Annual Report

2024

AQUAFIL

Index

CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 2024

STATUTORY FINANCIAL STATEMENTS AT DECEMBER 31, 2024

Corporate Boards

Board of Directors at December 31, 2024

CHIARA MIO	Chairperson (*)
GIULIO BONAZZI	Chief Executive Officer
GIOVANNI STEFANO LORO	Director
FRANCO ROSSI	Director
SILVANA BONAZZI	Director
FRANCESCO BONAZZI	Director
ROBERTO SIAGRI	Director (*)
ILARIA MARIA DALLA RIVA	Director (*)
PATRIZIA RIVA	Director (*)

(*) Director declaring independence in accordance with Article 147-*ter*, paragraph 4 of the CFA and Article 3 of the Self-Governance Code.

Control and Risks Committee

PATRIZIA RIVA	Chairperson
ROBERTO SIAGRI	Member
CHIARA MIO	Member

Appointments and Remuneration Committee

ROBERTO SIAGRI	Chairperson
PATRIZIA RIVA	Member
ILARIA MARIA DALLA RIVA	Member

Supervisory Board

MICHELE PANSARELLA	Chairperson
KARIM TONELLI	Internal member
MANFREDI FERRARI LICCARDI MEDICI	External member

Board of Statutory Auditors

STEFANO POGGI LONGOSTREVI	Chairperson
BETTINA SOLIMANDO	Statutory Auditor
BEATRICE BOMPIERI	Statutory Auditor

Independent Audit Firm

PRICEWATERHOUSECOOPERS S.p.A. – Piazza Tre Torri 2, 20145 Milan

The Board of Directors will remain in office until the approval of the financial statements for the year 2025 and the Board of Statutory Auditors will remain in office until the approval of the financial statements for the year 2026. The independent audit firm was appointed for the 2017-2025 period.

For full details on the Corporate Boards, reference should be made to the Corporate Governance and Ownership Structure Report, drawn up in accordance with Article 123-*bis* of Legislative Decree 58/1998 and available on the Aquafil Group website.

Directors' Report on the Consolidated and Separate Financial Statements of Aquafil S.p.A. 2024

Dear Shareholders,

the separate financial statements, which we submit for your review and approval, in 2024 report “Total revenues” of Euro 530.5 million and a net profit of Euro 0.6 million, after current and deferred taxes for a net positive total of Euro 2.8 million.

The Board of Directors of the Parent Company Aquafil SpA, in accordance with the accounting rules, prepared also the Aquafil Group financial statements for 2024, which report “Total revenues” of Euro 542.1 million and a Group net loss of Euro 16.3 million.

Both financial statements were prepared in accordance with international accounting standards issued by the International Accounting Standards Board (IASB), endorsed by the European Union as required by Regulation No. 1606/2002 issued by the European Parliament and European Council and adopted with Legislative Decree No. 38/2005.

1. INTRODUCTION

The Parent Company Aquafil SpA availed of the option contained in Legislative Decree 32/2007 which permits companies which must prepare consolidated financial statements to present a single Directors’ Report for the separate and consolidated financial statements and therefore greater attention was focused in the Report, where appropriate, on the most significant matters concerning the companies included in the consolidation scope.

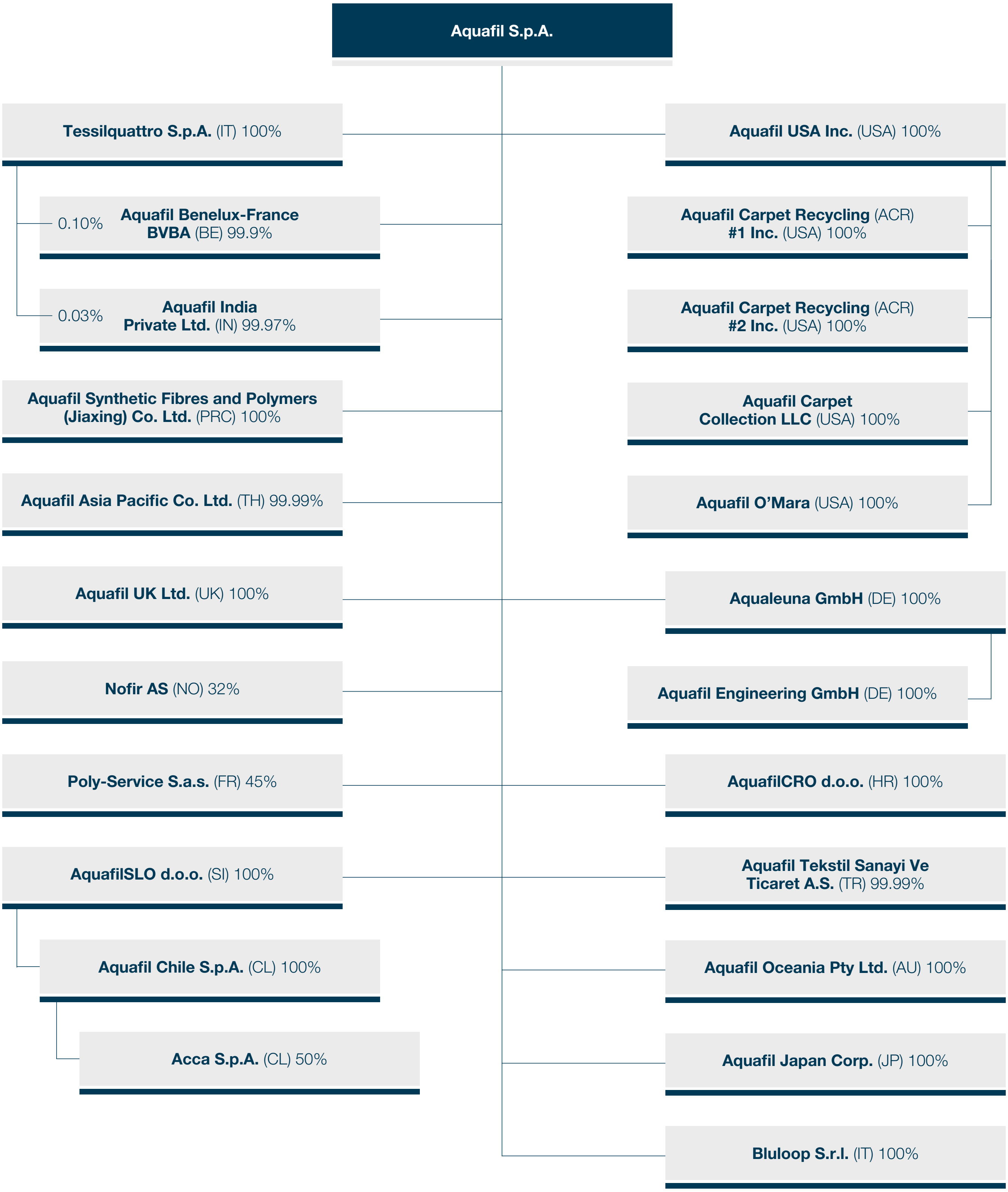
2. GENERAL INFORMATION OF THE PARENT COMPANY AQUAFIL S.P.A.

Registered Office: Via Linfano, 9 - Arco (TN) - 38062 - Italy
Telephone: +39 0464 581111- Fax: +39 0464 532267
Certified e-mail:pec.aquafil@aquafil.legalmail.it
E-mail: info@aquafil.com
Website: www.aquafil.com
Share capital (at the approval date of the financial statements at 31.12.2024):

- Approved: 90,522,417.36
- Subscribed: 53,354,161.28
- Paid in: 53,354,161.28

Tax and VAT number: IT 09652170961
Trento Economic & Administrative Registration No. 228169
There are no changes relating to the name of the entity preparing the financial statements or other means of identification with respect to the end of the previous year.
Company duration: 31/12/2100

3. CONSOLIDATION SCOPE



The Group is composed of the Parent Company Aquafil S.p.A. and 20 companies consolidated on a line-by-line basis as a result of direct or indirect control. In addition to these are the associated companies Nofir AS and Poly-Services S.a.s., as well as the joint venture Acca S.p.A., which are valued at equity.

Production is carried out at 21 plants located in Europe, the United States, Asia and Oceania.

4. OPERATING ENVIRONMENT

Implications of the conflicts in Ukraine and Palestine

The conflict between Russia and Ukraine beginning on February 24, 2022 is having significant repercussions in Europe in terms of economic instability, slowing growth and high levels of inflation, driven by the sudden unavailability of the products and services subject to embargo. The lack of a resolution therefore continues to generate significant uncertainty and impact the general economic environment, and particularly in Europe.

The Aquafil Group in 2022 ceased all commercial relations with parties located in the countries involved in the conflict. It continues not to have a dependence on particular products and/or suppliers/clients in these areas which may impact upon operations. No direct consequences were therefore felt from the stoppage of import/exports of the products and businesses subject to limitations.

The conflict between the State of Israel and Hamas, which began on October 7, 2023 - with potential knock-on effects on other middle eastern political dynamics - currently does not appear close to a short-term peaceful solution and contributes to the continued climate of uncertainty that pervades the international markets. The impact of the conflict for the Aquafil Group, given the limited significance of these regions as markets for its product lines, has therefore not affected the operating result for the year, nor the procurement of goods and services, which are usually not sourced from the areas impacted.

5. SIGNIFICANT EVENTS IN 2024

The Group's key events in the year included:

1. In 2024, the loans were settled on schedule and unsecured SACE-backed new medium/long-term loans were agreed for a total amount of Euro 29.5 million, as follows:
    a) Euro 10 million with Banca Popolare di Sondrio (SACE Supportitalia, Article 15 of Legislative Decree 17.05.2022 No.50);
    b) Euro 10 million with Cassa di Risparmio di Bolzano;
    c) Euro 5 million with Volksbank;
    d) Euro 4.5 million with Mediocredito Trentino-Alto Adige.

2. During the year, the following loans were settled by the Company using surplus liquidity on hand:
    (i) syndicate loan received from Verona e Vicenza and the ICCREA Group with a residual balance of Euro 2,626 thousand;
    (ii) Intesa Sanpaolo residual balance of Euro 2,571 thousand;
    (iii) BCC Verona e Vicenza residual balance of Euro 1,000 thousand;
    (iv) Deutsche Bank residual balance of Euro 312.5 thousand;
    (v) Mediocredito Trentino Alto Adige residual balance of Euro 1,759 thousand

3. On January 10, 2024, the shareholders of the French associated company Poly-Service S.a.s., in an extraordinary session, approved an increase in share capital in the amount of Euro 200 thousand, by issuing 200,000 new shares with a par value of Euro 1 each. The shares were subscribed in their entirety:
    (i) by the company Politecnici for up to 110,000 shares on payment of Euro 110 thousand on January 10, 2024;
    (ii) by Aquafil S.p.A. for up to 90,000 shares on payment of Euro 90 thousand on January 18, 2024.

4. The agreement signed by Aquafil S.p.A. and Kape GmbH, Linz (Austria), along with the investment fund eQventure GmbH, Graz (Austria), aimed at developing a joint venture for a new mixing and extrusion technology for polyamide 6 polymers to be used in skateboards and potentially in other products that undergo similarly high levels of stress, and which calls for investing in a potential capital increase to be subscribed jointly by Aquafil and eQventure for a maximum amount for Aquafil of Euro 500 thousand, may be executed in the future, dependent on the development of projects of technical collaboration on products.

5. Increase of Aquafil S.p.A.'s share capital. On August 29, 2024, the Board of Directors of Aquafil S.p.A. resolved to submit a proposal to shareholders for a divisible, paid-in increase in the Company's share capital, at one or more moments or in multiple tranches, for up to Euro 40 million, including any share premium, by issuing new ordinary and type-B shares with the same characteristics as the shares currently outstanding, to be offered as an option to all eligible parties in accordance with Article 2441(1) of the Italian civil code. This capital increase was proposed in order to raise sufficient funds to support and accelerate implementation of the strategic initiatives of the 2024-26 Strategic Plan and to provide the Group with additional financial resources that will make it possible to take advantage of potential opportunities for acquisitions and business combinations, while also strengthening the Group's financial structure.

   The majority shareholder, Aquafin Holding S.p.A., subscribed all of its portion of the increase, equal to 51.78% of the ordinary shares, calculated on the number of shares net of treasury shares, and 100% of the increase related to the type-B shares, for a total value of approximately Euro 24 million.

   On October 10, 2024, in ordinary and extraordinary sessions, the Company's shareholders approved the proposed divisible, paid-in increase in the Company's share capital, at one or more moments or in multiple tranches, for a total of Euro 40,000,000.00, including any share premium, by issuing new ordinary and type-B shares with the same characteristics as the categories of shares outstanding. They also authorised the Board of Directors, in accordance with Article 2443 of the Italian civil code, to increase share capital by December 31, 2025, by up to Euro 40 million, aimed at putting the Company in a position to expand its ownership base to new investors should there be opportunities for industrial synergies or partnerships aimed at supporting and accelerating implementation of the initiatives of the Strategic Plan.

   Article 5 of the By-Laws was amended accordingly to reflect that decided.

   On November 13, 2024, CONSOB approved the Prospectus referring to the offer and admission to trading on the regulated market Euronext Milan organised and managed by Borsa Italiana S.p.A., STAR Segment, of the newly issued ordinary shares and new class B shares.

   Based on the calendar of the rights offer to shareholders, option rights may be exercised from November 18, 2024, to December 5, 2024, and may be traded on the Euronext Milan market from November 18, 2024, to November 29, 2024.

   On November 14, 2024, the Company's Board of Directors set the financial conditions for the Option Capital Increase following publication of the prospectus. More specifically, the offer price of the new ordinary shares was set at Euro 1.10 per new ordinary share, of which Euro 0.10 as par value and Euro 1.00 as share premium. The subscription price incorporated a discount of 15.48% from the Theoretical Ex Right Price (TERP) of Aquafil ordinary shares, based on the closing stock market price as of November 14, 2024, equal to Euro 1.448. The offer price of the new class "B" shares was the same as that of the ordinary shares. The table below summarises the most relevant figures on the capital increase and the offer, calculated based on the offer price:

Keyfigures of the Capital Increase and of the Offer

Maximum number of new shares offered as options	36,320,240 new shares
	of which 30,272,232 New Ordinary Shares under the Offer
	of which 6,048,008 B Shares
Option ratio calculated on the basis of the Offer Price	8 Ordinary New Shares every 11 ordinary shares held
	8 newly issued B Shares every 11 B Shares held
Maximum total value of the Capital Increase on the basis of the Offer Price	Euro 39,952,264.00
	of which relating to the New Ordinary Shares under the Offer, Euro 33,299,455.20
	of which relating to B Shares, Euro 6,652,808.80
Total number of Issuer shares representing the share capital of the Issuer at the date of this notice	51,218,794 total shares
	of which 42,902,774 ordinary shares
	of which 8,316,020 B Shares
Total number of Issuer shares representing the share capital of the Issuer in the case of full subscription to the Share Capital Increase	87,539,034 total shares
	of which 73,175,006 ordinary shares
	of which 14,364,028 B Shares
Number of treasury shares	1,278,450 ordinary shares
Share Capital of the Issuer at the date of this notice	Euro 49,722,417.28
Share capital of the Issuer post Share Capital Increase in the case of its full subscription	53,354,441.28
Percentage of the total shares issued in the Capital Increase in the total shares issued by the Issuer post Share Capital Increase in the case of its full subscription	41.49%

On December 5, 2024, the offer period closed for Aquafil shareholders for up to 36,320,240 new shares, 30,272,232 of which ordinary shares and 6,048,008 type-B shares, related to the capital increase approved by the shareholders on October 10, 2024, at the terms and conditions set by the Board of Directors on November 14, 2024. During the rights offer period (November 18 – December 5, 2024), 48,392,861 option rights were exercised, thereby subscribing to 35,194,808 new shares, 29,146,800 of which new ordinary shares and 6,048,008 new type-B shares (the latter subscribed entirely by Aquafin Holding S.p.A.), equal to 96.90% of all new shares, of which 96.28% of the new ordinary shares and 100% of the new type-B shares, for a total value of Euro 38,714,288.80.

The controlling shareholder, Aquafin Holding S.p.A., subscribed for 15,676,144 new ordinary shares and 6,048,008 new type-B shares (equal to approximately 51.78% of the new ordinary shares and 100% of the new type-B shares), for a total value of approximately Euro 24 million. For the remaining 1,547,469 option rights not exercised during the option period, which give the right to subscribe for up to 1,125,432 new ordinary shares, equal to 3.10% of all new shares and about 3.72% of the new ordinary shares, for a total value of Euro 1,237,975.20, Aquafil opened the offer on the stock market, by way of Intermonte SIM S.p.A., on the trading days of December 9, 2024, and December 10, 2024, which resulted in the sale of all the remaining options.

On December 13, 2024, in accordance with Article 85-bis of the Issuers' Regulations adopted by CONSOB by way of resolution no. 11971/1999, the Company disclosed the new makeup of subscribed and paid-in share capital, which was subscribed for 30,269,432 new ordinary shares and 6,048,008 new class "B" shares for a total value of Euro 39,949,184, of which Euro 3,631,744 recognised to share capital and Euro 36,317,440 to the share premium reserve. The new balance of share capital is now Euro 53,354,161.28 and is composed of 73,172,206 ordinary shares and 14,364,028 type-B shares, both classes of which are without a specified par value. The current composition of the company share capital (compared to the previous) is presented below.

	Current share capital			Previous share capital			Change		
	Euro	No. of Shares	No. of voting rights	Euro	No. of Shares	No. of voting rights	Euro	No. of Shares	No. of voting rights
Total, of which:	**53,354,161.28**	**87,536,234**	**116,264,290**	**49,722,417.28**	**51,218,794**	**67,850,834**	**3,631,744.00**	**36,317,440**	**48,413,456**
Ordinary shares (regular entitlement, coupon number 6) ISIN IT0005241192	44,599,150.57	73,172,206	73,172,206	41,649,353.00	42,902,774	42,902,774	2,949,797.57	30,269,432	30,269,432
Class B shares (unlisted, coupon number 5) ISIN IT0005285330	8,755,010.71	14,364,028	43,092,084	8,073,064.28	8,316,020	24,948,060	681,946.43	6,048,008	18,144,024
Class C shares (unlisted, without ordinary dividend right) ISIN IT0005241747									

6. AQUAFIL ON THE STOCK MARKET

At December 30, 2024, the Aquafil share price (ISIN IT0005241192) was Euro 1.43, down approx. 58% on December 29, 2023 (Euro 3.44), against a decrease in the FTSE Italia STAR segment of the Italian Stock Exchange of approx. 5%.

In the 2024 fiscal year, Aquafil's share price trended downward, recording a low of Euro 1.16 (on November 25, 2024) and a high of Euro 3.68 (on May 13, 2024).

The average volume traded during the year was 111,064 shares, with a maximum daily volume of 1,253,826 shares (traded on December 9, 2024) and a minimum daily volume of 3,742 shares (traded on August 9, 2024).

The performance of the share price and volumes traded was also influenced by the transaction to increase the share capital by issuing 30,269,432 new ordinary shares.

7. AQUAFIL GROUP AND PARENT COMPANY FINANCIAL HIGHLIGHTS

7.1 Definition of alternative performance indicators

Gross operating profit (EBITDA)

This is an alternative performance indicator not defined under IFRS but used by company management to monitor and assess the operating performance as not impacted by the effects of differing criteria in determining taxable income, the amount and types of capital employed, in addition to the amortisation and depreciation policies. This indicator is defined by the Aquafil Group as the net result for the year adjusted by the following components:

- *income taxes,*
- *investment income and charges,*
- *amortisation, depreciation and write-downs of tangible and intangible assets,*
- *provisions and write-downs,*
- *financial income and charges,*
- *non-recurring items.*

Adjusted EBIT

Calculated as EBITDA, to which the accounts "amortisation, depreciation and write-downs" and "provisions and write-downs" are added. Adjusted EBIT differs from EBIT in terms of the non-recurring components and other charges, as specified in the notes to the "Parent Company Key Financial Highlights" table.

Net Financial Position (NFP)

On April 29, 2021, Consob issued "Call to attention No. 5/21" in which it highlighted that the new "ESMA Guidelines" of March 4, 2021 replaced on May 5, 2021 those of preceding Consob communications. In particular, guideline No. 39 requires that financial statement disclosure includes the following definition of net financial debt:

A. Liquidity
B. Other liquidity
C. Other current financial assets
D. Liquidity (A + B + C)
E. Current financial debt (including debt instruments but excluding the current portion of non-current financial debt)
F. Current portion of non-current financial debt
G. Current financial debt (E + F)
H. Net current financial debt (G – D)
I. Non-current financial debt (excluding current portion and debt instruments)
J. Debt instruments
K. Trade payables and other non-current payables
L. Non-current financial debt (I + J + K)
M. Total financial debt (H + L)

7.2 Key Group Financial Highlights

(in Euro thousands)	2024	2023
Profit/(loss) for the year	(16,313)	(25,849)
Income taxes	(1,291)	(143)
Investment income and charges	(184)	(90)
Amortisation, depreciation and write-downs	54,100	49,635
Provisions and write downs/(Releases)	(91)	(1,002)
Financial items (*)	24,036	20,002
Non-recurring items (**)	2,097	4,946
EBITDA	**62,353**	**47,500**
Revenues	**542,135**	**571,806**
EBITDA margin	**11.5%**	**8.3%**

(in Euro thousands)	2024	2023
EBITDA	**62,353**	**47,500**
Amortisation, depreciation and write-downs	(54,100)	(49,635)
Provisions and write-downs	91	1,002
Adjusted EBIT	**8,344**	**(1,133)**
Revenues	**542,135**	**571,806**
Adjusted EBIT margin	**1.5%**	**(0.2%)**

(*) Comprise: (i) financial income for Euro 1.4 million, (ii) interest expense on loans and other bank charges for Euro 21 million, (iii) customer cash discounts for Euro 2.9 million and (iv) exchange losses for Euro 1.5 million.

(**) Comprises: (i) non-recurring costs related to the expansion of the Aquafil Group for Euro 0.2 million, (ii) restructuring charges of Euro 1.6 million, (iii) other non-recurring income and charges of Euro 0.3 million. Reference should be made to paragraph 8.14 of the Notes to the consolidated financial statements.

For an analysis of the highlights indicated above, reference should be made to the paragraph “Group operating performance” below.

7.3 Key Group balance sheet and financial indicators

(in Euro thousands)	At December 31, 2024	At December 31, 2023 (*)
Consolidated Shareholders’ Equity	158,353	125,253
Net Financial Position (NFP)	213,542	242,771
NFP/EBITDA	3.42	5.11

(*) Please refer to section 2.4 of the Notes to the Financial Statements - Accounting principles and policies, subsection “Exceptions to the application of international accounting standards”.

The comments on the movements in the Net Financial Position are reported in the “Group balance sheet and financial position” paragraph.

7.4 Parent Company Aquafil S.p.A. Key Financial Highlights

(in Euro thousands)	At December 31, 2024	At December 31, 2023
Profit/(loss) for the year	626	(5,641)
Income taxes	(2,762)	(6,701)
Investment income and charges	(15,937)	(16,487)
Amortisation, depreciation and write-downs	9,874	10,466
Provisions and write-downs	42	(773)
Financial items (*)	23,646	19,579
Non-recurring items (**)	979	2,142
EBITDA	**16,466**	**2,585**
Revenues	**530,514**	**518,444**
EBITDA margin	**3.1%**	**0.5%**

(in Euro thousands)	At December 31, 2024	At December 31, 2023
EBITDA	**16,466**	**2,585**
Amortisation, depreciation and write-downs	(9,874)	(10,466)
Provisions and write-downs	(42)	773
Adjusted EBIT	**6,551**	**(7,109)**
Revenues	**530,514**	**518,444**
Adjusted EBIT margin	**1.2%**	**(1.4)%**

(*) Comprises: (i) financial income for Euro 2.1 million, (ii) interest expense on loans and other bank charges for Euro 20.9 million, (iii) customer cash discounts for Euro 2.5 million and (iv) net exchange losses for Euro 2.3 million.

(**) Comprises: (i) non-recurring charges related to the expansion of the Aquafil Group for Euro 0.2 million, (ii) mobility and incentive charges of Euro 0.6 million, (iii) legal consultancy and extraordinary administration costs and other non-recurring charges of Euro 0.2 million. For further details, see paragraph 9 of the Notes to the Separate Financial Statements.

The income statement figures of the Parent Company report revenues and acquisition costs which differ from the consolidated financial statements as including inter-company purchase and sales activities undertaken by Aquafil S.p.A. with the investees, which however in the consolidation process are eliminated. Therefore, the margins on revenues are not representative of the company's actual profitability. Operating income and the net result also do not incorporate the positive income statement results of the subsidiaries, in view of the investments' valuation method adopted. For all other detailed information, see the section "Group operating performance" below and the Notes to the separate financial statements of the Parent Company.

7.5 Key balance sheet and financial indicators of the Parent Company Aquafil S.p.A.

(in Euro thousands)	At December 31, 2024	At December 31, 2023
Shareholders' Equity	141,398	102,432
Net Financial Position (NFP)	263,732	316,934

The net financial position of the Parent Company Aquafil S.p.A. does not reflect the real debt of the company as not taking account of liquidity available in the bank accounts of the subsidiaries at year-end (Euro 49 million). Funding from the financial system in fact was undertaken largely by the parent company, which plays a financial support role for all of the subsidiaries. The only funding line undertaken by subsidiaries is the loan taken out in July 2020 by Tessilquattro S.p.A. for a total of Euro 5 million.

For all other detailed information, reference should be made to the separate financial statements of the company.

8. GROUP OPERATING PERFORMANCE

The 2024 Income Statement compared with the previous year is reported below:

Consolidated income statement (in Euro thousands)	Note	2024	*of which non-recurring*	2023	*of which non-recurring*
Revenues	8.1	542,135		571,806	*209*
of which related parties		*9*		*283*	
Other revenue and income	8.2	8,908	*42*	8,902	*676*
of which related parties		*325*			
Total revenues and other revenues and income		**551,043**	***42***	**580,708**	***885***
Cost of raw materials and changes to inventories	8.3	(250,433)		(291,620)	*(269)*
of which related parties					
Service costs and rents, leases and similar costs	8.4	(122,784)	*(253)*	(126,907)	*(2,065)*
of which related parties		*(650)*		*(524)*	
Labour costs	8.5	(121,641)	*(1,641)*	(125,034)	*(3,004)*
Other costs and operating charges	8.6	(3,290)	*(244)*	(3,644)	*(493)*
of which related parties		*(70)*		*(70)*	
Amortisation, depreciation and write-downs	8.7	(54,100)		(49,635)	
(Provisions and write downs)/Releases	8.8	91		1,002	
Increase in internal work capitalised	8.9	4,435		6,271	
Operating Profit		**3,321**	***(2,096)***	**(8,859)**	***(4,946)***
Investment income/Charges		184		90	
of which related parties		*184*		*90*	
Financial income	8.10	1,370		1,022	
Financial charges	8.11	(21,007)		(19,042)	
of which related parties		*(116)*		*(146)*	
Exchange gains/(losses)	8.12	(1,472)		796	
Profit/(loss) before taxes		**(17,604)**	***(2,096)***	**(25,993)**	***(4,946)***
Income taxes	8.13	1,291		143	
Net Profit/(loss)		**(16,313)**	***(2,096)***	**(25,850)**	***(4,946)***
Minority interest profit/(loss)					
Group Net Result		**(16,313)**	***(2,096)***	**(25,850)**	***(4,946)***
Basic earnings per share	8.15	*(0.30)*		*(0.51)*	
Diluted earnings per share	8.15	*(0.30)*		*(0.51)*	

Revenues

2024 Consolidated revenues decreased on the previous year by Euro 29.7 million (5.2%), from Euro 571.8 million to Euro 542.1 million.

This decrease can be attributed to an altered sales mix (less fibre although more polymers), as well as a decrease in sales price for all product lines that was not offset by an increase in quantities sold.

Other Revenue and Income

Other revenues and income amounted to Euro 8.9 million, substantially in line with 2023 (Euro 8.9 million).

Raw material costs

Raw materials, ancillaries and consumables amount to Euro 250.4 million, decreasing Euro 41.2 million on the previous year (14.1%).

The decrease in the percentage of raw material costs on sales is mainly attributable to the lower unit consumption value of raw materials, partly related to a different production mix.

Service costs and rent, lease and similar costs

Service costs and rent, lease and similar costs amounted to Euro 122.8 million, decreasing Euro 4.1 million on 2023 (Euro 126.9 million).

The decrease is mainly attributable to the cost of utilities, which, as detailed in the notes to the financial statements, have been greatly reduced compared to 2023.

Labour costs

Labour costs totalled Euro 121.6 million, decreasing Euro 3.4 million on 2023 (Euro 125.0 million). Labour costs, net of non-recurring components, account for 22.2% of revenues, compared to 21.3% in 2023. The average workforce for the Group decreased by 261 employees, from an average of 2,789 in 2023 to 2,528 in 2024.

Reference should also be made to paragraph 8.5 of the Explanatory Notes.

Other costs and operating charges

Other costs and operating charges amounted to Euro 3.3 million compared to Euro 3.6 million in 2023, decreasing by Euro 0.4 million. The percentage of these costs and charges on total revenues remained substantially in line with the previous year (0.6%).

Increases for internal work

Increases for internal work amounted to Euro 4.4 million, compared to Euro 6.3 million in 2023. For further details, reference should be made to paragraph 8.9 of the Explanatory Notes.

EBITDA

EBITDA was Euro 62.4 million, increasing Euro 14.9 million (31.3%) on 2023 (Euro 47.5 million).

The EBITDA Margin in 2024 was 11.5%, compared to 8.3% in 2023.

This increase is mainly due to the effects of the above-outlined items.

Amortisation, depreciation and write-downs

Amortisation, depreciation and write-downs of Euro 54.1 million increased by Euro 4.5 million on 2023 (Euro 49.6 million). The increase is mainly due to assets in progress that entered into operation during 2024. This figure relates to the straight-line amortisation and depreciation of fixed assets.

Provisions and write downs/Releases

"Provisions and write-downs/Releases" present a positive balance of Euro 0.1 million, compared to Euro 1.0 million at December 31, 2023. The movement is due to an updated analysis of the collectability of trade receivables outstanding at the balance sheet date, as well as the adjustment of the Group's provisions for risks and supplementary customer indemnity.

EBIT

The 2023 EBIT was a loss of Euro 8.9 million, compared to a profit of Euro 3.3 million in 2024 (increasing Euro 12.2 million). This increase is mainly due to the higher EBITDA and the decrease in non-recurring charges.

Financial Management Result

Net financial charges of Euro 20.9 million were reported in 2024, compared to net charges of Euro 17.1 million in 2023.

The net decrease is mainly due to the increase in interest expense on bank loans and financing, to recognition of the negative fair value of (IRS) derivatives, and to the change in exchange gains/losses, which went from a gain of Euro 0.8 million in 2023 to a loss of Euro 1.5 million at December 31, 2024. For further details reference should be made to paragraphs 8.10 and 8.11 of the Explanatory Notes.

Income taxes

Income taxes reported income of Euro 1.3 million, compared to income of Euro 0.1 million in 2023. For further details reference should be made to paragraph 8.13 of the Explanatory Notes.

Consolidated Result

The Group net loss was Euro 16.3 million, compared to a loss of Euro 25.8 million in 2023.

9. BREAKDOWN OF REVENUES BY REGION AND PRODUCT LINE

The breakdown of revenues by region and product line is presented in the following table (Euro millions) and also in percentage terms, alongside an analysis of the movements against the previous year:

	BCF (fibre for carpet)				NTF (fibre for fabrics)				Polymers				Total			
	YTD 2024	YTD 2023	Change	Change %	YTD 2024	YTD 2023	Change	Change %	YTD 2024	YTD 2023	Change	Change %	YTD 2024	YTD 2023	Change	Change %
EMEA	181.3	184.6	(3.4)	(1.8%)	57.5	71.4	(13.8)	(19.4%)	49.7	39.2	10.5	26.7%	288.4	295.2	(6.7)	(2.3%)
North America	125.3	148.1	(22.9)	(15.4%)	24.3	29.7	(5.4)	(18.1%)	7.8	4.9	3.0	61.0%	157.4	182.7	(25.2)	(13.8%)
Asia and Oceania	88.3	87.0	1.3	1.5%	3.1	4.2	(1.1)	(26.3%)	2.2	0.8	1.4	184.6%	93.6	92.0	1.6	1.7%
RoW	0.7	0.8	(0.1)	(15.8%)	2.0	1.2	0.8	73.3%				(100.0%)	2.7	2.0	0.7	36.3%
Total	**395.5**	**420.6**	**(25.0)**	**(6.0%)**	**86.9**	**106.4**	**(19.5)**	**(18.3%)**	**59.7**	**44.8**	**14.8**	**33.1%**	**542.1**	**571.8**	**(29.7)**	**(5.2%)**

The comparison indicates the following:

1. revenues in **EMEA** amounted to Euro 288.4 million, decreasing 2.3% (by Euro 6.7 million) in 2024 compared to the previous year, mainly due to an altered sales mix, as well as lower prices for all product lines. Despite the decrease in revenues during the current fiscal year, quantities sold rose by approx. 13.9% compared to FY 2023. Specifically, the BCF product line saw a 1.8% decrease, entirely due to lower selling prices. The NTF product line contracted 19.4% due to the combined effect of lower selling prices and lower quantities sold. Finally, the polymers product line was up 26.7%, or Euro 10.5 million, entirely due to the increase in quantities sold;
2. **North America** revenues totalled Euro 157.4 million, compared to Euro 182.7 million in the previous year, decreasing Euro 25.2 million (13.8%), with a decrease of 5.2% in quantities sold. For the BCF product line revenues decreased Euro 22.9 million compared to the previous year (15.4%), mainly due to lower volumes and sales prices. The NTF line saw a reduction of Euro 5.4 million (18.1%), mainly due to the decrease in quantities sold in 2024 (13.6%);
3. **Asia and Oceania revenues** amounted to Euro 93.6 million, compared to Euro 92.0 million in the same period of the previous year, an increase of Euro 1.6 million (+1.7%). In the present year, quantities sold rose 5.8% compared to the previous year. For the BCF product line, revenues increased Euro 1.3 million compared to the previous year, mainly due to the higher volumes (5.8%).

Finally, ECONYL® brand revenues accounted for 54.8% of fibre revenues in FY 2024 compared to 49.6% in the previous year.

10. GROUP BALANCE SHEET AND FINANCIAL SITUATION

The following table reclassifies the consolidated equity and financial position of the Group at December 31, 2024, and December 31, 2023.

Group balance sheet and financial situation (in Euro thousands)	**At December 31, 2024**	**At December 31, 2023 (*)**	**Change**
Trade receivables	20,370	26,206	(5,836)
Inventories	197,535	189,493	8,042
Trade payables	(109,178)	(116,006)	6,829
Tax receivables	1,529	1,619	(91)
Other current assets	8,033	14,644	(6,611)
Other current liabilities	(19,644)	(20,846)	1,204
Net working capital	**98,645**	**95,110**	**3,536**
Property, plant and equipment	233,900	245,838	(11,938)
Intangible assets	15,168	19,080	(3,912)
Goodwill	16,064	15,103	961
Financial assets	2,082	1,558	524
Net fixed assets	**267,214**	**281,579**	**(14,365)**
Employee benefits	(4,627)	(5,104)	477
Other net assets/(liabilities)	10,517	(3,561)	14,078
Net Capital Employed	**371,750**	**368,024**	**3,727**
Cash and banks	130,366	157,662	(27,296)
ST bank payables and loans	(75,706)	(77,841)	2,135
M-LT bank payables and loans	(177,651)	(225,658)	48,007
M-LT bond loan	(44,481)	(57,391)	12,910
ST bond loan	(13,301)	(13,258)	(43)
Current loans	980	5,703	(4,722)
Other financial payables	(33,603)	(31,987)	(1,616)
Net Financial Position	**(213,396)**	**(242,770)**	**29,375**
Group shareholders' equity	(158,353)	(125,253)	(33,100)
Minority interest shareholders' equity	(1)	(1)	
Total Equity	**(158,353)**	**(125,253)**	**(33,100)**

(*) Please refer to section 2.4 of the Notes to the Financial Statements - Accounting principles and policies, subsection *"Exceptions to the application of international accounting standards"*.

In the consolidation process, the balance sheet items expressed in foreign currencies were impacted by the write-back/write-down of opening balance sheet items in 2024 (currency translation effects) principally between the Euro the US and Chinese currencies: the changes in the balance sheet items compared to the previous year arose partly due to this factor.

Net working capital amounts to Euro 98.6 million, increasing Euro 3.5 million on Euro 95.1 million at December 31, 2023.

The increase is mainly due to the increase in the value of inventories for Euro 8.0 million as a result of the increase in the unit prices of stock, as well as the decrease in trade payables for Euro 6.8 million, due to the change in payment terms of a number of the main suppliers. These movements were partially offset by the decrease in trade receivables for Euro 5.8 million. There was also a decrease in other current assets due to the change in attributing the fiscal losses resulting from tax consolidation in the event of the suspension or non-renewal of tax consolidation in accordance with Article 124. This change in method has resulted in allocating the losses to Aquafil S.p.A. with a consequent change in the nature of the receivable, which changes from receivables from parent companies to deferred tax assets.

Fixed assets at December 31, 2024 amounted to Euro 267.2 million, decreasing Euro 14.4 million on December 31, 2023 (Euro 281.6 million), due to the combined effect of:

1. net investment activities in tangible and intangible assets of Euro 33.1 million, including Euro 9.0 million regarding the increase in the year concerning the movement in goods recognised as per IFRS 16;
2. positive conversion differences and other minor items for Euro 6 million;
3. amortisation and depreciation in the year of Euro 54.1 million.

Investments in tangible assets are outlined in the Explanatory Notes and mainly concerned (a) the industrial and energy efficiency improvements at the Group's facilities, (b) the industrial efficiency and energy improvement regarding the production of ECONYL® caprolactam and of its raw materials, in addition to the development of circularity-focused technologies, (c) the expansion of existing production capacity, (d) the improvement and technological upgrading of existing plants and equipment, and (e) the right-of-use as per IFRS 16.

The increase in intangible assets is mainly due to (a) development costs of textile fibre samples that meet the criteria set by IAS 38, (b) costs incurred in implementing and improving the Aquafil Group's digitisation activities.

Shareholders' Equity increased by Euro 33.1 million, from Euro 125.3 million to Euro 158.4 million, due to the transaction to increase the share capital of the parent company Aquafil S.p.A., for Euro 38.3 million, as detailed at point 5 of the "Significant Events in 2024" section, the positive exchange rate difference from the translation of financial statements in currencies other than the Euro for Euro 11.2 million, and the loss for the year for Euro 16.3 million.

The **Net Financial Position** (net debt), as calculated above, at December 31, 2024, amounted to Euro 213.4 million, compared to Euro 242.8 million in the previous year, including the restatement of Euro 5.8 million as explained in greater detail at Note 2.4 – Accounting principles and policies, in the section "Exceptions to the application of international accounting standards", an improvement of Euro 29.4 million. The main determinant factors are presented in detail in the consolidated cash flow statement, which shows: i) the cash generated mainly from the transaction related to the increase in share capital by the parent company for Euro 38.3 million, as described in detail at point 5 of the section "Significant events in 2024"; ii) the cash absorbed by working capital for Euro 5.8 million; iii) the change in other assets and liabilities for a negative Euro 4.4 million; iv) the cash absorbed by net investments for Euro 24.0 million; and v) the payment of net financial expenses for Euro 18.5 million, the payment of taxes equal to Euro 5.2 million, and the change related to application of IFRS 16 for Euro 10.1 million.

Group company current account liquidity, diversified by region and institution, decreased from Euro 157.7 million at December 31, 2023 to Euro 130.4 million at December 31, 2024.

During the year, new loans totalling Euro 29.5 million were agreed and mortgages and/or loans totalling Euro 90.8 million were repaid. The bank debt situation is detailed in the Notes to the Financial Statements.

The short-term credit lines granted to the Group companies were available for a total amount at period-end of Euro 66.4 million, and all the relative lines remain substantially unused.

11. INTERCOMPANY TRANSACTIONS AND TRANSACTIONS WITH RELATED COMPANIES

11.1 Inter-company transactions

Aquafil Group operations directly involve — both in terms of production and distribution — the Group companies, which are assigned, interconnected and depending on the case, the processing, special processing, production and sales phases for specific regions.

The main activities of the various group companies and principal events in 2024, broken down by each of the three product lines, were as follows.

BCF (Bulk Continuous Filament for textile floor covering) Line

The core business of the Aquafil Group is the production, re-processing and sale of yarn, mainly polyamide 6-based yarn, partly petroleum based and partly from regenerated ECONYL®, for the higher-quality end-markets. The Group also produces and markets polyester fibres for certain textile flooring applications.

The Group companies involved in the production and sales processes for this product line are the Parent Company Aquafil S.p.A., with production site in Arco (Italy), Tessilquattro S.p.A., with production based in Cares (Italy) and in Rovereto (Italy), Aquafil SLO d.o.o., with facilities in Ljubljana, Store and Ajdovscina (Slovenia), Aquafil USA Inc. with two facilities in Aquafil Drive and Fiber Drive in Cartersville (USA), Aquafil Synthetic Fibres and Polymers Co. Ltd. with facilities in Jiaxing (China), Aquafil Asia Pacific Co. Ltd. with facilities in Rayong (Thailand), Aquafil UK, Ltd., based in Kilbirnie (Scotland), which carries out commercial activities for the UK market, the commercial company Aquafil Benelux-France BVBA based in Harelbeke (Belgium) and the commercial company Aquafil Oceania Pty Ltd., Melbour-ne (AUS).

Group commercial operations for this product line are undertaken with industrial clients, which in turn produce for the intermediate/end-consumer markets, whose sectors are principally (a) the "contract" markets (hotels, offices and large public environments), (b) car floors and (c) residential textile flooring. Ongoing product and process technology innovation involves frequent updates to the yarns comprising the customer's collection; the research and development is carried out by the internal development centre in collaboration with developers within client companies and architectural studies and designers upon the final users of carpets.

NTF Line (Nylon Textile Filament - Fibres for textile/clothing use)
The NTF product line produces and reprocesses polyamide 6 and 66 fibres, Dryarn® polypropylene microfibers for men's and women's hosiery, knitwear and non-run fabrics for underwear, sportswear and special technical applications. The markets concern producers in the clothing, underwear and sportswear sectors, on which the main clothing brands operate.

The production/sale of fibres for textile/clothing use is undertaken by the companies Aquafil SpA (Arco), Aquafil SLO d.o.o. with facilities in Ljubljana and Senozece (Slovenia), AquafilCRO d.o.o., with facilities in Oroslavje (Croatia), Aquafil O'Mara Inc., with faci-lities in Rutherford College (North Carolina) and Aquafil Tekstil Sanayi Ve Ticaret A. S., with commercial operations based in Istanbul (Turkey).

The percentage of NTF polyamide-6 fibre made from caprolactam obtained from the ECONYL® regeneration process is significant. The product is being used in the final applications of many clothing brands, who are increasingly sensitive to environmental issues.

Nylon 6 polymer line
The Group produces and sells polymers and polyamide 6 for end segments, including "engineering plastics" (injection moulding).

The polymers are mainly produced/sold by Aquafil S.p.A., Tessilquattro S.p.A., Aquafil SLO d.o.o. and Aquafil USA Inc. Cartersville (USA).

ECONYL® regeneration process
A significant proportion of polyamide-6 fibres, for both the BCF and the NTF product lines, as well as for polymers, are produced using the caprolactam from regenerated ECONYL®, a logistical-production system which obtains top-quality caprolactam from the transfor-mation of materials, and mainly recovered industrial (pre-consumer) polyamide 6 and/or (post-consumer) materials disposed of at the end of their life cycle.

The caprolactam monomer obtained at the Ljubljana plant from the ECONYL® process supports all three product lines — BCF, NTF and polymers — as an alternative raw material to that from fossil sources, for applications (a) in textile flooring with a specific sustainability focus, (b) in clothing and accessories, in particular at the request of the leading international fashion brands more dedicated to a con-crete circular economy and (c) in the design and manufacture of innovative polyamide 6 based plastic products, instead of other plastic materials that, unlike polyamide 6, can not be restored to their original state by way of chemical regeneration.

The ECONYL® regeneration process is fed by recovering polyamide-6 textile flooring materials and fish netting at the end of their useful lives and a series of other industrial and consumer waste materials with high polyamide-6 content. The process is completed at the facilities of AquafilSLO doo in Ljubljana (SLO), while taking advantage of synergies within a single system of logistics and production across multiple Group companies. For the regeneration of textile flooring, certain stages of material collection and pre-treatment of used carpeting are carried out by the companies Aquafil Carpet Recycling (ACR) #1 Inc. in Phoenix, Arizona (USA) and Aquafil Carpet Collection (ACC) Inc., Phoenix, Arizona (USA), Miramar, Chula Vista and Anaheim (California). For the regeneration of fish netting, the investee company Aquafil Chile S.p.A., Santiago, Chile procures good quality polyamide 6 based fishing nets in that country to ensure consistent and stable support for the ECONYL® regeneration process, as does the investee company Nofir AS in Bodø, Norway, a Euro-pean leader in the collection and treatment of end-of-life fish netting.

Other activities

The Slovak company *Cenon S.r.o.* (Slovakia) has been placed in voluntary liquidation, with no income-related or financial impact on the Group.

Aquafil Engineering GmbH, Berlin (Germany), carries out industrial chemical plant design and supply for customers outside the Group and in part for Group companies.

Aqualeuna GmbH, with registered office in Berlin (Germany), does not conduct operations-related activities and is solely the holding company, with a 100% stake, of Aquafil Engineering GmbH. The company currently has a tax dispute pending with the German Tax Agency, a detailed explanation of which may be found in the Notes.

The subsidiary *Aquafil India Private Ltd.* (India) does not undertake operational activities.

11.2 Related party transactions

The transactions of the Aquafil Group with related parties, as defined by international accounting standard IAS 24, relating to the consolidated financial statements for the year ended December 31, 2024, are presented below. The Aquafil Group undertakes commercial and financial transactions with its related companies, consisting of transactions relating to ordinary operations and at normal market conditions, taking into account the features of the goods and services provided.

