risks of material misstatement identified;
- We understood the process implemented by the GVS Group to identify the eligible economic activities and to determine whether they are aligned in accordance with the provisions of the Taxonomy Regulation, and we verified the related disclosures in the consolidated sustainability report;
- We reconciled the information reported in the consolidated sustainability report with the information reported in the consolidated financial statements in accordance with the applicable financial reporting framework, or with the accounting information used for the preparation of the consolidated financial statements, or with management accounting information;
- We verified the structure and presentation of disclosures included in the consolidated sustainability report in accordance with the ESRS;
- We obtained management's representation letter.

Bologna, 15 April 2025

PricewaterhouseCoopers SpA

Signed by

Giuseppe Ermocida
(Partner)

This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

Proposed approval of the financial statements and allocation of results for the year

In relation to the separate Financial Statements as of 31 December 2024, which shows a net profit of Euro 10,084,472 to the Shareholders' Meeting, the Board of Director proposes that the shareholders' meeting:

- approve the separate financial statements as of 31 December 2024;
- approve the proposal to allocate the 2024 net profit of Euro 10,084,472, as follows:
  - Euro 28,355 in the legal reserve;
  - the remainder, amounting to Euro 10,056,117 to the unrealised exchange gains reserve.

Zola Predosa, 24 March 2025

For the Board of Directors

Massimo Scagliarini

Chief Executive Officer

CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2024

CONTENTS

Consolidated statement of assets and liabilities*

(in thousands of Euro)	Notes	As at 31 December 2024	As at 31 December 2023
ACTIVITIES			
Non-current assets			
Intangible assets	8.1	472,940	471,701
Assets represented by usage rights	8.2	23,389	20,207
Tangible assets	8.3	133,756	122,884
Deferred tax assets	8.4	859	2,852
Non-current financial assets	8.5	3,422	3,531
Non-current derivative financial instruments	8.6	1,877	4,829
Other receivables and non-current assets	8.11	-	3,037
Total non-current assets		**636,243**	**629,041**
Current assets			
Inventories	8.7	80,542	84,808
Trade receivables	8.8	55,368	54,114
Assets from contracts with customers	8.9	1,561	964
Current tax receivables	8.10	10,768	7,486
Other receivables and current assets	8.11	11,893	12,753
Current financial assets	8.5	30,985	2,484
Cash and cash equivalents	8.12	102,991	191,473
Total current assets		**294,108**	**354,082**
TOTAL ASSETS		**930,351**	**983,123**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Share capital		1,892	1,750
Reserves		415,917	319,054
Net income		33,370	13,647
Group net shareholders' equity		**451,179**	**334,451**
Shareholders' equity attributable to non-controlling interests		52	27
Total shareholders' equity	8.13	**451,231**	**334,478**
Non-current liabilities			
Liabilities for the purchase of equity investments and non-current earn out	8.14	8,245	24,677
Non-current financial liabilities	8.15	246,021	351,337
Non-current leasing liabilities	8.2	14,138	13,164
Deferred tax liabilities	8.4	29,937	35,447
Provisions for employee benefits	8.16	2,924	3,120
Provisions for risks and charges	8.17	6,648	8,529
Total non-current liabilities		**307,913**	**436,274**
Current liabilities			
Liabilities for the purchase of equity investments and current earn out	8.14	19,346	18,342
Current financial liabilities	8.15	57,221	107,729
Current leasing liabilities	8.2	8,034	7,384
Provisions for current risks and charges	8.17	500	-
Current derivative financial instruments	8.6	382	-
Trade payables	8.18	42,542	38,452
Liabilities from contracts with customers	8.9	5,868	6,029
Current tax payables	8.10	10,159	8,130
Other current payables and liabilities	8.19	27,155	26,305
Total current liabilities		**171,207**	**212,370**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**930,351**	**983,123**

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

Consolidated income statement*

(in thousands of Euro)	**Notes**	**Financial year ended 31 December**	
		2024	**2023**
Revenue from contracts with customers	9.1	428,542	424,737
Other operating income	9.2	7,815	7,620
Total revenues		**436,357**	**432,357**
Purchases and consumption of raw materials, semi-products and finished products	9.3	(133,281)	(144,236)
Personnel costs	9.4	(134,910)	(131,754)
Service costs	9.5	(59,308)	(56,740)
Other operating costs	9.6	(7,663)	(6,872)
EBITDA		**101,195**	**92,755**
Net impairment losses on financial assets	9.7	(696)	(594)
Amortisation, depreciation and write-downs	9.8	(44,291)	(44,125)
EBIT		**56,208**	**48,036**
Financial income	9.9	7,262	3,339
Financial costs	9.9	(20,506)	(33,056)
Pre-tax result		**42,964**	**18,319**
Income tax	9.10	(9,589)	(4,677)
Net income		**33,375**	**13,642**
Group's share		*33,370*	*13,647*
Minority share		*5*	*(5)*
Basic net profit per share (in Euro)	9.11	*0.19*	0.08
Diluted net profit per share (in Euro)	9.11	*0.19*	0.08

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

Comprehensive consolidated income statement

(in thousands of Euro)	Notes	Financial year ended 31 December	
		2024	**2023**
Net income		**33,375**	**13,642**
Other components of the comprehensive income statement which will be reclassified in the income statement in subsequent years			
Profits (losses) on cash flow hedges	8.6	(2,898)	(1,819)
Effect of taxation		696	436
Difference due to conversion of financial statements in foreign currency	8.13	8,758	(6,828)
		6,556	**(8,210)**
Other components of the comprehensive income statement which will not be reclassified in the income statement in subsequent years			
Actuarial profit (loss) due to employee defined benefit plans	8.16	(14)	(277)
Effect of taxation		4	77
		(10)	**(200)**
Total other components in the comprehensive income statement		**6,545**	**(8,410)**
Comprehensive net profit		**39,920**	**5,232**
Group's share		*39,918*	*5,282*
Minority share		*2*	*(50)*

Statement of changes in consolidated shareholders' equity

(in thousands of Euro)	Share capital	Reserves							Net income	Group net shareholders' equity	Shareholders' equity attributable to non-controlling interests	Total shareholders' equity
		Share premium reserve	*Legal reserve*	*Extraordinary reserve*	*Translation reserve*	*Negative reserve for treasury shares*	*Actuarial profits and losses reserve*	*Profit (loss) carried over and other reserves*				
As at 31 December 2022	**1,750**	**92,770**	**350**	**60,628**	**(1,177)**	**(4,853)**	**444**	**153,619**	**24,098**	**327,629**	**46**	**327,674**
Net income	-	-	-	-	-	-	-	-	13,647	13,647	(5)	13,642
Total other components in the comprehensive income statement	-	-	-	-	(6,783)	-	(200)	(1,382)	-	(8,365)	(45)	(8,410)
Comprehensive net profit	-	-	-	-	*(6,783)*	-	*(200)*	*(1,382)*	*13,647*	*5,282*	*(50)*	*5,232*
Allocation of net profit from previous year	-	-	-	4,274	-	-	-	19,824	(24,098)	-	-	-
Assignment of treasury shares for long-term incentives	-	-	-	-	-	2,406	-	(2,406)	-	-	-	-
Purchase of treasury shares	-	-	-	-	-	(77)	-	15	-	(62)	-	(62)
Hyperinflation reserve	-	-	-	-	284	-	-	298	-	582	32	614
Increase in reserves for long-term incentives	-	-	-	-	-	-	-	1,019	-	1,019	-	1,019
As at 31 December 2023	**1,750**	**92,770**	**350**	**64,902**	**(7,676)**	**(2,524)**	**244**	**170,987**	**13,647**	**334,451**	**27**	**334,478**

(in thousands of Euro)	Share capital	Reserves							Net income	Group net shareholders' equity	Shareholders' equity attributable to non-controlling interests	Total shareholders' equity
		Share premium reserve	*Legal reserve*	*Extraordinary reserve*	*Translation reserve*	*Negative reserve for treasury shares*	*Actuarial profits and losses reserve*	*Profit (loss) carried over and other reserves*				
As at 31 December 2023	**1,750**	**92,770**	**350**	**64,902**	**(7,676)**	**(2,524)**	**244**	**170,987**	**13,647**	**334,451**	**27**	**334,478**
Net income	-	-	-	-	-	-	-	-	33,370	33,370	5	33,375
Total other components in the comprehensive income statement	-	-	-	-	8,761	-	(10)	(2,202)	-	6,548	(4)	6,545
Comprehensive net profit	-	-	-	-	*8,761*	-	*(10)*	*(2,202)*	*33,370*	*39,919*	*2*	*39,920*
Allocation of net profit from previous year	-	-	-	(9,703)	-	-	-	23,350	(13,647)	-	-	-
Capital increase	142	74,858	-	-	-	-	-	-	-	75,000	-	75,000
Accessory costs to the capital increase	-	(192)	-	-	-	-	-	-	-	(192)	-	(192)
Taxes relating to capital increase costs	-	55	-	-	-	-	-	-	-	55	-	55
Purchase of treasury shares	-	-	-	-	-	(312)	-	11	-	(301)	-	(301)
Hyperinflation reserve	-	-	-	-	-		-	602	-	600	23	624
Increase in reserves for long-term incentives	-	-	-	-	-	-	-	1,646	-	1,646	-	1,646
As at 31 December 2024	**1,892**	**167,491**	**350**	**55,199**	**1,085**	**(2,836)**	**234**	**194,393**	**33,370**	**451,179**	**52**	**451,231**

Consolidated statement of cash flows*

(in thousands of Euro)	Notes	Financial year ended 31 December 2024	2023
Pre-tax result		42,964	18,319
- Adjustment for:			
Amortisation, depreciation and write-downs	9.8	44,291	44,125
Capital losses / (capital gains) from sale of assets	9.2 - 9.6	(258)	74
Financial costs / (income)	9.9	13,244	29,717
Other non-monetary variations		8,748	4,363
Cash flow generated / (absorbed) by operations before variations in net working capital		**108,989**	**96,598**
Variation in inventories	8.7	3,190	14,637
Variation in trade receivables	8.8	(1,204)	19,150
Variation in trade payables	8.18	4,822	(17,394)
Variation in other assets and liabilities	8.11 - 8.19	791	3,793
Use of provisions for risks and charges and for employee benefits	8.16 - 8.17	(4,457)	(4,707)
Taxes paid	9.10	(15,004)	(10,508)
Net cash flow generated / (absorbed) by operations		**97,128**	**101,569**
Investments in tangible assets	8.3	(29,200)	(21,314)
Investments in intangible assets	8.1	(8,153)	(6,862)
Disposal of tangible assets	8.3	524	357
Investment in financial assets	8.5	(75,131)	(96,601)
Disinvestment in financial assets	8.5	47,500	98,691
Payment for purchase of business unit net of cash on hand acquired		(19,457)	(1,098)
Net cash flow generated / (absorbed) by investment		**(83,917)**	**(26,826)**
Opening of long-term financial liabilities	8.15	208	75,000
Repayment of long-term financial liabilities	8.15	(79,475)	(68,875)
Variations in current financial payables	8.15	-	2,174
Repayment of lease liabilities	8.2	(7,890)	(8,576)
Financial costs paid	9.9	(18,192)	(17,913)
Financial income collected	9.9	3,372	3,339
Treasury shares	8.13	(301)	(62)
Net cash flow generated/(absorbed) by financial assets		**(102,278)**	**(14,913)**
Total variation in cash on hand		**(89,068)**	**59,830**
Cash on hand at the start of the year		**191,473**	**135,169**
Total variation in cash on hand		(89,068)	59,830
Conversion differences on cash on hand		586	(3,526)
Cash on hand at the end of the year		**102,991**	**191,473**

(*) Pursuant to 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 31 December 2024

1. General information

1.1 Introduction

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 controlled by the company GVS Group S.r.l. (hereinafter the "**GVS Group**"), which directly holds 63% of the share capital. There is no other entity exercising direction and coordination of the Company. The ultimate parent is Lighthouse 11 SpA, which directly holds 50.52% of the share capital of the GVS Group.

The GVS Group is one of the world's leading suppliers of advanced filtering solutions for highly critical applications, primarily in the field of *Healthcare & Life Sciences*.

2. Summary of the accounting standards adopted

2.1 Declaration of conformity with international accounting standards

The consolidated financial statements at 31 December 2024 (hereinafter the "**Consolidated Financial Statements**") have been prepared in compliance with the International Accounting Standards ("IFRS") issued by the *International Accounting Standards Board* and endorsed by the European Union. "IFRS" means all revised international accounting standards ("IAS"), as well as all interpretative documents issued *by the International Financial Reporting Interpretations Committee* (IFRIC) and the previous *Standing Interpretations Committee* (SIC).

The consolidated financial statements have also been prepared in accordance with the provisions adopted by the CONSOB on the subject of financial statements, pursuant to Art. 9 of Legislative Decree 38/2005 and other CONSOB regulations and provisions regarding the financial statements.

These Consolidated Financial Statements were approved by the Company's Board of Directors on 24 March 2025 and subjected to auditing by independent auditor PricewaterhouseCoopers S.p.A.

The principal criteria and accounting standards applied in preparation of the Consolidated Financial Statements are listed below.

2.2 General principles of preparation

The Consolidated Financial Statements consist of the financial statements obligatorily required under standard IAS 1, and that is, the statement of financial position, statement of profit and loss, comprehensive statement of profit and loss, statement of changes in equity and statement of cash flows, as well as explanatory notes, and are completed with the board of directors' report on management.

The Group adopts an income statement structure showing cost components broken down by nature, while the assets and liabilities of the balance sheet and financial position are divided between current and non-current. The statement of cash flows is prepared by the indirect method. The schemes employed are those that best represent the Group's economic and financial standing.

An asset is classified as current when:

- it may be supposed that the asset will be sold, or is owned for sale or consumption, during the course of the company's regular operating cycle;
- it is owned primarily for the purpose of sale;
- it is supposed that it will be sold within twelve months of the end of the year;
- it consists of liquid assets or cash equivalents (unless it is forbidden to trade it or use it to pay a liability for at least twelve months from the end of the year).

All other assets are classified as non-current. Standard IAS 1 includes tangible assets, intangible assets and long-term financial assets among non-current assets.

A liability is classified as current when:

- it is expected to be extinguished in the course of the company's regular operating cycle;
- it is owned primarily for the purpose of sale;
- it will be extinguished within twelve months of the end of the year;
- there is no unconditional right to defer payment of the liability for at least twelve months after the end of the year. Clauses of a liability that could, if the counterpart so wishes, give rise to its extinction through issuing of instruments representing capital do not affect its classification.

The company has classified all other liabilities as non-current.

The operating cycle is the amount of time that passes between acquisition of goods for the production process and cashing them in as liquid assets or cash equivalents. When the regular operating cycle is not clearly identifiable, its duration is assumed to be twelve months.

The Consolidated Financial Statements are prepared in Euro, the currency in which the Company operates. The statement of financial position, statement of profit and loss, the explanatory notes and the tables illustrating them are expressed in thousands of Euro, unless otherwise specified.

The Consolidated Financial Statements have been prepared as follows:

- on the basis of optimal knowledge of EU-IFRS, taking into account best practice in the field; any future orientations and updated interpretations will be reflected in subsequent years, on the basis of the methods specified in the applicable accounting standards;
- with a view to business continuity, on an accrual accounting basis, in compliance with the principle of the relevance and significance of the information and the prevalence of substance over form, and with a view to promoting consistency with future presentations. Assets and liabilities, costs and revenues are not compensated against one another unless this is permitted or required under International Accounting Standards;

- on the basis of the conventional criterion of historical cost, with the exception of assessment of financial assets and liabilities in cases in which it is obligatory to apply the fair value criterion, and for the financial statements of companies operating in economies subject to hyperinflation, which are prepared on the basis of the current cost criterion.

It should also be noted that with reference to business continuity, the economic and financial performance of the Group recorded during the year was very positive and cash equivalents at 31 December 2024, amounting to Euro 103 million, 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.

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

With regard to the performance in the year 2024, please read the Directors' Report on Operations.

2.3 Consolidation criteria and methods

The Consolidated Financial Statements include the statement of financial position and the statement of profit and loss of the Company and its subsidiaries, approved by their respective administrative bodies, prepared on the basis of their accounting situations and, where applicable, opportunely corrected to ensure that they conform to EU-IFRS.

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

Company name	Registered offices	Currency	Share capital at 31 December 2024	Direct owner	Percentage of control	
					As at 31 December 2024	As at 31 December 2023
YUYao Yibo Medical Device Co. Ltd	China - Yuyao	CNY	5,420,000	GVS Technology (Suzhou) Co. Ltd.	100.00%	100.00%
GVS Technology (Suzhou) Co. Ltd.	China - Suzhou (PRC)	CNY	182,658,405	GVS SpA	100.00%	100.00%
Suzhou GVS Trading Co. Ltd.	China - Ningbo	CNY	250,000	GVS Technology (Suzhou) Co. Ltd.	100.00%	100.00%
GVS Fortune Holding Ltd	Hong Kong (PRC)	HKD	1	GVS SpA	100.00%	100.00%
GVS North America Inc	USA - Sanford (MA)	USD	Na	GVS North America Holdings Inc	100.00%	100.00%
GVS Filtration Inc	USA - Findlay (OH)	USD	10	GVS North America Holdings Inc	100.00%	100.00%
GVS NA Holdings Inc	USA - Sanford (MA)	USD	0.10	GVS SpA	100.00%	100.00%
Fenchurch Environmental Group Ltd	United Kingdom - Morecambe	GBP	1,469	GVS SpA	100.00%	100.00%
GVS Filter Technology UK Ltd	United Kingdom - Morecambe	GBP	27,000	Fenchurch Environmental Group Ltd	100.00%	100.00%

GVS do Brasil Ltda	Brazil - Municipio de Monte Mor, Campinas	BRL	20,755,226	GVS SpA	99.95%	99.95%
EG Filtros Ltda	Brazil - Limeira, São Paulo	BRL	90,000	GVS do Brasil Ltda	100.00%	ND
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	1,300	GVS SpA	100.00%	100.00%
GVS Japan KK	Japan - Tokyo	JPY	86,408,313	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	1,000,000	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	3,000,000	GVS SpA	100.00%	100.00%
GVS Filter India Private Limited	India - Mumbai	INR	100,000	GVS SpA	100.00%	100.00%
Abretec Group LLC	USA - Detroit (MI)	USD	14,455,437	GVS North America Holdings Inc	100.00%	100.00%
Goodnan Brands LLC	USA - Detroit (MI)	USD	0	GVS North America Holdings Inc	100.00%	100.00%
RPB Safety LLC	USA - Detroit (MI)	USD	0	Abretec Group LLC	100.00%	100.00%
RPB Manufacturing LLC	USA - Detroit (MI)	USD	0	Abretec Group LLC	100.00%	100.00%
RPB IP LLC	USA - Detroit (MI)	USD	0	Abretec Group LLC	100.00%	100.00%
RPB Safety Ltd	New Zealand - Christchurch	NZD	1,000	GVS SpA	100.00%	100.00%
GVS Filtration Co., Ltd.	Thailand - Bangkok	THB	12,000,000	GVS SpA	100.00%	100.00%
Shanghai Transfusion Technology Co. Ltd	China - Shanghai (PRC)	CNY	11,757,543	GVS Technology (Suzhou) Co. Ltd.	100.00%	100.00%
Suzhou Laishi Transfusion Equipment Co. Ltd.	China - Suzhou (PRC)	CNY	2,271,895	Shanghai Transfusion Technology Co. Ltd	100.00%	100.00%
GVS Logistics Management (Shanghai) Co. Ltd	China - Shanghai (PRC)	CNY	0	GVS Technology (Suzhou) Co. Ltd.	100.00%	100.00%
GVS Vietnam Company Limited	Vietnam - Ho Chi Minh City	VND	449,800,000	GVS SpA	100.00%	100.00%
GVS Technology Singapore PTE. LTD.	Singapore	SGD	500,000	GVS SpA	100.00%	ND
Haemotronic SpA	Italy - Mirandola (MO)	EUR	5,040,000	GVS SpA	100.00%	100.00%
Htmex Inc	USA - McAllen, Texas	USD	2,500,000	Haemotronic SpA	100.00%	100.00%
Haemotronic de Mexico S DE RL DE CV	Mexico - Raynosa	MXN	29,603	Htmex Inc	100.00%	100.00%

Note that as of the date of the Consolidated Financial Statements, all companies included in the consolidation area are consolidated using the full consolidation method.

With the exception of GVS Filter India Private Limited, whose financial year ends on 31 March, the reporting date of the consolidated companies is 31 December, which is the date at which the financial statements of the Parent Company are closed.

The principal variations in the scope of consolidation are briefly described below. The effect on the accounts of acquisitions in the year under examination are described in detail in note 7, "Business combinations".

GVS Technology Singapore PTE. LTD., directly controlled by GVS SpA, was established in January 2024. Therefore the scope of consolidation at 31 December 2024 changed compared to 31 December 2023 due to the entry of this company, which is fully consolidated.

In November 2024, GVS Technology (Suzhou) Co. Ltd, (100% owned by GVS S.p.A.) deliberated and completed the merger of its subsidiary Shanghai Transfusion Technology Co. Ltd ("STT"), a Chinese company that is a leader in the production and sale of blood products with GVS Logistics Management (Shanghai) Co. Ltd, specialised in managing the logistics and warehouse of the same STT. The scope of consolidation did not change with respect to 31 December 2023, as the effects of the merger were eliminated in the consolidated financial statements prepared at 31 December 2024.

Finally, the scope of consolidation changed during the year with respect to the prior year, following the acquisition of the entire share capital of EG Flitros Ltda ("EG"), a Brazilian company specialising in the production and sale of porous plastic filtered elements. In particular, GVS do Brasil Ltda (100% owned by GVS S.p.A.) purchased 100% of the share capital of Brazilian company EG. The acquisition took place on 4 November 2024 against which the economic effects from the date of acquisition of control were recorded in the Consolidated Financial Statements.

The criteria adopted by the Group in determination of the scope of consolidation and the consolidation principles are described below.

Subsidiary companies

An investor controls an entity when: *(i)* it has power over the entity in which it invests, *(ii)* it is exposed to, or entitled to participate in, the variability of its economic returns, and *(iii)* it is capable of exercising its decision-making power over significant assets in the entity itself in such a way as to influence these returns. The existence of control is checked every time events and/or circumstances indicate that there may have been a change in one of these elements qualifying control. Subsidiaries are consolidated by the full consolidation method starting on the date on which control is acquired and cease to be consolidated on the date on which control is lost. The criteria adopted for full consolidation are as follows:

- assets and liabilities, charges and income from controlled entities are taken line by line, attributing to any minority shareholders their share in the company's shareholders' equity and annual net profit; these shares are reported separately in shareholders' equity and in the comprehensive income statement;
- profits and losses, including the effect of taxation, deriving from transactions among companies which are consolidated in full and not yet realised in relation to third parties are eliminated, with the exception of losses, which are not eliminated if the transaction offers evidence of a reduction of the value of the asset transferred. Reciprocal payables and receivables, costs and revenues are also eliminated, as are financial charges and income;
- in the presence of interests acquired subsequently to obtaining control (acquisition of minority interests), if there is any difference between purchase cost and the corresponding portion of net assets acquired, it is recorded in the Group's shareholders' equity; similarly, the effects of sale of minority shares without loss of control are recorded under shareholders' equity. Sale of shares resulting in a loss of control, on the other hand, will result in recording in the comprehensive income statement:

(i) of any capital gains/losses, calculated as the difference between the payment received and the corresponding portion of consolidated shareholders' equity sold;
(ii) of the effect of remeasurement of the residual share maintained, if any, to align it with fair value;
(iii) of any values that may be entered under other components of overall profit in relation to the subsidiary in which the company no longer owns the controlling share, which will be reversed to the comprehensive income statement, or, if this is not done, to the item "Profit carried over" under shareholders' equity.

The value of the share maintained, if any, aligned with its fair value as of the date of loss of control, represents the new value at which the equity investment will be recorded, which also serves as the reference value for its subsequent assessment on the basis of the applicable assessment criteria.

Business combinations

Business combinations as a result of which the controlling share in a business is acquired are recorded in compliance with IFRS 3, applying what is known as the acquisition method. Specifically, identifiable assets acquired and liabilities and potential liabilities taken on are recorded at their current value as of the date of acquisition, which is the date on which the controlling share is acquired (the "**Acquisition Date**"), with the exception of deferred tax assets and liabilities, assets and liabilities pertaining to employee benefits, and assets destined for sale, which are entered on the basis of the applicable accounting standards. Since there are no minority shareholders, the difference between the fair value of the payment transferred and the net fair value of the identifiable assets and liabilities, if positive, is entered under intangible assets as goodwill, while if negative, after checking that the current value of the assets and liabilities acquired and the purchase cost have been measured correctly, they are recorded as proceeds directly on the income statement.

Goodwill is recognised on the financial statements at the date of acquisition of control of a business and is determined as an excess of (a) over (b), in the following way: a) the sum of the consideration paid (measured in accordance with IFRS 3 that is generally determined on the basis of the fair value at the acquisition date), the amount of any non-controlling interest, and, in the case of a business combination carried out in several phases, the fair value at the date of acquisition of control of the equity investment already held in the acquired entity; b) the fair value of identifiable assets acquired net of identifiable liabilities assumed, measured at the date of acquisition of control.

Minority shares as of the acquisition date may be measured at fair value or pro-quota on the basis of the value of the net assets acknowledged for the enterprise purchased. The choice of assessment method is made for each individual transaction.

When determination of the value of the assets and liabilities of the business purchased is provisional, it must be completed within a maximum of twelve months from the acquisition date, taking into account only information on events and circumstances that were in existence as of the Acquisition Date. In the year in which this determination is concluded, the corresponding provisional values will be corrected retrospectively. The accessory costs of the transaction are recorded in the income statement at the time when they are incurred.

Acquisition cost is represented by the fair value on the Acquisition Date of the assets transferred, the liabilities taken on and the capital instruments issued for the purposes of the purchase, and also includes the potential consideration, that is, the portion of the consideration for which the amount and effective payment are dependent on future events. The potential consideration is recorded on the basis of its fair value as of the Acquisition Date, and subsequent variations in fair value are recorded in the income statement if the potential consideration is a financial asset or liability, while potential considerations classified as shareholders' equity are not redetermined and their subsequent extinction is entered directly under shareholders' equity.

If control is gained at a later stage, purchase cost is determined by adding the fair value of the share previously held to the amount paid for the additional share. If there is a difference between the fair value of the share previously held and its book value, this is allocated to the comprehensive income statement. When control is taken over, any amounts previously recognised in other comprehensive income components are recorded on the comprehensive income statement.

Business combination operations under which the companies in which shares are held are controlled by the same entity or entities before and after the combination operation and for which control is not transitory are described as operations "under common control". These operations are not regulated by IFRS 3 or other EU-IFRS. In the absence of an applicable accounting standard, the choice of the method by which these operations are represented in the accounts must ensure compliance with the provisions of IAS 8, that is, dependable, faithful representation of the transaction. Moreover, the accounting standard chosen for representation of operations "under common control" must reflect their economic substance, independently of their legal form. The existence of economic substance therefore constitutes the key element determining the method to be used to enter these operations in the accounts. Economic substance must refer to generation of added value which takes concrete form in significant changes in the cash flows of the net assets transferred. When recording the operation in the accounts, it is also important to take current interpretation and orientation into account; specifically, refer to the provisions of OPI 1 (Orientamenti Preliminari Assirevi in tema IFRS - Assorevi's Preliminary Orientation regarding IFRS) (Revised), on "accounting treatment of business combinations of entities under common control in separate and consolidated financial statements".

The net assets transferred must therefore be entered at their book value in the company acquired or, if available, the values appearing in the consolidated financial statements of the common controlling company.

Transactions with minority shareholders

The Group records transactions with minority shareholders as "equity transactions". Therefore, in the event of acquisition and transfer of additional shares once the controlling share has been reached, the difference between the purchase cost and the book value of the minority shares purchased will be allocated to the Group's shareholders' equity.

Conversion of the financial statements of foreign companies

Subsidiaries' financial statements are prepared in the currency of the country where their registered offices are located. The rules applicable to conversion of the financial statements of companies expressed in currencies other than the Euro, with the exception of companies operating in economies subject to hyperinflation, are as follows:

- assets and liabilities are converted at the exchange rate in effect on the date of the financial statements;

- costs and revenues are converted at the average exchange rate for the year;
- the "conversion reserve", included among the items in the comprehensive income statement, includes both exchange differences generated by conversion of economic quantities at an exchange rate different from the one in effect on the closing date and those generated by conversion of shareholders' equity on the opening date at the historic exchange rate;
- goodwill, where it exists, and adjustments of fair value related to the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and converted at the exchange rate in effect at the close of the year.

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

Currency	At 31 December		Financial year ended 31 December	
	2024	2023	2024 (average)	2023 (average)
Brazilian real	6.4253	5.3618	5.828	5.401
Argentine Peso (*)	1,070.8061	892.9239	989.9196	313.8989
Chinese renminbi	7.5833	7.8509	7.7875	7.6600
American dollar	1.0389	1.105	1.082	1.081
Hong Kong dollar	8.0686	8.6314	8.445	8.464
Japanese yen	163.0600	156.3300	163.8519	151.9902
Korean won	1,532.1500	1433.6600	1,475.4041	1412.8800
Russian ruble	117.7300	98.6700	100.3764	92.5447
Turkish Lira (*)	36.7372	32.6531	35.5734	25.7596
Mexican peso	21.5504	18.7231	19.8314	19.1830
Romanian ron	4.9743	4.9756	4.975	4.946
Indian rupee	88.9335	91.9045	90.5563	89.3001
Malaysian ringitt	4.6454	5.0775	4.9503	4.9319
New Zealand dollar	1.8532	1.7504	1.788	1.762
Thai baht	35.6760	37.9730	38.1811	37.6311
Vietnamese dong	26,478	26,808	27,113	25,770
Singapore dollar	1.4164	ND	1.4458	ND
British pound	0.8292	0.86905	0.8466	0.8697

(*) Refer to note 2.4 for a description of the accounting standards and assessment criteria applied to economies subject to hyperinflation.

Conversion of items in foreign currency

Transactions in currencies other than the currency in which the Company operates are entered at the exchange rate in effect on the date of the transaction. Monetary assets and liabilities in currencies other than the Euro are subsequently adapted to the exchange rate in existence as of the close of the year. Any resulting exchange rate differences are reflected in the statement of profit and loss, under the item "Profits and losses on exchanges".

2.4 Accounting standards and assessment criteria

The criteria adopted for the classification, entry, assessment and cancellation of various items in the assets and liabilities, and the criteria applied to entry of income components, are listed below.

Intangible assets

An intangible asset is an asset which meets all of the following conditions:

- it is identifiable;
- it is not monetary;
- it has no physical consistency;
- it is controlled by the company preparing the financial statements;
- it is expected to produce future economic benefits for the company.

If an asset does not meet the requirements for definition as an intangible asset listed above, the cost of its purchase or in-house generation will be entered as a cost when it is incurred.

Intangible assets are initially entered at cost. The cost of intangible assets acquired from outside the company includes the purchase price and any directly attributable costs.

Goodwill generated internally is not entered as an asset, nor are intangible assets resulting from research (or the research stage in an in-house project).

An intangible asset deriving from development or the development stage in an in-house project is entered if it can be demonstrated to meet the following conditions:

- technical feasibility of completing the intangible asset to make it available for use or sale;
- the intention to complete the intangible asset for use or sale;
- the ability to use or sell the intangible asset;
- the way in which the intangible asset can generate future economic benefits, and particularly the existence of a market for the product produced by the intangible asset or for the intangible asset itself, or, if it is to be used for internal purposes, its utility;
- availability of sufficient technical, financial or other resources to complete the development of the asset for use or sale;
- the ability to reliably assess the cost attributable to the intangible asset during its development.

Intangible assets are measured using the cost method, in accordance with one of two different criteria set forth under IAS 38 (the cost model and the redetermination of value model). The cost model states that following initial entry, an intangible asset must be entered at cost, after subtraction of amortisation accumulated and any losses due to reduction of accumulated value.

The useful lifespan estimated by the Group for various categories of intangible asset is specified below:

Category of intangible asset	**Depreciation rate**
Development costs	4 to 6 years
Customer relationship	4 to 20 years
Technology	4 to 20 years
Industrial patent rights and rights to use intellectual property	5 to 14 years
Concessions, licenses, trademarks, and similar rights	5 to 14 years
Other fixed assets	1.5 years

The following principal intangible assets may be identified in the Group:

(a) Goodwill

Goodwill is classified as an intangible asset with an indefinite useful lifespan, initially entered based on the provisions of IFRS 3, as described above, and then subjected to assessment at least once a year with the aim of identifying any loss of value (in this regard, refer to the section below entitled “Reduction of the value of Goodwill, tangible and intangible assets and assets represented by usage rights”). Value may not be restored if it has previously been written down due to loss of value.

(b) Intangible assets with a defined useful lifespan

Intangible assets with a defined useful lifespan are entered at cost, as stated above, minus amortisation accumulated and any loss of value.

Amortisation begins when the asset is made available for use and is divided up systematically on the basis of residual potential for use, that is, on the basis of estimated useful lifespan; the value to be amortised and the recoverability of book value are subject to the criteria specified, respectively, in the sections on “Tangible assets” and “Reduction of the value of Goodwill, tangible and intangible assets and assets represented by usage rights”.

Usage rights and leasing assets and liabilities

In accordance with IFRS 16, a contract is, or contains, a leasing agreement if it ensures, in exchange for a consideration, a right to control use of a specified asset for a given period of time. The contract will be assessed again to determine whether it is, or contains, a leasing agreement only in the event of a change in its terms and conditions.

In a contract which is, or contains, a leasing agreement, every lease component is separate from non-lease components, unless the Group applies the practical expedient identified in point 15 of IFRS 16. This practical expedient permits the tenant to choose, for every class of underlying asset, not to separate the non-lease components from the lease components and to enter all lease components and their associated non-lease components as a single lease component.
The term of the lease is determined as the period during which the leasing agreement cannot be cancelled, to which the following time periods must be added:

- time periods covered by an option to extend the lease, if the tenant has a reasonable degree of certainty of exercising the option; and
- time periods covered by the option to cancel the lease, if the tenant has a reasonable degree of certainty that the option will not be exercised.

In assessing whether the tenant has a reasonable degree of certainty of exercising the option of extending the lease or that the option of cancelling the lease will not be exercised, all pertinent events and circumstances forming an economic incentive for the tenant to exercise the option of extending the lease and not to exercise the option of cancelling the lease are taken into consideration. The tenant must recalculate the term of the lease if the period during which the leasing agreement cannot be cancelled changes.
As of the date on which the contract goes into effect, the Group enters assets representing usage rights and the corresponding lease liability.

As of the date on which the contract goes into effect, the value of assets represented by usage rights is identified as their cost. The cost of assets represented by usage rights includes:

a) the amount of the initial assessment of the lease liability;
b) payments due on the lease made on the date or prior to the date on which the agreement goes into effect, after subtraction of lease incentives received;

c) initial costs born directly by the tenant; and
d) an estimate of the costs the tenant will have to bear for dismantling and removal of the underlying asset and restoration of the site on which it is located, or for restoration of the underlying asset to the condition required under the terms and conditions of the leasing agreement, unless these costs are incurred for the production of inventory. The obligation regarding the above costs arises for the tenant as of the date on which the contract goes into effect or as a consequence of use of the underlying asset during a given time period.

As of the date on which the contract goes into effect, the tenant must assess lease liabilities at the current value of payments due on the lease not paid as of that date. Payments due on the lease include the following amounts:

a) fixed payments, after subtraction of any lease incentives receivable;
b) variable payments due on the lease which depend on an indicator or rate, initially measured on the basis of an indicator or the rate in effect on the date on which the contract goes into effect;
c) amounts the tenant will have to pay to guarantee the residual amount;
d) the price of exercising the purchase option, if the tenant has a reasonable degree of certainty of exercising the option; and
e) payment of penalties for cancellation of the leasing agreement, if the term of the lease takes into account the possibility of the tenant exercising the option of cancelling the lease.

Payments made on the lease must be updated on the basis of the implicit interest rate of the lease, if it can easily be determined. If this is not possible, the tenant must use the marginal financing rate, that is, the incremental interest rate the company would have to pay to obtain a loan of the same term and amount as the leasing agreement.

Following initial entry, the Group measures assets representing usage rights at cost:

a) net of amortisation and reductions in value accumulated; and
b) corrected to take into account recalculation of the lease liability, if necessary.

Following initial entry, the lease liability will be measured on the basis of:

a) increasing book value to take into account interest on the lease liability;
b) decreasing book value to take into account payments made on the lease; and
c) recalculating book value to take into account any new assessments of or changes to the lease or revision of payments due on the lease of fixed amount.

In the event of changes to the lease which do not constitute a separate leasing agreement, assets represented by usage rights will be recalculated (raising or lowering them) consistently with the change in the lease liability as of the date of the change. The lease liability will be recalculated on the basis of the new conditions identified in the leasing agreement, using the actualisation rate as of the date of the change.

It should be noted that the Group avails itself of the exemption provided for in IFRS 16, with reference to leasing of assets of small value. In these cases, the asset representing usage rights and the corresponding lease liability are not entered, and payments due on the lease are entered in the statement of profit and loss.

The Group has decided not to avail itself of the exemption permitted under IFRS 16 for short-term leasing agreements (that is, leasing contracts with a term of twelve months or less from the date on which they go into effect).

The landlord must classify each of its leases as operative or financial. A lease is classified as financial if it substantially transfers all the risks and benefits connected with ownership of the underlying asset. A lease is classified as operative if it does not substantially transfer all the risks and benefits connected with ownership of the underlying asset. In a financial lease, on the date on which the lease goes into effect the landlord must record the assets held under financial leasing agreements in the statement of financial position, showing them as receivables with a value equal to the net investment in the lease. In an operative lease, the landlord must enter payments due as proceeds, based on the criterion of constant rates or another systematic criterion. The landlord must also enter costs, including depreciation, incurred in order to earn the proceeds on the lease.

If the entity transfers a give asset to another entity and then leases it under a leasing agreement, it will be necessary to determine whether the transfer should be entered in the accounts as a sale on the basis of the provisions of IFRS 15. In this case, the tenant-seller must assess the asset consisting of usage rights from leaseback as a percentage of the previous book value of the asset for which the tenant-seller maintains usage rights. As a result, the tenant-seller must enter only the amount of profit or loss on the rights transferred to the landlord-buyer. If the *fair value* of the consideration for the sale of an asset is not the *fair value* of the asset, or if the payments due for the *lease* are not at market prices, the entity shall make the following adjustments to assess the proceeds of the sale at *fair value*: *(i)* the conditions lower than market prices must be accounted for as an upfront payment of the payments due for the *lease* and *(ii)* the conditions higher than market prices must be accounted for as an additional loan provided by the lessor-purchaser to the lessee-seller.

Tangible assets

Real property, plants and machinery are entered in the accounts as tangible assets only if the following conditions simultaneously apply:

- it is probable that the company will enjoy the future economic benefits referable to the asset;
- cost can be reliably determined.

Tangible assets as initially entered at cost, defined as the amount of cash or cash equivalents paid, or the fair value of other considerations paid to acquire an asset, at the time of its purchase or replacement. Subsequently to initial entry, tangible assets will be measured by the cost method, after subtraction of depreciation allowance entered and any loss of value that may have been accumulated.

The cost includes charges directly incurred in order to make use of these assets possible, and any dismantling or removal costs that may be incurred under contractual obligations requiring the asset to be restored to its original condition.

Charges incurred for maintenance and repairs of an ordinary and/or cyclical nature are directly attributable to the statement of profit and loss at the time when they are incurred. Capitalisation of costs inherent in expansion, modernisation or improvement of structural elements owned by or in use by third parties is performed to the extent that it responds to the requirements for separate classification as an asset or part of an asset.

The depreciation criterion applied to tangible assets is the constant instalments method, throughout their useful lifespan.

The useful lifespan estimated by the Group for various categories of tangible asset is shown below:

Category of tangible asset	Depreciation rate
Buildings	33 years
Light constructions	10 years
Generic plants and machinery	13 years
Specific plants and machinery	8 years
Furniture and fittings	8 years
Office equipment and electronic equipment	5 years
Various equipment	2.5 years
Vehicles for internal transportation and automobiles	4 to 5 years

At the end of each year the company checks whether there have been any significant changes in the expected features of the economic benefits deriving from assets capitalised, and if there are, it changes the depreciation criterion, which is considered a change in estimate on the basis of standard IAS 8.

The value of the tangible asset is completely reversed when it is disposed of or when the company no longer expects to derive any economic benefit from its sale.

Contributions to capital account are entered when there is a reasonable degree of certainty that they will be received and that all the conditions pertaining to them have been met. Contributions are therefore reduced the value of tangible fixed assets and credited to the statement of profit and loss reducing the value of depreciation in proportion to the useful lifespan of the corresponding assets.

Impairment of Goodwill, tangible assets and intangible assets, and assets represented by usage rights

(a) Goodwill

As stated above, goodwill is subject to verification of the recoverability of value (known as the impairment test) at least once a year in the presence of indicators that could suggest a reduction in its value, according to the provisions of IAS 36 (Impairment of assets). This check is normally conducted at the end of each year, so that the reference date for the verification is the date of the financial statements.

The impairment test is conducted on each of the units generating cash flow ("Cash Generating Units" or "CGU") to which goodwill has been allocated. The CGU of an asset is the smallest group of assets including the asset itself that generates incoming cash flows which are broadly independent of the incoming cash flows of other assets or groups of assets. Impairment of goodwill is entered if its recoverable value is lower than the value at which it was entered in the financial statements. Recoverable value is defined as the fair value of the CGU, after subtraction of disposal charges, and its value in use, defined as the current value of future cash flows estimated for the asset, whichever is greater. In determining value in use, expected future cash flows are actualised using a pre-tax discount rate reflecting the current market value of the cost of money, in relation to the investment period and specific risks inherent in the asset. If the reduction of value resulting from the impairment test exceeds the value of goodwill allocated to the CGU, the residual excess will be allocated to assets included in the CGU in proportion to their book value. The minimum limit on this allocation is the higher of:

- the asset's fair value after subtraction of sale costs;
- value in use, as defined above;
- zero.

The original value of goodwill cannot be restored when the reasons that resulted in its impairment no longer apply.

(b) Assets (tangible, intangible and usage rights) with a finite useful life

On the date of each financial statement a test is conducted to determine if there are any indicators that tangible assets, intangible assets and usage rights may have suffered impairment. Both internal and external information sources are taken into consideration. Internal information sources include: obsolescence or physical deterioration of the asset, any significant changes in the way the asset is used, and economic trends in the asset in comparison with forecasts. External sources include: price trends on the market for the assets, any changes in technology, the market or regulations, and market trends in interest rates or the cost of capital used to assess investments.

If the presence of such indicators is identified, the recoverable value of the assets will be estimated, allocating any writedowns over book value to the comprehensive income statement. The recoverable value of an asset is represented by fair value, after subtraction of accessory sale costs, and the corresponding value of use, determined by actualising estimated future cash flows from the asset, including, if significant and reasonably determinable, those deriving from sale at the end of its useful lifespan, after subtraction of any disposal charges. In determining value in use, expected future cash flows are actualised using a pre-tax discount rate reflecting the current market value of the cost of money, in relation to the investment period and specific risks inherent in the asset. In the case of an asset that does not generate broadly independent cash flows, recoverable value is determined in relation to the cash generating unit to which the asset belongs.

Impairment is acknowledged in the comprehensive income statement when the value at which the asset is entered, or the value of the CGU to which it is allocated, exceeds its recoverable value. Impairment of a CGU is allocated first to reduction of the book value of any goodwill that may be attributed to it, and then to reduction of other assets in proportion to their book value and within the limits of their recoverable value. If the requirements for a previous writedown no longer apply, the book value of the asset will be restored, with allocation to the statement of profit and loss, within the limits of the net book value the asset in question would have had if it had not been written down and if it had been subjected to depreciation.

Financial assets

When initially reported, financial assets must be classified in one of the three categories listed below, on the basis of the following elements:

- the business model the entity uses for management of financial assets; and
- the features of the contractual cash flows of the financial asset.

Financial assets will then be cancelled from the financial statement only if their sale results in substantial transfer of all the risks and benefits connected with the assets. If, on the other hand, a significant portion of the risks and benefits pertaining to the assets sold is retained, the assets will continue to appear in the financial statements, even if their ownership has been legally transferred.

a) Financial assets measured at amortised cost

This category includes financial assets that satisfy both of the following conditions:

- the financial asset is owned on the basis of a business model aimed at collecting cash flows under a contract ("Hold to Collect" business model); and
- the terms of the contract for the financial assets specify cash flows on specific dates represented solely by payment of principal and interest on the amount of the principal remaining to be repaid (that is, they pass the "SPPI test").

At the time of initial entry, these assets are reported at fair value, including transaction costs or proceeds directly attributable to the instrument. Following initial entry, the financial assets under examination will be measured at amortised cost, using the effective interest rate method. The amortised cost method is not applied to assets – measured at historical cost – of such a brief duration that the effect of application of actualisation would be negligible, to those without a definite term, and for revoked receivables.

b) Financial assets measured at fair value with an impact on overall profitability

This category includes financial assets that satisfy both of the following conditions:

- the financial asset is owned on the basis of a business model aimed at collecting cash flows under a contract and through sale of the financial asset itself ("Hold to Collect and Sell" business model); and
- the terms of the contract for the financial assets specify cash flows on specific dates represented solely by payment of principal and interest on the amount of the principal remaining to be repaid (that is, they pass the "SPPI test").

This category includes equity interests which may not be described as relations of control, connection and joint control, which are not held for trading, for which the option of designation at fair value has been exercised with an impact on overall profitability.

At the time of initial entry, these assets are reported at fair value, including transaction costs or proceeds directly attributable to the instrument. Subsequently to initial entry, equity interests which may not be described as relations of control, connection and joint control are measured at fair value, and the amounts offset against them under shareholders' equity (Statement of comprehensive profitability) must not be subsequently transferred to the income statement, even in the event of sale. The only component referable to the equities in question which is subject to entry in the income statement is the corresponding dividends.

For equities included in this category, which are not listed on an active market, the cost criterion is used to estimate fair value merely residually and limited to a few circumstances, that is, if the most recent information for measuring fair value is insufficient, or if there are a wide range of possible appraisals of fair value and cost represents the best estimate of fair value within this range of values.

c) Financial assets measured at fair value with an impact on the income statement

This category includes financial assets other than those classified among "Financial assets measured at amortised cost" and among "Financial assets measured at fair value with an impact on overall profitability".

This category includes financial assets held for trading and derivatives contracts which cannot be classified as hedges (represented as assets if their fair value is positive and as liabilities if their fair value is negative).

At the time of initial entry, financial assets measured at fair value with an impact on the income statement are measured at fair value, without taking into consideration transaction costs or proceeds directly attributable to the instrument. On subsequent reporting dates, they are measured at fair value and the effects of their measurement are allocated to the income statement.

Derivative financial instruments and hedges

Derivative financial instruments are entered in accordance with the provisions of IFRS 9.

On the date of stipulation of the contract, derivative financial instruments are initially measured at fair value, as financial assets measured at fair value with an impact on the income statement if fair value is positive or as financial liabilities measured at fair value with an impact on the income statement if fair value is negative.

If financial instruments are not entered as hedges, changes in fair value detected subsequently to initial entry are treated as components of the profit or loss for the financial year. If, on the other hand, the derivative instruments meet the requirements for classification as hedges, subsequent variations in fair value are entered on the basis of specific criteria, described below.

A derivative financial instrument is classified as a hedge if the relationship between the hedge and the item hedged is formally documented, including risk management goals, hedging strategy and methods to be used to determine its perspective and retrospective efficacy. The efficacy of each hedge is verified both at the time of creation of each derivative instrument and during its life, and particularly on the closing date of each financial statement or interim report. A hedge is normally considered highly "effective" if, both at the start and during its life, changes in fair value, in the case of fair value hedges, or in expected future cash flows, in the case of cash flow hedges, of the element hedged are substantially compensated by changes in the fair value of the hedge.

Accounting standard IFRS 9 permits designation of the following three hedging relationships:

a) fair value hedge: when the hedge covers variations in the fair value of assets and liabilities appearing in the financial statements, both changes in the fair value of the hedge and variations in the item covered are allocated to the income statement.
b) cash flow hedge: when the hedge is intended to neutralise the risk of changes in cash flows originating from the future execution of contractual obligations in existence as of the date of the financial statement, changes in the fair value of the hedge registered subsequently to the first measurement are entered in the accounts, limited to the effective portion only, in the comprehensive income statement and therefore in a shareholders' equity reserve. When the economic effects originated by the hedged item appear, the amount entered in the comprehensive income statement is transferred to the income statement. If the hedge is not perfectly effective, the change in the fair value of the hedge referable to the ineffective portion is entered in the income statement immediately.
c) coverage of a net investment in a foreign company (net investment hedge).

If the checks do not confirm the efficacy of the hedge, from that time on hedging operations will no longer be entered in the accounts, and the derivative hedging contract will be reclassified among financial assets measured at fair value with an impact on the income statement or financial liabilities measured at fair value with an impact on the income statement. Moreover, the hedging relationship ceases when:

- the derivative instrument expires or is sold, rescinded or exercised;
- the item hedged is sold, expires, or is refunded;
- it is not longer very likely that the future transaction hedged will be performed.

Refer to note 5.5 for information on asset and liability categories and information on fair value.

Trade receivables

Trade receivables deriving from the transfer of goods and the providing of services are measured according to the terms of the contract with the customer, on the basis of the provisions of IFRS 15, and classified on the basis of the nature of the debtor and/or the expiry date of the receivable (this definition includes invoices to be issued for services already performed).

Moreover, as trade receivables are normally short-term and do not involve payment of interest, there is no calculation of amortised cost, and they are entered in the accounts on the basis of the face value appearing on the invoices or in the contracts stipulated with customers: this provision is also applied to trade receivables which have a contractual term of more than twelve months, unless their effect is not particularly significant. This choice is a result of the fact that the amount of short-term receivables is very similar whether the historical cost method or the amortised cost criterion is applied, and the impact of actualisation would therefore be entirely negligible.

Trade receivables are subject to impairment testing under the provisions of IFRS 9. Trade receivables are divided by expiration date for the purposes of the measurement process. Performing receivables are subjected to collective measurement, grouping individual types of exposure on the basis of similar levels of credit risk. They are measured on the basis of expected losses throughout the lifespan of the receivable, determined on the basis of losses registered for assets with similar credit risk features on the basis of historical experience, and corrected to reflect expected future economic conditions.

The Group may make use of the instrument for the assignment of a portion of its trade receivables through factoring transactions. Receivables transfer transactions may be with recourse or without recourse; certain transfers without recourse include deferred payment clauses, requiring an exemption from the transferor or implying the maintenance of significant exposure to the performance of cash flows deriving from the transferred receivables. This type of transaction does not meet the requirements of IFRS 9 for the derecognition of financial assets from the financial statements, since the related risks and benefits have not been substantially transferred. Accordingly, all receivables sold through factoring transactions that do not meet the elimination requirements established by IFRS 9 remain recognised in the Group's financial statements, although they have been legally sold; a financial liability of the same amount is recognised in the financial statements as payables for advances on the transfer of receivables. Gains and losses relating to the transfer of such assets are only recognised when the assets themselves are removed from the Group's Statement of Financial Position. It should be noted that as of 31 December, the Group companies only made transfers of trade receivables without recourse that meet all the requirements of IFRS 9 for their *derecognition*.