The Group has made available on its website www.aquafil.com, in the Corporate Governance section, the Related Parties Transactions Policy.

The Aquafil Group undertakes transactions with the following related parties:
- Parent Company and other companies at the head of the chain of control (Parent Companies);
- other parties identified as related parties in accordance with IAS 24 (other related parties).

The transactions between the Parent Company, its subsidiaries outside of the consolidation scope and the Aquafil Group concern financial transactions, commercial leases and transactions for the settlement of accounts receivable and payable arising from the tax consolidation of Aquafin Holding S.p.A., which includes, in addition to Aquafil S.p.A., the company Tessilquattro S.p.A. and the company Bluloop Srl. The transactions are shown in the Explanatory Notes to the financial statements.

The transactions were executed at market conditions; for a breakdown of the income statement and balance sheet amounts generated by related party transactions included in the Group consolidated financial statements at December 31, 2024, reference should be made to the Explanatory Notes.

With the exception of that indicated above there were no other transactions or contracts with related parties which, with regard to materiality upon the financial statements, may be considered significant in terms of value or conditions.

12. RESEARCH AND DEVELOPMENT

12.1 Introduction

The Aquafil Group has a Research & Development unit that manages and oversees all product and process innovation applied mainly to BCF yarns, NTF yarns, PA6 polymers and the ECONYL® regeneration process.

Technological research, development and innovation undertaken in 2024 constitutes the natural continuation of the work carried out in the preceding years, and concerned the main stages of production and the materials used, from the production inputs to the by-products of polymerisation, spinning, reprocessing and, for ECONYL®, regeneration and recycling of materials.

A number of projects - due to their complexity - last many years and are undertaken in collaboration with outside partners; other less complex projects present results in a short timeframe.

More specifically, R&D led to actions regarding efficiency, performance, product functioning, eco-design, recycling, use of auxiliary products from natural origins, the study of micro-plastics, the development of polymerisation processes, and the sectors with final product application, taking advantage of outside contributions coming in the form of market input, new technologies, new materials, and the use of solutions recommended by qualified research partners.

Research and Development carried out by the Aquafil Group in 2024 incurred operating costs and investment activity totalling Euro 8.2 million, corresponding to 1.5% of consolidated revenues.

12.2 Summary and description of the individual projects

Technological research, development and innovation concerned numerous projects, some of which began in 2024, while others began in prior years. The main projects are listed below:

1. "Ecodesign": identification of basic knowledge and technology for the creation of industrial prototypes of textile flooring designed at origin to be recognisable (through the "R2R = Regenerated to be Regenerable" dedicated voluntary marking) and recyclable, and to recover the residual value of the materials at the end-of-use. The project is carried out in collaboration with textile flooring stakeholders throughout the supply chain to create know-how that has industrial value.
2. Development of new technologies for separating multilayers in complex carpets, where standard grinding technologies cannot work. This project focuses mainly on projects such as: (a) carpet tiles and (b) rubber underlay carpets. The objective at TRL5 is to achieve a small, portable technology that is economic, versatile and reliable that can be installed locally, at the point of industrial waste production or post-consumer carpet collection, to enable on-site pre-processing of the material, optimising reverse logistics costs. Initial tests are also currently being conducted with carpet manufacturers on the purification and reintroduction of separated materials into production cycles.
3. Related to the Ecodesign activity, Aquafil participated in the European project CISUFLO (CIrcular SUstainable FLOor covering) under the Horizon 2020 programme and involving 23 partners, and which has the objective of identifying innovative EcoDesign flooring solutions and recycling technologies. Aquafil S.p.A. participates in two capacities: as a recycler of polyamide 6, with responsibility for assessing the effectiveness of new design criteria in terms of recyclability of developed carpet tiles, and as an innovator of the product (EcoDesign) and dedicated recycling technologies. As part of the consortium, Aquafil collaborates on the development of innovative technologies for the separation and removal of glue mixtures and the relating inorganic loads from the ECONYL® regeneration products. Among the project's results to date are the development of AI-based systems for end-of-life carpet identification, the creation of predictive models to understand the environmental and economic impact of various circularity scenarios, and the demonstration of the "single-material" approach for making high-polyamide 6 carpets suitable for direct recycling through the ECONYL® Regeneration System.
4. Continuation of the development and fine-tuning of process technology for the selection and recycling of end-of-life polyamide carpets and fishing nets, which is being conducted in both Slovenia by AquafilSLO d.o.o. and the USA by the companies ACR #1 Inc., Aquafil Carpet Collection LLC, Aquafil Asia Pacific (Thailand), and Nofir S.A., in order to improve the quality of materials to feed the ECONYL® Regeneration System. These activities also make use of Specific NIR (ATPD – Aquafil Technology Polymer Detection) instruments with detection and identification technology using the Aquafil Group's proprietary databases and algorithms. In H1 2024, a procedure was developed for the incoming control of materials to be sent to the ECONYL® Regeneration System. The procedure is based on the use of the ATPD system. The system enables the on-field identification of various polymer classes and features a specific algorithm developed for analysing the composition of various types of waste, with data traceability and cloud storage. Use of the tool was implemented at the plants of suppliers of materials for use in the ECONYL® Regeneration System.
5. Development of flame-retardant carpets in association with certain customers. The combination of additives to meet the performance demands of the market, meaning a reduction in the weight of the finished product and passing the flammability tests required by the airlines. In H1 2024, the first aircraft were outfitted with carpets made from ECONYL® yarn. In the second half of 2024, the main activity involved the development of new production technology and the implementation of quality control.
6. Development of a BCF fibre with stain-resistant and water-repellent properties, based on existing products and introducing improvements in product performance, by validating options for surface treatments available on the market. In terms of stain resistance, a product has been chosen that gives the yarn excellent resistance to acid stains and more common stains, such as coffee and wine. The research activity continues with the characterization of the colour-dependent anti-stain effect.

7. Study and engineering of polyamide 6 stabilising molecules aimed at increasing the UV and heat resistance for outdoor applications of nylon textile fibres (NTFs).
8. Along with industrial partners, joint development of new types of high resistance polyamide 6 fibres for specific technical applications.
9. Study of innovative auxiliary products, including those of a natural origin, aimed at improving the chemical and physical characteristics of BCF and NTF yarns.
10. Research and development of ECONYL® PA6-based materials (with special additives developed in-house) that can be used in 3D printing. What sets these materials apart is that they can be regenerated using the ECONYL® Regeneration System, without the need for pre-separation of the various components. The compound created was the subject of a patent application filed in November 2022 And published internationally in May 2024.

    A project funded by the Autonomous Province of Trento, named MAGRITTE, also began in 2024 to formulate an ECONYL® based compound suitable for large-scale 3D printing. The project, which began in May 2024, will last 24 months and also seeks to print an exhibition furniture product that can be fully recycled at the end of its life through the ECONYL® Regeneration System, in accordance with ecodesign guidelines.
11. Study and development of "Cast" nylon based on polyamide 6 ECONYL® with high mechanical performance Early 2024 saw the conclusion of a collaboration with the Departments of Industrial Engineering and Civil, Environmental and Mechanical Engineering at the University of Trento. This collaboration had led to the study and development of single-material composites based on Cast Nylon and Nylon 6 fibres. In H1 2024, production trials of anionic ECONYL® bars and sheets were conducted at the multipurpose Arco plant. The ideal curing conditions for bar production were studied and suitable mechanical properties obtained. During the second half of 2024, anionic ECONYL® rods and sheets were produced on the multipurpose plant and mechanically characterized. In addition, the first prototypes of single-material composites have been produced in pilot plant, and the geometry of the slab mould has been optimized so that it can be opened and thus make the extraction of the final slab easier.
12. Development of a standard methodology to determine the micro-plastics found in various forms (i.e. solid, liquid, gas). The ISO 4484-2:2023 standard has also been implemented by the various member states, including Italy, by the UNI body as UNI ISO 4484-2:2023. This activity involved the publication and dissemination of scientific articles. It also formed the basis of a master's dissertation at the Polytechnic University of Turin, Department of Chemical and Materials Engineering, entitled "Quantification of microplastics released from fabrics during the washing process".
13. "Organic caprolactam" project in collaboration with Genmatica Inc., in San Diego, California (USA). In H1 2024, Aquafil and Genomatica continued the work carried out in 2023, particularly in terms of improving the yields and productivity of the microorganism, research into the impact of by-products in the linear intermediate on its cyclization to caprolactam, and optimising the purification of raw organic 6-ACA. As a result of this work, it was possible to carry out a new pilot fermentation campaign, which was subsequently validated on the pilot plant in Arco, and whose tests involved the cyclization of 6-ACA, the purification of crude bio-caprolactam, and subsequent distillation. The polymer obtained from this material will be ready in early 2025, along with the results of the characterization of all caprolactam streams, through which valuable information will be obtained to most effectively conduct the third demo campaign, scheduled for 2025.
14. Develop a technology to depolymerise PET: in 2023 in the Aquafil S.p.A. plant, construction was completed of a innovative pilot plant for depolymerising PET in order to obtain the product "BHET", similar to monomer (as it can be used for the polymerisation of new PET). During 2024, depolymerisation tests were carried out in the pilot plant, with the aim of studying on the scale of hundreds of kilogrammes the effect of the main parameters defining the process: a) type and colour of PET fed; b) amount of catalyst; c) process temperatures; d) type of decolourising agents and their amounts; e) conditions for evaporation of glycol; f) mode of crystallisation of BHET; and g) mode of drying of the obtained BHET. For some of these parameters, optimisation can be considered to be well advanced, while for others development work continues. To better understand the effect of some variables, a scale-down was performed, replicating parts of the process on a laboratory scale and on the multipurpose plant (with reactor sizes about 1/50th the size of the pilot plant): the information obtained was used to define new tests on the pilot plant. Finally, in the last quarter, a polymerization test of BHET obtained by depolymerization was also carried out at a research institution in Germany: it was validated that the BHET obtained is already suitable for polymerization, although further quality improvements are needed.

    In a parallel effort, the doctoral research degree course continues with the Department of Physics at the University of Trento on the topic of "Composition, structure and chemical recycling of polymers from polycondensation". The study via NMR of BHET obtained from the PET depolymerisation plant yielded significant results on the identification of impurities. In the second half of 2024, activity focused on developing a DOE to find the optimal evaporation conditions for a BHET/glycol mixture, paying attention to key parameters such as process temperature and the amount of dimer produced.

15. Development of a process to separate polymer fibres (as such and/or in the form of fabrics) from elastomers. The process was found to be suitable for PA6, PA66 and PET-based fabrics and was therefore the subject of a special patent application filed in December 2022. Various laboratory and larger-scale tests were conducted to study mixing efficiency, and a pilot plant was designed to test different types of mixing and filtration instrumentation with a view to developing a future industrial plant. Laboratory tests continued in the second half of 2024 for a better definition of the small-scale process, and the key parameters and conditions to be tested on the pilot plant were identified and completed in 2024. Initial dissolution and separation tests were also carried out on that plant. Alongside this, in collaboration with the University of Trento, various types of elastomers — both purchased and obtained post-separation and recovery — were identified to highlight any structural differences useful to optimise the separation process.
16. Research and development of processes aimed at the chemical recovery of polymers from separation/recycling processes: this activity was undertaken in partnership with the University of Padua. A focus was placed on the potential recovery of elastomer from separation from fibres by conversion to polyols for the production of polyurethanes.
17. Identification, development and assessment of an appropriate pyrolysis technology for recovery and utilisation of by-products of the ECONYL® process, enabling the additional recovery of a monomer from the remaining portion of polyamide. H1 2024 saw the initial tests conducted at a pyrolysis pilot plant, and inlet and outlet flows were delineated to better understand the process. Plant optimisation was also carried out. This seeks to achieve continuity in loading-unloading processes and control of process temperatures. In the second half of 2024, tests continued on the pilot plant, where the heating system was improved and the procedure for loading ECONYL® process residues and discharging ash from the pyrolysis process was optimised. Tests were carried out at different input material capacities and process temperatures to characterise the oil/gas and ash composition, and a detailed analysis of the data obtained from the various tests was conducted to establish correlations between the various process parameters.
18. Optimisation of polymerisation production processes, in order to reduce energy and water consumption.
19. As part of the continuous improvement of the ECONYL® process, caprolactam distillation and purification processes were optimised in order to reduce energy consumption and decrease process byproducts; Preliminary studies to introduce online process analysis for some key quality parameters were carried out in H1 2024.
20. Introduction of new processes designed to reduce costs relating to industrial water disposal at the AquafilSLO site of Ljubljana, working on both water reuse and reducing the variable cost share related to wastewater treatment. In this area, several tests (on both laboratory and industrial pilot scales) are currently underway. These seek to identify the optimal process conditions for improved treatment efficiency.
21. Our involvement as industry experts and project leaders in standardisation for the textile industry's microplastics methodology means Aquafil can actively participate in international standardisation (EN and ISO) for the topics of circularity. Ecodesign, and sustainability in the textiles and fishing nets and accessories sectors. In March 2024, AquafilSLO hosted a meeting of the textile commission CEN/TC 248/WG 39 "Circular Economy for textile products and the textile chain" in Ljubljana. The commission is working on drafting specific standards for the circular economy for textile products and the textile supply chain. Regulations on circular fishing nets and accessories were published in November 2024. Again, Aquafil's contribution and experience were important in drafting this set of 6 standards (EN17988), as well as the technical document (EN/TS18101 on terms and definitions). The following is a list of published standards:
    a. EN/TS 18101 Circular design of fishing gear and aquaculture equipment - Terms and definitions;
    b. EN 17988-1 Circular design of fishing gear and aquaculture equipment - Part 1: general requirements and guidelines;
    c. EN 17988-2 Circular design of fishing gear and aquaculture equipment - Part 2: User manuals and labelling;
    d. EN 17988-3 Circular design of fishing gear and aquaculture equipment - Part 3: Technical requirements and guidelines;
    e. EN 17988-4 Circular design of fishing gear and aquaculture equipment - Part 4: Environmental and circularity requirements and guidelines;
    f. EN 17988-5 Circular design of fishing gear and aquaculture equipment - Part 5: Circular business models;
    g. EN 17988-6 Circular design of fishing gear and aquaculture equipment - Part 6: Requirements and guidelines for digitalization of information of components of fishing gear and aquaculture equipment.
22. Analysis and introduction of innovative training techniques using digital tools (video tutorials and interactive knowledge testing with a focus on knowledge transfer).
23. Low & Ultralow DPF - Development of new portfolio of items of 1 dpf or under for the textile industry. The first product is currently being validated.
24. HIGH BULK Project: in accordance with market trends, Aquafil is also specialising in producing higher-coverage yarns used in lighter, thus cheaper, but uncompromisingly wear-resistant carpets. The scientific basis for the project was the studies on the correlation between spinning parameters and the microstructure of nylon 6 in yarn carried out in 2021, which led to the development

of Medium Tenacity yarn. In this case, spinning parameters were chosen to maximise the stable crystalline phase, as demonstrated in tests at the University of Padua to obtain correlation with textile data. In the course of the project, the key parameters that create the cover were then identified and studied, testing, first internally, then externally at a partner customer, the mechanical performance as the carpet production looms changed. Based on the selection made, samples were sent to a key customer who made three types of carpets on three different looms. Initial results are very promising; the new yarn has made it possible to reduce the weight of the carpet by about 25%, while maintaining wear resistance in accordance with the rules' standards. The project will continue with the completion of the study of supply chains and the conduct of trials at the pre-industrial level with selected customers.

12.3 Patent developments

The following is a list of the main patents that have been filed:

a) Patent on the separation of elastomers from polymeric fabrics, with a particular focus on PA6 for recycling by means of the ECONYL® process.
Priority 09.12.2022, PCT filing 06.12.2023 international publication WO/2024/121765.
International publication took place in June 2024, although the opinion of the ISA, the international research authority, was received by April. The documents cited and the objections raised coincide with that reported by the UIBM in 2023. As such, the response was the same as it was for the Italian case, in which these responses were accepted. A decision was therefore made to proceed with the international preliminary examination, thereby simplifying the process to enter the national stages, which will begin in 2025. The outcome of the international review confirmed the ISA's opinion. Therefore, a fresh response will have to be made in early 2025; it should be noted that the international review is not binding, as individual countries can decide whether or not to incorporate its findings. Meanwhile, in December 2024 the patent was granted in Italy.

b) Patent on the composition of a compound for 3D printing that can be directly chemically recycled.
Priority 03.11.2022, PCT filing 31.10.2023 international publication WO/2024/095146.
International publication occurred in May 2024, although the ISA's opinion had arrived by February. According to this opinion, all the claims are deemed new and inventive. It was therefore not necessary to apply for the preliminary examination with a view to entering the national stages, which will begin in 2025. In November 2024, the patent was granted in Italy.

c) Patent on textile flooring waste treatment and recycling process.
Priority 21.09.2022, PCT filing 17.07.2023, international publication WO/2024/061510.
The PCT filing was in 2023, with international publication in March 2024. The first opinion of the ISA is expected in early 2025, following which extensions will be made in individual countries of interest.

d) Patent on the separation of fibreglass from polymers with a particular focus on PA6 for recycling by means of the ECONYL® process.
Priority 10.11.2021, PCT filing 10.11.2022 international publication WO/2023/084441.
Patent with inventors Aquafil and University of Padua (Department of Industrial Engineering), but the exclusive property of Aquafil. Following the approval of all the claims in 2023, in 2024 the patent was filed in all the relevant regions, i.e. those with high levels of availability of PA6 reinforced with fibreglass, in order to increase the sources of raw materials for the ECONYL® Regeneration System. Europe, Eurasia (Russia and a further seven countries that were formerly part of the USSR), the USA, Canada, Brazil, China, Japan, South Korea, and India. Publications were made between January and June in Canada, China, India and South Korea, respectively. In the second half of the year, the patent was also published in Europe, the United States and Brazil. The patent is scheduled to be granted in Eurasia in January 2025, while from October 2024 requests for the payment of annual fees for the European patent have arrived, a sign that the grant is near.

(e) Patent on the synthesis of catalysts for PET glycolysis.
Priority 17.05.2021, PCT filing 16.05.2022 international publication WO/2022/243832.
Patent with inventors Aquafil and University of Padua (Department of Industrial Engineering), but the exclusive property of Aquafil. The national extensions were launched in the areas where polyester and processes for its chemical recycling play a key role: Europe, Eurasia, the USA, Canada, Mexico, Brazil, China, Japan, South Korea, Thailand, Indonesia, India, and Saudi Arabia. After the initial publications by 2023, the patent was also published in the first six months in some of the remaining areas, namely South Korea, Europe, Eurasia and Indonesia, and finally in July in the United States.
Following the responses to the European Patent Office (EPO)'s opinion, a grant certificate for the Italian patent was obtained in 2023; in 2024 a number of countries and regions sent notifications of payment of annual fees in relation to the patent grant: Canada, Brazil, Saudi Arabia and Europe. The confirmation of the grant arrived from January 2025. An official action has been underway in Eurasia since October 2024, for which a response has been prepared with a slight modification in the claims

(f) Patent on the production process of a new multicomponent NTF fibre with reduced impact on GWP (global warming potential).
Priority and PCT filing 10.02.2021 international publication WO/2022/173379.
For the patent, the extension was launched in Europe, with publication in 2023 (20.12.2023)

g) Patent on synthesis of caprolactam from 6-ACA, principally designed for the production of caprolactam from plant-based raw materials.
Priority 28.12.2018, PCT filing 23.12.2019 international publication WO/2020/136547.
Aquafil jointly-owned patent with Genomatica. The national extensions were launched in the areas where there is production of caprolactam and available of renewable raw materials: Europe, Eurasia, the USA, Mexico, Brazil, China, Japan, South Korea, Thailand Following publications in the period 2021-2022, the first grants were received in 2023 in Eurasia and India, while Brazil had already sent payment notifications for annual fees in relation to the patent grant.
In H1 2024, the patent was also granted in Japan and the US. Official action is currently underway in Europe, China and South Korea, which has resulted in the need to make changes to the claims. These objections, however, relate more to form than content, and it is feasible that the patent could be granted in these countries following such changes. In fact, both Europe and China have sent notifications for payment of annual fees, although they have not yet sent the official certificate of grant.

h) Patent on improvements and optimization of solvent-free caprolactam purification technology.
Priority and PCT filing 15.12.2017, international publication WO/2019/117817.
For this patent, regional extensions were requested in the main areas where there are caprolactam production plants present, and in the two-year period 2020-2021 patents were obtained, in chronological order in the USA, Europe, Eurasia and Japan. In 2023, the patent was also granted in China, the last remaining country and a key one for caprolactam production. From 2024 onward, therefore, only annual maintenance fees will be payable.

i) Patent on the recovery and separation of the waste components of end-of-life polyamide carpeting.
Priority and PCT filing 29.05.2017, international publication WO/2018/222142.
For the patent, valid in the USA, a further patent application was made for additions to the same process, which led to the patent being granted in Europe (06.09.2023).

l) Patent on the recovery of copper from discarded fishing nets used to supply Econyl.
Priority and PCT filing 22.12.2016, international publication WO/2018/117978.
The patent was obtained in 2020 in the USA and in Japan, and in 2021 in China and Europe. In 2024, a grant was obtained in Canada to India, while patent extension activities in Chile are still ongoing.

13. CORPORATE GOVERNANCE

For further information on corporate governance, reference should be made to the Corporate Governance and Ownership Structure Report, prepared in accordance with Article 123-*bis* of Legislative Decree 58/1998, approved by the Board of Directors, together with the Directors' Report made available at the registered office of the company and on the Group website (https://www.aquafil.com/it/investor-relations/bilanci-e-relazioni).

Certain disclosure within the scope of the Corporate Governance and Ownership Structure report is covered by the "Remuneration Report" drawn up as per Article 123-*ter* of Legislative Decree 58/1998. Both reports, approved by the Board of Directors, are published in accordance with law on the company website www.aquafil.com.

14. OTHER INFORMATION

14.1 Management and co-ordination activity

The Company is not subject to management and co-ordination pursuant to Article 2497 and subsequent of the Civil Code.

The parent company Aquafin Holding S.p.A. does not exercise management and co-ordination over Aquafil as substantially operating as a holding company, without an independent organisational structure and, consequently, de facto does not exercise direct management over Aquafil S.p.A..

All of the Italian direct or indirect subsidiaries of Aquafil S.p.A. have met the publication requirements under Article 2497-*bis* of the Civil Code, indicating Aquafil S.p.A. as the company exercising management and co-ordination.

14.2 Treasury shares

At December 31, 2024, the Company holds a total of 1,278,450 treasury shares, comprising 1.46% of the share capital, for a total value of Euro 8,612,054.

14.3 Group IRES (Corporate Income Tax) taxation procedure

Aquafil S.p.A. is the consolidating company of the group taxation procedure, as chosen by Aquafin Holding S.p.A. also for 2024 in accordance with Articles 117 to 128 of Presidential Decree 917/1986, as amended by Legs. Decree No. 344/2003. Similarly, the companies Tessilquattro S.p.A. and Bluloop S.r.l. are consolidated companies within the Group taxation procedure, in accordance with the option exercised by Aquafin Holding S.p.A. as consolidating company.

In preparing the financial statements of these companies, the effects of the transfer of the tax positions from the tax consolidation were taken into account. Aquafil S.p.A. for fiscal year 2023 altered the method for allocating fiscal losses resulting from tax consolidation in the event of the suspension or non-renewal of tax consolidation in accordance with Article 124(4) of the Income Tax Law. Specifically, as part of the renewal for the three-year period 2024-2026, it was indicated in line OP6, col. 3, code “4” (Change in the criterion used for any allocation of residual losses) and in column 7, code “3” (Allocation to companies that produced losses in a different manner from the previous). Therefore, this change results in the allocation of losses to Aquafil S.p.A. with the consequent reclassification of Euro 5.4 million from “Other assets” to “Deferred tax assets” in the parent company Aquafil S.p.A.’s financial statements.

14.4 Organisation, management and control model in accordance with Legs. Decree 231/2001

The Italian companies of the Aquafil Group have supplemented the organisation, management and control model as per Legislative Decree No. 231 of June 8, 2001, including the conduct code and operating procedures. Specifically, the Model provides for the drafting of a Code of Conduct, mapping of the corporate areas at risk, assessment of the control safeguards, and a disciplinary system to punish any offences. The Supervisory Board, appointed by the Board of Directors, is appointed to oversee its operation and update, and compliance with the law. The Model was adopted by means of a Board resolution in 2014 and was updated in 2023. It is application to Italian Group companies that have adopted it, whose employees may also use the whistleblowing system to report any offences. Over the last year, the model has been revised based on the extended catalogue of 231 offences provided for under Italian law. Specifically, three families of offences have been added to the list of predicate offences in the General Section of the Model: Crimes against cultural heritage; and Laundering of cultural property and devastation and looting of cultural and scenic heritage; Offences involving non-cash payment instruments. In relation to these offences, the Special Section of the Model has also been updated. This section describes the types of offence, risk areas and sensitive activities, and the existing safeguards, with general principles and specific protocols.

14.5 Application of accounting standard IFRS 17

It should be noted that from the analyses conducted, there are no transactions performed by the Group that fall under the scope of the accounting standard IFRS 17.

14.6 Impairment Test Procedure

In order to conduct impairment tests for the purpose of verifying the recoverability of assets, as described below, the Parent Company has adopted specific, formal procedures as approved by the Board of Directors on February 15, 2019.

14.7 Article 15 of Consob Market Regulation No. (updated by Consob Resolution No. 20249 of December 28, 2017): conditions for listing shares of parent companies incorporated and regulated by the law of non-EU states

In relation to the regulations concerning the conditions for the listing of companies that control companies constituted and regulated according to laws outside of the European Union and of significant importance for the purposes of the consolidated financial statements, it is reported that:

- at December 31, 2024, the regulatory requirements of Article 15 of the Market Regulations apply to the Group's subsidiaries;
- appropriate procedures have been adopted to ensure full compliance with the aforementioned regulations.

15. RECONCILIATION BETWEEN THE PARENT COMPANY AND GROUP SHAREHOLDERS' EQUITY AND OPERATING RESULT AT DECEMBER 31, 2024

A breakdown of the composition and movement of shareholders' equity of the parent company and the Group consolidated financial statements at December 31, 2024 is presented in the following table:

(in Euro thousands)	Shareholders' Equity	Net Result
Parent company net equity and net result	**141,398**	**626**
Consol. Adjustments on parent company	9,773	1,256
Elimination of carrying amounts of consolidated investments		
Difference between Shareholders' Equity & Carrying amount	27,656	
Pro-quota results of investees	(868)	(868)
Elimination of the effects of transactions between consolidated companies		
Reversal of write-downs net of revaluations of investments		
Inter-company dividends	(15,753)	(15,753)
Inter-company profit/(loss) included in inventories & other minor	(3,853)	(1,573)
Shareholders' equity and net result as per consolidated financial statements	**158,353**	**(16,313)**
Minority interest net equity and net result	1	
Group net equity and net result	**158,352**	**(16,313)**

16. OUTLOOK

2024 saw a major increase in profitability (+31%) over 2023 and a margin that exceeded 11.5% during the fiscal year.

The successful closing of the capital increase transaction contributed to the significant improvement in the net financial position whose ratio to EBITDA went from x5.11 in 2023 to x3.42 in 2024.

For fiscal year 2025, the business plan forecasts increasing volumes for all product lines, a trend that is confirmed by the order intake in the first months of the year and the benefits of the announced market closure of certain competitors.

For the current year, EBITDA is expected to increase due to the higher volumes and the implementation of other efficiencies that will be carried out during the year and in the following year.

The Group confirms the operating and financial targets of the 2024-2026 business plan, with a focus on containing debt and pursuing strategic goals in technological innovation.

Arco, March 18, 2025

The Chairperson of the Board of Directors
Full Professor Chiara Mio

Sustainability Statement 2024

Consolidated Statement 2024
pursuant to Legislative Decree No. 2024/125.

Contents

Executive summary

This sustainability report provides a **comprehensive overview** of the company's commitment to long-term value creation by integrating sustainability principles into daily operations, decision-making processes and business strategies.

AQUAFIL GROUP - 2024 IN NUMBERS

GENERAL DISCLOSURES

- 542 million **turnover**
- 13 **Countries worldwide**
- 2,390 **employees**

ENVIRONMENT

- 92.3% **of electricity purchased from renewable sources**
- 54.8% **of fibre sales from ECONYL®**
- 19,000t **post-consumer waste collected**
- **Emissions breakdown**: Scope 1: 8.8%; Scope 2: 1.3%; Scope 3: 89.9%

SOCIAL

- 93.5% **Permanent contracts**
- 100% **Italian plants covered by the UNI / PdR 125 Certification for gender equality**
- 32,000 **training hours**
- c. 600 **hours of corporate volunteering in Italy**

GOVERNANCE

- 44% **female Directors on the Board of Directors**
- 0 **fines, penalties or legal action for corruption or violation of the Code of Conduct**
- 670 **hours of training in business conduct**

1) GENERAL DISCLOSURES

METHODOLOGICAL NOTE

The report fulfils the requirements of the European Directive 2022/2464 on the Sustainability Statement (**Corporate Sustainability Reporting Directive - CSRD**), implemented in Italy by Legislative Decree No. 2024/125, and has been prepared according to the **European Sustainability Reporting Standards (ESRS)**. There is a change in scope from the previous year, which was extended to align with the consolidated financial statements. Due to this change, comparative data for previous years are not available.

THE AQUAFIL GROUP

Aquafil is a global Group, present in **13 countries** around the world, and a leading manufacturer of synthetic fibres and polymers. We are recognised for our **commitment to the circular economy** through the development of the **ECONYL® Regeneration System**, launched in 2011. This innovative process enables waste such as old carpets, textile scraps and fishing nets to be transformed into reclaimed nylon, which is used by more than **1,900 brands** worldwide to create new products.

OUR ESG STRATEGY

Since 2008, we have formalised our ESG strategy in "**The ECO PLEDGE®**", a set of five principles that inspire all Group activities:
1. Rethinking of products from a circular perspective;
2. Protect the environment;
3. Sharing responsibilities along the supply chain;
4. Protecting the well-being of individuals;
5. Support local communities.

For each pillar, the company has set future-oriented **targets** and **concrete actions** to achieve them.

MATERIALITY ANALYSIS

In line with the requirements of ESRS, a **double materiality** analysis was conducted for the first time, leading the Group to assess:
- **Impact materiality**: the consequences - actual or potential - of the company's activities on people and the planet.
- **Financial materiality:** the risks and opportunities in ESG that can affect financial and economic performance.

All topics identified by the ESRS, and **31 subtopics**, were considered to be material, which were then reported on and analysed in chapters 2, 3 and 4.

SUSTAINABILITY GOVERNANCE

Sustainability is prioritized at every level of Aquafil's governance, from top to bottom. The Board oversees the sustainability strategy through the **Control, Risks and Sustainability Committee** (internal Board committee) and the **ESG Committee** (managerial), which in turn is supported by an **ESG Director**, and several **ESG Representatives**. The Group **ESG Policy** (see Figure 6 - ESG Policy) define **roles and responsibilities** in **managing impacts, risks and opportunities.**

2) ENVIRONMENTAL INFORMATION

CLIMATE CHANGE

Aquafil recognises the urgency of a **transition to a low-emission economy**. Over the past year we have implemented **energy efficiency measures** at our main production plant; developed an **Inventory Management Plan**, which provides uniform calculation of emissions under the **GHG Protocol** across the Group; and assessed the resilience of our business model to **climate change risks** through a **Climate Risk and Vulnerability Assessment** on our European and North American plant. We continue to work to purchase a high percentage of **electricity from renewable sources** and to certify all production plant to **ISO 14001**.

POLLUTION

Each plant monitors its pollutant emissions and **compliance with legal limits**, which vary according to applicable local regulations and the specific activities performed. For **air and ground emissions**, no values were found above the E-PRTR threshold established for reporting. Instead, emissions to water are reported for facilities that exceed the E-PRTR threshold.

WATER RESOURCES

In 2024, the Group introduced for the first time a **Water Policy** that defines a set of **concrete actions** to optimise water resource management. These include the creation of the **Aquafil Global Water Team** (A.G.W.T.), charged with analysing, developing and planning initiatives to reduce consumption. To date, our water withdrawals and discharges occur mainly in areas of medium to low risk of water stress.

BIODIVERSITY

The Group has completed a **Biodiversity Impact and Risk Assessment** on its European and North American plant, which involves a **two-pronged assessment**: **analysis of the impacts** of Aquafil's activities on biodiversity; and **analysis of the risks** posed by ecosystem degradation to business operations, their resilience, business continuity and long-term financial stability. The assessment has already identified some **mitigation actions**.

CIRCULAR ECONOMY

For more than 20 years, the Group has been on a deep **transformation journey** to align its **strategy** and **business model** with the principles of the **circular economy**. **ECONYL® nylon** is the cornerstone of this evolution: it enables us to reduce our negative impacts on the environment, mitigate the risks posed by the industry's **dependence** on **fossil-based raw materials**, and seize **new market opportunities**. Our commitment to "closing the loop" is also reflected in our **investment in research and development**, with projects aimed at reducing waste, improving the recyclability of multi-material garments and mats, and creating new circular supply chains. **Collaboration** with the **value chain** remains central to **eco-design** product design.

3) SOCIAL INFORMATION

AQUAFIL PERSONNEL

At the end of 2024, the Group had **2,390 employees** (see Figure 3.1), with 90% of the workforce in four countries: Italy, Slovenia, the USA and China. Again this year our efforts focused on three areas: building an equitable and inclusive environment, promoting safety and well-being and fostering personal and professional growth. Among the highlights of 2024, we conducted a **Corporate Survey** in the plants in **Slovenia** and **Croatia**, with positive and encouraging results; advanced the **Talent project** for talent development; trained **300 people** on issues related to **DE&I**; obtained **UNI/PdR 125** gender equality certification in the Italian plant; and defined a succession plan for the Group's key figures.

WORKERS IN THE VALUE CHAIN

Aquafil's value chain consists of more than **4,500 suppliers and customer partners** from nearly 200 different industries. In 2024, we launched a new project in collaboration with **EcoVadis** to strengthen monitoring and map **ESG risks** in the value chain. Based on the results of this preliminary risk mapping, we have planned for 2025 further investigation of the 55 partners deemed **most critical**.

CONSUMERS AND END-USERS

Aquafil's customer base is an **industrial** base: we maintain **B2B business relationships** with **companies** that use our nylon thread or compound to **make intermediate or final products** in the textile flooring, apparel or design industries. In 2024, we continued to pursue the **Born Regenerated to be Regenerable (R2R)** programme, which involves our customers in co-designing carpets with an eco-design perspective. We have also reached an important milestone in the aquaculture sector by making the **first fully circular fishing net from ECONYL®**.

LOCAL COMMUNITIES

The materiality analysis found no **negative impacts** from Aquafil or significant risks to the company in relation to local communities, instead highlighting only **positive impacts and opportunities**. For the second year in a row, we made about **600** working **hours** available for our employees in Italy to **volunteer**. We also continued to support programmes and non-profits that focus on helping the most vulnerable, investing in future generations and protecting the environment. Partnerships with **Healthy Seas** and **Alba Chiara** remain central, with a number of new initiatives carried out together throughout the year.

4) BUSINESS CONDUCT

In 2024, **no Group companies** were fined or otherwise sanctioned for violations related to the Code of Conduct, corruption or related regulations. The **whistleblowing** system for reporting violations remains available to all stakeholders in the Group's main languages. More than **670 hours of training** were undertaken as part of the conduct of business.

1. General disclosures

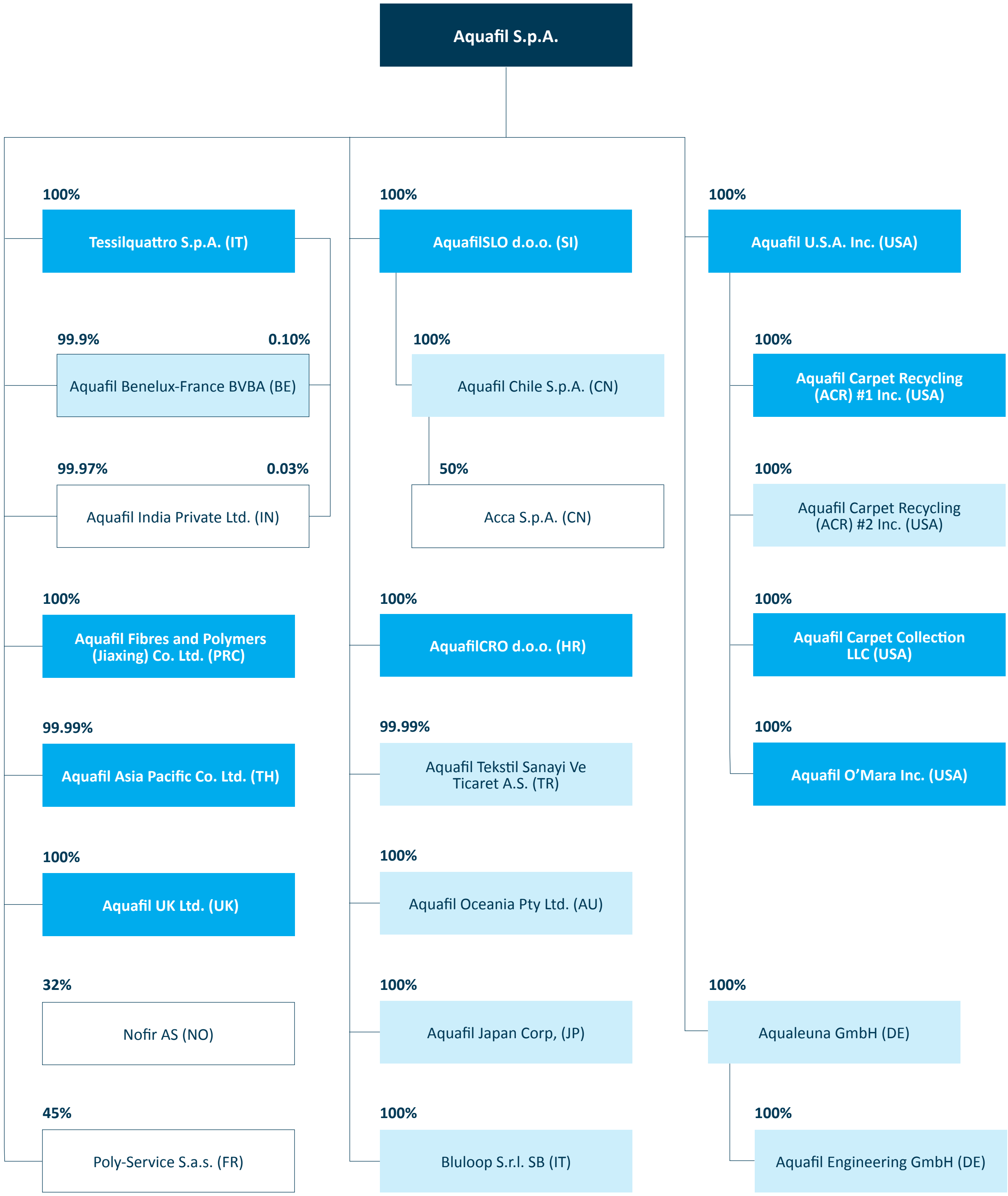
1.1 METHODOLOGICAL NOTE

This document contains the "**Consolidated Sustainability Statement**" (hereinafter also referred to as the "Statement"), which fulfils the obligations under the European Directive 2022/2464 on the Sustainability Statement (**Corporate Sustainability Reporting Directive - CSRD**), implemented in Italy by Legislative Decree No. 2024/125.

The Statement was prepared in accordance with the **European Sustainability Reporting Standards (ESRS)**, adopted by the European Commission through Delegated Regulation (EU) 2023/2772. 2024 Represents the first year in which the Group has used these standards for sustainability reporting. Until last year, reporting was undertaken in accordance with the **Global Reporting Initiative (GRI) Standards**.

The Sustainability Statement has been prepared on a **consolidated basis**, adopting the **same scope as the consolidated financial statements**. Compared to the previous year, this resulted in a **change** in the scope, with the inclusion of subsidiaries that had not previously been considered (see Figure 1.1). It should be noted that Aquafil S.p.A. and AquafilSLO, although subject to individual sustainability reporting, are exempt from presenting a separate sustainability statement, as their impacts are already included in the Group's consolidated financial statements - pursuant to Article 19-bis, paragraph 9 or Article 29-bis, paragraph 8 of Directive 2013/34/EU.

FIGURE 1.1 – GROUP CORPORATE ORGANIZATION AND SCOPE OF THE SUSTAINABILITY STATEMENT



Key:

- Company included for the first time in 2024
- Company already included in the scope in 2023
- "Equity investment" excluded from the scope of consolidation

In line with the requirements of ESRS, a **double materiality** analysis was carried out for the first time. The methodology adopted and the results obtained are described in section 1.4. The assessment of material impacts, risks and opportunities, as well as the reporting on these aspects, also included Aquafil's **value chain** described in section 1.2.4, although the company does not yet have accurate metrics and data on it. In the analysis, the company considers short-, medium- and long-term **time horizons**, applying the definition in ESRS 1, section 6.4.

The information and data in this document refer to **the year 2024**. **Comparative data** for previous years are not provided, as they are not available due to the aforementioned change in the reporting scope from the previous year dictated by different regulations in force.

The Group's data come from the **Sustainability Web Tool**, a customised software platform that provides uniform data collection among all production plant, facilitating the analysis and reporting of results (for more details on the collection methodology, see section 1.5.3 "Internal Control over Sustainability Reporting"). The tool is accessible to most production plant, excluding commercial companies in the scope (Aquafil Benelux, Aquafil Oceania, Aquafil Turkey, Aqualeuna, ACR2, Bluloop) and production companies that were not in the 2023 reporting scope (Aquafil Japan, Aquafil Chile, Aquafil Engineering).

The "Sustainability Web Tool" is the main source for all data included in this document, tracking both **social indicators** (HR, occupational safety, etc.) and environmental (energy and water consumption, CO2 emissions, waste, etc.). Each facility collects and enters information into the system on a **monthly or semi-annual** basis, depending on the type of information-for example, each plant inputs data on its consumption of raw materials, energy, and water, etc., into the system once a month, while data on waste generated, emissions and social topics are inputted twice a year.

The report, in specific sections, includes a detailed description of the **calculation methodology** used for all environmental data, ensuring transparency in criteria and parameters. It is also specified whether, and under what circumstances, **estimates were adopted**, with a clear indication of the degree of reliability of the assessments and the sources used. No **monetary amounts** presented in the report are subject to uncertainty, as all data derives directly from the company's consolidated financial statements.

In accordance with the ESRS, forward-looking information reporting requires Directors to generate such data based on assumptions, outlined in sustainability reporting, regarding future events and potential actions the Company might take. Given the inherent uncertainty associated with the occurrence of future events, both with respect to their actual occurrence and with respect to their scale and timing, it is possible that there may be significant discrepancies between the forward-looking information and the actual data.

Also included this year is a section on the **European Taxonomy**, in accordance with Regulation (EU) 2020/852.

The Sustainability Statement is reviewed internally by the **Board of Statutory Auditors** and Executive Officer for Financial Reporting and is approved by the **Board of Directors** of the Group. It is also subject to limited audit by the independent third party **PricewaterhouseCoopers S.p.A.**, according to the principles and indications of the "International Auditing and Assurance Standard Board (IAASB)".

For additional information on the contents of this report, please contact Aquafil by sending an e-mail to: info@aquafil.com.

1.2 THE AQUAFIL GROUP

Letter from the CEO

The year just ended has seen our **recovery** and **change** continue, enabling us to **look to the future** with renewed enthusiasm.

Our ambitious **vision** of generating a **positive impact** on people and the planet has been realised through the numerous initiatives implemented by our employees and partners. We have reiterated many times that only full and direct **involvement** of the entire **value chain** can bring about the circular revolution in the textile/clothing industry. In 2024, we generated approximately 55% of fibre sales from the sale of ECONYL® products, bringing us closer to our **2025 target** of 60%.

Every goal we achieve has a soul: that of **our people**, who with ingenuity and passion make our **vision a reality**. At Aquafil, we consider **diversity** to be our greatest strength, and we are working to create an **increasingly inclusive** environment where every individual's unique skills and experiences are valued and appreciated. In 2024 alone, we **trained around 300 people** on DE&I issues and achieved an important result: **UNI/PdR 125 certification for gender equality** at our Italian plants.

But our commitment extends **beyond the boundaries of the company**. Through collaboration with suppliers, customers and universities, we have realised **innovative projects** that open new horizons (and markets) for our circular solutions. Of these, I would like to mention the creation of the **first fully circular fishing net** made of ECONYL® regenerated nylon, in **partnership** with **Diopas**, a manufacturer specialising in nets made of recycled materials, and **Philosofish**, a leading Greek aquaculture company.

Mission, people and partnerships are our roots, the **foundations of our past** that nurture and shape our **future**. Let's build it, together.

1.2.1 Who we are

Aquafil is a leading circular economy company, first in the world for carpet yarn production, and among the leading suppliers of yarn, synthetic fibres and polymers to the fashion and design industry in Europe.

Our history

Aquafil S.p.A. was founded in **1965**, when the **Bonazzi family** built its first nylon yarn plant in **Arco**, Trentino Alto Adige.

Beginning in the 1990s, a path began of **research and development** in the **circular economy**, leading to the creation of the **ECONYL® Regeneration System** in 2011, an innovative technology for the production of **regenerated nylon** derived entirely from waste.

In just over 50 years, Aquafil has grown from a family business into an **international Group** pioneering the circular economy, boasting **2,390 employees** and **sales of Euro 542 million**.

Our shares are currently listed on the **Euronext STAR Milan** segment of the **Italian Stock Exchange**, and on the **US OTCQX® Best Market** in the United States.

Our values

At Aquafil, **sustainability and circularity** are not mere slogans. They are the core of our values and the **driving force** behind our growth.

We believe in the power of **conscious innovation**, and have been **pioneering solutions** for years to deliver products and services with greater performance and **less impact** on our planet. We want to **close the circle** and **build a sustainable tomorrow** one product at a time, day by day.

Our activities

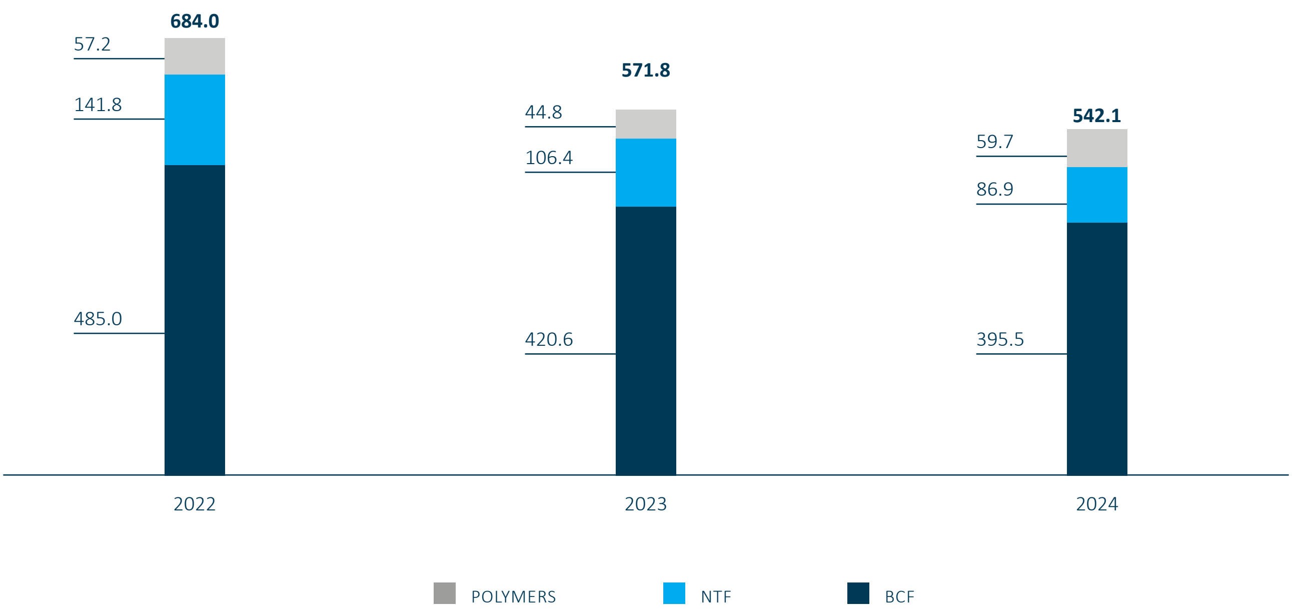
TEXTILE FLOORING YARN (BCF - Bulk Continuous Filament):
Our core business is the production and sale of nylon carpet yarn for various industries, including automotive, residential and contract (airports, offices, etc.).

CLOTHING YARN (NTF - Nylon Textile Filament):
We are among the leading suppliers of yarns and synthetic fibres for the best Italian and European brands producing garments, swimwear and sportswear.

NYLON POLYMERS (EP - Engineering Plastics):
We produce polymers and compounds intended for moulding by fashion and design companies for the production of accessories (e.g. eyeglass frames) or furniture items (e.g. chairs, tables).

Aquafil's numbers

FIGURE 1.2 – TOTAL REVENUES BY PRODUCT AREA, IN EURO MILLIONS (2022-2024)



1.2.2 Aquafil in the world

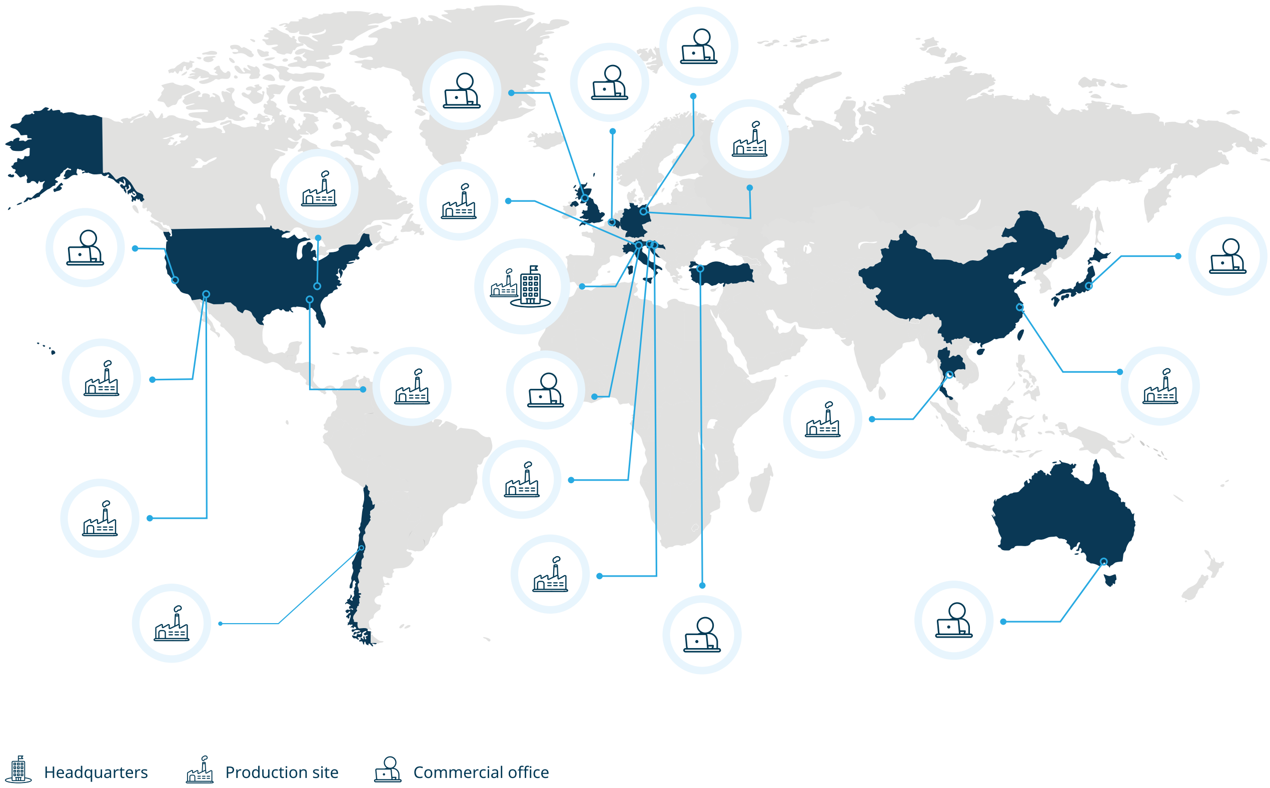
We are an international Group operating in 4 continents and 13 countries around the world.

The Group consists of **20 companies** controlled (directly or indirectly) by the parent company, Aquafil S.p.A., with a presence spanning 4 continents and 13 countries (Italy, Slovenia, UK, Germany, Croatia, USA, China, Thailand, Japan, Chile, Turkey, Belgium, Australia).

Its **headquarters** are located in **Arco, Trentino-Alto Adige.**

See Appendix 5.1 for details of the different plants and subsidiaries of the Aquafil Group.

FIGURE 1.3 - GEOGRAPHIC PRESENCE OF THE AQUAFIL GROUP



1.2.3 ECONYL®: Leading the circular revolution

We believe in a different way of doing business, where profit meets purpose, and we develop products that change the world.

In the beginning, we were like everyone else. We produced nylon from petroleum-based raw materials, and sold our thread to the fashion and carpet industry. In the early 1990s, something changed. Guided by the deep conviction that the only way forward is to **build a sustainable tomorrow**, we have embarked on a path to overcome the traditional model of "**production - consumption - waste**" and explore new **circular business models** based on "**recycling - regeneration - redesign**".

The first step was to embrace the "**Life Cycle Thinking**" approach, which led us to assess **the environmental impact** of our products throughout the life cycle. We have found that weighing most heavily on our planet is the phase of extracting and processing raw materials from fossil sources. Since then, we have invested time and resources to create a **more sustainable alternative** for the entire industry through the power of **conscious innovation**.

In 2011, after years of research and development, we reached the most important **milestone** in our company's history: the birth of the **ECONYL® Regeneration System.** This is a **cutting-edge technology** that enables us to produce a **special nylon** derived entirely **from waste**.

Characteristics of ECONYL® nylon

- It is produced from 100% waste
- Retains the same quality as traditional nylon
- Can be recycled an infinite number of times

This innovative product marked a **turning point** for the sustainability of the entire textile industry, enabling it to reduce dependence on fossil fuels, minimise waste and evolve toward fully **circular production models**. In 2024, Aquafil helped approximately 1,900 brands to create **products designed to be recycled** and reduce their environmental impact, including Stone Island, Asahi Kasei, Radici, and pba.

ECONYL® nylon is not only our greatest success but also our source of **competitive advantage**. Due to its **unique characteristics**, which differentiate it from other ingredients in the market, it is driving the Group's **revenue growth** (see section 1.3).

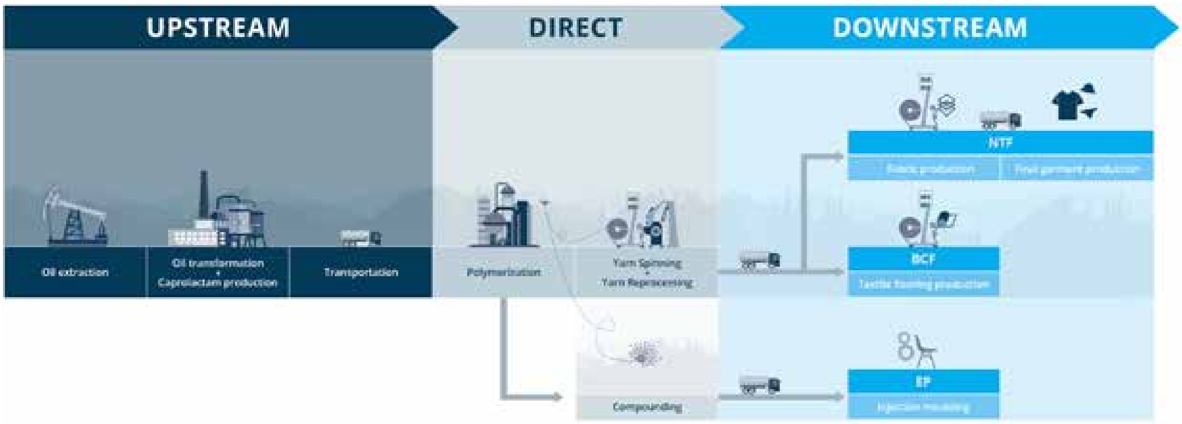
And it doesn't end there. Looking ahead, we will continue to work toward **full circularity in our business model**, generating value for people, communities and the entire planet - not just our shareholders. We want to lead the **circular revolution** in textiles, and **change the world** one product at a time, day by day.

1.2.4 Our value chains

The Group's core business is the production, reprocessing and sale of nylon, partly from fossil source and partly from the ECONYL® regenerated source.

In 2024, in line with the requirements of the European CSRD regulation, we carried out a mapping process of our main value chains.

Traditional nylon



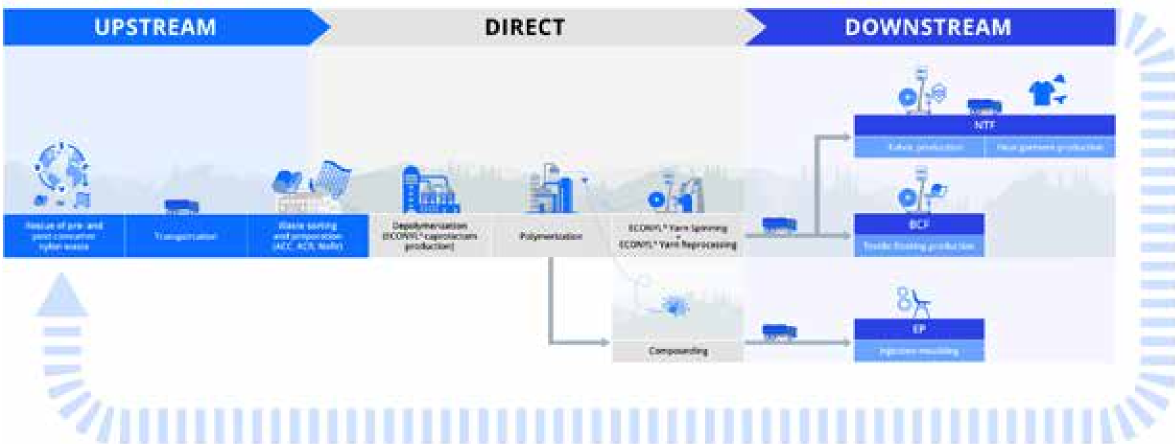
Although Aquafil is working to **reduce** its contribution, **nylon production from fossil sources** is still a part of the Group's core business to date.

The traditional nylon supply chain starts with oil extraction, from which caprolactam, the precursor raw material for nylon, is produced. Aquafil purchases caprolactam from direct suppliers and converts it into nylon through a chemical process called "polymerisation." Nylon is produced in two different forms, wires and compounds, and is sold to an **industrial customer base**, which in turn produces for intermediate markets or end-users:

- **Bobbin-wound yarns** > manufacturers of textile flooring (BCF and automotive segment) and textiles for the garment industry (NTF segment).
- **Compound (or granules)** > injection moulding companies for the production of fashion and design accessories (EP segment)

One Group company, **Aquafil O'Mara**, produces **polyester thread** instead of nylon. In this particular case, the chemical polymerisation process does not take place within the company's scope, but is outsourced to a supplier upstream in the supply chain. Aquafil O'Mara handles the **spinning stage**, and sells the yarn to industrial customers in the textile sector (NTF segment).

ECONYL® Nylon



The ECONYL® nylon supply chain differs from that of conventional nylon in the upstream section. The raw material is no longer oil, but **pre- and post-consumer nylon waste**, which is recovered thanks to an **international network** of institutions, companies, NGOs and consortia, which guarantee us a stable and sustainable supply. Collection of **pre-consumer** waste - especially industrial waste - is also done through partnerships with **our customers**.

To systematise the collection of **post-consumer** waste - old carpets, rugs, and fishing nets - we have undertaken **vertical integration** operations upstream in the supply chain in recent years. We have opened **Aquafil Carpet Collection** in the U.S., which recovers end-of-life carpets and rugs; invested in **Nofir**, a Norwegian leader in fishing net recovery; and founded **Aquafil Cile**, which specialises in the collection and pretreatment of aquaculture nets.

All nylon waste is prepared and sent to our **Ljubljana plant**, where it is processed into **ECONYL® caprolactam** through a process called "depolymerisation". The new raw material thus obtained is then used to produce **ECONYL® regenerated nylon** in wire and compound form. The downstream part of the supply chain remains the same as for traditional nylon, with sales to **industrial customers** in the three segments BCF, NTF and EP.

1.2.5 The power of conscious innovation

For years, our R&D department has been developing pioneering solutions to close the loop, and reduce the environmental impact of our products.

Research and development are strategic activities for the Aquafil Group: they strengthen our competitive advantage by helping us to differentiate ourselves in the market, but they are also key to **driving change** and building a lasting and responsible growth model.

In 2024, we invested **Euro 8.2 million** in creating **cutting-edge technologies**, better performing products and **sustainable solutions**. This figure corresponds to 1.5% of sales. Aquafil's R&D activity is not limited to the ECONYL Regeneration System®. Over the years, we have undertaken **numerous projects**, both independently and in collaboration with **international partners**, which are already beginning to show **concrete results**. The most important of these are summarised in this section. We also collaborate with many of our customers on various eco-design projects, which are discussed in section 3.3.3.

MAGRITTE: Circular additive manufacturing

MAGRITTE is a project that aims to redefine the **future of additive manufacturing** by reducing the impact of **fast-furniture** on the environment. This is a research and development initiative involving prestigious partners including **Aquafil**, **ProM Facility of Trentino Sviluppo S.p.A.**, **Caracol AM**, the **University of Trento** and **Indiveni.re.**

At the heart of the project is the development of an **innovative**, **ECONYL®-based material** for **large-scale 3D printing** that can be fully **regenerated** and reintegrated into the production cycle. This compound aims to replace fiberglass, which is traditionally used in this area and is not recyclable.

With this new solution, it will be possible to **print furniture** without the need for mass production. Each part can be produced on demand, allowing **waste to be reduced** and eliminating the need to maintain **unused stock**.

Plastic (chemical) recycling

Plastic pollution has become one of the major environmental challenges of our time. In 2024, 220 million tonnes of **plastic waste** was generated globally, averaging 28 kilograms per person. One third of this plastic is not disposed of properly, and ends up being **dispersed into the natural environment**, taking up to a thousand years to decompose.[11]

Aquafil is working on a new process to **recycle PET plastic**, commonly found in bottles, carpets, textiles and packaging, to give it a second life. Thanks to our consolidated experience in chemical regeneration processes, we have already begun the construction of a **pilot plant** in Arco.

Circularity machine: separation of multilayer carpets and circularity of individual components

Recycling of multilayer tiles and rubber mats is currently very complex due to the presence of **a high component of this material**: in fact, in many mats, rubber accounts for about 80% of the artifact. The main problem is that the rubber recycling technologies available to date do not produce **sufficient quality** so that the material can be reinserted into new carpet products.

1 Safe. https://www.safefoodadvocacy.eu/plastic-overshoot-day-2024-global-waste-crisis-surpasses-management-capacity.

Despite the fact that the percentage of eventually recoverable and regenerable nylon is low (less than 20%), Aquafil, with know-how in physical recovery of nylon waste, decided to invest in research and development to understand how to **separate rubber and nylon**, and regenerate both components. In January 2024, we started a **pilot plant in Rovereto**, which is already producing outstanding results.

The ultimate goal is to create and commercialise a **smart**, small, and transportable **technology** that our customers can use on their own, then return the recovered nylon to us. Indeed, it is important to minimise the transportation of carpets as waste, due to the bureaucratic complexities and the economic and environmental impact this entails.

Cast nylon

By using a different type of polymerisation than the most widely used, a type of nylon can be produced that is **tougher** and has a higher **mechanical strength** than traditional nylon - these characteristics make it perfect for making **components for home appliances and vehicles**. This nylon is called "**cast**" as it is produced by pouring molten raw material into a mould, where it then cures and solidifies into blocks.

Aquafil is studying the use of regenerated caprolactam in this process, with the idea of using it for design objects as well: here, in fact, the lower lifecycle impact compared to traditional nylon may be an added value, mainly due to lower water and energy consumption.

In addition, all waste is reusable for the **production of ECONYL® nylon**, ensuring the circularity of the process.

Digitalisation

We invest in the development of **digital solutions** to optimise production processes and improve people's experience in the company. Our "**Community of Practice**" on digitalisation (see section 3.1.3) works to bring innovation on three fronts: **data collection**, **processing and troubleshooting**, and **data visualisation**.

Over the past year, we have adopted a **common applications platform**, a system within which employees can build their own computer applications; we have laid the foundation for creating technologies based on **computer vision** and **predictive modelling** to predict, detect and solve internal problems on the production line and optimise the process, while also speeding up quality control; a project has been launched to develop a tool, based on **artificial intelligence**, to speed up the sampling process.

Writing and revising European and international standards

Our Group actively contributes to **standardisation** activities, both at the national (UNI), European (CEN) and international (ISO) levels, by participating in several technical committees and more specifically, the **UNI CT046** technical committee of the textile sector (**Italian Standardisation Body** - **Ente Italiano di Normazione),** the **ISO TC038** textile technical committee of the **International Organization for Standardization** (ISO) and the **CEN TC248** textile technical committee of the **Comité Européen de Normalisation** (CEN).

Simply put, we provide our expertise in the circular economy and the textile industry to help develop **technical regulations** and **industry standards**. Between 2019 and 2024, Aquafil funded the development and drafting, until publication, of **ISO 4484-2:2023**, which aims to standardise the measurement of microplastic **release in textiles**, and took part in the development of three other standards in the same area also included in the **EN ISO 4484** series.

Also in the past year, we contributed to the drafting and publication of a new set of standards: the **EN 17988:2024** consisting of six standards and one Technical Document, for **circular fishing nets**. We have also provided support to several working groups (WGs) focused on **circularity in the textile industry such as CEN TC248 WG39** and **ISO TC038 WG35**. With the latter, particularly in 2023, we actively contributed to the drafting of **ISO 5157:2023**, which provides general terms and definitions used in the textile value chain in relation to environmental and circular economy aspects.

1.3 OUR ESG STRATEGY

For Aquafil, attention to ESG issues is not relegated to Corporate Social Responsibility programmes, but is inherent and integrated into the business model.

Sustainability principles inform our **business plan** and **annual budget** set by the Board of Directors. Our **strategic decisions**, including the **allocation of resources** and **investments**, take into account the interests of all stakeholders - not just shareholders - engaged by the Group (see section 4.8), and consider key environmental, social and governance impacts, risks and opportunities that are material.

Our commitment to building a **circular economy**, **reducing waste**, and **mitigating climate change** is reflected in one of Aquafil's most important **strategic targets**: the proportion of sales of **ECONYL® branded products** on total **fibre sales**. Since the creation of the ECONYL® Regeneration System, we have strategically chosen to invest in this product, which is becoming increasingly important in the total value generated due to its unique characteristics. Today it accounts for 55% **of our fibre sales** (see Figure 1.4). The target for 2025 is to reach **60%.** This target also affects the **variable remuneration** portion of Aquafil's Directors and Executives, reflecting its strategic importance to the Group.

FIGURE 1.4 – CONTRIBUTION OF ECONYL® PRODUCT SALES ON TOTAL FIBRE SALES

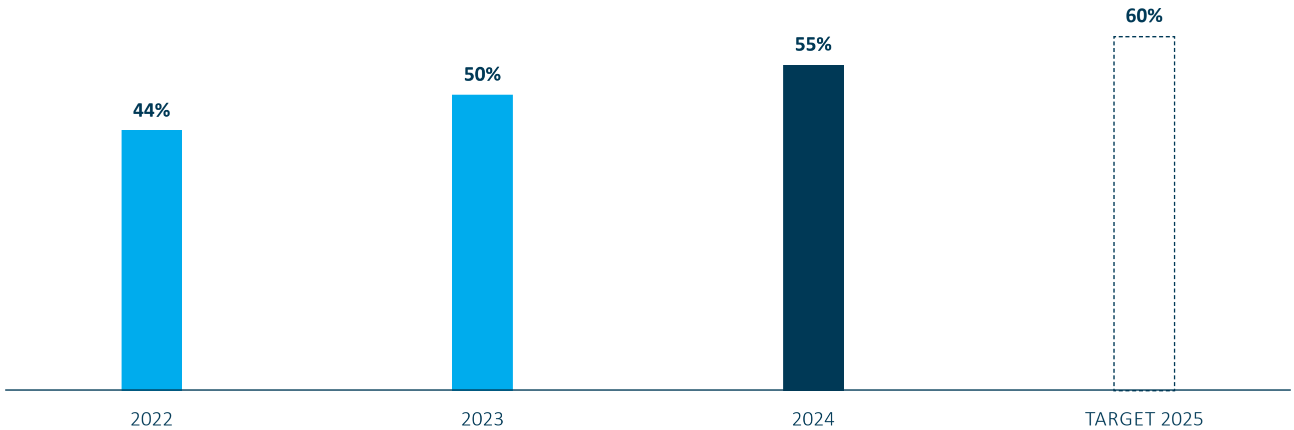
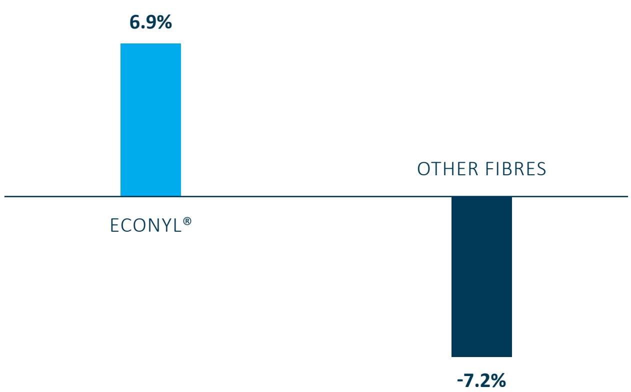


FIGURE 1.5 – REVENUE GROWTH OF ECONYL® VS OTHER FIBRES (CAGR 2019-2024)



To further integrate ESG principles into **corporate strategy**, we have also adopted a **sustainability plan**, the core pillars of which have inspired our actions since 2008. For each topic, the ESG Committee sets **ambitious and concrete goals**, which are then approved by the Board as part of the ESG report. We delve deeper into our plan and targets for the coming years in the next sections.

1.3.1 Aquafil's sustainability plan

The five pillars of our "The ECO PLEDGE®" have guided and inspired the Group's activities since 2008.

Aquafil is dedicated to sustainability **across the board**, considering not only **environmental** impact, but also **social** and **governance** impact.

Since 2008, we have formalised this commitment in our ESG plan, "**The ECO PLEDGE®**", consisting of **five pillars** that guide our work, like a beacon in the night. For each, we set **forward-looking targets** and launched a series of projects to achieve them. In pursuit of long-term sustainability goals, we use double materiality analysis to continuously monitor impacts, risks and opportunities related to sustainability matters. This approach allows us to strengthen the resilience of our strategy, keeping it flexible and ready to adapt to changing conditions and the expectations of our stakeholders. In 2023, we also introduced an **ESG Policy**, which defines Aquafil's sustainability principles and outlines their integration into our business model to ensure long-term sustainable growth.

During the year, the company allocated significant financial resources to the sustainability plan. Specifically, in 2024, we allocated a total of Euro 15.9 million in CapEx expenditures aligned with ESG issues relevant to Aquafil, which corresponds to 47% of total CapEx investments. In addition, we allocated Euro 15.2 million to OpEx expenses, which accounted for about 3% of sales. Looking ahead, we also plan to maintain a continued commitment to sustainability matters in the coming years, with OpEx expenditures amounting to about 3% of sales and CapEx investments covering about 50% of total annual CapEx investments.

The ECO PLEDGE®

RETHINKING PRODUCTS FROM A CIRCULAR PERSPECTIVE

We are at the forefront of **conscious innovation**. We invest significant resources in **research and development** to close the loop in the textile industry. Our main achievement was the creation of the **ECONYL® Regeneration System**, which enables us to produce nylon from waste. We also work with our customers on product redesign from an **eco-design** perspective.

PROTECTING THE ENVIRONMENT

We work assiduously on **reducing the environmental impact** of our production processes. The fate of our planet depends on our ability to cut **greenhouse gas emissions**, limit **waste** pollution, harness the potential of **renewable energy** and conserve **depletable resources**.

SHARING RESPONSIBILITIES ALONG THE SUPPLY CHAIN

We engage suppliers who share our mission, with the intention of building a **resilient**, more **sustainable** and **ethical supply chain** where respect for **human rights** is always guaranteed.

PROTECTING THE WELL-BEING OF INDIVIDUALS

We support the **well-being**, **growth** and **success** of **our people** by creating the optimal conditions for their development. We work every day to build a **fair and inclusive work environment**, promote safety and foster personal and professional training for our employees.

LOCAL COMMUNITY SUPPORT

We are committed to cultivating **lasting relationships** with local communities through support for **charitable initiatives**, **volunteering**, support for vulnerable groups, **educational activities**, and sponsorship to local sports, cultural and charitable associations.

1.3.2 Main results and ESG ratings

Morning-Star Sustainalytics ESG risk rating

For the second year in a row, we achieved a **Sustainalytics** rating which ranks Aquafil, on a scale of 1 (lowest risk) to 100 (highest risk), with the **ESG score of 11.3**, corresponding to a “low” risk.

New EcoVadis rating: Group gets silver medal

Aquafil was awarded a **silver medal** by EcoVadis, a leader in corporate sustainability assessment, ranking **among the top 15% of companies** evaluated globally. EcoVadis looked in detail at **four** key **areas**: **environment, ethics, workers’ rights and sustainable purchasing**.

Aquafil among Italy’s most climate-conscious companies according to Corriere della Sera, Planet 2030 and Statista

For the third year in a row, Aquafil has been included by **Corriere della Sera**, **Pianeta 2030** and **Statista** in the list of **“Most Climate-Conscious Companies,”** which recognises the Italian companies that have achieved the best results in reducing the ratio of CO_2 emissions to turnover. This recognition underscores our ongoing commitment to minimising the environmental impact of our activities and promoting more sustainable production models.

EticaNews rewards Aquafil with Conscious ESG Identity

EticaNews, the leading newspaper dedicated to ESG issues for business and finance, awarded Aquafil with the **Conscious ESG Identity**, and included our Group in the **ESG Identity Corporate Index 2024**, a ranking dedicated to the most virtuous companies in the field of sustainability. This is not just a stamp of achievement, but an indicator of consistency, commitment and vision, providing a starting point for continuous improvement.

SMAU Innovation Award for the innovative contribution of ECONYL® in the textile industry

Our ECONYL® brand was awarded the **SMAU Innovation Award** at **Italy’s leading trade fair** dedicated to **new technologies** for business. This recognition confirms our **pioneering role in sustainable innovation**, setting new standards for the circular economy in the textile industry.

Aquafil CEO among Italy’s 20 most influential innovators

Giulio Bonazzi, CEO of Aquafil, was listed among **Italy’s 20 most influential innovators** within the **“Panorama Italia”** art project. On the occasion of the **2024 Paris Olympics**, CONI commissioned a **30 m2 tapestry** for Casa Italia, the residence that hosted the Azzurri athletes. Made by the master weavers of Giovanni Bonotto’s Fabbrica Lenta, the work is a celebration of **Italian excellence**: for each region, some of the illustrious personalities, a typical culinary dish, symbolic architecture, and a successful entrepreneurial innovation are depicted. Among the names of the **20** most influential **Italian innovators and visionaries** was embroidered that of our CEO, Giulio Bonazzi.

Georgia governor visits the Aquafil Group

In July 2024, we had the honour of **welcoming Georgia Governor** Brian P. Kemp, accompanied by a **high-level delegation**, including Commissioner Pat Wilson and representatives from the **Georgia Department of Economic Development.** The meeting was a crucial time to **discuss the future** of our U.S. business, which began in 1999 with the opening of the Cartersville plant. Today, this plant is not just a centre for carpet fibre production, but an example of innovation that is transforming a traditionally high environment impact industry**.**

ArtVerona and the "Red Carpet" as an example of regenerated creativity

Since 2022, Aquafil has collaborated with **ArtVerona** as part of the **"Red Carpet"** initiative, which invites internationally renowned artists to create a carpet produced with **ECONYL®** regenerated yarn, transforming it into an immersive artistic experience. After **Stefano Arienti** and **Peter Halley**, in 2024, it was **Ugo Rondinone** who created a unique visual and conceptual journey with "**The Rainbow Brick Road".**

"The Artisan Sea": ECONYL® between art and sustainability

Aquafil took the lead in the project "The Artisan Sea", which combined **art, craftsmanship and environmental protection.** The initiative transformed discarded fishing nets and other marine waste into an art installation made from ECONYL® regenerated nylon. The project, in collaboration with Healthy Seas, aimed to raise awareness of the problem of **marine pollution** and show how **innovation** can breathe new life into waste materials, creating economic and cultural value.

TABLE 1.1 – SUMMARY OF THE GROUP'S MAIN ESG ACHIEVEMENTS, 2024

E	S	G
Definition of a **Water Policy**	**300 employees trained** on **DE&I issues**	Obtained **silver medal in the EcoVadis rating**
Energy efficiency measures	**Certification for gender equality** (UNI / PdR 125) in the three Italian plant	Mapping ESG risk on the value chain through Ecovadis platform
Undertake **Biodiversity and Climate Risk Assessment**	Business **climate analysis in Slovenia and Croatia**	Definition of a **succession plan for top management**
New partnerships with customers on eco-design, including the development of the **first** circular fishing net, in partnership with Diopas		

1.3.3 Goals and progress against targets

We set ambitious and measurable ESG goals, which guide our strategy and actions.

Our sustainability strategy is future-oriented. This section outlines the goals we have set, the progress we have made, and the areas in which we will continue to invest to create a positive and lasting impact. Our targets - qualitative and quantitative - are defined by the ESG Committee, which takes into consideration the Group's main impacts, risks and opportunities, and the instances gathered from all stakeholders (see section 4.8 for engagement methods). They are then approved by the BoD. All targets are, where possible, based on scientific evidence. They are determined voluntarily and do not comply with regulatory requirements. Except where specified in individual target descriptions, targets refer to the Group's entire scope.

TABLE 1.2 – GOALS AND TARGETS OF AQUAFIL'S ESG STRATEGY, 2024

Sustainability pillars	Objective	Target	Baseline
Design products with the circular economy in mind	E Consolidate existing supply chains	Generate 60% of total turnover from fibres containing ECONYL® brand products (on a like-for-like basis). (Waste hierarchy: c. recycling)	37% (2021)
		Involve 60% of EMEA BCF customers (nylon 6 for carpets) in the post-industrial Take-Back scheme. (Waste hierarchy: a. prevention; c. recycling)	n/a (2021)
	E Create new sustainable circular supply chains	Collect 35,000 tonnes of post-consumer waste to create new recycled materials. (Waste hierarchy: a. prevention; c. recycling)	n/a (2021)
	E Introduce an eco-design approach;	Start 13 projects involving final brands in the eco-design and recycling of end-of-life garments. (Waste hierarchy: a. prevention)	n/a (2021)
		The first step of the Born R2R scheme (Born Regenerated to be Regenerable by Aquafil): sign a MoU (Memorandum of Understanding) with 50% of selected carpet and rug manufacturers to design products that are recyclable at end-of-life and made from recycled materials (ECONYL® nylon). (Waste hierarchy: a. prevention)	0% (2022)
Tutelare l'ambiente	E Use energy from renewable sources	Procure 100% electricity from renewable sources for the entire Aquafil group.	100% (2022)
	E Mitigate the impact of production processes	Ensure all Group plants are ISO 14001 certified (environmental management).	9 (2021)
		Ensure all Group plants are ISO 50001 certified (energy management).	5 (2021)
		Commit to the Science Based Targets (SBTs) initiative and adhere to GHG reduction targets.	ND (2021)
	E Reduce waste by reusing packaging	Recover the pallets used to transport products, and achieve 50% pallet reuse for EMEA BCF business. (Waste hierarchy: a. recycling)	0% (2021)

2 Aquafil's sustainability plan includes targets for all material subtopics (see section 1.4) listed in this table. If a subtopic is not mentioned in this table, it means that there is no target related to it. The absence of targets for some subtopics derives from the fact that the Group has always defined its targets based on the strategic priorities resulting from the "The ECO PLEDGE®".

Deadline	Status	Progress at December 31, 2024	CSRD Subtopic[2]	Policy (see Section 1.3.5)
2025		54.8%	E5 Waste E5 Resource outflows related to products and services	ESG Policy Environmental Policy
2025		48.5%	E5 Waste E5 Resource outflows related to products and services S4 Social inclusion of consumers and/or end-users	ESG Policy Environmental Policy
2025		19,002t	E5 Waste E5 Resource outflows related to products and services S4 Social inclusion of consumers and/or end-users	ESG Policy Environmental Policy
2025		9 projects initiated - see section 3.3.3	E5 Waste E5 Resource outflows related to products and services S4 Social inclusion of consumers and/or end-users	ESG Policy Environmental Policy
2025		47%	E5 Waste E5 Resource outflows related to products and services S4 Social inclusion of consumers and/or end-users	ESG Policy Environmental Policy
Annual		92.3%	E1 Energy E1 Climate change mitigation E2 Air pollution	Code of Conduct ESG Policy Environmental Policy
2025		11 of 13 plants certified	E1 Energy E1 Climate change adaptation E1 Climate change mitigation E2 Air pollution E2 Water pollution E2 Soil pollution E5 Resource outflows related to products and services E5 Waste	Code of Conduct Environmental Policy Integrated Management System
2028		8 out of 13 plants certified	E1 Energy E1 Climate change mitigation E2 Air pollution	Environmental Policy Integrated Management System
2025		Ongoing: preparation of the **Inventory Management** Plan based on GHGs Protocol, a document that formalises the methodology for calculating	E1 Energy E1 Climate change mitigation E2 Air pollution	ESG Policy Environmental Policy
2025		44%	E5 Resource outflows related to products and services E5 Waste S4 Product management	Green Procurement Policy

Sustainability pillars	Objective	Target	Baseline
Guarantee the well-being of individuals	S Reduce injuries	Ensure all Group plants are ISO 45001 certified Group emissions	6 (2021)
	S Support professional development	Create professional development pathways for talented Group employees.	ND (2022)
	S Achieve equal gender representation at all company levels	Train at least 50% of employees on diversity issues	0% (2023)
		Have at least 20% female figures in top and senior management[3]	0% (2023)
	S Guarantee respect for basic Human Rights in the workplace	Certify SA 8000 (social responsibility) the following Group companies: Aquafil Asia Pacific, Aquafil Cina	0 (2023)
Share responsibility along the supply chain	E S Monitor supplier ethics	Monitor key suppliers along the supply chain through audits and/or due diligence, in line with the European Supply Chain Act (Corporate Sustainability Due Diligence Directive)	ND (2022)
Cross-cutting objectives	S G Improve Corporate Governance	Develop a succession plan for management	ND (2022)

Key:

New Target | Target achieved | Project ongoing | E Environment | S Social | G Governance

3 The top and senior management scope includes: the CEO (and Senior Executive Directors, if any), other Executive Directors and Senior Executives, as well as other figures of a strategic nature for the Group.

Deadline	Status	Progress at December 31, 2024	CSRD Subtopic[2]	Policy (see Section 1.3.5)
2025		8 out of 13 plants certified. Aquafil USA expects to have to postpone to Q1 2026	S1 Working conditions S2 Working conditions	Code of Conduct Human Rights Policy Integrated Management System
2025		Ongoing: the evaluation and calibration phase of local talent has been successfully completed The next steps involve validating the list of global talent and drawing up an action plan for development and growth	S1 Equal treatment and opportunities for all	Code of Conduct Human Rights Policy DE&I Policy
2025		12.6%	S1 Equal treatment and opportunities for all	ESG Policy Code of Conduct Human Rights Policy DE&I Policy
2026		0%	S1 Equal treatment and opportunities for all	Code of Conduct Human Rights Policy DE&I Policy
2028		In progress: 0 out of 2 plants certified	S1 Equal treatment and opportunities for all S1 Other work-related rights S2 Equal treatment and opportunities for all S2 Other work-related rights G1 Business conduct G1 Protection of whistleblowers	Code of Conduct Human Rights Policy DE&I Policy Integrated Management System
2026		In progress: Aquafil has begun a project with EcoVadis to map ESG risk in its supply chain (see Section 1.5.3)	E1 Climate change mitigation S2 Working conditions G1 Business conduct G1 Management of relationships with suppliers including payment practices	ESG Policy Code of Conduct Human Rights Policy Green Procurement Policy
2025		Complete	S1 Equal treatment and opportunities for all G1 Corruption and bribery G1 Business conduct G1 Management of relationships with suppliers, including payment practices	Policy for succession planning for key figures

1.3.4 Aquafil and the SDGs

The **Sustainable Development Goals** (SDGs) are 17 goals set by the United Nations, which aim to solve major global challenges such as **poverty**, **inequality**, **climate change**, **biodiversity** loss and the promotion of **peace** and **justice**.

Aquafil **contributes to 11 SDGs**, including 7 directly related to the company's core business and 4 related to contextual initiatives and projects.

TABLE 1.3 – SDG: DIRECT IMPACT THROUGH AQUAFIL'S CORE BUSINESS

SDG	Targets	Our contribution
6 CLEAN WATER AND SANITATION	Ensure availability and sustainable management of water and sanitation for all	We monitor **water stress levels** in the areas where we operate, locating withdrawals and discharges in areas of medium to low water stress. We continue our efforts to **reduce consumption** in production processes, and to keep **wastewater quality** under control. In 2024, we adopted a Water Policy to enhance and systematise our efforts
7 AFFORDABLE AND CLEAN ENERGY	Ensure access to affordable, reliable, sustainable and modern energy for all	We purchase electricity from **certified renewable sources** and invest in **self-generation** power **systems.** We reduce energy consumption through **production process efficiency**
8 DECENT WORK AND ECONOMIC GROWTH	Promote sustained, inclusive and sustainable economic growth. Full and productive employment and decent work for all	We promote inclusive and sustainable economic growth through the **creation of value**, and **the fair remuneration** of all those who helped generate it. We continue to strengthen **human rights** safeguards throughout the supply chain to ensure **decent working conditions**
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Build resilient infrastructure. Promote inclusive and sustainable industrialisation and Foster innovation	We invest in **research and development** in order to **innovate consciously**, focusing on new technologies for the production of nylon from waste, plant-derived raw materials and product design from an eco-design perspective
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Promote the circular economy by ensuring sustainable consumption and production patterns	The analysis of the **environmental impact** of our products throughout the life cycle, and substantial **investments in R&D** led us to the development of the **ECONYL® Regeneration System**, which enables a circular business model. We work assiduously with suppliers and customers to close the loop in textile industry supply chains
13 CLIMATE ACTION	Take urgent action to combat climate change and its impacts	We continue our efforts to **reduce emissions** from our production activities. Since 2023, we have also started to calculate and report Scope 3 emissions. We consider and mitigate the adverse effects of climate change by assessing our exposure to risks from global warming (section 3.2)
14 LIFE BELOW WATER	Conserve and sustainably use the oceans, seas and marine resources for sustainable development	**We regenerate fishing nets** and other nylon waste that would otherwise end up scattered at sea or in landfills. We have conducted **upstream** supply **chain integration operations** to strengthen fishing net supply lines and co-founded **Healthy Seas**, a foundation that spreads awareness about preventing contamination of marine habitats and organises seabed cleanups with volunteer divers. We developed the first international standard (ISO) for measuring microplastics released by the textile industry, which are a major cause of marine pollution

TABLE 1.4 – SDG: IMPACT THROUGH CONTEXTUAL INITIATIVES

SDG	Targets	Our contribution
4 QUALITY EDUCATION	Ensure inclusive and equitable access to education and promote "lifelong learning" opportunities for all	We promote equal opportunity in education in the communities in which we operate through scholarships and donations to schools, as in the case of the Cartersville High School in Cartersville, USA. We support the training and education of the younger generation on the topic of sustainability with lectures, workshops, events, educational projects and visits to schools
5 GENDER EQUALITY	Promote gender equality, ensuring equal opportunities regardless of gender	We invest in creating a **fair and inclusive** work environment by reducing the gender gap. In 2023, we introduced a new **D&I Policy**, and in 2024 we **trained** about 300 people on diversity and inclusion. The plants of Aquafil S.p.A., Tessilquattro Cares and Tessilquattro Rovereto have also obtained UNI/PdR 125 certification for gender equality. We also fight gender-based violence in local communities by supporting the APS "Alba Chiara" Association
10 REDUCED INEQUALITIES	Reduce social and economic inequality within and among countries	We are committed to the continuous improvement of our **remuneration and incentive** system to make it as fair as possible. We promote **paid volunteer** activities for employees to benefit local communities and the non-profit sector. Through various partnerships, we provide **employment opportunities for inmates** and people recovering from substance and/or alcohol abuse, facilitating their reintegration into society
15 LIFE ON LAND	Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss	We have also extended the process of **assessing the impacts of our production processes on biodiversity** to our U.S. plants. The results lay the foundation for mitigation measures and projects in protected areas adjacent to our plants

1.3.5 Aquafil's policies

We are constantly updating our policies to ensure ethical, fair and sustainable business management.

Our policies are a key tool for preventing, mitigating and correcting negative **impacts**, addressing **risks**, and pursuing **opportunities** that lie ahead.

When developing policies, those responsible for drafting them take into account the **concerns of all stakeholders** observed and gathered during day-to-day activities involving them. We publish all major policies on our **website** to ensure maximum **dissemination among** stakeholders inside and outside the company.

In 2024, we introduced a new policy, the **Water Policy**, for better management of water resources. The company also has a number of **internal procedures** that support the implementation of the principles and activities expressed in the policies, including the **Health and Safety** Procedure, the **reputational audit** of customers and suppliers, the protocol for calculating and **measuring greenhouse gas emissions**, the procedure for **verifying pending charges** for executives, and the **Cyber Security** procedure.

ESG Policy	Defines Aquafil's sustainability principles and explains how they are integrated into its **business model**	link
Code of Conduct	Aquafil's **moral compass**. It establishes **standards of conduct** to be followed by all stakeholders to ensure **integrity**, **transparency** and **compliance** in all Group activities	link
Human Rights Policy	Identifies the **core human rights principles** the company stands for, and defines processes to prevent and **mitigate risks of violation**	link
Environmental Policy	Outlines Aquafil's specific **commitments** and **initiatives** regarding **environmental issues** and combating **climate change**, including physical and transitional hazards	link
Green Procurement Policy	Formalises policies for **supplier qualification and selection**, ensuring a responsible purchasing process for products, materials and services, with the aim of protecting the environment and safeguarding health	link
Water Policy	Establishes Group **targets, commitments and actions** for **careful management of water resources**, aimed at reducing consumption and pollutants in discharges	link
Anti-Corruption Policy	Provides a **framework** for **preventing corruption** by defining rules of conduct to ensure **compliance with Anti-Corruption Laws**	link
DE&I Policy	Promotes **inclusion, respect for diversity** and **pay equity** in the work environment and in personnel selection and training processes	link
Whistleblowing procedure	Defines processes and tools for **reporting** of violations of laws, regulations, rules and company procedures, ensuring **anonymity**	link
Remuneration Policy	Establishes the r**emuneration policy** for the Group's key figures (Directors and top managers), and short- and long-term **incentive systems**. Introduces **ESG parameters** in the calculation of variable remuneration	link
Integrated Management System	Introduces an **integrated management system** to ensure quality, environmental protection, energy efficiency, health and safety, social responsibility and gender equality in all Group companies	link
Parental Leave Policy	Sets rules for **minimum paid parental leave** for the Group as a whole, providing a standard even for workers in those countries where it is not required by law	link

1.4 MATERIALITY ANALYSIS

The purpose of the materiality analysis is to identify the main positive and negative, actual and potential **impacts, risks and opportunities** generated or suffered by the Group **directly** (through its operations) or **indirectly** (through its value chain). In 2024, Aquafil revised and updated the analysis methodology, bringing it into line with the requirements of the new **European CSRD directive** and **EFRAG** guidelines.