Inventories

Inventories are goods:

- possessed for sale in the normal course of the company's business;
- used in productive processes for sale;
- in the form of materials or supplies of goods to be used in the production process or in the performance of services.

Inventories are entered at cost and subsequently measured at cost or net realisable value, whichever is lower.

The cost of inventories includes all purchase costs, transformation costs and all other costs incurred to put the inventories in their current location and condition, but does not include exchange rate differences in the event of inventories invoiced in foreign currency. In accordance with the provisions of IAS 2, the average weighted cost method is used to determine the cost of inventories.

If net realisable value is lower than cost, the surplus is written down immediately in the income statement.

Cash on hand and cash equivalents

Cash on hand and cash equivalents are entered at face value or amortised cost, depending on their nature. Cash equivalents represent short-term financial commitments with high liquidity, which are promptly convertible into a known amount of cash and subject to an insignificant risk of variations in value, the original expiry of which at the time of purchase was no more than 3 months.

Payables

Trade payables and other payables are initially entered at fair value and subsequently measured on the basis of the amortised cost method.

Payables to banks and other financial backers are initially entered at fair value, not including directly allocated accessory costs, and are subsequently measured on the basis of amortised cost, applying the effective interest rate. In the event that, following a change in the conditions of a financial payable, there should be a change in the estimated expected cash flows resulting in a change in these flows of less than 10%, the amortised cost of the financial liability must be recalculated and the net profit or loss must include a profit or loss resulting from the change. The amortised cost of the financial payable must be recalculated as the current value of financial flows renegotiated or modified, actualised at the effective original interest rate of the financial payable. Any costs or commissions incurred in relation to the change will adjust the book value of the financial payable modified, and will be amortised throughout the remaining lifespan of the modified financial payable.

Payables are eliminated from the financial statements when paid, and when the Group has transferred all risks and charges pertaining to the instrument.

Employee benefits

Employee benefits include benefits paid to employees or their dependants, and may be liquidated by payment (or through the supply of goods and services) directly to the employees, their spouses, children or other dependants or to third parties, such as insurance companies; they may be divided into short-term benefits, benefits payable to employees upon termination of their employment, and post-employment benefits.

Short-term benefits, which also include incentives programmes represented by annual bonuses, MBOs and once-only renewal of collective national contracts of employment, are entered as liabilities (appropriation of costs) after subtracting any amounts already paid, and as a cost, unless another IFRS standard requires or permits inclusion of benefits in the cost of an asset (such as the cost of personnel working on development of intangible assets generated in-house).

The category of benefits upon termination of employment includes retirement incentive plans, which arise in the event of voluntary resignation in which the employee or group of employees participates in trade union agreements for access to solidarity funds, and dismissal plans, which arise in the event of termination of employment as the result of a unilateral decision made by the company. The company enters the cost of such benefits as a liability in the financial statement on the most immediate date between the moment at which the company can no longer retract the offer of the benefits and the moment at which the company bears the cost of personnel reorganisation falling under accounting standard IAS 37. Funds appropriated for redundancy or retirement are reviewed at least once every six months.

Post-employment benefit plans may be divided into two categories: defined-contribution plans and defined-benefit plans.

Defined-contribution plans primarily include:

- Supplementary pension funds requiring a defined contribution by the company;
- the Employee Termination Indemnity fund, limited to portions accruing since 1 January 2007 in the case of companies with more than 50 employees, whatever the employee's chosen allocation of the funds may be;
- portions of Employee Termination Indemnity accrued since 1 January 2007 and allocated to supplementary pension funds, in companies with less than 50 employees;
- supplementary medical insurance funds;
- the End of Service Indemnity allocated to directors.

Defined-benefit plans, on the other hand, include:

- Employee Termination Indemnity, limited to portions accrued up to 31 December 2006 for all companies and portions accrued since 1 January 2007 and not allocated to supplementary pension plans in the case of companies with less than 50 employees;
- supplementary pension funds under conditions requiring payment of a defined benefit to participants;
- seniority bonuses involving an extraordinary payment to employees upon reaching a certain degree of seniority.

In defined-contribution plans, the obligation of the company preparing the financial statements is determined on the basis of the contributions due in the year in question, so that measurement of the obligation does not require actuarial hypotheses and there is no possibility of actuarial profits or losses.

Entry of defined-benefit plans in the accounts is characterised by resort to actuarial hypotheses to determine the value of the obligation. This measurement is performed once a year by an external actuary. The company performs time-discounting using the unitary credit projection method, which involves projection of future expenditures on the basis of historical analysis of statistics and of the demographic curve, and financial time-discounting of these flows on the basis of a market interest rate. Actuarial profits and losses are offset against shareholders' equity (under the item "Reserve for actuarial profits and losses") as required by accounting standard IAS 19.

Performance share plan

The Group recognises incentives made up of a capital shareholding plan to certain senior management members and beneficiaries who hold key positions in the Group. The performance share plan is a type of "equity settled" plan, where the beneficiary is entitled to receive shares of GVS S.p.A. free of charge at the end of the vesting period. For the "equity settled" performance share plan, the fair value is recorded on the income statement among personnel costs over the period between the assignment date and the expiry date, and a reserve of shareholders' equity is recorded. Fair value is determined at the assignment date, reflecting the market conditions prevailing at the date in question. At each reporting date, the Group checks the assumptions about the number of performance shares expected to be accrued and recognises the effect of any change in the estimate of the number of performance shares on the income statement, adjusting the corresponding equity reserve. If the performance shares are exercised at the end of the vesting period, the corresponding increase in shareholders equity is recorded.

Provisions for potential risks and charges, assets and liabilities

Potential assets and liabilities may be divided into categories according to their nature and impact on the accounting records. Specifically:

- provisions are effective obligations of uncertain amount and contingency/due date arising out of past events, in relation to which it is probable that there will be an expenditure of economic resources, the amount of which may be reliably estimated;
- potential liabilities are possible obligations in relation to which expenditure of economic resources is not a remote probability;
- remote liabilities are those in relation to which expenditure of economic resources is a remote probability;
- potential assets are assets in relation to which the requirement of certainty is not met, so that they may not be entered in the financial statements;
- an onerous contract is a contract in which the non-discretionary costs essential for fulfilment of obligations exceed the economic benefits assumed to be obtainable from the contract;
- a reorganisation is a programme planned and controlled by Company management making significant changes to the field of action of an activity undertaken by the company or the way in which an activity is managed.

For the purposes of entry of the cost in the accounts, provisions are recorded if there is uncertainty as to the due date or amount of the flow of resources required to fulfil the obligation or other liabilities, particularly trade payables or allocation for presumed payables.

Provisions differ from other liabilities in that there is no certainty regarding the due date or amount of the future cost of fulfilment. In view of their different nature, provisions are entered separately from trade payables and allocation of funds for presumed payables.

A liability or provision to a fund is entered in the accounts when:

- there is a current legal or implicit obligation arising out of past events;
- it is probable that resources capable of producing economic benefits may have to be used to fulfil the obligation;
- the amount of the obligation may be reliably estimated.

Provisions require use of estimates. Under extremely rare circumstances in which it is not possible to obtain a reliable estimate, the amount of the liability cannot be reliably determined, and so it is described as a potential liability.

Provisions for risks and charges are made for an amount representing the best possible estimate of the expenditure that will be required to fulfil the corresponding obligation in existence as of the date of the financial statements, taking into consideration the risks and uncertainties that inevitably surround many events and circumstances. The amount of the provision reflects any future events which could affect the amount required to fulfil an obligation if there is sufficient objective evidence that these events will occur.

Once the best possible estimate of the expenditure required to fulfil the corresponding obligation in existence as of the date of the financial statements has been determined, the current value of the provision is determined, if the effect of the current value of cash is significant.

Treasury shares

Treasury shares are entered at cost and reduce the value of shareholders' equity. The effects of any subsequent sale of treasury shares will be recorded under shareholders' equity.

Hyperinflation

Companies operating in countries with high inflation rates recalculate the value of non-monetary assets and liabilities in their original financial statements to eliminate the distorting effects of the currency's loss of spending power. The inflation rate used for the purposes of adoption of inflation accounting is the consumer price index.

Companies operating in countries where the cumulative inflation rate over a three-year period is approximately 100% or more adopt inflation accounting, interrupting it if the cumulative inflation rate over a three-year period falls below 100%.

Profits and losses on net monetary position are allocated to the income statement.

Financial statements prepared in currencies other than the Euro by companies operating in countries with a high inflation rate are converted into Euro applying the exchange rate in effect at the end of the year to items in both the statement of assets and liabilities and the income statement.

In the third quarter of 2018 the cumulative inflation rate over the last three years in Argentina exceeded 100%. This and other characteristics of the country's economy led the Group to adopt IAS 29 for the Argentinian company GVS Argentina S.A. beginning on 1 January 2018. We also note that as of 1 January 2022, the Group also adopted accounting standard IAS 29 for its Turkish subsidiary GVS Filtre Teknolojileri, given the inflation rate that characterised the country's economy during the current year.

Revenue from contracts with customers

Revenues from contracts with customers are entered when the following conditions apply:

- the contract with the customer has been identified;
- the performance obligations contained in the contract have been identified;
- the price has been determined;
- the price has been allocated to individual contractual obligations contained in the contract;
- the contractual obligation contained in the contract has been fulfilled.

The Group reports revenues from contracts with customers when (or progressively as) contractual obligations are fulfilled, transferring to the customer the promised item or service (the asset). The asset is transferred when (or progressively as) the customer acquires control over it.

The Group transfers control of the asset or service over time, and therefore fulfils the contractual obligation and obtains revenues over time, if one of the following criteria is met:

- the customer simultaneously receives and uses the benefits deriving from the entity's service as the entity provides the service;
- the Group's service creates or improves the asset (such as work in progress) of which the customer takes over control as the asset is created or improved;
- the Group's service does not create an asset presenting an alternative use for the Group, and the Group is entitled to demand payment for the services completed up to the date taken into consideration.

If a contractual obligation is not fulfilled over time, the contractual obligation is fulfilled at a given moment in time. In this case, the Group receives revenues from it when the customer acquires control over the promised asset.

The contractual consideration included in the contract with the customer may include fixed amounts, variable amounts, or both. If the contractual consideration includes a variable amount (e.g. discounts, price concessions, incentives, penalties, or other similar elements), the Group estimates the amount of the consideration to which it will be entitled in exchange for the transfer of the promised goods or services to the customer. The Group includes the estimated amount of the variable consideration in the price of the operation only to the extent that it is highly probable that there will not be a significant downward adjustment of total revenues once the uncertainty surrounding this consideration is subsequently cleared up.

If the Group is entitled to receive a consideration in exchange for goods or services transferred to the customer, the Group will enter an asset from contracts with customers in its accounts. In the presence of an obligation to transfer goods and services to the customer for which a payment has been received from the customer, the Group records a liability from contracts with customers.

Incremental costs of obtaining contracts with customers are entered in the accounts as assets and amortised throughout the duration of the underlying contract, if the Group expects to recover them. Incremental costs of obtaining a contract are costs the Group incurs in order to obtain a contract with the customer, which it would not have incurred if it had not obtained the contract. Costs of obtaining a contract that would have been incurred even if the contract were not obtained must be entered as costs at the time at which they are incurred, unless explicitly chargeable to the customer even if no contract was obtained.

Costs incurred for fulfilment of contracts with customers are capitalised as assets and amortised throughout the term of the underlying contract only if these costs do not fall in the scope of application of another accounting standard (such as IAS 2 – Inventories, IAS 16 – Property, plant and equipment, and IAS 38 – Intangible assets) and satisfy all the following conditions:

- costs are directly correlated to the contract or to an expected contract which the entity can specifically identify;
- costs permit the entity to obtain new or greater resources for use fulfilling (or continuing to fulfil) its obligations in the future;
- these costs are expected to be recovered.

Acknowledgement of costs

Costs are entered in the income statement on the basis of the pro tempore principle.

Dividends

Dividends received are entered in the income statement on the basis of the pro tempore principle, that is, in the year in which entitlement to the corresponding receivable arises, following the resolution of the subsidiary's shareholders' meeting to distribute dividends.

The dividends distributed are represented as movements in shareholders' equity in the year in which they are approved by the shareholders' meeting.

Income tax

Current taxes are calculated on the basis of annual taxable income, applying the taxation rates in effect as of the date of the financial statements. Current taxes for the year under examination and previous years are recorded as liabilities, to the extent to which they have been paid. Current tax assets and liabilities pertaining to the current year and past years must be determined at the value expected to be recovered from the tax authorities, or paid to them, applying the tax rates and tax legislation in effect or substantially emanated as of the date of the financial statements.

Deferred taxes may be divided into:

- Deferred tax liabilities, representing the amount of income tax payable in future years referable to temporary differences in taxable amounts;

- deferred tax assets, which are portions of income tax that may be recovered in future financial years, referable to deductible temporary differences, carrying over of unused tax losses, and carrying over of unused tax credits.

Deferred tax assets and liabilities are calculated applying the taxation rate to the temporary differences taxable or deductible identified, or to unused tax losses and tax credits.

On the date of each financial statement a new measurement is conducted of both deferred tax assets not entered in the financial statements and advance tax assets entered in the financial statements, in order to verify the existence of the requirement of probability of recovery of deferred tax assets.

For determining taxes, any uncertainties as to the application of tax laws in accordance with IFRIC 23 are considered.

Profit per share

Basic profit per share is calculated by dividing the Group's net profit or loss by the weighted average number of ordinary shares in circulation during the year, excluding treasury shares.

Diluted profit per share is calculated by dividing the Group's net profit or loss by the weighted average number of ordinary shares in circulation during the year, excluding treasury shares. For the purposes of calculation of diluted profit per share, the weighted average number of ordinary shares in circulation during the year is modified by assuming that all owners of rights that could potentially have a diluting effect, if any, exercise their rights, while the Group's net profit or loss is adjusted to take into account the eventual effects of exercising these rights, after taxation.

Operating segments

An operating segment is a component of an entity:

- which undertakes business activities generating revenues and costs (including revenues and costs regarding transactions with other components of the same entity);

- the operating results of which are periodically reviewed at the highest decision-making level in the entity for the purposes of adoption of decisions regarding resources to be allocated to the area and assessment of the results; and

- for which separate financial information is available.

Refer to note 6 for information on operating segments.

3. Recently issued accounting standards

a) IFRS accounting standards, amendments and interpretations effective from 1 January 2024

The valuation criteria used to prepare the consolidated financial statements at 31 December 2024 do not differ from those used to prepare the consolidated financial statements at 31 December 2023, with the exception of the new accounting standards, amendments and interpretations applicable from 1 January 2024, as presented below, which, however, should be noted, did not have any impact on the Group's financial position.

- *Amendments to IAS 1 - Classification of Liabilities Between Current and Non-Current* - In January 2020, the IASB published the amendments to IAS 1 - Classification of Liabilities Between Current and Non-Current, which were further amended by the Amendments - Non-Current Liabilities with covenants that were published in October 2022. The Amendments require that an entity's right to defer the discharge of a liability for at least twelve months after the reporting period has substance and exists at the end of the reporting period. The classification of a liability is not affected by the likelihood that the entity exercises the right to defer its extinguishment for at least twelve months after exercise.
- *Amendments to IAS 1 - Non-Current Liabilities with Covenants* - Following the publication of the Amendments to IAS 1 - Classification of Liabilities between Current and Non-Current, the IASB further amended IAS 1 in October 2022. If an entity's right to defer is conditional on the entity complying with certain conditions, those conditions affect the existence of that right at the reporting date, if the entity is required to comply with the condition at or before the reporting date and not if the entity is required to comply with the conditions after reporting.
- *Amendments to IFRS 16 - Liability in a Sale and Leaseback (amendments to IFRS 16 Leases) - The International Accounting Standards Board (Board)* published in 2020 the *Exposure Draft* titled *Lease Liability in a Sale and Leaseback*. This document specifies the method used by a seller lessee to initially measure the right of use asset and the liability for the lease arising from a sale and leaseback transaction and the way in which the seller-lessor subsequently measures this liability. In 2021 the Board reviewed the feedback received on the Exposure Draft. At its September 2021 meeting, the Interpretations Committee discussed the project and discussed the direction of the project while considering such feedback. In September 2022, the IASB amended IFRS 16. The amendments add paragraph 102A to IFRS 16. According to this paragraph, the seller-lessee is required to determine the "lease payments" or "revised lease payments" so as not to recognise any amount of profit or loss relating to the right of use retained by the seller-lessee. The paragraph does not prescribe a particular method for achieving this result.
- *Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)* - On 25 May 2023, the IASB issued *Supplier Finance Arrangements* amending IAS 7 Cash Flow Statement and IFRS 7 Financial Instruments: Disclosures (the Amendments). These Amendments were made following a request received from IFRIC regarding the requirements for the presentation of liabilities and related cash flows arising from supply chain financing agreements (hereinafter "supplier finance arrangements" or "reverse factoring") and related disclosures. In December 2020, IFRIC published an *Agenda decision - Supply Chain Financing Arrangements—Reverse Factoring* which responded to this request based on the IFRS provisions in force at the time. During this process, the various stakeholders indicated limitations due to the requirements then existing to respond to important information needs of users in order to understand the effects of reverse factoring on the financial statements of an entity and to compare one entity with another. In response to this feedback, the IASB adopted a draft limited amendment to the standards, which led to the Amendments. The Amendments require entities to provide certain specific information (qualitative and quantitative) relating to supplier finance arrangements. The Amendments also provide guidance on the characteristics of the supplier finance arrangements.

All amendments entered into force on 1 January 2024. 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 31 December 2024.

As at 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 30 May 2024, the IASB published the document "*Amendments to the Classification and Measurement of Financial Instruments—Amendments to IFRS 9 and IFRS 7*". The document clarifies some problematic issues that emerged from the post-implementation review of IFRS 9, including the accounting treatment of financial assets whose returns vary on the achievement of ESG objectives (i.e. green bonds). In particular, the amendments aim to:
    - clarify the classification of financial assets with variable returns and linked to environmental, social and corporate governance (ESG) objectives and the criteria to be used for assessment of the SPPI test;
    - determine that the settlement date of the liabilities through electronic payment systems is the date on which the liability is extinguished. However, an entity may adopt an accounting policy to allow for the accounting elimination of a financial liability before delivering cash at settlement date under certain specific conditions.

With these amendments, the IASB has also introduced additional disclosure requirements relating in particular to investments in equity instruments designated to FVOCI.

The amendments will apply as from the financial statements of the financial years starting on or after 1 January 2026.

- On 9 May 2024, the IASB published a new standard "*IFRS 19 - Subsidiaries without Public Accountability: Disclosures*". The new standard introduces certain simplifications in relation to the disclosure required by other IAS-IFRS standards. This standard may be applied by an entity that meets the following key criteria:
    - it is a subsidiary;
    - has not issued capital or debt instruments listed on a market and is not in the process of issuing them;
    - has its own parent company that prepares consolidated financial statements in accordance with IFRS.

The new standard will enter into force on 1 January 2027, but early application is permitted.

- On 9 April 2024, the IASB published a new standard "*IFRS 18 Presentation and Disclosure in Financial Statements*" which will replace IAS 1 *Presentation of Financial Statements*. The new standard aims to improve the presentation of the main financial statements and introduces significant amendments to the income statement. In particular, the new standard requires:
    - classify revenues and costs into three new categories (operating section, investment section and financial section), in addition to the categories of taxes and discontinued activities already present in the profit and loss account;
    - present two new sub-totals, the operating result and the result before interest and taxes (i.e. EBIT).

The new standard also:

- requires more information on performance indicators defined by management;

- introduces new criteria for the aggregation and breakdown of information; and,

- introduces a number of changes to the cash flow statement, including a request to use the operating result as a starting point for the presentation of the cash flow statement prepared using the indirect method and the elimination of some options for classifying certain existing items (such as interest paid, interest received, dividends paid and dividends received).

The new standard will enter into force on 1 January 2027, but early application is permitted.

- On 15 August 2023, the IASB published an amendment entitled "*Amendments to IAS 21 – The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability*". The document requires an entity to apply a methodology to be applied consistently in order to verify whether one currency can be converted into another and, where this is not possible, how to determine the exchange rate to be used and the disclosure to be provided in the notes.

The amendment will apply from 1 January 2025, but earlier application is permitted.

- On 30 January 2014, the IASB published *IFRS 14 – Regulatory Deferral Accounts* which allows only those adopting IFRS for the first time to continue to recognise the amounts relating to assets subject to regulated tariffs ("*Rate Regulation Activities*") according to the previous accounting standards adopted.

As the GVS Group is not a first-time adopter, this standard does not apply to it.

No significant effects on the consolidated financial statements of the GVS Group are expected from the adoption of the above amendments.

4. Estimates and assumptions

Preparation of financial statements requires directors to apply accounting standards and methods which, in certain circumstances, are based on difficult and subjective measurements and estimates which are based on historical experience and on assumptions which may or may not be considered reasonable and realistic, depending their circumstances.

Application of these estimates and assumptions influences the amounts appearing in the accounts in the financial statements, such as the statement of financial position, the income statement, the overall income statement, the financial report and the explanatory information supplied. The final results of items in the financial statements determined on the basis of estimates and assumptions may differ, in some cases significantly, from those appearing in financial statements which report the effects of the occurrence of the event estimated, due to the uncertainty characteristic of assumptions and the conditions on which estimates are based.

Areas requiring particular subjectivity on the part of directors in preparation of estimates, and for which a change in the conditions underlying the assumptions made could have a significant impact on the Group's financial results, are as follows:

a) *Impairment of tangible assets and intangible assets with a defined useful lifespan:* tangible and intangible assets with a defined useful lifespan are tested for impairment in the presence of indicators suggesting difficulty recovering their net book value through use. Determination of the existence of such indicators requires the directors to perform subjective assessments on the basis of information available from both internal and external sources and historical experience. Moreover, when it is determined that a potential loss of value may be generated, it is necessary to proceed with its determination by means of assessment techniques considered appropriate. Correct identification of indicators of potential loss of value and estimates for its determination depend on subjective assessments and on factors which may vary with time, affecting the measurements and estimates made by management.

b) *Impairment of intangible assets of indefinite useful lifespan (goodwill)*: the value of goodwill is tested annually for impairment, to be entered in the income statement. The test involves allocation of goodwill to cash flow generating units and subsequent determination of their recoverable value, defined as fair value or value of use, whichever is greater. If recoverable value is less than the book value of the cash flow generating units, the goodwill allocated to them must be written down.

c) *Provision for writedown of receivables*: determination of this provision reflects management's estimate of customers' historic and expected solvency.

d) *Provisions for risks and charges*: the existence or non-existence of a current (legal or implicit) obligation is not always easy to determine. Directors assess such phenomena on a case-by-case basis, jointly with estimation of the amount of economic resources required to fulfil the obligation. If the directors believe that the appearance of a liability is merely possible, the risk is indicated in the explanatory note regarding risks and commitments, without setting aside any funds.

e) *Useful lifespan of tangible and intangible assets*: useful lifespan is determined when the asset is entered in the financial statements and reviewed at least once a year, at the close of the year. Estimates of the duration of useful lifespan are based on historical experience, market conditions and expectations regarding future events which could have an impact on the asset's useful lifespan, including technological change. It is therefore possible that actual useful lifespan may differ from estimated useful lifespan.

f) *Deferred tax assets*: deferred tax assets are entered on the basis of the probability of the existence of future tax revenues in relation to which temporary differences or eventual tax losses may be used within a reasonable time period.

g) *Inventories*: final product inventories presenting features of obsolescence or slow turnover are periodically subjected to an assessment test and written down if their recoverable value is less than their book value. Writedowns are based on the directors' assumptions and estimates based on their experience and on the results historically achieved.

h) *Leasing liabilities*: the amount of leasing liabilities and therefore the corresponding assets due to usage rights depend on determination of the lease term. This determination is subject to management's assessment, with specific reference to the decision whether or not to include time periods covered by renewal options or cancellation of the leasing agreement under leasing contracts. These assessments will be reviewed in the presence of a significant event or a significant change in circumstances with an impact on management's reasonable certainty of exercising an option that was not previously taken into consideration in determining the lease term, or not to exercise an option that was previously taken into consideration in determining the lease term.

5. Management of financial risk

In the area of business risk, the principal risks identified, monitored and, to the extent specified below, actively managed by the Group are as follows:

- market risk, deriving from oscillating exchange rates between the Euro and the other currencies in which the Group operates, and of interest rates;
- credit risk, deriving from the possibility of 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 wars in Ukraine and in the Middle East, the Company monitors the geopolitical context and the situation in these countries 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.

The following note supplies qualitative and quantitative information on the impact of these risks on the Group.

5.1 Market risk

Exchange rate risk

Exposure to exchange rate risk is a result of the Group's commercial activities conducted in currencies other than the Euro. Revenues and costs in foreign currency may be influenced by exchange rate fluctuation with an impact on sales margins (economic risk), just as trade payables and receivables in foreign currency may be affected by the exchange rate used, with an impact on economic results (transaction risk). Finally, fluctuating exchange rates also have an impact on consolidated profit or loss and on shareholders' equity, because the financial statements of a number of Group companies are prepared in currencies other than the Euro and then converted (translation risk). The Group's policy is to limit the risk of exchange rate fluctuations by entering into appropriate hedging contracts.

At 31 December 2024, the Group had two contracts in place to hedge exchange rate fluctuations. Specifically, the two derivative contracts are *forex forwards*, intended to hedge the risk of changes in the euro/dollar exchange rate in two instalments of the loan arranged by GVS SpA with its subsidiary, GVS North America Holding Inc.

Sensitivity analysis for exchange rate risk

For the purposes of sensitivity analysis for exchange rate risk, items on the statement of assets and liabilities at 31 December 2024 and 31 December 2023 (financial assets and liabilities) in currencies other than the currency in which each Group company operates have been identified. In assessing the potential effects of fluctuating exchange rates on net profit or loss, infragroup payables and receivables in currencies other than the account currency are also taken into consideration.

For the purposes of this analysis, two scenarios were taken into consideration which discount a 5% appreciation and depreciation, respectively, in the nominal exchange rate between the currency in which the item is entered in the financial statements and the account currency.

The table below shows the results of this analysis.

(in thousands of Euro)	Currency appreciation of 5%		Currency depreciation of 5%	
	At 31 December		At 31 December	
Currency	**2024**	**2023**	**2024**	**2023**
USD	8,483	12,083	(7,675)	(10,932)
GBP	(1,113)	(708)	1,007	641
EUR	(628)	208	568	(188)
Other	(328)	(523)	297	473
Total	**6,414**	**11,059**	**(5,803)**	**(10,006)**

The dollar balances relate mainly to intercompany loans granted by GVS to GVS North America Holdings Inc., the Chinese and Mexican subsidiaries.

Interest rate risk

The Group uses external financial resources in the form of debts and, where considered appropriate, invests available liquidity in money market instruments. Variations in interest rates influence the cost and yield of various forms of financing and investment, and therefore have an impact on the level of consolidated net financial costs. The Group is exposed to the risk of interest rate fluctuations, in view of the fact that some of its debts have variable interest rates. The Group's policy aims to limit/eliminate the risk of interest rate fluctuation by subscribing contracts hedging the risk of interest rate variation.

Sensitivity analysis regarding interest rate risk

A sensitivity analysis has been prepared to determine the effect on the consolidated income statement of a hypothetical positive and negative variation of 50 bps in the interest rate as compared to the rate effectively recorded in each year.

This analysis was conducted primarily in relation to the following items:

- cash on hand and cash equivalents;
- short-term and medium- to long-term payables to banks.

Cash on hand and cash equivalents made reference to average cash on hand and the average interest rate for the year, while the impact of short-term and medium- to long-term payables to banks was calculated specifically.

The table below shows the results of this analysis:

(in thousands of Euro)	**Impact on profit net of taxes**	
	- 50 bps	***+ 50 bps***
Financial year ended 31 December 2024	839	(839)
Financial year ended 31 December 2023	852	(852)

5.2 Credit risk

The Group deals with exposure to the credit risk inherent in the possibility of insolvency (defaulting) and/or deterioration of the creditworthiness of its customers through instruments for assessing each individual counterpart through a dedicated organisational structure equipped with adequate tools for constant daily monitoring of customers' behaviour and creditworthiness.

The Group is currently structured to implement a process of ongoing monitoring of credits, modulated with different degrees of reminders, varying on the basis of specific knowledge of the customer and of the number of days by which payment is delayed, in order to optimise working capital and minimise this form of risk.

As regards its financial counterparties, the Group is not characterised by significant concentrations of credit risk or solvency risk.

The table below breaks down trade receivables at 31 December 2024 according to due date, net of the provision for writedown of receivables.

(in thousands of Euro)	**Not yet due**	**Overdue by 1 to 90 days**	**Overdue by 91 to 180 days**	**Overdue by more than 181 days**	**Total**
Gross trade receivables as of 31 December 2024	47,486	10,908	812	865	**60,071**
Provision for writedown of receivables	-	(3,026)	(812)	(865)	**(4,703)**
Trade receivables as of 31 December 2024	**47,486**	**7,882**	**-**	**-**	**55,368**
Gross trade receivables as of 31 December 2023	44.702	11.050	1.527	919	**58.200**
Provision for writedown of receivables	-	(1.639)	(1.527)	(919)	**(4.086)**
Treceivables as of 31 December 2023	**44.702**	**9.411**	**-**	**-**	**54.114**

5.3 Liquidity risk

Liquidity risk represents the possibility of the Group becoming incapable of obtaining the financial resources necessary to guarantee current operations and fulfilment of obligations falling due, or that these resources might be available only at a high cost.

In order to mitigate this risk, the Group: ***(i)*** periodically determines forecast financial requirements on the basis of the operative needs, in order to act promptly to obtain any additional resources that may be necessary, ***(ii)*** performs all actions required to obtain such resources, ***(iii)*** ensures adequate composition in terms of due dates, instruments and degree of availability.

The Group believes the lines of credit currently available, combined with the cash flows generated by current operations, to be sufficient to meet financial requirements for and repayment of loans on their due dates.

The table below represents an analysis of due dates, based on contractual repayment obligations, as of 31 December 2024.

	As at 31 December 2024					
(in thousands of Euro)	within 1 year	between 1 and 2 years	between 3 and 5 years	beyond 5 years	Contractual value	Book value
Liabilities for the purchase of equity investments and earn out	19,634	8,571	-	-	**28,205**	**27,591**
Financial liabilities	63,868	97,409	168,966	-	**330,243**	**303,242**
Leasing liabilities	8,228	6,644	6,706	1,772	**23,350**	**22,172**
Trade payables	42,542	-	-	-	**42,542**	**42,542**
Current tax payables	9,973	207	53	-	**10,233**	**10,159**
Other current payables and liabilities	27,155	-	-	-	**27,155**	**27,155**

The amounts indicated in the table above represent undiscounted face values determined with reference to the residual contractual due dates for both the portion representing principal and the portion representing interest.

5.4 Capital management

The Group's capital management aims to guarantee a solid credit rating and appropriate levels of capital indicators to support the Group's investment plans and fulfil contractual commitments to financial backers.

The Group has the capital necessary to finance its requirements for growth of its business lines and for its operations; sources of financing represent a balanced mix of risk capital and debt capital, in order to guarantee a balanced financial structure and minimise the total cost of capital, benefiting all stakeholders.

Remuneration of risk capital is monitored on the basis of market trends and business performance, once all other obligations, such as service of the Group's debt, have been fulfilled; in order to ensure adequate remuneration of capital, safeguarding of business continuity and growth of lines of business, the Group constantly monitors the evolution of its level of indebtedness in relation to shareholders' equity, business trends, and forecast short, medium and long-term cash flows.

5.5 Categories of financial assets and liabilities and information on fair value

Categories of financial assets and liabilities

The tables below break down financial assets and liabilities by category according to IFRS 9 at 31 December 2024 and 31 December 2023.

(in thousands of Euro)	Book value	
	As at 31 December 2024	**As at 31 December 2023**
FINANCIAL ASSETS:		
Financial assets measured at amortised cost:		
Non-current financial assets	3,394	3,502
Other receivables and non-current assets	-	3,037
Trade receivables	55,368	54,114
Other receivables and current assets	9,184	10,458
Current financial assets	28,584	168
Cash and cash equivalents	102,991	191,473
	199,520	262,752
Financial assets measured at fair value entered in the income statement:		
Non-current financial assets	29	29
Current financial assets	2,401	2,317
	2,430	2,345
Derivative financial instruments	**1,877**	**4,829**
TOTAL FINANCIAL ASSETS	**203,828**	**269,926**

(in thousands of Euro)	Book value	
	As at 31 December 2024	**As at 31 December 2023**
FINANCIAL LIABILITIES:		
Financial liabilities measured at amortised cost:		
Non-current financial liabilities	246,021	351,337
Non-current leasing liabilities	14,138	13,164
Current financial liabilities	57,221	107,729
Current leasing liabilities	8,034	7,384
Trade payables	42,542	38,452
Other current liabilities	25,975	25,003
	393,931	**543,069**
Financial liabilities measured at fair value entered in the income statement:		
Debt for the purchase of equity investments and non-current earn out	8,245	24,677
Debt for the purchase of equity investments and current earn out	19,346	18,342
	27,591	**43,019**
Derivative financial instruments	**382**	**-**
TOTAL FINANCIAL LIABILITIES	**421,904**	**586,088**

In view of the nature of short-term financial assets and liabilities, the book value of the majority of these items is considered to represent a reasonable approximation of fair value.

Non-current financial assets and liabilities are regulated or measured at market rates, and their fair value is therefore considered to be substantially in line with their current book value.

Information on fair value

IFRS 13 requires the value of assets and liabilities measured at fair value in the company's financial position to be classified on the basis of a hierarchy of levels reflecting the significance of the input used to determine fair value. The fair value of financial instruments is classified on the basis of the following hierarchic levels:

- **Level 1**: **fair value determined with reference to listed prices (not adjusted) on active markets for identical financial instruments.** In Level 1 the emphasis is therefore placed on determination of the following elements: (a) the principal market for the asset or liability, or, in the absence of a principal market, the most advantageous market for the asset or liability; (b) the possibility of the entity conducting a transaction in the asset or liability at the price in effect on that market as of the measurement date.
- **Level 2**: **fair value determined with reference to assessment techniques referring to variables that may be observed on active markets.** The input for this level includes: (a) prices listed for similar assets or liabilities in active markets; (b) prices listed for identical or similar assets or liabilities in inactive markets; (c) figures other than the listed prices that may be observed for the assets or liabilities, such as interest rates or yield curves which may be observed at commonly listed intervals, implicit volatility, credit spread, or input conformed by the market.
- **Level 3**: **fair value determined on the basis of assessment techniques referring to market variables that cannot be observed.**

The tables below list financial assets and liabilities measured at fair value, divided on the basis of their levels in the hierarchy:

(in thousands of Euro)	As at 31 December 2024		
	Level 1	**Level 2**	**Level 3**
Non-current financial assets	-	-	29
Current financial assets	-	2,401	-
Non-current derivative financial instruments	-	1,877	-
Total assets measured at fair value	**-**	**4,278**	**29**

(in thousands of Euro)	As at 31 December 2024		
	Level 1	**Level 2**	**Level 3**
Debt for the purchase of equity investments and current earn out	-	-	8,245
Debt for the purchase of equity investments and non-current earn out	-	-	19,346
Current derivative financial instruments	-	382	-
Total liabilities measured at fair value	**-**	**382**	**27,591**

(in thousands of Euro)	As at 31 December 2023		
	Level 1	**Level 2**	**Level 3**
Non-current financial assets	-	-	29
Current financial assets	-	2,317	-
Non-current derivative financial instruments	-	4,829	-
Total assets measured at fair value	**-**	**7,146**	**29**

(in thousands of Euro)	**As at 31 December 2023**

	Level 1	Level 2	Level 3
Debt for the purchase of equity investments and current earn out	-	-	24,677
Debt for the purchase of equity investments and non-current earn out	-	-	18,342
Total liabilities measured at fair value	**-**	**-**	**43,019**

There have been no transfers among different levels in the fair value hierarchy in the financial years under consideration here.

6. Information on operating segments

Information on operating segments has been prepared on the basis of IFRS 8 "Operating segments" (hereinafter "**IFRS 8**"), which requires the information to be presented consistently with the methods adopted by the directors in making operative decisions.

The Group bases its management on a matrix structure divided by product line, distribution channel and geographic area, an organisation which identifies a unified strategic vision of the business in a synthetic view. This structure is reflected in the way in which management monitors and strategically guides the Group's activities. Top management reviews the Group's economic performance as a whole, so individual operating segments may not be identified. The Group's activity has therefore been represented as a single segment for the purposes of reporting under IFRS 8.

Details of revenues from contracts with customers by product line, distribution channel and geographic area appear in note 8.1.

In accordance with the provisions of IFRS 8, paragraph 34, in the financial year ending on 31 December 2024 there was no customer generating individually more than 10% of the Group's total revenues.

The table below lists non-current assets, other than financial assets and deferred tax assets and active derivatives, by geographic area as of 31 December 2024 and 31 December 2023, allocated on the basis of the country in which the assets are located. Non-current assets which are not allocated are represented entirely by goodwill.

(in thousands of Euro)	**At 31 December**	
	2024	**2023**
Italy	144,939	145,831
United States	126,789	127,149
United Kingdom	8,164	7,969
Brazil	3,012	2,703
China	65,912	58,317
Romania	5,546	4,810
Mexico	23,393	19,789
Puerto Rico	2,336	5,867
Other	728	2,636
Non-current assets not allocated	249,267	242,759
Total	**630,086**	617,828

7. Business combinations

This section describes the Group's business combinations in the year ending on 31 December 2024, as defined by IFRS 3 – "Business combinations".

Acquisition of EG

On 4 November 2024, the GVS Group, through its subsidiary GVS do Brasil Ltda, completed the acquisition of the entire share capital of EG Filtros Ltda ("EG"), a Brazilian company specialising in the manufacture and customisation of porous plastic filter elements in the *Energy & Mobility* and *Healthcare & Life Sciences* divisions. The acquisition was designed to offer a broader product and service portfolio in the Brazilian and international market. The consideration paid at the closing, including the cash acquired, was equal to approximately Euro 474 million. The acquisition was financed with the available liquidity of GVS.

The table below breaks down cash flows from the EG Takeover.

(in thousands of Euro)	**Financial year ended 31 December 2024**
Consideration paid	474
Net cash on hand acquired	(17)
Outgoing cash flow due to investment	**457**

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

(in thousands of Euro)	**Provisional fair value as of the purchase date**
ACTIVITIES	
Non-current assets	
Intangible assets	221
Assets represented by usage rights	10
Tangible assets	22
Total non-current assets	**253**
Current assets	
Inventories	25
Trade receivables	39
Current tax receivables	5
Cash and cash equivalents	17
Total current assets	**86**
Total assets	**339**
Non-current liabilities	
Non-current leasing liabilities	4
Deferred tax liabilities	15
Total non-current liabilities	**20**

Current liabilities	
Current leasing liabilities	6
Trade payables	9
Current tax payables	11
Other current payables and liabilities	22
Total current liabilities	**49**
Total liabilities	**69**
Total net assets acquired (A)	**270**
Consideration (B)	**474**
Goodwill (B) - (A)	**203**

During the process of the purchase price allocation, only one adjustment to the fair value of the assets and liabilities acquired was made, specifically the recognition within intangible assets of the value of the *customer relationship* for an amount of Euro 221 thousand. Residual goodwill, amounting to Euro 203 thousand, is attributable to the capacity of the company taken over to generate future economic benefits, particularly in relation to the generation of new *business opportunities*.

The fair value of the acquired assets and liabilities identifiable at the date of acquisition and goodwill have been recognised on a provisional basis, as the valuation period as defined by IFRS 3 is ongoing.

The contribution made by the acquired business to the Group's revenues from contracts with customers in the two-month period ending on 31 December is not significant.

8. Notes to the consolidated statement of assets and liabilities

8.1 Intangible assets

The table below reports the composition of, and movement in, intangible assets in the year ending on 31 December 2024.

(in thousands of Euro)	Development costs	Goodwill	Customer relationship	Technology	Industrial patent rights and rights to use intellectual property	Concessions, licenses, trademarks, and similar rights	Other fixed assets	Fixed assets in progress	Total
Historical cost as at 31 December 2023	**22,214**	**242,759**	**203,182**	**26,308**	**12,670**	**32,870**	**3,532**	**1,184**	**544,719**
Investments	6,938	-	-	-	14	592	-	610	**8,153**
Reclassification	887	-	-	-	26	125	-	(900)	**138**
Write-downs	(435)	-	-	-	-	-	-	-	**(435)**
Business combinations	-	203	221	-	-	-	-	-	**424**
Conversion reserves	819	6,305	6,893	1,515	606	891	514	(152)	**17,390**
Historical cost at year-end	**30,423**	**249,267**	**210,296**	**27,823**	**13,316**	**34,478**	**4,046**	**741**	**570,390**
Provision for amortisation and depreciation as at 31 December 2023	**(11,186)**	**-**	**(36,539)**	**(3,398)**	**(9,046)**	**(9,522)**	**(3,327)**	**-**	**(73,018)**

Amortisation and depreciation	(3,939)	-	(12,138)	(1,588)	(1,069)	(1,181)	(248)		**(20,162)**
Reclassification	-		-	-	-	6	-		**6**
Conversion reserves	(507)		(2,159)	(247)	(430)	(467)	(466)		**(4,275)**
Accumulated depreciation at year-end	**(15,632)**	**-**	**(50,836)**	**(5,233)**	**(10,545)**	**(11,164)**	**(4,041)**	**-**	**(97,450)**
Net book value as at 31 December 2023	**11,028**	**242,759**	**166,643**	**22,910**	**3,624**	**23,348**	**205**	**1,184**	**471,701**
Net book value at year-end	**14,791**	**249,267**	**159,460**	**22,590**	**2.,771**	**23,315**	**5**	**741**	**472,940**

Intangible assets with a defined useful lifespan

Customer relationship reflects the value of business relations measured following allocation of the consideration paid for the takeover of KUSS, RPB, STT, Haemotronic and EG.

Patent rights primarily reflect the value measured at the time of allocation of the consideration paid for the KUSS takeover, in addition to filing of new patent applications.

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

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

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

Investment in intangible assets in the year ending on 31 December 2024, amounting to Euro 8,153 thousand, was primarily attributable to the cost of development and fixed assets in progress and reflects amounts paid for development of new products and the corresponding production processes.

During the year, a non-significant net reclassification of tangible assets to intangible assets of Euro 144 thousand was carried out.

The positive impact of conversion reserve during the year 2024 is primarily attributable to goodwill and customer relationships originally recorded in dollars.

During the year in question, the group identified impairment losses with reference to intangible assets for an amount of Euro 435 thousand and set aside the relative provision for impairment; with the exception of this amount, at 31 December 2024, there were no indications of possible impairment with reference to intangible assets.

The effects of business combinations pertain to the change in the scope of consolidation resulting from the EG takeover, the effects of which are described in note 7.

Intangible assets with an indefinite useful lifespan

Goodwill

At 31 December 2024 the value of goodwill, equal to Euro 249,267 thousand (Euro 242,759 thousand at 31 December 2023), mainly refers to the acquisition of the STT Groups, Haemotronic, KUSS and RPB, as well as other previous business combinations. The change during the year of Euro 6,508 thousand is due to the positive exchange rate effect of Euro 6,305 thousand and the acquisition of EG for Euro 203 thousand.

The table below shows the detail of goodwill as of 31 December 2024 and 31 December 2023 broken down in the portion attributable to the more meaningful acquisitions and what is attributable to other minor business combinations.

(in thousands of Euro)	**At 31 December**	
	2024	**2023**
KUSS Takeover	54,435	51,180
RPB Acquisition	30,583	28,815
STT Acquisition	19,642	18,973
Haemotronic takeover	122,939	122,939
Other business combinations	21,668	20,852
Total goodwill	**249,267**	**242,759**

In line with the requirements of IAS 36, an impairment test was conducted on the date of the financial statements to check for impairment of goodwill. For the purposes of verification of the recoverability of goodwill entered among intangible fixed assets, a single Cash Generating Unit ("**CGU**") has been identified, consisting of all the GVS Group's activities together. For the purposes of identification of this CGU, the information required by IAS 36 is taken into consideration, including the fact that company management monitors Group operations on a consolidated basis and the fact that company management makes strategic decisions at the Group-wide level, especially those regarding the product range and investment decisions.

As of 31 December 2024, goodwill, equal to Euro 249,267 thousand, was subjected to impairment tests in accordance with IAS 36, or comparing the carrying amount of the net assets of the CGU with the corresponding recoverable value. Specifically, the recoverable value configuration is that of value in use, determined prudently through a purely mathematical exercise, discounting the forecast data, not subject to approval by the Board of Directors, of the CGU ("**DCF *Method***") relating to the period of 4 years after the balance sheet date, prepared assuming core growth equal to sector inflation, compared to the 2025 *budget* data, the latter approved by the Board of Directors on 26 February 2025, excluding, as required by IAS 38, the flows deriving from the acquisition of the whole blood business of Haemonetics. It should also be noted that the market value taken from the market capitalization at the balance sheet date is higher than the book value of the net assets of the CGU.

The final value of the CGU was determined on the basis of the criterion of the perpetuity of the CGU's cash flow from ordinary operations in the last financial year for which the forecasts taken into consideration are available, assuming a growth rate and an actualisation rate (WACC, representing the weighted average of cost of capital and cost of debt, after taxes) of 2.1% and 9.5%, respectively.

The following sources of information were used in estimating the value of use of the CGU to which goodwill is allocated:

- internal sources: IAS 36 requires that value of use be based on the most recent forecasts of inflows prepared by top management. For the purpose of impairment tests of goodwill as of 31 December 2024 a prudential exercise was used (worst case), starting from the 2025 budget approved by the Board of Directors on 26 February 2025, to which, for the turnover data for the years 2026 to 2028, an inertial growth rate equal to a prudent estimate of sector inflation was mathematically applied and for the EBITDA margin, for the same years, the 2025 budget value was confirmed.

- external sources: the impairment test on goodwill used external information sources in calculation of the average weighted cost of capital, determined on the basis of the capital asset pricing model ("**CAPM**"). Specifically, as required by IAS 36, the cost of capital was calculated taking into consideration the target financial structure resulting from analysis of the financial structure of comparable listed companies. In determining the cost of capital, an increase was also applied to take into account the smaller size / liquidity of the CGU compared to comparable listed companies.

The results of the impairment test did not reveal any impairment of goodwill.

The cash flows estimated in the ways described above configure the impairment test as worst case scenario and given the prudent approach used to determine the value in use, the Company has decided not to prepare any sensitivity analysis, such as the determination of the break-even WACC or the recalculation of the value in use as the growth rate and/or discount rate varies (WACC, which represents the weighted average between the cost of equity and the cost of debt, after taxes).

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

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

(in thousands of Euro)	**At 31 December**	
	2024	**2023**
Net book value of assets represented by usage rights (real estate)	18,418	15,324
Net book value of assets represented by usage rights (automobiles)	1,535	1,266
Net book value of assets represented by usage rights (machinery)	3,437	3,617
Total net book value of assets represented by usage rights	**23,389**	**20,207**
Current leasing liabilities	8,034	7,384
Non-current leasing liabilities	14,138	13,164

Total leasing liabilities	**22,172**	**20,548**

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

(in thousands of Euro)	Financial year ended 31 December	
	2024	**2023**
Amortisation of assets represented by usage rights (real estate)	5,328	5,573
Amortisation of assets represented by usage rights (automobiles)	781	768
Amortisation of assets represented by usage rights (machinery)	612	406
Total amortisation of assets represented by usage rights	**6,721**	**6,747**
Interest payable on leases	**637**	**673**
Total outgoing cash flows due to leasing	**8,527**	**9,249**

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

The assets represented by usage rights recorded during 2024 mainly relate to: *(i)* renewals of leasing agreements relating to industrial and office buildings, as well as renewals of residential properties used as condominiums by employees; and *(ii)* the signing of new leasing agreements relating to company cars.

As of 31 December 2024, the Group had not identified any indicators of lasting impairment of assets corresponding to usage rights.

The table below shows the non-actualised contractual value of the Group's leasing liabilities as of 31 December 2024 and 31 December 2023.

(in thousands of Euro)	**within 1 year**	**between 1 and 2 years**	**between 3 and 5 years**	**beyond 5 years**	**Contractual value**	**Book value**
As at 31 December 2024	8,228	6,644	6,706	1,772	**23,350**	**22,172**
As at 31 December 2023	7,730	4,625	8,641	26	**21,022**	**20,548**

The actualisation rate was determined on the basis of the Group's marginal financing rate, that is, the rate the Group would have to pay for a loan, with a similar term and guarantees, necessary to purchase an asset of similar value to the asset consisting of usage rights in a similar economic context. The Group decided to apply a single actualisation rate to a leasing portfolio with reasonably similar characteristics, such as leasing agreements with a similar residual term for a class of similar underlying assets in a similar economic context.

8.3 Tangible assets

The table below shows the breakdown and movements of tangible assets in the year ending on 31 December 2024.

(in thousands of Euro)	Land and buildings	Plants and machinery	Industrial and commercial equipment	Other assets	Improvements on third party assets	Tangible assets in progress and advances	Total
Historical cost as at 31 December 2023	**26,528**	**155,265**	**84,786**	**15,414**	**14,112**	**24,329**	**320,434**
Investments	-	3,739	2,394	1,275	159	21,633	**29,200**
Disposal	(446)	(1,112)	(15)	(245)	(159)	(104)	**(2,081)**
Reclassification	3,332	10,705	251	92	268	(14,786)	**(137)**
Write-downs	-	-	-	-	-	(121)	**(121)**
Business combinations	-	65	-	5	1	-	**71**
Conversion reserves	1,141	(5,674)	59	(326)	(627)	142	**(5,285)**
Historical cost at year-end	**30,554**	**162,989**	**87,475**	**16,215**	**13,754**	**31,093**	**342,081**
Provision for amortisation and depreciation as at 31 December 2023	**(1,656)**	**(112,522)**	**(63,861)**	**(12,559)**	**(6,951)**	**-**	**(197,550)**
Amortisation and depreciation	(1,127)	(8,437)	(5,222)	(994)	(1,072)		**(16,851)**
Disposal	446	966	15	229	159		**1,815**
Reclassification	-	(63)	9	71	(23)		**(6)**
Business combinations	-	(46)	-	(2)	(1)		**(49)**
Conversion reserves	(581)	4,623	(97)	(73)	446		**4,317**
Accumulated depreciation at year-end	**(2,917)**	**(115,480)**	**(69,157)**	**(13,328)**	**(7,443)**	**-**	**(208,324)**
Net book value as at 31 December 2023	**24,872**	**42,743**	**20,925**	**2,855**	**7,161**	**24,329**	**122,884**
Net book value at year-end	**27,637**	**47,509**	**18,318**	**2,887**	**6,311**	**31,093**	**133,756**

Tangible assets refer primarily to capital goods, such as plant, machinery, moulds and equipment used in the production process.

Investments in tangible assets of Euro 29,200 thousand are mainly attributable to the expansion of production capacity and maintenance of production in all the business divisions, and the construction of the new plant in Suzhou (China), which is expected to be completed in 2025. Specifically, investments at the new Suzhou plant were increased by Euro 8,477 thousand during 2024.

Furthermore, it should be noted that, with reference to the year ended 31 December 2024, the main investments concerned the production plants in Italy, the plants in the United States of America and the GVS sites in the United Kingdom, China, Romania and Mexico.

In the year under review, writedowns of tangible assets totalling Euro 121 thousand were recorded, for which the long-term usefulness of these investments is no longer recognised, with the exception of this amount at 31 December 2024, there were no indications of possible impairment in relation to tangible assets.

As of 31 December 2024, there were no real estate assets or capital goods burdened by any kind of guarantee provided to a third party.

8.4 Deferred tax assets and deferred tax liabilities

The table below reports details of deferred tax assets as of 31 December 2024 and 31 December 2023.

(in thousands of Euro)	At 31 December	
	2024	**2023**
Unrealised profits and losses on exchanges	5,448	-
Non-deductible costs	1,490	4,170
Intangible assets	-	4,169
Previous tax losses	859	2,852
Inventories	2,927	3,551
Tangible assets	808	191
Provisions for employee benefits	604	814
Assets represented by usage rights	-	183
Trade receivables	217	507
Provisions for risks	531	1,533
Other	-	203
Gross deferred tax assets	**12,884**	**18,173**
Compensation with deferred tax liabilities	(12,025)	(15,321)
Total deferred tax assets	**859**	**2,852**

Deferred tax assets are entered as it is considered probable that sufficient taxable income will be generated to permit their use.

Deferred tax assets pertaining to previous tax losses are acknowledged only if it is probable that sufficient taxable income may become available in the future to permit recovery of the assets.

The table below reports details of deferred tax liabilities as of 31 December 2024 and 31 December 2023.

(in thousands of Euro)	At 31 December	
	2024	**2023**
Unrealised foreign exchange profits	-	3,803
Tangible assets	7,412	7,350
Intangible assets	32,207	36,898
Derivative financial instruments	359	1,159
Assets represented by usage rights	1,958	1,558
Other	26	-
Gross deferred tax liabilities	**41,962**	**50,768**
Compensation with deferred tax assets	(12,025)	(15,321)
Total deferred tax liabilities	**29,937**	**35,447**

The table below shows changes in the gross value of deferred tax assets and deferred tax liabilities for the year ended 31 December 2024.

(in thousands of Euro)	**Total deferred tax assets**	**Total deferred tax liabilities**
Balance as of 31 December 2023	**18,173**	**50,768**
Provisions (releases) to income statement	(3,767)	(8,727)
Provisions (releases) to comprehensive income statement	-	(699)
Balance sheet reclassification to current taxes	(1,767)	-
Business combinations	-	15
Conversion reserves	246	605
Balance as at 31 December 2024	**12,884**	**41,962**

Deferred tax assets and deferred tax liabilities are a result of temporary differences between the value attributed to an asset or liability in the financial statement and the value attributed to the same asset or liability for tax purposes.

8.5 Financial assets (current and non-current)

The table below reports details of current and non-current financial assets as of 31 December 2024 and 31 December 2023.

(in thousands of Euro)	At 31 December	
	2024	**2023**
Security deposits	3,146	3,082
Non-current leasing assets	247	-
Loans	-	420
Capital instruments	29	29
Non-current financial assets	**3,422**	**3,531**
Investment funds	2,401	2,317
Term deposits	28,460	-
Current leasing assets	124	168
Current financial assets	**30,985**	**2,484**
Total financial assets	**34,407**	**6,015**

Security deposits, classified as financial assets measured at amortised cost: on the basis of IFRS 9, represent a down payment for purchase of the whole blood assets acquired by Haemotronic at the beginning of the year and for sums paid under existing leasing agreements.

Leasing assets refer to a sub-leasing contract assessed as a financial asset on the basis of the requirements of IFRS 16. The sub-lease, identified under a contract with a customer, regards a portion of a production site in North America.

Investment funds, classified as financial assets measured at fair value entered in the income statement on the basis of IFRS 9, represent excess liquidity invested in unlisted securities representing investment funds, primarily linked with the course of interbank interest rates on the Brazilian market.

Time deposits at 31 December 2024, classified as financial assets measured at amortised cost on the basis of IFRS 9, refer to amounts deposited by GVS SpA at leading credit institutions, in bank current accounts maturing in excess of 3 months, including the related interest rate. During 2025, this amount was fully paid out of liens.

The loan item at 31 December 2023 is attributable to the loan granted in previous years to a counterparty external to the Group by the subsidiary Htmex Inc. As at 31 December 2024, this loan was collected in full.

8.6 Non-current and current derivative financial instruments

Non-current active financial derivatives amount to Euro 1,877 thousand at 31 December 2024 (Euro 4,829 thousand at 31 December 2023).
The balance of this item is entirely the result of the positive fair value of five IRS (Interest rate Swap) derivative contracts hedging the risk of changes in interest rates of contracts entered into with Unicredit and Mediobanca during 2020 and the syndicated loan taken out with Unicredit, Mediobanca and Credit Agricole in 2021 (see also note 8.13). The derivative financial instruments, having individually an original notional amount equal to the nominal value of the hedged items, guarantee a fixed interest rate for the entire duration of the loans covered.

Current financial derivatives amount to Euro 382 thousand at 31 December 2024.
The balance of the item is entirely attributable to the negative fair value of two *forex forward* derivative contracts, intended to hedge the risk of changes in the euro/dollar exchange rate of two instalments of the loan arranged by GVS SpA with its subsidiary, GVS North America Holding Inc. Financial derivatives, each of which has an original notional amount equal to a fixed portion of the value of the hedged loan instalments, shall guarantee a fixed exchange rate for the hedged item of the loan.

In accordance with the provisions of IFRS 9, the derivatives contracts were designated as a financial instrument hedging interest rates. Consequently, the changes in the fair value of the derivatives were accounted for net of taxes, in a specific equity reserve, with an impact on the comprehensive income statement.

8.7 Inventories

The table below reports details of inventories as of 31 December 2024 and 31 December 2023.

(in thousands of Euro)	**At 31 December**	
	2024	**2023**
Finished products and goods	31,962	37,105
Raw materials, subsidiary materials and consumables	43,213	43,065
Products in progress and semi-products	12,385	10,722
Spare parts	3,202	2,938
Gross inventories	**90,762**	**93,831**
Provision for write-down of inventory	(7,434)	(6,474)
Provision for write-downs of spare parts	(2,786)	(2,548)
Inventories	**80,542**	**84,808**

The provision for write-down of inventories and spare parts increased during the year as a result of the total provision equal to Euro 1,481 thousand, and the exchange rate effect equal to Euro 383 thousand, and net of uses for the year equal to Euro 666 thousand.

8.8 Trade receivables

The table below reports details of trade receivables as of 31 December 2024 and 31 December 2023.

(in thousands of Euro)	At 31 December	
	2024	**2023**
Trade receivables from customers	59,902	58,108
Trade receivables from related parties	169	92
Trade receivables (gross)	**60,071**	**58,200**
Provision for write-down of trade receivables	(4,703)	(4,086)
Trade receivables	**55,368**	**54,114**

The book value of trade receivables is considered to approximate their fair value. During 2024, the Group availed itself of the instrument of transferring a portion of its trade receivables through factoring without recourse transactions. As at 31 December 2024, the amount of the assignments of trade receivables through factoring without recourse, for which the derecognition of the related receivables, amounted to Euro 17,059 thousand (Euro 15,094 thousand at 31 December 2023).

The table below breaks down trade receivables at 31 December 2024 and 31 December 2023, net of the provision for writedown of receivables.

(in thousands of Euro)	Not yet due	Overdue by 1 to 90 days	Overdue by 91 to 180 days	Overdue by more than 181 days	Total
Gross trade receivables as of 31 December 2024	47,486	10,908	812	865	60,071
Provision for writedown of receivables	-	(3,026)	(812)	(865)	(4,703)
Trade receivables as of 31 December 2024	**47,486**	**7,882**	**-**	**-**	**55,368**
Gross trade receivables as of 31 December 2023	44,702	11,050	1,527	919	58,200
Provision for writedown of receivables	-	(1,639)	(1,527)	(919)	(4,086)
Trade receivables as of 31 December 2023	**44,702**	**9,411**	**-**	**-**	**54,114**

Gross trade receivables at 31 December 2024 and 31 December 2023, include Euro 12,585 thousand and Euro 13,496 thousand, respectively, referable to overdue items, including Euro 1,677 thousand and Euro 2,446 thousand, representing items overdue by more than 90 days.

The table below reports movements in the provision for writedown of trade receivables in the years ending on 31 December 2024 and 31 December 2023.

(in thousands of Euro)	**Provision for writedown of trade receivables**
Balance as of 31 December 2022	**5,218**
Net provisions	594
Use	(1,577)
Conversion reserves	(149)
Balance as of 31 December 2023	**4,086**
Net provisions	696
Use	(209)
Conversion reserves	130
Balance as at 31 December 2024	**4,703**

Net provisions to the provision for writedown of receivables appear in the income statement under the item net writedowns of financial assets (see note 9.7).

8.9 Assets and liabilities deriving from contracts with customers

Assets from contracts with customers, equal to Euro 1,561 thousand and Euro 964 thousand at 31 December 2024 and 31 December 2023 respectively, primarily represented the right to obtain a consideration for goods transferred to customers in relation to the production of moulds and equipment.

Liabilities from contracts with customers, worth Euro 5,868 thousand and Euro 6,029 thousand at 31 December 2024 and 31 December 2023 respectively, mainly represent advances received from customers for contractual obligations not yet met.

Assets and liabilities from contracts with customers are shown net in the statement of assets and liabilities if they refer to the same contractual obligation to the same customer. The table below shows the gross amount of assets and liabilities from contracts with customers, and how they are compensated, as of 31 December 2024 and 31 December 2023.

(in thousands of Euro)	**At 31 December**	
	2024	**2023**
Gross assets from contracts with customers	2,056	1,577
Compensation with liabilities from contracts with customers	(495)	(613)
Assets from contracts with customers	**1,561**	**964**
Gross liabilities from contracts with customers	6,363	6,642
Compensation with assets from contracts with customers	(495)	(613)
Liabilities from contracts with customers	**5,868**	**6,029**

8.10 Current tax receivables and payables

Current tax receivables at 31 December 2024 and 31 December 2023 total Euro 10,768 thousand and Euro 7,486 thousand respectively.

Current tax payables at 31 December 2024 and 31 December 2023 amount to Euro 10,159 thousand and Euro 8,130 thousand respectively.

Changes in the net balance of these assets and liabilities in the years ending on 31 December 2024 and 31 December 2023 primarily pertain to allocation of current income taxes amounting to Euro 17,018 thousand and Euro 13,449 thousand and payments of Euro 15,004 thousand and Euro 10,508 thousand, respectively. It should be noted that during the year, GVS SpA's income tax receivables were increased by Euro 2,942 thousand as a result of the tax benefit recognised for the *Patent Box*; for further information, please see the following paragraph on taxes.

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

Other receivables and non-current assets, amounting to Euro 3,037 thousand at 31 December 2023, and reduced to zero at 31 December 2024, refer exclusively to the indemnity recognised at the acquisition date from the seller of Haemotronic SpA and its subsidiaries, to cover specific risks pertaining to the group acquired in 2022; for this position there was a provision for liabilities of the same amount. In the first half of the current year 2024, this receivable was collected and offset for a total of Euro 1,859 thousand, with a relative reduction in the provision for risks. The remainder was recognised as a cost in the income statement, recognising the effect in "Other operating costs" and the release of the provision for associated risks, recognising the relative effect in "Other operating income", following the downsizing of the compensation due, with a zero impact on the income statement.

The table below reports details of other receivables and current assets as of 31 December 2024 and 31 December 2023.

(in thousands of Euro)	**At 31 December**	
	2024	**2023**
Advances and instalments	770	619
Tax receivables	5,913	8,219
Prepaid expenses	1,939	1,676
Receivables from government agencies	2,736	1,525
Receivable from employees	190	129
Other receivables	345	585
Other receivables and current assets	**11,893**	**12,753**

Advances and instalments primarily represent sums paid for supplies yet to be received and commitments to honour.

Tax receivables mainly include VAT receivables from the tax authorities, receivables from government agencies mainly refer to receivables for contributions to be collected related to specific projects developed by the Group and for which specific contributions have been recognised and approved.

8.12 Cash and cash equivalents

The table below reports details of cash on hand as of 31 December 2024 and 31 December 2023.

(in thousands of Euro)	**At 31 December**	
	2024	**2023**
Bank and postal accounts	102,974	191,454
Cash and cash equivalents on hand	17	19
Cash on hand and cash equivalents	**102,991**	**191,473**

As of 31 December 2024 and 31 December 2023, cash on hand was not subject to any restrictions or limitations.

The financial report shows variations in cash on hand during the years under examination.

8.13 Shareholders' equity

The table below reports details of shareholders' equity as of 31 December 2024 and 31 December 2023.

(in thousands of Euro)	At 31 December	
	2024	**2023**
Share capital	1,892	1,750
Share premium reserve	167,491	92,770
Legal reserve	350	350
Extraordinary reserve	55,199	64,903
Translation reserve	1,085	(7,676)
Negative reserve for treasury shares	(2,836)	(2,524)
Actuarial profits and losses reserve	234	244
Profit (loss) carried over and other reserves	194,393	170,987
Net income	33,370	13,647
Minority interests	52	27
Total shareholders' equity	**451,231**	**334,478**

The statement of variations in consolidated shareholders' equity appears in the relevant financial statement.

Movements in shareholders' equity in the year ending on 31 December 2024 pertained to:

- the increase, net of ancillary costs, in the share capital and share premium reserve for a total of Euro 74,863 thousand, following the conversion of the loan from the shareholder GVS Group;
- entry of the overall total annual net profit, amounting to Euro 39,920 thousand;
- revaluation of the shareholders' equity of the subsidiaries based in Argentina and Turkey of the year in question, in view of application of accounting standard IAS 29 regarding the accounting of companies operating in economies characterised by hyperinflation, which had a positive impact of Euro 624 thousand;
- the purchase of treasury shares for Euro 301 thousand;
- the increase in reserves following the long-term incentives plan for Euro 1,646 thousand.

Share capital

As of 31 December 2024, the Company's fully subscribed and paid-up share capital was Euro 1,891,776,93 thousand, divided into 189,177,693 ordinary shares with no par value.

Translation reserve

The translation reserve includes all differences resulting from translation into Euro of the financial statements of subsidiaries included in the consolidation perimeter expressed in foreign currency.

Negative reserve for treasury shares

The treasury shares reserve refers to the purchase of 300,984 treasury shares representing a total stake of 0.16% in the Company's share capital.

Actuarial profits and losses reserve

The actuarial profits and losses reserve includes profits and losses deriving from changes to the actuarial hypotheses in relation to defined benefit plans.

Cash flow hedge reserve

As at 31 December 2024, this item amounts to a positive value of Euro 1,467 thousand and is linked to the stipulation of interest-rate hedging contracts for a variable-rate loan, and for the portion not recognised in the income statement in line with the hedging, to currency hedging contracts for specific instalments of a loan granted in dollars, taking into account the related effect of taxation of the fair value of derivatives.

Reserve from first adoption of EU-IFRS

The reserve for first adoption of EU-IFRS, included among other reserves, has a negative balance of Euro 1,532 thousand in the years under examination, and represents the effects of conversion from Italian accounting standards to EU-IFRS standards.

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

The total amount of this item, as at 31 December 2024, amounted to Euro 27,591 thousand and refers to the variable component of the price defined in the business combination in relation to the Haemotronic and STT groups. The change in the year mainly relates to the payment of the first earn out made to the seller of the Haemotronic group, amounting to Euro 19,000 thousand. These payables were discounted upon initial recognition.

8.15 Financial liabilities (current and non-current)

The table below reports details of current and non-current financial liabilities as of 31 December 2024 and 31 December 2023.

(in thousands of Euro)	**As at 31 December 2024**		**As at 31 December 2023**	
	Current portion	**Non-current portion**	**Current portion**	**Non-current portion**
2014 Bond Loan	-	-	4,525	-
2017 Bond Loan	-	-	7,993	-
Total bonded loans	**-**	**-**	**12,518**	**-**
Mediobanca loan (2020)	4,438	-	4,437	4,437
Unicredit loan (2020)	4,012	-	4,002	4,012
Club Deal loan (2021)	41,200	48,691	29,944	89,832
Club Deal loan (2022)	-	193,739	45,818	171,818
Valsabbina loan (Haemotronic)	375	563	375	938
Credem loans (Haemotronic)	301	-	601	301

BPM loans (Haemotronic)	-	-	1,258	-
BPER loan (Haemotronic)	601	2,038	530	2,638
Intesa loans (Haemotronic)	853	451	1,102	1,304
Banco Popolare loan (Haemotronic)	435	-	577	435
Commercial lines of credit	57	-	7	-
Accrued payables	1,526	-	2,583	-
Total financial payables to banks	**53,797**	**245,481**	**91,233**	**275,714**
GVS Group Srl loan	2,041	-	1,531	75,000
Subsidized loan Horizon call for tenders	244	152	228	395
Loans under special terms Invitalia	45	181	45	227
Loans under special terms Invitalia 2024	-	208	-	-
Financial payables to factors	1,093	-	2,174	-
Total other financial liabilities	**3,424**	**541**	**3,978**	**75,622**
Total financial liabilities	**57,221**	**246,021**	**107,729**	**351,337**

During the year ended 31 December 2024, GVS SpA obtained from the Ministry of Enterprise and Made in Italy subsidised financing of Euro 208 thousand relating to the first progress of work on the Sustainable Growth Fund – Ministerial Decree innovation agreement of 31/12/2021. The loan was granted at a rate of 0.93% on an annual basis, with a grace period of 2 years, half-yearly instalments and maturity of 30 June 2034.

In addition, as described above, GVS SpA has converted into shareholders' equity the subordinated and unsecured shareholder loan of Euro 75 million maturing on 31 December 2027, which was signed with the majority shareholder GVS Group Srl in 2023, the residual amount opened at 31 December 2024 of Euro 2,041 thousand represents the residual portion of interest payable.

Below is a description of the additional principal items making up the Group's financial liabilities as of 31 December 2024.

a) Loans in existence as of 31 December 2024

a1) Pool Financing Agreement (2022)

In order to finance the acquisition of Haemotronic, in 2022, GVS signed a new 5-year loan agreement for a total nominal amount of Euro 230 million with a pool of lending banks, including Mediobanca - Banca di Credito Finanziario SpA and Unicredit SpA, which acted, inter alia, in the capacity of arrangers, global coordinators and original lenders.

The contract provides for the repayment of the line of credit starting from the 18th month from the date of use of the line and the amortization plan is defined as follows:

- 5% of the residual debt, at the expiry of the 18th month;
- 10% of the residual debt at the expiry of the 24th month and every six months for the following two six-month periods;
- 15% of the residual debt at the expiry of the 42nd month and every six months for the following six-month period;

- 17.5% of the residual debt at the expiry of the 54th month and in the last half year period.

The line of credit requires payment of interest at an annual rate equal to the Euribor six-month rate plus a spread which varies on the basis of the ratio of net financial indebtedness to consolidated EBITDA, as defined in the agreement even after changes made in 2022 and 2023, from a minimum of 100 basis points if the ratio is less than 1.25, to a maximum of 245 basis points, if the ratio is greater than or equal to 4.

The financing agreement requires, as financial constraints, compliance at the consolidated level with:

- a ratio between consolidated EBITDA and net financial costs, greater than or equal to 4.5 at the date of each annual and half-yearly financial report during the term of this agreement, with the exception of the audits as at 30 June 2023 and 31 December 2023 for which the minimum ratio was defined as at least equal to 3.5;
- a maximum ratio of net financial indebtedness to EBITDA as described below:
    i. no more than 3.5 as at 31 December 2022 and
    ii. no more than 4.25 as at 30 June 2023;
    iii. no more than 4 as at 31 December 2023;
    iv. no more than 3.5 on each subsequent Determination Date starting on 30 June 2024.

We note that on 2 December 2024, in order to optimise its financial structure, GVS reached an agreement with the pool of lending banks, concerning: (i) the rescheduling on a non-constant basis of half-yearly nominal amounts of the residual debt of Euro 195.5 million, as well as (ii) a reduction in margins.

Specifically, the amendment signed provides for the repayment of the line of credit starting from the 18th month from the date of use of the line and the amortization plan is defined as follows:

- 10% of the residual debt, at the expiry of the 18th month;
- 10% of the residual debt at the expiry of the 24th month and every six months for the following two six-month periods;
- 12.5% of the residual debt, at the expiry of the 42nd month;
- 15% of the residual debt at the expiry of the 48th month and every six months for the following six-month period;
- 17.5% of the residual debt at the expiry of the 60th month, equal to the last quarter.

The amendment also provides for payment of interest at an annual rate equal to the Euribor six-month rate plus a spread which varies on the basis of the ratio of net financial indebtedness to consolidated EBITDA, between a minimum of 90 basis points if the ratio is less than 1.25 and a maximum of 160 basis points if the ratio is greater than or equal to 2.75.

As of 31 December 2024, the financial constraints have been met.

The 2022 Pool Loan is not backed by collateral.

a2) Pool Financing Agreement (2021)

On 30 July 2021, GVS on the one hand, Mediobanca - Banca di Credito Finanziario SpA, in the capacity of arranger, facility agent and global coordinator, and Credit Agricole Italia SpA and Unicredit SpA, in their capacity as arrangers on the other, signed a loan agreement (hereinafter the "2021 Pool Loan Agreement"), concerning making available to GVS a line of credit for an amount equal to Euro 150,000 thousand, aimed at financing the RPB Acquisition and the related costs, without providing any collateral.

The contract provides for the repayment of the line of credit starting from the 18th month from the date of use of the line and the amortization plan is defined as follows:

- 10% of the residual debt at the expiry of the 18th month and every six months for the following three six-month periods;
- 12.5% of the residual debt, at the expiry of the 42nd month;
- 15% of the residual debt at the expiry of the 48th month and every six months for the following six-month period;
- 17.5% of the residual debt in the last six-month period.

The line of credit requires payment of interest at an annual rate equal to the Euribor six-month rate plus a spread which varies on the basis of the ratio of net financial indebtedness to consolidated EBITDA, as defined in the agreement even after changes made in 2022 and 2023, from a minimum of 100 basis points if the ratio is less than 1.25, to a maximum of 245 basis points, if the ratio is greater than or equal to 4.

The financing agreement requires, as financial constraints, compliance at the consolidated level with:

- a ratio between consolidated EBITDA and net financial costs, greater than or equal to 4.5 at the date of each annual and half-yearly financial report during the term of this agreement, with the exception of the audits as at 30 June 2023 and 31 December 2023 for which the minimum ratio was defined as at least equal to 3.5;
- a maximum ratio of net financial indebtedness to EBITDA as described below:
    i. no more than 3.5 as at 31 December 2022 and
    ii. no more than 4.25 as at 30 June 2023;
    iii. no more than 4 as at 31 December 2023;
    iv. no more than 3.5 on each subsequent Determination Date starting on 30 June 2024.

As of 31 December 2024, the financial constraints have been met.

The 2021 Pool Loan is not backed by collateral.

a3) Unicredit mortgage (2020)

On 13 November 2020 GVS stipulated a mortgage agreement with Unicredit S.p.A. for a total of Euro 20,000 thousand. The loan falls due on 30 November 2025. The agreement requires payment of 60 deferred quarterly instalments from 28 February 2021 until the due date. The interest rate is variable and corresponds to the Euribor 3-month rate plus a spread of 0.75%. The contract sets out, as a financial constraint, compliance at the consolidated level with:

- a minimum ratio between consolidated EBITDA and net financial costs, equal to at least 4.5 at the date of each annual financial report during the term of this contract, with the exception of the audits as at 31 December 2023 for which the minimum ratio was defined as at least equal at 3.5;
- a maximum ratio of net financial indebtedness to EBITDA as described below:
    i. no more than 3.5 as at 31 December 2022 and
    ii. no more than 4 as at 31 December 2023;
    iii. no more than 3.5 on each Determination Date starting on 31 December 2024.

As of 31 December 2024, the financial constraints have been met.

The 2020 Unicredit Loan was not backed by collateral.

a4) Mediobanca (2020)

On 12 November 2020 GVS stipulated a loan agreement with Mediobanca for a total of Euro 20,000 thousand. The loan falls due on 12 November 2025. The agreement requires payment of 9 deferred quarterly instalments from 12 November 2021 until the due date. The interest rate applicable to the loan agreement, also following the changes that took place in 2022 and 2023, is variable and corresponds to the 6-month Euribor increased by a spread of a minimum of 85 bps, if this ratio is less than 2, up to a maximum of 175 bps, if this ratio is greater than or equal to 4.
The contract requires, as a financial constraint, compliance at the consolidated level with:

- a minimum ratio between consolidated EBITDA and net financial costs, equal to at least 4.5 at the date of each annual financial report during the term of this contract, with the exception of the audits as at 30 June 2023 and 31 December 2023 for which the minimum ratio was defined as at least equal at 3.5;
- a maximum ratio of net financial indebtedness to EBITDA as described below:
    - i. no more than 3.5 as at 31 December 2022 and
    - ii. no more than 4.25 as at 30 June 2023;
    - iii. no more than 4 as at 31 December 2023;
    - iv. no more than 3.5 on each subsequent Determination Date starting on 30 June 2024;

As of 31 December 2024, the financial constraints have been met.

The 2020 Mediobanca Loan is not backed by collateral.

<u>b) Other financial liabilities in existence as of 31 December 2024</u>

b1) Loans taken out by Haemotronic SpA

The following table summarises the main characteristics of the financial liabilities of the subsidiary Haemotronic SpA:

(in thousands of Euro)	**Nominal value at 31 December 2024**	**Maturity**	**Interest instalment**	**Interest rate**	**Guarantee**	**Covenants**
Valsabbina loan	938	01/04/2027	half yearly	1.302%	NO	NO
Credem Loan	301	15/06/2025	quarterly	0.150%	NO	NO
BPER loan	2,638	31/12/2028	half yearly	0.800%	NO	NO
Intesa Loan	251	30/06/2025	monthly	0.250%	NO	NO
Intesa Loan	1,053	21/09/2026	monthly	0.150%	NO	NO
Banco Popolare loan	435	30/09/2025	quarterly	0.550%	NO	NO
Total Haemotronic loans	**5,616**					

b2) Invitalia

During the Coronavirus emergency, Invitalia published the Special Measures to Protect Health and Support the Economy (CuraItalia) tender call, in which both GVS and its subsidiary GVS SUD S.r.l. (now part of GVS SpA) participated, and their application was accepted. During the month of April 2020, both companies received a loan under special terms with no interest. Against the

Company investing in production lines for personal protective equipment, the tender covered 75% of the investment and gave the possibility of transforming the loan under special terms into a non-repayable grant, depending on the speed with which the production lines became operational. Both companies provided the lender with documentation to support the various investments and in March 2022 they both received communication from Invitalia that the total amount of Euro 316 thousand was actually disbursed in the form of a subsidized loan, while the difference of Euro 228 thousand was disbursed as a non-repayable grant, partly into the management account and partly into the plant account. The residual debt at 31 December 2024 amounts to Euro 227 thousand.

The table below reports, for the year under examination, variations in financial liabilities resulting from cash flows generated and/or absorbed by financing, and deriving from non-monetary elements, as required by IAS 7.

(in thousands of Euro)	As of 1 January 2024	Opening	Increase in share capital	Offsets	Reclassification	Repayment	Variation in accrued payables on interest	Amortised cost	(Profits) losses on exchanges	As at 31 December 2024
Non-current financial liabilities	351,337	208	(75,000)	-	(30,274)	-	-	-	(250)	246,021
Current financial liabilities	107,729	-	-	(1,531)	30,274	(79,475)	984	(760)	-	57,221
Total financial liabilities	**459,066**	**208**	**(75,000)**	**(1,531)**	**-**	**(79,475)**	**984**	**(760)**	**(250)**	**303,242**

8.16 Net financial indebtedness and net financial position

In accordance with the requirements of the CONSOB communication of 28 July 2006 and in compliance with ESMA guidelines of 4 March 2021 (ESMA32-382-1138), the net financial debt of the GVS Group at 31 December is reported.

	(in thousands of Euro)	As at 31 December 2024	As at 31 December 2023
(A)	Cash and cash equivalents	102,991	191,473
(B)	Cash equivalents	-	-
	Term deposits	28,460	-
	Financial assets held for trading	2,401	2,317
	Financial lease receivables	124	168
(C)	Other current financial assets	**30,985**	**2,485**
(D)	**Liquidity (A)+(B)+(C)**	**133,976**	**193,958**
	Current bank debts	-	-
	Financial payables to parent companies	2,041	1,531
	Financial lease liabilities to other companies in the GVS Group	2,402	1,475
	Financial lease liabilities	5,632	5,909
	Other financial liabilities	20,729	20,789
(E)	Current financial indebtedness	30,804	29,704
(F)	Current portion of non-current indebtedness	53,797	103,751
(G)	**Current financial indebtedness (E)+(F)**	**84,601**	**133,455**
(H)	**Net current financial indebtedness (G)-(D)**	**49,375**	**60,503**
	Non-current bank borrowings	245,480	275,715
	Other financial liabilities	8,786	25,299

	Other financial liabilities to GVS Group	-	75,000
	Financial lease liabilities to other companies in the GVS Group	2,250	1,430
	Non-current financial lease liabilities	11,888	11,734
(I)	Non-current financial indebtedness	268,404	389,178
	Passive derivative financial instruments	-	-
(J)	Debt instruments	-	-
(K)	Trade payables and other non-current payables	757	-
(L)	**Non-current financial indebtedness (I)+(J)+(K)**	**269,161**	**389,178**
(M)	**Total net financial indebtedness (H)-(L)**	**(219,786)**	**(328,675)**

For further details on the composition of the items in the table, see Notes 8.12., 8.14 and 8.15.

The Group's net financial position (including non-current active derivatives and non-current active loans, and excluding net current and non-current leasing liabilities recorded in accordance with the provisions of IFRS 16) are equal to negative Euro 195,861 thousand at 31 December 2024 and Euro 303,046 thousand at 31 December 2023.

	(in thousands of Euro)	**As at 31 December 2024**	**As at 31 December 2023**
(M)	**Total net financial indebtedness**	**(219,786)**	**(328,675)**
	Non-current active derivative financial instruments	1,877	4,829
	Long-term financial receivables	-	420
	Financial lease liabilities (net)	22,048	20,380
	Total net financial position	**(195,861)**	**(303,046)**

The following table shows the adjusted net financial indebtedness:

	(in thousands of Euro)	**As at 31 December 2024**	**As at 31 December 2023**
(M)	**Total net financial indebtedness**	**(219,786)**	**(328,675)**
	GVS Group loan (including interest)	2,041	76,531
	Total adjusted net financial indebtedness	**(217,745)**	**(252,144)**

Adjusted net financial indebtedness was calculated by excluding from financial payables the amount of Euro 2,041 thousand, equal to the interest on the shareholder loan received from GVS Group S.r.l. (Euro 75,000 thousand, fully converted into shareholders' equity in 2024), in line with the definition of net financial indebtedness in existing loan agreements as regards the method of calculating financial covenants.

8.17 Provisions for employee benefits

The table below shows the breakdown and movements of provisions for employee benefits in the years ending on 31 December 2024 and 31 December 2023.

(in thousands of Euro)	**Termination indemnity**	**End of office indemnity**	**Provisions for employee benefits**
Balance as of 31 December 2022	**3,131**	**1,499**	**4,630**
Current service cost	-	114	114
Financial costs	57	-	57
Actuarial losses/(profits)	94	184	277
Benefits paid	(244)	(1,714)	(1,958)
Balance as of 31 December 2023	**3,038**	**83**	**3,120**
Current service cost	-	124	124
Financial costs	89	-	89
Actuarial losses/(profits)	14	-	14
Benefits paid	(424)	-	(424)
Balance as at 31 December 2024	**2,718**	**207**	**2,924**

Provisions for employees represent an estimate of the Company's obligation, determined on the basis of actuarial techniques, representing the amount to be paid to employees upon termination of their employment.

As of 31 December 2024 and 31 December 2023, provisions for employee benefits represented termination indemnity (known in Italy as "**TFR**") allocated for employees and end of service indemnity (known in Italy as "**TFM**") allocated for directors.

Termination indemnity (TFR)

Employee benefits for termination indemnity amount to Euro 2,718 thousand and Euro 3,038 thousand on 31 December 2024 and 31 December 2023, respectively, at the Group's Italian companies only.

The value of the payable represented by termination indemnity, which falls under the definition of defined benefit plans according to IAS 19, has been determined on the basis of actuarial logic. The principal actuarial, financial and demographic hypotheses used to determine the value of the liability as of 31 December 2024 and 31 December 2023 in accordance with the provisions of IAS 19 are listed below.

(As a percentage)	**At 31 December**	
	2024	**2023**
Financial hypotheses		
Annual actualisation rate	3.38%/3.18%	3.17%/3.09%
Annual inflation rate	2%	2%
Annual rate of increase in overall pay	3%	3%
Annual rate of increase in the termination indemnity	3%	3%
Demographic hypotheses		
Death	Table illustrating probability of death, as determined by the State General Accounting Office, known as RG48	Table illustrating probability of death, as determined by the State General Accounting Office, known as RG48
Invalidity	Probability adopted in the INPS form for projections as of 2010	Probability adopted in the INPS form for projections as of 2010
Retirement	Reaching the first of the valid retirement requirements for Obligatory General Insurance	Reaching the first of the valid retirement requirements for Obligatory General Insurance
Probability of advancing termination indemnity	3.00%	3.00%
Annual turnover	2.50%	2.50%

The table below sums up the sensitivity analysis for each actuarial, financial and demographic hypothesis, showing the effects (in absolute terms) that would result from changes in the actuarial hypotheses reasonably considered possible as of 31 December 2024 and 31 December 2023.

(in thousands of Euro)	**Annual actualisation rate**		**Annual inflation rate**		**Annual turnover**	
	+0.50%	**-0.50%**	**+0.25%**	**-0.25%**	**+2.00%**	**-2.00%**
Employee benefits (termination indemnity) as of 31 December 2024	(114)	120	34	(35)	25	(30)
Employee benefits (termination indemnity) as of 31 December 2023	(131)	141	41	(39)	24	(28)

End of office indemnity (TFM)

Employee benefits for TFM amount to Euro 207 thousand and Euro 83 thousand on 31 December 2024 and 31 December 2023, respectively.

8.18 Provisions for current and non-current risks and charges

The table below shows the breakdown and movements of provisions for current and non-current risks and charges in the years ending on 31 December 2024 and 31 December 2023.

(in thousands of Euro)	**Provisions for risks and charges**
Balance as of 31 December 2022	**9,221**
Allocation	4,694
Release	(450)
Use	(4,888)
Conversion reserves	(48)
Balance as of 31 December 2023	**8,529**
Allocation	3,213
Release	(1,137)
Uses/offsets	(3,555)
Conversion reserves	97
Balance as at 31 December 2024	**7,148**

In the consolidated financial statements as at 31 December 2024, the provisions for current and non-current risks and charges total Euro 7,148 thousand and relate to i) the provision for tax risks set aside for prudential reasons following complaints received regarding transfer pricing; ii) the provision relating to the relocation of plants and reorganisation of personnel; and ii) the provision for disputes with specific customers. We note that on 28 January 2025, a general audit of the financial year 2020 began by the Italian Revenue Agency - Regional Department. The audit process is ongoing and no objections have been raised at the date of approval of the draft financial statements.

In 2024, the Group allocated Euro 1,061 thousand to the income statement under "Other personnel costs" for non-recurring expenses relating to the staff reorganisation process, and to the item "Other operating costs", Euro 902 thousand for non-recurring expenses relating to the

plan for the relocation and rationalisation of the Group's plants, and Euro 500 thousand for a dispute with a specific customer. In addition, the provision for tax risks was increased by Euro 750 thousand in 2024.
The year uses mainly refer to payments made to staff following the implementation of the reorganisation plan and to payments and/or offsets following the conclusion and downsizing of a specific dispute relating to Haemotronic SpA. In addition, following the settlement and subsequent liquidation of this dispute, it was decided to release the excess provision in full and account for the related non-recurring income of Euro 1,137 thousand. For more information, please refer to the previously described under "Other receivables and assets (current and non-current)".

8.19 Trade payables

The table below reports details of trade payables as of 31 December 2024 and 31 December 2023.

(in thousands of Euro)	**At 31 December**	
	2024	**2023**
Trade payables to suppliers	42,542	38,452
Trade payables to related parties	-	-
Trade payables	**42,542**	**38,452**

Trade payables primarily regard transactions for the purchase of raw materials, components and services.

The book value of trade payables is considered to approximate their fair value.

8.20 Other current payables and liabilities

The table below reports details of other current payables and liabilities as of 31 December 2024 and 31 December 2023.

(in thousands of Euro)	**At 31 December**	
	2024	**2023**
Payable to employees	18,139	16,668
Payable to social security institutions	4,382	4,153
Tax payables	2,413	2,881
Accrued payables	41	123
Deferred income	1,139	1,179
Payable to directors	987	997
Other	54	304
Other current payables and liabilities	**27,155**	**26,305**

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

Payables to social security institutions primarily represent payment of contributions owned to pension and social security institutions.

Tax payables as of 31 December 2024 and 31 December 2023 primarily include tax payables for taxes not correlated to income, consisting primarily of VAT and other indirect taxes payable and withholding tax on employees' pay.

Deferred income mainly relates to contributions to non-repayable projects, the costs of which will be incurred in subsequent years.

9. Notes to the consolidated income statement

9.1 Revenues from contracts with customers

The table below breaks down revenues from contracts with customers by division in the years ending on 31 December 2024 and 31 December 2023.

(in thousands of Euro)	**Financial year ended 31 December**	
	2024	**2023**
Healthcare Liquid	223,110	226,185
Healthcare Air & Gas	33,369	29,473
Laboratory	31,715	31,592
Healthcare & Life Sciences	**288,194**	**287,249**
Powertrain & Drivetrain	26,612	29,065
Safety & Electronics	20,912	21,541
Sport & Utility	15,921	16,224
Energy & Mobility	**63,445**	**66,830**
Personal Safety	71,942	66,314
Air Safety	4,962	4,344
Health & Safety	**76,904**	**70,657**
Revenue from contracts with customers	**428,542**	**424,737**

In 2024, the GVS Group generated consolidated revenues of Euro 428.6 million, up on the revenues recorded in the previous year, thanks to the contribution of the *Health and Safety* division, whose growth offset the reduction in the *Energy "& Mobility* division. There was slight growth in the *Healthcare & Lifesciences* division of approximately Euro 1 million.

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

The table below breaks down revenues from contracts with customers by type of sale in the years ending on 31 December 2024 and 31 December 2023.

(in thousands of Euro)	Financial year ended 31 December	
	2024	**2023**
Business-to-business (BTB)	326,122	330,869
Business-to-consumer (BTC)	102,420	93,868
Total revenue from contracts with customers	**428,542**	**424,737**

The table below breaks down revenues from contracts with customers by geographic area in the years ending on 31 December 2024 and 31 December 2023.

(in thousands of Euro)	Financial year ended 31 December	
	2024	**2023**
North America	195,437	197,005
Europe	116,667	123,529
Asia	81,210	74,575
Other countries	35,228	29,628
Total revenue from contracts with customers	**428,542**	**424,737**

Revenues as of 31 December 2024 are mainly attributable to the sale of finished products.

Please see the report on operations for more information.

9.2 Other operating income

The table below breaks down other operating income in the years ending on 31 December 2024 and 31 December 2023.

(in thousands of Euro)	Financial year ended 31 December	
	2024	**2023**
Contributions for operating expenses	3,294	2,716
Release of provision for risks	1,137	450
Recovery and chargeback	859	2,316
Insurance refunds	328	452
Recovery of scrap	217	507
Proceeds from lease payments receivable	50	42
Capital gains on sales	303	94
Other	1,627	1,043
Other operating income	**7,815**	**7,620**

The release of the provision for risks of Euro 1,137 thousand was recognised in 2024, as a result of the conclusion and downsizing of a specific dispute relating to Haemotronic SpA, arising before the acquisition. Following the settlement and subsequent liquidation of the dispute, it was decided to release the excess provision in full and account for the relevant non-recurring income. The release of the provision for risks of Euro 450 thousand was booked in the previous year, following the downsizing of the dispute and request for compensation for damages received in the previous year by a specific customer, for which a provision of Euro 600 thousand had been set aside.

Contributions for operating expenses mainly refer to government subsidies obtained by GVS SpA and the subsidiary Haemotromic SpA to cover operating costs.

Other operating income, for the year ended 31 December 2023, also includes non-recurring income relating to a grant obtained from the Chinese government for the relocation of the production site (Euro 373 thousand) and a recharge to the seller of Haemotronic SpA (Euro 1,343 thousand) for an indemnity relating to a specific dispute for which a specific risk provision was recognised in the same amount.

9.3 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 years ending on 31 December 2024 and 31 December 2023.

(in thousands of Euro)	**Financial year ended 31 December**	
	2024	**2023**
Purchases of raw materials	127,674	129,549
Variation in inventories of products in progress, semi-finished goods and finished products	3,193	19,794
Variation in inventories of raw materials, subsidiary materials and goods	2,414	(5,107)
Purchases and consumption of raw materials, semi-products and finished products	**133,281**	**144,236**

The reduction at 31 December 2024 of the incidence of costs for purchases and consumption of raw materials, semi-finished products and finished products on revenues from contracts with customers is mainly due to the contribution of actions aimed at recovering profitability implemented by the Group.

9.4 Personnel costs

The table below breaks down personnel costs in the years ending on 31 December 2024 and 31 December 2023.

(in thousands of Euro)	**Financial year ended 31 December**	
	2024	**2023**
Salaries and wages	104,196	101,803
Social security contributions	27,315	26,795
Cost of termination indemnity	2,338	1,882
Other costs	1,061	1,274
Personnel costs	**134,910**	**131,754**

Personnel costs for the year ended 31 December 2024 and 31 December 2023 include Euro 1,041 thousand and Euro 1,404 thousand respectively for non-recurring expenses relating to the reorganisation process under way within the Group.

The table below reports the average number of Group employees in the years ending on 31 December 2024 and 31 December 2023, broken down by category.

(In units)	Financial year ended 31 December	
	2024	**2023**
Blue-collar workers	2,678	3,010
White-collar workers	1,405	1,218
Management	103	116
Executives	48	44
Total employees	**4,234**	**4,386**

The reduction in the average number of employees relates to the reorganisation plans implemented in the Group during 2024.

9.5 Service costs

The table below breaks down service costs in the years ending on 31 December 2024 and 31 December 2023.

(in thousands of Euro)	Financial year ended 31 December	
	2024	**2023**
Utilities and cleaning services	15,255	14,141
Maintenance	6,073	5,273
Transportation	6,625	7,138
Consulting services	5,026	5,616
Travel and lodging	2,879	2,667
Subcontracting	4,854	4,854
Marketing and trade fairs	1,629	1,452
Insurance	2,080	1,855
Services related to personnel	2,860	2,888
Commissions	4,615	4,225
Directors' fees	2,771	2,782
Other services	4,641	3,849
Service costs	**59,308**	**56,740**

9.6 Other operating costs

The table below breaks down other operating costs in the years ending on 31 December 2024 and 31 December 2023.

(in thousands of Euro)	**Financial year ended 31 December**	
	2024	**2023**
Leasing costs	1,974	1,486
Indirect taxation	1,330	1,327
Membership fees and charity contributions	357	430
Allocation to provision for risks	1,402	2,340
Reduction in compensation from counterparty	1,137	-
Losses on sales	45	168
Other minor costs	1,418	1,121
Other operating costs	**7,663**	**6,872**

Other operating costs, for the year ended 31 December 2024, include: (i) Euro 1,137 thousand, the cost of downsizing the indemnity obtained from the seller of Haemotronic SpA, for a specific dispute (for further information, please refer to the description provided above under "Other current and non-current receivables and assets"); (ii) the cost set aside following a dispute with a customer (Euro 500 thousand); (iii) and non-recurring expenses relating to costs set aside for the provision for the relocation and rationalisation of the Group's production sites (Euro 902 thousand in total).

The item other operating costs, for the year ended 31 December 2023, includes non-recurring charges relating to *(i)* costs allocated to the provision for the relocation and rationalization of the Group's production sites (for a total of Euro 755 thousand), *(ii)* costs allocated to the risk provision for a specific dispute relating to Haemotronic SpA that arose before the acquisition (Euro 1,343 thousand) and *(iii)* provisions for indirect tax risks and related fines of Euro 242 thousand, following the results of the verification concluded by the Romanian tax authorities at our subsidiary.

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

9.7 Net impairment losses on financial assets

Net writedowns of financial assets, entered on the basis of the requirements of IFRS 9, totalled Euro 696 thousand and Euro 594 thousand in the years ending on 31 December 2024 and 31 December 2023, respectively, and represent writedown of trade receivables.

A breakdown of movements in the provision for writedown of receivables for the years ending on 31 December 2024 and 31 December 2023 appears in note 8.8 - "Trade receivables".

9.8 Amortisation, depreciation and write-downs

The table below breaks down amortisation, depreciation and writedowns in the years ending on 31 December 2024 and 31 December 2023.

(in thousands of Euro)	**Financial year ended 31 December**	
	2024	**2023**
Amortisation and write-downs of intangible assets	20,597	19,516
Depreciation and write-downs of tangible assets	16,972	17,862
Amortisation and writedowns of assets represented by usage rights	6,722	6,747
Amortisation, depreciation and write-downs	**44,291**	**44,125**

A breakdown of the composition of, and movements in, intangible assets and tangible assets for the years ending on 31 December 2024 and 31 December 2023 is provided in notes 8.1 and 8.3. Information on assets represented by usage rights appears in note 8.2.

9.9 Financial income and costs

The table below breaks down financial income in the years ending on 31 December 2024 and 31 December 2023.

(in thousands of Euro)	**Financial year ended 31 December**	
	2024	**2023**
Net profits on exchanges	3,890	-
Other financial income	3,372	3,339
Financial income	**7,262**	**3,339**

The table below breaks down financial costs in the years ending on 31 December 2024 and 31 December 2023.

(in thousands of Euro)	**Financial year ended 31 December**	
	2024	**2023**
Interest on bonded loans	155	724
Interest on loans	13,998	15,363
Net losses on exchanges	-	10,651
Interest on leasing liabilities	637	673
Interest on actualisation of provisions for employee benefits	89	57
Amortised cost	(242)	566
Interest payable to parent companies	2,041	1,531
Interest for debt discounting for earn out	2,947	3,099
Other financial costs	881	392
Financial costs	**20,506**	**33,056**

Financial costs and income in the periods ending 31 December 2024 and 31 December 2023, respectively, include the net exchange gains and the net unrealised exchange losses deriving mainly 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.

9.10 Annual income tax

The table below breaks down annual income tax in the years ending on 31 December 2024 and 31 December 2023.

(in thousands of Euro)	Financial year ended 31 December	
	2024	**2023**
Current taxes	17,018	13,449
Deferred taxes	(4,960)	(8,644)
Taxes relating to previous/non-recurring years	(2,469)	(128)
Income tax	**9,589**	**4,677**

The table below reconciles the theoretical tax rate with the effective impact of taxation on the pre-tax result in the years ending on 31 December 2024 and 31 December 2023.

(in thousands of Euro)	Financial year ended 31 December	
	2024	**2023**
Pre-tax result	**42,964**	**18,319**
Theoretical tax rate	24.0%	24.0%
Theoretical tax burden	**10,311**	**4,397**
Effect of difference between local rates and theoretical tax rate	(486)	(408)
Permanent differences effect of taxation	1,007	(485)
IRAP (Regional production tax)	1,012	842
Other	(2,255)	330
Income tax	**9,589**	**4,677**

The effective tax rate in the year under review was influenced by taxes from previous years, of a non-recurring nature related to the tax benefit of the *Patent Box*. Specifically, on 1 August 2023, GVS SpA signed an advance tax ruling with the Revenue Agency regarding the determination of the benefited income arising from intangible assets (so-called *Patent Box*) for the purposes of the related preferential taxation. The agreement is effective for the 2019 to 2023 tax years and in June 2024 the Company sent the additional declarations necessary to benefit from the tax benefit, in which the total amount is Euro 2,942 thousand.

9.11 Net profit per share

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

	Financial year ended 31 December	
	2024	**2023**
Group's share of net profit (in thousands of Euro)	33,370	13,647
Weighted average number of shares in circulation	175,705,664	174,718,093
Profit per share (in Euro)	**0.19**	**0.08**

Diluted earnings per share at 31 December 2024 was positive at 0.19 (positive at Euro 0.08 at 31 December 2023) 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.

10. Hyperinflation

On the basis of the provisions of EU-IFRS regarding the entry and exit criteria for inflation accounting, the Argentinian subsidiary GVS Argentina S.A. adopted inflation accounting beginning in the year ending on 31 December 2018 and starting from 2022 the subsidiary based in Turkey is operating in a situation of high inflation. Profit or loss on the net monetary position, allocated to the income statement, amounts to a negative value of Euro 10 thousand and Euro 104 thousand for the period ended 31 December 2024 and 31 December 2023, respectively.

11. Non-recurring revenues and operating costs

In compliance with the provisions of CONSOB Resolution 15519 of 27 July 2006 and CONSOB Communication No. DEM/6064293 of 28 July 2006, the consolidated income statement has been attached, with a separate indication of the amount of costs and revenues arising from non-recurring transactions.

Non-recurrent proceeds and charges in the period ending 31 September 2024 represent: *(i)* income resulting from the partial release of the provision for risks set aside in previous years for a specific dispute arising before the acquisition relating to Haemotronic SpA (Euro 1,137 thousand); *(ii)* costs relating to Group personnel following the ongoing reorganisation process (totalling Euro 1,041 thousand), *(iii)* consultancy costs relating to services received on an exceptional basis (Euro 787 thousand); *(iv)* a cost relating to the downsizing of the indemnity to be obtained from the seller of Haemotronic SpA, for a specific dispute, for which the specific provision for risks was released for the same amount (Euro 1,137 thousand); *(v)* costs allocated to the reorganisation fund (Euro 902 thousand); *(vi)* amortisation of intangible and tangible assets recognised following the purchase price allocation of the Kuss, RPB, Haemotronic and STT groups (Euro 16,216 thousand); *(vii)* write-downs of intangible fixed assets from the plan for relocation and rationalisation of production sites of the Group in the amount of Euro 434 thousand; and finally *(vii)* interest recognised following the discounting of payables for earn out for acquisitions of the STT and Haemotronic groups (Euro 2,947 thousand), net of the related tax effect. Non-recurring net income from taxes includes, inter alia, Euro 2,942 thousand for revenues relating to the tax benefit of the *Patent Box* held by the parent company GVS SpA and Euro 750 thousand relating to the relevant costs of direct tax risks.