The main development since 2023 has been the introduction of the "**double materiality**" principle, which has led the Group to assess:

- **Impact materiality**: the consequences - actual or potential - of the company's activities on people and the planet.
- **Financial materiality:** the risks and opportunities in the ESG arena that may affect Aquafil's financial performance, cash flow, and access to credit, and in terms of reputation, market positioning, and competitive advantage.

The materiality analysis is updated every two years, or following significant changes inside or outside the company.

1.4.1 Methodology

There are five stages in Aquafil's new materiality analysis methodology.

1) **Context analysis;**
2) **Identification of impacts, risks and opportunities (IRO);**
3) **IRO materiality analysis**
4) **Identification of the topics to be reported**
5) **Stakeholder engagement**.

1) Context analysis

The aim of the first phase was to develop a **general overview** of the company's activities, the supply chains in which it operates, its business relationships, the stakeholders with whom it deals, and the relevant regulatory and legislative environment. This context analysis was preparatory to the identification **of impacts related to** Aquafil's **business model** and the strategy deployed (see section 1.3). We also analysed our main dependencies, identifying two in particular: the raw materials we use and our employees, who provide us with highly qualified time and expertise. These assessments were key to identifying key ESG risks and opportunities for the company, and links with our impacts.

2) Identification of impacts, risks and opportunities (IRO)

In this second phase, Aquafil drew up a **list of environmental, social and governance aspects**, using them as references:

- sustainability matters identified by **ESRS standards;**
- **Internal analyses**, including the 2023 Enterprise Risk Assessment and Materiality Analysis
- **External sources**, including analysis from international bodies, industry studies, GRI standards, CDP ratings and Sustainalytics.

We then classified each aspect as impact, risk, and/or opportunity (IRO), indicating whether it was **negative** or **positive**, **actual** or **potential**, **direct** or **indirect**, and specifying **the time horizon** in which it is expected to manifest its effects.

3) IRO materiality analysis

For each aspect classified as impact (I), we conducted an assessment of **impact materiality** by scoring from 1 to 5 on four metrics: scale, scope, likelihood, and irremediable character (the latter only in the case of negative impacts).

For each aspect classified as risk (R) or opportunity (O), we performed a **financial materiality** analysis by assigning a score from 1 to 5 to two metrics: the scale of possible financial effects and the likelihood of their occurrence.

The analysis of each IRO was assigned to **key figures** with in-depth knowledge of the topic, both internal and external to the company, to whom we provided shared and standardised rating scales.

The **materiality threshold** was established using a risk-based approach, explored in detail in Appendix 5.2, and considering all IROs that scored **medium-high** or **high** as material. The final results were reviewed and validated by the **ESG Committee** (see Section 1.5.1).

Given the lack of comprehensive data, the analysis of **value chain** IROs followed a slightly different methodology. The most difficult metric to estimate was the likelihood of occurrence. To estimate the latter, we therefore decided to rely on **EcoVadis IQ+**, a tool provided by one of the leading international ESG rating platforms, with which Aquafil had already conducted sustainability risk mapping in its value chain (see section 1.5.3). This tool allowed us to estimate the likelihood of occurrence of each IRO from the **risk scores of our** upstream and downstream **business partners**, weighted on the basis of business volume.

4) Identification of the topics to be reported

To identify the **topics to be reported** on in this sustainability report, we aggregated and traced each IRO to the **topic, sub-topic, and sub-sub-topic** identified in the ESRS standards.[4] A topic is material when even one IRO that can be traced back to it is material.

4 ESRS 1 AR 16.

5) Stakeholder engagement

We involved stakeholders of various kinds to **verify and confirm the results** of the analysis, and in general **consider viewpoints from outside** the company. Specifically, we conducted fifteen **interviews** with individuals from six categories: suppliers, customers, financial community and investors, organisations and institutions, schools and new generations, NGOs and local communities.

Participants were selected based on three **criteria**:

- Importance and criticality of the entity;
- Longevity and stability of the relationship;
- Need to cover Aquafil's activities and geographic areas as well as possible.

1.4.2 Results

Figure 1.6 shows the list of **sub-topics that were found to be material**, and will therefore be reported herein. The **list of material impacts, risks and opportunities** for each topic is given at the beginning of the sections in which the topic is reported. In Appendix 5.2, we have provided a full list of material topics, sub-topics, and sub-sub-topics for the two types of materiality (financial and impact), specifying whether the IROs refer to the standard nylon or ECONYL® nylon value chain.

FIGURE 1.6 – AQUAFIL MATERIAL SUB-TOPICS, BY TYPE OF MATERIALITY (FINANCIAL OR IMPACT)

Financial	Impact: Not material	Impact: Material
Material	E2 - Microplastics	E1 - Climate change adaptation
Material	S4 - Product management	E1 - Energy
Material		E1 - Climate change mitigation
Material		E2 - Soil pollution
Material		E2 - Water pollution
Material		E2 - Air pollution
Material		E4 - Direct impact drivers of biodiversity loss
Material		E5 - Resource outflows related to products and services
Material		E5 - Waste
Material		G1 - Corruption and bribery
Material		S1 - Other work-related rights
Material		S1 - Working conditions
Material		S1 - Equal treatment and opportunities for all
Material		S2 - Working conditions
Material		S4 - Social inclusion of consumers and/or end-users
Not material	G1 - Management of relationships with suppliers including payment practices	E2 - Substances of very high concern
Not material	G1 - Development and technological innovation	E2 - Substances of concern
Not material	S3 - Rights of indigenous peoples	E3 - Water
Not material	S4 - Personal safety of consumers and/or end-users	E3 - Marine resources
Not material		E4 - Impacts on the extent and condition of ecosystems
Not material		E4 - Impacts on the state of species
Not material		E5 - Resources inflows, including resource use
Not material		G1 - Business conduct
Not material		G1 - Protection of whistleblowers
Not material		S2 - Other work-related rights
Not material		S2 - Equal treatment and opportunities for all
Not material		S3 - Communities' civil and political rights
Not material		S3 - Communities' economic, social and cultural rights
Not material		S4 - Information-related impacts for consumers and/or end-users

1.5 SUSTAINABILITY GOVERNANCE

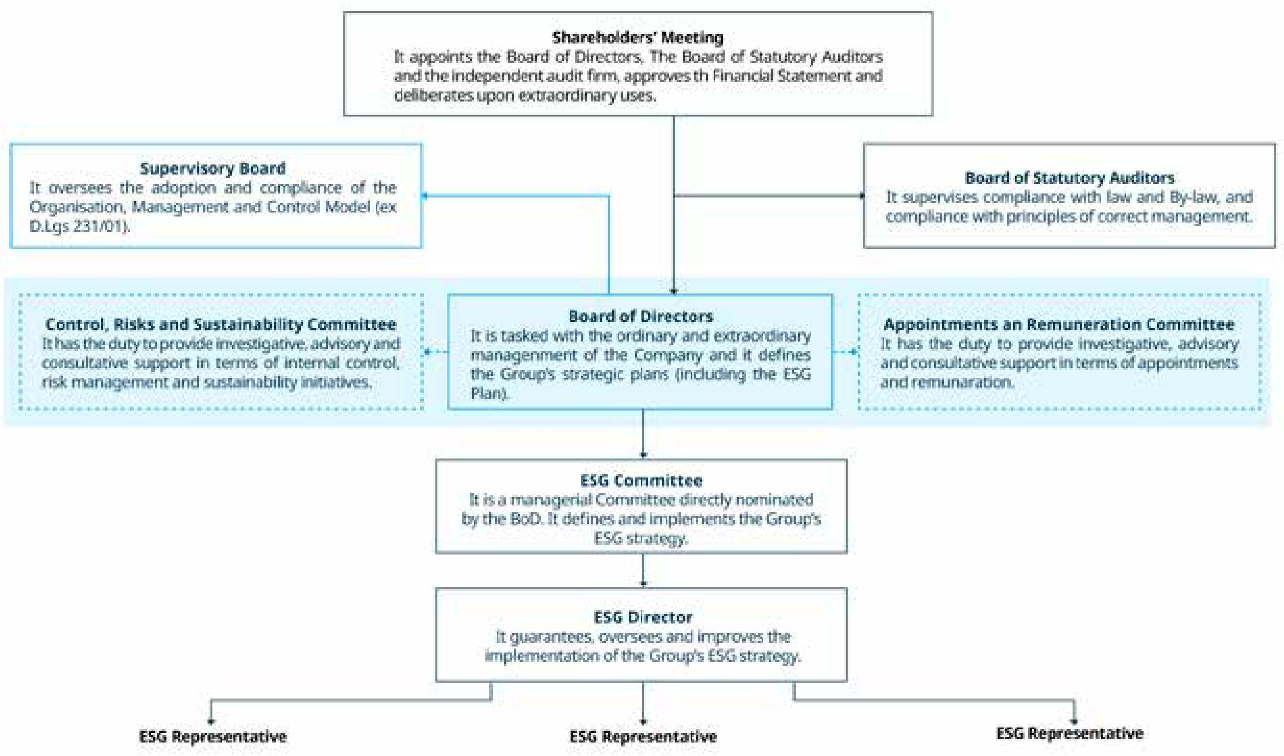
Our commitment to sustainability is perfectly codified in Group governance.

Aquafil adopts the "traditional system" of administration and control. The **Shareholders ' Meeting** elects the **Board of Directors** (BoD), which steers corporate management, and the **Board of Statutory Auditors**, which performs the control functions. The Board in turn appoints the Group **CEO**, a position currently held by **Giulio Bonazzi.** Details of Aquafil's main sustainability **governing bodies** are provided in Figure 1.7.

The Board oversees the sustainability strategy through the **Control, Risks and Sustainability Committee** (internal Board committee) and the **ESG Committee** (managerial), which in turn is supported by an **ESG Director**, and several **ESG Representatives**.

The regulations of the key governing bodies and the Group's **ESG Policy** (see Figure 6 - ESG Policy) define **roles and responsibilities** in the **management of impacts, risks and opportunities** in terms of **sustainability** at each level of governance.

FIGURE 1.7 – AQUAFIL'S MAIN GOVERNING BODIES



ESG Policy - https://www.aquafil.com/assets/uploads/ESG-Policy-IT.pdf	
Objectives	Defines Aquafil's sustainability principles and explains how they are integrated into its **business model**
Contents	• Defines Aquafil's **sustainability principles** • Prescribes internal **actions and commitments** to achieve goalsi • Assigns roles and responsibilities in **ESG governance**
Impacts, risks and opportunities	**E:** climate change, pollution, water and marine resources, biodiversity and ecosystems, circular economy **S:** own workforce, workers in the value chain, affected communities, consumers and end-users **G**: business conduct
Application	Employees, contractors, suppliers, customers, and all stakeholders who have a relationship with the Group
Owner	The policy was approved by the **Board of Directors**. The **ESG Committee**, including through **the ESG Director**, is responsible for its implementation
Alignment with international initiatives	2030 Agenda, UN Global Compact, Universal Declaration of Human Rights, Paris Agreement on Climate Change, International Labour Organization Declaration on Fundamental Principles and Rights at Work, Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption

1.5.1 Main governing bodies

Shareholders' Meeting

The Shareholders' Meeting is the collegial body that expresses **shareholders' wishes**. Passes resolutions - at ordinary and extraordinary sessions - on matters specified by the Law and in the By-Laws, including **approval of the annual financial statements**, and the **appointment of the Board of Directors**, Board of Statutory Auditors, and independent audit firm. The Shareholders' Meeting also determines the **pay** of Directors and Statutory Auditors.

→ *See Shareholders' Meeting regulation*

Board of Directors

Exercises direction, coordination, monitoring and verification activities at a **managerial level** in relation to the strategy and governance of the Group. In line with the Italian Stock Exchange's "**Corporate Governance Code**," the overall objective of the Board of Directors is "**sustainable success**", that is, the **creation of value in the long term** for the benefit of the company's shareholders and all of its stakeholders.

The Board oversees the **Group's ESG targets** and **sustainability strategy** through the **Control, Risks and Sustainability Committee** (internal board committee). It is also supported by the **ESG Committee** (management) in **assessing** and **managing sustainability impacts, risks, and opportunities** (IROs), as stipulated in the ESG Policy. The ESG Committee also informs the Board of the Group's main achievements in this area, and the opinions and interests of stakeholders gathered in daily interaction, on a periodic basis.

Finally, through the **Appointments and Remuneration Committee** (internal board committee), the BoD oversees the company's appointment criteria and remuneration policies. The BoD can appoint one or more Appointments and Remuneration Committee members by giving one of them the title of Senior Executive Director or Chief Executive Officer (CEO).

Currently, the Board of Directors is composed of **9 members**, including **3 executive** and **6 non-executive** members.[5] **44%** of the members are also **independent** pursuant to Article 147-ter, paragraph 4 of the CFA and Article 3 of the Self-Governance Code. Due in part to the diversity in **terms of gender diversity - 44% of** i**ts members are women -, age, experience**, and **skills** of its members, the Board is highly qualified to carry out its mandate, to lead the Group in the **sectors** and **geographic regions** in which it operates, and to manage ESG issues. For example, the chair is **Chiara Mio**, who is known internationally for her expertise on sustainability matters and corporate social responsibility. The composition and responsibilities of the BoD are detailed in Table 1.5.

In addition, the Board adopts **procedures** to check the **effectiveness of its operations** and the **qualification of its members**, assessing whether they already possess the **necessary skills** or whether they need to be developed through **training courses**. Through the **evaluation** procedure, the Board periodically assesses its size, composition and how it actually functions. In the Corporate Governance Report, it provides information on the **qualification**, role on the Board, and key **professional characteristics** of each member.

5 The three Executive Directors are also Group employees.

Immediately after appointment (and also during the term of office), the Chairperson can organise what is known as a "**board induction**", or a **training** event to provide members with **adequate knowledge** the industry, business dynamics, principles of proper **risk management**, and the relevant regulatory framework. Some of the training provided focuses on **sustainability matters**.

→ *See Board Regulations*

The table shows the office, age group, and ESG skills acquired in the performance of their corporate responsibilities.

TABLE 1.5 – COMPOSITION OF THE BOARD

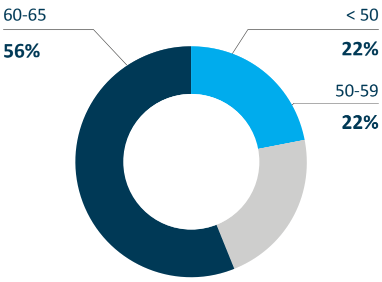
Name	Office	Role	Age	ESG experience and skills
Chiara Mio	Chairperson	Independent, non-executive	>50	**E-S-G** Member of the **EFRAG Sustainability Reporting TEG** **Professor** at the Department of Management **at Ca' Foscari University of Venice** **Director at listed companies** including Banco BPM and OVS Former Chairperson of the **ESG Reporting Task Force**, Accountancy Europe, Brussels. Former Chairperson of **Crédit Agricole FriulAdria** (Crédit Agricole Banking Group Italy), first woman in Italy to serve as bank chairperson
Giulio Bonazzi	CEO	Executive	>50	**E-S-G** **CEO of Aquafil** since 2001 and **Chairperson** of the Board of Directors from 2008 to 2022, he has led the company towards circularity, through the creation of the **ECONYL Regeneration System** **Awarded the Order of Merit of Labour (Cavaliere del Lavoro)** and a speaker at international events on sustainability and innovation WCD's 2023 **Visionary Award for ESG Leadership** (2023) **100 Meaningful Business Leader** (2022) **Fortune Change the World List** (2019)
Stefano Giovanni Loro	Director	Executive	>50	**E-G** **President BCF EMEA of Aquafil** since 2017, and **President BCF APAC** since 2021. Circular economy expert Former General Manager of several business units at **Radici Group**
Franco Rossi	Director	Executive	>50	**E-G** **Chairperson Aquafil USA** since 2006 (which he founded in 1999) and circular economy expert. He previously held management positions in the chemical-textile industry and the **Electrolux Group**
Silvana Bonazzi	Director	Non-executive	30-50	**G** **Lawyer** specialising in Corporate, M&A and corporate restructuring. Former **Linklaters** and **Freshfields Bruckhaus Deringer**
Francesco Bonazzi	Director	Non-executive	30-50	**G** **Attorney** and **Director at Aquafil Holding** Formerly **KPMG Audit**
Roberto Siagri[6]	Director, Chairperson of the Appointments and Remuneration Committee	Independent, non-executive	>50	**G** Expert in **internationalisation** and **corporate governance** **Founder and CEO** of **Rotonium** Srl (2022-present), a startup in the field of quantum computers. Former CEO of **Eurotech**, which he led from startup to listed company, and Chairperson of the **Tolmezzo Local Economic Development Consortium** since 2020
Patrizia Riva	Director, Chairperson of the Control, Risks and Sustainability Committee	Independent, non-executive	>50	**G** **Expert in corporate crisis and recovery with a strong background in corporate management and control** **Chairperson of the Board of Statutory Auditors of Piquadro S.p.A.** and **Statutory Auditor** in ATAC S.p.A., Mediobanca SGR, Agilepower S.r.l. and Agile Lab S.r.l., with experience in listed and investee companies
Ilaria Maria Dalla Riva	Director	Independent, non-executive	>50	**S** Expert in **human resource management** and **corporate culture**, with specific focus on **diversity** and **human capital development** Executive at **UniCredit** Italy - Head of People & Culture (2021-2022) and Chief Administrative Officer (2022-present) Former HR VP at **Sky Italia**, Chief Human Capital Officer of **Montepaschi Group**, HR director of **Vodafone** Former Director on the Boards of various companies, including some subsidiaries of the **Montepaschi Group**

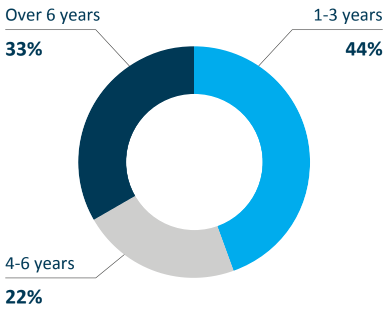
The current BOD will remain in office until the approval of the financial statements at December 31, 2025.

→ *See Directors' bios*

6 On October 10, 2024, the Shareholders' Meeting appointed Roberto Siagri, previously co-opted on May 31, 2024, to replace outgoing Director Francesco Profumo.

AGE DIVERSITY	TENURE DIVERSITY	GENDER DIVERSITY





80%
Female to male ratio

BoD Committees

Control, Risks and Sustainability Committee

This **internal Board committee** comprises **three Independent Directors** (see Appendix 5.3), at least one of whom has expertise in accounting and finance or risk management. The Committee has the task of assisting the Board with **periodic financial and non-financial report approvals**, **risk management**, **Internal Control System** supervision, findings assessments and related Board decisions in this area.

Specifically, the Committee helps the Board define **internal control guidelines**, verifying their adequacy and effectiveness, in line with the Company's strategies and the risk profile assumed, including through the appointment of an Internal Audit Manager.

In the ESG field, it is involved in:
- reviewing the company's sustainability **policies, goals and processes**
- assessing the adequacy of non-financial information required by **European Directive 2014/95/EU** and **Delegated Regulation (EU) 2023/2772**
- coordinating all corporate bodies involved in ESG activities

Finally, the Committee is also entrusted with the functions of the **Related Party** Transactions Committee, which provides the Board of Directors with informed opinions on transactions involving the transfer of resources, services, or obligations with related parties. The objective is to prevent, regulate, and mitigate potential emerging conflicts of interest.
→ *See CR&S Committee Regulation*

Appointments and Remuneration Committee

The internal Board committee, made up of **three Independent Directors** (see Appendix 5.3), at least one of whom has adequate experience in financial and remuneration policy matters. The committee is responsible for assisting the Board of Directors with investigative functions regarding the proposal of roles, positions and related remuneration. The Committee submits proposals to set performance targets related to variable pay and subsequently verifies their achievement. The Chairperson of the Committee reports periodically to the Board of Directors on its activities.
→ *See A&R Committee Regulation*

Board of Statutory Auditors

The Board of Statutory Auditors reports to the Shareholders' Meeting, providing an account of its activities in an annual report. It consists of 3 full members and 2 alternate members (see Appendix 5.3), all of whom are independent.

The Board of Statutory Auditors supervises compliance **with the law and the By-Laws** and has:
- **management control** functions, having to verify compliance with the principles of good administration, the adequacy of the company's organisational structure, the way in which the Code is effectively implemented, and the adequacy of the instructions given to subsidiaries in relation to their obligations to disclose inside information to the market.

- functions required of the **audit** committee, having to supervise the financial disclosure process, the internal control, internal audit, and risk management systems, legally-required audit, and the independence of the independent audit firm, inform the administrative body of the outcome of the legally-required audit, and be responsible for the procedure for selecting the independent audit firm.

In line with the new Code of Conduct for the Board of Statutory Auditors of Listed Companies, the Board of Statutory Auditors also supervises the Sustainability Statement, checking that it is prepared in accordance with regulatory requirements and verifying the adequacy of the organisational, administrative and reporting and control system adopted.

Supervisory Board

The SB has the duty to monitor the compliance and updating of the **Organisation, Management and Control Model pursuant to Legislative Decree No. 231/01**. It has full and unrestricted access to company records, and can draw on the support of all company departments or outside consultants. It is also responsible for the protection of human rights in all Group operations. It reports to the BoD, which is informed of its activities through a semi-annual report. It consists of three members, two of whom are external and independent (66%) - see Appendix 5.3.
→ *See the 231 Model*

ESG Committee

The ESG Committee is **appointed by the CEO and/or Board of Directors**, to whom it reports periodically. As defined by the **ESG Policy**, the ESG Committee establishes and implements the **Group's sustainability strategy**. Specifically:
- supports the Board in **assessing** and **managing all environmental, economic, and social impacts** and the **opportunities** and **risks** associated with them;
- sets an **ESG guideline**, defining timelines and priorities, in order to incorporate sustainability into all business processes;
- monitors the **achievement of ESG targets** approved by the BoD and proposes corrective actions in the event of deviation;
- monitors **ESG-related regulatory** developments and deliberates on the implementation of Group rules and regulations.

Consists of **11 permanent members** with environmental, social, and governance expertise, including the **CEO**, **two executive directors** and the **first line of management**.
- **CEO;**
- **Director & BCF President world;**
- **Director & BCF President USA;**
- **NTF President;**
- **Chief Technical Officer ECONYL®;**
- **Chief Financial Officer;**
- **Chief Communication Officer;**
- **ESG Director;**
- **Head of Circular Economy & Sustainability;**
- **Group HR manager;**
- **Legal Counsel.**

ESG Director

Reports to the ESG Committee and is responsible for ensuring, supervising and improving the **implementation of the ESG policy** within the organisation, collecting reports and information provided by the ESG Representative S/he also provides information to the Board of Directors, Control, Risks and Sustainability Committee, Board of Statutory Auditors, Supervisory Board, and ESG Committee at least once a year on the following topics: the Group's main sustainability performance; management of material impacts, risks, and opportunities; the effectiveness of adopted policies, actions, metrics, and targets; and the due diligence process.

ESG Representative

As part of its day-to-day operations, each Group company works to achieve the sustainability targets set by the Group. They are assisted by ESG Representatives (one for E, one for S, and one for G), who report functionally to the ESG Director and the ESG Committee and are responsible for assessing and **monitoring impacts, risks,** and **opportunities** within their (functional and geographic) area of responsibility. This is done by monitoring the quantitative data and qualitative information that ESG Representatives have access to while working in their area of expertise on a daily basis (see section 1.5.3 Internal Control over Sustainability Reporting), through their involvement in materiality analysis.

1.5.2 Our remuneration policy

The Group's remuneration system is aligned with market best practices and includes ESG metrics in short- and long-term incentives.

Our Remuneration Policy is a key tool for building a future based on sustainability and shared growth. It enables us to **attract and retain talent** and to **incorporate ESG factors** into **corporate strategy**, translating them into concrete actions. The result is a strong **alignment** between the goals of our people, the goals of the company, and the protection of the planet.

Since 2023, the system has provided for three elements of remuneration for top management: **fixed remuneration**, a **short-term variable renumeration**, and **a long-term variable remuneration** - in line with market best practices (see Table 1.6). Part of the variable component is also linked to the achievement of **sustainability targets** in order to incentivise behaviour and decisions that seek to create value for all stakeholders in the long run.

The remuneration and incentive policy is drafted and approved by the **Appointments** and **Remuneration** Committee, the **Board of Directors**, and the **Shareholders' Meeting**.

TABLE 1.6 – AQUAFIL'S REMUNERATION AND INCENTIVE SCHEME

Remuneration Component	Award conditions	Values	ESG parameters
FIXED REMUNERATION	Salary level based on positioning in relation to market benchmark analysis	The fixed remuneration of the Chief Executive Officer (CEO) is Euro 1,250,000	NA
SHORT-TERM VARIABLE COMPENSATION (STI)	**KPI:** • EBITDA (weighting 55%) • NFP/EBITDA (weighting 20%) • **ESG (weighting 25%)** **Cap:** there is a cap on the payout equal to 125% of the target incentive Clawback clause	**CEO:** • Target: 22% of Fixed Remuneration **Executive Directors:** • Target: 50% of Fixed Remuneration **SEs:** • Target: ranging between 40% and 50% of Fixed Remuneration	**Two sustainability targets (in line with the Sustainability Plan))** (weighting 12.5% each) **KPI:** • proportion of **Econyl®-branded** product **revenues** to fibre revenues; • **collection of post-consumer waste** to create new recycled materials
LONG-TERM VARIABLE INCENTIVE (LTI)	**Instrument:** monetary **Allocation frequency:** annual **Performance period:** three years **KPI:** • TSR (weighting 30%) • **ESG (weighting 25%)** • EBITDA (weighting 25%) • NFP/EBITDA (weighting 20%) **Deferment:** 50% of the bonus for 1 year **Cap on issuable pay-out:** 125% of the incentive at target **Clawback clause**	**CEO:** • Target: 22% of Fixed Remuneration **Executive Directors:** • Target: 50% of Fixed Remuneration **SEs:** • If participating in the plan, target: 50% of Fixed Remuneration	Aquafil's ranking on the **ESG risk rating** provided by EcoVadis The target considers the degree of improvement achieved in the rating

1.5.3 Risk management system

We leave nothing to chance. We monitor and mitigate major risks that threaten our business and value chain, making us stronger and more resilient.

Our Internal Control and Risk Management System is the key to sound, fair and consistent business conduct. It is made up of **three levels** - see Figure 1.8.

FIGURE 1.8 – OUR INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

Third level of control:
- Board of Directors
- Control, Risks and Sustainability Committee
- Board of Statutory Auditors

Second level of control:
- Internal Audit
- ESG Committee
- Legal
- Data protection Officer

First level of control:
- Management/Risk owner

The **Board of Directors** sets the guidelines and assesses the adequacy of the system, supported by the **Control, Risks and Sustainability Committee**. The **Board of Statutory Auditors** has an independent supervisory function, and ensures that the Internal Control and Risk Management System is effective and compliant with regulations. The **Internal Audit** function carries out both risk management activities (Enterprise Risk Assessment every two years) and internal audits and reviews. The **ESG Committee** performs an oversight function related to ESG risks, impacts and opportunities, and approves the materiality analysis. The **Legal** function oversees and manages legal and non-compliance risk. The first level of control is in the hands of management or specific risk owners.

Enterprise Risk Assessment

Our **Enterprise Risk Assessment** process maps and assesses key risks related to the **external environment**, **business processes**, and **climate change**, analysing the magnitude of potential impacts, their likelihood, and related safeguards. Sustainability-related risks and other types of business risks are mapped and prioritised using risk-based logic. As a result, decisions are made following careful assessment of trade-offs between the economic-financial sphere and the environmental and social spheres. This allows us to take timely action on critical issues that have emerged, through risk **mitigation plans** and by establishing **new safeguards**.

The Enterprise Risk Assessment is conducted **every three years** by the **Internal Audit** function, which reports directly to the **Board of Directors**. The next assessment is scheduled **for 2026**. The results are also a key input for **the identification of material impacts, risks and opportunities** in the context of **double materiality analysis**.

In addition to being an essential element in defining corporate strategy, IROs are considered by regulators to monitor and ensure the effectiveness of corporate strategy, the soundness of decisions on important operations, and the adequacy of the risk management process.

EcoVadis Risk Mapping

Until 2024, internal control activities were mainly focused on risks generated and suffered by Aquafil. In the past year, we have introduced **an important innovation**, which is the first key step in managing **ESG risks on the value chain**. This is a project carried out with the support of **EcoVadis**, a leading company in sustainability ratings. **EcoVadis** provides a tool, "IQ+," that returns a mapping of ESG risks present in its supply chain.

The assessment takes into account the risk associated with the **country of origin** and **sector** of each supplier and customer, as well as **procurement risk**, which depends on the level of spending and how strategic each counterparty is.

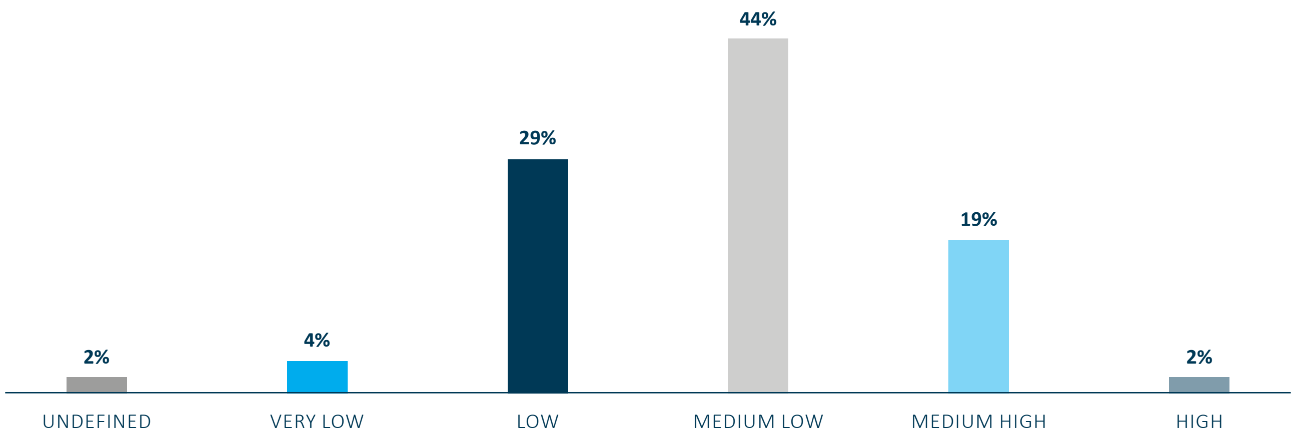
100% of Aquafil's partners have undergone this **initial screening. None were found to be at "very high" risk**. More than 70% of them were found to be at "low" or "medium-low" risk - see Figure 1.9. However, the results of the assessment have allowed us to plan for further in-depth analysis: the 55 suppliers deemed **most critical** will be subject to genuine ESG risk ratings. All other suppliers will be asked to complete the Vitals questionnaire to verify compliance with sustainability standards and certifications.

24 Aquafil employees from the ESG, Communications and Purchasing teams were involved in the project, 16 of whom received specific **training** on the programme and the topic of sustainable procurement. [7]

This initiative is critical given the entry into force of the Corporate Sustainability Due Diligence Directive. Approved by the EU Parliament in 2023 on the proposal of the European Commission, the new legislation requires companies to conduct careful environmental and human rights due diligence throughout the supply chain.

The initiative also brings us one step closer to achieving the value chain-related target in our ESG strategy for 2026: "Monitor, through audits and/or due diligence, key suppliers along the supply chain, ensuring it is also in line with the European Supply Chain Act."

FIGURE 1.9 – RISK DISTRIBUTION AMONG AQUAFIL PARTNERS



7 100% of the global Purchasing areas were involved in the project and training.

Internal control over sustainability reporting

The Group adopts a set of procedures to ensure the **reliability and trustworthiness** of reported ESG data. As described in Section 1.1, we use a **customised software platform**, our "**Sustainability Web Tool**," to collect both environmental and social data.

Three internal control levels ensure the quality of information – see Table 1.7 – in addition to the approval of the Board of Directors, the supervision of the Board of Statutory Auditors (see Section 1.5.1), and the **external audit by the independent audit firm**.

TABLE 1.7 – THREE CONTROL LEVELS FOR SOCIAL AND ENVIRONMENTAL DATA

Internal control levels	Responsible	Assets
1 – Collection	Officer responsible for the individual plant	Platform data input
2 – Validation	Plant manager	Verification and validation of data entered
3 – Consolidation	ESG representative	Second assessment and data consolidation

This year, for the first time, we also conducted an **audit** to verify some energy data on the US. This process laid the foundation for a **verification system** that we plan to apply starting in 2025 to other indicators.

Due diligence process

Due diligence is the process by which a company identifies, prevents, mitigates, and accounts for how it addresses negative impacts on the environment and people related to its business and value chain.

Table 1.8 describes how and where the application of the main steps in the due diligence process are addressed in the Sustainability Statement, in order to provide an outline of the company's actual practices in this area.

TABLE 1.8 – FUNDAMENTAL ELEMENTS OF DUE DILIGENCE AND RELATED PARAGRAPHS OF THE SUSTAINABILITY STATEMENT

Core components of due diligence	Paragraphs in the Sustainability Statements
a) Integrating due diligence into the governance, strategy and business model	1.3 Our ESG strategy
	1.5 Sustainability governance
	4. Business conduct
b) Engaging stakeholders in all key phases of due diligence	1.4 Materiality analysis
	4.8 Dialogue with stakeholders
c) Identifying and assessing actual and potential negative impacts	1.4 Materiality analysis
	1.5.3 Risk management system (Enterprise Risk Assessment and EcoVadis Risk Mapping)
	5.4 Impacts, risks and opportunities
d) Taking action to address negative impacts	1.3 Our ESG strategy
	2-1 Climate change
	2-2 Water resources
	2-3 Pollution
	2-4 Biodiversity
	2-5 Circular economy
e) Tracking the effectiveness of actions and reporting	3-1 The people of Aquafil
	3-2 Workers in the value chain
	3-3 Consumers and end-users
	3-4 Support for local communities
	4-7 Certifications

2. Environmental information

2.1 CLIMATE CHANGE

We are resolutely committed to reducing the environmental impact of our activities and strengthening our resilience in the face of global warming risks.

Climate change, fuelled mainly by **greenhouse gas emissions**, is profoundly transforming the Earth's ecosystems, with obvious effects such as droughts, melting glaciers, rising sea levels and an increase in extreme weather events.

At Aquafil, we recognise the urgency of a **transition to a low-emissions economy** and, in line with our **Environmental Policy**, work to **mitigate our impacts on the planet** and protect our operations from **climate risks**. Taking the **opportunities** offered by the **circular economy**, we also work to develop **new value chains** with reduced carbon footprints in an industry as heavily dependent on oil as the chemical-textile sector.

Table 5.6 in the Appendix summarises the main **IROs** identified through the materiality analysis (see section 1.4), and the **actions taken** to manage them, discussed further below and in the following sections. In 2024, the company allocated more than Euro 9.7 million in CapEx to climate change mitigation.

Sustainability is an integral part of our **operational management**. Most of our production plants have an **ISO 14001**-certified **Environmental Management System** (see Section 4.7), which enables us to identify, control and **mitigate the negative environmental impacts of** our business **activities**, **optimising resource use** and minimising the generation of waste. Over the past year, we have implemented **energy efficiency measures** in our main production plants in Italy and Slovenia, and we continue to purchase a high percentage of **electricity from renewable sources**, in line with our goals.

To ensure an accurate measurement of our carbon footprint, we developed an **Inventory Management Plan** in 2024, bringing our calculation of emissions into line with the **GHG Protocol**, harmonising conversion methods and data sharing among our plants.

Since 2023, we have been monitoring **Scope 3 emissions**, a key step in reducing impact along the entire **value chain**. In addition, our **ECONYL®** remanufacturing process, together with the **eco-design** and **take-back** projects developed with customers, helps to reduce upstream and downstream impacts of the nylon supply chain, limiting dependence on fossil resources and avoiding emissions from mining on the one hand, and decreasing emissions associated with the processing of Aquafil's polymers and yarns into final products on the other.

Through our **Climate Risk and Vulnerability Assessment (CRVA)**, we identify the most significant **physical risks** to our operations and assess the **resilience of our strategy** and business model. This analysis, complementary to the materiality analysis, provides a more detailed picture of climate threats, enabling us to **develop mitigation and adaptation strategies** to protect our operations and value chain. The CRVA is a key first building block of the Group's resilience analysis, which will be integrated in the coming years.

We are, in fact, developing a **climate transition plan**, in line with the **Paris Agreement**, with the goal of limiting global warming to **1.5°C** within this century. The plan, to be **published in 2027** (with **2026** as the base year), will include emission **reduction targets** and concrete actions to achieve them, and will be fully integrated with the Group's business strategy and financial planning. The plan will also identify and take into account major **transition risks**. Taking into consideration the current and prospective exposure to climate risks related to CRVA, the climate transition plan being prepared and the resulting costs and investments to be incurred in the coming years, no significant impacts have been identified that have resulted in potential impairment of assets or the need for the recognition of specific provisions for risks and charges in the financial statements.

Environmental Policy *link*	
Objectives	Establishes Aquafil's goals on major environmental and climate change issues, including **physical** and **transition risks**.
Contents	• Lists the Group's commitments to the environment; • Define concrete actions to be implemented to protect the planet and natural resources.
Impacts, risks and opportunities	E1 Climate change, E2 Pollution, E3 Water and marine resources, E4 Biodiversity and ecosystems, E5 Circular economy.
Scope of application and method of engagement	Employees, suppliers and business partners.
Owner	The **ESG Committee** approved the policy, and is responsible for its implementation itself and through the **ESG Director**.
Alignment with international initiatives	Agenda 2030, UN Global Compact, Universal Declaration of Human Rights, Paris Agreement on Climate Change, European Taxonomy, CSDDD, CSRD, Framework Law on the Environment (L. 349/1986), Legislative Decree No. 152/2006.

2.1.1 The risks of global warming

In 2023, Aquafil conducted a **Climate Risk and Vulnerability Assessment (CRVA)** to assess its exposure and vulnerability to (physical) climate risks in its **European plants** (Italy, Slovenia and Croatia) - as required by Taxonomy Regulation (EU) 2020/852. Over the past year, the company has **extended the scope of the analysis** to its **U.S.** plants (Georgia, Arizona, North Carolina and California). Currently, the analysis covers 83% of the Group's production plants, and the idea is to reach full coverage in 2025[8]. Based on this year's results, our timeline (see Figure 2.1) calls for the development of an **adaptation plan** for European plants by next year, which will also take into account key **transition risks**.

FIGURE 2.1 – ACTION PLAN AND ACTIVITIES RELATED TO CLIMATE RISK AND VULNERABILITY ASSESSMENT

2022	2023	2024	2025	2026	2027
Aquafil falls within the alignment criteria of Appendix A "Criteria for DNSH to Climate Change Adaptation"	A climate risk and vulnerability assessment (CRVA) was conducted on EU facilities	Extension of CRVA to the US scope.	Extension of CRVA to the Asia and South America scope Definition of the Adaptation Plan for European plants. Definition of transition risks	Definition of the Adaptation Plan for the entire Aquafil Group, including transition risks	Possible extension and refinement of the adaptation plan

The methodology adopted in the CRVA is that of scenario analysis. The risk is then assessed on two possible scenarios of differing severity, identified by the Intergovernmental Panel on Climate Change (IPCC): the first medium-emission scenario foresees an increase in global average temperature from 2.1 °C to 3.5 °C; the second high-emission scenario foresees an increase from 3.3 °C to 5.7 °C - both over a medium- to long-term time horizon (40 to 80 years)[9].

The first step was to compile a list of major **climate phenomena** - "Climate Impact Drivers" or "CIDs"[10] - dividing them into two categories:

- **Acute**: extreme and sudden events such as hurricanes, floods, forest fires, and heatwaves);
- **Chronic**: factors that develop gradually, such as rising temperatures, rising sea levels, and water stress.

Through data provided by the IPPC and regional climate reports, we analysed the **evolution** of each climate phenomenon over time for each geographical area of the Group, with the aim of understanding **future developments** under the two scenarios used.

The **risk assessment** of each climatic phenomenon was conducted for each plant, analysing **three** key **dimensions**: **hazard** of the phenomenon, or the probability of aggravation over time; **exposure** of the plants, analysing factors such as location, infrastructure and number of workers; and **vulnerability**, determined by sensitivity to climatic events and adaptive capacity.[11]

8 The scope of the analysis does not include the value chain

9 The scenarios used are derived from the IPCC, as are the main assumptions, constraints and inputs. The scenarios are regional coverage for plants in Europe, and national coverage for those in the US. Where the IPCC scenarios had gaps, we supplemented the information using external sources: for Europe, EEA reports and regional reports specific to the area in which the plants are located (e.g., report from the Trentino Alto Adige Region); for the U.S., reports from EPA 3 from the Environmental Protection Agencies of individual states.

10 The list of climate phenomena or CIDs was identified by taking as a reference the classification proposed by the Taxonomy Regulation in Appendix A, which are in turn taken from the IPCC.

11 Thus, the formula for calculating the climate risk of each CID is: Risk = H (Hazard) x V (Vulnerability) x E (Exposure). The quantitative score is then placed within 5 ranges: "Very high," "High," "Medium-high," "Medium-low," and "Low."

Tables 5.16 and 5.17 in Appendix 5.5.1 summarise the **results by geographic area** according to the two different scenarios. [12] In the **first scenario**, characterised by a more moderate increase in temperatures in the medium term, the risk for Aquafil remains predominantly **medium to low**, with a few exceptions involving mainly Slovenian plants, partly owing to the mitigation and adaptation measures already implemented. In the **second scenario**, where global warming is more pronounced, the level of risk increases for all the phenomena analysed.

One of the most urgent risks to be managed is from **rising temperatures** and **heatwaves**, as the machinery used for production contributes to significant temperature increases in the production departments. The sites located in California and Slovenia, where summers are becoming increasingly hot, are also particularly exposed to this risk in the first scenario, while in the second scenario the risk is across all Group geographic areas.

Drought, aridity and decreasing annual precipitation are further factors that should not be underestimated in Europe, as Aquafil's plants **draw water from wells** for industrial purposes, the availability of which could be reduced due to these phenomena.

We also continue to monitor the risk from **floods and heavy rainfall** because of the increasing level of hazard of these phenomena especially in the Trentino region and Slovenia.

The occurrence of **violent windstorms**, on the other hand, could generate a risk for European plants in the scenario of more pronounced global warming.

2.1.2 Energy consumption

Reducing energy **consumption** and **increasing the efficiency** of our production facilities are key goals in our environmental strategy, in line with the transition to a low-carbon economy. Therefore, we are committed to constantly monitoring our **energy needs**, implementing **efficiency measures** in our plants, and increasing the share of energy from **renewable sources.**

In 2024, the Group consumed a total of **682,803 MWh** of energy, **68% of which came from fossil sources** and **32% from certified renewable sources**, including hydroelectric, wind and photovoltaic. Table 2.1 presents a detailed breakdown of energy consumption in line with ESRS, showing the **percentage contribution** of each source to the total. In contrast, Table 2.2 shows **energy intensity**, given by the ratio of total energy consumption to Group revenues. Methodology and scope of calculation are discussed further in Appendix 5.5.2.

TABLE 2.1 – GROUP ENERGY CONSUMPTION AND MIX (2024)

	MWh	% of total
TOTAL ENERGY CONSUMPTION	**682,803**	
Fuel consumption from coal and coal products	-	0.0%
Fuel consumption from crude oil and petroleum products	12,797	1.9%
Fuel consumption from natural gas	429,087	62.8%
Fuel consumption from other non-renewable sources	-	0.0%
Consumption of purchased or acquired electricity, heat, steam and cooling from fossil sources	22,453	3.3%
of which from nuclear sources	*0*	*0.0%*
Total energy consumption from fossil sources	**464,336**	**68%**
Fuel consumption for renewable sources, including biomass (*)	1	0%
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources	213,422	31%
Consumption of self-generated non-fuel renewable energy	5,043	1%
Total renewable energy consumption	**218,466**	**32%**

(*) Also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.

12 To provide an overview of risk by geographic area, we aggregated the results obtained for each plant, choosing the maximum risk value recorded in that region. For example, in the two Arizona plants, Aquafil Carpet Recycling #1 and Aquafil Carpet Collection, if the risk from average rainfall was "High" and "Medium-High," respectively, in the second scenario, the risk score for this CID associated with Arizona would be "High."

TABLE 2.2 – GROUP ENERGY INTENSITY (2024)

	Unit	Value
Total energy consumption	MWh	682,803
Revenues (*)	Euro	542,134,871
Energy intensity	**MWh/Euro**	**0.0013**

(*) The value of revenues used to calculate energy intensity corresponds to the item "Revenues" in the "Consolidated Income Statement" (see section GROUP FINANCIAL HIGHLIGHTS). See Appendix 5.5.2 for the list of high climate impact activities considered - according to Delegated Regulation (EU) 2022/1288.

Almost two-thirds of the energy consumed is **self-generated** by the Group (see Table 2.3). In particular, Aquafil has two **co-generation plants**, in Italy and Slovenia, which produce thermal energy and electricity from fossil fuels. The company also maintains its **own photovoltaic systems** for **self-generation of electricity** in its U.S., Italian, Slovenian, Chinese and Croatian plants.