Non-recurring proceeds and charges in the year ending on 31 December 2023 refer to: *(i)* grants obtained from the Chinese government for the relocation of the Suzhou production site (Euro 373 thousand); *(ii)* the recharge to the seller of Haemotronic SpA, for an indemnity relating to a specific dispute for which a specific risk provision was recognised in the same amount (Euro 1,343 thousand); *(iii)* costs relating to Group personnel following the reorganization process in progress (totalling Euro 1,404 thousand); *(iv)* consultancy costs relating to services received of an exceptional nature (Euro 268 thousand), *(v)* costs allocated to the provision for the relocation and rationalization of the Group's production sites (totalling Euro 755 thousand); *(vi)* costs allocated to the risk provision for a specific dispute relating to Haemotronic SpA that arose before the acquisition (Euro 1,343 thousand); *(vii)* costs allocated to the provision for indirect taxes and related penalties for Euro 241 thousand; *(viii)* depreciation of intangible and tangible assets recorded following the purchase price allocation of the Kuss, RPB, STT and Haemotronic groups (for a total of Euro 16,108 thousand); *(ix)* write-downs of tangible fixed assets resulting from the relocation and rationalization plan of the Group's production sites for Euro 982 thousand; and finally *(x)* to interest recorded following the discounting of payables for earn-out for the acquisitions of the STT and Haemotronic groups (Euro 3,099 thousand), net of the related tax effect. Non-recurring charges for taxes also include Euro 1,121 thousand relating to the costs pertaining to the tax dispute concluded with GVS SpA and the Rumanian subsidiary for direct taxes.

12. Transactions with related parties

Transactions with related parties identified on the basis of the criteria set forth in IAS 24 are primarily of a commercial and financial nature, and are conducted under regular market conditions.

The tables below provide details of economic and capital relations with related parties. The companies indicated have been identified as related parties because they are directly or indirectly linked to the Group's reference shareholders.

It should also be noted that, in compliance with the provisions of CONSOB Resolution 15519 of 27 July 2006 and CONSOB Communication No. DEM/6064293 of 28 July 2006, the consolidated income statement, the consolidated balance sheet and the consolidated statement of cash flows are attached, with separate indication of transactions with related parties and an indication of their percentage weight on individual balances.

The table below sums up the Group's payables and receivables in relation to related parties at 31 December 2024 and 31 December 2023.

(in thousands of Euro)	Parent company	Companies subject to parent company's control	Top management	Total	Total item in the financial statement	Impact on the financial statement
	GVS Group	GVS Real Estate S.r.l. and subsidiaries				
Assets represented by usage rights						
As at 31 December 2024	-	4,410	-	**4,410**	**23,389**	**18.9%**
As at 31 December 2023	-	3,005	-	**3,005**	**20,207**	**14.9%**
Tangible fixed assets						
As at 31 December 2024	-	-	6	**6**	**133,756**	**0.0%**
As at 31 December 2023	-	-	10	**10**	**122,884**	**0.0%**
Trade Receivables						
As at 31 December 2024	29	140	-	**169**	**55,368**	**0.3%**
As at 31 December 2023	20	41	31	**92**	**54,114**	**0.2%**
Current tax receivables						
As at 31 December 2024	7,561	-	-	**7,561**	**10,768**	**70.2%**
As at 31 December 2023	4,382	-	-	**4,382**	**7,486**	**58.5%**
Non-current financial liabilities						
As at 31 December 2023	75,000			**75,000**	**351,337**	**21.3%**
Non-current leasing liabilities						
As at 31 December 2024	-	2,249	-	**2,249**	**14,138**	**15.9%**
As at 31 December 2023	-	1,430	-	**1,430**	**13,164**	**10.9%**
Provisions for employee benefits:						
As at 31 December 2024	-	-	207	**207**	**2,924**	**7.1%**
As at 31 December 2023	-	-	83	**83**	**3,120**	**2.6%**
Current financial liabilities						
As at 31 December 2024	2,041			**2,041**	**57,221**	**3.6%**
As at 31 December 2023	1,531			**1,531**	**107,729**	**1.4%**
Current leasing liabilities						
As at 31 December 2024	-	2,402	-	**2,402**	**8,034**	**29.9%**
As at 31 December 2023	-	1,475	-	**1,475**	**7,384**	**20.0%**
Current tax payables						
As at 31 December 2024	7,398			**7,398**	**10,159**	**72.8%**
As at 31 December 2023	3,660			**3,660**	**8,130**	**45.0%**
Other current payables and liabilities						
As at 31 December 2024	-	-	2,696	**2,696**	**27,155**	**9.9%**
As at 31 December 2023	-	-	3,396	**3,396**	**26,305**	**12.9%**

The table below lists the Group's economic relations with related parties.

(in thousands of Euro)	Parent company	Companies subject to parent company's control	Top Management	Total	Total item in the financial statement	Impact on the financial statement
	GVS Group	GVS Real Estate S.r.l. and subsidiaries				
Other operating income						
Financial year ended 31 December 2024	50	233	-	**283**	**7,815**	**3.6%**
Financial year ended 31 December 2023	20	41	31	**92**	**7,620**	**1.2%**
Personnel costs						
Financial year ended 31 December 2024	-	-	5,209	**5,209**	**134,910**	**3.9%**
Financial year ended 31 December 2023	-	-	5,271	**5,271**	**131,754**	**4.0%**

Service costs						
Financial year ended 31 December 2024	-	-	2,570	**2,570**	**59,308**	**4.3%**
Financial year ended 31 December 2023	-	-	2,617	**2,617**	**56,740**	**4.6%**
Amortisation, depreciation and write-downs						
Financial year ended 31 December 2024	-	2,329	4	**2,333**	**44,291**	**5.3%**
Financial year ended 31 December 2023	-	2,134	3	**2,137**	**44,125**	**4.8%**
Financial costs						
Financial year ended 31 December 2024	2,041	132	-	**2,173**	**20,506**	**10.6%**
Financial year ended 31 December 2023	1,531	118	-	**1,649**	**33,056**	**5.0%**

Transactions with the GVS Group

The Company and the subsidiary Haemotronic SpA (the latter from 2023) participate in the optional national tax consolidation system under GVS Group. Current tax receivables and payables at 31 December 2024 and 31 December 2023 refer exclusively to this case.

Transactions with GVS Real Estate

On 31 December 2024, the Parent Company GVS SpA entered into various leasing agreements with GVS Real Estate S.r.l. concerning land and buildings attributable to the Company's registered office, located in Zola Predosa and the production site located in Avellino. On the basis of these lease contracts, at 31 December 2024, the Group recorded assets represented by usage rights and relative leasing liabilities for Euro 1,608 thousand and Euro 1,626 thousand (Euro 1,160 thousand and Euro 1,110 thousand at 31 December 2023), as well as depreciation and financial costs for Euro 992 thousand and Euro 28 thousand (Euro 767 thousand and Euro 14 thousand at 31 December 2023) respectively.

Transactions with GVS Real Estate US

On 31 December 2024, the Group company GVS Filtration Inc has in effect two rental agreements with GVS Real Estate US for land and buildings pertaining to two production facilities in Ohio and Wisconsin. The leasing agreements for the real estate properties sold as described above resulted in entry as of 31 December 2024 of assets represented by usage rights amounting to Euro 478 thousand and Euro 479 thousand respectively (Euro 594 thousand and Euro 545 thousand at 31 December 2023), as well as amortisation, depreciation and writedowns and financial costs in the period ending on 31 December 2024, for Euro 393 thousand and Euro 6 thousand respectively (Euro 405 thousand and Euro 10 thousand at 31 December 2023).

Transactions with GVS Real Estate Mexico

At 31 December 2024, the company of the GVS Filter Technology de Mexico Group signed a leasing agreement with GVS Real Estate Mexico, relating to the production site in the city of Apocada. The leasing agreement involved recording, as of 31 December 2024, of assets represented by usage rights and leasing liabilities of Euro 1,354 thousand and Euro 1,544 thousand respectively (Euro 376 thousand and Euro 300 thousand at 31 December 2023), and of amortisation, depreciation and writedowns and financial costs for the year ending on 31 December 2024 of Euro 592 thousand and Euro 71 thousand respectively (Euro 644 thousand and Euro 44 thousand at 31 December 2023).

Transactions with GVS Patrimonio Immobiliare

The company of the GVS Microfiltrazione Group has in force a leasing agreement with the company GVS Patrimonio Immobiliare of the property attributable to the production site located in Ciorani. The leasing agreement involved recording, as of 31 December 2024, of assets represented by usage rights and leasing liabilities of Euro 593 thousand and Euro 623 thousand respectively (Euro 755 thousand and Euro 733 thousand at 31 December 2023), and of amortisation, depreciation and writedowns and financial costs for the period ending on 31 December 2024 of Euro 279 thousand and Euro 13 thousand respectively (Euro 236 thousand and Euro 16 thousand at 31 December 2023).

Transactions with GVS Real Estate do Brasil

At 31 December 2024, GVS Do Brasil Group company has a leasing agreement in place with GVS Real Estate Do Brasil for the production site located in Monte Mor. The leasing agreement involved recording, as of 31 December 2024, of assets represented by usage rights and leasing liabilities of Euro 377 thousand and Euro 379 thousand respectively (Euro 120 thousand and Euro 217 thousand at 31 December 2023), and of amortisation, depreciation and writedowns and financial costs for the period ending on 31 December 2024 of Euro 82 thousand and Euro 14 thousand respectively (Euro 82 thousand and Euro 34 thousand at 31 December 2023).

Transactions with Top Management

As of the date of the 2024 financial statements the following are considered members of the Group's Top Management:

- the chief executive officer;
- the chief financial officer;
- the chief operation officer;
- the managers of the *Healthcare & Life Sciences*; (ii) *Health & Safety*; (iii) *Energy & Mobility*; (iv) *Blood;* (v) *Science & Development* divisions, the director of human resources and the general counsel.

The table below provides details of fees payable to members of Top Management and the Board of Directors of GVS SpA in the years ending on 31 December 2024 and 31 December 2023, including contributions.

(in thousands of Euro)	Financial year ended 31 December	
	2024	**2023**
Fees for office held	1,870	1,929
Bonuses and other incentives	2,694	2,855
Other fees	643	486
Directors' fees	2,570	2,617
Total	**7,779**	**7,888**

Please note that:

- other current payables and liabilities as of 31 December 2024 include payables to directors for fees not yet paid totalling Euro 975 thousand (Euro 997 thousand at 31 December 2023);
- provisions for employee benefits as of 31 December 2024 include the value of end of service indemnity for directors totalling Euro 207 thousand (Euro 83 thousand at 31 December 2023);
- costs for services for the year ended 31 December 2024 include directors' fees, expenses tied to the performance share plan and allocations to the provisions for end of service indemnity for a total amount of Euro 2,570 thousand (Euro 2,617 thousand for the year ended 31 December 2023).

13. Commitments and risks

Sureties and guarantees granted to third parties

At 31 December 2024, the Group had sureties and guarantees in place for a total amount of Euro 147 thousand.

Potential liabilities

Given that the Group operates internationally, it is exposed to legal risks primarily due to professional, corporate and tax liability. Disbursements relating to ongoing or future proceedings cannot be expected with certainty and it is possible that court outcomes may result in costs not covered or not fully covered by insurance claims having effects on the Group's financial situation and results. On the other hand, where it is likely to be due to an outlay of resources to meet obligations and this amount can be reliably estimated, the Group made specific allocations to the provision for risks and charges.

14. Directors' and auditors' fees

Emoluments for the 2024 financial year due to directors of GVS SpA (including bonuses, charges related to the performance shares plan, provisions for severance indemnity and related contributions) and statutory auditors of GVS SpA amounted to Euro 2,570 thousand and Euro 95 thousand, respectively.

The following table gives details of the remuneration for executive directors and non-executive directors in 2024.

(in thousands of Euro)	2024
Chairman of the Board of Directors	120
Executive Directors	2,230
Non-Executive Directors	220
Total cost	**2,570**

No loans or advances were granted to directors or shareholders during the year.

15. Independent auditor's fees

The independent auditor's fees amount to Euro 525 thousand and Euro 439 thousand for the years ending on 31 December 2024 and 31 December 2023, respectively. In compliance with the provisions of Art. 149-duodecies of the CONSOB Issuers Regulation, the fees for 2024 for audit services and other services provided by the independent auditors and entities belonging to its network and others have been attached.

16. Research and development

The Group's R&D work aims to introduce new products and implement new production processes. These activities are divided into a number of different phases, from conception and start of the process of designing and new product process to large-scale industrial production.

The table below reports research and development costs entered among operating costs in the years ending on 31 December 2024 and 31 December 2023.

(in thousands of Euro)	**Financial year ended 31 December**	
	2024	**2023**
Research and development costs	26,113	24,978
Capitalised development costs	(7,547)	(6,268)
Amortisation of capitalised development costs	3,939	3,184
Research and development costs entered as operating costs	**22,504**	**21,894**

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

On 14 January 2025, GVS successfully completed the acquisition of Haemonetics' whole blood assets, in line with terms entered into on 3 December 2024. The purchase price paid at closing, which reflects the price adjustment mechanism and subject to potential further adjustments in accordance with the terms of the acquisition agreement, is 43.5 million US dollars (the "Purchase Price"), corresponding to Euro 42.3 million at the exchange rate on 14 January 2025, on a cash free / debt free basis, and includes the warehouse related to the whole blood business and the real estate property of the Covina production plant, in addition to specific plant and machinery. In addition to the Purchase Price, a maximum amount of 22.5 million US dollars is payable by February 2029 in different annual tranches. Consolidation of the acquisition is included in the financial data of GVS as of the closing date.

18. Information pursuant to Art. 1, paragraph 125, of Law no. 124 of 4 August 2017

In relation to the provisions of Art. 1, paragraph 125 of Law 124/2017, concerning the obligation to disclose in the explanatory notes any sums of money received during the financial year by way of subsidies or grants from the public administrations and entities referred to in paragraph 125 of that article, GVS hereby certifies that during 2024 the Italian companies of the Group received the following sums:

Beneficiary company	Disbursing subject	Contribution booked to the income statement (in thousands of euros)	Contribution received (in thousands of euros)	Reason
Haemotronic SpA	Ministry of Finance	86		Credit for research and development
Haemotronic SpA	Ministry of Labour and Social Policy	392	126	New skills fund contribution
Haemotronic SpA	Ministry of Enterprise and *Made in Italy* and Emilia-Romagna Region	32	32	IV Progress of *easy* project work
Haemotronic SpA	Fondimpresa	1	1	Employee training contribution
Haemotronic SpA	Finlombarda SpA	14	14	'Credit Now Evolution' initiative contribution
Haemotronic SpA	Ministry of Enterprise and Made in Italy	757		Project TERRA - for the development of PVC-free blood bags
GVS SpA	Ministry of Environment and Energy Security	166		Maine project financed through PNRR funds
GVS SpA	Ministry of Finance	132		Industry tax credits 4.0 - Years 2020 2021
GVS SpA	Ministry of Labour and Social Policy	77	77	New skills fund contribution
GVS SpA	Fondimpresa	14		Employee training contribution
GVS SpA	Ministry of Enterprise and Made in Italy	198		Measured contribution
GVS SpA	Ministry of Enterprise and Made in Italy	631	365	Greenflow Contribution

19. Approval of the Consolidated Financial Statements and authorisation for publication

The Consolidated Financial Statements ending on 31 December 2024 were approved on 24 March 2025 by the Board of Directors, which authorised their publication within the legal deadline.

Schedules annexed to the consolidated financial statements

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

(in thousands of Euro)	As at 31 December 2024	of which with related parties	percentage	As at 31 December 2023	of which with related parties	percentage
ACTIVITIES						
Non-current assets						
Intangible assets	472,940			471,701		
Assets represented by usage rights	23,389	4,410	18.9%	20,207	3,005	14.9%
Tangible assets	133,756	6	0.0%	122,884	10	0.0%
Deferred tax assets	859			2,852		
Non-current financial assets	3,422			3,531		
Non-current derivative financial instruments	1,877			4,829		
Other receivables and non-current assets	-			3,037		
Total non-current assets	**636,243**			**629,041**		
Current assets						
Inventories	80,542			84,808		
Trade receivables	55,368	169	0.3%	54,114	92	0.2%
Assets from contracts with customers	1,561			964		
Current tax receivables	10,768	7,561	70.2%	7,486	4,382	58.5%
Other receivables and current assets	11,893			12,753		
Current financial assets	30,985			2,484		
Cash and cash equivalents	102,991			191,473		
Total current assets	**294,108**			**354,082**		
TOTAL ASSETS	**930,351**			**983,123**		
SHAREHOLDERS' EQUITY AND LIABILITIES						
Share capital	1,892			1,750		
Reserves	415,917			319,054		
Net income	33,370			13,647		
Group net shareholders' equity	**451,179**			**334,451**		
Shareholders' equity attributable to non-controlling interests	52			27		
Total shareholders' equity	**451,231**			**334,478**		
Non-current liabilities						
Liabilities for the purchase of equity investments and earn out	8,245			24,677		
Non-current financial liabilities	246,021			351,337	75,000	21.3%
Non-current leasing liabilities	14,138	2,249	15.9%	13,164	1,430	10.9%
Deferred tax liabilities	29,937			35,447		
Provisions for employee benefits	2,924	207	7.1%	3,120	83	2.6%
Provisions for risks and charges	6,648			8,529		
Total non-current liabilities	**307,913**			**436,274**		
Current liabilities						
Liabilities for the purchase of equity investments and earn out	19,346			18,342		
Current financial liabilities	57,221	2,041	3.6%	107,729	1,531	1.4%
Current leasing liabilities	8,034	2,402	29.9%	7,384	1,475	20.0%
Provisions for current risks and charges	500			-		
Current derivative financial instruments	382			-		
Trade payables	42,542			38,452		
Liabilities from contracts with customers	5,868			6,029		
Current tax payables	10,159	7,398	72.8%	8,130	3,660	45.0%
Other current payables and liabilities	27,155	2,696	9.9%	26,305	3,396	12.9%
Total current liabilities	**171,207**			**212,370**		
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**930,351**			**983,123**		

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

(in thousands of Euro)	The 12-month year closed on 31 December					
	2024	**of which with related parties**	**percentage**	**2023**	**of which with related parties**	**percentage**
Revenue from contracts with customers	428,542			424,737		
Other operating income	7,815	283	3.6%	7,620	92	1.2%
Total revenues	**436,357**			**432,357**		
Purchases and consumption of raw materials, semi-products and finished products	(133,281)			(144,236)		
Personnel costs	(134,910)	(5,209)	3.9%	(131,754)	(5,271)	4.0%
Service costs	(59,308)	(2,570)	4.3%	(56,740)	(2,617)	4.6%
Other operating costs	(7,663)			(6,872)		
EBITDA	**101,195**			**92,755**		
Net impairment losses on financial assets	(696)			(594)		
Amortisation, depreciation and write-downs	(44,291)	(2,333)	5.3%	(44,125)	(2,137)	4.8%
EBIT	**56,208**			**48,036**		
Financial income	7,262			3,339		
Financial costs	(20,506)	(2,173)	10.6%	(33,056)	(1,649)	5.0%
Pre-tax result	**42,964**			**18,319**		
Income tax	(9,589)			(4,677)		
Net income	**33,375**			**13,642**		
Group's share	33,370			13,647		
Minority share	5			(5)		

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

	The 12-month year closed on 31 December					
(in thousands of Euro)	2024	of which with related parties	percentage	2023	of which with related parties	percentage
Pre-tax result	42,964	(12,002)	-27.9%	18,319	(11,582)	-63.2%
- Adjustment for:						
Amortisation, depreciation and write-downs	44,291	2,333	5.3%	44,125	2,137	4.8%
Capital losses / (capital gains) from sale of assets	(258)			74		
Financial costs / (income)	13,244	2,173	16.4%	29,717	1,649	5.5%
Other non-monetary variations	8,748	124	1.4%	4,363	(1,417)	-32.5%
Cash flow generated / (absorbed) by operations before variations in net working capital	***108,989***			***96,598***		
Variation in inventories	3,190			14,637		
Variation in trade receivables	(1,204)	(77)	6.4%	19,150	(10)	-0.1%
Variation in trade payables	4,822			(17,394)	-	
Variation in other assets and liabilities	791	(699)	-88.4%	3,793	1,169	30.8%
Use of provisions for risks and charges and for employee benefits	(4,457)			(4,707)		
Taxes paid	(15,004)	3,501	-23.3%	(10,508)	2,251	-21.4%
Net cash flow generated / (absorbed) by operations	**97,128**			**101,569**		
Investments in tangible assets	(29,200)			(21,314)		
Investments in intangible assets	(8,153)			(6,862)		
Disposal of tangible assets	524			357		
Investment in financial assets	(75,131)			(96,601)		
Disinvestment in financial assets	47,500			98,691		
Payment for purchase of business unit net of cash on hand acquired	(19,457)			(1,098)		
Net cash flow generated / (absorbed) by investment	**(83,917)**			**(26,826)**		
Opening of long-term financial liabilities	208	(76,078)	-36,510.7%	75,000	75,000	100.0%
Repayment of long-term financial liabilities	(79,475)			(68,875)		
Variations in current financial payables	-			2,174		
Repayment of lease liabilities	(7,890)	(1,988)	25.2%	(8,576)	(3,426)	39.9%
Financial costs paid	(18,192)	(585)	3.2%	(17,913)	(118)	0.7%
Financial income collected	3,372			3,339		
Treasury shares	(301)			(62)		
Net cash flow generated/(absorbed) by financial assets	**(102,278)**			**(14,913)**		
Total variation in cash on hand	**(89,068)**			**59,830**		
Cash on hand at the start of the year	**191,473**			**135,169**		
Total variation in cash on hand	(89,068)			59,830		
Conversion differences on cash on hand	586			(3,526)		
Cash on hand at the end of the year	**102,991**			**191,473**		

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

(in thousands of Euro)	The 12-month year closed on 31 December							
	2024	**of which non-recurring**	**2024 Adjusted**	**percentage**	**2023**	**of which non-recurring**	**2023 Adjusted**	**percentage**
Revenue from contracts with customers	428,542		428,542		424,737		424,737	
Other operating income	7,815	1,137	6,678	14.5%	7,620	1,716	5,904	22.5%
Total revenues	**436,357**	**1,137**	**435,220**		**432,357**	**1,716**	**430,641**	
Purchases and consumption of raw materials, semi-products and finished products	(133,281)		(133,281)		(144,236)		(144,236)	
Personnel costs	(134,910)	(1,041)	(133,869)	0.8%	(131,754)	(1,404)	(130,350)	1.1%
Service costs	(59,308)	(787)	(58,521)	1.3%	(56,740)	(268)	(56,472)	0.5%
Other operating costs	(7,663)	(2,038)	(5,625)	26.6%	(6,872)	(2,340)	(4,532)	34.1%
EBITDA	**101,195**	**(2,729)**	**103,924**		**92,755**	**(2,296)**	**95,051**	
Net impairment losses on financial assets	(696)		(696)		(594)		(594)	
Amortisation, depreciation and write-downs	(44,291)	(16,650)	(27,641)	37.6%	(44,125)	(17,090)	(27,035)	38.7%
EBIT	**56,208**	**(19,379)**	**75,587**		**48,036**	**(19,386)**	**67,422**	
Financial income	7,262		7,262		3,339		3,339	
Financial costs	(20,506)	(2,947)	(17,559)	14.4%	(33,056)	(3,099)	(29,957)	9.4%
Pre-tax result	**42,964**	**(22,326)**	**65,290**		**18,319**	**(22,485)**	**40,804**	
Income tax	(9,589)	7,978	(17,567)	-83.2%	(4,677)	4,734	(9,410)	-101.2%
Net income	**33,375**	**(14,348)**	**47,723**		**13,642**	**(17,752)**	**31,394**	

Information pursuant to Art. 149-Duodecies of the CONSOB Issuers' Regulation

The following schedule, prepared pursuant to Art. 149-duodecies of the CONSOB Issuers' Regulation, highlights the fees for 2024 for audit services and other services provided by the independent auditors and entities belonging to its network as well as others.

Subject that has provided the service	Recipient/assignment	2024 fees
PwC SpA	Parent company - audit of the financial statements	50
PwC SpA	Parent company - audit of the consolidated financial statements	265
PwC SpA	Parent company - audit of the half-yearly report	80
PwC SpA	Subsidiaries - audit services for consolidated financial statements and annual financial statements	40
		435
PwC SpA	Parent Company – Agreed upon procedures to certify accounting data	3
PwC SpA	Parent Company – ISA 805 relating to the certification of Research and Development credit	5
PwC SpA	Parent Company – Independent auditor's report on whether the issue of the shares corresponds to the market value in relation to the capital increase with exclusion of the existing shareholders' pre-emption rights pursuant to article 2441, fourth paragraph, second sentence of the Italian Civil Code	55
PwC SpA	Parent company – Limited revision of the Consolidated Non-Financial Statement	27
		90
		525

Certification of the consolidated financial statements pursuant to article 154 bis of Legislative Decree 58/98

1. The undersigned, Massimo Scagliarini, Chief Executive Officer and Emanuele Stanco, Manager responsible for the preparation of the accounting documents of GVS S.p.A., taking into account the provisions of Article 154-bis, paragraphs 3 and 4 of Legislative Decree no. 58 of 24 February 1998, certify:

   - the adequacy in relation to the characteristics of the business, and
   - the effective application of the administrative and accounting procedures for the preparation of the Consolidated Financial Statements during the year 2024.

2. The assessment of the adequacy of the administrative and accounting procedures for the preparation of the Consolidated Financial Statements at 31 December 2024 was carried out on the basis of the standards and methodologies defined by GVS mainly in accordance with the Internal Control - Integrated Framework model issued by the Committee of Sponsoring Organisations of the Treadway Commission, which represents a reference framework for the internal control system generally accepted at the international level.

3. In addition, they also certify that:

3.1 the Consolidated Financial Statements:

- are prepared in compliance with the international accounting standards recognised by the European Community pursuant to Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 as well as the provisions issued in implementation of Article 9 of Legislative Decree no. 38/2005;
- correspond to the results in accounting books and records;
- are suitable to provide a true and fair view of the statement of financial position, and the statement of profit and loss of the issuer and all the companies included in the consolidation.

3.2 the Report on Operations includes a reliable analysis of the performance and operating result as well as of the situation of the issuer and of the companies included in the consolidation, together with a description of the principal risks and uncertainties to which they are exposed.

Zola Predosa, 24 March 2025

Massimo Scagliarini	Emanuele Stanco
Chief Executive Officer	Manager responsible for the preparation of the Company's accounting documents

pwc

Independent auditor's report

in accordance with article 14 of Legislative Decree N°. 39 of 27 January 2010 and article 10 of Regulation (EU) N°. 537/2014

To the shareholders of
GVS SpA

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of the GVS Group, which comprise the consolidated statement of financial position as of 31 December 2024, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the GVS Group as of 31 December 2024, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree n°. 38/2005.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia).
Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of this report. We are independent of GVS SpA (hereinafter also the "Company") pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

pwc

Key Audit Matters	*Auditing procedures performed in response to key audit matters*
Revenue recognition *Note 2.4 "Accounting standards and assessment criteria" and Note 9.1 "Revenues from contracts with customers" to the consolidated financial statements* Revenues from contracts with customers in the consolidated financial statements of the GVS Group as of 31 December 2023 are equal to Euro 428,542 thousand, mainly attributable to the sale of finished products. Those revenues are recognised, in accordance with IFRS 15 – Revenue from contracts with customers, when control of the products is transferred to the customer. The correct recognition of revenues was a key matter in our audit in consideration of the materiality of the item and the large number of transactions making up the total amount.	Our audit approach consisted, preliminarily, in understanding and evaluating the methods and procedures defined by the GVS Group for the recognition and measurement of sales revenues. Moreover, we identified and validated the actual operation and effectiveness of controls over the revenue recognition process. Taking into account the understanding, evaluation and validation of internal controls mentioned above, we then planned and performed substantive tests on the item in question. In detail, on a representative sample of transactions we verified the existence and accuracy of revenues reported in the consolidated financial statements by examining the information in the supporting documents. We also performed external confirmation procedures on a sample of customers with the aim of obtaining evidence supporting the receivables recognised. Finally, we selected a sample of sales transactions in December 2024 and January 2025 and we verified, against supporting documents, their correct cut-off in accordance with the accrual basis of accounting.

pwc

Recoverability of intangible assets

Note 2.4 "Accounting standards and assessment criteria" and Note 8.1 "Intangible assets" to the consolidated financial statements

The value of intangible assets in the consolidated financial statements of GVS SpA is equal to Euro 472,940 thousand, accounting for 50.8 per cent of total assets, and includes goodwill for a total of Euro 249,267 thousand and intangible assets with finite lives for a total of Euro 223,673 thousand.

In accordance with IAS 36 – Impairment of assets, management tests the value of goodwill for impairment at least annually, by comparing the carrying amount of the cash generating unit (CGU) to which the goodwill amounts are allocated with its recoverable amount, i.e. the higher of value in use and fair value less costs of disposal.

As of 31 December 2024 the recoverable amount of the CGU was determined on the basis of value in use, by discounting to present value the estimated future cashflows for the period 2025-2028, determined assuming inertial growth, at a rate equal to the expected inflation rate, of the figures in the 2025 budget approved by the Company's board of directors on 26 February 2025, plus the terminal value.

Other intangible assets with finite lives are tested only if impairment indicators are present.

We considered the recoverability of goodwill a key audit matter in consideration of the elements of uncertainty and estimation, related to the estimated future cashflows and to the related discount rates, which are intrinsic to the directors' assessments made in relation to impairment testing.

Our audit approach consisted, preliminarily, in understanding and evaluating the methods and procedures defined by the Company to determine the recoverable amounts of goodwill and to identify indicators of impairment of intangible assets with finite lives.

We analysed the reasonableness of management's considerations about the identification of a single CGU to which the goodwill amounts are allocated, verifying their consistency with the organisation structure of the GVS Group.

With regard to goodwill, also with the support of business valuation experts from the PwC network, we analysed the methods adopted by management to determine the recoverable amount of the CGU, we verified the reasonableness of the key assumptions reflected in the valuation model, including the discount rates and the long-term growth rates, we verified the mathematical accuracy of the models used, and we compared value in use with the carrying amount of the CGU.

We analysed the forecasts used to assess the recoverability of goodwill, verifying their consistency with the 2025 budget approved by the Company's board of directors on 26 February 2025 and making a critical assessment of the reasonableness of the assumptions underlying the estimated cashflows for the period 2025-2028, also in light of the historical performance of the GVS Group.

With regard to intangible assets with finite lives we verified the reasonableness of management's considerations about the absence of impairment indicators.

Finally, our procedures included analysing the notes to the consolidated financial statements to assess the adequacy and completeness of related disclosures.

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Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree n°. 38/2005 and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Group's ability to continue as a going concern and, in preparing the consolidated financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the consolidated financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate GVS SpA or to cease operations, or have no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- We obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- We concluded on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the GVS Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our

conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;

- We evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- We obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion on the consolidated financial statements.

We communicated with those charged with governance, identified at an appropriate level as required by ISA Italia regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate the related risks, or safeguards applied.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We described these matters in our auditor's report.

Additional Disclosures required by Article 10 of Regulation (EU) n° 537/2014

On 14 February 2020 the shareholders of GVS SpA in general meeting engaged us to perform the statutory audit of the Company's and the consolidated financial statements for the years ending 31 December 2020 to 31 December 2028.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) n°. 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the consolidated financial statements expressed in this report is consistent with the additional report to those charged with governance, in their capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

Report on Compliance with other Laws and Regulations

Opinion on compliance with the provisions of Commission Delegated Regulation (EU) n°2019/815

The directors of GVS SpA are responsible for the application of the provisions of Commission Delegated Regulation (EU) 2019/815 concerning regulatory technical standards on the specification of a single electronic reporting format (ESEF - European Single Electronic Format) (hereinafter, the "Commission Delegated Regulation") to the consolidated financial statements as of 31 December 2024, to be included in the annual report.

We have performed the procedures specified in auditing standard (SA Italia) No. 700B in order to express an opinion on the compliance of the consolidated financial statements with the provisions of the Commission Delegated Regulation.

In our opinion, the consolidated financial statements as of 31 December 2024 have been prepared in XHTML format and have been marked up, in all significant respects, in compliance with the provisions of the Commission Delegated Regulation.

Due to certain technical limitations, some information included in the notes to the consolidated financial statements when extracted from the XHTML format to an XBRL instance may not be reproduced in an identical manner with respect to the corresponding information presented in the consolidated financial statements in XHTML format.

Opinions and statement in accordance with article 14, paragraph 2, letters e), e-bis) and e-ter) of Legislative Decree No. 39/2010 and with article 123-bis, paragraph 4, of Legislative Decree n°. 58/1998

The directors of GVS SpA are responsible for preparing a report on operations and a report on the corporate governance and ownership structure of the GVS Group as of 31 December 2024, including their consistency with the relevant consolidated financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to:

- express an opinion on the consistency of the report on operations, and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree n°. 58/1998, with the consolidated financial statements;
- express an opinion on the compliance with the law of the report on operations, excluding the section on the consolidated sustainability reporting, and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree n°. 58/1998;
- issue a statement on material misstatements, if any, in the report on operations and in the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree n°. 58/1998.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree n°. 58/1998 are consistent with the consolidated financial statements of GVS Group as of 31 December 2024.

Moreover, in our opinion, the report on operations, excluding the section on the consolidated sustainability reporting, and the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree n°. 58/1998 are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e-ter), of Legislative Decree n°. 39/2010, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Our opinion on compliance with the law does not extend to the section of the report on operations relating to the consolidated sustainability reporting. The conclusions on the compliance of that section with the rules governing its preparation and on compliance with the disclosure requirements established by article 8 of Regulation (EU) 2020/852 are expressed by ourselves in the report prepared in accordance with article 14-bis of Legislative Decree n°. 39/2010.

Bologna, 15 April 2025

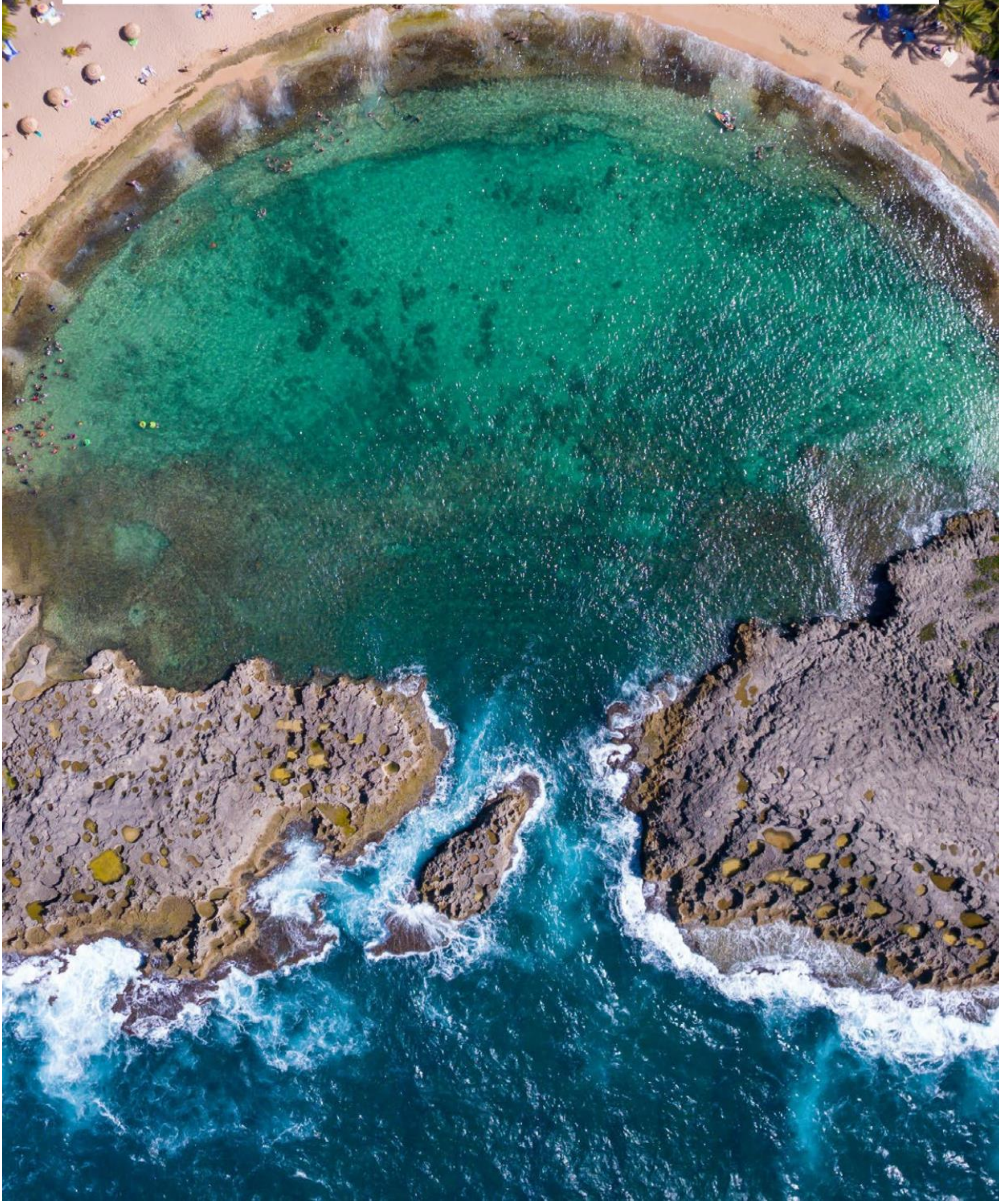
PricewaterhouseCoopers SpA

Signed by

Giuseppe Ermocida
(Partner)

This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

FINANCIAL STATEMENTS AT 31 DECEMEBER 2024



CONTENTS

Statement of assets and liabilities*

(in Euro)	Notes	At 31 December 2024	2023
ACTIVITIES			
Non-current assets			
Intangible assets	6.1	3,887,242	2,799,485
Assets represented by usage rights	6.2	2,395,734	1,797,338
Tangible assets	6.3	28,092,478	26,846,665
Equity investments	6.4	382,428,509	391,446,241
Deferred tax assets	6.5	294,821	1,997,627
Non-current financial assets	6.6	140,513,701	167,537,775
Non-current derivative financial instruments	6.7	1,876,933	4,828,623
Other receivables and non-current assets	6.8	-	3,037,451
Total non-current assets		**559,489,418**	**600,291,205**
Current assets			
Inventories	6.9	7,022,889	8,183,247
Trade receivables	6.10	27,557,849	20,513,992
Assets from contracts with customers	6.11	84,687	341,098
Current tax receivables	6.21	7,424,774	4,868,645
Other receivables and current assets	6.12	6,340,966	4,966,614
Current financial assets	6.6	57,265,263	28,752,768
Cash and cash equivalents	6.13	62,279,717	118,234,553
Total current assets		**167,976,145**	**185,860,917**
TOTAL ASSETS		**727,465,564**	**786,152,123**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Share capital		1,891,777	1,750,000
Reserves		267,026,022	202,871,716
Net income		10,084,472	(9,703,061)
Total shareholders' equity	6.14	**279,002,271**	**194,918,655**
Non-current liabilities			
Liabilities for the purchase of equity investments and earn out	6.15	-	16,984,279
Non-current financial liabilities	6.16	270,453,280	366,497,806
Non-current leasing liabilities	6.2	1,197,011	1,124,251
Deferred tax liabilities	6.5	838,296	5,565,367
Provisions for employee benefits	6.18	2,098,542	2,145,822
Provisions for risks and charges	6.19	3,450,310	2,898,240
Total non-current liabilities		**278,037,439**	**395,215,765**
Current liabilities			
Liabilities for the purchase of equity investments and earn out	6.15	19,345,884	18,341,646
Current financial liabilities	6.16	123,793,146	152,203,250
Current leasing liabilities	6.2	1,342,145	754,850
Current derivative financial instruments	6.7	381,927	-
Trade payables	6.20	10,950,481	9,156,129
Liabilities from contracts with customers	6.11	1,168,431	1,806,524
Current tax payables	6.21	757,351	1,600,346
Other current payables and liabilities	6.22	12,686,489	12,154,957
Total current liabilities		**170,425,854**	**196,017,703**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**727,465,564**	**786,152,123**

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

Income statement*

(in Euro)	Notes	Financial year ended 31 December	
		2024	**2023**
Revenue from contracts with customers	7.1	91,506,921	74,264,826
Other operating income	7.2	6,666,705	6,457,014
Total revenues		**98,173,626**	**80,721,840**
Purchases and consumption of raw materials, semi-products and finished products	7.3	(33,044,816)	(29,677,483)
Personnel costs	7.4	(29,989,152)	(29,395,034)
Service costs	7.5	(17,611,095)	(15,331,361)
Other operating costs	7.6	(4,813,276)	(3,007,602)
EBITDA		**12,715,287**	**3,310,360**
Net impairment losses on financial assets	7.7	-	-
Amortisation, depreciation and write-downs	7.8	(6,648,155)	(6,201,352)
EBIT		**6,067,132**	**(2,890,992)**
Financial income	7.9	24,743,976	17,938,290
Financial costs	7.9	(23,784,860)	(32,939,695)
Income and expense from equity investments	7.10	833,859	4,175,679
Pre-tax result		**7,860,107**	**(13,716,718)**
Income tax	7.11	2,224,365	4,013,657
Net income		**10,084,472**	**(9,703,061)**
Basic net profit per share	7.12	*0.06*	*(0.06)*
Diluted net profit per share	7.12	*0.06*	*(0.06)*

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

Comprehensive income statement

(in Euro)	**Notes**	**Financial year ended 31 December**	
		2024	**2023**
Net income		**10,084,472**	**(9,703,061)**
Other components of the comprehensive income statement which will be reclassified in the income statement in subsequent years			
Profits (losses) on cash flow hedges	6.7	(2,897,829)	(1,819,358)
Effect of taxation		695,479	436,646
		(2,202,350)	**(1,382,712)**
Other components of the comprehensive income statement which will not be reclassified in the income statement in subsequent years			
Actuarial profit (loss) due to employee defined benefit plans	6.18	(9,169)	(229,403)
Effect of taxation		2,558	64,003
		(6,611)	**(165,400)**
Total other components in the comprehensive income statement		**(2,208,961)**	**(1,548,112)**
Comprehensive net profit		**7,875,511**	**(11,251,173)**

Statement of changes in shareholders' equity

(in Euro)	**Share capital**	**Reserves**						**Net income**	**Total shareholders' equity**
		Share premium reserve	***Legal reserve***	***Extraordinary reserve***	***Negative reserve for treasury shares***	***Actuarial profits and losses reserve***	***Profit (loss) carried over and other reserves***		
As at 31 December 2022	**1,750,000**	**92,770,286**	**350,000**	**60,629,092**	**(4,853,456)**	**469,605**	**33,669,021**	**20,427,718**	**205,212,266**
Net income	-	-	-	-	-	-	-	(9,703,061)	(9,703,061)
Total other components in the comprehensive income statement	-	-	-	-	-	(165,400)	(1,382,712)	-	(1,548,112)
Comprehensive net profit	-	-	-	-	-	*(165,400)*	*(1,382,712)*	*(9,703,061)*	*(11,251,173)*
Allocation of net profit from previous year	-	-	-	4,273,931	-	-	16,153,787	(20,427,718)	-
Purchase of treasury shares	-	-	-	-	(76,760)	-	15,070	-	(61,690)
Assignment of treasury shares for long-term incentives					2,406,290		(2,406,290)		
Increase in reserves for long-term incentives	-	-	-	-	-	-	1,019,253	-	1,019,253
As at 31 December 2023	**1,750,000**	**92,770,286**	**350,000**	**64,903,023**	**(2,523,927)**	**304,205**	**47,068,129**	**(9,703,061)**	**194,918,655**
Net income	-	-	-	-	-	-	-	10,084,472	10,084,472
Total other components in the comprehensive income statement	-	-	-	-	-	(6,611)	(2,202,350)	-	(2,208,961)
Comprehensive net profit	-	-	-	-	-	*(6,611)*	*(2,202,350)*	*10,084,472*	*7,875,511*
Allocation of net profit from previous year	-	-	-	(9,703,061)	-	-	-	9,703,061	-
Capital increase	141,777	74,858,223	-	-	-	-	-	-	75,000,000
Accessory costs to the capital increase	-	(192,231)	-	-	-	-	-	-	(192,231)
Taxes relating to capital increase costs	-	55,184	-	-	-	-	-	-	55,184
Reclassification to reserves	-	-	-	-	-	(34,464)	34,464	-	-
Purchase of treasury shares	-	-	-	-	(312,439)	-	11,266	-	(301,173)
Increase in reserves for long-term incentives	-	-	-	-	-	-	1,646,325	-	1,646,325
As at 31 December 2024	**1,891,777**	**167,491,461**	**350,000**	**55,199,962**	**(2,836,365)**	**263,130**	**46,557,834**	**10,084,472**	**279,002,271**

Cash flow statement

(in Euro)	Notes	Financial year ended 31 December 2024	2023
Pre-tax result		7,860,107	(13,716,718)
- Adjustment for:			
Amortisation, depreciation and write-downs	7.8	6,648,155	6,201,352
Capital losses / (capital gains) from sale of assets	7.2 - 7.6	(127,000)	22,000
Financial costs / (income)	7.9	(959,116)	15,001,405
Income and expense from equity investments	7.10	(833,859)	(4,175,679)
Other non-monetary variations		3,329,354	(60,021)
Cash flow generated / (absorbed) by operations before variations in net working capital		***15,917,641***	***3,272,339***
Variation in inventories	6.9	1,141,779	1,276,811
Variation in trade receivables	6.10	(7,043,857)	8,905,002
Variation in trade payables	6.20	1,602,121	(2,937,827)
Variation in other assets and liabilities	6.12 - 6.22	3,444,892	2,504,080
Use of provisions for risks and charges and for employee benefits	6.18 - 6.19	(800,312)	(2,327,312)
Taxes paid	7.11	(4,226,981)	(1,120,831)
Net cash flow generated / (absorbed) by operations		**10,035,283**	**9,572,262**
Investments in tangible assets	6.3	(6,061,000)	(5,261,359)
Investments in intangible assets	6.1	(1,479,263)	(331,443)
Disposal of tangible assets	6.3	240,000	929,000
Opening of financial receivables from subsidiaries and other financial assets	6.6	(76,031,527)	(99,559,101)
Repayment of financial receivables from subsidiaries and other financial assets	6.6	82,712,647	137,437,458
Equity investments	6.4	(19,351,025)	(1,509,747)
Dividends from equity investments	6.4	7,345,720	8,793,319
Net cash flow generated / (absorbed) by investment		**(12,624,449)**	**40,498,127**
Opening of long-term financial liabilities	6.16	6,859,650	102,990,516
Repayment of long-term financial liabilities	6.16	(74,156,000)	(63,329,000)
Variations in current financial payables	6.16	17,708,600	688,334
Repayment of lease liabilities	6.2	(1,492,596)	(1,267,204)
Financial costs paid	7.9	(19,255,652)	(19,791,119)
Financial income collected	7.9	17,271,502	13,573,246
Treasury shares	6.14	(301,173)	(61,690)
Net cash flow generated/(absorbed) by financial assets		**(53,365,669)**	**32,803,082**
Total variation in cash on hand		**(55,954,836)**	**82,873,472**

Cash on hand at the start of the year		**118,234,553**	**35,361,081**
Total variation in cash on hand		(55,954,836)	82,873,472
Cash on hand at the end of the year		**62,279,717**	**118,234,553**

Explanatory notes to the financial statements at 31 December 2024

1. General information

1.1 Introduction

GVS S.p.A. (hereinafter "**GVS**" or the "**Company**") is a company established and domiciled in Italy, with registered office in Zola Predosa (BO), Via Roma 50, organised under Italian law.

GVS is controlled by the company GVS Group S.r.l. (hereinafter the "**GVS Group**"), which directly holds 63% of the share capital. There is no other entity exercising direction and coordination of the Company. The ultimate parent is Lighthouse 11 SpA, which directly holds 50.52% of the share capital of the GVS Group.

GVS is the world's leading supplier of advanced filtering solutions for highly critical applications, primarily in the field of ***Healthcare & Life Sciences***.

2. Summary of the accounting standards adopted

2.1 Declaration of conformity with international accounting standards

The financial statements for the year ending 31 December 2024 (hereinafter the "Financial Statements") have been prepared in compliance with international accounting standards ("IFRS") issued by the International Accounting Standards Board and endorsed by the European Union. "IFRS" means all revised international accounting standards ("IAS"), as well as all interpretative documents issued *by the International Financial Reporting Interpretations Committee* (IFRIC) and the previous *Standing Interpretations Committee* (SIC).

The Financial Statements have also been prepared in accordance with the provisions adopted by the CONSOB on the subject of financial statements, pursuant to Art. 9 of Legislative Decree 38/2005 and other CONSOB regulations and provisions regarding the financial statements.

These Financial Statements were approved by the Company's Board of Directors on 24 March 2025 and subjected to auditing by independent auditor PricewaterhouseCoopers S.p.A.

The principal criteria and accounting standards applied in preparation of the Financial Statements are listed below.

2.2 General principles of preparation

The Financial Statements consist of the financial statements obligatorily required under standard IAS 1, and that is, the statement of financial position, statement of profit and loss, comprehensive statement of profit and loss, statement of changes in equity and statement of cash flows, as well as explanatory notes, and are completed with the board of directors' report on management.

The Company 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 Company's economic and financial standing.

An asset is classified as current when:

- it may be supposed that the asset will be sold, or is owned for sale or consumption, during the course of the company's regular operating cycle;
- it is owned primarily for the purpose of sale;
- it is supposed that it will be sold within twelve months of the end of the year;
- it consists of liquid assets or cash equivalents (unless it is forbidden to trade it or use it to pay a liability for at least twelve months from the end of the year).

All other assets are classified as non-current. Standard IAS 1 includes tangible assets, intangible assets and long-term financial assets among non-current assets.

A liability is classified as current when:

- it is expected to be extinguished in the course of the company's regular operating cycle;
- it is owned primarily for the purpose of sale;
- it will be extinguished within twelve months of the end of the year;
- there is no unconditional right to defer payment of the liability for at least twelve months after the end of the year. Clauses of a liability that could, if the counterpart so wishes, give rise to its extinction through issuing of instruments representing capital do not affect its classification.

The company has classified all other liabilities as non-current.

The operating cycle is the amount of time that passes between acquisition of goods for the production process and cashing them in as liquid assets or cash equivalents. When the regular operating cycle is not clearly identifiable, its duration is assumed to be twelve months.

The Financial Statements are prepared in Euro, the currency in which the Company operates. The statement of financial position, statement of profit and loss, the explanatory notes and the tables illustrating them are expressed in thousands of Euro, unless otherwise specified.

The Financial Statements have been prepared as follows:

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

It should also be noted that with reference to business continuity, cash equivalents at 31 December 2024, the credit lines currently available and the cash flows that will be generated by operations are considered adequate to meet the Company's obligations and to finance its operations.

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

2.3 Accounting standards and assessment criteria

The criteria adopted for the classification, entry, assessment and cancellation of various items in the assets and liabilities, and the criteria applied to entry of income components, are listed below.

Intangible assets

An intangible asset is an asset which meets all of the following conditions:

- it is identifiable;
- it is not monetary;
- it has no physical consistency;
- it is controlled by the company preparing the financial statements;
- it is expected to produce future economic benefits for the company.

If an asset does not meet the requirements for definition as an intangible asset listed above, the cost of its purchase or in-house generation will be entered as a cost when it is incurred.

Intangible assets are initially entered at cost. The cost of intangible assets acquired from outside the company includes the purchase price and any directly attributable costs.

Goodwill generated internally is not entered as an asset, nor are intangible assets resulting from research (or the research stage in an in-house project).

An intangible asset deriving from development or the development stage in an in-house project is entered if it can be demonstrated to meet the following conditions:

- technical feasibility of completing the intangible asset to make it available for use or sale;
- the intention to complete the intangible asset for use or sale;
- the ability to use or sell the intangible asset;
- the way in which the intangible asset can generate future economic benefits, and particularly the existence of a market for the product produced by the intangible asset or for the intangible asset itself, or, if it is to be used for internal purposes, its utility;
- availability of sufficient technical, financial or other resources to complete the development of the asset for use or sale;
- the ability to reliably assess the cost attributable to the intangible asset during its development.

Intangible assets are measured using the cost method, in accordance with one of two different criteria set forth under IAS 38 (the cost model and the redetermination of value model). The cost model states that following initial entry, an intangible asset must be entered at cost, after subtraction of amortisation accumulated and any losses due to reduction of accumulated value.

The useful lifespan estimated by the Company for various categories of intangible asset is specified below:

Category of intangible asset	Depreciation rate
Development costs	5 years
Industrial patent rights and rights to use intellectual property	5 years
Concessions, licenses, trademarks, and similar rights	5 years

The following principal intangible assets may be identified in the Company:

(a) Goodwill

Goodwill is classified as an intangible asset with an indefinite useful lifespan, initially entered at cost, as described above, and then subjected to assessment at least once a year with the aim of identifying any loss of value (in this regard, refer to the section below entitled "Reduction of the value of Goodwill, tangible and intangible assets and assets represented by usage rights"). Value may not be restored if it has previously been written down due to loss of value.

(b) Intangible assets with a defined useful lifespan

Intangible assets with a defined useful lifespan are entered at cost, as stated above, minus amortisation accumulated and any loss of value.

Amortisation begins when the asset is made available for use and is divided up systematically on the basis of residual potential for use, that is, on the basis of estimated useful lifespan; the value to be amortised and the recoverability of book value are subject to the criteria specified, respectively, in the sections on "Tangible assets" and "Reduction of the value of Goodwill, tangible and intangible assets and assets represented by usage rights".

Usage rights and leasing assets and liabilities

In accordance with IFRS 16, a contract is, or contains, a leasing agreement if it ensures, in exchange for a consideration, a right to control use of a specified asset for a given period of time. The contract will be assessed again to determine whether it is, or contains, a leasing agreement only in the event of a change in its terms and conditions.

In a contract which is, or contains, a leasing agreement, every lease component is separate from non-lease components, unless the Company applies the practical expedient identified in point 15 of IFRS 16. This practical expedient permits the tenant to choose, for every class of underlying asset, not to separate the non-lease components from the lease components and to enter all lease components and their associated non-lease components as a single lease component.
The term of the lease is determined as the period during which the leasing agreement cannot be cancelled, to which the following time periods must be added:

- time periods covered by an option to extend the lease, if the tenant has a reasonable degree of certainty of exercising the option; and
- time periods covered by the option to cancel the lease, if the tenant has a reasonable degree of certainty that the option will not be exercised.

In assessing whether the tenant has a reasonable degree of certainty of exercising the option of extending the lease or that the option of cancelling the lease will not be exercised, all pertinent events and circumstances forming an economic incentive for the tenant to exercise the option of extending the lease and not to exercise the option of cancelling the lease are taken into consideration. The tenant must recalculate the term of the lease if the period during which the leasing agreement cannot be cancelled changes.
As of the date on which the contract goes into effect, the Company enters assets represented by usage rights and the corresponding lease liability.

As of the date on which the contract goes into effect, the value of assets represented by usage rights is identified as their cost. The cost of assets represented by usage rights includes:

a) the amount of the initial assessment of the lease liability;
b) payments due on the lease made on the date or prior to the date on which the agreement goes into effect, after subtraction of lease incentives received;
c) initial costs born directly by the tenant; and
d) an estimate of the costs the tenant will have to bear for dismantling and removal of the underlying asset and restoration of the site on which it is located, or for restoration of the underlying asset to the condition required under the terms and conditions of the leasing agreement, unless these costs are incurred for the production of inventory. The obligation regarding the above costs arises for the tenant as of the date on which the contract goes into effect or as a consequence of use of the underlying asset during a given time period.

As of the date on which the contract goes into effect, the tenant must assess lease liabilities at the current value of payments due on the lease not paid as of that date. Payments due on the lease include the following amounts:

a) fixed payments, after subtraction of any lease incentives receivable;
b) variable payments due on the lease which depend on an indicator or rate, initially measured on the basis of an indicator or the rate in effect on the date on which the contract goes into effect;
c) amounts the tenant will have to pay to guarantee the residual amount;
d) the price of exercising the purchase option, if the tenant has a reasonable degree of certainty of exercising the option; and
e) payment of penalties for cancellation of the leasing agreement, if the term of the lease takes into account the possibility of the tenant exercising the option of cancelling the lease.

Payments made on the lease must be updated on the basis of the implicit interest rate of the lease, if it can easily be determined. If this is not possible, the tenant must use the marginal financing rate, that is, the incremental interest rate the company would have to pay to obtain a loan of the same term and amount as the leasing agreement.

Following initial entry, the Group measures assets representing usage rights at cost:

a) net of amortisation and reductions in value accumulated; and
b) corrected to take into account recalculation of the lease liability, if necessary.

Following initial entry, the lease liability will be measured on the basis of:

a) increasing book value to take into account interest on the lease liability;
b) decreasing book value to take into account payments made on the lease; and
c) recalculating book value to take into account any new assessments of or changes to the lease or revision of payments due on the lease of fixed amount.

In the event of changes to the lease which do not constitute a separate leasing agreement, assets represented by usage rights will be recalculated (raising or lowering them) consistently with the change in the lease liability as of the date of the change. The lease liability will be recalculated on the basis of the new conditions identified in the leasing agreement, using the actualisation rate as of the date of the change.

It should be noted that the Company avails itself of the exemption provided for in IFRS 16, with reference to leasing of assets of small value. In these cases, the asset representing usage rights and the corresponding lease liability are not entered, and payments due on the lease are entered in the statement of profit and loss.

The Company has decided not to avail itself of the exemption permitted under IFRS 16 for short-term leasing agreements (that is, leasing contracts with a term of 12 months or less from the date on which they go into effect).

The landlord must classify each of its leases as operative or financial. A lease is classified as financial if it substantially transfers all the risks and benefits connected with ownership of the underlying asset. A lease is classified as operative if it does not substantially transfer all the risks and benefits connected with ownership of the underlying asset. In a financial lease, on the date on which the lease goes into effect the landlord must record the assets held under financial leasing agreements in the statement of financial position, showing them as receivables with a value equal to the net investment in the lease. In an operative lease, the landlord must enter payments due as proceeds, based on the criterion of constant rates or another systematic criterion. The landlord must also enter costs, including depreciation, incurred in order to earn the proceeds on the lease.

Tangible assets

Real property, plants and machinery are entered in the accounts as tangible assets only if the following conditions simultaneously apply:

- it is probable that the company will enjoy the future economic benefits referable to the asset;
- cost can be reliably determined.

Tangible assets as initially entered at cost, defined as the amount of cash or cash equivalents paid, or the fair value of other considerations paid to acquire an asset, at the time of its purchase or replacement. Subsequently to initial entry, tangible assets will be measured by the cost method, after subtraction of depreciation allowance entered and any loss of value that may have been accumulated.

The cost includes charges directly incurred in order to make use of these assets possible, and any dismantling or removal costs that may be incurred under contractual obligations requiring the asset to be restored to its original condition.

Charges incurred for maintenance and repairs of an ordinary and/or cyclical nature are directly attributable to the statement of profit and loss at the time when they are incurred. Capitalisation of costs inherent in expansion, modernisation or improvement of structural elements owned by or in use by third parties is performed to the extent that it responds to the requirements for separate classification as an asset or part of an asset.

The depreciation criterion applied to tangible assets is the constant instalments method, throughout their useful lifespan.

The useful lifespan estimated by the Group for various categories of tangible assets is shown below:

Category of tangible asset	Depreciation rate
Buildings	33 years
Light constructions	10 years
Generic plants and machinery	13 years
Specific plants and machinery	8 years
Specific moulds and equipment	8 years
Industrial and commercial equipment	2.5 years
Furniture and fittings	8 years
Office equipment and electronic equipment	5 years
Motor vehicles	4 years
Vehicles for internal transportation	5 years

At the end of each year the Company checks whether there have been any significant changes in the expected features of the economic benefits deriving from assets capitalised, and if there are, it changes the depreciation criterion, which is considered a change in estimate on the basis of standard IAS 8.

The value of the tangible asset is completely reversed when it is disposed of or when the company no longer expects to derive any economic benefit from its sale.

Contributions to capital account are entered when there is a reasonable degree of certainty that they will be received and that all the conditions pertaining to them have been met. Contributions are therefore reduced the value of tangible fixed assets and credited to the statement of profit and loss reducing the value of depreciation in proportion to the useful lifespan of the corresponding assets.

Impairment of Goodwill, tangible assets and intangible assets, and assets represented by usage rights

(a) Goodwill

As stated above, goodwill is subject to verification of the recoverability of value (known as the impairment test) at least once a year in the presence of indicators that could suggest a reduction in its value, according to the provisions of IAS 36 (Impairment of assets). This check is normally conducted at the end of each year, so that the reference date for the verification is the date of the financial statements.

The impairment test is conducted on each of the units generating cash flow ("Cash Generating Units" or "CGU") to which goodwill has been allocated. The CGU of an asset is the smallest group of assets including the asset that generates incoming cash flows which are broadly independent of the incoming cash flows of other assets or groups of assets. Impairment of goodwill is entered if its recoverable value is lower than the value at which it was entered in the financial statements. Recoverable value is defined as the fair value of the CGU, after subtraction of disposal charges, and its value in use, defined as the current value of future cash flows estimated for the asset, whichever is greater. In determining value in use, expected future cash flows are actualised using a pre-tax discount rate reflecting the current market value of the cost of money, in relation to the investment period and specific risks inherent in the asset. If the reduction of value resulting from the impairment test exceeds the value of goodwill allocated to the CGU, the residual excess will be allocated to assets included in the CGU in proportion to their book value. The minimum limit on this allocation is the higher of:

- the asset's fair value after subtraction of sale costs;

- value in use, as defined above;
- zero.

The original value of goodwill cannot be restored when the reasons that resulted in its impairment no longer apply.

(b) Assets (tangible, intangible and usage rights) with a finite useful life

On the date of each financial statement a test is conducted to determine if there are any indicators that tangible assets, intangible assets and usage rights may have suffered impairment. Both internal and external information sources are taken into consideration. Internal information sources include: obsolescence or physical deterioration of the asset, any significant changes in the way the asset is used, and economic trends in the asset in comparison with forecasts. External sources include: price trends on the market for the assets, any changes in technology, the market or regulations, and market trends in interest rates or the cost of capital used to assess investments.

If the presence of such indicators is identified, the recoverable value of the assets will be estimated, allocating any writedowns over book value to the comprehensive income statement. The recoverable value of an asset is represented by fair value, after subtraction of accessory sale costs, and the corresponding value of use, determined by actualising estimated future cash flows from the asset, including, if significant and reasonably determinable, those deriving from sale at the end of its useful lifespan, after subtraction of any disposal charges. In determining value in use, expected future cash flows are actualised using a pre-tax discount rate reflecting the current market value of the cost of money, in relation to the investment period and specific risks inherent in the asset. In the case of an asset that does not generate broadly independent cash flows, recoverable value is determined in relation to the cash generating unit to which the asset belongs.

Impairment is acknowledged in the comprehensive income statement when the value at which the asset is entered, or the value of the CGU to which it is allocated, exceeds its recoverable value. Impairment of a CGU is allocated first to reduction of the book value of any goodwill that may be attributed to it, and then to reduction of other assets in proportion to their book value and within the limits of their recoverable value. If the requirements for a previous writedown no longer apply, the book value of the asset will be restored, with allocation to the statement of profit and loss, within the limits of the net book value the asset in question would have had if it had not been written down and if it had been subjected to depreciation.

Equity investments

Investments in subsidiaries are valued at cost, net of any impairment. An equity investment is impaired when its book value exceeds its recoverable value. The book values of investments are subject to evaluation whenever there are apparent internal or external indicators to the enterprise indicating the possibility of a reduction of the value of the investment.

In particular, the indicators analysed to assess whether an investment has suffered a loss of value are as follows:

- the book value of the investment on the separate financial statements exceeds the book value of the investee's net assets stated on the consolidated financial statements, including any related goodwill;
- the dividend distributed by the investee company exceeds the total undistributed earnings of the subsidiary from the date of purchase or incorporation;

- the operating result achieved by the investee company is significantly lower than the amount envisaged in the management plan, if this indicator can be considered meaningful for the reference company;
- significantly diminishing operating results are expected in future years;
- there are changes in the technological, market, economic or regulatory environment in which the subsidiary operates that may have significant adverse effects on the Company's results.

The impairment test consists of comparing the book value of the investment with the recoverable value of the investment. If the recoverable amount of an investment is lower than the book value, the book value is reduced to the recoverable amount. This reduction represents an impairment loss recognised on the income statement.
The recoverable amount of an investment is identified as the greater of its fair value and value in use. The value in use of an investment is the present value of future cash flows that are expected to result from a cash-generating investment. The value in use reflects the effects of factors that may be entity specific, factors that may not be applicable to any entity. If the assumptions for impairment previously made are no longer valid, the book value of the investment is restored with an allocation to the income statement, limited to the original cost.

Financial assets

When initially reported, financial assets must be classified in one of the three categories listed below, on the basis of the following elements:

- the business model the entity uses for management of financial assets; and
- the features of the contractual cash flows of the financial asset.

Financial assets will then be cancelled from the financial statement only if their sale results in substantial transfer of all the risks and benefits connected with the assets. If, on the other hand, a significant portion of the risks and benefits pertaining to the assets sold is retained, the assets will continue to appear in the financial statements, even if their ownership has been legally transferred.

a) Financial assets measured at amortised cost

This category includes financial assets that satisfy both of the following conditions:

- the financial asset is owned on the basis of a business model aimed at collecting cash flows under a contract ("Hold to Collect" business model); and
- the terms of the contract for the financial assets specify cash flows on specific dates represented solely by payment of principal and interest on the amount of the principal remaining to be repaid (that is, they pass the "SPPI test").

At the time of initial entry, these assets are reported at fair value, including transaction costs or proceeds directly attributable to the instrument. Following initial entry, the financial assets under examination will be measured at amortised cost, using the effective interest rate method. The amortised cost method is not applied to assets – measured at historical cost – of such a brief duration that the effect of application of actualisation would be negligible, to those without a definite term, and for revoked receivables.

b) Financial assets measured at fair value with an impact on overall profitability

This category includes financial assets that satisfy both of the following conditions:

- the financial asset is owned on the basis of a business model aimed at collecting cash flows under a contract and through sale of the financial asset itself ("Hold to Collect and Sell" business model); and
- the terms of the contract for the financial assets specify cash flows on specific dates represented solely by payment of principal and interest on the amount of the principal remaining to be repaid (that is, they pass the "SPPI test").

This category includes equity interests which may not be described as relations of control, connection and joint control, which are not held for trading, for which the option of designation at fair value has been exercised with an impact on overall profitability.

At the time of initial entry, these assets are reported at fair value, including transaction costs or proceeds directly attributable to the instrument. Subsequently to initial entry, equity interests which may not be described as relations of control, connection and joint control are measured at fair value, and the amounts offset against them under shareholders' equity (Statement of comprehensive profitability) must not be subsequently transferred to the income statement, even in the event of sale. The only component referable to the equities in question which is subject to entry in the income statement is the corresponding dividends.

For equities included in this category, which are not listed on an active market, the cost criterion is used to estimate fair value merely residually and limited to a few circumstances, that is, if the most recent information for measuring fair value is insufficient, or if there are a wide range of possible appraisals of fair value and cost represents the best estimate of fair value within this range of values.

c) Financial assets measured at fair value with an impact on the income statement

This category includes financial assets other than those classified among "Financial assets measured at amortised cost" and among "Financial assets measured at fair value with an impact on overall profitability".

This category includes financial assets held for trading and derivatives contracts which cannot be classified as hedges (represented as assets if their fair value is positive and as liabilities if their fair value is negative).

At the time of initial entry, financial assets measured at fair value with an impact on the income statement are measured at fair value, without taking into consideration transaction costs or proceeds directly attributable to the instrument. On subsequent reporting dates, they are measured at fair value and the effects of their measurement are allocated to the income statement.

Derivative financial instruments and hedges

Derivative financial instruments are entered in accordance with the provisions of IFRS 9.

On the date of stipulation of the contract, derivative financial instruments are initially measured at fair value, as financial assets measured at fair value with an impact on the income statement if fair value is positive or as financial liabilities measured at fair value with an impact on the income statement if fair value is negative.

If financial instruments are not entered as hedges, changes in fair value detected subsequently to initial entry are treated as components of the profit or loss for the financial year. If, on the other hand, the derivative instruments meet the requirements for classification as hedges, subsequent variations in fair value are entered on the basis of specific criteria, described below.

A derivative financial instrument is classified as a hedge if the relationship between the hedge and the item hedged is formally documented, including risk management goals, hedging strategy and methods to be used to determine its perspective and retrospective efficacy. The efficacy of each hedge is verified both at the time of creation of each derivative instrument and during its life, and particularly on the closing date of each financial statement or interim report. A hedge is normally considered highly "effective" if, both at the start and during its life, changes in fair value, in the case of fair value hedges, or in expected future cash flows, in the case of cash flow hedges, of the element hedged are substantially compensated by changes in the fair value of the hedge.

Accounting standard IFRS 9 permits designation of the following three hedging relationships:

d) fair value hedge: when the hedge covers variations in the fair value of assets and liabilities appearing in the financial statements, both changes in the fair value of the hedge and variations in the item covered are allocated to the income statement.
e) cash flow hedge: when the hedge is intended to neutralise the risk of changes in cash flows originating from the future execution of contractual obligations in existence as of the date of the financial statement, changes in the fair value of the hedge registered subsequently to the first measurement are entered in the accounts, limited to the effective portion only, in the comprehensive income statement and therefore in a shareholders' equity reserve. When the economic effects originated by the hedged item appear, the amount entered in the comprehensive income statement is transferred to the income statement. If the hedge is not perfectly effective, the change in the fair value of the hedge referable to the ineffective portion is entered in the income statement immediately.
f) coverage of a net investment in a foreign company (net investment hedge).

If the checks do not confirm the efficacy of the hedge, from that time on hedging operations will no longer be entered in the accounts, and the derivative hedging contract will be reclassified among financial assets measured at fair value with an impact on the income statement or financial liabilities measured at fair value with an impact on the income statement. Moreover, the hedging relationship ceases when:

- the derivative instrument expires or is sold, rescinded or exercised;
- the item hedged is sold, expires, or is refunded;
- it is not longer very likely that the future transaction hedged will be performed.

Refer to note 5.5 for information on asset and liability categories and information on fair value.

Trade receivables

Trade receivables deriving from the transfer of goods and the providing of services are measured according to the terms of the contract with the customer, on the basis of the provisions of IFRS 15, and classified on the basis of the nature of the debtor and/or the expiry date of the receivable (this definition includes invoices to be issued for services already performed).

Moreover, as trade receivables are normally short-term and do not involve payment of interest, there is no calculation of amortised cost, and they are entered in the accounts on the basis of the face value appearing on the invoices or in the contracts stipulated with customers: this provision is also applied to trade receivables which have a contractual term of more than 12 months, unless their effect is not particularly significant. This choice is a result of the fact that the amount of short-term receivables is very similar whether the historical cost method or the amortised cost criterion is applied, and the impact of actualisation would therefore be entirely negligible.

Trade receivables are subject to impairment testing under the provisions of IFRS 9. Trade receivables are divided by expiration date for the purposes of the measurement process. Performing receivables are subjected to collective measurement, grouping individual types of exposure on the basis of similar levels of credit risk. They are measured on the basis of expected losses throughout the lifespan of the receivable, determined on the basis of losses registered for assets with similar credit risk features on the basis of historical experience, and corrected to reflect expected future economic conditions.

The Company may make use of the instrument for the assignment of a portion of its trade receivables through factoring transactions. Receivables transfer transactions may be with recourse or without recourse; certain transfers without recourse include deferred payment clauses, requiring an exemption from the transferor or implying the maintenance of significant exposure to the performance of cash flows deriving from the transferred receivables. This type of transaction does not meet the requirements of IFRS 9 for the derecognition of financial assets from the financial statements, since the related risks and benefits have not been substantially transferred. Accordingly, all receivables sold through factoring transactions that do not meet the elimination requirements established by IFRS 9 remain recognised in the Company's financial statements, although they have been legally sold; a financial liability of the same amount is recognised in the financial statements as payables for advances on the transfer of receivables. Gains and losses on the sale of such assets are only recognised when the assets are removed from the Company's Financial Position. As of 31 December, the Company only assigned trade receivables without recourse, which meet all the requirements of IFRS 9 for derecognition of such receivables.

Inventories

Inventories are goods:

- possessed for sale in the normal course of the company's business;
- used in productive processes for sale;
- in the form of materials or supplies of goods to be used in the production process or in the performance of services.

Inventories are entered at cost and measured at cost or net realisable value, whichever is lower.

The cost of inventories includes all purchase costs, transformation costs and all other costs incurred to put the inventories in their current location and condition, but does not include exchange rate differences in the event of inventories invoiced in foreign currency. In accordance with the provisions of IAS 2, the average weighted cost method is used to determine the cost of inventories.

If net realisable value is lower than cost, the surplus is written down immediately in the income statement.

Cash on hand and cash equivalents

Cash on hand and cash equivalents are entered at face value or amortised cost, depending on their nature. Cash equivalents represent short-term financial commitments with high liquidity, which are promptly convertible into a known amount of cash and subject to an insignificant risk of variations in value, the original expiry of which at the time of purchase was no more than 3 months.

Payables

Trade payables and other payables are initially entered at fair value and subsequently measured on the basis of the amortised cost method.

Payables to banks and other financial backers are initially entered at fair value, not including directly allocated accessory costs, and are subsequently measured on the basis of amortised cost, applying the effective interest rate. In the event that, following a change in the conditions of a financial payable, there should be a change in the estimated expected cash flows resulting in a change in these flows of less than 10%, the amortised cost of the financial liability must be recalculated and the net profit or loss must include a profit or loss resulting from the change. The amortised cost of the financial payable must be recalculated as the current value of financial flows renegotiated or modified, actualised at the effective original interest rate of the financial payable. Any costs or commissions incurred in relation to the change will adjust the book value of the financial payable modified, and will be amortised throughout the remaining lifespan of the modified financial payable.

Payables are eliminated from the financial statements when paid, and when the Company has transferred all risks and charges pertaining to the instrument.

Employee benefits

Employee benefits include benefits paid to employees or their dependants, and may be liquidated by payment (or through the supply of goods and services) directly to the employees, their spouses, children or other dependants or to third parties, such as insurance companies; they may be divided into short-term benefits, benefits payable to employees upon termination of their employment, and post-employment benefits.

Short-term benefits, which also include incentives programmes represented by annual bonuses, MBOs and once-only renewal of collective national contracts of employment, are entered as liabilities (appropriation of costs) after subtracting any amounts already paid, and as a cost, unless another IFRS standard requires or permits inclusion of benefits in the cost of an asset (such as the cost of personnel working on development of intangible assets generated in-house).

The category of benefits upon termination of employment includes retirement incentive plans, which arise in the event of voluntary resignation in which the employee or group of employees participates in trade union agreements for access to solidarity funds, and dismissal plans, which arise in the event of termination of employment as the result of a unilateral decision made by the company. The company enters the cost of such benefits as a liability in the financial statement on the most immediate date between the moment at which the company can no longer retract the offer of the benefits and the moment at which the company bears the cost of personnel reorganisation falling under accounting standard IAS 37. Funds appropriated for redundancy or retirement are reviewed at least once every six months.

Post-employment benefit plans may be divided into two categories: defined-contribution plans and defined-benefit plans.

Defined-contribution plans primarily include:

- Supplementary pension funds requiring a defined contribution by the company;
- the Employee Termination Indemnity fund, limited to portions accruing since 1 January 2007 in the case of companies with more than 50 employees, whatever the employee's chosen allocation of the funds may be;
- portions of Employee Termination Indemnity accrued since 1 January 2007 and allocated to supplementary pension funds, in companies with less than 50 employees;
- supplementary medical insurance funds;
- the End of Service Indemnity allocated to directors.

Defined-benefit plans, on the other hand, include:

- Employee Termination Indemnity, limited to portions accrued up to 31 December 2006 for all companies and portions accrued since 1 January 2007 and not allocated to supplementary pension plans in the case of companies with less than 50 employees;
- supplementary pension funds under conditions requiring payment of a defined benefit to participants;
- seniority bonuses involving an extraordinary payment to employees upon reaching a certain degree of seniority.

In defined-contribution plans, the obligation of the company preparing the financial statements is determined on the basis of the contributions due in the year in question, so that measurement of the obligation does not require actuarial hypotheses and there is no possibility of actuarial profits or losses.

Entry of defined-benefit plans in the accounts is characterised by resort to actuarial hypotheses to determine the value of the obligation. This measurement is performed once a year by an external actuary. The company performs time-discounting using the unitary credit projection method, which involves projection of future expenditures on the basis of historical analysis of statistics and of the demographic curve, and financial time-discounting of these flows on the basis of a market interest rate. Actuarial profits and losses are offset against shareholders' equity (under the item "Reserve for actuarial profits and losses") as required by accounting standard IAS 19.

Performance share plan

The Company recognises incentives made up of a capital shareholding plan, to certain senior management members and beneficiaries who hold key positions in the Group. The performance share plan is a type of "equity settled" plan, where the beneficiary is entitled to receive shares of GVS S.p.A. free of charge at the end of the vesting period. For the "equity settled" performance share plan, the fair value is recognised on the income statement among personnel costs, for the employees of GVS S.p.A. and an increase in the related equity investment for the employees of the subsidiaries, over the period between the assignment date and the expiry date of the same, and a reserve of shareholders' equity is recorded. Fair value is determined at the assignment date, reflecting the market conditions prevailing at the date in question. At each reporting date, the Company checks the assumptions regarding the number of performance shares expected to be accrued and recognises the effect of any change in the estimate of the number of performance shares on the income statement, adjusting the corresponding equity reserve. If the performance shares are exercised at the end of the vesting period, the corresponding increase in shareholders equity is recorded.

Provisions for potential risks and charges, assets and liabilities

Potential assets and liabilities may be divided into categories according to their nature and impact on the accounting records. Specifically:

- provisions are effective obligations of uncertain amount and contingency/due date arising out of past events, in relation to which it is probable that there will be an expenditure of economic resources, the amount of which may be reliably estimated;
- potential liabilities are possible obligations in relation to which expenditure of economic resources is not a remote probability;
- remote liabilities are those in relation to which expenditure of economic resources is a remote probability;
- potential assets are assets in relation to which the requirement of certainty is not met, so that they may not be entered in the financial statements;
- an onerous contract is a contract in which the non-discretionary costs essential for fulfilment of obligations exceed the economic benefits assumed to be obtainable from the contract;
- a reorganisation is a programme planned and controlled by Company management making significant changes to the field of action of an activity undertaken by the company or the way in which an activity is managed.

For the purposes of entry of the cost in the accounts, provisions are recorded if there is uncertainty as to the due date or amount of the flow of resources required to fulfil the obligation or other liabilities, particularly trade payables or allocation for presumed payables.

Provisions differ from other liabilities in that there is no certainty regarding the due date or amount of the future cost of fulfilment. In view of their different nature, provisions are entered separately from trade payables and allocation of funds for presumed payables.

A liability or provision to a fund is entered in the accounts when:

- there is a current legal or implicit obligation arising out of past events;
- it is probable that resources capable of producing economic benefits may have to be used to fulfil the obligation;
- the amount of the obligation may be reliably estimated.

Provisions require use of estimates. Under extremely rare circumstances in which it is not possible to obtain a reliable estimate, the amount of the liability cannot be reliably determined, and so it is described as a potential liability.

Provisions for risks and charges are made for an amount representing the best possible estimate of the expenditure that will be required to fulfil the corresponding obligation in existence as of the date of the financial statements, taking into consideration the risks and uncertainties that inevitably surround many events and circumstances. The amount of the provision reflects any future events which could affect the amount required to fulfil an obligation if there is sufficient objective evidence that these events will occur.

Once the best possible estimate of the expenditure required to fulfil the corresponding obligation in existence as of the date of the financial statements has been determined, the current value of the provision is determined, if the effect of the current value of cash is significant.

Treasury shares

Treasury shares are entered at cost and reduce the value of shareholders' equity. The effects of any subsequent sale of treasury shares will be recorded under shareholders' equity.

Revenue from contracts with customers

Revenues from contracts with customers are entered when the following conditions apply:

- the contract with the customer has been identified;
- the performance obligations contained in the contract have been identified;
- the price has been determined;
- the price has been allocated to individual contractual obligations contained in the contract;
- the contractual obligation contained in the contract has been fulfilled.

The Company reports revenues from contracts with customers when (or progressively as) contractual obligations are fulfilled, transferring to the customer the promised item or service (the asset). The asset is transferred when (or progressively as) the customer acquires control over it.

The Company transfers control of the asset or service over time, and therefore fulfils the contractual obligation and obtains revenues over time, if one of the following criteria is met:

- the customer simultaneously receives and uses the benefits deriving from the entity's service as the entity provides the service;
- the Company's service creates or improves the asset (such as work in progress) of which the customer takes over control as the asset is created or improved;
- the Company's service does not create an asset presenting an alternative use for the Company, and the same is entitled to demand payment for the services completed up to the date taken into consideration.

If a contractual obligation is not fulfilled over time, the contractual obligation is fulfilled at a given moment in time. In this case, the Company receives revenues from it when the customer acquires control of the promised asset.

The contractual consideration included in the contract with the customer may include fixed amounts, variable amounts, or both. If the contractual consideration includes a variable amount (e.g. discounts, price concessions, incentives, penalties, or other similar elements), the Company estimates the amount of the consideration to which it will be entitled in exchange for the transfer of the promised goods or services to the customer. The Company includes the estimated amount of the variable consideration in the price of the operation only to the extent that it is highly probable that there will not be a significant downward adjustment of total revenues once the uncertainty surrounding this consideration is subsequently cleared up.

If the Company is entitled to receive a consideration in exchange for goods or services transferred to the customer, the Company will enter an asset from contracts with customers in its accounts. In the presence of an obligation to transfer goods and services to the customer for which a payment has been received from the customer, the Company records a liability from contracts with customers.

Incremental costs of obtaining contracts with customers are entered in the accounts as assets and amortised throughout the duration of the underlying contract, if the Company expects to recover them. Incremental costs of obtaining a contract are costs the Company incurs in order to obtain a contract with the customer, which it would not have incurred if it had not obtained the contract. Costs of obtaining a contract that would have been incurred even if the contract were not obtained must be entered as costs at the time at which they are incurred, unless explicitly chargeable to the customer even if no contract was obtained.

Costs incurred for fulfilment of contracts with customers are capitalised as assets and amortised throughout the term of the underlying contract only if these costs do not fall in the scope of application of another accounting standard (such as IAS 2 – Inventories, IAS 16 – Property, plant and equipment, and IAS 38 – Intangible assets) and satisfy all the following conditions:

- costs are directly correlated to the contract or to an expected contract which the entity can specifically identify;
- costs permit the entity to obtain new or greater resources for use fulfilling (or continuing to fulfil) its obligations in the future;
- these costs are expected to be recovered.

Acknowledgement of costs

Costs are entered in the income statement on the basis of the pro tempore principle.

Dividends

Dividends received are entered in the income statement on the basis of the pro tempore principle, that is, in the year in which entitlement to the corresponding receivable arises, following the resolution of the subsidiary's shareholders' meeting to distribute dividends.

The dividends distributed are represented as movements in shareholders' equity in the year in which they are approved by the shareholders' meeting.

Income tax

Current taxes are calculated on the basis of annual taxable income, applying the taxation rates in effect as of the date of the financial statements. Current taxes for the year under examination and previous years are recorded as liabilities, to the extent to which they have been paid. Current tax assets and liabilities pertaining to the current year and past years must be determined at the value expected to be recovered from the tax authorities, or paid to them, applying the tax rates and tax legislation in effect or substantially emanated as of the date of the financial statements.

Deferred taxes may be divided into:

- Deferred tax liabilities, representing the amount of income tax payable in future years referable to temporary differences in taxable amounts;
- deferred tax assets, which are portions of income tax that may be recovered in future financial years, referable to deductible temporary differences, carrying over of unused tax losses, and carrying over of unused tax credits.

Deferred tax assets and liabilities are calculated applying the taxation rate to the temporary differences taxable or deductible identified, or to unused tax losses and tax credits.

On the date of each financial statement a new measurement is conducted of both deferred tax assets not entered in the financial statements and advance tax assets entered in the financial statements, in order to verify the existence of the requirement of probability of recovery of deferred tax assets.

Profit per share

Basic profit per share is calculated by dividing the Company's net profit or loss by the weighted average number of ordinary shares in circulation during the year, excluding treasury shares.

Diluted profit per share is calculated by dividing the Company's net profit or loss by the weighted average number of ordinary shares in circulation during the year, excluding treasury shares. For the purposes of calculation of diluted profit per share, the weighted average number of ordinary shares in circulation is modified by assuming that all owners of rights that could potentially have a diluting effect, if any, while the Company's net profit or loss is adjusted to take into account the eventual effects of exercising these rights after taxation.

Conversion of items in foreign currency

Transactions in currencies other than the currency in which the Company operates are entered at the exchange rate in effect on the date of the transaction. Monetary assets and liabilities in currencies other than the Euro are subsequently adapted to the exchange rate in existence as of the close of the year. Any resulting exchange rate differences are reflected in the statement of profit and loss, under the item "Profits and losses on exchanges".

3. Recently issued accounting standards

a) IFRS accounting standards, amendments and interpretations effective from 1 January 2024

The valuation criteria used for the preparation of the financial statements for the period ended 31 September 2024 do not differ from those used for the preparation of the financial statements for the year ended 31 December 2023, with the exception of the new accounting principles, amendments and interpretations applicable from 1st January 2024, which, however, have not had a significant impact on the Company's current financial position and results.

- *Amendments to IAS 1 - Classification of Liabilities Between Current and Non-Current* - In January 2020, the IASB published the amendments to IAS 1 - Classification of Liabilities Between Current and Non-Current, which were further amended by the Amendments - Non-Current Liabilities with covenants that were published in October 2022. The Amendments require that an entity's right to defer the discharge of a liability for at least twelve months after the reporting period has substance and exists at the end of the reporting period. The classification of a liability is not affected by the likelihood that the entity exercises the right to defer its extinguishment for at least twelve months after exercise.
- *Amendments to IAS 1 - Non-Current Liabilities with Covenants* - Following the publication of the Amendments to IAS 1 - Classification of Liabilities between Current and Non-Current, the IASB further amended IAS 1 in October 2022. If an entity's right to defer is conditional on the entity complying with certain conditions, those conditions affect the existence of that right at the reporting date, if the entity is required to comply with the condition at or before the reporting date and not if the entity is required to comply with the conditions after reporting.
- *Amendments to IFRS 16 - Liability in a Sale and Leaseback (amendments to IFRS 16 Leases) - The International Accounting Standards Board (Board)* published in 2020 the *Exposure Draft* titled *Lease Liability in a Sale and Leaseback*. This document specifies the method used

by a seller lessee to initially measure the right of use asset and the liability for the lease arising from a sale and leaseback transaction and the way in which the seller-lessor subsequently measures this liability. In 2021 the Board reviewed the feedback received on the Exposure Draft. At its September 2021 meeting, the Interpretations Committee discussed the project and discussed the direction of the project while considering such feedback. In September 2022, the IASB amended IFRS 16. The amendments add paragraph 102A to IFRS 16. According to this paragraph, the seller-lessee is required to determine the "lease payments" or "revised lease payments" so as not to recognise any amount of profit or loss relating to the right of use retained by the seller-lessee. The paragraph does not prescribe a particular method for achieving this result.

- *Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)* - On 25 May 2023, the IASB issued *Supplier Finance Arrangements* amending IAS 7 Cash Flow Statement and IFRS 7 Financial Instruments: Disclosures (the Amendments). These Amendments were made following a request received from IFRIC regarding the requirements for the presentation of liabilities and related cash flows arising from supply chain financing agreements (hereinafter "supplier finance arrangements" or "reverse factoring") and related disclosures. In December 2020, IFRIC published an *Agenda decision - Supply Chain Financing Arrangements—Reverse Factoring* which responded to this request based on the IFRS provisions in force at the time. During this process, the various stakeholders indicated limitations due to the requirements then existing to respond to important information needs of users in order to understand the effects of reverse factoring on the financial statements of an entity and to compare one entity with another. In response to this feedback, the IASB adopted a draft limited amendment to the standards, which led to the Amendments. The Amendments require entities to provide certain specific information (qualitative and quantitative) relating to supplier finance arrangements. The Amendments also provide guidance on the characteristics of the supplier finance arrangements.

All amendments entered into force on 1 January 2024. The adoption of these amendments had no impact on the Company's 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 Company at 31 December 2024;

As at 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 30 May 2024, the IASB published the document "*Amendments to the Classification and Measurement of Financial Instruments—Amendments to IFRS 9 and IFRS 7*". The document clarifies some problematic issues that emerged from the post-implementation review of IFRS 9, including the accounting treatment of financial assets whose returns vary on the achievement of ESG objectives (i.e. green bonds). In particular, the amendments aim to:
    - clarify the classification of financial assets with variable returns and linked to environmental, social and corporate governance (ESG) objectives and the criteria to be used for assessment of the SPPI test;

- determine that the settlement date of the liabilities through electronic payment systems is the date on which the liability is extinguished. However, an entity may adopt an accounting policy to allow for the accounting elimination of a financial liability before delivering cash at settlement date under certain specific conditions.

With these amendments, the IASB has also introduced additional disclosure requirements relating in particular to investments in equity instruments designated to FVOCI.

The amendments will apply as from the financial statements of the financial years starting on or after 1 January 2026.

- On 9 May 2024, the IASB published a new standard "*IFRS 19 - Subsidiaries without Public Accountability: Disclosures".* The new standard introduces certain simplifications in relation to the disclosure required by other IAS-IFRS standards. This standard may be applied by an entity that meets the following key criteria:
    - it is a subsidiary;
    - has not issued capital or debt instruments listed on a market and is not in the process of issuing them;
    - has its own parent company that prepares consolidated financial statements in accordance with IFRS.

The new standard will enter into force on 1 January 2027, but early application is permitted.

- On 9 April 2024, the IASB published a new standard "*IFRS 18 Presentation and Disclosure in Financial Statements*" which will replace IAS 1 *Presentation of Financial Statements*. The new standard aims to improve the presentation of the main financial statements and introduces significant amendments to the income statement. In particular, the new standard requires:
    - classify revenues and costs into three new categories (operating section, investment section and financial section), in addition to the categories of taxes and discontinued activities already present in the profit and loss account;
    - present two new sub-totals, the operating result and the result before interest and taxes (i.e. EBIT).

The new standard also:

- requires more information on performance indicators defined by management;

- introduces new criteria for the aggregation and breakdown of information; and,

- introduces a number of changes to the cash flow statement, including a request to use the operating result as a starting point for the presentation of the cash flow statement prepared using the indirect method and the elimination of some options for classifying certain existing items (such as interest paid, interest received, dividends paid and dividends received).

The new standard will enter into force on 1 January 2027, but early application is permitted.

- On 15 August 2023, the IASB published an amendment entitled "*Amendments to IAS 21 – The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability*". The document requires an entity to apply a methodology to be applied consistently in order to verify whether one currency can be converted into another and, where this is not possible, how to determine the exchange rate to be used and the disclosure to be provided in the notes.

The amendment will apply from 1 January 2025, but earlier application is permitted.

- On 30 January 2014, the IASB published *IFRS 14 – Regulatory Deferral Accounts* which allows only those adopting IFRS for the first time to continue to recognise the amounts relating to assets subject to regulated tariffs ("*Rate Regulation Activities*") according to the previous accounting standards adopted.

As GVS is not a first-time adopter, this standard does not apply to it.

No significant effects on the financial statements of the Company are expected from the adoption of the above amendments.

4. Estimates and assumptions

Preparation of financial statements requires directors to apply accounting standards and methods which, in certain circumstances, are based on difficult and subjective measurements and estimates which are based on historical experience and on assumptions which may or may not be considered reasonable and realistic, depending their circumstances.

Application of these estimates and assumptions influences the amounts appearing in the accounts in the financial statements, such as the statement of financial position, the income statement, the overall income statement, the financial report and the explanatory information supplied. The final results of items in the financial statements determined on the basis of estimates and assumptions may differ, in some cases significantly, from those appearing in financial statements which report the effects of the occurrence of the event estimated, due to the uncertainty characteristic of assumptions and the conditions on which estimates are based.

Areas requiring particular subjectivity on the part of directors in preparation of estimates, and for which a change in the conditions underlying the assumptions made could have a significant impact on the Company's financial results, are as follows:

i) <u>*Impairment of tangible assets and intangible assets with a defined useful lifespan:*</u> tangible and intangible assets with a defined useful lifespan are tested for impairment in the presence of indicators suggesting difficulty recovering their net book value through use. Determination of the existence of such indicators requires the directors to perform subjective assessments on the basis of information available from both internal and external sources and historical experience. Moreover, when it is determined that a potential loss of value may be generated, it is necessary to proceed with its determination by means of assessment techniques considered appropriate. Correct identification of indicators of potential loss of value and estimates for its determination depend on subjective assessments and on factors which may vary with time, affecting the measurements and estimates made by management.

j) <u>*Impairment of intangible assets of indefinite useful lifespan (goodwill)*</u>: the value of goodwill is tested annually for impairment, to be entered in the income statement. The test involves allocation of goodwill to cash flow generating units and subsequent determination of their recoverable value, defined as fair value or value of use, whichever is greater. If recoverable value is less than the book value of the cash flow generating units, the goodwill allocated to them must be written down.

k) <u>*Provision for writedown of receivables*</u>: determination of this provision reflects management's estimate of customers' historic and expected solvency.

l) *Provisions for risks and charges*: the existence or non-existence of a current (legal or implicit) obligation is not always easy to determine. Directors assess such phenomena on a case-by-case basis, jointly with estimation of the amount of economic resources required to fulfil the obligation. If the directors believe that the appearance of a liability is merely possible, the risk is indicated in the explanatory note regarding risks and commitments, without setting aside any funds.

m) *Useful lifespan of tangible and intangible assets*: useful lifespan is determined when the asset is entered in the financial statements and reviewed at least once a year, at the close of the year. Estimates of the duration of useful lifespan are based on historical experience, market conditions and expectations regarding future events which could have an impact on the asset's useful lifespan, including technological change. It is therefore possible that actual useful lifespan may differ from estimated useful lifespan.

n) *Deferred tax assets*: deferred tax assets are entered on the basis of the probability of the existence of future tax revenues in relation to which temporary differences or eventual tax losses may be used within a reasonable time period.

o) *Inventories*: final product inventories presenting features of obsolescence or slow turnover are periodically subjected to an assessment test and written down if their recoverable value is less than their book value. Writedowns are based on the directors' assumptions and estimates based on their experience and on the results historically achieved.

p) *Leasing liabilities*: the amount of leasing liabilities and therefore the corresponding assets due to usage rights depend on determination of the lease term. This determination is subject to management's assessment, with specific reference to the decision whether or not to include time periods covered by renewal options or cancellation of the leasing agreement under leasing contracts. These assessments will be reviewed in the presence of a significant event or a significant change in circumstances with an impact on management's reasonable certainty of exercising an option that was not previously taken into consideration in determining the lease term, or not to exercise an option that was previously taken into consideration in determining the lease term.

5. Management of financial risk

In the area of business risk, the principal risks identified, monitored and, to the extent specified below, actively managed by the Company are as follows:

- market risk, deriving from oscillating exchange rates between the Euro and the other currencies in which the Company 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 Company'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 Company to adequately satisfy the requirements of its operations and

financing of operative working capital and investment capital, and to fulfil its financial obligations.
The Company'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. The following note supplies qualitative and quantitative information on the impact of these risks on the Company.

In relation to the wars in Ukraine and in the Middle East, the Company monitors the geopolitical context and the situation in these countries 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 Company's direct exposure to the areas concerned is marginal.

5.1 Market risk

Exchange rate risk

Exposure to exchange rate risk is a result of the Company's commercial activities conducted in currencies other than the Euro. Revenues and costs in foreign currency may be influenced by exchange rate fluctuation with an impact on sales margins (economic risk), just as trade payables and receivables in foreign currency may be affected by the exchange rate used, with an impact on economic results (transaction risk).

The Company's policy is to limit the risk of exchange rate fluctuations by entering into appropriate hedging contracts. At 31 December 2024, GVS had two contracts in place to hedge exchange rate fluctuations. Specifically, the two derivative contracts are *forex forwards*, intended to hedge the risk of changes in the euro/dollar exchange rate in two instalments of the loan arranged by GVS SpA with its subsidiary, GVS North America Holding Inc.

Sensitivity analysis for exchange rate risk

For the purposes of sensitivity analysis for exchange rate risk, items in the statement of assets and liabilities at 31 December 2024 and 31 December 2023 (financial assets and liabilities) in currencies other than the currency in which the Company operates have been identified. In assessing the potential effects of fluctuating exchange rates on net profit or loss, infragroup payables and receivables in currencies other than the account currency are also taken into consideration. For the purposes of this analysis, two scenarios were taken into consideration which discount a 5% appreciation and depreciation, respectively, in the nominal exchange rate between the currency in which the item is entered in the financial statements and the account currency. The table below shows the results of this analysis.

(in thousands of Euro)	**Currency appreciation of 5%**		**Currency depreciation of 5%**	
	At 31 December		**At 31 December**	
Currency	**2024**	**2023**	**2024**	**2023**
USD	9,068	10,459	(8,205)	(9,472)
JPY	(246)	(255)	222	230
GBP	(1,034)	(652)	935	590
Other	(55)	(196)	50	177
Total	**7,734**	**9,366**	**(6,007)**	**(8,474)**

The dollar balances relate mainly to intercompany loans granted by GVS to GVS North America Holdings Inc., the Chinese and Mexican subsidiaries, and to bank account held in dollars.

Interest rate risk

The Company uses external financial resources in the form of debt. Variations in interest rates influence the cost and yield of various forms of financing and investment, and therefore have an impact on the level of net financial costs. The Company is exposed to the risk of interest rate fluctuations, in view of the fact that some of its debts have variable interest rates. The Company's policy aims to limit the risk of interest rate fluctuation by subscribing contracts hedging the risk of interest rate variation.

Sensitivity analysis regarding interest rate risk

A sensitivity analysis has been prepared to determine the effect on the income statement of a hypothetical positive and negative variation of 50 bps in the interest rate as compared to the rate effectively recorded in each year.

This analysis was conducted primarily in relation to the following items:

- cash on hand and cash equivalents;
- short-term and medium- to long-term payables to banks.

Cash on hand and cash equivalents made reference to average cash on hand and the average interest rate for the year, while the impact of short-term and medium- to long-term payables to banks was calculated specifically.

The table below shows the results of this analysis:

(in thousands of Euro)	**Impact on profit net of taxes**	
	- 50 bps	***+ 50 bps***
Financial year ended 31 December 2024	839	(839)
Financial year ended 31 December 2023	852	(852)

5.2 Credit risk

The Company deals with exposure to the credit risk inherent in the possibility of insolvency (defaulting) and/or deterioration of the creditworthiness of its customers through instruments for assessing each individual counterpart through a dedicated organisational structure equipped with adequate tools for constant daily monitoring of customers' behaviour and creditworthiness.

The Company is currently structured to implement a process of ongoing monitoring of credits, modulated with different degrees of reminders, varying on the basis of specific knowledge of the customer and of the number of days by which payment is delayed, in order to optimise working capital and minimise this form of risk.

With regard to its financial counterparties, in 2024 the Company achieved approximately 10% of sales to a third-party customer, part of an international group characterised by adequate capital and financial soundness, the solvency risk of which is therefore limited.

For the breakdown of trade receivables as of December 31,2024 and 2023 grouped by due date, net of the bad debt provision, please refer to the "Trade receivables" section.

5.3 Liquidity risk

Liquidity risk represents the possibility of the Company becoming incapable of obtaining the financial resources necessary to guarantee current operations and fulfilment of obligations falling due, or that these resources might be available only at a high cost.

In order to mitigate this risk, the Company: *(i)* periodically determines forecast financial requirements on the basis of the operative needs, in order to act promptly to obtain any additional resources that may be necessary, *(ii)* performs all actions required to obtain such resources, *(iii)* ensures adequate composition in terms of due dates, instruments and degree of availability.

The Company believes the lines of credit currently available, combined with the cash flows generated by current operations, to be sufficient to meet financial requirements for and repayment of loans on their due dates.

The table below represents an analysis of due dates, based on contractual repayment obligations, as of 31 December 2024.

(in thousands of Euro)	As at 31 December 2024					
	within 1 year	**between 1 and 2 years**	**between 3 and 5 years**	**beyond 5 years**	**Contractual value**	**Book value**
Debt for the purchase of equity investments and earn out	19,634	-	-	-	**19,634**	**19,346**
Financial liabilities	129,560	123,309	167,585	-	**420,454**	**394,246**
Leasing liabilities	1,361	954	252	-	**2,567**	**2,539**
Trade payables	10,950	-	-	-	**10,950**	**10,950**
Current tax payables	571	207	53	-	**831**	**757**
Other current payables and liabilities	12,686	-	-	-	**12,686**	**12,686**

The amounts indicated in the table above represent undiscounted face values determined with reference to the residual contractual due dates for both the portion representing principal and the portion representing interest.

5.4 Capital management

The Company's capital management aims to guarantee a solid credit rating and appropriate levels of capital indicators to support the Group's investment plans and fulfil contractual commitments to financial backers.