TABLE 2.3 – SELF-GENERATED ENERGY, BREAKDOWN BY FOSSIL OR RENEWABLE SOURCE (2024)

	MWh
Energy self-generated	**446,928**
of which from fossil sources (*)	*441,884*
of which from renewable sources (**)	*5,045*

(*) Fossil self-generated energy was understood to mean all primary energy that was used in a form other than input energy such as energy from natural gas combustion that is obtained as chemical energy (in the bonds of the methane molecule) but consumed as thermal energy after transformation by boilers or cogeneration. Car and lorry fuel consumption also falls into this category.

(**) Self-generated energy from renewable sources means self-generation from photovoltaic, solar thermal, wind, hydroelectric or geothermal owned/under the control of the Aquafil Group. Renewable fuels also fall into this category.

Again this year, a high percentage **(92.3%**) of the purchased electricity came from renewable sources. This figure is close to the annual target of 100%, which, however, has not been fully achieved. The non-achievement was due to the extension of the target scope to the whole Group and trade-off assessments that showed that it was not cost-effective to purchase **Guarantees of Origin** and Renewable Energy Certificates for a specific Group plant.

To **improve the energy performance** of our production sites, we invest significant resources in **efficiency solutions**. In the last few years alone, we have funded several improvements, which are already producing **significant savings**.

At our **Arco plant**, we installed a new direct-fired boiler that decreases energy consumption by **400 MWh per year**; replaced the extrusion pump motors with some more efficient ones, with a **25% energy saving** compared to what was consumed with the previous technology; and renovated two centrifugal compressors, reducing electricity costs by about **Euro 150,000 per year.**

Also at the **Tessilquattro** plant **in Cares**, we installed a new boiler and rationalised the compressors. We also carried out construction work to minimise heat loss, such as replacing part of the windows in the warehouse and packaging department. At **Tessilquattro**'s production site **in Rovereto** we installed a LED system that should **reduce electricity consumption for lighting by 30%**.

Similar improvements have also been made at our facilities in **Slovenia**. Replacement of an old compressor at the Ljubljana plant has resulted in substantial annual energy savings. In addition, since January 2022, we having been heating the production rooms of the neighbouring **HELLA Saturnus** with the excess thermal energy generated during the production of ECONYL® nylon. This collaboration brings economic and environmental benefits, reducing energy waste by about 4,000 MWh per year.

2.1.3 GHG emissions

We are aware of our industry's impact on the environment, and are committed to monitoring and reducing our greenhouse gas emissions throughout the entire value chain. Emissions are calculated monthly by converting the amounts of energy consumed into carbon dioxide equivalent (CO2eq). For their measurement, we refer to the **GHG Protocol** classification system, which divides emissions into **Scope 1, Scope 2 and Scope 3**.

Figure 2.2 gives an **overview of the Group's emissions**, further details of which are then given in Table 2.4. Table 2.5, on the other hand, shows total emissions by revenue. Methodology, calculation scope, and assumptions are discussed further in Appendix 5.5.3. Currently, our emission **reduction targets**, in line with the **Science-Based Targets** initiative, are still being set. They will be an integral part of our **climate transition plan**, aligned with the goals of the Paris Agreement, due to be published in **2027**.

FIGURE 2.2 – AQUAFIL GROUP EMISSIONS OVERVIEW (2024)

Total emissions (*)
1,037,160 tCO_{2eq}

Scope 1	Scope 2	Scope 3
Direct emissions mainly related to combustion processes taking place at the Group's production plants	**Indirect emissions** associated with the production of electricity and heat purchased from external suppliers	**Other indirect emissions** related to Aquafil's value chain, such as those from raw material consumption and transportation
8.8% 91,347 tCO_{2eq}	**1.3%** 13,346 tCO_{2eq} (market-based)	**89.9%** 932,467 tCO_{2eq}

(*) Scope 3 emissions metrics were used to assess the actual materiality of upstream and downstream emissions (see related IROs), Scope 1 emissions metrics were used to assess the actual materiality of the direct IRO on emissions, Scope 2 emissions metrics were used to assess the actual materiality of the Risk related to ETS/GO allowance price increase.

TABLE 2.4 – AQUAFIL GROUP EMISSIONS: SCOPE 1, 2 AND 3 (2024)

		Unit	2024
GHG Emissions – Scope 1			
Gross GHG Emissions – Scope 1		tCO_{2eq}	91,347
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (*)		%	88
GHG Emissions – Scope 2			
Gross GHG Emissions – Scope 2 (location-based)		tCO_{2eq}	82,579
Gross GHG Emissions – Scope 2 (market-based)		tCO_{2eq}	13,346
GHG Emissions – Scope 3			
Gross GHG Emissions – Scope 3		tCO_{2eq}	932,467
1	Purchased goods and services	tCO_{2eq}	699,551
2	Capital goods	tCO_{2eq}	12,894
3	Fuel and energy-related activities (not included in Scope 1 or Scope 2)	tCO_{2eq}	30,142
4	Upstream transportation and distribution	tCO_{2eq}	41,330
5	Waste generated in operations	tCO_{2eq}	3,163
6	Business travelling	tCO_{2eq}	1,740
7	Employee commuting	tCO_{2eq}	4,461
8	Upstream leased assets	tCO_{2eq}	N.A.
9	Downstream transportation	tCO_{2eq}	25,958
10	Processing of sold products	tCO_{2eq}	not significant
11	Use of sold products	tCO_{2eq}	N.A.
12	End-of-life treatment of sold products	tCO_{2eq}	111,721
13	Downstream leased assets	tCO_{2eq}	609
14	Franchising	tCO_{2eq}	N.A.
15	Investments (**)	tCO_{2eq}	899
Total GHG emissions			
Total GHG emissions (location-based)		tCO_{2eq}	1,106,394
Total GHG emissions (market-based)		tCO_{2eq}	1,037,160

(*) The ETS emissions figure includes the Ljubljana and Arco plants and is calculated on tCO_2e. The ETS figure was therefore supplemented with the portion of GHG gases not covered by ETS. ETS emissions were calculated using national references in both PCI and emission factor terms.

(**) This value represents the emissions of companies in scope consolidated at equity: Poly, Aquafil India, Acca and Nofir. These companies are considered as "equity" since Aquafil does not exercise operational control over them. See Appendix 5.5.3.

TABLE 2.5 – TOTAL GHG EMISSIONS BASED ON TURNOVER (2024)

	Unit	2024
Total GHG emissions (location-based)	tCO_{2eq}	1,106,394
Total GHG emissions (market-based)	tCO_{2eq}	1,037,160
Revenues (*)	Euro	542,134,871
GHG emissions intensity (location-based)	tCO_{2eq}/Euro	0.0020
GHG emissions intensity (market-based)	tCO_{2eq}/Euro	0.0019

(*) The value of revenues used to calculate energy intensity corresponds to the item "Revenues" in the "Consolidated Income Statement" (see section GROUP FINANCIAL HIGHLIGHTS).

The following tables provide further details of the Group's emissions. Table 2.6 shows the **share of contractual instruments** on total purchased energy and their types. Table 2.7 reports the biogenic **CO_2 emissions** from biomass combustion or biodegradation: for Scope, 1 the biogenic emissions are 0, while for Scope 2 and Scope 3 the figure is not available because specific emission factors cannot be found for all GHG Protocol categories and subcategories. Therefore, to avoid giving a partial number, this reporting has been omitted.

Information on Scope 3 emissions is inherently more limited than Scope 1 and 2 emissions information. This is due to the limited availability and relative accuracy of the data used to determine the emissions themselves, both quantitatively and qualitatively, along the entire value chain.

TABLE 2.6 – SHARE OF CONTRACTUAL INSTRUMENTS ON TOTAL ENERGY PURCHASED AND TYPE (2024)

Percentage of total purchased electricity	92.3%
Unbundled	64.6%
Bundled	35.4%
Power Purchase Agreement	0.0%

TABLE 2.7 – BIOGENIC CO2 EMISSIONS FROM BIOMASS COMBUSTION OR BIODEGRADATION (2024)

Biogenic Emissions - Scope 1	0
Biogenic Emissions - Scope 2	N.A.
Biogenic Emissions - Scope 3	N.A.

2.2 POLLUTION

We monitor the release of pollutants into the air, water and soil, strictly complying with the environmental regulations in force in the countries where we operate.

Monitoring industrial pollutants from production processes is essential for the protection of the earth's ecosystems. The Group has identified its **material pollution-related impacts, risks, and opportunities** through materiality analysis (see Section 1.4), which considers all of the Group's geographical areas and business activities, and the entire value chain. In 2024, the company allocated more than Euro 900,000 in CapEx and Euro 20,000 in OpEx spending to the pollution issue.

Table 5.7 in Appendix 5.4 summarises the main **material IROs** related to the topic. Importantly, no actual direct **negative impacts** were identified, only indirect ones due to value chain activities, on which we are beginning to strengthen controls through the **EcoVadis** project, described in Section 1.5.3 "EcoVadis Risk Mapping". For this reason, we have not implemented or planned corrective actions related to pollution.

In line with our **Environmental Policy** (described in section 2.1), each plant monitors its pollutant emissions and **compliance with legal limits**, which vary depending on the applicable local regulations and the specific activities performed. The calculation methodology involves two steps: **third-party and independent companies** perform their periodic analyses to **measure concentrations**; the plants then calculate the final value by multiplying the concentrations by the flow rate and hours of operation.[13]

13 We did not use lower estimates/other methodologies. Regarding concentrations and flow rates, where possible, in order to have more representative data, an average of the measured data available to date is used instead of individual data (single annual flow/concentration measurement).

In line with CSRD requirements, Table 2.8 reports water emissions of pollutants, limited to establishments that exceed the limit values set by the **Integrated Pollutant Release and Transfer Register (E-PRTR**: European Pollutant Release and Transfer Register). In addition, the company also voluntarily reports the same values for the United States, even though it is not subject to EU regulations.

TABLE 2.8 – EMISSION OF POLLUTANTS TO WATER BY PLANTS THAT EXCEED THE E-PRTR REPORTING THRESHOLDS (2024)

			Stabilimenti che superano le soglie di rendicontazione E-PRTR
Nickel and compounds (Ni)	kg/year	22.9	AquafilUSA
Phenols (C)	kg/year	188.1	AquafilSLO - Ljubljana (*)
Total Organic Carbon TOC (C or COD/3)	kg/year	312,906.7	AquafilSLO - Ljubljana

(*) The data for AquafilSLO are for 2023, as figures for 2024 are not available at the date of publication

In Section 2.3.2, the Group also voluntarily reports the **Chemical Oxygen Demand (COD)** values of its **water discharges**.

Regarding **air and ground emissions**, no values above the established threshold for reporting were found during monitoring.

2.2.1 Microplastics

Microplastic pollution has become a global problem. These **tiny** plastic **fragments** (less than 5 millimetres in size) have been **found everywhere**: from the human body to the seabed, from the tops of glaciers to the most remote environments.

The **textile industry**, in particular, is one of the largest contributors to the release of microplastics, which occurs at all stages of a garment's life cycle: from its production, during use and maintenance (especially during washing), to final disposal.

To solve a problem, it is first essential to be able to **quantify** it. Thanks to our research and development work, in association with CNR Biella STIIMA and the UNI CT 046 textile technical committee, it is now possible to use a **standardised method** to **measure the dispersion** of microplastics in the environment accurately. In 2023, we developed a **new international standard - ISO 4484-2** - to uniquely measure microplastics released from the textile sector.

The next step will be to reduce the release of microplastics through the **selection of more sustainable materials** and the adoption of **eco-design practices** for garment creation.

2.3 WATER RESOURCES

we take a responsible approach to water resource management, reducing consumption and ensuring wastewater treatment and reuse.

Water is an essential resource: for the planet and for our business activities. In a global context marked by global warming and **increasing water stress**, we constantly monitor our water consumption and discharges, aiming to **minimise waste** and contribute to the preservation of the natural ecosystems in which we operate. In 2024, the company earmarked nearly Euro 40,000 of CapEx for improving water resource management.

Table 5.8 in Appendix 5.4 summarises the main material **impacts, risks, and opportunities** related to water, as identified through the materiality analysis (see Section 1.4). To mitigate the only direct and actual negative impact - high water withdrawal for production activities - the Group first introduced a **Water Policy** in 2024.

The new policy defines a set of **concrete actions** to optimise water resource management. These include the creation of the **Aquafil Global Water Team** (A.G.W.T.), a working group tasked with analysing, developing and planning initiatives for improvement, reducing consumption and production efficiency. In addition, a **dedicated withdrawals monitor** has been designated at each plant to collect relevant data and report any anomalies resulting from unplanned variations. Additional mitigation actions are described in the sub-sections on water consumption and discharges.

Water Policy https://www.aquafil.com/assets/uploads/Water_Policy_IT_2024.pdf	
Objectives	Establishes Group goals for careful, appropriate and sustainable management of **water withdrawals** and **discharges** in its operations
Contents	• Lists Aquafil's commitments to **efficient and responsible water use** • Outlines concrete actions taken by the Group to **safeguard water resources**, and sustainably manage **water discharge** activities, limiting pollution
Impacts, risks & opportunities	E2 Pollution, E3 Water and marine resources, E4 Biodiversity and ecosystems
Application	Employees, suppliers and business partners
Owner	It provides for regular communications to its **stakeholders, regular updates** to the **ESG Committee** by the **ESG Director**, and **periodic reviews** to ensure its **effectiveness** and **adequacy**
Alignment with international initiatives	Agenda 2030, United Nations Global Compact (UN GC), European Taxonomy, CSRD (Corporate Sustainability Reporting Directive), Water Directive (2000/60/EC), Groundwater Directive (2006/118/EC)

2.3.1 Water consumption

90% of the Group's **consumption** of water resources is due to the **disposal of the heat** generated by the processing of raw materials and semi-finished products, both in wire and polymer production processes.

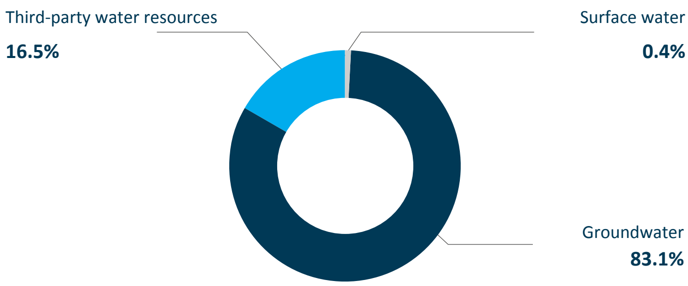
In 2024, the Group withdrew and consumed nearly **1,900,000 m3 of water resources** (see Table 2.9), of which 83% came from groundwater (wells), 16.5% from third-party water resources (aqueducts), and only 0.4% from surface water (rivers)-see Figure 2.3. The **methodology for calculating** consumption involves consulting meters or bills on a monthly basis.[14]

TABLE 2.9 – GROUP WATER WITHDRAWALS AND CONSUMPTION, BROKEN DOWN BY SOURCE OF SUPPLY; WATER INTENSITY (2024)

	Unit	2024
Surface water	m^3	8,342
Ground water	m^3	1,558,769
Third-party water resources	m^3	309,737
Total withdrawals	m^3	1,876,848
Water intensity (*)	m^3/millions of Euro	3,462

(*) The value of revenues used to calculate water intensity corresponds to the item "Revenues" in the "Consolidated Income Statement" (see section GROUP FINANCIAL HIGHLIGHTS).

FIGURE 2.3 – WATER WITHDRAWALS AND CONSUMPTION BY SOURCE, PERCENTAGE OF TOTAL (2024)



We continue to monitor **water stress levels** in the areas where we operate, using the "Basin Physical Risk" indicator provided by the **WWF**'s **Water Risk Filter**. To date, our withdrawals and discharges occur mainly in medium-to-low-risk areas, as shown in Table 2.10. Most plants operating in high water stress areas use no water in the production process - such as the Aquafil Carpet Collections in Phoenix, Anaheim, Miramar, and Chula Vista - or use it in minimal amounts - as at Aquafil Carpet Recycling #1. The exception is our Chinese production site.

14 Estimates were made only for the ACC Chula Vista plant and plants that fell within the reporting scope in 2024. The percentage of estimated consumption data is 0.05% of the total.

TABLE 2.10 – WATER WITHDRAWAL VOLUMES BY WATER STRESS AREAS, IN M³ (2024)

Source	Plant	Stress	Total
Surface water	Tessilquattro	1-2	8,342
Ground water	AquafilSLO - Ljubljana	0-1	580,102
	AquafilSLO - Celje		
	AquafilSLO - Ajdovscina		
	Aquafil	1-2	978,667
	Tessilquattro - Rovereto		
Third-party water resources (aqueduct)	AquafilSLO - Ljubljana	0-1	13,118
	AquafilSLO - Celje		
	AquafilSLO - Senozece		
	Aquafil	1-2	227,813
	AquafilCRO		
	Tessilquattro		
	Aquafil USA		
	Tessilquattro - Rovereto		
	O'Mara		
	Asia Pacific	2-3	1,008
	Aquafil China	3-4	66,090
	Aquafil Carpet Recycling #1		
	Phoenix		
	Anaheim		
	Miramar	4-5	1,429
	Chula Vista		

Overall Water Risk

Low (0-1)	Low-Medium (1-2)	Medium-High (2-3)	High (3-4)	Extremely High (4-5)

To reduce Group-wide consumption and mitigate its impact on ecosystems, the company has committed to implementing a **number of actions**, including:

- Replacement of freshwater withdrawals with **water from secondary sources** (meteoric, reclaimed groundwater, treated wastewater, or desalinated water)
- Provision of systems for **rainwater recovery**;
- Modification, adaptation and/or renovation of production facilities to apply **closed-loop systems** that allow

water and vapor recovery;

- Analysis and **monitoring of the water cycle** using the "**water map**", which provides information on the water volumes used by each production site, comparing them to check for anomalies and verify the effectiveness of savings measures.

The company does not report information on the volumes of water stored, recycled and reused as to date there are no systems and processes in place to make such an estimate.

2.3.2 Water discharges

We closely monitor the **quality** of our wastewater through regular **laboratory analysis**, and we are committed to **reducing the volume of discharges** to protect the environment and the communities in which we operate.

The most significant parameter we evaluate is the **Chemical Oxygen Demand (COD)**, which indicates the presence of organic substances in the water. To reduce the input of organic pollutants into wastewater, we have implemented **reverse osmosis systems.** This is a purification technology that enables us to achieve COD values consistently below the limits set by law.

Table 2.11 shows the total water discharge by destination and its quality in terms of COD. In 2024, 58% of wastewater was discharged to surface water, with an average COD value of **22 mg of O_2 per litre** - well below the maximum threshold of **160 mg/l** set by Italian national regulations and the more restrictive limit **100 mg/l** set by the Autonomous Province of Trento.

The remaining 42% is sent to third parties for **purification** before being returned to the environment. We also conducted a qualitative assessment on water stress for the drainage areas, the results of which are shown in Appendix 5.6.

TABLE 2.11 – WATER DISCHARGES: VOLUMES AND WATER QUALITY (2024)

	Unit	2024
Discharge to consortium facilities	m^3	567,744
Surface water discharges	m^3	780,154
Total	**m^3**	**1,347,898**
Quality of water discharged to consortium facilities (COD)	mg di O2/l	1,207
Quality of water discharged to surface water (COD)	mg di O2/l	22

2.4 BIODIVERSITY

We are committed to preserving and restoring natural habitats in the areas where we operate by adopting strategies to mitigate impacts on terrestrial ecosystems.

Biodiversity is the foundation of a **resilient ecosystem** and a key element in **industrial development**: it ensures the regulation of water resources, soil fertility and climate stability, on which companies depend throughout their value chain. Through its **Environmental Policy** (see section 2.1), the Aquafil Group is committed to protecting the environment in the different countries where it operates. In 2024, the company allocated nearly Euro 70,000 of OpEx expenditures to biodiversity.

Biodiversity loss is a **systemic risk** to the global economy, ranked by the World Economic Forum as a major long-term threat as of 2016. Ecosystem degradation can cause **disruptions in production chains**, increase operational costs, and generate **regulatory and reputational risks** for companies. At the same time, industrial activity contributes to **negative impacts** on biodiversity, fuelling the problem. This **interdependence** makes a **double evaluation** necessary:
- ***Analysis of risks*** arising from ecosystem degradation to business operations, their resilience, business continuity and long-term financial stability.
- ***Analysis of the impacts*** of Aquafil's activities on biodiversity, in all the geographical areas in which it operates

The Group completed this assessment through a **Biodiversity Impact and Risk Assessment**, carried out on **European and North American plants** between 2023 and 2024, achieving 83% coverage of production plants. Through this assessment, biodiversity-related impacts, risks and dependencies were identified.[15] Our timeline (see Figure 2.4) also calls for extending the scope of analysis **to the rest of the Group's plants** and major suppliers by the end of 2025. On the other hand, in 2026, a **strategic plan** for reducing biodiversity impacts and mitigating transition risks will be prepared, which will also include **future-oriented targets**, **concrete actions** to achieve them and KPIs to **monitor progress**. Where necessary, an **ad-hoc policy** for biodiversity protection will also be possible. To date, the company does not use biodiversity offsets.

FIGURE 2.4 – ACTION PLAN AND ACTIVITIES RELATED TO BIODIVERSITY IMPACT AND RISK ASSESSMENT

2022	2023	2024	2025	2026
Aquafil falls within the alignment criteria of Appendix D "Criteria for DNSH to Biodiversity Protection and Restoration"	Biodiversity Impact Assessment (BIA) on European plants, with identification of mitigation measures	Extension of BIA to North American plants; Biodiversity Risk Assessment (BRA) on European and North American plants	Extension of the Biodiversity Impact and Risk Assessment to the entire Group and to the main suppliers	Strategic plan mitigation measures for all biodiversity-related impacts and risks, as well as transition-related risks

This dual assessment provides an even greater level of depth than **the materiality analysis** (see section 1.4), by which the **main material impacts, risks and opportunities** had already been identified. During the materiality analysis, however, all geographic areas in which the Group operates, the various business activities and the entire value chain were taken into account. The **main IROs** identified are summarised in Table 5.9 in Appendix 5.4.

15 The scope of analysis does not include the value chain.

2.4.1 Biodiversity Impact Assessment

In 2023, the Group conducted an **assessment of the impacts** of its operations on local flora and fauna through a **Biodiversity Impact Assessment** (BIA) involving **European plants**. In 2024, we included **North America** in the scope and updated the methodology. This section summarises the **process** of the analysis, the **results** and the **mitigation measures** identified.

The methodology adopted by the BIA consists of two steps. The first involves **an analysis of the environmental certifications** held by the Group's production plants, which provide information on the impact of production activities on local biodiversity, including Environmental Impact Assessments (EIAs) or screening according to Directive 2011/92/EU.

The second phase applies only to facilities that do not hold such certifications and are located **near protected natural areas**, in line with the requirements of the "Do No Significant Harm" principle of the Taxonomy Regulations.[16] These areas, also called "sensitive" areas, are identified through the **Natura 2000** network for Europe or through the classification of the **International Union for Conservation of Nature** for the United States. The **complete list of sensitive areas** near Group plants can be found in Appendix 5.7.

In the second stage, **both direct and indirect impacts** on biodiversity are **assessed**. The impact is considered **direct** when the construction of the plant contributes to the **fragmentation or reduction of a natural area**, or **degradation of land**. **Indirect** impact, on the other hand, is estimated based on several factors:
- the **number of sensitive areas** present within a radius of 10 km and their distance from the plant;
- **artificial lighting**, which can alter the balance of local flora and fauna, disorientating animals and affecting plant photosynthesis;
- the **presence of glass surfaces**, a potential threat to birds in flight;
- **acoustic emissions**, which can interfere with birds' sound communication, essential for reproduction and defence against predators;
- other **attractive elements**, such as the creation of artificial ponds for aesthetic purposes.

Table 2.12 shows Aquafil's production sites **within 10 km** of sensitive areas, and gives an indication of their direct impact in terms of **habitat fragmentation** and **soil sealing** (through cementing). Although almost all of the plants are found to be near areas of high biodiversity content (the two plants in Arizona are exceptions), only one - Tessilquattro Cares - is responsible for fragmentation of natural habitat.

TABLE 2.12 – AQUAFIL PRODUCTION SITES LESS THAN 10 KM FROM SENSITIVE AREAS, WITH RELATED SOIL IMPERMEABILISATION AND HABITAT FRAMMENTION, IN ACRES (HA)

Plant	Country	Soil sealing (ha) (*)	Habitat fragmentation (ha) (**)
Aquafil S.p.A.	Italy	3.6	No
Aquafil CRO - Oroslavje	Croatia	4	No
Aquafil SLO - Ajdovscina	Slovenia	4.6	No
Aquafil SLO - Celje	Slovenia	2.11	No
Aquafil SLO - Ljubljana	Slovenia	6.3	No
Aquafil SLO - Senozece	Slovenia	1.1	No
Tessilquattro Cares	Italy	3.45	3.45
Tessilquattro Rovereto	Italy	3.8	No
Anaheim	California	0.42	No
Aquafil USA	Georgia	3.1	No
Chula Vista	California	0.55	No
Miramar	California	0.15	No
O'Mara	North Carolina	3.61	No
Total	**USA and Europe**	**36.79**	**3.45**

(*) The area of soil sealed off due to cementification coincides with the area occupied by each production plant in hectares.

(**) Habitat fragmentation occurs only where the plant is located in a natural area (or was in the past). Again, the impact is assessed by measuring the size of the plant in hectares.

16 The Taxonomy DNSH criterion for Biodiversity calls for assessment for facilities "close" to areas of high biodiversity content. Aquafil decided to consider areas within 10 km of its plants as "close", a precautionary choice as usually a shorter distance (5 km) is selected for certifications such as EIA.

The analysis of indirect impacts, on the other hand, varies from plant to plant. We report some **mitigation actions** we have identified that can be applied across the board:

- **Artificial lighting**: outdoors, use lamps with green or blue colours and beams of light directed downward at night. Illuminated signs or other non-security-related lights should be turned off after 11 p.m.
- **Glazed surfaces**: to prevent bird collisions with clear glass, apply bird silhouette stickers at a density of 1 per m^2.
- **Noise emissions**: all plants in the European scope meet the limits imposed by law. However, considering the continuity of sound emissions (almost all facilities produce sound 24/7), it is advisable to create sound-absorbing devices and sound barriers.
- **Other attractive factors**: as no relevant factors have arisen, no mitigation measures are necessary.

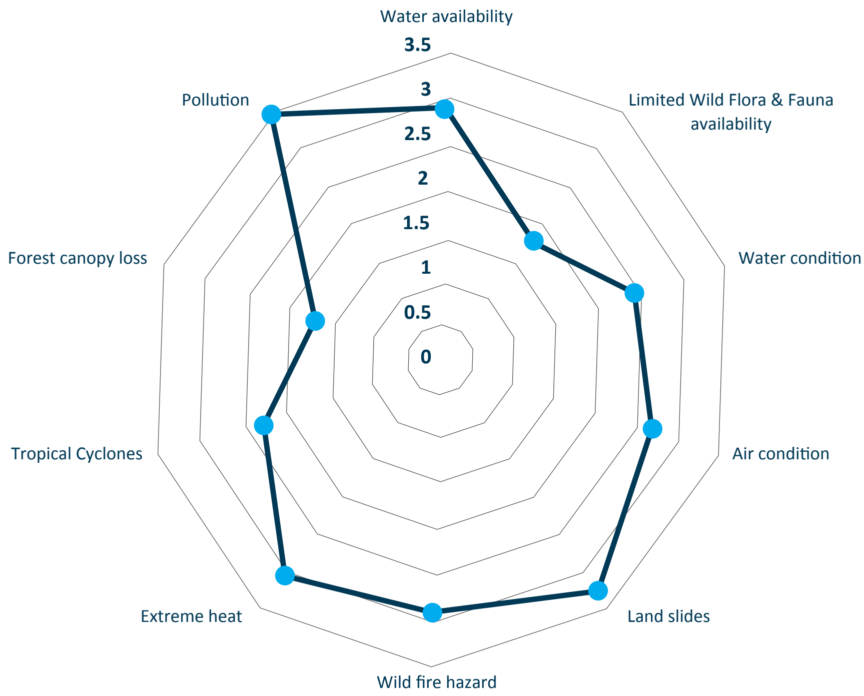
2.4.2 Biodiversity Risk Assessment

In contrast to the BIA, **the Biodiversity Risk Analysis -**or **Biodiversity Risk Assessment** (BRA) - was first carried out in 2024. The assessment made use of the **WWF Biodiversity Risk Filter**, an **ESRS-aligned** tool that integrates global environmental data with sector-specific risk factors, thus providing a local-level risk assessment. In addition, the **WWF Water Risk Filter** was also used, as one of the main biodiversity risks for Aquafil concerns water availability.

The BRA has identified biodiversity-related risks material to the Group's operations divided into **two** main **categories**: **physical risks**, which arise from Aquafil's dependence on or impact on natural ecosystems, and **reputational risks**, which reflect the effects of the company's activities on the perception of the public and local communities[17]. For each Group plant in Europe and the US, exposure to **33 risks** was assessed by the WWF Biodiversity Risk Filter.

Figure 2.5 summarises the main **physical hazards** identified, among which **pollution** and availability of **water resources** stand out. The first stems from the fact that many of the production sites are already located in areas exposed to high levels of environmental degradation, and the textile industry is associated with high levels of pollution. The second is exacerbated by the sector's heavy **reliance** on water resources. In both cases, these are **systemic risks**, reflecting the broader **context** in which Aquafil operates, rather than the direct impacts of its operations.

FIGURE 2.5 – MAIN BIODIVERSITY-RELATED PHYSICAL RISKS, WITH RELATED RISK SCORE



17 The analysis did not include direct stakeholder involvement.

Figure 2.6. summarises the main **reputational risks** identified. Even if they are not directly under our control, proactive engagement, transparent communication and sound environmental management can help mitigate their impact. The two most relevant factors for Aquafil are **media attention** and the proximity of its facilities to **protected** areas. On the one hand, we have experienced high media coverage of environmental issues in the industry and in the areas where we operate, which translates into **public opinion that is highly sensitive** to sustainability matters. On the other hand, proximity to legally designated conservation areas implies **stricter regulatory standards** for the Group and **higher social expectations**.

FIGURE 2.6 – MAIN REPUTATIONAL RISKS RELATED TO BIODIVERSITY, WITH RELATED RISK SCORE

2.5 CIRCULAR ECONOMY

We want to be pioneers in an industry that transcends the traditional linear model, and embraces the principles of the circular economy.

For more than 20 years, the Group has been on a deep **transformation journey** to align its **strategy** and **business model** with the principles of the **circular economy**. This implies going beyond simply using raw materials responsibly or reducing waste - it means **devising products that can be recycled and remanufactured**, completely reconsidering their **life cycle**. In 2024, the company allocated more than Euro 5 million in CapEx investment and Euro 13 million in OpEx spending to the circular economy.

Table 5.10 in Appendix 5.4 summarises the **main** material **impacts, risks and opportunities** identified through **the materiality analysis** (see section 1.4) within the circular economy, as well as the main **actions** put in place to mitigate negative impacts and pursue opportunities. Sections 2.5.1 and 2.5.2 below provide details of the quantitative impacts related to raw materials and waste.

Given the pivotal role of our ESG strategy, the company has also **set several targets**, which can be consulted in Table 1.2 in section 1.3.3. The related targets are **voluntary**, i.e. not imposed by regulatory requirements, and relate to various aspects: increasing circular product design, increasing the rate of circular material use, minimising the use of virgin raw materials, sourcing renewable resources and more efficient waste management.

ECONYL® nylon represents the foundation of our circular transformation: by 2025 it will account for more than 60% of our fibre sales. Its value proposition, based on **durability**, **reuse** and **regeneration**, contrasts with the rapid consumption logic so much in vogue in the industry today. For us, it is not only a matter of reducing our negative impacts on the environment and mitigating the risks posed by the industry's **dependence** on **fossil-based raw materials**; but of seizing **new market opportunities** and differentiating ourselves in an industry still strongly characterised by inefficient resource use. The ECONYL® Regeneration System and the actions implemented by the brand are further discussed in section 2.5.3.

Our commitment to "closing the loop" is also reflected in our **investment in research and development** (see section 1.2.5), with projects aimed at reducing waste, improving the recyclability of multi-material garments and mats and creating new circular supply chains. **Collaboration** with the **value chain** remains central to achieving shared industry-wide goals. At Aquafil, we support our customers in designing products from an **eco-design** perspective so that they can be fully remanufactured when they reach the end of their life instead of being disposed of in landfills (see Section 3.3.3).

2.5.1 Resource inflows and outflows

Aquafil's **Green Procurement Policy** (see section 3.2) prescribes **the purchase of recycled and/or recyclable products, materials and services** that positively impact GHG emissions and the environment, both directly and indirectly.

In 2024, approximately **227.5 million kg** of raw materials were used, 4.7% of which came from **biological materials** (see Table 2.13).[18] The raw materials managed by the Group are divided into **three categories**: basic raw materials, consisting of virgin raw materials (e.g. caprolactam, polymers), second-hand raw materials derived from processing waste (pre-consumer) and end-of-life products (e.g. carpet fluff or post-consumer fishing nets); packaging materials; and auxiliary materials, i.e. additives and other substances used in the production process. The methodology for calculating volumes is discussed in more detail in Appendix 5.8.1.

In terms of resource outflows, it is significant to note that the **output products** - mostly nylon yarns and polymers - are composed of **99.7% recyclable material.**

TABLE 2.13 – INFLOWS AND OUTFLOWS OF RESOURCES (*)

Resource inflows	**Unit**	**2024**
Total weight of products and technical and biological materials	kg	227,472,781
Total weight of biological materials (**)	kg	10,756,474
Percentage of biological materials in total	%	4.7%
Resource outflows		
Rate of recyclable content in products	%	99.7%
Rate of recyclable content in packaging	%	NA (***)

(*) The company does not disclose the following data, as it is considered sensitive information under paragraph 7.7. of ESRS 1: the weight, in absolute value and percentage, of reused or recycled secondary components and secondary intermediate products and materials used by the company for its products and services (including packaging).

(**) From certified supply chain with sustainability characteristics.

(***) Figure not available.

On the packaging front, we are also making significant efforts to contribute to the circularity of the materials used. In particular, for several years now we have been running a project to **recover pallets** used for handling and transporting products, with the ambitious goal of achieving a **50% reuse** rate for the BCF EMEA business by 2025.

2.5.2 Waste

In line with the requirements of its **Environmental Policy**, Aquafil has over the years created an environment that is mindful of **reducing waste**, and where **waste** is managed transparently and in compliance with the **current regulations** of the countries in which we operate. Table 2.14 provides a breakdown of the waste generated by the Group, divided by category. Several initiatives have been launched to reduce it. These include a global commitment to printing optimisation to reduce the amount of paper used (see in-depth box "Every Sheet Counts").

18 Resource inflows were mapped only for Aquafil's own operations, not including the upstream or downstream value chain.

TABLE 2.14 – WASTE GENERATED BY THE GROUP BY COMPOSITION, IN KG (2024)

Waste composition	**2024**
Electrical devices	30,035
Oils	15,149
Lead batteries	4,221
Slurry	46,962
Waste chemicals	165,119
Used filters	14,669
Waste lubricating oils	50,692
Miscellaneous hazardous waste	27,680
Aqueous liquid waste	220,353
Glass	2,240
Inert material from civil works	17,343
Metals	374,070
Paper	2,728,337
Plastic	2,910,529
Wood	842,307
Other waste	6,055,604
Chemical process waste	2,328,540
Municipal waste	904,496
Sludge from wastewater treatment	9,855
Total	**16,748,201**

End-of-life management is entrusted to **third parties**, whose actions are governed by **specific contracts** in line with current legislative obligations. Compliance with these contracts is monitored by the Group's internal bodies responsible for ensuring both contractual and regulatory compliance**.** Table 2.15 shows the **breakdown of waste** generated by **end-of-life destination**. While the volume of waste generated is an actual and verified figure, the breakdown by end-of-life was **estimated to be 58% of the volume** - see Appendix 5.8.2 for further details.

TABLE 2.15 – WASTE BY END-OF-LIFE DESTINATION, IN KG (2024)

	Hazardous	**Non-hazardous**	**Total**
Diverted from disposal	**1,016,213**	**9,862,665**	**10,878,878**
Recycling	56,474	9,771,026	9,827,501
Preparation for reuse	-	60,766	60,766
Other recovery operations	959,739	30,873	990,612
Directed to disposal	**612,344**	**5,256,978**	**5,869,322**
Landfill	13,728	4,044,882	4,058,610
Incineration with energy recovery	10,607	1,210,106	1,220,713
Incineration without energy recovery	425,778	1,990	427,769
Other disposal operations	162,231	-	162,231
Radioactive waste			80
Total waste	**1,628,557**	**15,119,644**	**16,748,281**
% non-recycled waste			35%

EVERY SHEET COUNTS: A GLOBAL PAPER-SAVING INITIATIVE

In 2024, the adoption of initiatives aimed at optimising print management resulted in significant environmental savings.

Key results

- **Paper saved:** 486,000 sheets, equivalent to approximately **58 trees saved**
- **Energy saved:** 18,000 kWh, which is equivalent to the annual energy consumption of about **5 households**
- **Water saved:** 197,000 litres, enough to fill **3 swimming pools**

The results achieved are the result of three main strategies implemented during the year. Replacing printers with **more efficient devices** has optimised energy consumption and improved environmental performance. At the same time, the automatic choice of **duplex** and **black and white mode** contributed to the reduction of paper use. An additional determinant has been the incentive for **digitisation** and the replacement of photocopies with **electronic scans**.

To build upon the results, new initiatives are being developed. These include the course ***Aquapedia*** on **"FollowMe"** prints, still in draft, which will provide training on advanced features for more efficient and sustainable management, further reducing environmental impact.

The path embarked upon testifies to an ongoing commitment to a management model increasingly focused on **optimising resources, adopting innovative technologies** and **promoting an environmentally conscious corporate culture**.

2.5.3 ECONYL®: the infinite thread, like imagination

Our ECONYL® nylon is created from fishing nets, fabric scraps, used carpeting and industrial plastics and can be regenerated indefinitely.

ECONYL® nylon is our flagship product: a **regenerated** ingredient created by giving new life to the things people no longer use: fishing nets scattered at sea, old carpets, industrial waste. It has **unique characteristics** that no other product on the market can match: while having the same quality as traditional nylon, it generates **less environmental impact**, and can be recycled an **infinite number of times**.

For us, ECONYL® is not just a regenerated nylon, but a manifesto for a new production model, where **technological innovation, circular economy and human creativity** come together to generate value and positive impact on the environment. With ECONYL®, new high-quality products can be created **without using new resources.**

ECONYL® regeneration process

The **innovative ECONYL® regeneration system** represents the culmination of intensive research and development. With this cutting-edge technology, we are able to produce new nylon without using caprolactam, a petroleum-derived raw material, but by regenerating pre- and post-consumer nylon waste. The system is based on a process called **depolymerisation**, a sophisticated chemical recycling that breaks down waste and regenerates it into new raw material. This process can be repeated **countless times** without loss of quality.

The ECONYL® system has brought about a **paradigm shift** in textile production, with profound implications for the entire industry. On the one hand, it greatly reduces **dependence on fossil fuels**; on the other hand, it opens up **new circular** and sustainable **supply chains**.

FIGURE 2.7 – ECONYL® REGENERATION SYSTEM

_01 **RESCUE**

The ECONYL® Regeneration System starts with rescuing waste otherwise polluting the Earth, like fishing nets, fabric scraps, carpet flooring and industrial plastic all over the world. That waste is then sorted and cleaned to recover all of the nylon possible.

_02 **REGENERATE**

Through a radical regeneration and purification process, the nylon waste is recycled right back to its original purity. That means ECONYL® regenerated

_03 **REMAKE**

ECONYL® regeneration nylon is processed into yarns and polymers for the fashion and interior industries.

_04 **REIMAGINE**

Fashion brands and carpet producers use ECONYL® regenerated nylon to create brand new products. And that nylon has the potential to be recycled infinitely, without ever losing its quality. The goal is that once all products containing ECONYL® are no longer useful to customers, they can go back into

From waste to resources

Where others see discarded carpets, abandoned fishing nets and industrial waste, we see the raw material of the future. Through **upstream vertical integration operations and targeted partnerships** with institutions, companies, NGOs and consortia, we have built a strong **supply chain** of nylon waste to which we give a new life. Following the opening of Aquafil Carpet Collection in the U.S., the investment in Nofir, and the founding of Aquafil Chile, in 2024 the Group launched **ACCA** - a joint venture with Atando Cabos to collect and sort fishing nets in Chile.

We also continue to work on enhancing our **Take Back** programmes, in collaboration with our customers, to increase the inducement of pre-consumer waste (mainly industrial waste). Today, we are able to collect more than 19,000 tonnes of post-consumer waste. By 2025 we aim to collect more than 35,000.

Where our ECONYL® nylon comes from:

- OLD CARPETS: We process tonnes of carpets and rugs per year, thanks mainly to our two recycling plants in the United States.
- FISH NETS: We collaborate with the aquaculture industry, fish farms, and the Healthy Seas foundation to recover end-of-life nets.
- INDUSTRIAL WASTE: We collect different types of pre-consumer waste including fabric scraps and plastic components.

Our customers, our partners

AQUAFIL AND ASAHI KASEI REVOLUTIONISE 3D PRINTING

We have entered into a new partnership with Asahi Kasei that aims to develop innovative and circular solutions for the **3D printing** industry. With Aquafil's support, the Japanese company has created a **groundbreaking new material** that opens up new opportunities for **automotive** and **aerospace** manufacturers, offering a unique combination of quality and sustainability.

TOCCO COLLECTION WINS PRESTIGIOUS NEOCON AWARD

In 2023, Aquafil collaborated with **pba** to create a capsule collection of **sustainable handles made of ECONYL® nylon**, developed with **neuro-inclusiveness** in mind. A year later, the collection was presented at one of the world's most important **interior design fairs**, NeoCon, and won a major recognition: the "**Best of NeoCon Gold**" award in two categories, "Architectural Products" and "Innovation."

STONE ISLAND, CURRY BRAND AND ECONYL® DRESS STEPH CURRY AND NEW BASKETBALL HOPEFULS

Curry Brand - the brand of legendary basketball player Stephen Curry - and Stone Island, our longtime partner, have created an exclusive custom suit dedicated to the Curry Camp Class of 2024, featuring a Nylon Metal Watro-TC jacket made of ECONYL® reclaimed nylon.

Wardell Stephen Curry II, known as Steph, is one of the greatest shooters in the history of basketball. He has won an Olympic gold medal and two World Championships with the U.S. national team, and has captured four NBA titles with the Golden State Warriors.

For the past eight years, Steph has also been making his mark off the field with Curry Camp, a programme dedicated to mentoring young talent and helping them turn their dreams into reality. Upon arrival in San Francisco, the Class of 2024 athletes were greeted with a custom Stone Island suit, made of ECONYL® regenerated yarn and designed to withstand wind and water.

Worn by Steph himself, Stone Island's Nylon Metal Watro-TC jacket combines innovation, performance and conscious design.

RADICI: ECONYL® NYLON ENTERS THE MARINE INDUSTRY

Aquafil and Radici have been working together for more than a **decade** - a strong partnership founded on innovation and a shared commitment to sustainability. Starting in 2024, Italy's leading carpet tile manufacturer has decided to expand its sustainable article offering in the **marine sector**, offering **R2R products** (see section 3.3.3) in **ECONYL® nylon.** Through this collaboration, we will bring circular solutions to an industry that is increasingly concerned about its environmental impact.

Radici believes in an increasingly sustainable future in the carpet industry and recognises Aquafil, a leading manufacturer of circular yarns, as an ideal partner to support this vision. We believe that the ECONYL® brand and the R2R model enable the circularity of the product to be tangible and easily verifiable, providing greater transparency in our communication.

Information and training

For several years now, the ECONYL® brand has been pursuing a **mission** with perseverance and dedication: to spread **awareness** about sustainability matters and encourage consumers to make **more responsible choices** in their daily lives. We do this through structured training and information activities that come to life in both the **real** and **digital** worlds.

Once again this year, we opened the doors of **our plants** to curious young minds: students and teachers were able to experience the magic of ECONYL® regeneration first hand. When they are not coming to us, we are bringing our **vision of sustainable futures** directly to the classroom, **school or university**.

We also continue to invest in our **digital ecosystem** to reach people all over the world.

ECONYL® Blog has become a leading voice in the public debate on the circular economy.

ECONYL® Academy has established itself as a knowledge hub through high-level educational content that explores global megatrends in the areas of sustainability and digital innovation.

ECONYL® E-commerce continues to offer a digital showcase to discover the endless possibilities and applications of our special nylon.

The Future is Circular, our podcast launched last year, has been reconfirmed for a second season due to its great success.

ECONYL® On air continues to offer an immersive and interactive digital experience to help all stakeholders understand how our regeneration system works.

2.6 ALIGNMENT WITH THE EUROPEAN TAXONOMY (%)

The European Taxonomy (EU Regulation 2020/85) is a **classification system** established by the European Union that determines which economic activities can be considered sustainable and the criteria they must meet. To be defined as aligned with the Taxonomy, an activity must contribute substantially to at least one of the six environmental objectives identified in the Regulations, avoid significant harm to others, and meet minimum safeguards (see figure 2.8).

FIGURE 2.8 – THE THREE REQUIREMENTS FOR TAXONOMY ALIGNMENT

1) SUBSTANTIAL CONTRIBUTION	2) DO NO SIGNIFICANT HARM (DNSH)	3) MINIMUM SAFEGUARDS
Contribute positively to at least one of the six environmental objectives: • climate change adaptation • climate change mitigation • sustainable use and protection of water and marine resources • pollution prevention and control • protecting Biodiversity • transition to a circular economy	Produce no negative impacts on any other of the six objectives	Meet minimum social and governance standards, including: • workers' human rights • taxation criteria • anti-corruption • fair competition

It is important to emphasise that the Taxonomy approach is not to assess the sustainability of organisations in their entirety, but for each **individual economic activity** that generates a revenue stream to third parties or investments associated with activities recognised as environmentally sustainable. The economic activity can also be identified by any NACE code assigned. Specifically, for each environmental goal, the legislation provides within the published Delegated Regulations a list of economic activities that can potentially contribute to the achievement of each objective. These activities are defined as **eligible** and are activities for which **technical screening criteria** are available in order to verify their possible **alignment** with the specific environmental objective and consequently with the requirements of the Regulations. The fact that an activity is eligible is therefore a necessary condition for assessing its alignment. Therefore, the alignment indicates how much the potentially sustainable activity actually contributes to the achievement of the goal, and is expressed through specific financial indicators such as Turnover, CapEx and OpEx.