The Company has the capital necessary to finance its requirements for growth of its business lines and for its operations; sources of financing represent a balanced mix of risk capital and debt capital, in order to guarantee a balanced financial structure and minimise the total cost of capital, benefiting all stakeholders.

Remuneration of risk capital is monitored on the basis of market trends and business performance, once all other obligations, such as service of the debt, have been fulfilled; in order to ensure adequate remuneration of capital, safeguarding of business continuity and growth of lines of business, the Company constantly monitors the evolution of its level of indebtedness in relation to shareholders' equity, business trends, and forecast short, medium and long-term cash flows.

5.5 Categories of financial assets and liabilities and information on fair value

Categories of financial assets and liabilities

The tables below break down financial assets and liabilities by category according to IFRS 9 at 31 December 2024 and 31 December 2023.

(in thousands of Euro)	Book value	
	At 31 December	
	2024	2023
FINANCIAL ASSETS:		
Financial assets measured at amortised cost:		
Non-current financial assets	140,489	167,513
Trade receivables	27,558	20,514
Other receivables and current assets	4,940	3,521
Current financial assets	54,849	28,753
Cash and cash equivalents	62,280	118,235
	290,116	**338,536**
Derivative financial instruments	**1,877**	**4,829**
TOTAL FINANCIAL ASSETS	**291,993**	**343,365**

(in thousands of Euro)	Book value	
	At 31 December	
	2,024	2023
FINANCIAL LIABILITIES:		
Financial liabilities measured at amortised cost:		
Non-current financial liabilities	270,453	366,498
Non-current leasing liabilities	1,197	1,124
Current financial liabilities	123,793	152,203
Current leasing liabilities	1,342	755
Trade payables	10,950	9,156
Other current liabilities	12,442	11,861
	420,177	**541,597**
Financial liabilities measured at fair value entered in the income statement:		
Liabilities for the purchase of equity investments and non-current earn out	-	16,984
Liabilities for the purchase of equity investments and current earn out	19,346	18,342
	19,346	**35,326**
Current derivative financial instruments	**382**	**-**
TOTAL FINANCIAL LIABILITIES	**439,905**	**576,923**

In view of the nature of short-term financial assets and liabilities, the book value of the majority of these items is considered to represent a reasonable approximation of fair value.

Non-current financial assets and liabilities are regulated or measured at market rates, and their fair value is therefore considered to be substantially in line with their current book value.

Information on fair value

IFRS 13 requires the value of assets and liabilities measured at fair value in the company's financial position to be classified on the basis of a hierarchy of levels reflecting the significance of the input used to determine fair value. The fair value of financial instruments is classified on the basis of the following hierarchic levels:

- **Level 1**: **fair value determined with reference to listed prices (not adjusted) on active markets for identical financial instruments.** In Level 1 the emphasis is therefore placed on determination of the following elements: (a) the principal market for the asset or liability, or, in the absence of a principal market, the most advantageous market for the asset or liability; (b) the possibility of the entity conducting a transaction in the asset or liability at the price in effect on that market as of the measurement date.
- **Level 2**: **fair value determined with reference to assessment techniques referring to variables that may be observed on active markets.** The input for this level includes: (a) prices listed for similar assets or liabilities in active markets; (b) prices listed for identical or similar assets or liabilities in inactive markets; (c) figures other than the listed prices that may be observed for the assets or liabilities, such as interest rates or yield curves which may be observed at commonly listed intervals, implicit volatility, credit spread, or input conformed by the market.
- **Level 3**: **fair value determined on the basis of assessment techniques referring to market variables that cannot be observed.**

The tables below list financial assets and liabilities measured at fair value, divided on the basis of their levels in the hierarchy:

(in thousands of Euro)	**As at 31 December 2024**		
	Level 1	**Level 2**	**Level 3**
Non-current derivative financial instruments	-	1,877	-
Assets measured at fair value	**-**	**1,877**	**-**

(in thousands of Euro)	**As at 31 December 2024**		
	Level 1	**Level 2**	**Level 3**
Non-current derivative financial instruments	-	382	-
Debt for the purchase of equity investments and current earn out			19,346
Total liabilities measured at fair value	**-**	**382**	**19,346**

(in thousands of Euro)	**As at 31 December 2023**		
	Level 1	**Level 2**	**Level 3**
Non-current derivative financial instruments		4,829	
Assets measured at fair value	**-**	**4,829**	**-**

(in thousands of Euro)	**As at 31 December 2023**		
	Level 1	**Level 2**	**Level 3**
Debt for the purchase of equity investments and current and non-current earn out	-	-	35,326
Total liabilities measured at fair value	**-**	**-**	**35,326**

In the periods considered, there have been no transfers among different levels in the fair value hierarchy.

6. Notes to the statement of assets and liabilities

6.1 Intangible assets

The table below reports the composition of, and movement in, intangible assets in the years ending on 31 December 2024 and 31 December 2023.

(in thousands of Euro)	Goodwill	Industrial patent rights and rights to use intellectual property	Concessions, licenses, trademarks, and similar rights	Development costs	Fixed assets in progress	Total
Historical cost as at 31 December 2023	**1,915**	**2,633**	**4,024**	**-**	**210**	**8,782**
Investments		4	66	945	464	**1,479**
Historical cost as at 31 December 2024	**1,915**	**2,637**	**4,090**	**945**	**674**	**10,261**
Provision for amortisation and depreciation as at 31 December 2023	**-**	**(2,443)**	**(3,540)**	**-**	**-**	**(5,983)**
Amortisation and depreciation		(75)	(127)	(189)		**(391)**
Provision for amortisation and depreciation as at 31 December 2024	**-**	**(2,518)**	**(3,667)**	**(189)**	**-**	**(6,374)**
Net book value as at 31 December 2023	**1,915**	**190**	**484**	**-**	**210**	**2,799**
Net book value as at 31 December 2024	**1,915**	**119**	**423**	**756**	**674**	**3,887**

Intangible assets with a defined useful lifespan

Patent rights refer to the filing of new applications.

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

Investment in intangible assets in the year ending on 31 December 2024, amounting to Euro 1,479 thousand, was primarily attributable to the cost of development and fixed assets in progress and reflects amounts paid for development of new products and the corresponding production processes.

No indications of possible impairment of intangible assets arose in the years under examination.

Intangible assets with an indefinite useful lifespan

Goodwill

As of 31 December 2024 and 31 December 2023 the value of goodwill refers exclusively to business combinations that took place prior to 1 January 2017, the transition date to international accounting standards. This value is considered to be adequately supported in terms of expected economic results and related cash flows. The recoverable value was checked as part of the broader impairment test carried out for the Consolidated Financial Statements. The parameters used for the impairment test are shown in note 8.1 of the notes to the Consolidated Financial Statements.

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

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

(in thousands of Euro)	At 31 December	
	2024	**2023**
Net book value of assets represented by usage rights (real estate)	1,608	1,180
Net book value of assets represented by usage rights (automobiles)	788	618
Net book value of assets represented by usage rights (machinery)	-	-
Total net book value of assets represented by usage rights	**2,396**	**1,798**
Current leasing liabilities	1,342	755
Non-current leasing liabilities	1,197	1,124
Total leasing liabilities	**2,539**	**1,879**

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

(in thousands of Euro)	Financial year ended 31 December	
	2024	**2023**
Amortisation of assets represented by usage rights (real estate)	1,061	812
Amortisation of assets represented by usage rights (automobiles)	493	459
Amortisation of assets represented by usage rights (machinery)	-	-
Total amortisation of assets represented by usage rights	**1,554**	**1,271**
Interest payable on leases	**35**	**20**
Total outgoing cash flows due to leasing	**1,528**	**1,287**

Assets represented by usage rights relating to buildings at 31 December 2024, mainly relate to the leasing of warehouses and two production sites.

As of 31 December 2024, the Company had not identified any indicators of lasting impairment of assets corresponding to usage rights.

The table below shows the non-actualised contractual value of the Company's leasing liabilities as of 31 December 2024 and 31 December 2023.

(in thousands of Euro)	**within 1 year**	**between 1 and 2 years**	**between 3 and 5 years**	**beyond 5 years**	**Contractual value**	**Book value**
As at 31 December 2024	1,361	954	252	-	**2,567**	**2,539**

As at 31 December 2023	695	655	556	26	**1,932**	**1,879**

The actualisation rate was determined on the **basis of the Company's marginal financing rate, that is, the rate the Company would have to pay for a loan, with a similar term and guarantees, necessary to purchase an asset of similar value to the asset consisting of usage rights in a similar economic context. The Company decided to apply a single actualisation rate to a leasing portfolio with reasonably similar characteristics, such as leasing agreements with a similar residual term for a class of similar underlying assets in a similar economic context.**

6.3 Tangible assets

The table below shows the breakdown and movements of tangible assets in the years ending on 31 December 2024 and 31 December 2023.

(in thousands of Euro)	Plants and machinery	Industrial and commercial equipment	Other assets	Improvements on third party assets	Tangible assets in progress and advances	Total
Historical cost as at 31 December 2023	**24,162**	**52,507**	**4,870**	**2,212**	**5,019**	**88,770**
Investments	-	-	-	-	6,061	**6,061**
Disposal	(5)	(47)	(10)	-		**(62)**
Write-downs	-	-	-	-	(121)	**(121)**
Reclassification	1,089	1,666	183	114	(3,052)	**-**
Historical cost as at 31 December 2024	**25,246**	**54,126**	**5,043**	**2,326**	**7,907**	**94,648**
Provision for amortisation and depreciation as at 31 December 2023	**(19,108)**	**(37,336)**	**(4,067)**	**(1,412)**	**-**	**(61,923)**
Amortisation and depreciation	(1,024)	(3,172)	(262)	(124)		**(4,582)**
Disposal	5	(47)	(9)	**-**		**(51)**
Provision for amortisation and depreciation as at 31 December 2024	**(20,127)**	**(40,555)**	**(4,338)**	**(1,536)**	**-**	**(66,556)**
Net book value as at 31 December 2023	**5,054**	**15,171**	**803**	**800**	**5,019**	**26,847**
Net book value as at 31 December 2024	**5,119**	**13,571**	**705**	**790**	**7,907**	**28,092**

Tangible assets refer primarily to capital goods, such as plant, machinery and equipment used in the production process.

Tangible assets investmets for Euro 6,601 thousand, are mainly attributable to the strengthening of production capacity and maintenance of production.

In the year in question, write-downs of tangible fixed assets were recorded for Euro 121 thousand, for which the long-term usefulness of these investments is no longer recognised.

With the exception of the foregoing relating to the impairment loss recognised, at 31 December 2024 there were no indications of possible impairment of tangible assets.

As of 31 December 2024, there were no real estate assets or capital goods burdened by any kind of guarantee provided to a third party.

6.4 Equity Investments

The table below shows the details of the equity investments as of 31 December 2024 and the net book value at the same date.

Company	Registered offices	Currency	Share capital at 31 December 2024	Percentage of direct control At 31 December 2024	Percentage of direct control At 31 December 2023	Net book value as at 31 December 2024
Haemotronic SpA	Mirandola (MO)	EUR	5,040,000	100.0%	100.0%	255,439
Fenchurch Environmental Group Ltd	United Kingdom - Morecambe	GBP	1,469	100.0%	100.0%	21,195
GVS Puerto Rico LLC	Puerto Rico - Fajardo	USD	N/A	100.0%	100.0%	5,619
GVS NA Holdings Inc	USA - Sanford (MA)	USD	0.10	100.0%	100.0%	75,598
GVS do Brasil Ltda	Brazil - Municipio de Monte Mor, Campinas	BRL	20,755,226	99.9%	99.9%	4,257
GVS Technology (Suzhou) Co. Ltd.	China - Suzhou (PRC)	CNY	182,658,405	100.0%	100.0%	15,551
GVS Japan KK	Japan - Tokyo	JPY	86,408,313	100.0%	100.0%	1,133
GVS Filtre Teknolojileri	Turkey - Istanbul	TRY	1,000,000	100.0%	100.0%	264
GVS Argentina Sa	Argentina - Buenos Aires	ARS	1,510,212	94.1%	94.1%	139
GVS Korea Ltd	Korea - Seoul	KRW	100,000,000	100.0%	100.0%	340
GVS Fortune Holding Ltd	Hong Kong (PRC)	HKD	1	100.0%	100.0%	-
GVS Russia LLC	Russia - Moscow	RUB	10,000	100.0%	100.0%	6
GVS North America Inc	USA - Sanford (MA)	USD	n.a.	0.0%	0.0%	106
GVS Filter Technology de Mexico	Mexico - Nuevo Leon	MXN	50,000	99.9%	99.9%	1,028
GVS Filtration Co., Ltd.	Thailand - Bangkok	THB	12,000,000	100.0%	100.0%	323
GVS Filter India Private Limited	India - Mumbai	INR	100,000	100.0%	100.0%	401
GVS Vietnam LLC	Vietnam- Ho Chi Minh City	VND	449,800,000	100.0%	100.0%	37
GVS Microfiltrazione Srl	Romania - Ciorani	RON	1,300	100.0%	100.0%	1
GVS Technology Singapore PTE. LTD.	Singapore	SGD	500,000	100.0%	ND	352
GVS Filtration SDN. BHD.	Malaysia - Petaling Jaya	MYR	3,000,000	100.0%	100.0%	640
Total						**382,429**

The table below shows the breakdown of equity investments as of 31 December 2024 and 31 December 2023.

(in thousands of Euro)	At 31 December 2024	At 31 December 2023
Equity investments (gross value)	393,616	395,636
Provision for writedown of investments	(11,188)	(4,190)
Total equity investments	**382,429**	**391,446**

The provision for writedown of investments in 2024 increased by a total of Euro 9,369 thousand against the write-down of the equity investment in GVS Puerto Rico LLC by Euro 8,039 thousand and in GVS Filter Technology de Mexico by Euro 1,330 thousand. In addition, during the year, a total of Euro 2,371 thousand was drawn down following the liquidations of subsidiaries GVS Fortune Holding Ltd. and RPB Safety Ltd. The provision for equity investments as at 31 December 2024 therefore includes Euro 1,600 thousand for the equity investment in GVS do Brasil Ltda, Euro 219 thousand for the equity investment in GVS Argentina SA, Euro 8,039 thousand for the equity investment in GVS Puerto Rico LLC and Euro 1,330 thousand for the equity investment in GVS Filter Technology de Mexico.

With the exception of the above, it should be noted that during the year analysed, no indications of possible impairment were identified in relation to equity investments, and consequently, in line with IAS 36, it was not considered necessary to carry out the impairment test.

The table below reports movements in the gross value of trade receivables in the half year ending on 31 December 2024.

(in thousands of Euro)	Gross value at 31 December 2023	Increases	Decreases	Gross value at 31 December 2024
Haemotronic SpA	255,439	-	-	255,439
Fenchurch Environmental Group Ltd	21,195	-	-	21,195
GVS Puerto Rico LLC	13,658	-	-	13,658
GVS NA Holdings Inc	75,598	-	-	75,598
GVS do Brasil Ltda	5,857	-	-	5,857
GVS Technology (Suzhou) Co. Ltd.	15,551	-	-	15,551
RPB Safety Ltd	2,328	-	(2,328)	-
GVS Japan KK	1,133	-	-	1,133
GVS Filtre Teknolojileri	264	-	-	264
GVS Argentina Sa	358	-	-	358
GVS Korea Ltd	340	-	-	340
GVS North America Inc	106	-	-	106
GVS Fortune Holding Ltd	43	-	(43)	43
GVS Russia LLC	6	-	-	6
GVS Filtration SDN. BHD.	640	-	-	640
GVS Filtration Co., Ltd.	323	-	-	323
GVS Filter Technology de Mexico	2,358	-	-	2,358
GVS Filter India Private Limited	401	-	-	401
GVS Vietnam LLC	37	-	-	37
GVS Microfiltrazione Srl	1	-	-	1
GVS Technology Singapore PTE. LTD.	-	351	-	351
Total	**395,636**	**351**	**(2,371)**	**393,616**

The increase in the year 2024 is due to the incorporation of GVS Technology Singapore PTE. LTD. and the subsequent payment of the share capital. The decreases during the year refer to the liquidation of subsidiaries GVS Fortune Holding Ltd and RPB Safety Ltd.

6.5 Deferred tax assets and deferred tax liabilities

The table below reports details of deferred tax assets as of 31 December 2024 and 31 December 2023.

(in thousands of Euro)	At 31 December	
	2024	2023
Tax losses	-	1,765
Inventories	207	152
Tangible assets	-	4
Provisions for employee benefits	-	14
Assets represented by usage rights	60	26
Provision for risks	28	37
Gross deferred tax assets	**295**	**1,998**
Compensation with deferred tax liabilities	-	-
Total deferred tax assets	**295**	**1,998**

Deferred tax assets are entered as it is considered probable that sufficient taxable income will be generated to permit their use.

The table below reports details of deferred tax liabilities as of 31 December 2024 and 31 December 2023.

(in thousands of Euro)	At 31 December	
	2024	**2023**
Unrealised profits and losses on exchanges	-	4,122
Intangible assets	322	284
Derivative financial instruments	359	1,159
Provisions for employee benefits	151	-
Dividends	7	-
Gross deferred tax liabilities	**838**	**5,565**
Compensation with deferred tax assets	-	-
Total deferred tax liabilities	**838**	**5,565**

The table below shows changes in the gross value of deferred tax assets and deferred tax liabilities for the year ended 31 December 2024.

(in thousands of Euro)	**Total deferred tax assets**	**Total deferred tax liabilities**
Balance as of 31 December 2023	**1,998**	**5,565**
Provisions (releases) to income statement	62	(4,028)
Balance sheet reclassification to current taxes	(1,765)	-
Provisions (releases) to comprehensive income statement	-	(698)
Balance as at 31 December 2024	**295**	**838**

Deferred tax assets and deferred tax liabilities are a result of temporary differences between the value attributed to an asset or liability in the financial statement and the value attributed to the same asset or liability for tax purposes.

6.6 Financial assets (current and non-current)

The table below reports details of current and non-current financial assets as of 31 December 2024 and 31 December 2023.

(in thousands of Euro)	At 31 December	
	2024	**2023**
Security deposits	30	1,836
Capital instruments	25	25
Non-current financial receivables from subsidiary companies	140,459	165,677
Non-current financial assets	**140,514**	**167,538**
Security deposits	2,416	-
Term deposits	28,460	-
Current financial receivables due from subsidiary companies	26,389	28,753
Current financial assets	**57,265**	**28,753**
Total financial assets	**197,779**	**196,291**

The table below reports details of financial receivables (current and non-current) from subsidiary companies as of 31 December 2024 and 31 December 2023.

(in thousands of Euro)	At 31 December	
	2024	**2023**
GVS NA Holdings Inc	118,112	136,216
GVS Technology (Suzhou) Co. Ltd.	23,191	36,074
GVS Filtration Co., Ltd.	364	303
GVS Filter Technology de Mexico	22,839	19,656
GVS Russia LLC	987	971
GVS Filter India Private Limited	473	432
GVS Filtration SDN. BHD.	789	752
GVS Vietnam LLC	93	28
GVS Fortune Holding Ltd	-	40
Provision for writedown of Fortune Holding Ltd	-	(40)
Total financial receivables from subsidiaries	**166,848**	**194,430**

At 31 December 2024, financial receivables from GVS NA Holdings Inc and GVS Technology (Suzhou) Co. Ltd. are a result of loans granted by GVS in previous years to finance KUSS, RPB and STT acquisitions, respectively.

Security deposits recorded in current financial assets, classified as financial assets measured at amortised cost on the basis of IFRS 9, mainly refer to a deposit for the purchase of the whole blood assets acquired by subsidiaries at the beginning of 2025 and which will be transferred to them during the same financial year.

Time deposits at 31 December 2024, classified as financial assets measured at amortised cost on the basis of IFRS 9, refer primarily to amounts deposited by GVS SpA at leading credit institutions, in bank current accounts maturing in excess of 3 months, including the related interest rate. During 2025, this amount was fully paid out of liens.

6.7 Current and non-current derivative financial instruments

Non-current active financial derivatives amount to Euro 1,877 thousand at 31 December 2024 (Euro 4,829 thousand at 31 December 2023).
The balance of this item is entirely the result of the positive fair value of five IRS (Interest rate Swap) derivative contracts hedging the risk of changes in interest rates of contracts entered into with Unicredit and Mediobanca during 2020 and the syndicated loan taken out with Unicredit, Mediobanca and Credit Agricole in 2021 (see also note 8.13). The derivative financial instruments, having individually an original notional amount equal to the nominal value of the hedged items, guarantee a fixed interest rate for the entire duration of the loans covered.

Current financial derivatives amount to Euro 382 thousand at 31 December 2024.
The balance of the item is entirely attributable to the negative fair value of two *forex forward* derivative contracts, intended to hedge the risk of changes in the euro/dollar exchange rate of

two instalments of the loan arranged by GVS SpA with its subsidiary, GVS North America Holding Inc. Financial derivatives, each of which has an original notional amount equal to a fixed portion of the value of the hedged loan instalments, shall guarantee a fixed exchange rate for the hedged item of the loan.

In accordance with the provisions of IFRS 9, the derivatives contracts were designated as a financial instrument hedging interest rates. Consequently, the changes in the fair value of the derivatives were accounted for net of taxes, in a specific equity reserve, with an impact on the comprehensive income statement.

6.8 Other receivables and non-current assets

Other receivables and non-current assets, at 31 December 2023 amounting to Euro 3,037 thousand, refer exclusively to the indemnity recognised at the acquisition date from the seller of Haemotronic SpA and its subsidiaries group, to cover specific risks pertaining to the group acquired in 2022. In the first half of the current year, this receivable was collected and offset for a total of Euro 1,859 thousand and, following the downsizing of the indemnity obtained from the seller of the Haemotronic Group, a cost of Euro 1,137 thousand was recognised.

6.9 Inventories

The table below reports details of inventories as of 31 December 2024 and 31 December 2023.

(in thousands of Euro)	**At 31 December**	
	2024	**2023**
Finished products and goods	3,374	4,251
Raw materials, subsidiary materials and consumables	2,750	3,546
Products in progress and semi-products	1,764	1,232
Gross inventories	**7,888**	**9,029**
Provision for write-down of inventory	(865)	(846)
Inventories	**7,023**	**8,183**

The net provision for inventory write-down amounts to Euro 19 thousand for the year ended 31 December 2024 (Euro 196 thousand in the year ended 31 December 2023).

6.10 Trade receivables

The table below reports details of trade receivables as of 31 December 2024 and 31 December 2023.

(in thousands of Euro)	**At 31 December**	
	2024	**2023**
Trade receivables from customers	6,222	6,727
Trade receivables due from subsidiaries	21,785	14,190
Trade receivables from other related parties	15	61
Trade receivables (gross)	**28,022**	**20,978**
Provision for writedown of trade receivables	(464)	(464)
Trade receivables	**27,558**	**20,514**

The book value of trade receivables is considered to approximate their fair value. During 2024, in line with the previous year, the Company availed itself of the instrument of transferring a portion of its trade receivables through factoring without recourse transactions. As at 31 December 2024, the amount of the assignments of trade receivables through factoring without recourse, for which the derecognition of the related receivables, amounted to Euro 8,231 thousand (Euro 6,721 thousand at 31 December 2023).

Trade receivables from related parties are analysed in note 9, "Transactions with related parties".

The book value of trade receivables is considered to approximate their fair value.

The table below breaks down trade receivables at 31 December 2024 and 31 December 2023 according to due date, net of the provision for writedown of receivables.

(in thousands of Euro)	**Not yet due**	**Overdue by 1 to 90 days**	**Overdue by 91 to 180 days**	**Overdue by more than 181 days**	**Total**
Gross trade receivables as of 31 December 2024	18,035	4,384	519	5,082	28,021
Provision for writedown of receivables	-	(175)	(89)	(199)	(464)
Trade receivables as of 31 December 2024	**18,035**	**4,208**	**430**	**4,883**	**27,558**
Gross trade receivables as of 31 December 2023	13,867	3,241	419	3,451	20,978
Provision for writedown of receivables	-	-	(232)	(232)	(464)
Trade receivables as of 31 December 2023	**13,867**	**3,241**	**187**	**3,219**	**20,514**

Gross trade receivables at 31 December 2024 and 31 December 2023, include Euro 9,985 thousand and Euro 7,111 thousand, respectively, referable to overdue items, including Euro 5,602 thousand and Euro 3,870 thousand, representing items overdue by more than 90 days. Of these, Euro 5,315 thousand and Euro 3,402 thousand, respectively at 31 December 2024 and 31 December 2023, refer to amounts due from group companies and consequently have not been written down.

Pursuant to Art. 2427, number 6, of the Italian Civil Code, there are no receivables due beyond 5 years.

The table below reports movements in the provision for writedown of trade receivables in the years ending on 31 December 2024 and 31 December 2023.

(in thousands of Euro)	**Provision for writedown of receivables**
Balance as of 31 December 2022	**464**
Net provisions	
Use	-
Balance as of 31 December 2023	**464**
Net provisions	-
Use	-
Balance as at 31 December 2024	**464**

6.11 Assets and liabilities deriving from contracts with customers

Assets from contracts with customers, equal to Euro 85 thousand and Euro 341 thousand at 31 December 2024 and 31 December 2023 respectively, primarily represented the right to obtain a consideration for goods transferred to customers in relation to the production of moulds and equipment.

Liabilities from contracts with customers, worth Euro 1,168 thousand and Euro 1,807 thousand at 31 December 2024 and 31 December 2023 respectively, represent advances received from customers for contractual obligations not yet met.

Assets and liabilities from contracts with customers are shown net in the statement of assets and liabilities if they refer to the same contractual obligation to the same customer. The table below shows the gross amount of assets and liabilities from contracts with customers, and how they are compensated, as of 31 December 2024 and 31 December 2023.

(in thousands of Euro)	**At 31 December**	
	2024	**2023**
Gross assets from contracts with customers	523	1,192
Compensation with liabilities from contracts with customers	(438)	(851)
Assets from contracts with customers	**85**	**341**
Gross liabilities from contracts with customers	1,606	2,658
Compensation with assets from contracts with customers	(438)	(851)
Liabilities from contracts with customers	**1,168**	**1,807**

6.12 Other receivables and current assets

The table below reports details of other receivables and current assets as of 31 December 2024 and 31 December 2023.

(in thousands of Euro)	**At 31 December**	
	2024	**2023**
Dividends receivable	3,347	577
Tax receivables	1,131	1,637
Prepaid expenses	364	282
Receivables for contributions	998	566
Advances and instalments	4	172
Receivable from employees	67	20
Receivables from group companies for “EBIT adjustment”	35	426
Other receivables	395	1,287
Other receivables and current assets	**6,341**	**4,967**

Advances and instalments primarily represent sums paid for supplies yet to be received.

The dividend receivables at 31 December 2024 refer mainly to the dividends resolved by GVS do Brasil Ltda and GVS Microfiltrazione Srl and not yet collected at the date of the balance sheet.

The receivables from subsidiaries for EBIT adjustment are attributable to the transfer price policy applied by the Group during 2024 and 2023.

Tax receivables primarily represent VAT credits with internal revenue. Receivables for contributions refer to contributions to be collected, related to specific projects developed by the company and for which specific contributions have been recognised and approved.

6.13 Cash and cash equivalents

The table below reports details of cash on hand as of 31 December 2024 and 31 December 2023.

(in thousands of Euro)	At 31 December	
	2024	**2023**
Bank and postal accounts	62,270	118,218
Cash and cash equivalents on hand	10	17
Cash on hand and cash equivalents	**62,280**	**118,235**

In the years in question, cash on hand was not subject to any restrictions or limitations.

The financial report shows variations in cash on hand during the years under examination.

6.14 Shareholders' equity

The table below reports details of shareholders' equity as of 31 December 2024 and 31 December 2023.

(in thousands of Euro)	At 31 December	
	2024	**2023**
Share capital	1,892	1,750
Share premium reserve	167,492	92,771
Legal reserve	350	350
Extraordinary reserve	55,200	64,903
Negative reserve for treasury shares	(2,836)	(2,524)
Reserve from derivative financial instruments	1,467	3,670
Actuarial profits and losses reserve	263	304
Profit (loss) carried over and other reserves	45,089	43,396
Net income	10,084	(9,703)
Total shareholders' equity	**279,002**	**194,918**

The statement of variations in shareholders' equity appears in the relevant financial statement.

Share capital

As of 31 December 2024, the Company's fully subscribed and paid-up share capital was Euro 1,891,776,93 thousand, divided into 189,177,693 ordinary shares with no par value.

Negative reserve for treasury shares

The treasury shares reserve refers to the purchase of 300,984 treasury shares representing a total stake of 0.16% in the Company's share capital.

Actuarial profits and losses reserve

The actuarial profits and losses reserve includes profits and losses deriving from changes to the actuarial hypotheses in relation to defined benefit plans.

Cash flow hedge reserve

As at 31 December 2024, this item amounts to a positive value of Euro 1,467 thousand and is linked to the stipulation of interest-rate hedging contracts for a variable-rate loan, and for the portion not recognised in the income statement in line with the hedging, to currency hedging contracts for specific instalments of a loan granted in dollars, taking into account the related effect of taxation of the fair value of derivatives.

Reserve from first adoption of EU-IFRS

The reserve for first adoption of EU-IFRS, included among other reserves, has a negative balance of Euro 854 thousand in the years under examination, and represents the effects of conversion from Italian accounting standards to EU-IFRS standards.

The table below shows equity items, specifying their origin, possibility of utilisation and distribution, as well as their utilisations in previous years.

(in thousands of Euro)	**As at 31 December 2024**	**Origin / nature**	**Possibility of utilisation**	**Portion available**
Share capital	1,892	Capital		-
Share premium reserve	167,492	Capital	A; B; C	167,492
Legal reserve	350	Profits	B	350
Extraordinary reserve	55,200	Profits	A; B; C	55,200
Payments on capital increase	129	Capital	A; B; C	129
Exchange gains reserve	7,395	Profits	A; B; C	7,395
Revaluation reserve	2,537	Capital	A; B; C	2,537
Actuarial profits and losses reserve	263	Profits		-
Reserve from derivative financial instruments	1,467	Profits		-
Merger surplus	7,919	Capital	A; B; C	7,919
Negative reserve for treasury shares	(2,836)	Capital		-
Reserve from first adoption of EU-IFRS	(854)	Profits		-
Negative reserve - IFRS contribution	(655)	Capital		-
LTI incentive plan reserve	2,666	Capital	A; B; C	2,666
Profits / (losses carried forward)	25,929	Profits	A; B; C	25,929
Retained earnings/(losses) - IFRS adjustments	23	Profits		-
Total	**268,917**			**269,617**
Non-distributable portion				12,090
Residual distributable portion				**257,527**

The above table provides the possibility of utilisation for each item as follows:

- A: for capital increase;
- B: to cover losses and
- C: for distribution to shareholders.

6.15 Debt for the purchase of equity investments and (current and non-current) earn out

The total amount of this item, as at 31 December 2024, amounted to Euro 19,346 thousand and refers to the variable component of the price defined in the business combination in relation to the Haemotronic group. The change in the year mainly relates to the payment of the first earn out made to the seller of the Haemotronic group, amounting to Euro 19,000 thousand. These payables were discounted upon initial recognition.

6.16 Financial liabilities (current and non-current)

The table below reports details of current and non-current financial liabilities as of 31 December 2024 and 31 December 2023.

(in thousands of Euro)	At 31 December			
	2024		2023	
	Current portion	Non-current portion	Current portion	Non-current portion
2014 Bond Loan	-	-	4,525	-
2017 Bond Loan	-	-	7,993	-
Total bonded loans	**-**	**-**	**12,518**	**-**
Club Deal Loan Agreement (2021)	41,200	48,691	29,944	89,832
Club Deal Loan Agreement (2022)	-	193,739	45,818	171,818
Mediobanca loan (2020)	4,438	-	4,437	4,437
Unicredit loan (2020)	4,012	-	4,002	4,012
Commercial lines of credit	9	-	-	-
Accrued payables and other minor items	1,514	-	2,500	-
Total financial payables to banks	**51,173**	**242,430**	**86,701**	**270,099**
GVS Japan KK loan	72	4,603	37	4,800
GVS Korea Ltd loans	131	3,996	132	4,270
GVS Filter Technology UK Ltd loans	1,070	18,503	339	12,015
GVS Argentina SA loans	-	489	-	-
Liabilities for centralised treasury management	68,422	-	50,211	-
Total financial payables to subsidiaries	**69,696**	**27,590**	**50,719**	**21,085**
GVS Group Srl loan	2,041	-	1,531	75,000
Subsidized loan Horizon call for tenders	29	44	-	87
Loans under special terms Invitalia	45	181	45	227
Contribution of the Curaltalia Invitalia - *Greenflow* call for tenders	-	208	-	-
Financial payables to factors	809	-	688	-
Total other financial liabilities	**2,925**	**433**	**2,264**	**75,314**
Total financial liabilities	**123,793**	**270,453**	**152,203**	**366,497**

During the year ended 31 December 2024, GVS SpA obtained from the Ministry of Enterprise and Made in Italy subsidised financing of Euro 208 thousand relating to the first progress of work on the Sustainable Growth Fund – Ministerial Decree innovation agreement of 31/12/2021. The loan was granted at a rate of 0.93% on an annual basis, with a grace period of 2 years, half-yearly instalments and maturity of 30 June 2034.

During the year, as described above, GVS SpA has converted into shareholders' equity the subordinated and unsecured shareholder loan of Euro 75 million maturing on 31 December 2027, which was signed with the majority shareholder GVS Group Srl in 2023, the residual amount opened at 31 December 2024 of Euro 2,041 thousand represents the portion of interest payable.

Payables for bond loans outstanding at 31 December 2023 were repaid in full during 2024.

Below is a description of the additional principal items making up the Group's financial liabilities as of 31 December 2024.

a) Loans in existence as of 31 December 2024

a1) Pool Financing Agreement (2022)

In order to finance the acquisition of Haemotronic, in 2022, GVS signed a new 5-year loan agreement for a total nominal amount of Euro 230 million with a pool of lending banks, including Mediobanca - Banca di Credito Finanziario SpA and Unicredit SpA, which acted, inter alia, in the capacity of arrangers, global coordinators and original lenders.

The contract provides for the repayment of the line of credit starting from the 18th month from the date of use of the line and the amortization plan is defined as follows:

- 5% of the residual debt, at the expiry of the 18th month;
- 10% of the residual debt at the expiry of the 24th month and every six months for the following two six-month periods;
- 15% of the residual debt at the expiry of the 42nd month and every six months for the following six-month period;
- 17.5% of the residual debt at the expiry of the 54th month and in the last half year period.

The line of credit requires payment of interest at an annual rate equal to the Euribor six-month rate plus a spread which varies on the basis of the ratio of net financial indebtedness to consolidated EBITDA, as defined in the agreement even after changes made in 2022 and 2023, from a minimum of 100 basis points if the ratio is less than 1.25, to a maximum of 245 basis points, if the ratio is greater than or equal to 4.

The financing agreement requires, as financial constraints, compliance at the consolidated level with:

- a ratio between consolidated EBITDA and net financial costs, greater than or equal to 4.5 at the date of each annual and half-yearly financial report during the term of this agreement, with the exception of the audits as at 30 June 2023 and 31 December 2023 for which the minimum ratio was defined as at least equal to 3.5;
- a maximum ratio of net financial indebtedness to EBITDA as described below:
  - v. no more than 3.5 as at 31 December 2022 and
  - vi. no more than 4.25 as at 30 June 2023;
  - vii. no more than 4 as at 31 December 2023;
  - viii. no more than 3.5 on each subsequent Determination Date starting on 30 June 2024.

We note that on 2 December 2024, in order to optimise its financial structure, GVS reached an agreement with the pool of lending banks, concerning: (i) the rescheduling on a non-constant basis of half-yearly nominal amounts of the residual debt of Euro 195.5 million, as well as (ii) a reduction in margins.

Specifically, the amendment signed provides for the repayment of the line of credit starting from the 18th month from the date of use of the line and the amortization plan is defined as follows:

- 10% of the residual debt, at the expiry of the 18th month;
- 10% of the residual debt at the expiry of the 24th month and every six months for the following two six-month periods;
- 12.5% of the residual debt, at the expiry of the 42nd month;
- 15% of the residual debt at the expiry of the 48th month and every six months for the following six-month period;
- 17.5% of the residual debt at the expiry of the 60th month, equal to the last quarter.

The amendment also provides for payment of interest at an annual rate equal to the Euribor six-month rate plus a spread which varies on the basis of the ratio of net financial indebtedness to consolidated EBITDA, between a minimum of 90 basis points if the ratio is less than 1.25 and a maximum of 160 basis points if the ratio is greater than or equal to 2.75.

As of 31 December 2024, the financial constraints have been met.

The 2022 Pool Loan is not backed by collateral.

a2) Pool Financing Agreement (2021)

On 30 July 2021, GVS on the one hand, Mediobanca - Banca di Credito Finanziario SpA, in the capacity of arranger, facility agent and global coordinator, and Credit Agricole Italia SpA and Unicredit SpA, in their capacity as arrangers on the other, signed a loan agreement (hereinafter the "2021 Pool Loan Agreement"), concerning making available to GVS a line of credit for an amount equal to Euro 150,000 thousand, aimed at financing the RPB Acquisition and the related costs, without providing any collateral.

The contract provides for the repayment of the line of credit starting from the 18th month from the date of use of the line and the amortization plan is defined as follows:

- 10% of the residual debt at the expiry of the 18th month and every six months for the following three six-month periods;
- 12.5% of the residual debt, at the expiry of the 42nd month;
- 15% of the residual debt at the expiry of the 48th month and every six months for the following six-month period;
- 17.5% of the residual debt in the last six-month period.

The line of credit requires payment of interest at an annual rate equal to the Euribor six-month rate plus a spread which varies on the basis of the ratio of net financial indebtedness to consolidated EBITDA, as defined in the agreement even after changes made in 2022 and 2023, from a minimum of 100 basis points if the ratio is less than 1.25, to a maximum of 245 basis points, if the ratio is greater than or equal to 4.

The financing agreement requires, as financial constraints, compliance at the consolidated level with:

- a ratio between consolidated EBITDA and net financial costs, greater than or equal to 4.5 at the date of each annual and half-yearly financial report during the term of this agreement, with the exception of the audits as at 30 June 2023 and 31 December 2023 for which the minimum ratio was defined as at least equal to 3.5;
- a maximum ratio of net financial indebtedness to EBITDA as described below:
  - v. no more than 3.5 as at 31 December 2022 and
  - vi. no more than 4.25 as at 30 June 2023;
  - vii. no more than 4 as at 31 December 2023;
  - viii. no more than 3.5 on each subsequent Determination Date starting on 30 June 2024.

As of 31 December 2024, the financial constraints have been met.

The 2021 Pool Loan is not backed by collateral.

a3) Unicredit mortgage (2020)
On 13 November 2020 GVS stipulated a mortgage agreement with Unicredit S.p.A. for a total of Euro 20,000 thousand. The loan falls due on 30 November 2025. The agreement requires payment of 60 deferred quarterly instalments from 28 February 2021 until the due date. The interest rate is variable and corresponds to the Euribor 3-month rate plus a spread of 0.75%. The contract sets out, as a financial constraint, compliance at the consolidated level with:

- a minimum ratio between consolidated EBITDA and net financial costs, equal to at least 4.5 at the date of each annual financial report during the term of this contract, with the exception of the audits as at 31 December 2023 for which the minimum ratio was defined as at least equal at 3.5;
- a maximum ratio of net financial indebtedness to EBITDA as described below:
  - iv. no more than 3.5 as at 31 December 2022 and
  - v. no more than 4 as at 31 December 2023;
  - vi. no more than 3.5 on each Determination Date starting on 31 December 2024.

As of 31 December 2024, the financial constraints have been met.

The 2020 Unicredit Loan was not backed by collateral.

a4) Mediobanca (2020)
On 12 November 2020 GVS stipulated a loan agreement with Mediobanca for a total of Euro 20,000 thousand. The loan falls due on 12 November 2025. The agreement requires payment of 9 deferred quarterly instalments from 12 November 2021 until the due date. The interest rate applicable to the loan agreement, also following the changes that took place in 2022 and 2023, is variable and corresponds to the 6-month Euribor increased by a spread of a minimum of 85 bps, if this ratio is less than 2, up to a maximum of 175 bps, if this ratio is greater than or equal to 4.
The contract requires, as a financial constraint, compliance at the consolidated level with:

- a minimum ratio between consolidated EBITDA and net financial costs, equal to at least 4.5 at the date of each annual financial report during the term of this contract, with the exception of the audits as at 30 June 2023 and 31 December 2023 for which the minimum ratio was defined as at least equal at 3.5;
- a maximum ratio of net financial indebtedness to EBITDA as described below:
  - v. no more than 3.5 as at 31 December 2022 and
  - vi. no more than 4.25 as at 30 June 2023;
  - vii. no more than 4 as at 31 December 2023;

viii. no more than 3.5 on each subsequent Determination Date starting on 30 June 2024.

As of 31 December 2024, the financial constraints have been met.

b) Loans from subsidiaries

b1) GVS Japan KK loan

At 31 December 2024, GVS obtained a loan from GVS Japan KK for a total of Euro 4,603 thousand. The loan contract, the amount of which is to be used exclusively to finance operating activities, provides for an interest rate equal to the change in each six-month period (from January to July and from July to December) in the six-month Libor plus a spread of 1.53%.

b2) GVS Korea Ltd loans

At 31 December 2024, GVS obtained various loans from GVS Kora Ltd for a total of Euro 3,996 thousand to finance operating activities. The interest rates applied vary from contract to contract.

b3) GVS Filter Technology UK loan

At 31 December 2024, GVS obtained a loan from GVS Filter Technology UK Ltd for a total of Euro 18,503 thousand. The loan contract, the amount of which is to be used exclusively to finance the operating activities, provides for an interest rate equal to the six-month Sonia plus a spread of 1.89%.

b4) GVS Argentina SA loans

At 31 December 2024, GVS obtained a loan from GVS Argentina SA equivalent to a total of Euro 489 thousand. The loan agreement calls for an interest rate equal to the six-month Euribor plus a spread of 1.89%.

b5) Financial liabilities for centralised treasury management.

In addition, during the previous year the Company signed a cash pooling zero balance contact with the subsidiary Haemotronic SpA. This is an instrument for optimal cash flow management that enables centralised management of the Group's financial requirements through the transfer to a "treasurer" (or "pooler"), i.e. GVS SpA, of the current account surplus or deficit of the Italian subsidiary. Following the transfer of the balances on the pool account, Haemotronic takes in consideration a payable in the event of a transfer of a debit balance or a receivable in the event of a transfer of a credit balance. Subsequently, GVS SpA accounts for individual debit and credit transactions.

The table below reports, for the year under examination, variations in financial liabilities resulting from cash flows generated and/or absorbed by financing, and deriving from non-monetary elements, as required by IAS 7.

(in thousands of Euro)	As of 1 January 2024	Opening	Reclassification	Repayment	Offsets	Variation in accrued payables on interest	Amortised cost	(Profits) losses on exchanges	Increase in share capital	As at 31 December 2024
Non-current financial liabilities	366,498	6,860	(28,004)		-	-	-	99	(75,000)	270,453
Current financial liabilities	152,203	17,709	28,004	(74,156)	(1,531)	2,325	(760)	-	-	123,794
Total financial liabilities	**518,701**	**24,568**	**-**	**(74,156)**	**(1,531)**	**2,325**	**(760)**	**99**	**(75,000)**	**394,247**

6.17 Net financial indebtedness and net financial position

In accordance with the requirements of the CONSOB communication of 28 July 2006 and in compliance with ESMA guidelines 04 March 2021(ESMA32-382-1138), the net financial debt of the Company at 31 December is reported.

	Net financial indebtedness and net financial position of GVS SpA (in thousands of Euro)	**31 Dec. 2024**	**31 Dec. 2023**
	Cash	10	17
	Cash and cash equivalents	62,270	118,217
	Term deposits	28,460	-
	Financial assets held for trading	-	-
(A)	**Liquidity**	**90,740**	**118,234**
	Financial receivables from subsidiaries	26,389	28,753
	Other financial receivables	2,416	-
(B)	**Current financial receivables**	**28,805**	**28,753**
(C)	Current bank debts	-	-
(D)	Current portion of non-current indebtedness	(52,057)	(99,954)
	Financial payables to parent companies	(2,041)	(1,531)
	Financial payables to subsidiaries	(69,696)	(50,719)
	Financial payables to other companies in the GVS Group due to leasing	(933)	(389)
	Financial lease liabilities	(409)	(366)
	Other financial liabilities	(19,345)	(18,341)
(E)	Other current financial liabilities	(92,424)	(71,346)
(F)	**Current financial indebtedness (C)+(D)+(E)**	**(144,481)**	**(171,300)**
(G)	**Net current financial indebtedness (A)+(B)+(F)**	**(24,936)**	**(24,313)**
	Non-current bank borrowings	(242,863)	(270,413)
	Non-current financial payables to parent companies	-	(75,000)
	Non-current financial payables to subsidiaries	(27,590)	(21,085)
	Financial payables to other companies in the GVS Group due to leasing	(692)	(721)
	Non-current financial lease liabilities	(505)	(404)
	Other financial liabilities	(757)	(16,984)
(H)	**Non-current financial indebtedness**	**(272,407)**	**(384,607)**
(I)	**Net financial indebtedness (G)+(H)**	**(297,344)**	**(408,920)**

The net financial position of the Company excluding current and non-current leases, recognised in accordance with IFRS 16 and including the non-current portion of financial receivables to subsidiaries and non-current derivatives, amounts to negative Euro 152,469 thousand and Euro 236,535 thousand as of 31 December 2024 and 31 December 2023.

(I)	**Net financial indebtedness (G)+(H)**	**(297,344)**	**(408,920)**
	Non current derivate instruments	1,877	4,829
	Non current financial receivables from subsidiaries	140,459	165,677
	Financial lease liabilities	2,539	1,880
	Total net financial position	**(152,469)**	**(236,535)**

6.18 Provisions for employee benefits

The table below shows the breakdown and movements of provisions for employee benefits in the years ending on 31 December 2024 and 31 December 2023.

(in thousands of Euro)	**Termination indemnity**	**End of office indemnity**	**Provisions for employee benefits**
Balance as of 31 December 2022	**2,123**	**1,499**	**3,622**
Current service cost	-	114	114
Financial costs	23	-	23
Actuarial losses/(profits)	45	184	229
Benefits paid	(128)	(1,715)	(1,843)
Balance as of 31 December 2023	**2,063**	**83**	**2,145**
Current service cost	-	124	124
Financial costs	62	-	62
Actuarial losses/(profits)	9	-	9
Benefits paid	(242)	-	(242)
Balance as at 31 December 2024	**1,892**	**206**	**2,098**

Provisions for employees represent an estimate of the Company's obligation, determined on the basis of actuarial techniques, representing the amount to be paid to employees upon termination of their employment.

As of 31 December 2024 and 31 December 2023, provisions for employee benefits represented termination indemnity (known in Italy as "**TFR**") allocated for employees and end of service indemnity (known in Italy as "**TFM**") allocated for directors.

Termination indemnity (TFR)

Employee benefits for TFR amount to Euro 1,892 thousand and Euro 2,063 thousand on 31 December 2024 and 31 December 2023, respectively.

The value of the payable represented by termination indemnity, which falls under the definition of defined benefit plans according to IAS 19, has been determined on the basis of actuarial logic. The principal actuarial, financial and demographic hypotheses used to determine the value of the liability as of 31 December 2024 and 31 December 2023 in accordance with the provisions of IAS 19 are listed below.

(As a percentage)	At 31 December	
	2024	**2023**
Financial hypotheses		
Annual actualisation rate	3.38%/3.18%	3.17%/3.09%
Annual inflation rate	2%	2%
Annual rate of increase in overall pay	3%	3%
Annual rate of increase in the termination indemnity	3%	3%
Demographic hypotheses		
Death	Table illustrating probability of death, as determined by the State General Accounting Office, known as RG48	Table illustrating probability of death, as determined by the State General Accounting Office, known as RG48
Invalidity	Probability adopted in the INPS form for projections as of 2010	Probability adopted in the INPS form for projections as of 2010
Retirement	Reaching the first of the valid retirement requirements for Obligatory General Insurance	Reaching the first of the valid retirement requirements for Obligatory General Insurance
Probability of advancing termination indemnity	3.00%	3.00%
Annual turnover	2.50%	2.50%

The table below sums up the sensitivity analysis for each actuarial, financial and demographic hypothesis, showing the effects (in absolute terms) that would result from changes in the actuarial hypotheses reasonably considered possible as of 31 December 2024 and 31 December 2023.

(in thousands of Euro)	Annual actualisation rate		Annual inflation rate		Annual turnover	
	+0.50%	**-0.50%**	**+0.25%**	**-0.25%**	**+2.00%**	**-2.00%**
Employee benefits (termination indemnity) as of 31 December 2024	(88)	93	27	(27)	22	(26)
Employee benefits (termination indemnity) as of 31 December 2023	(102)	110	32	(31)	21	(24)

End of office indemnity (TFM)

Employee benefits for TFM amount to Euro 206 thousand and Euro 83 thousand on 31 December 2024 and 31 December 2023, respectively.

6.19 Provisions for risks and charges

The table below shows the breakdown and movements of provisions for risks and charges in the years ending on 31 December 2024 and 31 December 2023.

(in thousands of Euro)	**Provisions for risks and charges**
Balance as of 31 December 2022	**4,843**
Allocation	1,103

Release	(450)
Use	(2,598)
Balance as of 31 December 2023	**2,898**
Allocation	1,110
Use	(558)
Balance as at 31 December 2024	**3,450**

In the financial statements for the year ended 31 December 2024, the provisions for risks and charges total Euro 3,450 thousand and relate to the provision for tax risks set aside for prudential reasons following the notifications received regarding transfer pricing and the provision relating to the reorganisation of personnel. We note that on 28 January 2025, a general audit of the financial year 2020 began by the Italian Revenue Agency - Regional Department. The audit process is ongoing and no objections have been raised at the date of approval of the draft financial statements.

In 2024, the Company allocated Euro 360 thousand to the income statement under "other personnel costs" in relation to non-recurring expenses relating to the staff reorganisation process. During the year, the Company allocated an additional Euro 750 thousand to the provision for tax risks. Use during the year mainly relates to payments made to personnel.

6.20 Trade payables

The table below reports details of trade payables as of 31 December 2024 and 31 December 2023.

(in thousands of Euro)	**At 31 December**	
	2024	**2023**
Trade payables to suppliers	7,874	7,247
Trade payables to subsidiaries	3,076	1,909
Trade payables from other related parties	-	-
Trade payables	**10,950**	**9,156**

Trade payables primarily regard transactions for the purchase of raw materials, components and services.

Trade payables to related parties are analysed in note 9, "Transactions with related parties".

The book value of trade payables is considered to approximate their fair value.

6.21 Current tax receivables and payables

Current tax receivables amounted to Euro 7,425 thousand and Euro 4,869 thousand at 31 December 2024 and 31 December 2023 respectively. It should be noted that during the period, these receivables were increased by Euro 2,942 thousand as a result of the tax benefit recognised for the *Patent Box*; for further information, please see the following paragraph on taxes.