Aquafil's general approach

To date, the main economic activity, reported in the delegated regulations and attributable to our business is the activity of "**Manufacture of plastics in primary form**", associated with NACE code 20.16. **In contrast, the activity that generates most of the revenue for the Group, namely "Manufacture of artificial and synthetic fibres",** which corresponds to NACE code 20.60, **is not included in the regulations.** Therefore, compared to the current provisions of the legislation, in which there is no complete mapping of economic activities, the Regulation considers as eligible only the activity of producing polyamide 6 polymers in granular form. They mostly serve as inputs for the production of nylon yarn and therefore often do not generate revenue to third parties. Polymer production is, in fact, the step immediately preceding yarn production. As a result, the yarn manufacturing activity (NACE 20.60) is not considered eligible. For more details see figure 2.9 and section 1.2.4.

FIGURE 2.9 – NYLON PRODUCTION PROCESS (AQUAFIL PROCESS)

Caprolactam (monomer)	Phases included in NACE code 20.16 (Activity Regulation 3.17)
Polymerisation: the process of transforming caprolactam (monomer) into PA6 (polymer)	
PA6 (polymer)	
Spinning: process of physical transformation of polymer from granules to yarn	Phase excluded from NACE code 20.16 (Activities related to NACE code 20.60)
Basic Yarn/Reworked Yarn	

In light of the above, Aquafil believes that the exclusion from the list of eligible activities of yarn production (main source of revenue at Group level) does not allow for a true representation of the Group's potential contribution to the environmental goals included in the Regulation. In fact, Aquafil believes that **all activities related to the ECONYL®**

Regeneration System participate in **achieving the objectives** of “climate change mitigation” and “transition to a circular economy.” This is due to the uniqueness of the above-mentioned process, which enables the generation of significantly lower emissions than the traditional production process and is widely recognised as an example of a circular system. Nevertheless, based on the literal interpretation of the description of economic activities reported to date in the delegated regulations of the Taxonomy, the entirety of the activities related to ECONYL® yarn appears to be excluded.

For these reasons, in continuity with previous years, the Company has decided to provide a **double view** in the disclosure: the first, following the literal interpretation of the regulation, which considers as eligible the activity of production and sale of polyamide 6 polymer in granular form; the second, provided on a voluntary basis, which looks at the entire activity of production and sale, thus including yarn-related activities. For both scenarios (summarised in TABLES 2.16 and 2.17), the relevant figures on Turnover, CapEx and OpEx according to the characteristics given in the Regulations are published in Appendix 5.9.

In addition, in line with the regulations, activities were also identified in both views as potentially sustainable economic activities: 2.3 Collection and transport of non-hazardous and hazardous waste, 2.7 Sorting and material recovery of non-hazardous waste, 4.1 Electricity generation using solar photovoltaic technology, 4.30 High-efficiency cogeneration of heat/cool and electricity from gaseous fossil fuels.

TABLE 2.16 – AQUAFIL ALIGNMENT APPROACH WITH DOUBLE VIEW: LITERAL INTERPRETATION

View	Eligibility	Alignment	Target
Literal interpretation	3.17 Production and sale of polyamide 6 polymer (PA6) in granular form	ECONYL® Regeneration System (production and sale of ECONYL® only in granular form) and sale of other plastics in primary form produced from secondary raw material	Climate change mitigation
	2.3 Collection and transport of non-hazardous and hazardous waste carpets	Sales to third parties of end-of-life by Aquafil Carpet Collection	Transition to a circular economy
	2.7 Sorting and material recovery of non-hazardous waste	/	Transition to a circular economy
	4.1 Electricity generation using solar photovoltaic technology;	Sales revenue from third parties from the sale of energy produced by the photovoltaic system of the Aquafil CRO plant	Climate change mitigation
	4.30 High-efficiency cogeneration of heat/cool and electricity from gaseous fossil fuels	/	Climate change mitigation

TABLE 2.17 – AQUAFIL ALIGNMENT APPROACH WITH DOUBLE VIEW: VOLUNTARY INTERPRETATION

View	Eligibility	Alignment	Target
Voluntary interpretation	3.17 Total production and sales activities of Aquafil (i.e. yarn)	ECONYL® Regeneration System (production and sale of ECONYL® in granular and spun form) and sale of other plastics in primary form produced from secondary raw material	Climate change mitigation
	2.3 Collection and transport of non-hazardous and hazardous life carpets	Sales to third parties of end-waste of-Aquafil Carpet Collection	Transition to a circular economy
	2.7 Sorting and material recovery of non-hazardous waste	/	Transition to a circular economy
	4.1 Electricity generation using solar photovoltaic technology	Sales revenue from third parties from the sale of energy produced by the photovoltaic system of the Aquafil CRO plant	Climate change mitigation
	4.30 High-efficiency cogeneration of heat/cool and electricity from gaseous fossil fuels	/	Climate change mitigation;

Eligibility and alignment with the objective of “climate change mitigation”

Activity 3.17: Manufacture of plastics in primary form

Alignment with respect to voluntary disclosure, i.e. with respect to the “totality of yarn production”, as described above, takes into account the peculiarities of the ECONYL® Regeneration System process. In fact, Aquafil believes that this makes a contribution to **achieving** the objective of “climate change mitigation” through the process of chemical recycling, known as depolymerisation. Through this process, we are able to regenerate nylon waste to produce a nylon of comparable quality to that obtained from fossil raw materials, but with a significantly lower environmental impact in terms of emissions, as demonstrated by our **Life Cycle Assessment**. The alignment under the more restrictive interpretation of the regulation, on the other hand, considers only ECONYL® polymer sales, thus excluding yarn.

Finally, turnover, CapEx and OpEx related to the sale of other plastics in primary forms produced through mechanical recycling processes are considered aligned in both views.

Activity 4.1: Electricity generation using solar photovoltaic technology

Beginning in 2024, Aquafil has identified its occasional activity of selling electricity generated by means of its photovoltaic systems as an eligible activity in relation to the **climate change mitigation** objective. In addition, in both views, sales revenues from **electricity generation using solar photovoltaic technology** by the Croatian plant in Oroslavje were recognised as **aligned** with this objective. In relation to this activity, no OpEx and CapEx were found in 2024.

Activity 4.30: High-efficiency cogeneration of heat/cool and electricity from gaseous fossil fuels

In accordance with Article 8 of Delegated Regulation 2021/2178, non-financial companies are required to declare the presence of activities related to the use of energy from nuclear or fossil gas sources within their scope of operations. This obligation is part of the provisions of the Taxonomy Regulations and is intended to ensure maximum transparency regarding these activities.

Following a thorough analysis, the Group has ruled out activities associated with nuclear energy. However, the presence of fossil gas-related activities has been detected, specifically in relation to heating/cooling and electricity provided through co-generation. These activities are detailed in Table 2.18, which provides a clear and transparent representation of the contribution of these activities within the Group’s operating scope. Specifically, this activity concerns the sale to a neighbouring company of part of the heat generated by the Arco cogeneration plant. Revenues from this activity were eligible but not aligned in both views.

TABLE 2.18 – ACTIVITY RELATED TO NUCLEAR ENERGY AND FOSSIL SOURCES

Nuclear energy related activities	
The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle	No
The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies	No
The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades	No
Fossil gas related activities	
The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels	Yes
The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels	No

Eligibility and alignment with the goal of "transition to a circular economy"

Activities 2.3 and 2.7:

In 2023, with the publication of the Environmental Delegated Act (EU Delegated Regulation 2023/2486), technical screening criteria for alignment with the "transition to a circular economy" objective were made available. With respect to this goal, the Delegated Regulation identifies two specific activities attributable to Aquafil's business: **"2.3 Collection and transport of non-hazardous and hazardous waste"** and **"2.7 Sorting and material recovery of non-hazardous waste".** In particular, these two activities are linked respectively to the production processes of our Aquafil Carpet Collection (2.3) and Aquafil Carpet Recycling (2.7) plants, all located in the United States. As for Aquafil Carpet Collection, the activity consists mainly of collecting and sorting post-consumer waste (mainly carpets). Aquafil Carpet Recycling, on the other hand, deals with the recovery of post-consumer waste and, through a mechanical recycling process, the subsequent transformation of this waste into pellets of various kinds.[19] In 2023, the eligibility of the two activities was verified. In 2024, the alignment of activity 2.3 taking place at Aquafil Carpet Collection was also verified. This alignment is presented in both views. Activity 2.7, on the other hand, whose value is also negligible, remains eligible in both views.

In addition, the Delegated Regulations above make no mention of **chemical recycling**, the process behind the ECONYL® Regeneration System", which allows nylon to be regenerated an infinite number of times and contributes to the circular economy. In fact, the legislation currently only provides for **"mechanical recycling"**. It follows that, in the absence of any development in the legislation to this effect, the ECONYL® Regeneration System process remains excluded from alignment with the 2024 goal.

TABLE 2.19 – ELIGIBILITY AND ALIGNMENT ACCORDING TO THE LITERAL INTERPRETATION OF THE REGULATION

KPI	2024 Eligibility for Taxonomy (%)	2024 Alignment with Taxonomy (%)
Turnover	11.5%	2.3%
CapEx	25.0%	17.7%
OpEx	21.6%	13.6%

TABLE 2.20 – ELIGIBILITY AND ALIGNMENT ACCORDING TO THE VOLUNARY INTERPRETATION OF THE REGULATION

KPI	2024 Eligibility for Taxonomy (%)	2024 Alignment with Taxonomy (%)
Turnover	99.9%	50.6%
CapEx	99.8%	60.5%
OpEx	99.5%	55.9%

See Appendix 5.9 for more detailed information on alignment.

Alignment with the literal reading of the Regulations, i.e. the activity "Production and sale of polyamide 6 polymer (PA6) in granular form" is shown in Appendix 5.9.2.

19 Almost all of Aquafil Carpet Recycling's production activity can be attributed to the activity "3.17 Manufacture of plastics in primary forms" and only a negligible (non-material) part to the activity "2.7 Sorting and material recovery of non-hazardous waste".

Insight: criteria for alignment with activity 3.17

Compliance with the criteria in the regulations in relation to the “climate change mitigation” objective is reported below:

Alignment criteria	Description
Substantial contribution	**Nylon** produced through the ECONYL® Regeneration System is a viable alternative to that derived from fossil sources, contributing significantly to the objective of **"climate change mitigation”** Its production at Aquafil comes from a **chemical recycling** process known as depolymerisation, which takes nylon waste as an input, and outputs caprolactam of comparable quality to that obtained from fossil raw materials but with a lower environmental impact Our Life Cycle Assessments **have demonstrated greenhouse gas emission benefits over traditional technologies, enabling Aquafil to publish regular environmental product declarations**
Do no significant harm (DNSH)	Aquafil's activity does not cause significant harm to the other five objectives • **Climate change adaptation.** In 2023, Aquafil initiated a Climate Risk & Vulnerability Assessment with the aim of identifying and mitigating risks related to climate change - see section 2.1.1. Aquafil has begun an initial process of identifying possible solutions to adapt to the main risks identified, the most important of which include implementing building interventions and establishing employee awareness programs • **Sustainable use and protection of marine and water resources.** In the past year we have implemented two new environmental policies - the Environmental Policy and the ESG Policy - which codify, among other environmental goals, a commitment to reduce water consumption and pollution. Many of our production sites have an ISO 14001 certified Environmental Management System • **Pollution prevention and control.** With the new Environmental Policy, we are committed to pollution prevention and control through actions such as the adoption of Environmental Management System (EMS) throughout the Group by 2025. We have also equipped some plants with Integrated Environmental Authorization and Single Territorial Authorization, establishing specific emission limits • **Protecting Biodiversity.** In 2024, Aquafil extended the Biodiversity Impact Assessment, resulting in coverage of all the Group's European and American facilities. The purpose of the analysis was to certify the absence of significant impacts on the biodiversity of surrounding protected areas and to identify possible mitigation measures (see section 2.4). Aquafil has implemented a set of mitigation solutions with a focus on those of an acoustic nature • **Transition to a circular economy.** Although the principle of DNSH does not apply in activities related to NACE code 20.16, Aquafil has been engaged over the years in developing an approach aimed at creating systems and new circular supply chains (see section 2.5)
Minimum safeguards	**Human rights** • Code of Conduct (see section 4.1) • Human Rights Policy (see section 3.1.1) • Diversity and Inclusion Policy (see section 3.11) • Whistleblowing procedure (see section 4.4) • Green Procurement Policy (see section 3.2) • Supply Chain Due Diligence (EcoVadis Project) (see section 1.5.3) **Corruption** • Code of Conduct • Anti-Corruption Policy (see section 4.3) • Whistleblowing procedure • 231 Model (see section 4.2) • Green Procurement Policy • Supply Chain Due Diligence (EcoVadis Project) **Taxation** • Anti-Corruption Policy • 231 Model • Transfer Price Policy **Fair competition** • Anti-Corruption Policy • 231 Model As a result of this commitment, the Aquafil Group has not received any convictions for violations of **tax laws**, unfair **competition, corruption or fraud, or violation of workers' rights** and **human rights** In addition, consistent with the requirements of the Sustainable Finance Disclosure Regulation (SFDR), Aquafil is committed to monitoring two indicators in particular: the unadjusted gender pay gap (see section 3.1.1) and gender diversity on the Board of Directors (see section 1.5.1)

3. Social information

3.1 THE PEOPLE OF AQUAFIL

Investment in our people is the key to our long-term success.

People are a fundamental pillar of Aquafil's strategy: the success of all the activities we carry out depends on their dedication, passion and expertise. Therefore, protecting their **well-being** and **growth** is one of the main goals of our "The ECO PLEDGE® (see section 1.3.1), which we strive to achieve day by day through the **concrete initiatives and actions** described in this section. In 2024, the company allocated more than Euro 65,000 in CapEx investment and Euro 1.2 million in OpEx spending to its own workforce.

At the end of 2024, the Group had **2,390 employees** (see Figure 3.1), with 90% of the workforce in four countries: Italy, Slovenia, the US and China - see Figure 3.2. Compared with the previous year, the workforce decreased by 6.3%, as the 385 new additions did not offset the 566 departures.

FIGURE 3.1 – NUMBER OF EMPLOYEES, BY GENDER – HEADCOUNT

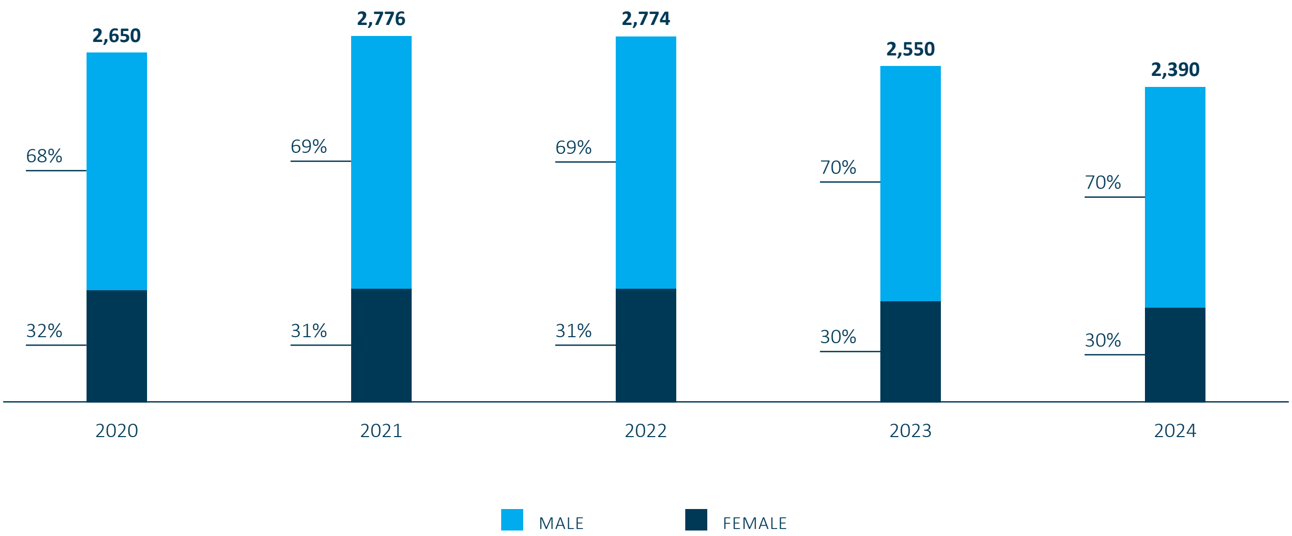


FIGURE 3.2 – GEOGRAPHIC BREAKDOWN OF THE WORKFORCE BY GENDER – HEADCOUNT (2024)

	Male	Female
Italy	511	172
Slovenia	574	145
USA	389	116
China	143	154
Croatia	26	118
Thailand	5	12
Germany	10	4
Turkey	3	1
Australia	2	0
Belgium	2	2
United Kingdom	1	0

The **corporate restructuring** that began in 2023 continued to affect negative turnover. During the year, the rationalisation process was mainly concentrated in Slovenia (see Table 3.1) and was implemented primarily through the non-replacement of departing employees. High staff turnover in the **United States** is mainly driven by **structural features of the U.S. labour market**, which is characterised by greater fluidity and flexibility than the European labour market.

Negative turnover related to **voluntary resignations** stands at 9%, confirming a downward trend from previous years (12.9% in 2022, and 11% in 2023). This is a particularly significant figure, testifying to the effectiveness of Aquafil's **retention policies**.

TABLE 3.1 – OVERALL TURNOVER RATE AND BY GEOGRAPHIC AREA (2024)

	Positive turnover	Negative turnover	Negative turnover due to voluntary resignation
Group	14%	20%	9%
Italy	6.4%	9.1%	2.7%
Slovenia	4.0%	17.1%	10.3%
USA	52.7%	56.4%	24.4%
China	5.4%	4.7%	2.7%
Croatia	7.4%	25.6%	0.0%
Thailand	0.0%	15.0%	10.0%
Germany	0.0%	0.0%	0.0%
Turkey	0.0%	0.0%	0.0%
Australia	0.0%	0.0%	0.0%
Belgium	0.0%	0.0%	0.0%
United Kingdom	0.0%	0.0%	0.0%

In assessing our impacts, risks and opportunities related to the workforce, we considered not only employees, but also the **138 external collaborators** who work with us including mainly consultants and technical specialists who support our activities. Table 5.11 in Appendix 5.4 summarises the **main IROs identified** by the materiality analysis, as well as the policies and actions that enable us to best manage them. It is noted that no current material adverse impacts were found within this topic.

All initiatives and targets put in place take into account the **needs, perspectives and aspirations** of our people, which we gather through an **open and constant dialogue**, thanks to an HR structure that operates with an integrated Group-wide approach and with the support of the HR managers of each plant. In addition to daily confrontation in the workplace, we have established several **formal listening mechanisms** including **periodic** meetings with **union representatives**, the **business climate analysis** (see section 3.1.1) and the ***Do Ut Des*** (see section 3.1.3). These tools also allow us to measure **the effectiveness** of our **engagement process** and to monitor any groups of "at-risk" workers that have not been identified so far.

Again this year, we invested a significant portion of **our budget** in initiatives aimed at the well-being, development and success of our employees, continuing our commitment to three areas:

- Building an equitable and inclusive environment;
- Promoting safety and well-being;
- Fostering personal and professional growth.

In the following sections we elaborate on the policies adopted, initiatives implemented, and goals defined.

3.1.1 Building an equitable and inclusive environment

Creating a fair and inclusive work environment means **valuing each person**, ensuring **equal opportunity**, **respect** and **well-being** for all. Our commitment is embodied in **policies and initiatives** that promote **diversity**, **equity** and **inclusion**, helping to develop a corporate culture in which everyone can feel recognised and an active part of change. In this section, we recount the actions taken and progress made to build an increasingly **open** and **welcoming** workplace.

Respecting human rights

Respect for the **personal dignity** of every individual is a fundamental principle for the Group and is protected by the **Code of Conduct**, which strongly condemns any offense, harassment or discrimination on the grounds of race, sex, age, culture, religion, political belief or sexual orientation (see section 4.1). Since 2023, we have adopted a **Human Rights Policy**, which is inspired by the principles of **social responsibility** enshrined in the **UN Universal Declaration of Human Rights**, the **Fundamental Conventions of the ILO** (international body responsible for the adoption and implementation of international labour standards) and the **OECD Guidelines**. This policy identifies **10** inalienable and indispensable **principles** to which the company adheres and establishes procedures for preventing and mitigating the **risk of violation**.

All Aquafil employees have access to a **whistleblowing system** to report any suspected wrongdoing with guaranteed **anonymity** and **protection against any form of retaliation** or discrimination, as described in section 4.4. All new hires are provided with information on how to use this tool right from the onboarding stage.

Thanks to the safeguards in place, no plant or geographical area of the Group's direct operations is considered at risk for **forced** or **child labour**. In 2024, there were no incidents of discrimination or violation of human rights, nor were sanctions received regarding violations of laws, principles or regulations on the subject.

Foundational principles:

1. The freedom of association and protection of the right to organise;
2. Equal pay;
3. Elimination of discrimination in employment and occupation
4. Abolition of child labour
5. Improving occupational health and safety
6. Abolition of forced labour and all forms of corporal punishment or disciplinary practices
7. Commitment against harassment and bullying in the workplace;
8. Local community rights;
9. Anti-corruption policy;
10. Privacy protection.

Human Rights Policyhttps://www.aquafil.com/assets/uploads/Policy-Diritti-Umani-IT.pdf

Objectives	Identifies the **core human rights principles** the company stands for, and defines processes to prevent and **mitigate risks of violation**
Contents	• Lists the basic human rights principles • Identifies procedures for breach risk mitigation • Outlines a training course aimed at promoting a continuous system of **training** and **information**
Impacts, risks and opportunities	S1 Own workforce, S2 Workers in the value chain, S3 Affected communities, S4 Consumers and end-users
Application	Board of Directors, Board of Statutory Auditors, management and employees of Aquafil; External collaborators; registered suppliers; customers with an active contract
Owner	The policy was approved by the **Board of Directors**. The **ESG Committee**, including through **the ESG Director**, is responsible for its implementation
Alignment with international initiatives	United Nations International Bill of Human Rights, ILO Core Conventions and others (see policy)

Social feedback and dialogue

At Aquafil, **every voice counts**. Being inclusive also means ensuring that everyone has the space to **express ideas** and opinions, actively contributing to our corporate culture and building a shared future. Therefore, we have developed a set of **listening tools** that enable us to gather **valuable feedback** on our employees' well-being, engagement and satisfaction.

The first tool is the **Corporate Survey**, a **climate analysis** that we conduct every year in different geographical areas. In 2024, the focus was on plants in **Slovenia** and **Croatia**, with positive and encouraging results. The second tool is constant dialogue with **union representatives** through periodic meetings. In the past year, each plant in Italy alone averaged more than one meeting every two months for a total of 21 meetings. At Group level, about **77% of employees** are covered by union representation (see Table 3.2).

TABLE 3.2 – EMPLOYEES COVERED BY UNION REPRESENTATIVES – PERCENTAGE (2024)

	Covered by union representation
Italy	100%
Slovenia	100%
Croatia	100%
USA	0%
China	100%
Thailand	0%
Germany	0%
Turkey	0%
Australia	0%
Belgium	0%
United Kingdom	100%
Total	**77%**

Diversity and inclusion

Diversity and inclusion policies have been the focus of our social initiatives over the past year. In 2023, we published a **DE&I Policy**, which sets out a structured approach to promote a more equitable and inclusive work environment through a fair and transparent selection process, equal access to training and growth, merit-based compensation policies and communication that promotes diversity.

In 2024, however, we set out on a concrete path to reach an **ambitious goal**: to train at least **50% of employees on diversity issues** by 2025. This year we have already organised a series of in-person **training days**, involving 300 people in Italy. We are also developing a **video course** that will allow us to extend the training to the rest of the team next year.

DE&I Policy https://www.aquafil.com/assets/uploads/Policy_DI_IT.pdf	
Objectives	Aimed at ensuring **fairness and equal treatment** for all with the goal of building an **inclusive environment** that follows the principles outlined in the Code of Conduct
Contents	Outlines the core principles on **Equality, Diversity & Inclusion** Identifies the implementation of **actions** to promote a **plural, equitable and inclusive work environment** Lists strategies put in place for reporting and mitigating the violation of Human Rights
Impacts, risks and opportunities	**S:** S1 own workforce, S2 Workers in the value chain, S3 Affected communities, S4 Consumers and end-users **G:** G1 Business conduct
Application	**Board of Directors**: guided by the principles of this document when setting business objectives **Members of the Control and Supervisory Boards:** ensure that the contents of the Policy are respected and complied with in the performance of their duties **Company executives:** give concrete form to the values and principles contained in the Policy, assuming responsibility both internally and externally **Employees:** adapt their actions and conduct to the principles, objectives and commitments set out in the Policy
Owner	Approved by the BoD. This Policy will be **periodically reviewed** to assess its **adequacy and the effectiveness** of its implementation
Alignment with international initiatives	United Nations (UN) International Charter of Human Rights, International Labour Organization (ILO) Core Conventions, Declaration on Fundamental Principles and Rights at Work (1998), European Parliament Resolution of March 10, 2021, making recommendations to the Commission concerning due diligence and corporate responsibility

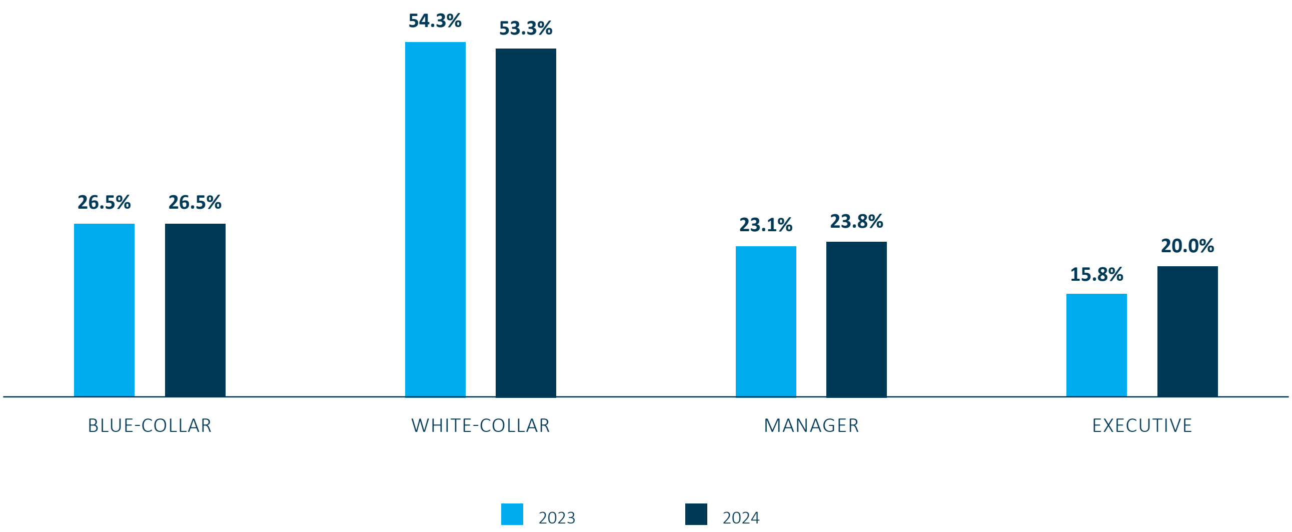
Gender equality

In our sustainability vision, building a work environment that values talent **without discrimination is an essential goal**, creating **opportunities for all**, regardless of gender. Overcoming **stereotypes** and promoting the **presence of women in key roles** not only promotes social well-being, but also proves crucial to economic growth and company competitiveness.

Among employees, the **ratio of men to women** has remained largely unchanged since 2023 at around **30%**, with greater imbalances in the blue-collar and executive categories (see Figure 3.3). Over the years we have implemented several **initiatives to close the gender gap**, including more inclusive hiring and promotion policies and mentorship programmes to support women's professional growth and their access to leadership roles. A particularly positive sign comes from the **UNI/PdR 125** gender equality certification **obtained in 2024** by the plants of Aquafil S.p.A., Tessilquattro Cares and Tessilquattro Rovereto, and the increase in the number of **female executives**.

We also continue to work toward another key target we have set for ourselves: by 2026, we aim to have at least **20% women** in senior management.[20] To date, the percentage is still zero, but our efforts to close this gap remain a priority

FIGURE 3.3 – PERCENTAGE OF WOMEN OUT OF TOTAL EMPLOYEES, BY ROLE



20 Senior management consists of those who receive short-term variable remuneration (STI) and long-term variable remuneration and (LTI). The scope includes: the CEO (and Senior Executive Directors, if any), other Executive Directors and Senior Executives, as well as other figures of a strategic nature for the Group

Equal pay

Pay equity is a key pillar in ensuring that every **individual** receives **fair remuneration commensurate** with the value of his or her contribution, regardless of gender. The Group's remuneration policy is constantly updated with the aim of ensuring fair remuneration, and incentivising the achievement of corporate goals.

All our employees receive an **adequate salary**. In **Europe**, most workers are covered by **collective bargaining** (see Table 3.3), while in the United States **and China**, wages are set through company pay policies and individual bargaining, remaining **competitive** with the **market average**. In addition, the adequacy of wage levels is verified through independent assessments in Group companies that have obtained **SA 8000** social responsibility certification (see section 4.7).

TABLE 3.3 – EMPLOYEES COVERED BY COLLECTIVE BARGANINING AGREEMENTS – PERCENTAGE (2024)

	Covered by collective bargaining agreements
Italy	100%
Slovenia	100%
Croatia	100%
USA	0%
China	0%
Thailand	0%
Germany	0%
Turkey	0%
Australia	0%
Belgium	0%
United Kingdom	100%
Total	**65%**

In 2024, the **ratio of the gross pay of the CEO -** the highest remunerated individual - to the **median** of Group **employees** is **40**; the **gender pay gap**, defined as the percentage difference between the average pay levels paid to male and female employees is **26%**.[21] However, this index is impacted by the geographical distribution of the female workforce within the Group. 65% of female employees work in countries where the average base salary is lower than the Group's overall average. This aspect significantly affects the percentage difference in average wage levels between men and women, as the concentration of women in lower average wage settings contributes to an apparent wage gap rather than reflecting an actual wage gap for equivalent roles.

For these reasons, the Group also monitors wage indexes referring to different categories of workers in different geographical areas. Table 3.4 shows the **gender pay gap** for each establishment and each role: the salary considered is the annual gross monetary salary, within which variable and benefit components are excluded (see Appendix 5.10 for details of the gender pay gap including variable and benefit components). It is important to point out that the observed pay gap is mainly due to the low representation of women in **key roles**, rather than a pay disparity between positions of equal level and responsibility.

Achieving the target mentioned in the "Gender Equality" paragraph (20% female figures in senior management by 2026), will be a significant step in **reducing** the gender **pay gap** and strengthening a corporate culture based on equity and inclusion.

21 The gender pay gap is calculated using the following formula, in line with the methodology specified in the ESRS standards: (male pay level - female pay level) / male pay level. Until 2023, the gender pay gap was expressed as the ratio of average female wages compared to average male wages (equal to 100%).

TABLE 3.4 – GENDER PAY GAP BY COMPANY AND PROFESSIONAL ROLE – EXCLUDING VARIABLE COMPONENTS AND BENEFITS (2024)

	Senior Management	Executives	Managers	White-collar	Blue-collar
Jiaxing - Aquafil China		N/A - Male only	4.9%	-7.5%	15.0%
Oroslavje - AquafilCRO			36.5%	-11.7%	4.8%
Cares - Tessilquattro			-14.9%	19.2%	1.0%
Rovereto - Tessilquattro			N/A - Male only	23.8%	10.1%
Cartersville (Georgia) - 1 Aquafil Drive USA 1	N/A - Male only	N/A - Male only	23.6%	23.7%	13.7%
Cartersville (Georgia) - 101 Fiber Drive USA 2			N/A - Male only	N/A - Women only	1.9%
Phoenix - Aquafil Carpet Recycling #1			N/A - Male only	26.0%	25.2%
Ajdovscina - AquafilSLO			N/A - Male only		N/A - Male only
Celje - AquafilSLO		N/A - Male only	N/A - Male only	N/A - Women only	6.4%
Ljubljana - AquafilSLO	N/A - Male only	29.8%	2.5%	-1.4%	3.7%
Senozece - AquafilSLO			N/A - Male only		-0.9%
Aquafil Carpet Collection LLC		N/A - Male only	12.3%	N/A - Women only	N/A - Male only
Rutherford College - Aquafil O'Mara		N/A - Male only	-12.9%	-12.7%	4.4%
Arco - Aquafil	N/A - Male only	17.9%	19.3%	8.1%	0.6%
Kilbirnie - AquafilUK		N/A - Male only			
Rayong - Asia Pacific			N/A - Male only	-68.4%	-14.8%
Istanbul - Aquafil Textil Sanayi			N/A - Male only	N/A - Women only	N/A - Male only
Harelbeke - Aquafil Benelux France B,V,B,A,		N/A - Women only	N/A - Male only	30.8%	
Melbourne - Aquafil Oceania Pty Ltd		N/A - Male only		N/A - Male only	
Berlin - Aquafil Engineering Gmbh		N/A - Male only		17.5%	

The gender pay gap is calculated using the following formula: (male pay level - female pay level) / male pay level. If the ratio is positive, the average male wage level is higher than the average female wage level; if the ratio is negative, the average female wage level is higher than the average male wage level.

3.1.2 Promoting safety and well-being

We are committed to creating working conditions that promote **physical and mental health** by providing adequate resources and support mechanisms to meet daily challenges. In addition to implementing **prevention and safety policies**, we invest in initiatives that foster a healthy **work-life balance**, stimulating a **climate of trust** and mutual support. In this chapter, we delve into the concrete actions taken to ensure that every member of our team can work in a **safe, healthy and sustainable environment**.

Stable employment relationships

A **stable and secure job** that can provide a **regular income** is essential to provide **peace of mind and well-being** while contributing to each individual's job satisfaction. At Aquafil, we give priority to establishing long-term working relationships, fostering employment stability. **93.5%** of our employment contracts are **permanent** and **97.4%** are **full-time** (see Table 3.5) - both figures are up from the previous year (in 2023 the percentages were 91% and 96.8%, respectively).

This approach not only protects employees but also benefits the company by enabling it to ensure **business continuity**, foster **long-term strategic and operational planning**, and reduce the risks associated with the **loss of key talent** and **high turnover**, with a positive impact on retention. The use of fixed-term contracts remains limited and is only used to handle temporary and unpredictable production peaks. In 2024, there were no **strikes**, proof of the effectiveness of our policies.

TABLE 3.5 – TYPE OF CONTRACT BY GENDER – HEADCOUNT (2024)

	Male	Female	Total	%
Permanent	1,581	654	**2,235**	93.5%
Fixed-term	85	70	**155**	6.5%
Full-time	1,645	683	**2,328**	97.4%
Part-time	21	41	**62**	2.6%

With regard to workers who are not employees, there were **138 external workers** employed in 2024, most of whom perform work through **agency contracts**, mainly in the field of production. This category was excluded from the employed labour force metrics. There were no **non-guaranteed hours** workers among Group employees.

Welfare plans and work-life balance

In 2024, the corporate **welfare scheme** adopted the previous year was reconfirmed while keeping the dedicated **budget** unchanged. This **benefits system** is designed to attract, motivate and retain employees, ensuring their physical and psychological well-being. The program is divided into **two main categories**: on the one hand, **fixed benefits**, such as **pension**, **insurance** and **health plans** offering employees and their families a range of customisable non-monetary services; and on the other hand, **variable benefits**, linked to a **collective incentive system** that rewards the achievement of annual company goals. Employees can choose whether to allocate the incentive, if accrued, to welfare plans or receive it as part of their salary.

Since 2023, the Group has introduced the **Global Parental Policy**, which ensures paid parental leave for all employees, even in countries without specific regulations such as the United States. In addition, employees in Italy, Slovenia and Croatia, continue to benefit from the **agreement on agile working**, fostering a better work-life balance.

Again this year, numerous **social and sharing activities**, such as company picnics and buffets, were organised, creating moments of meeting and getting to know each other outside the work environment, and thus strengthening corporate identity and the **spirit of belonging**. Among these team-building activities, participation in the Trentino Business Run, a non-competitive run for companies in Trentino, organised by Group Cassa Centrale e Garda Dolomiti Azienda per il Turismo S.p.A. in the beautiful setting of Garda Trentino, was particularly appreciated. Our team, full of energy and determination, took part in the event along with more than 1,200 members from 56 companies.

Health and Safety

We are committed to ensuring health and safety through policies, initiatives and investments aimed at preventing **and reducing** workplace **risks**, **accidents** and **injuries**.

Within the Aquafil Group, **99%** of employees are **covered by the health and safety management system**, described in detail in this section.[22] Most plants are also certified according to ISO 45001 (see section 4.7).

Thanks to our efforts, **no workplace deaths occurred** in 2024. One **serious injury** was reported. (see table 3.6).

TABLE 3.6 – INJURIES, WORK-RELATED ILL HEALTH AND WORKING DAYS LOST WITH RELATED INDICES OF FREQUENCY, SEVERITY AND RISK (2024)

	2024
Hours worked	4,584,610
Incidents of work-related ill health	1
Accidents > 3 days	41
of which serious injuries	*1*
Working days lost	1,381
Frequency index (*)	8.94
Serious injuries frequency rate	*0.22*
Severity index (**)	0.30
Risk index (**)	2.69

(*) The frequency rate correlates the number of occupational accidents to the extent of exposure to risk (it is calculated by dividing the number of accidents resulting in over-3-days absence from work multiplied by 1,000,000 compared to the number of hours worked).

(**) The severity index correlates the severity of the accident to the extent of exposure to risk (it is calculated by dividing the number of days lost over 3 days multiplied by 1,000, compared to the number of hours worked).

(***) The risk index correlates the frequency rate and severity index.

22 The 1% of workers not covered concerns employees of small trading or service companies.

THE 5 PILLARS OF OUR HEALTH AND SAFETY MANAGEMENT SYSTEM

1. Careful **risk analysis** to prevent accidents and ensure employees have access to appropriate personal **protective equipment.**

2. A **Health and Safety Committee** present at each Group company, responsible for monitoring incidents, periodically assessing the effectiveness of preventive measures and promoting the **sharing of best practices** among plants

3. **Continuing education** programmes to spread a culture of safety and reduce human-related accidents, the leading cause of injuries at our production sites. In 2024, nearly **12 thousand hours of safety training** were provided (see section 3.1.3)

4. A structured **corporate procedure** for **reporting injuries**, supported by a digital platform.

5. The presence of a **company doctor** and a **health surveillance system** to protect workers' health

3.1.3 Fostering personal and professional growth

We believe in the value of **continuing education** as a tool to support our employees, in reaching their potential. With an approach that fosters **curiosity**, **innovation** and **competence**, we accompany them on their journey of personal and professional growth within our organisation.

In 2024, we delivered more than **33 thousand hours of training** (see Table 3.7) divided into six subject areas: technical, human rights, health and safety, languages, environment and business conduct. Courses involved all company levels, averaging **14 hours of training per employee** (see Table 3.8), equally distributed between men and women.

TABLE 3.7 – HOURS OF TRAINING BY AREA (2024)

	Total hours
Technical	14,593
Human rights	1,571
Safety	11,682
Languages	3,022
Environment	1,822
Business conduct	673
Total	**33,362**

TABLE 3.8 – HOURS OF TRAINING BY GENDER – TOTAL AND AVERAGE VALUE (2024)

	Total hours	Per employee
Male	23,208	13.9
Female	10,155	14.0
Total	**33,362**	**14.0**

Training takes place both in-person and online via a digital platform that provides access to a wide range of training resources and content. "***Aquapedia***" represents our knowledge centre by offering a comprehensive catalogue of technical courses, interactive programmes on soft skills, articles and videos, accessible to all employees.

Over the past year, we have continued to work to develop **projects aimed at growing** talent and strengthening skills, including the Do Ut Des and Talent Management programs, the onboarding process, and Communities of Practice. The main change in 2024 was the creation and approval of a policy for **succession planning,** a strategic step to ensure continuity. All our initiatives are detailed below.

Search for new talent

Attracting and retaining young talent is a growing challenge, not only for our company, but for many European enterprises, due to the progressive (and systematic) ageing of the population. Currently, those **under 30** make up **12% of our workforce** (see Figure 3.4 and Table 3.9), a percentage that is slightly down from the previous year (15%). However, we firmly believe in the value and potential of the younger generation and are intensifying our efforts to **attract and retain talent**.

To encourage the entry of new resources, we actively **co-operate with local universities and colleges**, holding numerous meetings with students each year. These initiatives include visits to our plants and speaking at local schools and universities. We also participate in **networking** events and **career days**, such as the **Industrial Engineering Day** of the Department of Industrial Engineering at the University of Trento, which is a strategic opportunity to connect with young professionals interested in learning about us.

Our commitment also extends to the world of research by partnering with universities and **funding doctoral scholarships**. In the past year, we continued to sponsor two PhD courses in collaboration with the University of Trento and the University of Salerno, thus consolidating our contribution to advanced education and innovation.

FIGURE 3.4 – BREAKDOWN OF STAFF BY AGE – HEADCOUNT (2024)

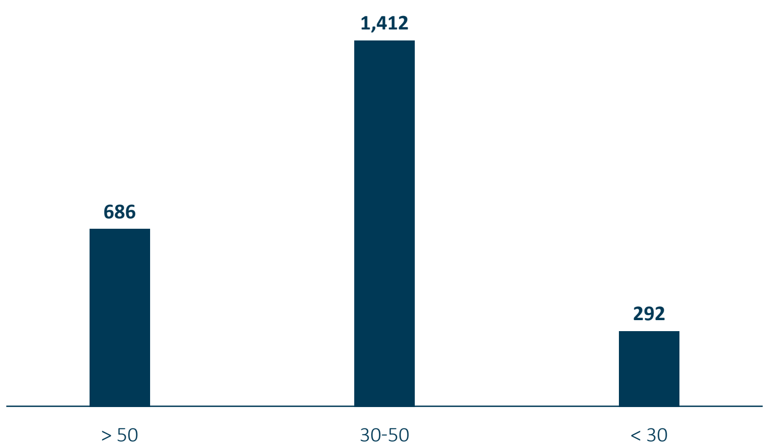


TABLE 3.9 – BREAKDOWN OF STAFF BY AGE, ROLE AND GENDER – HEADCOUNT (2024)

	<30		Between 30 and 50		>50	
	Male	Female	Male	Female	Male	Female
Executive	0	0	6	3	26	5
Managers	8	0	58	28	62	12
White-collar	17	18	103	126	52	52
Blue-collar	212	37	793	295	329	148

Onboarding and mentoring

We improved the **onboarding** procedure by structuring it into three stages: **"pre-recruitment", "first day**" and **"next days."** The new employee is welcomed by the HR team and their supervisor, supported by a **mentor**, to facilitate integration and understanding of the company culture and provide a point of reference for any needs. Subsequently, through a structured course, **dedicated material** and the **Aquapedia e-learning platform**, s/he is able to enhance their skills and processes independently and gradually.

Skill assessment

The "Do ut Des" project to promote a **feedback culture** and structure a performance **evaluation process** between manager and employee continued in 2024. This system helps **map soft skills** and identify **areas for development** and define targeted training paths for each business role.

Enhancing talent

In 2023, we launched the "Talent Management" project with three stages: defining, evaluating and enhancing talent within the Group. The first has been completed, the second is in progress, and the third will start in 2025.

1) What is talent?
We **profiled talent**, identifying qualities, attitudes and skills that characterise them locally and globally.

2) How to recognise it?
We have initiated a process of **assessing the potential** of Aquafil employees, using a uniform approach throughout the Group. Over the past year we have identified the profile of talent at **local level** while the assessment on a global scale is still in progress.

3) How to enhance it?
In 2025, we will launch different types of initiatives to nurture and retain local talent, including **training courses**, **coaching**, **networking events, career plan** setting, role rotations and revised compensation packages.

Communities of Practice

Our **communities** established to foster **cross-collaboration** among employees of different Group companies around specific **topics** continue to grow. The goal of Communities of Practice is to give people the opportunity to engage with colleagues from other plants to **share information** and **best practices** in order to expand their knowledge and achieve business goals more quickly.

Succession planning for key figures

Managing the succession of key figures is a key element in ensuring the long-term stability and growth of the company. To meet this challenge, the Group has introduced a new **succession planning policy**, based on five essential principles: business continuity, preparedness, meritocracy, transparency and harnessing internal talent.

The process involves an annual analysis to **identify strategic roles**, followed by the **establishment of selection criteria** for **potential successors**. Then, **internal and external candidates** suitable for these positions are evaluated and, where necessary, targeted **training** is initiated to fill any skills gaps and ensure a successful transition.

Through this procedure, potential successors in key roles have already been identified.

3.2 WORKERS IN THE VALUE CHAIN

aquafil's value chain consists of more than **4,500 suppliers and customer partners** from nearly 200 different industries. In assessing our material impacts, risks and opportunities, we considered **three categories of workers** belonging to our supply chain: workers who serve at our suppliers (upstream), those who work at our customers (downstream) and those who work at Group sites but are not part of our workforce (mainly extraordinary maintenance workers and employees of cleaning companies). The type of activities carried out by upstream and downstream workers in the supply chain are outlined in section 1.2.4.

The **main** material **IROs** related to value chain workers are summarised in Table 5.12 in the Appendix. The identified actual or potential negative impacts do not result directly from Aquafil's strategy and business model, but are generated by players in the supply chain. On the other hand, the main positive impact identified derive from the Group's ESG strategy One of the pillars of our "The ECO PLEDGE" is "sharing responsibility along the supply chain", and to achieve this we foster the principles of our Code of Conduct and Human Rights Policy among our partners. In relation to risks and opportunities, Aquafil has not identified dependencies in relation to workers in the value chain.

Supervision of the **value chain** is assigned to the **Presidents** responsible for the three **product areas**. In 2024, the company allocated Euro 72,000 of OpEx expenses to the value chain topic. In recent years, we have implemented a set of policies and procedures to **mitigate risks** and **negative impacts**, improve **monitoring of our partners**, and promote **ethical supply chains**. The main ones are listed below and elaborated on in the paragraphs to follow.

- Signing of the Aquafil Code of Conduct
- SA 8000 Social Accountability Certifications;
- Human Rights Policy;
- Whistleblowing system
- Supplier engagement procedure;
- Reputational analysis of customers.

These policies and procedures are complemented by an additional initiative launched in **2024** with the support of **EcoVadis**, a leading sustainability ratings company. This is a new project to strengthen the monitoring and mapping **of ESG risks** in the value chain (for more details, see section 1.5.3).

Using **IQ+**, a tool provided by EcoVadis, we were able to identify partners operating in **sectors** and **geographic areas** at high risk of **human rights** violations and **modern slavery**. The sectors most at risk are the **manufacture of textile products**, and their spinning, weaving and finishing - activities downstream in Aquafil's value chain. Geographically, the main countries where our business partners belonging to the aforementioned sector are concentrated are the **United States, Italy and China.**

Based on the results of this preliminary risk mapping, we have scheduled for 2025 further insights into the 55 partners deemed **most critical**, which will be subjected to fully-fledged **ESG risk ratings**. From the resulting outcomes, the Group may, if necessary, **set targets**, require **corrective action** or the implementation of **additional safeguards** to mitigate negative impacts, and introduce **mechanisms for involving** workers in the value chain - not present at the moment.

Signing of the Aquafil Code of Conduct

First, all of our partners are required to take note of Aquafil's **Code of Conduct**, which repudiates any kind of behaviour involving forms of **slavery**, **forced labour, child labour**, **corruption**, **discrimination** or **violation of workers' human rights** (all principles and contents of the code are summarised in section 4.1).

Although the Group has not prepared an ad-hoc code of conduct for suppliers, they are required to sign a **declaration of acceptance** of the Code of Conduct, and any violation of the moral principles described therein could result in **termination of the contract.**

SA 8000 Social Accountability Certifications

A large number of Aquafil Group companies have also obtained **SA 8000 Social Accountability** certification (see section 4.7), which is a third-party assurance of our compliance with eight social responsibility criteria: child labour, forced labour, health and safety, freedom of association and the right to collective bargaining, discrimination, disciplinary procedures, maximum working hours and minimum wage.

This certification extends its **requirements** to the entire **chain of suppliers** and subcontractors, requiring that they too meet the same standards. In Group companies, **compliance** is **verified** through the **supplier engagement procedure**, described in this chapter.

Human Rights Policy

As of 2023, Aquafil has published a Human Rights Policy (see section 3.1.1) to raise awareness of human rights protection among **employees**, **customers**, **suppliers** and **investors** and establish a system of **continuous monitoring** in all business activities and processes. The policy is inspired by the fundamental principles contained in the **United Nations Universal Declaration of Human Rights**, the **Fundamental Conventions** of the ILO (International Labour Organization) and the **OECD Guidelines**, reaffirming our commitment to responsible and sustainable management.

Whistleblowing system

All actors in the value chain, including workers or their representatives, have a **whistleblowing** tool available to **report possible violations** of human rights or social responsibility principles. Details of the system are provided in section 4.4. Anonymity and non-retaliation are always guaranteed.

In 2024, no Group company received any sanctions regarding violations of laws and/or principles and regulations pertaining to human rights.

Supplier engagement procedure

The Group has a **Green Procurement Policy**, which codifies the **procedure for qualifying a new supplier**. This involves three steps:

1) We require suppliers to complete a **self-assessment questionnaire** to analyse their performance in five key areas: **quality management**, **health and safety**, **energy performance**, **environmental performance** and **social responsibility**. The data collected is used to assign a **score**; providers who do not meet the minimum threshold set by Aquafil are excluded from engagement.
2) We prepare **internal reporting** to ensure transparency and constantly monitor suppliers, which indicates both the number of certifications held by each supplier and the score obtained in the self-evaluation questionnaire.
3) We conduct **periodic Internal Audits** to assess the effectiveness of our procurement procedures and identify opportunities for improvement.

Green Procurement Policy *link*

Objectives	Formalises policies for supplier qualification, and responsible procurement of products, materials and services, to ensure environmental protection and health protection
Contents	• List the Group's commitments to building a resilient, sustainable and ethical supply chain • Codifies the procedure for qualifying a new supplier, and the controls put in place
Impacts, risks and opportunities	E1 Climate change, E2 Pollution, E3 Water and marine resources, E4 Biodiversity and ecosystems, E5 Circular economy, S2 Workers in the value chain, G1 Business conduct
Application	Employees, customers, suppliers, other stakeholders
Owner	The policy was approved by the Board of Directors. The ESG Committee, including through the ESG Director, is responsible for its implementation
Alignment with international initiatives	CSDDD (Corporate Sustainability Due Diligence Directive)

Reputational analysis of customers

To ensure that activities with customers are conducted in accordance with the principles of **integrity**, **transparency**, **professionalism** and **clarity**, we adopt an **internal procedure** for the **reputational assessment** of customers. The analysis is carried out on the basis of **reputational surveys** conducted by specialised companies or by relying on the opinion of the Insurance Companies that grant any insurance credit lines.

3.3 CONSUMERS AND END-USERS

Aquafil's customer base is an **industrial** base: we maintain **B2B business relationships** with **companies** that use our nylon thread or compound to **make intermediate or final products** in the textile flooring, apparel or design industries.

Our customers' **requests and perspectives** are collected daily by the **sales force.** This **process of constant dialogue** helps us better understand and meet emerging needs, mitigate risks and negative impacts, and pursue opportunities. The company also maintains customer relationships through industry events and trade shows, including **Techtextil** and **Quattroruote Next** in Italy, **Fakuma** in Germany and **India Carpet Expo.** The **Presidents of** Aquafil's **main business lines** - BCF, NTF and Polymers - have a responsibility that this continuous exchange takes place and is taken into account when setting Aquafil's policies and actions. In 2024, the company allocated over Euro 330,000 of OpEx expenses to the theme of customer relationship and collaboration.

The main **impacts, risks and opportunities** generated on customers are summarised in Table 5.14 in Appendix 5.4. In assessing materiality, the Group considered both **direct impacts** on its customers and **indirect impacts** on **end-users**, who purchase products made from our nylon. Positive impacts and opportunities arise from the Group's strategy and business model of investing in R&D to offer better and better products, and involving customers in eco-design or circular economy projects. The identified negative impacts and risks, all potential, are related to Aquafil's operations. Mitigation measures have already been put in place for these, which are discussed in more detail in this section.

In general, to best manage the identified IROs, we have put in place a series of **policies, actions and initiatives**, divided into four categories:
1) Product management, health and safety
2) Inclusive and transparent communication, against greenwashing
3) Collaboration for eco-design and the creation of circular supply chains

The **effectiveness** of the customer engagement process is assessed through **successful completion of projects** and **broad participation** in Group initiatives involving B2B customers. These aspects are discussed in more detail in the following sub-sections.

3.3.1 Product management, health and safety

Aquafil offers its customers a **wide portfolio** of quality products, which is constantly being updated thanks to the **research and development activities** carried out within the Group, aiming at the constant improvement of the offering and the introduction of **new circular products** to the market (see section 1.2.5). The company also offers its customers the opportunity to request **custom prototypes or samples**, and to make **returns and complaints** through a structured system.

Our products are in line with the highest **safety standards** in handling **hazardous chemicals**. We protect human health and the environment in three ways:

- A **clear policy establishes** guidelines for a strict control system for the management of hazardous chemicals
- **Third-party certifications** ensure the safety of our products: all Aquafil companies in Europe are certified to comply with the European Union Regulation on Registration, Evaluation, Authorisation and Restriction of Chemicals (**REACH**). We also hold other certifications, listed in section 4.7.1
- A **Sustainability Compliance Team** supports all Group plants on REACH regulatory issues

All of these aspects help the company **retain customers** - who generally engage in established medium- or long-term business relationships - and to remain competitive.

3.3.2 Inclusive and transparent communication, against greenwashing

Aquafil takes the utmost care in **communicating** about its products - both in relations with its B2B customers and B2C users - to ward off any **risk of greenwashing**. We ensure the **highest accuracy and transparency** of information in several ways.

First, we acquire and periodically renew a number of **product certifications**, which attest to the **presence of recycled material** in our ECONYL® nylon or assess its **environmental footprint** throughout its life cycle (see section 4.7.1). These certifications clearly communicate to customers the composition and impact of products on our planet, increasing transparency and thus mutual trust.

Second, Aquafil is committed to **supporting its customers** to ensure **responsible marketing** regarding **ECONYL®** nylon products, preventing ambiguous or incorrect information from reaching end-users. The company does this by **establishing guidelines** that customers must adhere to and, as of 2018, through an **internal ad-hoc team** that works directly with customers to prevent **greenwashing**. The team also regularly monitors **digital platforms**, including **websites**, social media and news channels, with the goal of detecting and correcting any **brand-related** inaccuracies.

Finally, through the ECONYL® brand, the Group carries out **positive, educational and inclusive communication** activities towards customers and end-users, with the aim of **spreading** awareness of sustainability and circularity issues, and raising awareness towards **more responsible purchasing choices**. The main **training and information activities** fielded are detailed in section 2.5.3, and include both **physical** (plant visits) and **digital** (blog articles, webinars, podcasts, newsletters, and social media) initiatives. The effectiveness of online initiatives is assessed by monitoring key KPIs tracked on sites with Google Analytics, and through quarterly reports on the performance of social profiles.

3.3.3 Collaboration for eco-design and the creation of circular supply chains

We are looking for customers who share our **dedication to sustainability** and are ready to actively contribute to our circular supply chain.

Our customers are first and foremost **partners** with whom we share a vision of a **sustainable future**. Together we develop partnerships ranging from **recovering waste materials** into nylon to **co-designing innovative**, **circular** products.

Among the various initiatives developed over the years, a notable example are the **Take Back** programmes, which involve our customers in the apparel and carpet industries in the **recovery** of both pre- and post-consumer **nylon waste.** The collected waste is then returned to the production cycle through the **ECONYL® Regeneration System.** In particular, we set **ambitious targets** for carpet and rug manufacturers. By 2025, we aim to engage more than 60% of customers (based on purchase volumes) in the EMEA region in Take Back programmes. There is not far to go: in 2024, 48.5% joined such programmes.

Another noteworthy initiative is the **partnership** with our customers in the **eco-design** of future products. Creating a product according to **eco-design** principles means designing it with end of life in mind from the beginning - for example, making sure it is fully **recyclable** or **regenerable**.

In this regard, in 2024, we continued to pursue the **Born Regenerated to be Regenerable (R2R)** programme, which involves our customers in co-designing carpets with an eco-design perspective, making great gains. We have also reached an important milestone in the aquaculture sector by making the **first fully circular fishing net from ECONYL®**.

Born R2R: eco-design of the carpets of the future

Aquafil **works with its customers** to design **carpets and rugs** that can be fully **disassembled** and regenerated at the end of their lives, made from **ECONYL nylon**®. Products created under the **Born R2R** programme are identifiable by a distinctive logo, which facilitates their recognition throughout the supply chain and helps consumers make **responsible purchasing** choices.

For this initiative, we set ourselves an **ambitious target**: we selected **30 potential producers** that we felt might show interest, strategic affinity, production capacity, adequate infrastructure and a willingness to collaborate on the project. Our target was to get at least 50% of these producers to join by the end of 2025, formalised through the signing of a Memorandum of Understanding (MoU). To date, **47% of the selected producers** have **already joined**. But there's more: the R2R project has exceeded initial expectations, involving far more than the 30 manufacturers identified. We presented the project to a total of **55 companies**, collecting 17 signed MoUs.

In 2024, an R2R carpet debuted at the Berlinale: "**DUO**", made in partnership with **Object Carpet**. What makes this product special is that the coating process **generates no harmful emissions**, **saves 95% energy**, and **uses no water** in production.

What's new in 2024: eco-design in the shipbuilding industry

We see the marine industry as a great opportunity to make a difference because of the large **amount** of carpet used on board vessels. Due to wear and tear, aesthetic choices, or technical requirements, these carpets must be **replaced with some frequency**, which varies according to cruise line decisions, location of installation and degree of deterioration.

Major refurbishments usually occur **every 5-7 years**. In the meantime, minor refurbishments are being carried out, covering more superficial areas of the ship.

To support an industry that is already the focus of attention for its **environmental impacts**, we have initiated a series of **partnerships** with **architects specialising** in naval design, **cruise lines**, **shipyards** and other players in the supply chain involved in the design and installation of interiors and carpet tiles.

Having overcome the complex initial technical challenges, we have already achieved tangible results with the first **R2R carpet installations.**

The first entirely circular fishing net

In 2023, we launched a **pilot project** in cooperation with our customer **Diopas**, a leading European fishing net manufacturer, and **Philosofish**, a leading Greek aquaculture company. This cooperation led to the creation in 2024 of the first **100% circular fishing net** made of **ECONYL® nylon.**

The results were very positive: the performance of the new net was identical to that of standard nylon nets, but with the advantage of being fully **recyclable** and made of **ECONYL® nylon.** To achieve this goal, Aquafil has invested in the development of an ECONYL® thread that **is stronger and more durable** than that used for garments and carpets.

We presented this innovative project at the **Seafood Expo in Barcelona**, one of the most important seafood fairs, at the **G7 on Fisheries and Agriculture in Syracuse**, and at the **International Conference of the Fishing Communities** in Jeju, **Korea**.

Marking a significant step toward the adoption of sustainable practices in aquaculture, this project demonstrates how ECONYL® can be successfully used in sectors other than traditional sectors, helping to reduce environmental impact and promoting an **increasingly circular supply chain**.

CISUFLO: CIrcular SUstainable FLOor coverings

Approximately **3 billion m²** of carpet tiles are produced each year in Europe, often made of multi-material composites, which are difficult to separate and recyclable at the end of their life.[23] The CISUFLO project, funded by the **European Union** through the **Horizon 2020** programme, aims to respond to the sustainability challenges of the sector with a **systems approach**, involving more than 30 partners including research institutes, companies and associations.

The ambition is to enrich the current European supply of sustainable carpets and rugs while maintaining **high standards** of quality and performance. In addition to creating new circular products, the initiative also aims to optimize the management of **waste streams** generated by existing products in the years to come.

With its leadership in the industry and the circular economy, **Aquafil** is one of the key partners in the project. Our role is to **test the recyclability** of nylon carpet tiles developed with **eco-design** parameters on a pre-industrial scale.

Together with manufacturing partners - including **Edel** of the **Condor Group -** we have developed a new concept of a single-material carpet made of ECONYL® that can be easily recycled at the end of its life directly into the ECONYL® regenerative process.

In addition, with external partner **Belysse**, the new **Aquafil Carpet Separation** (ACR) technology capable of **separating multilayer carpets** was tested (see section 1.2.5 “Circularity Machine”). In this case, Belysse developed a tile concept based on the use of a polyolefin polymer (Thermo Plastic Olefin - TPO) highly filled with CaCO3 instead of traditional bitumen. This design greatly facilitates its separation into ACS for circular use. That material was then sent back to Belysse and circular recycling tests are now underway.

Aquafil and Voith Paper, for a more responsible paper industry

Voith Paper is a division of the Voith Group that supplies to the paper industry. Thanks to Aquafil’s support, it was able to intensify the **reuse and recycling** of one of its products, **pressed felts**. These components, which are essential in the papermaking process, are generally made of synthetic fibres, and have a significant **environmental impact**.

In a pilot phase, Voith **collected used pressed felts from its customers** at the end of their life cycle, and sent them to Aquafil to be **recycled** through the ECONYL® Regeneration System. The company then began purchasing new **ECONYL® regenerated raw material** to produce new felts, **reducing the carbon footprint** of this product **by 80%**.

23 CISUFLO. https://www.cisuflo.eu/project

3.4 SUPPORT FOR LOCAL COMMUNITIES

Connecting with local communities is at the core of our commitment to sustainable growth.

We believe that a company's value is also measured by its ability to **generate shared well-being**. Therefore, we continue to strengthen our **dialogue with the communities** in which we operate, promoting initiatives ranging from **training** to **social inclusion** and **environmental protection** projects. Through **partnerships with local authorities** and **non-profit organizations**, we work to create a positive and lasting impact, contributing to the economic, social and environmental development of the regions **where the Group is present -** whether with offices, production plants or operating sites.

The materiality analysis, outlined in section 1.4, found no **negative impacts** from Aquafil or significant risks to the company in relation to local communities, instead highlighting only **positive impacts and opportunities** - see table 5.13 in Appendix 5.4. For this reason, the Group has not adopted specific policies or corrective actions on this issue, but only initiatives whose main purpose is to benefit the communities themselves. Positive impacts and opportunities arise from the Group's ESG strategy: indeed, one of the pillars of our "The ECO PLEDGE®" is "supporting local communities". Setting annual targets - see table 3.10 - allows us to plan activities strategically and allocate the resources necessary for their implementation. The Group has not identified any dependencies in relation to local communities.

This year we focused on **three main fronts**: investing in future generations, helping the most vulnerable and taking action to defend the environment, allocating more than Euro 184,000 of OpEx expenditure to the topic of affected communities. Through **direct and ongoing dialogue** with **representatives of our communities** - cultural associations, non-profits, schools and universities - we are able to undertake targeted initiatives that actively respond to the challenges and needs of different regional areas. Every year, the **stakeholders** we work with ask the company to **repeat the experience**, evidence of the great added value it brings.

Aquafil's **Chief Communication Officer** oversees the Group's local community engagement strategy, but each **production plant** is **independent** and **autonomous** in choosing which social and environmental initiatives to develop and in setting the **budget**. The company actively encourages its employees to propose activities and collaborations with NGOs, supporting the causes closest to them. This approach ensures that we create a **bond of proximity**, allowing us to interact with local community stakeholders without filtering and to gather their perspectives.

All activities for the benefit of local communities implemented by the Group are guided by and inspired by the **principles and values** expressed in our **Code of Conduct** (see section 4.1) and **Human Rights Policy** (see section 3.2), including equality, solidarity, environmental protection**, protection of civil and political rights**, and **social, economic and cultural** rights. Our **whistleblowing system** is also available to this category of stakeholders, accessible through our website. If there is a suspected violation of these principles, anyone can submit an anonymous report in line with the procedure described in section 4.4.

TABLE 3.10 – ANNUAL TARGETS RELATED TO LOCAL COMMUNITY IMPACT INITIATIVES

Objective	Target	Progress
Educate individuals on environmental protection by supporting local cultural and sports clubs and helping to educate younger generations	School trips to Group plants and/or school educational activities (a minimum of 25)	24
	Sponsorship of local sports and cultural events/associations (a minimum of 30)	31
Help vulnerable groups	Support a minimum of six organisations	13

Helping the most vulnerable

We want to contribute to a more **equitable** and **inclusive** society that leaves no one behind. We do this in a variety of ways, including **corporate volunteering**. For the second year in a row, we made about **600 working hours** available for our employees in Italy to volunteer to support the third sector (100 more than in 2023). Initially for Arco employees only, this year the project was also extended to the Tessilquattro Cares and Rovereto plants. In 2024, membership more than **doubled**, bringing the number of participants **from 16 to 34**. The company has set up **memoranda of understanding** with two organizations in the area - Casa Mia in Riva del Garda, a social-educational centre for children, and Fondazione Comunità di Arco, a healthcare centre for the elderly - that organise the manner and timing of activities. In May 2024, Maria Giovanni Sandrini, Aquafil's Chief Communication Officer, spoke at the **Spring Volunteering**

Congress 2024 of the **European Volunteer Centre**, illustrating our initiative as the first of its kind in the Trentino region. Her testimony demonstrated that corporate volunteering is a viable activity, with the goal of inspiring other organizations to follow suit.

The commitment to the **social inclusion** of young and old also continues in other regions where the Group operates. In **Slovenia**, we continue to support the **multigenerational centre** of the humanitarian association “**FYLMP**” (Friends of Youth Ljubljana Moste Polje), which offers programmes, tutoring, and workshops for children, adolescents and the elderly to combat poverty and social exclusion. In **China**, we have started a new partnership with the **Qin Qin Older Nursing Centre.** The human resources department and nine volunteers devoted time and energy to improving the well-being of elderly residents through **social activities**, **practical support** and **listening**.

Finally, our commitment against **violence against women** continues, thanks to our collaboration with the **Alba Chiara Association** (see p. 111), and the **breast cancer awareness** activities carried out by AquafilCRO through “**Pink Week**”. This is a week dedicated to prevention in the company, which is accompanied by a donation to the Europa Donna Krapina Association.

Investing in future generations

Betting on young people is an act of responsibility, enabling us to leave a **positive legacy** and build an **inclusive future** - a future in which talent can emerge regardless of background, and in which economic growth and **social progress** go hand in hand. At Aquafil, we invest in the younger generation through learning programmes, scholarships and collaborations with academic institutions.

In 2024, we conducted **24 meetings with students**, including **visits by local schools** to our plants and **lectures** at local colleges and universities. We aim to maintain this commitment - about 25 meetings a year - also in 2025. We also opened the doors of our Italian production sites to employees, families and friends for **“Family Day**”, welcoming more than 650 people. Through **guided tours**, **creative workshops**, and **play-experiential activities**, even the youngest children discovered our circular production and values.

Also in Italy, we started a new collaboration with the **EDI onlus** cooperative, which led to the development of **training courses** to “prepare for the future” the students at the Hotelier Institute in Rovereto and the UPT - School of Professions for the Service Sector in Arco. Through multimedia workshops, the children addressed topics such as the **conscious use of digital technologies** and the prevention of **cyberbullying**.

Once again this year, we offered our support to the most deserving students of the ITET Floriani Technical Institute in Riva del Garda (TN), Funding **five scholarships** to support the growth of new talent. **Sponsorships of local cultural associations** and **sports clubs** also continue.

In Slovenia, Aquafil renewed for the second year its support for the “**Circularity is our opportunity & Design Challenge**” initiative of the **Eco-schools Slovenija** programme. The project involved **61 schools** and **2,000 children** (more than double the previous year’s number) in educational activities in the **circular economy**. AquafilSLO contributed by organizing three **workshops** for teachers and students, and by participating in the production of the first teacher’s **manual** on “Circular Economy and Textiles” in Slovenia, funded by the **Slovenian Ministry of Education** and the European Union, and developed in cooperation with Eco Schools and the faculties of pedagogy and natural sciences at the **University of Ljubljana**.

Given the success in 2023, the partnership with the **Slovenian Chemical Society** has also been extended for another academic year. We have confirmed funding for a competition in the area of sustainable chemistry to reward **the best** three-year, master’s and doctoral **theses**. Out of 20 applications received, we awarded four candidates.

In the **United States**, our partnership with the **Parson School of Design** in **New York** also continued, giving MFA Textiles course participants the opportunity to experiment with eco-design and create innovative products from ECONYL® nylon. In 2024, some students had the opportunity to exhibit their innovative light installations in our showroom at **NeoCon**, one of the largest design fairs in the world.

ALBA CHIARA: TURNING PAIN INTO HOPE

Alba Chiara Baroni, daughter of Massimo, our collaborator, was **killed by the person who said he loved her** at only 22 years old, with four gunshots. The association that bears her name works every day to "turn pain into hope" so that such stories **never happen again**.

Through our Benefit Company Bluloop by Aquafil, we renewed our support for its activities for the third consecutive year, **co-funding** high-impact community projects.

Beginning again ("Punto e a capo")

This is a **free** course designed as a **time of rebirth** for women who have experienced violent relationships in the Alto Garda and Ledro Valley community. Two facilitators accompany participants in **sharing** their experiences to help them develop greater self-awareness and build **generative relationships** among women.

VERA GHENO PRESENTS "GRAMMARIANS" ("GRAMMAMANTI")

Words are important - for education, culture and the construction of our worldview. But language must be alive and able to evolve to realise its **transformative potential**. This is the theme of Vera Gheno's new essay, presented in Riva del Garda at a sold-out event. The author urged the more than 150 participants to be wary of "**grammar Nazis**", who rigidly defend linguistic norms, and to become "**grammarians**", cultivating an **open** and creative **relationship** with words.

INVISIBLE INKS

After the feminicide of Giulia Cecchettin, a Group of **girls** from a local high school approached Alba Chiara seeking **educational support**. Thus was born "Invisible Inks", a journey to discover **feminist and radical authors** who remained in the shadows because of a hegemonic and patriarchal cultural system, such as Maria Lai and Natalia Ginzburg.

Taking action to protect the environment

Our impact on the land also comes through environmental protection. In addition to **emissions reduction** initiatives (see section 2.1.3), and **education and information** activities on sustainability matters, described under the ECONYL® project (see section 2.5.3), Aquafil is a co-founder of **Healthy Seas**, a foundation whose ambitious goal is to spread awareness about marine litter prevention by organising cleanup and recovery activities with volunteer divers.

HEALTHY SEAS: FROM WASTE TO RESOURCES

According to the Ellen MacArthur Foundation, by 2050 we will find **more plastic than fish** in the oceans. 75% percent of this plastic comes from fishing activity, specifically from **nets dispersed at sea**. By partnering with **Healthy Seas**, we seek to be an active part of the solution and promote marine waste circularity.

"The Healthy Seas Foundation" is an organisation that Aquafil co-founded in 2013, with the goal of **combatting** ocean **pollution**. In 11 years of operation, it has recovered more than **1,228 tonnes of fishing nets and other marine waste**, involving more than **550 volunteers** and forming partnerships with more than **1,250 fishermen** and fish farmers in **20 countries**. Healthy Seas' activities are based on three basic pillars: cleaning, education and prevention.

2024 Was an extraordinary year for **ocean cleanup**: Healthy Seas conducted 126 days of diving and 21 days of surface cleaning, removing approximately 237 tonnes of waste. The **largest "clean-up" operation** ever took place in Menidi, Greece, where more than 50 large containers of marine waste were collected in just six days. All nylon fishing nets collected were sent to Aquafil and, along with other waste, **regenerated into ECONYL® nylon.**

At an educational level, the organisation sponsored **76 educational events**, involving nearly **10,000 people** worldwide. Initiatives have included interactive projects in schools, programmes for college students and workshops with local communities to spread awareness on marine pollution. Particularly innovative was the use of **virtual reality** to show the impact of ghost networks. Healthy Seas has also landed in **Ghana**: through a partnership with **Chaint Afrique**, it trained local fishermen on sustainable fishing methods and the recovery of abandoned nets.

2024 Also saw a strengthening of activities on the prevention front. The foundation has extended collaboration with the fishing industry, ports and coastal communities to improve marine waste management, involving more than **1,250 fishermen and fish farmers.**

Healthy Seas' efforts have received extensive media coverage, with articles published in leading newspapers in several languages such as **Euronews, World Economic Forum, Kathimerini, Vanity Fair, Marie Claire and Il Sole 24 Ore.**

Healthy Seas 2024 in numbers:

Nearly 10,000 school-age children and adults involved

- 76 educational events
- 202 active days (in 20 countries and 7 regions)
- 126 days of diving
- 550 volunteers
- 1250 fishermen and fish farmers
- 237 tonnes of waste collected

4. Business conduct

Corporate integrity is not only a moral obligation, but a strategic lever that creates value in the long run.

Aquafil promotes **business conduct** and a **corporate culture** based on **integrity, transparency and diligence**, encouraging **individual and collective responsibility**. Through a **structured system** of **principles, processes, policies and tools**, the Group ensures compliance with the **highest ethical standards**, and prevents misconduct or wrongdoing.

Aquafil's **Board of Directors** establishes the basic principles of Group corporate conduct and culture through the definition and approval of the **Code of Conduct**, which is our **moral compass** (see section 4.1). Leveraging **Directors' expertise** in management and control, corporate restructuring, and business conduct, the Board periodically reviews and improves the Code: the last update was completed in 2023.

The Group also has a number of other **policies and procedures** with the same purpose, including the 231 Model (see section 4.2), the Anti-Corruption Policy (see section 4.3), and the Whistleblowing System (see section 4.4), in addition to the aforementioned Human Rights Policy (see section 3.1.1).

Employee **training and information** is another key tool for disseminating principles of good management and ethical business conduct. All new hires are required to sign the Code of Conduct and undergo training to thoroughly assimilate its principles during onboarding. Each year, we also hold professional **development courses** on business integrity topics to help people better understand the company's **ethical values** and the **procedures** that ensure their compliance. Topics include the **231 Model**, **anti-corruption policies**, and the **whistleblowing procedure**. In 2024, we undertook more than 670 hours of training in business conduct, which also involved 65% of management functions (see section 3.1.3).

This holistic system enables us to generate opportunities and positive impacts throughout the value chain, and to minimise risks and negative impacts. **The materiality analysis** described in section 1.4 identified **four material IROs** related to the topic of business conduct. These are shown in table 5.15 in Appendix 5.4. Overall, in 2024 the company allocated more than Euro 30,000 of OpEx expenses to the topic of corporate conduct and culture.

4.1 CODE OF CONDUCT

We act with transparency, honesty and in compliance with laws and regulations.

Aquafil's **Code of Ethics** is the basis for our business conduct. It establishes standards of **diligence, integrity and transparency** that stakeholders must adhere to in their daily activities. The Code strictly and without exception prohibits any behaviour involving forms of **exploitation** (such as slavery, forced labour or child labour), **corruption, discrimination** or violations of **workers' human rights**, placing respect for the individual and dignity at the centre.

Aquafil makes a copy of the Code available to all employees, suppliers, customers and outside contractors and requires their **acceptance**. The Group is also committed to providing **training** on the Code, in order to promote in-depth knowledge and correct interpretation; encouraging its use as a practical, everyday tool at all levels of the organisation.

The Code of Conduct can only be amended by the **Board of Directors**. The **Supervisory Board** ensures oversight of its implementation in Group activities.

Any addressee who becomes aware of a violation of the principles of the Code of Conduct is required to report it as outlined in the **whistleblowing** procedure described in section 4.4. It is a tool for **preventing, detecting and managing** cases of corruption with input from **all stakeholders**. These violations are investigated by an independent body **(Management Body)** and the results are reported quarterly to the **Control, Risks and Sustainability Committee** and the **Supervisory Board** ensuring periodic monitoring.

In 2024, **no Group company** incurred fines or other penalties for violations related to the Code of Conduct or related regulations, evidence of the effectiveness of the procedures and actions put in place as part of the corporate culture that the company monitors on a daily basis.

- Compliance with all laws (including anti-money laundering anti-corruption, antitrust)
- Protection of human rights
- Loyalty and integrity in dealing with customers, suppliers and institutions
- Health and Safety
- Environmental
- Conflict of interest
- Data protection
- Protecting intellectual property
- Preservation of cultural heritage and landscape
- Use of corporate assets
- Accounting and internal controls
- Tax compliance
- Human resources and employment policies
- Gifts

4.2 231 MODEL

The **Organisation, management and control model** of Aquafil is a system of **rules**, **procedures** and **controls** designed to ensure **compliance with laws**. It aims to prevent offences such as corruption, involvement in organised crime, money laundering, terrorism, subversion of democratic order, market abuse, violations of security regulations and unlawful processing of personal data.

The **Model** provides for the drafting of a **Code of Conduct**, mapping of the **corporate areas at risk**, assessment of the **control systems**, and the adoption of a **disciplinary system** to punish any **illicit** behaviour. Supervision of its functioning, updating of the Model and compliance with regulations is entrusted to the **Supervisory Board**, appointed by the **Board of Directors** (see section 1.5.1).

The Model applies to the **Group's Italian companies** that have adopted its principles, offering employees the opportunity to report any wrongdoing through a **whistleblowing system**.

It was adopted by the Board of Directors in **2014** and updated in **2023** to include the changes introduced by Italian legislation regarding the list of offences under Legislative Decree No. 231.

The **Model** is intended to raise awareness among all **employees** and corporate **stakeholders** so that they adopt proper behaviour in the performance of their duties. In line with the provisions of **Legislative Decree No. 231/2001**, **Aquafil** is committed to organising **periodic training sessions** for employees on these issues, and to providing appropriate **communications** to collaborators and external partners, to ensure that the **Model** is adequately disseminated and understood.

To ensure proper implementation of the **Model**, it is the responsibility of the **Board of Directors** to implement the necessary operational procedures, with the support of the **Supervisory Board**. These corporate instructions are considered a **duty** and **obligation** for all addressees, and their proper application depends on the primary responsibility of each individual, beginning with the heads of departments, functions or services.

Constant efforts in this area have ensured that - again in 2024 - no Group company incurred fines, penalties or legal action for irregularities or non-compliance in the areas regulated by the Organisational Model.

4.3 ANTI-CORRUPTION POLICIES

In September 2023, Aquafil's ESG Committee approved for the first time an Anti-Corruption Policy, which prohibits all forms of corruption, including **unauthorised favours, collusive behaviour and requests for personal or professional benefits**, whether for oneself or others. In 2024, the Policy was **updated** to include a more precise **definition of corruption**, in line with Italian and international best practices.

The **Policy** establishes the prohibition of:

- **Procuring, promising or offering anything of value** to anyone, including public administration officials, in order to obtain undue advantages in business activities
- **Paying bribes to obtain or extend contracts**, expedite official procedures or improperly influence third parties
- **Accepting gifts or gratuities related to conduct that violates the principles** of the Anti-Corruption Policy, Code of Conduct and applicable laws

The Group is committed to **monitoring and preventing** corruption risks in certain **areas** identified as **sensitive** through risk assessment including: issuance of authorisations and licenses and submission of documentation and certifications to the Public Administration, gifts and entertainment expenses, events and sponsorships, donations/membership fees, purchases of goods and services, consulting, brokerage, business partner relationships, joint ventures, acquisitions and disposals, and selection, recruitment and management of personnel.

The Group's **procedures** for preventing, identifying and handling incidents of corruption are outlined in the **Code of Conduct** and the **whistleblowing** procedure as described in sections 4.1 and 4.4. The effectiveness of our procedures, actions and ongoing commitment to training (see section 4) is demonstrated by the fact that again in 2024 no Group company incurred fines, penalties or legal action for irregularities or non-compliance with the Anti-Corruption Policy.

Anti-Corruption Policy	
Targets	Provides a **framework** for preventing corruption by defining rules of conduct to ensure **compliance with Anti-Corruption Laws**
Contents	• Provides a clear **definition** of corruption • Defines the **basic principles** to be observed within the company to prevent and avoid acts of corruption • Specifies **information, training** and **monitoring** arrangements to ensure maximum dissemination of the policy
Impacts, risks and opportunities	S1 own workforce, S2 Workers in the value chain, S3 Affected communities, S4 Consumers and end-users, G1 Business conduct
Application	Board of Directors, Supervisory and Control Bodies, executives, employees, contractors, suppliers, customers
Owner	This Anti-Corruption Policy has been defined and approved by the ESG Committee. The change in the definition of corruption was approved by the CEO
Alignment with national and international initiatives	The Penal Code and the Italian Civil Code, Law No. 190/2012 (anti-corruption), Legislative Decree No. 231/2001 on the administrative liability of entities, anti-corruption laws, anti-money laundering laws, privacy and personal data protection laws, the Organisation for Economic Co-operation and Development Convention on combatting corruption of foreign Public Officials in international business transactions, the United Nations Convention against corruption, the Foreign Corrupt Practices Act (FCPA) enacted in the United States, the UK Bribery Act enacted in the United Kingdom

4.4 WHISTLEBLOWING SYSTEM

All Group stakeholders have the opportunity to report, in complete anonymity, unlawful conduct, incidents of harassment and bullying and violations of the Code of Conduct.

Transparency, **fairness and integrity** are the pillars of Aquafil's business conduct. Our **whistleblowing procedure** helps us ensure the highest **ethical standards**: employees, suppliers, external contractors and customers are provided with an IT platform for submitting reports of **wrongdoing**, **irregularities** and **non-compliance**, accessible **24/7**.

Aquafil always guarantees **anonymity**, **confidentiality** and protection against any form of **retaliation** or **discrimination** against the reporter. Currently, the platform is managed by an independent entity **(Management Body**), which ensures the confidentiality of information through **security** protocols and advanced **encryption** tools.

Reports are processed **promptly** (within 7 days) by specially trained staff. If the alleged violation is among the illegal behaviours regulated by Legislative Decree No. 24 of March 10, 2023, which implements European Directive No. 1937/2019, the Management Body shall promptly inform a special Aquafil **Internal Committee** (composed of the CFO, Internal Audit, Legal, HR and a member of the Supervisory Board) to verify the merits of the report.

If the report is well-founded, the company will apply **disciplinary sanctions** proportionate to the severity of the violation. Once the internal investigation is completed, a response is provided to the reporter no later than **3 months** after receipt of the report.

If the report turns out to be unfounded, the file is closed; conversely, if the report turns out to be well-founded, it is promptly communicated to the **Control**, **Risks and Sustainability Committee** and the **Supervisory Board,** which receive detailed information on reports received and handled through a dedicated channel.

The Group ensures, at the onboarding stage, that the new employee is informed and aware of the existence of this tool. It also organises business conduct **training** courses (see chapter 4) that provides further information on the use of whistleblowing. In addition, it provides **up-to-date information** through circulars, e-mail and the company intranet. The platform is available in **all languages** of the Group's major companies to ensure maximum accessibility. 100% of workers have access to the platform and 98% have the ability to use it in their native language.

Aquafil Group companies that hold **SA 8000 Social Accountability** certification have an additional tool at their disposal to report suspected **human rights** violations. These reports are collected through an online platform and then reviewed by the **Comitato SA 8000**, a technical body that also includes employee representatives. In 2024, **no reports were received** under SA 8000.

TABLE 4.1 – SUMMARY OF REPORTS RECEIVED IN 2024

Reports	Country	Origin	Nature of the report	Investigated	Managed	Any corrective measures/actions
#1	Closed	USA	Misconduct towards staff	YES	YES	Unfounded report (no evidence provided)
#2	Closed	USA	Misconduct towards staff	YES	YES	Unfounded report (no evidence provided)
#3	Closed	USA	Unfair business practices	YES	YES	Unfounded report (no evidence provided)
#4	Closed	USA	Misconduct towards staff	YES	YES	Unfounded report (no evidence provided)
#5	Closed	USA	Misconduct towards staff	YES	YES	Unfounded report (no evidence provided)
#6	Open	Italy	Misconduct towards staff	YES	YES	Report being investigated by the Management Body

Whistleblowing procedure link	
Objectives	Defines the whistleblowing procedure for the involvement of **all Group stakeholders** in upholding high ethical standards and combating **misconduct**
Contents	• Outlines the **procedure** for **sending reports** via an online platform • Outlines ways to **protect the reporter** by ensuring **anonymity** and protection against any **retaliation** or discrimination • Establishes a **training and information plan** to ensure the dissemination and proper application of the procedure
Impacts, risks and opportunities	S1 own workforce, S2 Workers in the value chain, S3 Affected communities, S4 Consumers and end-users, G1 Business conduct
Application	All Aquafil Group stakeholders
Owner	Aquafil's **Board of Directors** approved the Whistleblowing Procedure. The methods of periodic updating and reporting are managed by the **Control, Risks and Sustainability Committee and the Supervisory Board**
Alignment with national and international initiatives	Legislative Decree No. 24 of March 10, 2023 implementing European Directive No. 1937/2019

4.5 TAX COMPLIANCE

We manage our **tax affairs** with **transparency, integrity and fairness**. All **Group** companies pay taxes on profits, labour and consumption in the countries in which they operate. The tax strategy is defined by the **Board**, which takes a prudent and strict approach, excluding **tax planning** practices such as creating artificial structures to avoid tax obligations.

To ensure tax compliance, **Aquafil** applies a **Group Transfer Price Policy**, which ensures proper economic valuation of intercompany transactions across borders.

4.6 POLITICAL INFLUENCE AND ADVOCACY

We stay abreast of regulatory developments and offer our input to legislators in our areas of expertise.

Aquafil's activities are mainly in two areas: **monitoring the evolution of regulations** at European level and advocacy on matters of interest to us. Among the European standards whose development we have been closely following are: Waste Shipment Regulation (WSR), Waste Framework Directive (WFR), Green Claims Directive, Consumer Empowerment for the Green Transition (ECGT) Directive, Single-Use Plastics Directive (SUPD), Ecodesign of Sustainable Products Regulation (ESPR).

In **advocacy**, our work has focused mainly on WFR and SUPD regulations, and in previous years on WSR. With reference to **waste legislation**, we held several meetings with the permanent representations of a number of member states, with the aim of following the progress of the work and to discuss issues of prime importance and interest to the company, leveraging our experience in circular economy and recycling of different types of waste. In the area of **single-use plastics legislation**, the meetings we had with European legislators were aimed at spreading awareness about the benefits of our chemical recycling process and discussing the issue of the mass balance approach within the Implementing Act originally scheduled for 2024, but later postponed due to differences of opinion within the European Commission.

Aquafil does not exercise political influence through financial or in-kind contributions to parties or organisations. The Group is also listed in the **EU Register for Transparency**.

4.7 CERTIFICATIONS

Our voluntary certifications attest to adherence to the highest environmental, social and quality standards.

Aquafil has an **Integrated Management System** to ensure quality, environmental protection, energy efficiency, health and safety, social responsibility and gender equality in **all Group companies**. The policy includes alignment with international standards ISO 9001, ISO 14001, ISO 45001, ISO 50001, SA 8000, and ISO 30415.

In 2024, the Group acquired a new certification, UNI / PdR 125 for gender equality (already discussed in section 3.1.1), in the three Italian plants: Aquafil S.p.A., Tessilquattro Cares and Rovereto. We have also continued to work toward the goals for 2025 and 2028 - see table 4.2.

All certifications are available on the Aquafil website. (link)

List of certifications held by the Aquafil Group in 2024

Environmental Management System (ISO 14001)

Defines the framework for developing an effective Environmental Management System, supporting the company in improving its environmental performance, ensuring regulatory compliance and managing risks and opportunities.

- Production facilities certified: 11/13;
- Aquafil employees covered: 90%.

Energy management (ISO 50001)

Sets a framework for implementing an effective energy strategy, setting challenging goals, monitoring the right indicators and evaluating results, with the goal of optimising energy efficiency.

- Production facilities certified: 8/13;
- Aquafil employees covered: 69%.

Social Responsibility (SA 8000)

Defines eight basic requirements inspired by the principles of the **Universal Declaration of Human Rights**, including the prohibition of child and forced labour, health and safety protection, freedom of association and collective bargaining, non-discrimination, compliance with disciplinary procedures, limitation of working hours, and ensuring an adequate minimum wage.

- Production facilities certified: 8/10;
- Aquafil employees covered: 65%.

Occupational health and safety (ISO 45001)

Establishes requirements to prevent injuries, ensure safe and healthy work environments and promote worker well-being.

- Production facilities certified: 8/13;
- Aquafil employees covered: 69%.

Quality management (ISO 9001)

Provides a structured framework for optimising the organisation of business processes. The goal is to ensure the delivery of products and services that meet agreed standards and customer expectations.

- Production facilities certified: 12/13;
- Aquafil employees covered: 93%.

Gender equality (UNI PdR 125)

Awarded by the DNV certifying body, it testifies to the company's ongoing commitment to promoting an increasingly inclusive culture and work environment. All Italian sites have achieved certification.[24]

- Production facilities certified: 3/3 in Italy;
- Aquafil employees covered: 100% in Italy.

24 UNI/PdR 125 certification is Italian, and can only be acquired by Italian plants.

TABLE 4.2 – GROUP CERTIFICATIONS (2024) (*)

	ISO 14001	ISO 50001	SA 8000	ISO 45001	ISO 9001
Aquafil Arco	✓	✓	✓	✓	✓
Aquafil Cina	✓	✓	by 2028	✓	✓
Aquafil USA-Cartersville	✓	by 2028	- (**)	by 2025	✓
Aquafil Carpet Recycling#1	by 2025	by 2028	- (**)	by 2025	✓
AquafilCRO	✓	✓	✓	✓	✓
AquafilSLO - Ljubljana	✓	✓	✓	✓	✓
AquafilSLO - Ajdovščina	✓	✓	✓	✓	✓
AquafilSLO - Senožeče	✓	✓	✓	✓	✓
AquafilSLO - Celje	✓	✓	✓	✓	✓
Asia Pacific	✓	✓	by 2028	✓	✓
Tessilquattro	✓	by 2028	✓	by 2025	✓
Tessilquattro - Rovereto	✓	by 2028	✓	by 2025	✓
Aquafil O'Mara	by 2025	by 2028	- (**)	by 2025	-

(*) The 4 plants of the Aquafil Carpet Collection company were not included in the certification table. These plants are collection centres for post-consumer waste (mainly carpet and upholstery) and Aquafil has no plans to initiate certification programmes for them.

(**) After an assessment of labour market conditions in the U.S., it is believed that adoption of SA8000 certification for U.S. plants is not feasible.

4.7.1 Product certifications

Recycled content

Aquafil has obtained a number of certifications for its ECONYL® caprolactam, yarn and polymers to attest to the presence of recycled materials.

Environmental impact

Aquafil has confirmed the validity of the **Environmental Product Declarations** (EPDs) for ECONYL® polymer and yarns, which are used in both apparel and textile flooring.

These certifications measure the environmental performance of products through **Life Cycle Assessment** according to the ISO 14025 standard.

Health and Safety

All of Aquafil's European locations operate in accordance with the European Union's **REACH regulation**, which governs the registration, evaluation, authorisation and restriction of chemicals.