Current tax payables at 31 December 2024 amounted to Euro 757 thousand and relate to the instalment of the IRES and IRAP payable, in accordance with the agreements signed following the settlement of the dispute over the transfer price.

Changes in the net balance of these assets and liabilities in the years ending on 31 December 2024 and 31 December 2023 primarily pertain to allocation of current income taxes amounting to Euro 3.897 thousand and Euro 90 thousand and payments of Euro 4,227 thousand and Euro 1,121 thousand, respectively.

6.22 Other current payables and liabilities

The table below reports details of other current payables and liabilities as of 31 December 2024 and 31 December 2023.

(in thousands of Euro)	**At 31 December**	
	2024	**2023**
Payable to employees	6,629	6,697
Payable to social security institutions	1,508	1,324
Deferred income	225	256
Tax payables	1,294	1,135
Payable to directors	975	988
Accrued payables	19	38
Payables to group companies for “EBIT adjustment”	1,692	1,515
Other	344	202
Other current payables and liabilities	**12,686**	**12,155**

Payables to employees primarily reflect salaries payable and deferred charges such as holidays, leave and bonuses.

Payables to subsidiaries for EBIT adjustment are related to the transfer price policy applied by the group during 2024 and 2023.

Payables to social security institutions primarily represent payment of contributions owned to pension and social security institutions.

Tax payables as of 31 December 2024 and 31 December 2023 primarily include tax payables for taxes not correlated to income, consisting primarily of withholding tax on employees’ pay.

7. Notes to the income statement

7.1 Revenues from contracts with customers

The table below breaks down revenues from contracts with customers by type of product in the years ending on 31 December 2024 and 31 December 2023.

(in thousands of Euro)	**Financial year ended 31 December**	
	2024	**2023**
Healthcare Liquid	61,978	54,052
Healthcare Air & Gas	341	318
Laboratory	4,256	3,822
Healthcare & Life Sciences	**66,575**	**58,191**
Powertrain & Drivetrain	1,771	1,962

Safety & Electronics	12,610	11,801
Energy & Mobility	**14,381**	**13,764**
Personal Safety	2,482	2,127
Air Safety	113	183
Health & Safety	**2,595**	**2,310**
Revenues from services	7,954	-
Revenue from contracts with customers	**91,506**	**74,265**

The increase in revenues in the year ended 31 December 2024 compared to the previous year is mainly attributable to the performance of the *Healthcare & Life Sciences* division, due to an increase in both the *Healthcare Liquid* and *Laboratory* businesses. *Energy & Mobility* and *Health & Safety* divisions show revenues that are essentially in line with the previous year.

Revenue from services are revenue refer to revenues from services provided to subsidiaries of the GVS Group.

The table below breaks down revenues from contracts with customers by geographic area in the years ending on 31 December 2024 and 31 December 2023.

(in thousands of Euro)	**Financial year ended 31 December**	
	2024	**2023**
North America	29,296	19,886
Europe	30,764	26,473
Asia	28,131	24,592
Other	3,316	3,314
Total revenue from contracts with customers	**91,506**	**74,265**

Revenues as of 31 December 2024 are mainly attributable to the sale of finished products.

7.2 Other operating income

The table below breaks down other operating income in the years ending on 31 December 2024 and 31 December 2023.

(in thousands of Euro)	**Financial year ended 31 December**	
	2024	**2023**
Recovery and chargeback	4,334	3,893
Contributions for operating expenses	1,218	735
Release of provision for risks	-	450
Insurance refunds	125	-
Recovery of scrap	74	98
Capital gains on sales	127	4
Operating revenues from group companies for “EBIT adjustment”	35	424
Other	754	853
Other operating income	**6,667**	**6,457**

Operating revenue from subsidiaries for EBIT adjustment relate to the transfer price policy applied by the Group during 2024 and 2023.
Recoveries and chargebacks for the year ended 31 December 2023 include non-recurring income from the seller of Haemotronic SpA (Euro 1,343 thousand) for compensation relating to

a specific dispute. During 2023, the release of the provision for risks of Euro 450 thousand related to a provision was posted on the balance sheet, following the downsizing of the dispute and request for compensation for damages received during 2022 by a specific customer, for which a provision of Euro 600 thousand had been set aside.

7.3 Purchases costs and change in inventories

The table below breaks down purchases and consumption of raw materials, semi-products and finished products in the years ending on 31 December 2024 and 31 December 2023.

(in thousands of Euro)	**Financial year ended 31 December**	
	2024	**2023**
Purchases of raw materials, finished products, components and consumables	31,885	28,584
Variation in inventories of products in progress, semi-finished goods and finished products	274	22
Variation in inventories of raw materials, subsidiary materials and goods	886	1,071
Purchases and consumption of raw materials, semi-products and finished products	**33,045**	**29,677**

This item includes an allocation to the provision for inventory writedowns for the year ended 31 December 2024 of Euro 19 thousand (no amount had been posted for the year ended 31 December 2023).

7.4 Personnel costs

The table below breaks down personnel costs in the years ending on 31 December 2024 and 31 December 2023.

(in thousands of Euro)	**Financial year ended 31 December**	
	2024	**2023**
Salaries and wages	21,935	21,696
Social security contributions	6,218	6,154
Cost of termination indemnity	1,476	1,142
Other personnel costs	360	403
Personnel costs	**29,989**	**29,395**

Furthermore, the item other personnel costs includes non-recurring charges relating to costs set aside for the personnel reorganization started in 2024 for a total amount of Euro 360 thousand (Euro 403 thousand at 31 December 2023).

The table below reports the average number of Company employees in the years ending on 31 December 2024 and 31 December 2023, broken down by category.

(In units)	**Financial year ended 31 December**	
	2024	**2023**
Blue-collar workers	216	235
White-collar workers	124	113
Management	20	20
Executives	26	23
Total employees	**386**	**391**

7.5 Service costs

The table below breaks down service costs in the years ending on 31 December 2024 and 31 December 2023.

(in thousands of Euro)	Financial year ended 31 December	
	2024	**2023**
Utilities and cleaning services	3,069	2,424
Maintenance	533	490
Transportation	335	383
Consulting services	2,673	2,309
Travel and lodging	1,204	1,048
Subcontracting	2,709	2,676
Marketing and trade fairs	378	349
Insurance	1,131	949
Employee services	449	400
Commissions	386	209
Directors' fees	2,570	2,761
Other services	2,174	1,333
Service costs	**17,611**	**15,331**

Service costs, in the period ended 31 December 2024 and 31 December 2023, include, for Euro 250 thousand and Euro 268 thousand, costs relating to services received on an exceptional and non-recurring basis.

7.6 Other operating costs

The table below breaks down other operating costs in the years ending on 31 December 2024 and 31 December 2023.

(in thousands of Euro)	Financial year ended 31 December	
	2024	**2023**
Leasing costs	861	304
Indirect taxation	121	127
Losses on sales	-	26
Membership fees and charity contributions	246	181
Reduction in compensation from counterparty	1,137	-
Operating costs from group companies for "EBIT adjustment"	1,692	1,515
Other minor costs	756	855
Other operating costs	**4,813**	**3,008**

Other operating costs, for the year ended 31 December 2024, include Euro 1,137 thousand, the cost of reducing the indemnity obtained from the seller of Haemotronic SpA, for a specific dispute (for further information, please refer to the previous item "Other current and non-current receivables and assets").

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

Operating costs from subsidiaries or EBIT adjustment are related to the transfer price policy applied by the Group during 2024 and 2023.

7.7 Net impairment losses on financial assets

As of 31 December 2024 and 31 December 2023, the provision for the writedown of trade receivables was not increased.

A breakdown of movements in the provision for writedown of receivables for the years ending on 31 December 2024 and 31 December 2023 appears in note 6.10 - "Trade receivables".

7.8 Amortisation, depreciation and writedowns

The table below breaks down amortisation, depreciation and writedowns in the years ending on 31 December 2024 and 31 December 2023.

(in thousands of Euro)	**Financial year ended 31 December**	
	2024	**2023**
Amortisation and write-downs of intangible assets	391	234
Depreciation and write-downs of tangible assets	4,703	4,696
Amortisation and writedowns of assets represented by usage rights	1,554	1,271
Amortisation, depreciation and write-downs	**6,648**	**6,201**

A breakdown of the composition of, and movements in, intangible assets and tangible assets for the years ending on 31 December 2024 and 31 December 2023 is provided in notes 6.1 and 6.3. Information on assets represented by usage rights in the period examined appears in note 6.2.

7.9 Financial income and costs

The table below breaks down financial income in the years ending on 31 December 2024 and 31 December 2023.

(in thousands of Euro)	**Financial year ended 31 December**	
	2024	**2023**
Interest income	14,410	17,938
Net profits on exchanges	10,294	-
Other financial income	40	-
Financial income	**24,744**	**17,938**

Interest income mainly relates to loans granted by GVS to subsidiaries (see Note 6.6) and interest income on current accounts and time deposits.

The table below breaks down financial costs in the years ending on 31 December 2024 and 31 December 2023.

(in thousands of Euro)	Financial year ended 31 December	
	2024	**2023**
Interest on bonded loans	155	724
Interest on loans	13,939	15,140
Net losses on exchanges	-	9,109
Interest on leasing liabilities	35	20
Interest on actualisation of provisions for employee benefits	62	23
Amortised cost	(242)	566
Interest for discounting for earn out	2,674	2,822
Interest payable to parent companies	2,041	1,531
Interest expense relating to cash pooling	2,943	1,058
Other financial costs	2,178	1,947
Financial costs	**23,785**	**32,940**

Financial costs and income in the periods ending 31 December 2024 and 31 December 2023, respectively, include the net exchange gains and the net unrealised exchange losses deriving mainly 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.

7.10 Income and expense from equity investments

The table below breaks down financial proceeds and expense from equity investments for the years ending on 31 December 2024 and 31 December 2023.

(in thousands of Euro)	Financial year ended 31 December	
	2024	**2023**
Dividends from equity investments	10,160	6,503
Revaluations (write-downs) from equity investments	(9,326)	(2,327)
Income and expense from equity investments	**834**	**4,176**

The table below breaks down equity investments for the years ending on 31 December 2024 and 31 December 2023.

(in thousands of Euro)	Financial year ended 31 December	
	2024	**2023**
GVS do Brasil Ltda	2,201	2,489
GVS Filter India Private Limited	-	14
GVS Microfiltrazione Srl	7,959	4,000
Total dividends from equity investments	**10,160**	**6,503**

Revaluations (writedowns) from equity investments mainly includes the writedown of the equity investments in GVS Puerto Rico LLC and GVS Filter Technology de Mexico of Euro 8,039 thousand and Euro 1,330 thousand, respectively.

7.11 Annual income tax

The table below breaks down annual income tax in the years ending on 31 December 2024 and 31 December 2023.

(in thousands of Euro)	Financial year ended 31 December	
	2024	**2023**
Current taxes	3,897	90
Deferred taxes	(4,090)	(4,478)
Non-recurring taxes	(2,031)	375
Income tax	**(2,224)**	**(4,013)**

The table below reconciles the theoretical tax rate with the effective impact of taxation on the pre-tax result in the years ending on 31 December 2024 and 31 December 2023.

(in thousands of Euro)	Financial year ended 31 December	
	2024	**2023**
Pre-tax result	**7,860**	**(13,717)**
Theoretical tax rate	24.0%	24.0%
Theoretical tax burden	**1,886**	**(3,292)**
Permanent differences effects of taxation	584	(1,096)
IRAP (Regional production tax)	64	-
Other changes	(4,758)	375
Income tax	**(2,224)**	**(4,013)**

The effective tax rate in the year under review was influenced by taxes from previous years, of a non-recurring nature related mainly to the tax benefit of the *Patent Box*. Specifically, on 1 August 2023, GVS SpA signed an advance tax ruling with the Revenue Agency regarding the determination of the benefited income arising from intangible assets (so-called *Patent Box*) for the purposes of the related preferential taxation. The agreement is effective for the 2019 to 2023 tax years and in June 2024 the Company sent the additional declarations necessary to benefit from the tax benefit, in which the total amount is Euro 2,942 thousand.

7.12 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 year, excluding treasury shares.

	Financial year ended 31 December	
	2024	**2023**
Net profit (in Euro thousand)	10,084	(9,073)
Weighted average number of shares in circulation	174,749,997	174,718,093
Profit per share (in Euro)	**0.06**	**(0.06)**

Diluted earnings per share at 31 December 2024 was positive at 0.06 (negative at Euro 0.06 at 31 December 2023) 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.

8. Non-recurring revenues and operating costs

In compliance with the provisions of CONSOB Resolution 15519 of 27 July 2006 and CONSOB Communication No. DEM/6064293 of 28 July 2006, the income statement has been attached, with a separate indication of the amount of costs and revenues arising from non-recurring transactions.

Non-recurring income and expenses for the year ended 31 December 2024 relate to (i) costs relating to Group personnel following the ongoing reorganisation process (totalling Euro 360 thousand), (ii) consultancy costs relating to services received on an exceptional basis (Euro 250 thousand), (iii) the cost relating to the downsizing of the indemnity obtained from the seller of Haemotronic SpA, for a specific dispute (Euro 1,137 thousand); iv) interest recognised following the discounting of payables for earn outs for the takeover of the Haemotronic group (Euro 2,674 thousand), net of the related effect of taxation. Non-recurring net income from taxes includes, inter alia, Euro 2,942 thousand for revenues relating to the tax benefit of the *Patent Box* and Euro 750 thousand relating to the relevant costs of direct tax risks.

Non-recurring income and expenses for the year ended 31 December 2023 refer to: *(i)* the recharge to the seller of Haemotronic SpA for an indemnity relating to a specific dispute (Euro 1,343 thousand); *(ii)* costs relating to Group personnel following the ongoing reorganisation process (Euro 403 thousand in total); *(iii)* consultancy costs relating to services received on an exceptional basis (Euro 268 thousand); *(iv)* writedowns of tangible fixed assets resulting from the plan to relocate and rationalise the Group's production sites (Euro 289 thousand); and finally *(x)* interest recognised following the discounting of payables for earn outs for the takeover of the Haemotronic group (Euro 2,822 thousand), net of the related effect of taxation. Non-recurring charges for taxes also include Euro 700 thousand relating to the costs pertaining to the tax dispute concluded with GVS for direct taxes.

9. Transactions with related parties

Transactions carried out with related parties identified on the basis of the criteria set forth in IAS 24 are primarily of a commercial and financial nature, and are conducted under regular market conditions.

The tables below provide details of economic and capital relations with related parties. The companies indicated have been identified as related parties because they are directly or indirectly linked to the Company's reference shareholders.

The table below sums up the Company's payables and receivables in relation to related parties at 31 December 2024 and 31 December 2023.

(in thousands of Euro)	Subsidiary companies	GVS Group	GVS Real Estate	Top management	Total	Total item in the financial statement	Impact on the financial statement
Assets represented by usage rights							
As at 31 December 2024	-	-	1,608	-	**1,608**	**2,396**	**67.1%**
As at 31 December 2023	-	-	1,160	-	**1,160**	**1,797**	**64.6%**
Tangible fixed assets							
As at 31 December 2024	-	-	-	10	**10**	**28,092**	**0.0%**
As at 31 December 2023	-	-	-	12	**12**	**26,847**	**0.0%**

Non-current financial assets							
As at 31 December 2024	140,459	-	-	-	**140,459**	**140,459**	**100.0%**
As at 31 December 2023	165,677	-	-	-	**165,677**	**167,538**	**98,9**
Trade receivables							
As at 31 December 2024	21,785	15	-	-	**21,800**	**27,558**	**79.1%**
As at 31 December 2023	14,190	20	10	31	**14,251**	**20,514**	**69.5%**
Current tax receivables							
As at 31 December 2024	-	6,466	-	-	**6,466**	**7,425**	**87.1%**
As at 31 December 2023	-	4,382	-	-	**4,382**	**4,869**	**90.0%**
Current financial assets							
As at 31 December 2024	26,389	-	-	-	**26,389**	**57,265**	**46.1%**
As at 31 December 2023	28,753	-	-	-	**28,753**	**28,753**	**100.0%**
Other receivables and current assets							
As at 31 December 2024	3,382	-	120	15	**3,517**	**6,341**	**55.5%**
As at 31 December 2023	1,003	-	-	-	**1,003**	**4,967**	**20.2%**
Non-current financial liabilities							
As at 31 December 2024	27,590	-	-	-	**27,590**	**270,453**	**10.2%**
As at 31 December 2023	21,085	75,000	-	-	**96,085**	**366,498**	**26.2%**
Non-current leasing liabilities							
As at 31 December 2024	-	-	692	-	**692**	**1,197**	**57.8%**
As at 31 December 2023	-	-	721	-	**721**	**1,124**	**64.1%**
Provisions for employee benefits							
As at 31 December 2024	-	-	-	207	**207**	**2,099**	**9.8%**
As at 31 December 2023	-	-	-	83	**83**	**2,146**	**64.1%**
Current financial liabilities							
As at 31 December 2024	69,696	2,041	-	-	**71,737**	**123,793**	**57.9%**
As at 31 December 2023	50,719	1,531	-	-	**52,251**	**152,203**	**34.3%**
Current leasing liabilities							
As at 31 December 2024	-	-	933	-	**933**	**1,342**	**69.5%**
As at 31 December 2023	-	-	389	-	**389**	**755**	**51.5%**
Trade payables							
As at 31 December 2024	3,076	-	-	-	**3,076**	**10,950**	**28.1%**
As at 31 December 2023	1,909	-	-	-	**1,909**	**9,156**	**20.8%**
Other current payables and liabilities							
As at 31 December 2024	1,692	-	-	2,697	**4,389**	**12,686**	**34.6%**
As at 31 December 2023	1,515	-	-	3,396	**4,911**	**12,155**	**40.4%**

The table below lists the Company's economic relations with related parties for the years ending on 31 December 2024 and 31 December 2023.

(in thousands of Euro)	**Subsidiary companies**	**GVS Group**	**GVS Real Estate**	**Top management**	**Total**	**Total item in the financial statement**	**Impact on the financial statement**
Revenue from contracts with customers							
Financial year ended 31 December 2024	28,962	-	-	-	**28,962**	**91,507**	**31.7%**
Financial year ended 31 December 2023	18,946	-	-	-	**18,946**	**74,265**	**25.5%**
Other operating income							
Financial year ended 31 December 2024	3,248	25	198	31	**3,502**	**6,667**	**52.5%**
Financial year ended 31 December 2023	3,286	20	10	31	**3,347**	**6,457**	**51.8%**
Purchases and consumption of raw materials, semi-products and finished products							
Financial year ended 31 December 2024	13,390	-	-	-	**13,390**	**33,045**	**40.5%**
Financial year ended 31 December 2023	7,942	-	-	-	**7,942**	**29,677**	**26.8%**
Personnel costs							
Financial year ended 31 December 2024	-	-	-	5,209	**5,209**	**29,989**	**17.4%**

Financial year ended 31 December 2023	-	-	-	5,271	**5,271**	**29,395**	**17.9**
Service costs							
Financial year ended 31 December 2024	4,219	-	-	2,570	**6,789**	**17,611**	**38.5%**
Financial year ended 31 December 2023	3,014	-	-	3,205	**6,219**	**15,331**	**40.6%**
Other operating costs							
Financial year ended 31 December 2024	1,692	-	-	-	**1,692**	**4,813**	**35.2%**
Financial year ended 31 December 2023	1,515	-	-	-	**1,515**	**3,008**	**50.4%**
Amortisation, depreciation and write-downs							
Financial year ended 31 December 2024	-	-	992	-	**992**	**6,648**	**14.9%**
Financial year ended 31 December 2023	-	-	767	-	**767**	**6,291**	**12.4%**
Financial income							
Financial year ended 31 December 2024	11,911	-	-	-	**11,911**	**24,744**	**48.1%**
Financial year ended 31 December 2023	15,516	-	-	-	**15,516**	**17,938**	**86.5%**
Financial costs							
Financial year ended 31 December 2024	4,353	2,041	28	-	**6,412**	**23,785**	**27.0%**
Financial year ended 31 December 2023	2,793	1,531	14	-	**4,338**	**32,940**	**13.2%**
Income and expense from equity investments							
Financial year ended 31 December 2024	10,160	-	-	-	**10,160**	**834**	**1,218.2%**
Financial year ended 31 December 2023	6,503	-	-	-	**6,503**	**4,176**	**155.7%**

Transactions with subsidiary companies

Provision of certain quality control services by GVS Microfiltrazione S.r.l. for the benefit of GVS

GVS has a relationship with GVS Microfiltrazione S.r.l. based on which the subsidiary provides a quality control service aimed at certifying that these products meet specific technical requirements.

Service costs to the subsidiaries for the financial years ended 31 December 2024 and 31 December 2023 mainly relate to the quality control services described above.

Loans granted by GVS to subsidiaries

Financial assets (current and non-current) and financial income are mainly attributable to the loans granted to GVS NA Holdings intended to finance the KUSS and RPB acquisitions, to the loan granted in 2022 to the Chinese subsidiary GVS Technology (Suzhou) Co. Ltd for the STT acquisition, as well as to minor loans granted by GVS to the subsidiaries to be used to finance related operations (see the related notes 6.6 and 7.9).

Cash pooling contract

During the year the Company signed a cash pooling zero balance contact with the subsidiary Haemotronic SpA. This is an instrument for optimal cash flow management that enables centralised management of the Group's financial requirements through the transfer to a "treasurer" (or "pooler"), i.e. GVS SpA, of the current account surplus or deficit of the Italian subsidiary. Following the transfer of the balances on the pool account, Haemotronic takes in consideration a payable in the event of a transfer of a debit balance or a receivable in the event of a transfer of a credit balance. Subsequently, GVS SpA accounts for individual debit and credit transactions.

Transactions with the GVS Group

The Company participates in the optional national tax consolidation system under GVS Group S.r.l. Current tax receivables at 31 December 2024 and 31 December 2023 refer exclusively to this case.

Transactions with GVS Real Estate

GVS stipulated leasing agreements with GVS Real Estate S.r.l., for production sites and warehouses, one of which includes the Company's registered offices in Zola Predosa (BO) and Monocalzati (AV). On the basis of these lease contracts, at 31 December 2024, the Company recorded assets represented by usage rights and relative leasing liabilities for Euro 1,608 thousand and Euro 1,626 thousand, as well as depreciation and financial costs for Euro 992 thousand and Euro 28 thousand respectively.

Transactions with Top Management

As of the date of the 2024 financial statements the following are considered members of the Group's Top Management:

- the chief executive officer;
- the chief financial officer;
- the chief operation officer;
- the managers of the *Healthcare & Life Sciences*; (ii) *Health & Safety*; (iii) *Energy & Mobility*; (iv) *Blood;* (v) *Science & Development* divisions, the director of human resources and the general counsel.

The table below provides details of fees payable to members of Top Management and the Board of Directors of GVS SpA in the years ending on 31 December 2024 and 31 December 2023, including contributions.

(in thousands of Euro)	**Financial year ended 31 December**	
	2024	**2023**
Fees for office held	1,870	1,929
Bonuses and other incentives	2,694	2,855
Other fees	643	486
Directors' fees	2,570	2,617
Total	**7,779**	**7,888**

Please note that:

- other current payables and liabilities as of 31 December 2024 include payables to directors for fees not yet paid totalling Euro 975 thousand (Euro 988 thousand at 31 December 2023);
- provisions for employee benefits as of 31 December 2024 include the value of end of service indemnity for directors totalling Euro 206 thousand (Euro 83 thousand at 31 December 2023);
- costs for services for the period ended 31 December 2024 include directors' fees, expenses tied to the performance share plan and allocations to the provisions for end of service indemnity for a total amount of Euro 2,570 thousand (Euro 2,617 thousand for the period ended 31 December 2023).

10. Commitments and risks

Sureties and guarantees granted to third parties

At 31 December 2024, the Company had sureties and guarantees in place for a total amount of Euro 147 thousand.

Potential liabilities

Given that the Company operates internationally, it is exposed to legal risks primarily due to professional, corporate and tax liability. Disbursements relating to ongoing or future proceedings cannot be forecast with certainty and it is possible that court outcomes may result in costs not covered or not fully covered, by insurance claims having an effect on the Company's financial situation and results. On the other hand, where it is likely to be due to an outlay of resources to meet obligations and this amount can be reliably estimated, the Company made specific allocations to the provision for risks and charges.

11. Directors' and auditors' fees

Emoluments for the 2024 financial year due to directors (including bonuses, charges related to the performance shares plan, provisions for severance indemnity and related contributions) and statutory auditors amounted to Euro 2,570 thousand and Euro 95 thousand, respectively.

The following table gives details of the remuneration for executive directors and non-executive directors in 2024.

(in thousands of Euro)	**2024**
Chairman of the Board of Directors	120
Executive Directors	2,230
Non-Executive Directors	220
Total cost	**2,570**

No loans or advances were granted to directors or shareholders during the year.

12. Independent auditor's fees

The independent auditor's fees amount to Euro 485 thousand and Euro 399 thousand for the years ending on 31 December 2024 and 31 December 2023, respectively. In compliance with the provisions of Art. 149-duodecies of the CONSOB Issuers Regulation, the fees for 2024 for audit services and other services provided by the independent auditors and entities belonging to its network and others have been attached.

13. Research and development

The Company'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.

Research and development expenses amounted to Euro 4,359 thousand and Euro 3,838 thousand for the years ended 31 December 2024 and 31 December 2023.

14. Events of significance following the close of the financial year

No significant events occurred after the year end.

15. Information pursuant to Art. 1, paragraph 125, of Law no. 124 of 4 August 2017

In relation to the provisions of Art. 1, paragraph 125 of Law 124/2017, concerning the obligation to disclose in the explanatory notes any sums of money received during the financial year by way of subsidies or grants from the public administrations and entities referred to in paragraph 125 of that article, the Company hereby certifies that during 2024 the following sums were received:

Disbursing subject	Contribution booked to the income statement (in thousands of euros)	Contribution received (in thousands of euros)	Reason
Ministry of Environment and Energy Security	166	-	Maine project financed through PNRR funds
Ministry of Finance	132	-	Tax credits 4.0 - Years 2020 2021
Fondimpresa	14		Employee training contribution
Ministry of Labour and Social Policy	77	77	New skills fund contribution
Ministry of Enterprise and Made in Italy	198	-	Measured contribution
Ministry of Enterprise and Made in Italy	631	365	Greenflow Contribution

16. Approval of the Financial Statements and authorisation for publication

The Financial Statements ending on 31 December 2024 were approved on 24 March 2025 by the Board of Directors, which authorised their publication within the legal deadline. For the result allocation, please refer to the specific selection of the Directors' report on operations.

Zola Predosa, 24 March 2025

For the Board of Directors

Chief Executive Officer

Massimo Scagliarini

Schedules attached to the financial statements

Statement of financial position, with indication of the amount of positions with related parties

(in thousands of Euro)	As at 31 December 2024	of which with related parties	percentage	As at 31 December 2023	of which with related parties	percentage
ACTIVITIES						
Non-current assets						
Intangible assets	3,887			2,799		
Assets represented by usage rights	2,396	1,608	67.1%	1,797	1,160	64.5%
Tangible assets	28,092	10	0.0%	26,847	12	0.0%
Equity investments	382,429			391,446		
Deferred tax assets	295			1,998		
Non-current financial assets	140,514	140,459	100.0%	167,538	165,677	98.9%
Non-current derivative financial instruments	1,877			4,829		
Other receivables and non-current assets	-			3,037		
Total non-current assets	**559,489**			**600,291**		
Current assets						
Inventories	7,023			8,183		
Trade receivables	27,558	21,800	79.1%	20,514	14,251	69.5%
Assets from contracts with customers	85			341		
Current tax receivables	7,425	6,466	87.1%	4,869	4,382	90.0%
Other receivables and current assets	6,341	3,517	55.5%	4,967	1,003	20.2%
Current financial assets	57,265	26,389	46.1%	28,753	28,753	100.0%
Cash and cash equivalents	62,280			118,235		
Total current assets	**167,976**			**185,861**		
TOTAL ASSETS	**727,466**			**786,152**		
SHAREHOLDERS' EQUITY AND LIABILITIES						
Share capital	1,892			1,750		
Reserves	267,026			202,872		
Net income	10,084			(9,703)		
Total shareholders' equity	**279,002**			**194,919**		
Non-current liabilities						
Liabilities for the purchase of equity investments and earn out	-			16,984		
Non-current financial liabilities	270,453	27,590	10.2%	366,498	96,085	26.2%
Non-current leasing liabilities	1,197	692	57.8%	1,124	721	64.1%
Deferred tax liabilities	838			5,565		
Provisions for employee benefits	2,099	207	9.8%	2,146	83	3.9%
Provisions for risks and charges	3,450			2,898		
Total non-current liabilities	**278,037**			**395,216**		
Current liabilities						
Liabilities for the purchase of equity investments and earn out	19,346			18,342		
Current financial liabilities	123,793	71,737	57.9%	152,203	52,251	34.3%
Current leasing liabilities	1,342	933	69.5%	755	389	51.5%
Current derivative financial instruments	382					
Trade payables	10,950	3,076	28.1%	9,156	1,909	20.8%
Liabilities from contracts with customers	1,168			1,807		
Current tax payables	757	-		1,600	-	
Other current payables and liabilities	12,686	4,389	34.6%	12,155	4,911	40.4%
Total current liabilities	**170,426**			**196,018**		
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**727,466**			**786,152**		

Income statement, with indication of the amounts of positions with related parties

	Financial year ended 31 December					
(in thousands of Euro)	2024	of which with related parties	percentage	2023	of which with related parties	percentage
Revenue from contracts with customers	91,507	28,962	31.7%	74,265	18,946	25.5%
Other operating income	6,667	3,502	52.5%	6,457	3,347	51.8%
Total revenues	**98,174**			**80,722**		
Purchases and consumption of raw materials, semi-products and finished products	(33,045)	(13,390)	40.5%	(29,677)	(7,942)	26.8%
Personnel costs	(29,989)	(5,209)	17.4%	(29,395)	(5,271)	17.9
Service costs	(17,611)	(6,789)	38.5%	(15,331)	(5,652)	36.9%
Other operating costs	(4,813)			(3,008)		
EBITDA	**12,715**			**3,310**		
Net impairment losses on financial assets	-			-		
Amortisation, depreciation and write-downs	(6,648)	(992)	14.9%	(6,201)	(767)	12.4%
EBIT	**6,067**			**(2,891)**		
Financial income	24,744	11,911	48.1%	17,938	15,516	86.5%
Financial costs	(23,785)	(6,412)	27.0%	(32,940)	(4,338)	13.2%
Income and expense from equity investments	834	10,160	1,218.4%	4,176	6,503	155.7%
Pre-tax result	**7,860**			**(13,717)**		
Income tax	2,224			4,014		
Net income	**10,084**			**(9,703)**		

Statement of cash flows, with indication of the amount of positions with related parties

	Financial year ended 31 December					
(in thousands of Euro)	**2024**	**of which with related parties**	**percentage**	**2023**	**of which with related parties**	**percentage**
Pre-tax result	7,860	21,473	277%	(13,717)	20,342	-148%
- *Adjustment for:*				-		
Amortisation, depreciation and write-downs	6,648	994	15%	6,201	767	12%
Capital losses / (capital gains) from sale of assets	(127)			22		
Financial costs / (income)	(959)	6,412	-669%	15,001	4,338	29%
Income and expense from equity investments	(834)	(10,160)	1218%	(4,176)	(6,503)	156%
Other non-monetary variations	3,329			(60)		
Cash flow generated / (absorbed) by operations before variations in net working capital	***15,918***			***3,272***		
Variation in inventories	1,142			1,277		
Variation in trade receivables	(7,044)	(7,549)	107%	8,905	4,530	51%
Variation in trade payables	1,602	1,167	73%	(2,938)	(530)	18%
Variation in other assets and liabilities	3,445	(3,036)	-88%	2,504	3,327	133%
Use of provisions for risks and charges and for employee benefits	(800)	124	-15%	(2,327)	(1,416)	61%
Taxes paid	(4,227)	(5,917)	140%	(1,121)	(511)	46%
Net cash flow generated / (absorbed) by operations	**10,035**			**9,572**		
Investments in tangible assets	(6,061)			(5,261)	2	0%
Investments in intangible assets	(1,479)			(331)		
Disposal of tangible assets	240			929		
Opening of financial receivables from subsidiaries and other financial assets	(76,032)			(99,559)		
Repayment of financial receivables from subsidiaries and other financial assets	82,713	28,732	35%	137,437	41,026	30%
Equity investments	(19,351)			(1,510)		
Dividends from equity investments	7,346	10,160	138%	8,793	6,503	74%
Net cash flow generated / (absorbed) by investment	**(12,624)**			**40,498**		
Opening of long-term financial liabilities	6,860	25,992	379%	102,991	102,991	100%
Repayment of long-term financial liabilities	(74,156)			(63,329)		
Variations in current financial payables	17,709			688		
Repayment of lease liabilities	(1,493)	(927)	62%	(1,267)	(1,289)	102%
Financial costs paid	(19,256)	(7,562)	39%	(19,791)	(2,838)	14%
Financial income collected	17,272			13,573		
Treasury shares	(301)			(62)		
Net cash flow generated/(absorbed) by financial assets	**(53,366)**			**32,803**		
Total variation in cash on hand	**(55,955)**			**82,873**		
Cash on hand at the start of the year	**118,235**			**35,361**		
Total variation in cash on hand	(55,955)			82,873		
Cash on hand at the end of the year	**62,280**			**118,235**		

Income statement, with indication of the amount deriving from non-recurring transactions

(in thousands of Euro)	Financial year ended 31 December							
	2024	**of which non-recurring**	**2024 from ordinary operations**	**percentage**	**2023**	**of which non-recurring**	**2023 from ordinary operations**	**percentage**
Revenue from contracts with customers	91,507		91,507		74,265		74,265	
Other operating income	6,667		6,667		6,457	1,343	5,114	20.8%
Total revenues	**98,174**	**-**	**98,174**		**80,722**	**1,343**	**79,379**	
Purchases and consumption of raw materials, semi-products and finished products	(33,045)		(33,045)		(29,677)		(29,677)	
Personnel costs	(29,989)	(360)	(29,629)	1.2%	(29,395)	(403)	(28,992)	1.4%
Service costs	(17,611)	(250)	(17,361)	1.4%	(15,331)	(268)	(15,063)	1.7%
Other operating costs	(4,813)	(1,137)	(3,676)	23.6%	(3,008)		(3,008)	
EBITDA	**12,715**	**(1,747)**	**14,462**		**3,310**	**672**	**2,638**	
Net impairment losses on financial assets	-		-		-		-	
Amortisation, depreciation and write-downs	(6,648)		(6,648)		(6,201)	(289)	(5,912)	4.7%
EBIT	**6,067**	**(1,747)**	**7,814**		**(2,891)**	**383**	**(3,274)**	
Financial income	24,744		24,744		17,938		17,938	
Financial costs	(23,785)	(2,674)	(21,111)	11.2%	(32,940)	(2,822)	(30,118)	8.6%
Income and expense from equity investments	834		834		4,176		4,176	
Pre-tax result	**7,860**	**(4,421)**	**12,281**		**(13,717)**	**(2,439)**	**(11,278)**	
Income tax	2,224	3,425	(1,201)	154.0%	4,014	(20)	4,033	-0.5%
Net income	**10,084**	**(996)**	**11,080**		**(9,703)**	**(2,459)**	**(7,245)**	

Information pursuant to Art. 149-Duodecies of the CONSOB Issuers' Regulation

The following schedule, prepared pursuant to Art. 149-duodecies of the CONSOB Issuers' Regulation, highlights the fees for 2024 for audit services and other services provided by the independent auditors and entities belonging to its network as well as others.

(in thousands of Euro)	Subject that has provided the service	Recipient/assignment	2024 fees
	PwC SpA	Parent company - audit of the financial statements	50
	PwC SpA	Parent company - audit of the consolidated financial statements	265
	PwC SpA	Parent company - audit of the half-yearly report	80
Total Audit of Accounting			**395**
	PwC SpA	Parent Company – Agreed upon procedures to certify accounting data	3
	PwC SpA	Parent Company – ISA 805 relating to the certification of Research and Development credit	5
	PwC SpA	Parent Company – Independent auditor's report on whether the issue of the shares corresponds to the market value in relation to the capital increase with exclusion of the existing shareholders' pre-emption rights pursuant to article 2441, fourth paragraph, second sentence of the Italian Civil Code	55
	PwC SpA	Parent company – Indipendent audtor's limited report on the consolidated sustainability report	27
Total other services (NAS)			**90**
TOTAL			**485**

Certification of the financial statements pursuant to Art. 154-bis of Legislative Decree 58/98

1. The undersigned, Massimo Scagliarini, Chief Executive Officer and Emanuele Stanco, Manager responsible for the preparation of the accounting documents of GVS S.p.A., taking into account the provisions of Article 154-bis, paragraphs 3 and 4 of Legislative Decree no. 58 of 24 February 1998, certify:

    - the adequacy in relation to the characteristics of the business, and
    - the effective application of the administrative and accounting procedures for the preparation of the Financial Statements during the year 2024.

2. The assessment of the adequacy of the administrative and accounting procedures for the preparation of the Financial Statements at 31 December 2024 was carried out on the basis of the standards and methodologies defined by GVS mainly in accordance with the Internal Control - Integrated Framework model issued by the Committee of Sponsoring Organisations of the Treadway Commission, which represents a reference framework for the internal control system generally accepted at the international level.

3. In addition, they also certify that:

3.1 the Annual Financial Statements:

- are prepared in compliance with the international accounting standards recognised by the European Community pursuant to Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 as well as the provisions issued in implementation of Article 9 of Legislative Decree no. 38/2005;
- correspond to the results in accounting books and records;
- are suitable to provide a true and fair view of the statement of financial position, and the statement of profit and loss of the issuer.

3.3 the Report on Operations includes a reliable analysis of operating performance and results as well as of the situation of the issuer, together with a description of the principal risks and uncertainties to which they are exposed.

Zola Predosa, 24 March 2025

Massimo Scagliarini	Emanuele Stanco
Chief Executive Officer	Manager responsible for the preparation of the Company's accounting documents

Report of the Board of Statutory Auditors to the Shareholders' Meeting on the Financial Statements as of 31 December 2024

Report of the Board of Auditors to the Shareholders' Meeting of GVS SpA pursuant to Article 153 of Legislative Decree No. 58/1998 and Article 2429, paragraph 2, of the Italian Civil Code

Dear Shareholders,

This Report was produced by the Board of Auditors of GVS SpA (hereinafter also referred to as the Company or GVS) appointed by the Shareholders' Meeting of 3 May 2023 and consisting of Professor Maria Federica Izzo (Chair), Francesca Sandrolini (Statutory Auditor) and Giuseppe Farchione (Statutory Auditor), in office for three years until approval of the financial statements as at 31 December 2025.

This document reports on the results for the 2024 financial year, the supervisory duties and other work carried out by the Board of Auditors during the year ended 31 December 2024, and has been compiled in accordance with Article 153 of Legislative Decree No. 58/1998 (the Consolidated Finance Act or CFA), Article 2429 of the Italian Civil Code, the Rules of Conduct for the Board of Auditors of Listed Companies issued by the Italian National Council of Chartered Accountants and Accounting Experts, December 2024 version (hereinafter the Rules of Conduct) as well as the Consob regulations for corporate controls.
In this Report, in accordance with the instructions provided by Consob in Communication DEM/1025564 of 6 April 2001, as amended and supplemented, the Board of Auditors reports on its work in separate sections for each supervisory area, as required by the regulations governing the Board's activities.

As GVS has adopted the traditional governance model, and given that the statutory audit of the accounts has been entrusted to the auditing firm PricewaterhouseCoopers SpA (hereinafter PwC) for the financial years up to 31 December 2028, the Board of Auditors is identified as an "Internal Control and Audit Committee" which is responsible for further specific control and monitoring functions in terms of financial reporting and statutory audit, as provided in Article 19 of Legislative Decree No. 39 of 27 January 2010 and most recently amended by Legislative Decree No. 125 of 6 September 2024, which is also acknowledged in this Report. In this document, the Board of Auditors also reports on its supervisory duties over sustainability reporting as provided in the aforementioned Legislative Decree No. 125/2024.
In fulfilling these obligations, the Board, as the senior body for the overall corporate control system, also provides an integrated overview of the results of these controls.

1. INFORMATION ON THE MOST SIGNIFICANT ECONOMIC, FINANCIAL AND CAPITAL TRANSACTIONS CARRIED OUT BY THE COMPANY

On the basis of information received and following the relevant analyses conducted by the Board, with particular regard to the most significant economic, financial and capital transactions carried out during 2024, the following developments are noteworthy:

- ✓ in the 2024 financial year, GVS achieved consolidated revenues of Euro 428.5 million, up 0.9% from Euro 424.7 million recorded in 2023. EBIT from ordinary operations showed a revenue margin of 17.6% and amounted to Euro 75.5 million, compared with Euro 67.4 million in 2023;
- ✓ despite the unfavourable international context, which deteriorated further in 2024 compared to the previous year, due to the escalation of the conflict in the Middle East and the continuation of the Russian-Ukrainian war, GVS continued to grow as a result of the full integration of the companies acquired during 2022, the implementation of measures aimed at recovering operating margins and the constant reduction of financial debt;
- ✓ shareholders' equity as at 31 December 2024 increased by Euro 116,751,000, primarily due to a capital increase related to the waiver by the shareholder GVS Group of its financial receivable of Euro 75,000,000, secondly, to the overall profit for the year of Euro 39,920,000, as well as the increase in reserves as a result of the new long-term incentive plan (Euro 1,646,000);
- ✓ the Group's net financial debt at 31 December 2024 was down by Euro 108,889,000 compared to 31 December 2023;
- ✓ the Group's net financial position (including non-current derivative assets and non-current active loans, and excluding net current and non-current lease liabilities recognised in accordance with the provisions of IFRS 16) was negative by Euro 195,861,000 at 31 December 2024, compared to negative Euro 303,046,000 at 31 December 2023;
- ✓ in 2021, the Company launched a share buyback programme, authorised by the Shareholders' Meeting of 27 April 2021. In September 2024, GVS SpA, once again renewed, under the same terms and conditions, in implementation of the shareholders' resolution authorising the purchase and disposal of treasury shares of 7 May 2024, the mandate granted on 18 September 2023 to Kepler Cheuvreux SA to carry out liquidity support activities on the regulated Euronext Milan market, organised and managed by Borsa Italiana S.p.A., under conditions of independence. The liquidity support for the ordinary shares issued by GVS SpA has a duration of 12 months, starting on 19 September 2024, up to a maximum of Euro 1.5 million, in accordance with Accepted Market Practice No. 1 of CONSOB Resolution No. 21318 of 7 April 2020. As of 31 December 2024, the Company held 300,984 treasury shares representing a total stake of 0.16% in the Company's share capital;
- ✓ in April 2024, GVS announced its intention to build a new production plant for the manufacture of an innovative water alkaline electrolysis diaphragm system for the production of green hydrogen, to be installed at the GVS facility at Zola Predosa (Bologna) with the capacity to provide the equivalent of 4 GW/year electrolyser capacity for the production of green hydrogen (320,000 tonnes H2/year produced). As the project is fully in line with the European Hydrogen Strategy (COM/2020/301), which aims to achieve an installed electrolyser capacity of 40 GW by 2030, GVS will apply for funding from the European Innovation Fund, one of the world's largest funding programmes for innovative low-carbon technologies.
- ✓ On 26 July 2024, the Board of Directors of GVS SpA approved the 2024-2026 Sustainability Plan - *Protecting your tomorrow*. The Plan includes more than 100 projects, covering 46 objectives linked to the four central pillars of the Group's sustainability strategy: *Protecting people*, *protecting the planet*, *protecting through innovation* and *protecting our values;*
- ✓ on 18 July 2024, GVS presented its new Elipse full-face mask which, weighing only 346g, stands out as one of the lightest full-face masks currently available on the market;

- ✓ in August 2024, a process to reorganise some production facilities of the subsidiary GVS Puerto Rico was initiated in order to pursue greater efficiency through the transfer of certain production lines from GVS Puerto Rico to our companies located in Mexico. The implementation of the plan provides for a reduction in the workforce of GVS Puerto Rico, with the granting of early retirement incentives;
- ✓ on 3 December 2024, the Board of Directors of GVS announced that on 2 December 2024 it executed the statutory authorisation pursuant to Article 2443 of the Italian Civil Code and, as a result, resolved to increase the share capital, for payment and in tranches, excluding option rights pursuant to Article 2441, paragraph 4, second sentence, of the Italian Civil Code, for the amount of Euro 75,000,000 (including share premium), reserved for subscription by the parent company GVS Group S.r.l. (hereinafter also the “GVS Group"), through the issue of a maximum of 17,500,000 shares with no par value and ordinary dividend entitlements, or the lower number of shares (rounded down) as determined by the ratio between Euro 75,000,000 and the issue price, to be subscribed by 23 December 2024. The Capital Increase was approved as a significant related-party transaction, since the materiality index relating to the countervalue of the transaction set out in Annex 3 to the RPT Consob Regulation and the GVS Procedure on Related-Party Transactions is greater than 5%. The GVS Board of Directors approved the transaction on 2 December 2024, after obtaining the reasoned favourable opinion of the Control, Risks, and Sustainability Parties Committee, acting as the Related Parties Committee, on GVS’s interest in carrying out the transaction, as well as on the appropriateness and substantive propriety of the relevant conditions under the GVS Related Parties Procedure;
- ✓ on 3 December 2024, GVS signed a binding agreement with Haemonetics Corp. ('Haemonetics') to acquire certain assets related to the ‘whole blood business’. The transaction involves the acquisition of the production plant in Covina, California, the warehouse for the ‘whole blood business’, and part of Haemonetics' manufacturing operations in Tijuana, Mexico. The purchase price is USD 44.6 million, corresponding to EUR 42.4 million at the exchange rate on 3 December 2024, on a ‘cash free/debt free’ basis, subject to standard price adjustment mechanisms that provide for a maximum of USD 22.5 million payable by February 2029 in several annual tranches that include: i) the sum of up to USD 17.5 million, payable by February 2028 in various annual tranches, contingent upon the achievement of certain revenue targets for the years 2025, 2026 and 2027; ii) the sum of up to USD 5.0 million, payable by February 2029 in various annual tranches, contingent upon the achievement of certain profitability targets for anticoagulant and preservative solutions ancillary to blood collection procedures for the years 2026, 2027 and 2028. The transaction, structured as an asset deal, closed on 14 January 2025, with the fulfilment of the customary conditions precedent, and was financed using available cash resources;
- ✓ on 3 December 2024, in order to optimise its financial structure, GVS reached an agreement with the pool of banks of the loan agreement for the original amount of Euro 230 million signed in June 2022, concerning the rescheduling, in non-constant instalments on a half-yearly basis starting from 18 months and up to 60 months, of the repayment plan for the residual amount (amounting to Euro 195.5 million), as well as a reduction in interest margins;
- ✓ on 17 December 2024, GVS completed the paid capital increase in tranches, excluding option rights pursuant to Article 2441, paragraph 4, second sentence, of the Italian Civil Code, for the sum of Euro 75,000,000 (including share premium), reserved for subscription by GVS Group S.r.l. (“GVS Group”), resolved by the GVS Board of Directors on 2 December 2024, after obtaining the favourable opinion of the Control, Risks and Sustainability Committee, acting as the Related-Party Transactions Committee. In particular, in execution of the said Capital Increase resolution, GVS issued 14,177,693 new shares with no par value and no

ordinary dividend entitlement, at an issue price of Euro 5.29 per each new share and for a total value of Euro 75 million. The issue price was determined as the arithmetic average of the closing prices of the GVS shares from 19 November 2024 to 16 December 2024. As a result of the implementation of the Capital Increase, the GVS Group holds a total of 119,177,693 GVS shares, representing 63% of GVS's share capital (and 74.82% of voting rights). The New Shares are automatically admitted to trading on Euronext Milan, in the same way as the other ordinary shares of GVS, without the requirement to publish a public offering prospectus and/or listing prospectus, by virtue of the exemptions established in Article 1(4)(b) and (5)(a) of Regulation (EU) 2017/1129, as subsequently amended.

In 2024, the Board of Statutory Auditors obtained information on the most significant economic, financial and capital transactions concluded by the Company and its subsidiaries, attending meetings of the Board of Directors and holding dedicated meetings with senior management. To the best of this Board of Auditors' knowledge, these transactions were not manifestly imprudent or risky, nor in potential conflict of interest, nor in conflict with resolutions passed by the Shareholders' Meeting, nor such as to compromise the integrity of the Company's assets. The Directors' Report on Operations provides information on the said operations, which were approved in accordance with law and the Articles of Association. Having considered the Directors' Report on Operations, the Board of Statutory Auditors has no observations to make.

2. INFORMATION ON ANY ATYPICAL AND/OR UNUSUAL TRANSACTIONS, INCLUDING INTRA-GROUP OR RELATED-PARTY TRANSACTIONS AND
3. ASSESSMENT OF THE ADEQUACY OF DISCLOSURES MADE BY DIRECTORS REGARDING ATYPICAL AND/OR UNUSUAL TRANSACTIONS, INCLUDING INTRA-GROUP OR RELATED-PARTY TRANSACTIONS

No atypical and/or unusual operations were brought to the attention of the Board of Auditors during 2024. The Directors' Report on Operations, the Explanatory Notes to the Financial Statements and the Consolidated Financial Statements describe the non-recurring operations and their effects on the results of operations and the financial position for the 2024 financial year.
In the Explanatory Notes, the Directors present the main intra-group and related-party transactions, identified on the basis of international accounting standards and the relevant instructions issued by Consob. Reference is made to these Notes for the identification of the type of transactions and their economic, capital and financial effects.
The Board of Auditors recalls that the Company has adopted, pursuant to Article 2391-bis of the Italian Civil Code and in accordance with the Consob regulatory provisions contained in Resolution No. 17221 of 12 March 2010 (as subsequently amended and supplemented), a specific "Procedure for transactions with related parties" that classifies transactions into various categories, applying specific steps for validation and approval to each of them. This procedure was updated, in its latest version, by the Board of Directors on 3 July 2023, following a positive opinion of the Control, Risk and Sustainability Committee.
During the 2024 financial year, the Board of Statutory Auditors attended all meetings of the Related Parties Committee. On 2 December 2024, the Board expressed a favourable opinion on the most significant Related Party transaction, relating to the share capital increase, for payment and in tranches, with the exclusion of option rights pursuant to Article 2441, paragraph 4, second sentence, of the Italian Civil Code, for the sum of Euro 75,000,000 (including share premium), reserved for subscription to the parent company GVS Group. At that meeting, the Committee favourably evaluated the Company's interest in concluding the transaction, and its overall terms and conditions, given that

the transaction was deemed not to be improper or inadvisable for the Company, and expressed - in its final analysis - a favourable opinion on the Company's interest in proceeding with the transaction and on the advantageousness and essential propriety of its conditions.
The Board of Statutory Auditors, in 2024 and up to the date of this Report, carefully and constantly monitored the transactions brought to the attention of the Committee, participating in discussions, requesting further information where deemed necessary, and monitoring compliance with the Related Parties Procedure and the propriety of the process followed by the Board and the competent Committee. Pursuant to the RPT Regulations, the Board of Statutory Auditors and the Related Parties Committee received quarterly reports on transactions with related parties excluded under the Procedure adopted by GVS.

From the information obtained, also as a result of the detailed investigations and the analysis of the documentation obtained, there is no evidence to suggest that the GVS transactions with related parties, as indicated in the Annual Financial Report as of 31 December 2024, were not concluded and managed in the interest of the Company.
Considering the size and structure of the Company and the GVS Group, the Board of Auditors, without prejudice to the foregoing, concluded that the Board of Directors, in its Annual Financial Report as at 31 December 2024, provided an adequate explanation of the transactions carried out with subsidiaries and other related parties, duly explaining their economic, financial and capital effects.

4. COMMENTS AND PROPOSALS ON THE FINDINGS AND REQUESTS FOR INFORMATION CONTAINED IN THE INDEPENDENT AUDITORS' REPORT AND THE SUPPLEMENTARY REPORT

On 14 February 2020, the Shareholders' Meeting of GVS SpA, as mentioned above, renewed its mandate for the statutory audit of the Company's separate and consolidated financial statements, for the financial years 31 December 2020 to 31 December 2028, to the Independent Auditors PricewaterhouseCoopers SpA.
On 15 April 2025, the Independent Auditors issued the reports pursuant to Article 14 of Legislative Decree No. 39 of 27 January 2010 and Article 10 of Regulation (EC) No. 537/2014, in which it certifies that the Financial Statements and the Consolidated Financial Statements as at 31 December 2024 are compliant with the International Financial Reporting Standards adopted by the European Union, as well as with the provisions issued in implementation of Article 9 of Legislative Decree No. 38 of 2005, have been compiled with clarity, and give a true and fair view of the financial position, results of operations and cash flows of the Company and the Group. The reports were issued without any remarks or requests for information.

Purely for information purposes, it should be noted that in its reports, the Independent Auditors considered it appropriate to identify the following key audit matters:
- in the consolidated financial statements: "Recognition of revenues" and "Recoverability of intangible assets";
- in the annual financial statements: "Recognition of revenues".

The Independent Auditors also concluded that the Directors' Report on Operations and certain specific information in the Report on Corporate Governance and Ownership Structure indicated in Article 123-bis, paragraph 4 of Legislative Decree No. 58/1998 are consistent with the Company's Financial Statements and with the Group's Consolidated Financial Statements and are compliant with law. The opinion on the compliance of the Directors' Report on Operations with legal requirements does not extend to the section on the Consolidated Sustainability Report. The conclusions on the compliance of this section with the rules governing its drafting criteria and compliance with the disclosure obligations established in Article 8 of Regulation (EU) No. 2020/852 are the subject of a separate mandate and are given in the report issued pursuant to Article 14-bis of Legislative Decree No. 39/2010. For the contents of the said report, see paragraph 14.1 of this document.

The Independent Auditors also observed that the financial statements and the consolidated financial statements were prepared in XHTML (*Extensible Hypertext Markup Language*) format and that the consolidated financial statements were marked, in all significant aspects, in accordance with the provisions of Delegated Regulation (EU) No. 2019/815. Certain information contained in the Notes to the Consolidated Financial Statements when extracted from the XHTML format in an XBRL application, due to certain technical limitations, may not be reproduced in the same way as the corresponding information that can be viewed in the XHTML format of the consolidated financial statements.

Lastly, the appointed independent auditors, PwC, issued a Supplementary Report for the Internal Control and Audit Committee pursuant to Article 11 of Regulation (EC) No. 537/2014, the contents of which, with regard to the financial statements to which this Report refers, are consistent with those of the aforementioned audit report. The Board acknowledged the contents of the Supplementary Report issued by the Independent Auditors without any significant comments. The said report will be forwarded, with any comments of the Board of Auditors, to the Board of Directors.

With regard to the Consolidated Sustainability Report, on 15 April 2025 the Independent Auditors PwC issued its conclusions on compliance with the rules governing its preparation in a specific certification report pursuant to Article 14-bis of Legislative Decree 39/2010, the content of which can be found in paragraph 14.1 of this Report.

5. INFORMATION ON ANY COMPLAINTS PURSUANT TO ARTICLE 2408 OF THE ITALIAN CIVIL CODE AND ACTIONS TAKEN

During the 2024 financial year and up to the date of compilation of this Report, the Board of Statutory Auditors has not received any complaint pursuant to Article 2408 of the Italian Civil Code, and therefore no action has been taken by the Board of Statutory Auditors in this regard.

6. INFORMATION ON ANY PRESENTATION OF COMPLAINTS AND ANY ACTION TAKEN

The Board of Auditors did not receive any statements submitted by Shareholders and/or third parties during the 2024 financial year and up to the date of compilation of this Report, nor is the Board aware of any complaints and/or comments made to the Company by Shareholders and/or third parties. Accordingly, the Board of Auditors has not taken any action in this respect.

7. INFORMATION ON ANY ADDITIONAL APPOINTMENTS TO THE INDEPENDENT AUDITORS AND THE ASSOCIATED COSTS

During the 2024 financial year and up to the date of this Report, the Board of Statutory Auditors, in its role as the "Internal Control and Audit Committee", constantly monitored the activities carried out by the Independent Auditors and verified and monitored, pursuant to Article 19 of Legislative Decree

No. 39/2010, the independence of the Independent Auditors, which is also responsible for certification of the conformity of sustainability reporting, in accordance with Articles 10, 10-bis, 10-ter, 10-quater and 17 of the aforementioned Decree and Article 6 of Regulation (EU) 537/2014, in particular with regard to the adequacy of the provision of non-audit services to the audited entity.
In accordance with specific regulations, the Board acknowledges that the fees paid by the Company to PricewaterhouseCoopers S.p.A. for the statutory audit and recognised in the financial statements as at 31 December 2024, which amounted to a total of Euro 395,000, can be broken down as follows:

- Euro 50,000 for the statutory audit of the Financial Statements, pursuant to Article 14 of Legislative Decree No. 39/2010;
- Euro 265,000 for the statutory audit of the Consolidated Financial Statements;
- Euro 80,000 for the audit of the half-yearly report.

It should be noted that the above statutory audit fees include, besides the Italian national statistics institute (ISTAT) adjustment for inflation, the additions sought from the Company by PricewaterhouseCoopers S.p.A. in relation to the increased time required for audit work, above what was included in the initial proposal for the years 2020-2028, which was resolved by the Shareholders' Meetings of 28 April 2022 and 7 May 2024.

Furthermore, it should be noted that audit fees paid to PricewaterhouseCoopers S.p.A. for audit of subsidiaries recognised in the consolidated financial statements as of 31 December 2024 amounted to Euro 40,000.

With reference to the question of non-audit services, it should be noted that, at the instigation of the Board in its role as Internal Control and Audit Committee, the Company has adopted a specific procedure, applied at Group level, designed to govern the award of mandates for non-audit services to the Independent Auditors and to entities belonging to the corresponding network ("Operating instruction for the award of a mandate for non-audit services to the Independent Auditors or to an entity in the network to which it belongs") with the aim of overseeing the application of the regulations on the matter and ensuring the independence of the auditors. In this context, the Instruction provides for specific processes of prior authorisation, monitoring and regular reporting to the Committee, which are designed to ensure that services expressly prohibited by Article 5 are not awarded to the Independent Auditors or to entities belonging to the relevant network, and compliance with the limit established in Article 4, paragraph 2, of Regulation (EU) No. 537/2014 (the so-called 'Fee Cap' or 70% limit).

The fees for these assignments, granted to PricewaterhouseCoopers SpA and recognised in the financial statements as at 31 December 2024, amounted to Euro 90,000, broken down as follows:

- Euro 3,000 - 'agreed upon procedures' to certify accounting data;
- Euro 5,000 – ISA 805 relating to the certification of research and development credit;
- Euro 55,000 - activities related to the share capital increase pursuant to Article 2441, fourth paragraph, second sentence, of the Italian Civil Code;
- Euro 27,000 - 'Limited Assurance' of the Non-Financial Disclosure (NFD).

Details of these fees are also included in an annex to the Company's Individual and Consolidated Financial Statements, as required by Article 149-l of Consob's Issuers' Regulation.

With regard to the conferral of non-audit assignments, the Board of Statutory Auditors carried out its own independent assessments of the auditor's potential independence risks, ascertaining: (i) that the non-audit service was not among those prohibited, as defined by Article 5(1) of Regulation (EU)

537/2014; (ii) the reasons for the engagement by the Company's management of PwC or entities in its network; and (iii) that the fees charged appeared to be determined in such a way as to ensure the quality and reliability of the work and were structured in such a way as to avoid giving rise to possible risks to the independence of the auditor.
It should be noted in this regard that as of 2023 (the three-year regulatory period having elapsed since the Company's appointment of PwC), monitoring designed to ensure compliance with the quantitative limit on fees for non-audit engagements established in Article 4(2) of the aforementioned European Regulation came into force. The Board of Statutory Auditors, in its capacity as the Internal Control and Audit Committee, is required to monitor non-audit assignments granted to the auditor, not only for the purpose of issuing the prior authorisations for which it is responsible, but also in order to verify that the fees paid for such assignments do not exceed the "70% limit" in the fourth year, as calculated on the average of the fees for the statutory audits performed in the preceding three years. In relation to this obligation, the Board of Statutory Auditors certifies that, with respect to the 2024 financial year, the70% limit, calculated on the average of the fees relating to the statutory audit for the financial years 2021, 2022 and 2023, has been complied with.
It should also be noted that in a letter dated 30 January 2025, forwarded to the Board of Auditors on 12 February 2025, PricewaterhouseCoopers S.p.A. sought a supplement of its fees in relation to the letter of engagement dated 3 June 2020 for the ‘limited assurance’ of the consolidated non-financial disclosure (hereinafter the “NFD”) of the Company and its subsidiaries for the 2020 to 2028 financial years.
This request, motivated by the extension of the verification work to the activities referred to in the current NFD assignment, arises from the transposition into Italian law, through Legislative Decree 125/2024, of the Corporate Sustainability Reporting Directive (CSRD - EU Directive 2022/2464), which regulates the obligation on the Company, as of the financial year beginning on 1 January 2024, to produce sustainability reporting on the basis of the European Sustainability Reporting Standards (ESRS).
After verifying the underlying reasons and their congruity with the request, the Board of Statutory Auditors approved the proposal to supplement the fee for the limited audit of sustainability reporting for the financial years 2024 to 2028.
The Board of Auditors – having obtained annual confirmation of the independence of the Independent Auditors, issued on 15 April 2025, pursuant to Article 6 (2) (A) of Regulation (EU) No. 537/2014 and pursuant to paragraph 17 of ISA Italia 260 on the absence of situations capable of compromising independence pursuant to Articles 10 and 17 of Legislative Decree No. 39/2010 and Articles 4 and 5 of Regulation (EU) No. 537/2014 – concluded that there were no critical aspects in terms of the independence of the Independent Auditors or causes of incompatibility pursuant to Articles 10, 10-a and 17 of the Consolidated Law on Statutory Audit and its implementing provisions. The Board of Auditors also acknowledged the Transparency Report produced by the Independent Auditors, published on its website pursuant to Article 13 of the same European Regulation.

8. INFORMATION ON ANY ADDITIONAL APPOINTMENTS TO PARTIES ASSOCIATED WITH THE COMPANY RESPONSIBLE FOR AUDITING OF ONGOING RELATIONSHIPS AND THE RELEVANT COSTS

As already set out in the previous chapter of this Report, in accordance with Article 19, paragraph 1, letter e) of Legislative Decree 39/2010 and Article 5 (4) of Regulation (EC) No 537/2014, the Board of Auditors also examines proposals, submitted for its attention, for the award of non-audit services to entities belonging to the network of the Independent Auditors.

During 2024, the Company did not grant any mandates to parties in the network of the Independent Auditors PwC.

9. INFORMATION ON THE EXISTENCE OF OPINIONS ISSUED BY THE BOARD OF AUDITORS PURSUANT TO LAW IN 2024

During the 2024 financial year, the Board of Auditors issued the following opinions:

- opinion on the 2024 Internal Audit Plan, approved by the Board of Directors on 21 February 2024;
- favourable opinion on the remuneration of the Chief Executive Officer pursuant to Article 2389, paragraph 3 of the Italian Civil Code, approved by the Board of Directors on 26 March 2024;
- favourable opinion on the appointment of the Head of Internal Audit & Risk management, approved by the Board of Directors on 26 March 2024.
- reasoned proposal on the request for supplement of the fees of the auditing firm PwC, entrusted with the legal audit of the annual and consolidated financial statements for the period 2020-2028, approved by the Shareholders' Meeting of 7 May 2024.

10. INDEPENDENCE OF THE MEMBERS OF THE BOARD OF AUDITORS AND ACTIVITIES PERFORMED, INDICATING THE FREQUENCY AND NUMBER OF MEETINGS

The current Board of Auditors carried out its Self-Assessment for the second year of its term of office, in accordance with the contents of Article 3 of its Regulation. The Board of Statutory Auditors ascertained and confirmed, with regard to the second year of its mandate, that all members of the Board of Statutory Auditors meet the requirements of honourableness and professionalism pursuant to Article 148, paragraph 4 of the Consolidated Law on Finance, and that they do not exceed the limit on positions held, pursuant to Article 148-bis of the CFA and Article 144 *duodecies* et seq. of the Issuers' Regulations, as well as the independence requirements established in Article 148, paragraph 3, of the TUF, and the requirements of the Corporate Governance Code adopted by GVS S.p.A. The Board of Auditors also verified that its members had sufficient time to dedicate to the performance of their duties (35 days for the chair, 30 days for standing members), including in relation to positions held and their professional or working commitments. With regard to composition, the powers of the body as a whole are significant, ensuring full and functional coverage of all areas related to the function and also result in fruitful work that facilitates, inter alia, the professional enrichment of each member of the Board.
The opinion expressed by the Statutory Auditors was positive, including in relation to the size and functioning of the body.

The Board sent the Board of Directors the results of its assessments with a specific Self-Assessment Summary compiled in accordance with the provisions of the document issued by the National Council of Chartered Accountants and Accounting Experts entitled “Self-Assessment of the Board of Auditors – Rules of conduct of the Board of Auditors of listed companies. Standard Q.1.1”, referred to in standard Q.1.7. Self-assessment by the Board of Auditors.

With reference to the activities within its competence, during the year under review, the Board of Auditors declares that it has:

- held in 2024 a total of 32 meetings, 11 of which were held in joint (full or partial) session with the Control, Risk and Sustainability Committee (hereinafter also referred to as 'CRSC') and 5 in joint (full or partial) session with the Appointments and Remuneration Committee (hereinafter also referred to as 'ARC'). The Control Body then attended the meetings of internal Board committees not held jointly (2 of the ARC, 1 of the CRSC and 2 OF THE CRSC sitting as the Related Parties Committee) and attended all 10 meetings of the Board of Directors;
- held in 2025, as at the date of this report, a total of 11 meetings, attended 4 meetings of the Control, Risk and Sustainability Committee (all in joint or partially joint session with the Board of Statutory Auditors), and 1 meeting of the CRSC acting as the Related Parties Committee and 3 meetings of the Appointments and Remuneration Committee (including 1 meeting held jointly with the Board of Auditors), and attended 3 meetings of the Board of Directors.

With regard to committee meetings, full attendance of members was almost constant, with demanding in-depth discussions upstream and sharing of viewpoints among the Board members downstream.
The conduct of meetings was characterised by constant interaction with the Board.
Given the work performed during the first two years of their term of office, and also in view of the strong commitment required of members of the Board of Statutory Auditors in terms of time and support for its work, including work of an extraordinary nature, related to M&A transactions and simplification of the capital structure, with regard to opportunities for development in the work of the Control Body and the areas for improvement, the members of the Board of Statutory Auditors drew attention the following observations (a) the increase in the number of in-person meetings; (b) the provision of a budget earmarked for advisory and/or operational support; (c) the management and follow up of requests made to corporate offices; (d) the advisability of an annual induction plan with pre-established sessions, including on macro-economic issues related to the reference market and competitors. Such a plan could include the use of external actors specialised in these areas.

The Board of Auditors also verified the correct application of the criteria and procedures adopted by the Board of Directors to assess the independence of its members, with particular regard to the requirements for independent directors.

11. COMMENTS ON COMPLIANCE WITH THE PRINCIPLES OF PROPER GOVERNANCE AND COMPLIANCE WITH THE LAW AND ARTICLES OF ASSOCIATION

The Board acquired knowledge of and supervised, to the extent of its competence, compliance with the principles of sound governance through interviews and meetings with the Company's management. In particular, it supervised the correct implementation of the provisions of the Corporate Governance Code, as referred to in greater detail in point 17 below.
The Board met periodically with the Chief Executive Officer, pursuant to Article 150, para. 1 of the CFA, obtaining adequate information on the activities carried out and the most significant economic, financial and capital transactions carried out by the Company and its subsidiaries.
As regards the decision-making processes of the Board of Directors, the Board monitored the compliance with the law and the Articles of Association of management decisions made by Directors, including by attending Board meetings, and verified that the related resolutions were supported by adequate information processes.

Based on the information made available to it, the Board of Auditors may reasonably assess that the transactions carried out by the Board of Directors comply with the law and the Articles of Association and are not manifestly imprudent, risky, contrary to resolutions passed by the Shareholders' Meeting or such as to compromise the integrity of the company's assets.
The Board of Auditors also acknowledged the Remuneration Report pursuant to Article 123-b of the CFA and pursuant to Article 84-d of the Issuers' Regulation, and monitored compliance with the provisions established by Legislative Decree 125/2024.

In the course of the supervisory activity carried out by the Board of Auditors as described above, and based on the information and data acquired, no facts emerged which infer non-compliance with the law and the deed of incorporation or such as to justify notification to the Supervisory Authorities or mention in this Report.

12. COMMENTS ON ORGANISATIONAL STRUCTURE

The Board acquired knowledge of and supervised, to the extent of its competence, the adequacy of the organisational structure by gathering information from the Company's directors and management.
The Board of Directors in office consists of nine members, five of whom meet the independence requirements provided for in the combined provisions of Articles 147-b, para. 4, and 148, para. 3 of the CFA, as well as the Code of Corporate Governance. All directors were appointed on 3 May 2023.
The Board of Directors has not established any internal executive committee, and is made up of the Chair and Independent Directors, and a Chief Executive Officer.
The Company has not appointed a Lead Independent Director, since the conditions laid down in Recommendation 13 of the Corporate Governance Code are not met.
The Company has set up within the Board of Directors an Appointments and Remuneration Committee and a Control, Risk and Sustainability Committee, both composed of three non-executive and independent directors.
The Board of Statutory Auditors monitored the main developments in the organisational structure of GVS, through meetings with the Corporate HR Director Officer, the Head of the Internal Audit & Risk management office, and the heads of the main corporate structures.
As part of its supervisory work, the Board of Statutory Auditors, as in previous financial years, has made numerous suggestions to the Company, including in light of the Group's expansion which renders it necessary, in particular, to promptly complete the formalisation of procedures, the ongoing reinforcement of the organisational structure, as well as the systematic implementation of the Internal Audit & Risk management function, as specified in detail further on in this Report.
On 24 March 2025, the Board of Directors, which is responsible for establishing the Company's organisational structure, in light of the positive assessment of the Control, Risk and Sustainability Committee, concluded that the organisational structure is adequate.

13. COMMENTS ON SUPERVISORY ACTIVITY ON THE ADEQUACY OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

The Report on Corporate Governance and Ownership Structure for the year 2024 describes the main characteristics of the Internal Control and Risk Management System (hereinafter the ICRMS), which represents all the rules, procedures and organisational structures for identifying, measuring, managing and monitoring the main risks faced by the Company. The guidelines of the Company's Internal Control and Risk Management System are defined by the Board of Directors, with the support of the

Control, Risk and Sustainability Committee. The Board of Directors, with the support of the Control, Risk and Sustainability Committee, also assesses, at least annually, the adequacy and proper functioning of the Internal Control and Risk Management System.
The ICRMS involves, each within their own sphere of competence, the Chief Executive Officer, identified by the Board as the “Director in charge of the Internal Control and Risk Management System”, the head of the *Internal Audit & Risk Management* Function, which is responsible for verifying that the internal control and risk management system is functional and adequate, the Supervisory Body, the Financial Reporting Officer, the Executive responsible for reporting on sustainability, the *General Counsel* and other company roles and functions with specific tasks in the area of internal control and risk management, and provides for methods of coordination between these parties, in order to maximise overall efficiency and reduce duplication of activities. The Company’s *Internal Audit & Risk management function* operates on the basis of an annual plan that defines which activities and processes are to be audited according to *risk-based approach*.

Also during the year under review, the Company continued the process, which began at the time of the listing, of strengthening the Internal Control and Risk Management System in order to align it progressively with national best practices.

On 28 January 2025, the Board of Directors, following consultation with the control body, appointed by resolution pursuant to Legislative Decree 125/2024, the Corporate Sustainability Director as the Sustainability Reporting Manager, in order to certify by means of a specific report that the Sustainability Report is produced in compliance with the relevant obligations. Since the current Articles of Association do not include the procedures for appointment and the professionalism requirements of the Sustainability Reporting Manager, the Shareholders' Meeting convened for 8 May 2025 will be called on to resolve on the relevant amendment to the Articles of Association, by supplementing the provision on the “Sustainability Reporting Manager”, in accordance with the provisions of Article 154-*bis*, paragraph 5-*ter*, of the TUF, introduced by Article 12 of Legislative Decree 125/2024.
The Group's commitment to sustainability issues has also resulted in the gradual reinforcement of its governance structure with the creation of *ad hoc* bodies such as the Interdepartmental Sustainability Committee, composed of the Chief Executive Officer and frontline Company personnel involved in managing sustainability issues surrounding the significant impacts, risks and opportunities for the Group (the Chief Financial Officer, Chief Operations Officer, Chief Marketing Officer, VP for Research and Development, Corporate HR Director and General Counsel). The main role of the Committee, which is coordinated by the Group's Corporate Sustainability Director, is to implement the strategic guidelines on sustainability issues, proposing, supervising and monitoring the performance of the main KPIs and the achievement of the strategic objectives defined by the Board of Directors in the 2024-2026 Sustainability Plan approved on 26 July 2024.
During 2024, the Internal Audit & Risk management Function, in accordance with the Audit Plan, undertook audits of the procedures and data collection processes of a sample of sustainability indicators identified in coordination with the ESG Corporate Function.
The Board supervised and conducted detailed analyses of the adequacy of the ICRMS, verifying its concrete functioning by:

a) obtaining information from the heads of the respective company departments, which is also intended to verify the existence, adequacy and actual implementation of the procedures;
b) participation in the work of the Control, Risk and Sustainability Committee and, where the topics addressed have so requested, their joint discussion with the said Committee, also

exchanging information on initiatives that it considered appropriate to promote or request in relation to the issues addressed;

c) a regular meeting with the Head of the Internal Audit & Risk Management Department to analyse the catalogue of risks, including those relating to sustainability issues, and the results of the specific verifications performed, with particular attention to those relating to foreign subsidiaries without a control body;
d) the regular exchange of information with the Independent Auditors;
e) the regular exchange of information with the Supervisory Body;
f) a regular meeting with the Chief Executive Officer in his capacity as Director Responsible for the ICRMS, with which the Board shared its views for improving the structure of the controls put in place by the Company;
g) regular meetings with the control bodies of parent companies and subsidiaries in order to exchange information pursuant to Article 151, paragraphs 1 and 2, of Legislative Decree 58/1998.

The Board of Statutory Auditors acknowledges that the set of information flows referred to above is essentially adequate and that the supervisory activities performed did not reveal any critical issues worthy of mention in this Report, even though the implementation and formalisation of internal processes undertaken by the Company since its listing is still evolving.

As part of its duties, the Board of Auditors in particular has monitored the adequacy of the Internal Control and Risk Management System: i) reviewing the positive annual assessment issued on 24 March 2025, following the favourable opinion of the Control, Risk and Sustainability Committee on 18 March 2025, by the Board of Directors on the adequacy of the ICRMS on the characteristics of the company and the risk profile it has adopted and its effectiveness; ii) the information made available by the heads of the various company functions; iii) the examination of company documents; iv) the analysis of Reports compiled on the conclusion of verification activities by the Internal Audit & Risk Management function, with the relevant findings and recommended actions; v) reviewing the Reports on the Internal Control and Risk Management System of Internal Audit containing regular updates on the progress of the work performed, the results of monitoring of the mitigation processes introduced, and a review of the annual update of the risk assessment preparatory to the drafting of the annual audit plan; vi) regular meetings with the Financial Reporting Officer and examination of the periodic Reports containing results of tests and checks on the system of controls on the process of preparing financial information; vii) analysis of the results of the work of the Independent Auditors, with particular regard to the content of the Management letter concerning the statutory audit of GVS S.p.A. and Haemotronic S.p.A. in the 2023 financial year and the Additional Report pursuant to Article 11 of Regulation (EU) No. 537/2014 with reference to the Financial Statements as of 31 December 2024, issued on 15 April 2025; viii) and examination of the periodic reports and the annual report on activities performed, compiled by the Control, Risk and Sustainability Committee; and, finally, ix) the information obtained as part of a continuous exchange of information established with the General Counsel, also in relation to the main litigation of the Company and the Group.

With regard to the Structure of the Internal Audit & Risk management department, the Board of Statutory Auditors acknowledges the appointment by the Board of Directors, on 26 March 2024, of a new department head (who took office on 20 May 2024) following the approval of the Control, Risk and Sustainability Committee announced at its meeting of 22 March 2024 and following consultation with the Board of Statutory Auditors, and the recruitment, as of 4 December 2024, of a new intern in addition to the senior Internal Audit & Risk Management officer who took office in September 2023.

The completion of the work scheduled in the 2024 Internal Audit Plan, approved by the Board of Directors on 21 February 2024 was ensured, as in previous years, by the assistance in operational matters provided by an external specialist company, which facilitated the completion of the planned range of activities. The audit procedure, as described in the Annual Report of the Internal Audit office for the 2024 financial year, did not reveal any significant critical issues in the application of controls that would impair the operability and suitability of the internal control and risk management system, but did reveal aspects for improvement, which will be carefully monitored in order to minimise risk exposure and ensure the complete adequacy of all process phases.
During the 2024 financial year, the Head of the Internal Audit & Risk management office regularly presented to the Board of Statutory Auditors, and also on the latter's specific request, the main findings that emerged in the course of its duties as well as, where there are areas for improvement, progress with the relevant remedial actions. The Head of Internal Audit & Risk Management department also reported regularly to the Board of Auditors on progress with the most significant weaknesses detected in the course of the department's work.
The Board of Statutory Auditors also met regularly with the Financial Reporting Officer to be apprised of the main findings that emerged during testing of administrative and accounting procedures within the scope of compliance pursuant to Law 262/05 and, where areas for improvement were detected, to monitor progress with the relevant remedial actions. Testing, which was delegated to the Internal Audit & Risk management department, did not reveal any significant criticalities in the application of administrative-accounting controls that would affect the reliability of accounting and financial reporting, but did reveal some areas for improvement.

The Board paid particular attention to remediation plans, often related to IT-related implementation, as set out in the general Action Plan, and urged the swift implementation of remedial actions, the monitoring of the seniority of findings, and the containment of any rescheduling.

By means of a dedicated report at half-year intervals, the Head of Internal Audit & Risk Management briefed the Board of Statutory Auditors and the Control, Risk and Sustainability Committee on the final results of the department's work and made comments and assessments on the adequacy of the internal control system for risk monitoring. The annual report on the work performed also contains information on reports received through the whistleblowing channel in the manner set out in the Group Policy. In all cases reported during 2024, the internal investigation concluded that no violations of procedures, laws or regulations governing the Group Whistleblowing Policy had occurred. Feedback was always provided to whistleblowers and, in some cases, measures for improvement were implemented.

The Board of Statutory Auditors also met with the Control, Risk and Sustainability Committee and the Head of Internal Audit & Risk Management in order to preliminarily share the results of the Risk Assessment and the main areas to be covered in 2025 in the Internal Audit Plan.

The Internal Audit Plan 2025 was approved by the Board of Directors at its meeting of 28 January 2025, after receiving the approval of the Control, Risk and Sustainability Committee and following consultation with the Board of Statutory Auditors. The Board of Statutory Auditors renewed its recommendation that the process of consolidating the department's personnel up to market benchmarks should continue, in order to more adequately meet the requirements of the expanded and more complex internal organisational structure and the auditing needs of the GVS Group, including as a result of recent acquisitions.

With regard to the Finance department, the Board of Statutory Auditors met regularly with the Group Chief Financial Officer and monitored, from a development perspective, the size of the department in relation to the growing importance and pervasiveness of the issues covered. During the year under review, the Board of Statutory Auditors also met regularly with the Head of Treasury, who plans and monitors the Group's financial assets and liquidity, and with the Group's Corporate Sustainability Director, who coordinates processes, initiatives and initiatives for the sustainable development of the Company and the GVS Group, as discussed in greater detail in section 14.1 of this Report.
With regard to the staffing of central offices, with particular reference to the administration, finance and management control departments, the Board of Auditors agrees with the recommendation made by the Control, Risk and Sustainability Committee that constant attention be paid to reinforcement and correct dimensioning and to the risk management area, with actions to be implemented in a structured manner.

The Board of Statutory Auditors monitored compliance with remuneration policies, attending all meetings of the Appointments and Remuneration Committee. The Board of Statutory Auditors endorses the recommendation of the Appointments and Remuneration Committee that the Company continue the process of formalising company human resource procedures and aligning its remuneration policy with market benchmarks.

The Board of Statutory Auditors has also interacted regularly with the Supervisory Board (SB), composition of which was supplemented on 28 January 2025 by the appointment by the Board of Directors, following the approval of the Control, Risk and Sustainability Committee, of a new member following an existing member’s resignation. At the meetings held with the Supervisory Board, the Board examined, on a six-monthly basis, the reports on work performed, from which no reprehensible facts and/or indicators of anomalies emerged in relation to the regulatory provisions of Legislative Decree No. 231/2001.
The Board of Statutory Auditors also met with the Legal Department for an update on: (i) the results of the risk assessment and gap analysis pursuant to Legislative Decree No. 231/2001, which is aimed at mapping areas at risk of offences and the relevant sensitive activities according to a process-based logic; (ii) the identification of offences envisaged by the said decree, which are associated with these areas and processes and the relevant existing control measures, together with (iii) the identification of any improvement actions designed to strengthen the internal control system, which were included in an Action Plan shared with the internal departments.

The Board of Statutory Auditors also reviewed the updates to the Special Parts of the Organisation, Management and Control Model pursuant to Legislative Decree No. 231/2001 (Organisational Model) with respect to: i) certain contraband offences cited among the predicate offences, approved by the Company's Board of Directors on 26 March 2024; ii) changes in the organisational and management structure and the reorganisation of the "process" document to bring it into line with the Risk Assessment completed in November 2024, approved by the Board of Directors on 28 January 2025.

The Board of Statutory Auditors, noting that the Company continued to adopt new Policies during the year under review, recommended continuing the process of formalising and standardising procedures and internal operating instruments.

In the light of all the above considerations, on the basis of the control and analysis work carried out, and considering, inter alia, the contents of the Annual Report on the Internal Control and Risk

Management System of the Internal Audit & Risk Management Department, the Annual Report of the Financial Reporting Officer, of the Annual Report on the work of the Control, Risk and Sustainability Committee, of the exchanges of information with the Independent Auditors and the Supervisory Board, without prejudice to the recommendations highlighted above, no significant aspects, situations or critical issues emerged that could lead the Board of Statutory Auditors to conclude that the Internal Control and Risk Management System is in any way inadequate as a whole. The Board of Auditors will continue to monitor the consolidation of the reference model adopted by the Company, with particular regard to aspects relating to the ICRMS.

14. COMMENTS ON THE ADMINISTRATIVE AND ACCOUNTING SYSTEM AND ITS RELIABILITY IN CORRECTLY REPRESENTING OPERATIONAL EVENTS

The Board of Auditors, also in its capacity as the Internal Control and Audit Committee, monitored the adequacy of the administrative and accounting system, as well as its reliability in correctly representing management events by obtaining information from the Financial Reporting Officer, examining company documentation, and exchanging information with the Control, Risk and Sustainability Committee and the head of the Internal Audit & Risk management Function.

At the regular meetings held with the Board of Statutory Auditors, the Independent Auditors did not report any irregularities in the administrative-accounting system, which was assessed on the basis of its ability to correctly represent company events and the timely updating of company accounts. In its management letter on the statutory audit for the financial year 2023, PwC pointed out that no significant deficiencies were detected, but that areas for improvement in the internal control system exist and will be subject to improvement initiatives on the part of management during 2024.

The Board of Auditors monitored the process and organisation envisaged for the preparation of the separate financial statements, consolidated financial statements and periodic financial reports, including by meeting regularly with the Financial Reporting Officer. It also monitored other communications of a financial nature, verifying the existence of adequate procedures, albeit in a phase of gradual evolution, to oversee the process of collecting, training and disseminating financial information.
During these periodic meetings, the Financial Reporting Officer did not report any significant shortcomings in operating and control processes that could invalidate the overall adequacy and effective application of administrative and accounting procedures, for the purposes of the correct economic, capital and financial representation of operating events in accordance with international accounting standards, and the correspondence of the financial statements with the results of accounting books and records (pursuant to the provisions of Law 262/2005).

This representation is confirmed by the contents of the "Report of the Financial Reporting Officer to the Board of Directors for the purpose of certifying the Consolidated Financial Statements of GVS S.p.A. as at 31 December 2024 pursuant to Article 154-bis of Legislative Decree No. 58 of 24 February 1998", submitted to the meeting of the Board of Directors of 24 March 2025. Based on the work that has been undertaken and in view of the results of testing and verification of the system of controls on the process of formation of financial information, the Financial Reporting Officer, by agreement with the Chief Executive Officer, deemed it appropriate to sign the certification of the Consolidated Financial Statements as at 31 December 2024.

The Board of Auditors therefore acknowledged the declarations issued, pursuant to Article 81-b of Consob Regulation No. 11971 of 14 May 1999, as subsequently amended and supplemented, and Article 154-a of the CFA, by the Chief Executive Officer and the Financial Reporting Officer, respectively for the Company's Financial Statements and for the Consolidated Financial Statements of the Group, regarding: a) the adequacy and effective application of the administrative and accounting procedures for the preparation of the Financial Statements and the Consolidated Financial Statements; b) the compliance of the content of the accounting documents with the IFRS/IAS international accounting standards endorsed by the European Community; c) the correspondence of the documents to the results of the accounting books and records and their suitability to correctly represent the capital, economic and financial situation of the Company and all the companies included in the consolidation; d) the fact that the Management Report includes a reliable analysis of the performance of the operating result, as well as the capital, economic and financial situation of the issuer and the companies included in the consolidation, together with a description of the main risks and uncertainties to which they are exposed.

In particular, in light of its investigations and discussions with the independent auditors, the Board of Auditors concludes: i) that the process of drafting the financial statements as a whole complies with applicable laws and regulations and is consistent with the resolutions adopted by the Board of Directors; ii) that the accounting principles have been correctly applied; iii) that the Directors' Report on Operations provides the necessary information on the activities and significant transactions of which the Board of Auditors was informed during the year, on the main risks and uncertainties of the Group, and on intra-group and related-party transactions.

Regarding the impairment test of goodwill, which as at 31 December 2024 amounted to 249,267,000, the Board of Statutory Auditors examined, together with the Financial Reporting Officer and with the Independent Auditors, the results of the valuation analyses carried out on the basis of the 2025 Budget approved by the Board of Directors on 26 February 2025, as well as forecast data for the period 2026-2028, produced by management and not submitted to the Board of Directors for approval, applying to the 2025 Budget, for the turnover data, inertial growth in line with sector inflation, excluding the flows deriving from the acquisition of the Haemonetics whole blood business. For the purposes of the verification, which did not result in any impairment, testing revealed, as in previous years, that a single Cash Generating Unit (CGU) consists of all the operating activities of the GVS Group as a whole, to which the entire goodwill recognised in the financial statements at 31 December 2024 was allocated.
Considering that the projected data for the period 2026-2028, estimated using the methods described above, already represents a worst-case scenario and considering the prudent approach used to determine the value in use, the Company has decided not to prepare a sensitivity analysis.
The outcome of the impairment test of goodwill, which did not reveal any impairment, were approved at the meeting of the Board of Directors on 24 March 2025.
In this regard, it should be noted, as already mentioned in another Section of this Report, that in its Report, to which the Board of Auditors refers, the Independent Auditors included among the Key Audit Matters of the Consolidated Financial Statements as at 31 December 2024 the recoverability of intangible assets of which the impairment test is the main test.

In specific sections of the Directors' Report on Operations and the Notes to the Financial Statements, the Company provided information on the GVS Group's direct exposure, which remains marginal, to the areas affected by the effects of the conflicts in Ukraine and the Middle East.

On 18 March 2025, the Control, Risk and Sustainability Committee concluded that accounting principles had been used correctly and were consistent for the purposes of drafting the consolidated financial statements.
As indicated in the preceding paragraphs, on 24 March 2025, as part of its assessment of the adequacy and effectiveness of the Internal Control and Risk Management System with respect to the characteristics of the company and the risk profile assumed, the Board of Directors positively evaluated the organisational, administrative and accounting structure with respect to the current size and type of business operated by GVS and its subsidiaries.

As the Board of Auditors does not have any legal control of the accounts pursuant to Legislative Decree 39/2010, since this is the responsibility of the Independent Auditors, based on information obtained from the latter, the Financial Reporting Officer and the results obtained, the Board does not have any comments to make regarding the adequacy of the administrative and accounting system and its reliability in correctly representing operational events.

14.1 OBSERVATIONS ON THE PROCESS OF DRAFTING CONSOLIDATED SUSTAINABILITY REPORTS

In exercising its function, the Board of Statutory Auditors monitored compliance with the provisions of Legislative Decree No. 125 of 2024 ON the implementation in Italy of the Corporate Sustainability Reporting Directive and also in light of Consob Resolution No. 23463 of 12 March 2025 concerning amendments to the Issuers' Regulation on corporate sustainability reporting.
It is noted that the Consolidated Sustainability Report, included in a specific section of the Directors' Report on Operations, was approved by the Board of Directors on 24 March 2025.
Pursuant to Article 4 of the said Decree, the Consolidated Sustainability Report presents information necessary for an understanding of the group's impact on sustainability issues, together with the information necessary to understand how sustainability issues affect the group's performance, results and situation.
The Board of Statutory Auditors, within the scope of the functions assigned to it, supervised the process of drafting the Consolidated Sustainability Report by requesting regular updates on the performance of preparatory work on the drafting of the document and reviewing the documentation made available by the Company.

The Board acknowledges that in 2024 the Company, with the support of the Interdepartmental Sustainability Committee established in 2023, produced the first multi-year Sustainability Plan at Group level. The document, which encompasses the Group's sustainability commitments and goals for the financial years 2024-2026 in the areas of human resources management, environmental protection, supply chain sustainability, business conduct, as well as the safety and sustainability of products and their packaging, was approved by the Board of Directors on 26 July 2024.
In addition, the Company has a special procedure that establishes the roles, responsibilities and methods for managing and controlling the process of preparing the Group Sustainability Report.

Therefore, the Board of Auditors:

- regularly met with the Corporate Sustainability Director in order to obtain, inter alia, information on: i) the Gap Analysis activities performed in order to comply with the CSRD and the European Reporting Standards - ESRS; ii) the analyses conducted on stakeholder engagement and dual materiality for the identification of impacts, risks and opportunities to be used as the basis for Sustainability Reporting; iii) to the process of drafting the

Consolidated Sustainability Report, recommending making the data collection process increasingly structured and verifiable, while increasing process audits on the collection and analysis of the most relevant ESG data and monitoring remediation plans; iv) activities related to the process of drafting the Multi-Year Sustainability Plan;

- noted favourably that the Group decided, in its 2025 Short-Term Variable Incentive Plan, to: (i) to maintain the focus on the issue of health and safety by introducing a new target of improving the workplace accident rate (for employees and temporary workers) for 2025, amounting to a 6% reduction compared to the average of the previous three years, recalculated considering the impact of the newly-acquired companies on the Group's accident rate based on available data; (ii) include among the individual objectives of the STI 2025 plan four Executives with Strategic Responsibilities, and specific future actions on gender equity and climate change a set out in the Sustainability Plan approved by the Company;
- met with the auditing firm PricewaterhouseCoopers S.p.A., to which the mandate was conferred pursuant to Articles 8 and 18, paragraph 1, of Legislative Decree No. 125/2024, in the form of a ‘limited assurance engagement’, to verify that the Consolidated Sustainability Report for the year ended 31 December 2024 has been drafted, in all material respects, in accordance with the ESRS principles and that the information in the section entitled "European Taxonomy of Environmentally Sustainable Activities" has been drafted, in all material respects, in accordance with Article 8 of Regulation (EU) No. 852/2020 (the "Taxonomy Regulation"). During this meeting, the audit team, the nature and scope of the audits, as well as the status of the planned activities to be carried out in accordance with the Sustainability Reporting Attestation Standard - SSAE (Italy), were presented;
- renewed the recommendation to management and the Board of Directors to continue the process of updating the risk management framework with a more detailed breakdown of the risks that may jeopardise the achievement of the ESG objectives set out in the Sustainability Plan.

The Board of Statutory Auditors constantly monitored the adjustment process put in place by the Company to supplement the internal control and risk management system with procedures to oversee the process of data collection and the formation and representation of the Sustainability Report. During the regular meetings, the Corporate Sustainability Director, appointed on 28 January 2025 as the Sustainability Reporting Manager, did not indicate any shortcomings in the operational and control processes that could affect the judgement that the company's sustainability reporting is correct.

On 24 March 2025, the Chief Executive Officer and the Sustainability Reporting Manager issued a declaration pursuant to Article 154-bis, paragraph 5-ter, of the CLA on sustainability reporting, certifying that the Group’s Sustainability Report for financial year 2024, included in the Directors’ Report on Operations, was drafted in accordance with the reporting standards applied pursuant to Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013, Legislative Decree 6 September 2024, No. with the specifications adopted pursuant to Article 8(4) of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020.

On 15 April 2025, the Independent Auditors issued their report on the limited review of the Consolidated Sustainability Report for the financial year ending 31 December 2024. The report points out that the comparative information contained therein has not been audited, and that the information provided on Scope 3 emissions is subject to more inherent limitations than Scope 1 and 2 emissions,

due to the limited availability and accuracy of information, both quantitative and qualitative, relating to the value chain.
On the basis of the information obtained, taking note of the conclusions contained in the aforementioned Auditor's report, which states that no evidence has been received to suggest that the Group's Consolidated Sustainability Report for the year ending 31 December 2024 has not been drafted, in all material respects, in accordance with the European Sustainability Reporting Standards adopted by the European Commission pursuant to Directive (EU) No. 2013/34 (ESRS) and that the information contained in the section entitled "European Taxonomy of Environmentally Sustainable Activities" has not been drafted, in all material respects, in accordance with Article 8 of Regulation (EU) No. 852/2020, the Board of Statutory Auditors, has no observations to make on any non-compliance and/or violation of the relevant regulatory provisions.

15. COMMENTS ON THE ADEQUACY OF THE INSTRUCTIONS GIVEN TO SUBSIDIARIES PURSUANT TO ARTICLE 114 OF LEGISLATIVE DECREE NO. 58/1998 – MANAGEMENT AND COORDINATION

The Board has acquired knowledge of and supervised, to the extent of its competence, the adequacy of the instructions given by the Company to subsidiaries pursuant to Article 114, para. 2 of Legislative Decree No. 58/1998, by obtaining information from the heads of the relevant company departments, from the Chief Executive Officer and meetings with the Independent Auditors, for the purposes of the reciprocal exchange of relevant data and information. In relation to the close functional and operational links, a continuous, constant and adequate flow of information is ensured. Based on the information brought to the attention of the Board, no elements have emerged which could lead to an assessment that the Company is not in a position to fulfil its obligations with regard to the relevant facts and to consolidate the data required by law, within the time-scales and according to the procedures required.

16. COMMENTS ON MEETINGS HELD WITH AUDITORS

The Board of Auditors held regular meetings with the representatives of the Independent Auditors PricewaterhouseCoopers SpA, carrying out on such occasions a fruitful exchange of information as required pursuant to Article 150, para. 3 of Legislative Decree No. 58/1998.
The Board of Statutory Auditors ascertained, on the basis of information obtained from the Independent Auditors, that the rules and regulations governing to the drafting and approach of the Financial Statements, the Consolidated Financial Statements, and the Directors' Report on Operations had been complied with. In particular the Board, together with the Independent Auditors PwC examined the summary results of the GVS Group at 31 December 2024, the planning of the audit procedures and the audit plan, the audit approach on the main balance sheet items, the risk factors identified, the specialists involved in the audit activities and the ongoing audit activities.
During these periodic meetings, no actions or facts deemed reprehensible and deserving of reporting pursuant to Article 155, para. 2 of Legislative Decree No. 58/1998. During these meetings, no anomalies, critical issues or omissions were detected by the Independent Auditors and brought to the attention of the Board of Auditors.

The Board examined, including with the Independent Auditors, the contents of the Supplementary Report pursuant to Article 11 of Regulation (EC) No 537/2014, which will be forwarded to the Board of Directors with any comments made by the Board itself. Since the examination of the Report in question, no aspects that need to be highlighted in this Report have emerged.

17. ADHERENCE OF THE COMPANY TO THE CORPORATE GOVERNANCE CODE OF THE GOVERNANCE COMMITTEE AND ASSESSMENT OF THE INDEPENDENCE OF THE MEMBERS OF THE ORGANISATIONAL STRUCTURE DESCRIBED IN PARAGRAPH 12

The Company has adhered to the Corporate Governance Code and undertakes to carry out the activities necessary to implement the related principles. The Board of Auditors supervised the procedures for the concrete implementation of the Corporate Governance Code, adopted by the Board of Directors, without identifying any critical issues.
Furthermore, it should be noted that the Company has reported in the Corporate Governance Report on the recommendations made by the Corporate Governance Committee in its letter issued dated 17 December 2024.

18. FINAL ASSESSMENTS OF THE ACTIVITIES PERFORMED

During the activities described, and based on the information periodically exchanged with the Independent Auditors, PricewaterhouseCoopers SpA, no omissions and/or reprehensible facts and/or irregularities were found, or in any case significant facts such as to require reporting to the Supervisory Authorities or mention in this Report.

19. INDICATION OF ANY PROPOSALS TO BE REPRESENTED AT THE SHAREHOLDERS' MEETING PURSUANT TO ARTICLE 153, PARA. 2 OF LEGISLATIVE DECREE NO. 58/1998

In view of the foregoing, the Board of Auditors assesses that there are no impediments to the approval of the financial statements as at 31 December 2024 as drafted by the Board of Directors, and has no comment to make with regard to the proposals for resolutions made by the Board of Directors as set out in the section entitled Proposed Approval of the Financial Statements and Allocation of the Result for the Year contained in the Directors' Report on Operations.

Rome/Milan/Bologna, 15 April 2025

p. The Board of Statutory Auditors
Chair, Professor Maria Federica Izzo

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Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014

To the shareholders of
GVS SpA

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of GVS SpA (hereinafter also the "Company"), which comprise the statement of financial position as of 31 December 2024, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements give a true and fair view of the financial position of GVS SpA as of 31 December 2024, and of the result of its operations and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/2005.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of this report. We are independent of GVS SpA pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

PricewaterhouseCoopers SpA

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Key Audit Matters	***Auditing procedures performed in response to key audit matters***
Revenue recognition	
Note 2.3 "*Accounting standards and assessment criteria*" and Note 7.1 "*Revenues from contracts with customers*" to the financial statements	
Revenues from contracts with customers in the financial statements of GVS SpA as of 31 December 2024 are equal to Euro 91,507 thousand, , mainly attributable to the sale of finished products. Those revenues are recognised, in accordance with IFRS 15 – *Revenue from contracts with customers*, when control of the products is transferred to the customer. The correct recognition of revenues was a key matter in our audit in consideration of the materiality of the item and the large number of transactions making up the total amount.	Our audit approach consisted, preliminarily, in understanding and evaluating the methods and procedures defined by the Company for the recognition and measurement of sales revenues. Moreover, we identified and validated the actual operation and effectiveness of controls over the revenue recognition process. Taking into account the understanding, evaluation and validation of internal controls mentioned above, we then planned and performed substantive tests on the item in question. In detail, on a representative sample of transactions we verified the existence and accuracy of revenues reported in the financial statements by examining the information in the supporting documents. We also performed external confirmation procedures on a sample of customers with the aim of obtaining evidence supporting the receivables recognised. Finally, we selected a sample of sales transactions in December 2024 and January 2025 and we verified, against supporting documents, their correct cut-off in accordance with the accrual basis of accounting.

Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/2005 and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Company's ability to continue as a going concern and, in preparing the financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised our professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- We obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- We concluded on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- We evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate the related risks, or safeguards applied..

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We described these matters in our auditor's report.

Additional Disclosures required by Article 10 of Regulation (EU) No. 537/2014

On 14 February 2020 the shareholders of GVS SpA in general meeting engaged us to perform the statutory audit of the Company's and the consolidated financial statements for the years ending 31 December 2020 to 31 December 2028.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) No. 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to those charged with governance, in their capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

Report on Compliance with other Laws and Regulations

Opinion on compliance with the provisions of Commission Delegated Regulation (EU) 2019/815

The directors of GVS SpA are responsible for the application of the provisions of Commission Delegated Regulation (EU) 2019/815 concerning regulatory technical standards on the specification of a single electronic reporting format (ESEF - European Single Electronic Format) (hereinafter, the "Commission Delegated Regulation") to the financial statements as of 31 December 2024, to be included in the annual report.

We have performed the procedures specified in auditing standard (SA Italia) No. 700B in order to express an opinion on the compliance of the financial statements with the provisions of the Commission Delegated Regulation.

In our opinion, the financial statements as of 31 December 2024 have been prepared in XHTML format in compliance with the provisions of the Commission Delegated Regulation.

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Opinions and statement in accordance with article 14, paragraph 2, letters e), e-bis) and e-ter) of Legislative Decree No. 39/2010 and with article 123-bis, paragraph 4, of Legislative Decree No. 58/1998

The directors of GVS SpA are responsible for preparing a report on operations and a report on the corporate governance and ownership structure of the Company as of 31 December 2024, including their consistency with the relevant financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to:

- express an opinion on the consistency of the report on operations, and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/1998, with the financial statements;
- express an opinion on the compliance with the law of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/1998;
- issue a statement on material misstatements, if any, in the report on operations and in the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/1998.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/1998 are consistent with the financial statements of GVS SpA as of 31 December 2024.

Moreover, in our opinion, the report on operations, excluding the section on the consolidated sustainability reporting, and the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/1998 are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e-ter), of Legislative Decree No. 39/2010, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Bologna, 15 April 2025

PricewaterhouseCoopers SpA

Signed by

Giuseppe Ermocida
(Partner)

This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

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