The company also holds additional certifications to protect the chemical safety of its products, including:

- **OEKO-TEX:** guarantees the absence of harmful substances in Aquafil S.p.A.'s products.
- **Cradle to Cradle Material Health Gold & Silver:** recognition for ECONYL® yarn intended for carpets.
- **ECO Passport:** certification obtained for twelve AquafilSLO products, recognised under the Zero Discharge of Hazardous Chemicals initiative.

4.8 STAKEHOLDER DIALOGUE

Stakeholder	Engagement area	Measures adopted
Our people	*Training*	Feedback and performance review through the Do ut des and Talent
		Dedicated training and induction programmes for new hires
		Training courses: people trained in 2023
	Information on Group strategies and results	Company intranet
		Live sharing of financial results
	Equal opportunity, diversity and inclusion	Whistleblowing platform/SA 80000
		D&I Policy and human rights
		Corporate volunteer programme
	Harmonious and safe working environment	Business climate analysis
		Periodic union meetings
		Health and Safety office in each legal entity, incident reporting and constant accident monitoring
Suppliers	*Ethical and sustainable supply chain management*	Supplier assessment procedure
		Reputational analysis of suppliers
		All suppliers required to sign Code of Conduct
	Transparency, communication, training	ECONYL® on air platform
Customers	*Accessibility and speed of service*	Returns and complaints management system
	Transparency, communication, training	ECONYL® blog, ECONYL® academy, ECONYL® on air, ECONYL® E-commerce, dedicated tours at AquafilSLO
		Support and review of customer communication to avoid the risk of greenwashing
	Ethical behaviour	Reputational analysis of customers
		All customers required to acknowledge Code of Conduct
	"Tailor-made" products	Creation of prototypes or ad-hoc samples upon request
		Investment in R&D to improve products and services
Financial community and investors	*Transparency and communication*	Quarterly financial reports
		Quarterly online presentations of financial results
		Star conference (Italian stock exchange) year-end
		Individual calls with leading industry analysts
		Investor Communication Policy
		Sustainability ratings from third-party agencies, such as Sustainalytics and EcoVadis
Entities and Institutions	*Research and dissemination of best practices*	Collaboration with national and international bodies such as National Research Council, International Organization for Standardization (ISO) and UNI (Italian National Unification Body)
	Advocacy	Frequent and ongoing interactions with European institutions related to new laws currently being prepared or amended
		Participation in roundtables organised by Confindustria
Schools and new generations	*Accessibility and speed of service*	Work in schools with presentations dedicated to the circular economy and Aquafil's journey toward sustainability
		School-to-work and internship initiatives
		Testimonials at universities and prestigious events
		Student visits to production facilities
Local communities	*Supporting or funding initiatives*	Sponsorship of annual activities
	Collaboration and support for NGOs	Collaboration with Healthy Seas and definition and development of joint projects
Media	*Availability, timeliness and accuracy of information*	Press conferences and constant dialogue
		Press releases
End-consumers	*Transparency, awareness and training*	ECONYL® blog, ECONYL® academy, ECONYL® on air, ECONYL® E-commerce

4.9 PARTNERSHIPS AND COLLABORATIONS

The Group has established strategic partnerships and joined several associations that promote a common vision of sustainable and circular business.

UN Global Compact: This is a voluntary initiative launched by the United Nations. More than 25,000 signatories from 167 countries join forces to encourage the adoption of sustainable and socially responsible practices.

Alliance for the Circular Economy: Includes nine Made-in-Italy companies that support a change in the production ecosystem to achieve full circularity.

Plastics Recyclers Europe: Brings together major companies involved in plastics recycling, encouraging the use of high-quality recycled plastics and representing the industry at European level.

Textile Exchange: Promotes sustainable and responsible practices throughout the textile supply chain. Develops standards and certifications widely used in the fashion and apparel industry.

European Man-Made Fibres Association (Cirfs): Represents the interests of the European synthetic fibre industry.

European Community of Practice for a Sustainable Textile Ecosystem (ECOSYSTEX): Includes a network of 50+ projects co-funded by the European Union and focused on sustainability and circularity in the textile sector. Aims to promote partnerships between projects and collaboration with policymakers to develop effective policies and programmes.

5. Appendix

5.1 AQUAFIL PLANTS

FIGURE 5.1 – AQUAFIL PLANTS, OPERATIONS

USA

ARIZONA

ACR #1 / Phoenix
ERS
Recovery and separation of post-consumer carpets

ACC - Phoenix
ERS
Recovery of post-consumer carpets

NORTH CAROLINA

Aquafil O'Mara - Rutherford College
NTF
Spinning
Texturing
Interlacing

GEORGIA

Aquafil USA - Aquafil Drive. Cartersville
BCF
Spinning
Masterbatch
Interlacing
Twisting
Heat Setting

Aquafil USA - Fiber Drive. Cartersville
BCF
Logistics

CALIFORNIA

ACC - Anaheim
ERS
Recovery of post-consumer carpets

ACC - Chula Vista
ERS
Recovery of post-consumer carpets

ACC - Miramar
ERS
Recovery of post-consumer carpets

ACR #2 / Woodland
Sales office

EUROPE

ITALY

Aquafil - Arco (Tn)
BCF
Polymerisation
Spinning
Masterbatch

Tessilquattro - Cares
BCF
Interlacing
Twisting

Tessilquattro - Rovereto
BCF
Dyeing
EP
Compound

Bluloop S.r.l. SB
Sales department (e-shop)
Benefit company

CROATIA

Aquafil CRO - Oroslavje
NTF
Interlacing
Coiling
Texturing

SLOVENIA

Aquafil SLO - Ljubljana
BCF
Polymerisation
Spinning
Twisting
NTF
Spinning
Masterbatch
Warping
ERS
ECONYL® caprolactam production

Aquafil SLO - Ajdovscina
ERS
Waste Preparation for ECONYL®

Aquafil SLO - Senozece
NTF
Warping

Aquafil SLO - Celje
BCF
Twisting
Heat setting

UNITED KINGDOM

Aquafil UK Ltd. - Kilbirnie
Sales office

BELGIUM

Aquafil Benelux France BVBA
Sales office

TURKEY

Aquafil Tekstil Sanayi Ve Ticaret A.S.
Sales Office

GERMANY

Aquafil Engineering GmbH
Development and design of industrial plant

Aquafil Aqualeuna GmbH
Inactive

ASIA

CHINA

Aquafil Synthetic Fibres and Polymers - Jiaxing
BCF
Spinning
Interlacing
Twisting
Heat Setting

JAPAN

Aquafil Japan
Sales office

THAILAND

Aquafil Asia Pacific - Rayong
BCF
Interlacing
Twisting

SOUTH AMERICA

CHILE

Aquafil Cile - Santiago Del Cile
ERS
Waste Preparation for ECONYL®

AUSTRALIA

AUSTRALIA

Aquafil Oceania Pty
Sales office

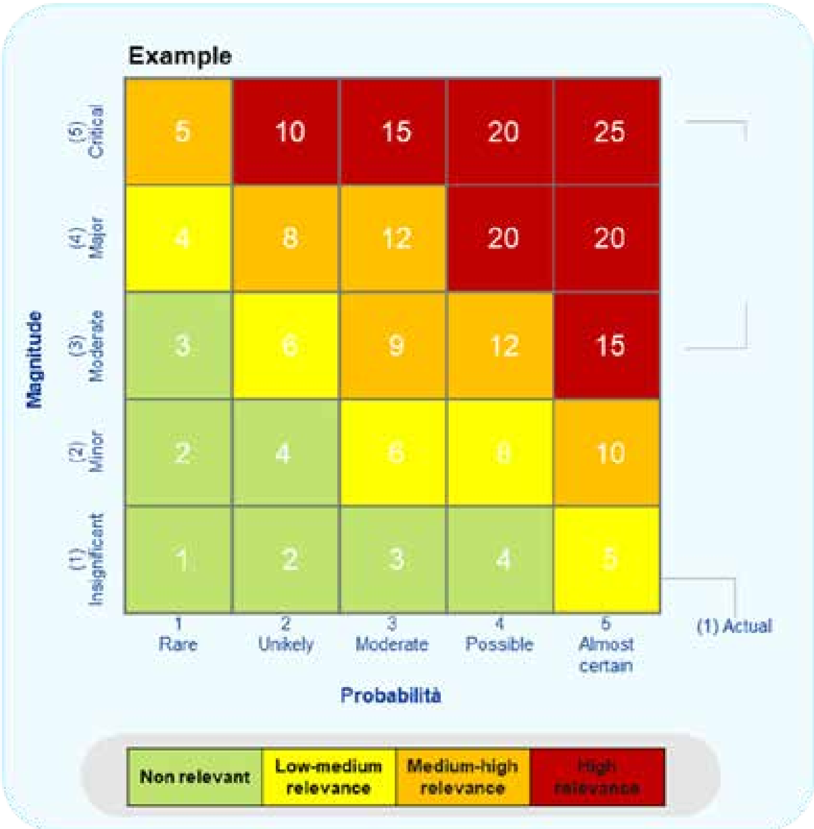
5.2 MATERIALITY ANALYSIS

5.2.1 Definition of the materiality threshold

To define the materiality threshold, a matrix was created (see figure 5.2) that maps the **severity** and **probability** of occurrence of each IRO (for positive impacts, severity was calculated by summing two parameters — scale and scope — while for negative impacts, a third parameter, irremediable character, was also added).

On the basis of the matrix, it was decided to follow a **risk-based approach**, considering as material those IROs that obtained a rating of **medium-high relevance** and **high relevance**. The materiality threshold is asymmetrical in that more weight was given to IROs with very high severity even if they were not probable based on a prudent viewpoint.

FIGURE 5.2 – MATERIALITY MATRIX



5.2.2 List of material topics

TABLE 5.1 – AQUAFIL TOPICS, SUB-TOPICS AND SUB-SUB-TOPICS – IMPACT MATERIALITY

	Topic	Sub-topic	Sub-sub-topic	Type	Upstream		Direct		Down-stream	
E1	Climate change	Climate change adaptation		+						
		Energy		-						
		Climate change mitigation		+ -						
E2	Pollution	Soil pollution		-						
		Water pollution		-						
		Air pollution		-						
		Microplastics		-						
		Substances of very high concern		-						
		Substances of concern		-						
E3	Water and marine resources	Water	Water consumption	-						
			Water withdrawals	-						
			Water discharges							
		Marine resources	Water discharges in the oceans	-						
E4	Biodiversity and ecosystems	Direct impact drivers of biodiversity loss	Climate change	-						
			Land use change, water use change	-						
			Pollution	+						
			Direct exploitation	+						
		Impacts on the extent and condition of ecosystems	Land degradation	-						
			Fragmentation and/or subtraction of natural habitat	-						
			Soil sealing	-						
		Impacts on the state of species	Species population size	+ -						
E5	Circular economy	Resources inflows, including resource use		-						
		Resource outflows related to products and services		+						
		Waste		+ -						
G1	Business conduct	Corruption and bribery	Incidents							
			Prevention and detection including training	+						
		Corporate culture		+						
		Management of relationships with suppliers, including payment practices								
		Protection of whistleblowers		-						
		Development and technological innovation	NA		NA	NA	NA	NA	NA	NA
S1	Own workforce	Other work-related rights	Adequate housing	+						
			Forced labour							
			Child labour							
			Privacy	+						
		Working conditions	Other	+ -						
			Collective bargaining, including the percentage of workers covered by collective agreements	+						
			Work-life balance	+ -						
			Freedom of association, the existence of works councils and the information, consultation and participation rights of workers	+						
			Secure employment	+						
			Working time							
			Adequate wages	+						
			Health and safety	+ -						
		Equal treatment and opportunities for all	Diversity	+ -						
			Training and skills development	+ -						
			Measures against violence and harassment in the workplace	+						
			Employment and inclusion of persons with disabilities							
			Gender equality and equal pay for work of equal value	-						

	Topic	Sub-topic	Sub-sub-topic	Type	Upstream		Direct		Down-stream	
S2	**Workers in the value chain**	Other work-related rights	Water and sanitation							
			Adequate housing							
			Forced labour	-						
			Child labour	-						
			Privacy	NA	NA	NA	NA	NA	NA	NA
		Working conditions	Collective bargaining, including the percentage of workers covered by collective agreements	-						
			Work-life balance							
			Freedom of association, the existence of works councils and the information, consultation and participation rights of workers							
			Secure employment	-						
			Working time	-						
			Adequate wages	-						
			Health and safety	-						
		Equal treatment and opportunities for all	Diversity							
			Training and skills development							
			Measures against violence and harassment in the workplace	+						
			Employment and inclusion of persons with disabilities							
			Gender equality and equal pay for work of equal value							
S3	**Affected communities**	Communities' civil and political rights	Other	+						
			Freedom of expression	NA	NA	NA	NA	NA	NA	NA
		Rights of indigenous peoples	Self-determination	-						
			Free, prior and informed consent	-						
			Cultural rights	-						
		Communities' economic, social and cultural rights	Other	+						
			Land-related impacts	-						
			Security-related impacts	-						
S4	**Consumers and End-Users**	Product management	NA	NA	NA	NA	NA	NA	NA	NA
		Impacts related to information for consumers and/or end-users.	Access to (quality) information	+						
			Privacy	-						
		Social inclusion of consumers and/or end-users	Non-discrimination	+						
			Responsible marketing practices	+						
		Personal safety of consumers and/or end-users	Health and safety							

Value chain del nylon standard

Value chain del nylon ECONYL®

TABLE 5.2 – AQUAFIL TOPICS, SUB-TOPICS AND SUB-SUB-TOPICS – FINANCIAL MATERIALITY

	Topic	Sub-topic	Sub-sub-topic	Type	Upstream	Direct	Down-stream
E1	Climate change	Climate change adaptation	NA	-			
		Energy	NA	-			
		Climate change mitigation	NA	+ -			
E2	Pollution	Soil pollution	NA	-			
		Water pollution	NA	-			
		Air pollution	NA	-			
		Microplastics	NA	+ -			
		Substances of very high concern	NA				
		Substances of concern	NA				
E3	Water and marine resources	Water	Water consumption				
			Water withdrawals				
			Water discharges				
		Marine resources	Discharges of water into the sea				
E4	Biodiversity and ecosystems	Direct impact drivers of biodiversity loss	Climate change				
			Land use change, water use change				
			Pollution	+			
			Direct exploitation	+			
		Impacts on the extent and condition of ecosystems	Land degradation				
			Fragmentation and/or subtraction of natural habitat				
			Soil sealing				
		Impacts on the state of species	Species population size				
E5	Circular economy	Resources inflows, including resource use	NA				
		Resource outflows related to products and services	NA	+			
		Waste	NA	+ -			
G1	Business conduct	Corruption and bribery	Incidents	-			
			Prevention and detection including training				
		Corporate culture	NA				
		Management of relationships with suppliers, including payment practices	NA				
		Protection of whistleblowers	NA				
		Development and technological innovation	NA				
S1	Own workforce	Other work-related rights	Adequate housing				
			Forced labour				
			Child labour				
			Privacy	-			
		Working conditions	Other	-			
			Collective bargaining, including the percentage of workers covered by collective agreements				
			Work-life balance	+			
			Freedom of association, the existence of works councils and the information, consultation and participation rights of workers				
			Secure employment				
			Working time				
			Adequate wages	+ -			
			Health and safety	+ -			
		Equal treatment and opportunities for all	Diversity	-			
			Training and skills development	+ -			
			Measures against violence and harassment in the workplace				
			Employment and inclusion of persons with disabilities				
			Gender equality and equal pay for work of equal value				

	Topic	Sub-topic	Sub-sub-topic	Type	Upstream	Direct	Down-stream
S2	**Workers in the value chain**	Other work-related rights	Water and sanitation				
			Adequate housing				
			Forced labour				
			Child labour				
			Privacy				
		Working conditions	Collective bargaining, including the percentage of workers covered by collective agreements				
			Work-life balance				
			Freedom of association, the existence of works councils and the information, consultation and participation rights of workers				
			Secure employment				
			Working time				
			Adequate wages				
			Health and safety	-			
		Equal treatment and opportunities for all	Diversity				
			Training and skills development				
			Measures against violence and harassment in the workplace				
			Employment and inclusion of persons with disabilities				
			Gender equality and equal pay for work of equal value				
S3	**Affected communities**	Communities' civil and political rights	Other				
			Freedom of expression				
		Rights of indigenous peoples	Self-determination				
			Free, prior and informed consent				
			Cultural rights				
		Communities' economic, social and cultural rights	Other				
			Land-related impacts				
			Security-related impacts				
S4	**Consumers and End-Users**	Product management	NA	+ -			
		Impacts related to information for consumers and/or end-users	Access to (quality) information				
			Privacy				
		Social inclusion of consumers and/or end-users	Non-discrimination				
			Responsible marketing practices	-			
			NA				
		Personal safety of consumers and/or end-users	Health and safety				

Value chain del nylon standard

Value chain del nylon ECONYL®

5.3 COMPOSITION OF AQUAFIL'S OTHER GOVERNING BODIES

5.3.1 Board of Statutory Auditors and Supervisory Board

TABLE 5.3 – COMPOSITION AND ROLES OF THE BOARD OF STATUTORY AUDITORS (2024)

Name	Office	Role	Age	ESG experience and skills
Stefano Poggi Longostrevi	Chairperson of the Board of Statutory Auditors and Statutory Auditor	Statutory Auditor	>50	**Independent Director** in listed companies including **Aquafil S.p.A., Banca Generali**, **Sogefi S.p.A. and Banca Ifis S.p.A.**). **Chairperson** of the **Control and Risks Committee of Banca Generali** (from 2019) and member of the Appointments and Remuneration Committee of **Sogefi S.p.A.** (from 2021). **Chief Executive Officer of Interbanca S.p.A.** (2005-2007)**,** with established experience in **corporate governance** and **risk management**
Beatrice Bompieri	Member of the Board of Statutory Auditors	Statutory Auditor	>50	**G** **Statutory Auditor** in listed companies including **Aquafil S.p.A.** and **Industrie De Nora S.p.A.** **Statutory Auditor** in **FNMPAY S.p.A.**(2020-2023) and **Aquaser S.r.l.** (2023-2025). **Auditor** at **ACM - Milan Association of Concurrency Practitioners** (since 2016). **Delegate** to the **CNPADC** for the Milan Association of Certified Public Accountants (2020-2024). Member of the **Commission for Enterprise Crisis Management** of the **Order of Chartered Accountants of Milan** (since 1998).
Bettina Solimando	Member of the Board of Statutory Auditors	Statutory Auditor	>50	**G** **Partner** at **Studio Pirola Pennuto Zei & Associati** (since 1998), with experience in tax and legal consulting for Italian and multinational Groups. **Statutory Auditor** in listed companies and member of **Boards of Statutory Auditors**. Member of **Supervisory Boards**. Speaker in **Masters of Tax Law** and conferences on tax and corporate issues.
Marina Manna	Member of the Board of Statutory Auditors	Alternate Auditor	>50	**G** **Member** of the **Board of Directors of Carel Industries S.p.A.** (listed company) since 2018**.** **Chairperson** of the **Control, Risks and Sustainability Committee** and member of the **Remuneration Committee**. **Chairperson of the Board of Statutory Auditors of SINLOC S.p.A. and BLM S.p.A.,** with extensive experience in **corporate governance** and **internal control** systems. **Statutory Auditor** of several companies, including **Carrara S.p.A**. and **Slowear S.p.A.,** and **Alternate Auditor** of **Aquafil S.p.A.**
Davide Barbieri	Member of the Board of Statutory Auditors	Alternate Auditor	>50	**G** Member of the **Board of Statutory Auditors of Sogefi S.p.A.** (listed company) since 2019 and Statutory Auditor of several companies, including **Cembre S.p.A. and Interpump Group S.p.A.** **Auditor and Certified Public Accountant,** with extensive experience in **corporate governance, auditing and regulatory compliance.** Has served as **Statutory Auditor and Auditor** in numerous industrial and financial companies, providing oversight and transparency in **internal control** systems. Many years' experience in managing **corporate governance** and **audit processes** in listed companies.

TABLE 5.4 – COMPOSITION AND ROLES OF THE SUPERVISORY BOARD (2024)

Name	Office	Role	Age	ESG experience and skills
Michele Pansarella	Chairperson of the Supervisory Board	External member	>50	**S - G** **Partner** at **KPMG** and **head** of the **Legislative Decree No. 231/01**, **corporate governance** and **compliance** team. **Chairperson** and **member** of **Supervisory Boards** in companies including **ENI**, **Lottomatica**, **SHELL Group**, **Aquafil** and **Alfasigma**. **Lecturer** in master's programmes at **LUISS**, **Roma Tre** and **La Sapienza**. **Author** and **speaker** on **anti-corruption**, **whistleblowing**, and **231 organisational models**. **Member** of the **Confindustria Commission** for **231 Model Guidelines**.
Manfredi Ferrari Liccardi Medici	Member of the Supervisory Board	External member	<50	**S - G** **Senior Lawyer** at **KPMG Tax & Legal** in the **231 Legal** team. **Corporate governance** and **compliance consultant** for listed and multinational companies including **illycaffè S.p.A.**, **Lottomatica Group S.p.A.** and **Shell Group.** **Trainer** on the **Administrative Liability of Entities (Legislative Decree No. 231/01)** and **Anti-corruption.** **Member** and **consultant** of **Supervisory Boards** under **Legislative Decree No. 231/01** for leading **industrial** and **financial** companies.
Karim Tonelli	Member of the Supervisory Board	Internal member	>50	**E - S - G** **Responsible for the adoption of the Organisation, Management and Control Model** as per Legislative Decree No. 231/01 for the Aquafil Group's Italian companies; Previously served as **head of legal activities** for the Aquafil Group; Previously served as **Internal Auditor** of the Aquafil Group; Previously served as the **Investor Relator** of the Aquafil Group; **Internal member of the Supervisory Board** of the Italian companies of the Aquafil Group; **Internal member of the whistleblowing committee** pursuant to Legislative Decree No. 24 of March 10, 2023

5.3.2 BoD Committees

Control, Risks and Sustainability Committee

- Patrizia Riva (Chairperson);
- Roberto Siagri (Director);
- Chiara Mio (Director).

Appointments and Remuneration Committee

- Roberto Siagri (Chairperson);
- Ilaria Maria Dalla Riva (Director);
- Patrizia Riva (Director).

5.3.3 Gender representation in governing bodies

TABLE 5.5 – PERCENTAGE OF FEMALE MEMBERS IN GOVERNING BODIES (2024)

Corporate body	Percentage of total members
BoD	44%
Board of Statutory Auditors	60%
Supervisory Board	0%
Control, Risks and Sustainability Committee	66%
Appointments and Remuneration Committee	66%

5.4 IMPACTS, RISKS AND OPPORTUNITIES

TABLE 5.6 – MATERIAL IMPACTS, RISKS AND OPPORTUNITIES RELATED TO TOPIC E1 – CLIMATE CHANGE

Sub-topic	Sub-sub-topic	IRO name	IRO	Type of impact
Energy		High energy consumption in business production activities	I	⊖
		High energy needs related to oil extraction activities	IR	⊖
		Geopolitical tensions, conflicts, dependence on other countries or natural disasters lead to energy shortages and higher prices	R	⊖
Climate change adaptation		Extreme weather events damage production sites, warehouses and company buildings, possibly worsening GHG emissions (physical risk)	R	⊖
		Introduction of new environmental regulations such as taxation on CO_2 emissions in production plants	R	⊖
		Improvement of raw material-related carbon footprint (Scope 3)	IO	⊕
Climate change mitigation		Replacement of fossil fuels in production processes with renewable sources	IO	⊕
		Emissions generated from the extraction and initial processing of raw materials for the manufacture of Aquafil's products by suppliers	I	⊖
		GHG emissions generated by Aquafil production plants, offices and employee mobility (Scope 1 and Scope 2)	I	⊖
		GHG emissions generated from distribution and processing of Aquafil products, used by end consumers, and in end of life (Scope 3)	I	⊖
		Exceeding the limits imposed by the ETS leads to the purchase of new allowances to offset the generation of direct GHG emissions	R	⊖
		Collaboration with distribution partners (through the use of decentralized warehousing, multimodal solutions, and load optimisation) leads to decreased GHG emissions downstream of the supply chain	IO	⊕
		The introduction of new processes and products developed with eco-design principles makes it possible to reduce their life cycle environmental impact in terms of CO_2eq	IO	⊕

Direct or indirect	Time horizon	Actual or potential	Impact materiality	Financial materiality	Policy and procedures	Action
Direct and downstream	Short term	Actual	✓	NA	Environmental Policy	ISO 50001 certification ISO 14001 certification
Upstream	Short term	Actual	✓	✓	Environmental Policy	Investment in circular supply chain ECONYL® to reduce dependence on fossil-based raw materials (see section 2.5.3)
Entire value chain	Medium term	Potential	NA	✓	Environmental Policy	Establishment of a co-generation plant for self-generation of steam and electricity
Entire value chain	Medium term	Potential	NA	✓	Environmental Policy	Conducting a Climate Risk and Vulnerability Assessment
Direct	Short term	Potential	NA	✓	Environmental Policy	Efficiency measures
Upstream	Medium term	Potential	✓	✗	Environmental Policy	Investment in circular supply chain ECONYL®
Direct	Medium term	Actual	✓	✓	Environmental Policy	Purchase of electricity from renewable sources for 92.3% of the total purchased
Upstream	Short term	Actual	✓	NA	Environmental Policy	Investment in circular supply chain ECONYL® to reduce dependence on fossil-based raw materials (see section 2.5.3)
Direct	Short term	Actual	✓	NA	Environmental Policy	Identification of decarbonisation levers and establishment of a transition plan in 2027 ISO 50001 certification ISO 14001 certification
Downstream	Short term	Actual	✓	NA	Environmental Policy	Investment in circular supply chain ECONYL® Eco-design
Direct	Short term	Potential	NA	✓		Efficiency of co-generation plants
Upstream and downstream	Medium term	Actual	✓	✓		Logistical optimisation
Entire value chain	Lungo termine	Potential	✓	✓		Collaborations with customers (see section 3.3.3)

TABLE 5.7 – MATERIAL IMPACTS, RISKS AND OPPORTUNITIES RELATED TO TOPIC E2 – POLLUTION

Sub-topic	Sub-sub-topic	IRO name	IRO	Type of impact
Air pollution		Air pollution caused by the release of toxic or noxious fumes and vapours. Exceeding air pollution levels at Aquafil's production plants	IR	⊖
		Air pollution caused by the typical activities of fossil-based raw material companies	IR	⊖
		Water pollution caused by the production of semi-finished and finished products with Aquafil's yarns and polymers	IR	⊖
Water pollution		Water pollution caused by the typical activities of fossil-based raw material companies (spills)	IR	⊖
		Exceeding water pollution levels in Aquafil's production plants (chemical spills)	IR	⊖
		Water pollution caused by the production of semi-finished and finished products with Aquafil's yarns and polymers	IR	⊖
Soil pollution		Soil contamination due to dispersion of organic (persistent) chemicals and due to improper waste management (e.g. exceeding of temporary storage limit)	IR	⊖
		Soil contamination due to dispersion of organic chemicals (e.g., spills during oil extraction phases)	IR	⊖
		Soil contamination due to improper waste management by B2B customers or end-user	IR	⊖
Substances of concern		The release of substances of concern during the extraction of raw materials	IR	⊖
		The release of substances of concern during the manufacture of products with Aquafil yarns or polymers	IR	⊖
Substances of very high concern		The release of substances of very high concern during the extraction of raw materials	IR	⊖
		The release of substances of very high concern during the manufacture of products with Aquafil yarns or polymers	IR	⊖
Microplastics		Investment in new technologies to reduce and contain the generation of microplastics	O	⊕
		Introduction of new legislation in the European Union regarding the ban on emission of microplastics on the market	R	⊖

TABLE 5.8 – MATERIAL IMPACTS, RISKS AND OPPORTUNITIES RELATED TO TOPIC E3 - WATER AND MARINE RESOURCES

Sub-topic	Sub-sub-topic	IRO name	IRO	Type of impact
Water	Water withdrawals	High water withdrawal for production activities	I	⊖
	Water consumption	Water consumption during raw material production phases (e.g. caprolactam)	I	⊖
	Water consumption	Water consumption Water consumption during B2B processing of yarns and polymers by Aquafil	I	⊖
Marine resources	Water discharges in the oceans	In the oil extraction phase in marine habitats, drilling cuttings, drilling fluids and processing waters can drastically pollute water and have negative chemical effects on local habitats and marine ecosystems	IR	⊖

Direct or indirect	Time horizon	Actual or potential	Impact materiality	Financial materiality	Policy and procedures	Action
Direct	Short term	Potential	✗	✓	Environmental Policy	ISO 50001 certification ISO 14001 certification
Upstream	Short term	Potential	✓	✗	Environmental policy	Investment in circular supply chain ECONYL ® to reduce dependence on raw materials from fossil sources (see section 2.5.3)
Downstream	Short term	Potential	✓	✗	Environmental policy	
Upstream	Short term	Potential	✓	✗	Environmental policy	
Direct	Short term	Potential	✗	✓	Water Policy Environmental Policy	Water monitoring systems by detecting temperature, abnormal values or exceeding critical pollutant thresholds Use of purifiers Laboratory analysis
Downstream	Short term	Potential	✓	✗		
Direct	Short term	Potential	✗	✓	Environmental Policy	Monitoring of waste management using appropriate tracking systems (e.g. Winwaste, disposal company reports)
Upstream	Short term	Potential	✓	✗		
Downstream	Short term	Potential	✓	✗		
Upstream	Medium term	Potential	✓	✗		
Downstream	Medium term	Actual	✓	✗		
Upstream	Medium term	Actual	✓	✗		
Downstream	Medium term	Actual	✓	✗		
Direct	Medium term	Potential	NA	✓		Development of a new international standard to uniquely measure microplastics released from the textile sector: ISO 4484-2
Direct	Medium term	Potential	NA	✓		Development of a new international standard to uniquely measure microplastics released from the textile sector: ISO 4484-2

Direct or indirect	Time horizon	Actual or potential	Impact materiality	Financial materiality	Policy and procedures	Action
Direct	Medium term	Actual	✓	NA	Water Policy	Creation of the A.G.W.T. (Aquafil Global Water Team) Team Efficiency activities to reduce consumption, including indoor recirculation systems Monitoring water stress levels in the areas where we operate
Upstream	Short term	Actual	✓	NA		
Downstream	Short term	Potential	✓	NA		
Upstream	Medium term	Potential	✓	✗		

TABLE 5.9 – MATERIAL IMPACTS, RISKS AND OPPORTUNITIES RELATED TO TOPIC E4 – BIODIVERSITY AND ECOSYSTEMS

Sub-topic	Sub-sub-topic	IRO name	IRO	Type of impact
Direct impact drivers of biodiversity loss	Climate change	Biodiversity loss caused by direct GHG emissions (Scope 1, 2)	I	⊖
	Climate change	Biodiversity loss caused by GHG emissions throughout the upstream value chain (Scope 3)	I	⊖
	Land use change, freshwater use change and sea use change	Consequences on biodiversity due to land transformation from on-shore oil extraction activities; I alteration of sea use due to off-shore oil extraction and operational activities	I	⊖
	Direct exploitation	Protect biodiversity by preferring the recovery of secondary materials for the production of Aquafil solutions to traditional sourcing (oil extraction), or producing raw materials from natural resources	IO	⊕
	Pollution	Reduce the amount of waste for disposal (incineration, landfill) by preferring the recovery of secondary materials for the production of Aquafil solutions instead of traditional sourcing	IO	⊕
Impacts on the state of species	Species population size	Preserve wildlife and restore local habitat in areas affected by value chain activities	IO	⊕
	Species population size	Noise pollution caused by drilling can have a negative impact on migratory routes and habitats of species, resulting in significant changes in populations; loss of access to breeding areas can result in reduced populations near drilling sites	I	⊖
Impacts on the extent and condition of ecosystems	Land degradation	Some production processes in the extraction and refining phase of the raw material (petroleum) are at high risk of explosion and can cause localised fires that can spread to large areas of land	IR	⊖
	Land degradation	Raw material (oil) extraction activities that include pipeline and oil infrastructure construction, well construction, use of electric pumps and oil storage all contribute to land degradation and habitat fragmentation	I	⊖
	Fragmentation and/or subtraction of natural habitat	Infrastructure construction that has resulted in the loss of land area and fragmentation of natural areas	I	⊖
	Soil sealing	Intensive land use for infrastructure and mining, and possible soil contamination due to oil spills during the extraction phase can lead to soil sealing and damage to the natural cycle of ecosystems	IR	⊖
	Soil sealing	Production plants, offices and product distribution infrastructure contribute to soil sealing and can lead to damage to the natural cycle of ecosystems	I	⊖

Direct or indirect	Time horizon	Actual or potential	Impact materiality	Financial materiality	Policy and procedures	Action
Direct	Medium term	Actual	✓	NA		Biodiversity Impact & Risk Assessment Publication of a Biodiversity Strategic Plan in 2026
Upstream and downstream	Medium term	Actual	✓	NA		Extension of Biodiversity Impact & Risk Assessment to the value chain in 2025
Upstream	Medium term	Actual	✓	NA		
Upstream and direct	Medium term	Actual	✓	✓		R&D activities to develop plant-derived nylons Investment in circular supply chain ECONYL ® to reduce dependence on fossil-based raw materials (see section 2.5.3)
Downstream	Medium term	Actual	✓	✓		Investment in circular supply chain ECONYL ® to reduce dependence on fossil-based raw materials (see section 2.5.3) Collaborations with customers in take back programmes and eco-design projects (see section 3.3.3)
Upstream and direct	Medium term	Potential	✓	✗		Extension of Biodiversity Impact & Risk Assessment to the value chain in 2025
Upstream	Short term	Actual	✓	NA		
Upstream	Medium term	Potential	✓	✗		
Upstream	Medium term	Actual	✓	NA		
Direct	Long term	Actual	✓	NA		Biodiversity Impact & Risk Assessment Publication of a Biodiversity Strategic Plan in 2026
Upstream	Medium term	Actual	✓	✗		Extension of the Biodiversity Impact & Risk Assessment to the value chain in 2025
Entire value chain	Medium term	Actual	✓	NA		Biodiversity Impact & Risk Assessment Extension of Biodiversity Impact & Risk Assessment to the value chain in 2025 Publication of a Biodiversity Strategic Plan in 2026

TABLE 5.10 – MATERIAL IMPACTS, RISKS AND OPPORTUNITIES RELATED TO TOPIC E5 – CIRCULAR ECONOMY

Sub-topic	Sub-sub-topic	IRO name	IRO	Type of impact
Resources inflows, including resource use		Aquafil uses raw materials from fossil sources contributing to their gradual depletion	I	⊖
Resource outflows related to products and services		Development and implementation of projects to promote traceability of raw materials and Aquafil products	O	⊕
		Reduction and recovery of primary and secondary packaging (i.e. tubes, films, separators)	IO	⊕
		Increased consumer awareness of plastic materials may lead to increased demand for ECONYL®	O	⊕
		Recovery and reuse of packaging (i.e. pallets) through collaboration with customers	O	⊕
		Recovery for reuse of packaging from the transportation phases of Aquafil products	IO	⊕
Waste		Reducing production waste through production process efficiency can lead to a reduction in waste	IO	⊕
		A change in waste management and exchange regulations could lead to the inability or greater difficulty of recovering and using waste as a secondary raw material	R	⊖
		Reduction of waste for disposal produced in the value chain through its recovery and reuse as secondary raw material (ECONYL®)	IO	⊕
		Collaboration with B2B customers in the NTF sector to develop products that can be easily broken down into their constituent materials during the post-use recovery phase	O	⊕
		New eco-design projects in collaboration with BCF customers to jointly design products that can be easily broken down into their constituent materials during the post-use recovery phase	IO	⊕
		Development of new technologies to easily recover PA6 from the waste produced for secondary raw material production	O	⊕
		Incorrect handling and management of waste during B2B customer processing and end-user phases	IR	⊖

Direct or indirect	Time horizon	Actual or potential	Impact materiality	Financial materiality	Policy and procedures	Action
Upstream and direct	Medium term	Actual	✓	NA	Green procurement policy	Investment in circular supply chain ECONYL ® to reduce dependence on fossil-based raw raw materials (see section 2.5.3)
Direct	Medium term	Potential	NA	✓		Collaborations with customers in eco-design projects, including R2R (see section 3.3.3)
Direct	Medium term	Actual	✓	✓		Pallet recycling activities
Downstream	Medium term	Potential	NA	✓		Investment in circular supply chain ECONYL ® (see section 2.5.3)
Direct	Short term	Actual	NA	✓		Pallet recycling activities
Direct	Short term	Actual	✓	✓		Recycling activities other packaging components
Direct	Medium term	Actual	✓	✓		Collaborations with customers in eco-design projects, including R2R (see section 3.3.3)
Upstream and direct	Medium term	Potential	NA	✓		Monitoring of regulatory developments, and political influence and advocacy activities (see section 4.6)
Direct and downstream	Medium term	Attuali	✓	✓		Investment in circular supply chain ECONYL ® (see section 2.5.3) Collaborations with customers in take back and eco-design projects, including R2R (see section 3.3.3)
Direct and downstream	Medium term	Actual	NA	✓		Investment in circular supply chain ECONYL ® (see section 2.5.3) Collaborations with customers in take back and eco-design projects (see section 3.3.3)
Direct and downstream	Medium term	Actual	✓	✓		Investment in circular supply chain ECONYL ® (see section 2.5.3) Collaborations with customers in take back and eco-design projects, including R2R (see section 3.3.3)
Direct	Medium term	Potential	NA	✓		R&D activities (see section 1.2.5)
Downstream	Medium term	Potential	✓	✗		

TABLE 5.11 – MATERIAL IMPACTS, RISKS AND OPPORTUNITIES RELATED TO TOPIC S1 – OWN WORKFORCE

Sub-topic	Sub-sub-topic	IRO name	IRO	Type of impact
Working conditions	Secure employment	Ensure secure employment for employees	I	⊕
	Adequate wages	Offer competitive compensation policies to employees	IO	⊕
		Not aligning salary with employee's workload and responsibilities	R	⊖
	Freedom of association the existence of works councils and the information, consultation and participation rights of workers	Ensure freedom of association, implementation of labour councils and guarantee workers' right to information, consultation and participation	I	⊕
	Collective bargaining, including the percentage of workers covered by collective agreements	Ensure coverage by collective bargaining and the right to representation of Aquafil employees	I	⊕
	Work-life balance	Worker stress due to inadequate strategic work planning process and lack of interpersonal relationships in the company	IR	⊖
		Ensure workers' well-being (mental and physical health, involvement, flexible working hours, work-life balance, welfare)	IO	⊕
		Increased automation to promote greater work-life balance	IO	⊕
	Health and safety	Dissemination of a culture of worker health and safety training in relation to health and safety policies and regulatory requirements	I	⊕
		Occupational accidents due to direct or indirect contact with live elements	IR	⊖
		Work-related injuries or work-related ill health due to lack of personnel skills, negligence, lack of compliance with preventive measures and failure/incorrect use of personal protective equipment (PPE)	IR	⊖
		Risk to workers' health and safety from extreme events	IR	⊖
		Implement automation systems in production plants and warehouses to improve human-machine interaction, efficiency and safety in the workplace, enabling people to perform more value-added tasks that are less harmful to health	IO	⊕
	Other	Increase the number of SA 8000 certified plants in all Aquafil Group plants (Aquafil Asia Pacific, Aquafil China) demonstrating compliance to the highest social standards	IO	⊕
		Failure (or partial) to share vision, strategies and information on company performance with employees	IR	⊖
Equal treatment & opportunities for all	Gender equality and equal pay for work of equal value	Unequal pay and treatment (e.g. in promotions, selection processes)	IR	⊖
	Training and skills development	Lack of pathways for professional growth, skill development and an ageing workforce lead to a lack of trained and experienced workers	IR	⊖
		Loss of key figures	R	⊖
		Establish a stimulating work environment that attracts talent, fosters professional growth and promotes skill development, including retraining and upgrading	IO	⊕
	Measures against violence and harassment in the workplace	Anti-discrimination and anti-harassment policies and dissemination of ethical values within the Aquafil Group	I	⊕
	Diversity	Incidents of discrimination in the workplace and in personnel selection and compensation processes (pay discrimination, inappropriate comments against an employee on cultural, linguistic, religious, political and ethnic grounds)	IR	⊖
		Promote an inclusive culture and support diversity by educating staff to respect human rights and addressing gender, ethnic and cultural biases through the adoption of ethical standards, business strategies and goals (Gender Equality certification, Disal training)	IO	⊕
Other work related rights	Adequate housing	Provision of adequate housing for the needs of employees	I	⊕
	Privacy	Risk of software/hardware integrity and data integrity in the execution of operational processes due to a lack of information and awareness programme on the proper use of IT systems and related risks	R	⊖
		Violation of the right to privacy, loss and dissemination of personal data and information	R	⊖
		Security of data generated, processed and stored throughout the Aquafil Group (GDPR)	I	⊕

Direct or indirect	Time horizon	Actual or potential	Impact materiality	Financial materiality	Policy and procedures	Action
Direct	Short term	Actual	✓	NA		Predilection for permanent employment relationships SA 8000 Certification Collective bargaining agreements
Direct	Short term	Actual	✓	✓	Code of Conduct Human Rights Policy Remuneration Policy DE&I Policy	
Direct	Short term	Potential	NA	✓		
Direct	Medium term	Actual	✓	NA	Human Rights Policy	Community of Practice
Direct	Short term	Actual	✓	NA	Human Rights Policy Collective bargaining agreements	Meetings with trade union
Direct	Short term	Potential	✓	✗		Business climate analysis Agile work
Direct	Short term	Actual	✓	✓	Parental Leave Policy	Business climate analysis Welfare plans
Direct	Short term	Actual	✓	✓		Community of Practice: Digitalisation
Direct	Short term	Actual	✓	✓	Code of Conduct Health and Safety Procedure Integrated Management System	ISO 45001 certification Health and safety training
Direct	Short term	Potential	✓	✗		
Direct	Short term	Potential	✓	✓		
Direct	Short term	Potential	✓	✓		
Direct	Medium term	Actual	✓	✓		Community of Practice: Digitalisation of R&D Activities
Direct	Medium term	Potential	✓	✗		SA 8000 Certification
Direct	Short term	Potential	✓	✓		Company intranet Live sharing of financial results
Direct	Medium term	Potential	✓	✗	Code of Conduct DE&I Policy Human Rights Policy	UNI / PdR 125 Certification DE&I Training
Entire value chain	Short term	Potential	✓	✓	Code of Conduct DE&I Policy Top management succession policy	Progetto Do ut Des Talent management project Aquapedia Onboarding and mentoring process
Direct	Short term	Potential	NA	✓		
Direct	Short term	Potential	✓	✓		
Direct	Short term	Actual	✓	✗	Code of Conduct Human Rights Policy DE&I Policy	DE&I training
Direct	Short term	Potential	✓	✓	Code of Conduct Human Rights Policy DE&I Policy Whistleblowing Policy	UNI / PdR 125 Certification DE&I Training
Direct	Short term	Potential	✓	✗		
Direct	Short term	Actual	✓	✗	Retention policy	
Direct	Medium term	Potential	NA	✓	Policy Privacy SOD (Segregation of Duties) “Incident Response Plan" procedure	Periodic cyber security training
Direct	Short term	Potential	NA	✓	Code of Conduct Human Rights Policy	Designation of a Data Protection Officer
Direct	Short term	Actual	✓	NA	Code of Conduct Human Rights Policy	Designation of a Data Protection Officer

TABLE 5.12 - MATERIAL IMPACTS, RISKS AND OPPORTUNITIES RELATED TO TOPIC S2 - WORKERS IN THE VALUE CHAIN

Sub-topic	Sub-sub-topic	IRO name	IRO	Type of impact
Working conditions	Collective bargaining	Violation of collective bargaining coverage and the right of representation of Aquafil value chain actors	IR	⊖
	Secure employment	Erroneous, late or failure to prepare contractual arrangements or obligations to workers resulting in violation of their rights	IR	⊖
	Working time	Inadequate and unbalanced work schedules	IR	⊖
	Adequate wages	Inadequate wages and remuneration policies in the value chain	IR	⊖
	Health and safety	Work-related injuries and accidents in the value chain	IR	⊖
	Health and safety	Injuries & incidents involving third parties (workers from outside companies) in Aquafil's business scope	IR	⊖
Equal treatment and opportunities for all	Measures against violence and harassment in the workplace	Sharing the Code of Conduct and policies on workers' rights on the value chain to prevent incidents of violence and harassment at work	I	⊕
Other work-related rights	Forced labour	Incidents of forced labour and forms of modern slavery in the value chain	IR	⊖
	Child labour	Incidents of child labour in the value chain	IR	⊖

TABLE 5.13 – MATERIAL IMPACTS, RISKS AND OPPORTUNITIES RELATED TO TOPIC S3 – AFFECTED COMMUNITIES

Sub-topic	Sub-sub-topic	IRO name	IRO	Type of impact
Communities' civil & political rights	Other	Undertake projects for the empowerment, awareness and support of women and against gender-based violence	IO	⊕
Communities' economic, social and cultural rights	Other	Promoting collaboration with schools and universities to boost educational activities, build infrastructure and allocate scholarships to the most deserving students Engagement with the local community strengthens Aquafil's image in the regions where it operates and its attractiveness as an employer	IO	⊕

Direct or indirect	Time horizon	Actual or potential	Impact materiality	Financial materiality	Policy and procedures	Action
Downstream	Short term	Potential	✓	✗	Human Rights Policy	SA 8000 certification
Downstream	Short term	Potential	✓	✗	Reputational analysis of customers	
Downstream	Short term	Potential	✓	✗	Human Rights Policy	SA 8000 certification
Downstream	Short term	Potential	✓	✗	Code of Conduct and Human Rights Humanity	
Downstream and upstream	Short term	Potential	✓	✗	Human Rights Policy	
Upstream	Medium term	Potential	✓	✓	Human Rights Policy, Integrated Management System, ISO 45001 certification	
Upstream and downstream	Short term	Actual	✓	NA	Code of Conduct, Human Rights Policy	SA 8000 certification
Downstream	Short term	Potential	✓	✗	Code of Conduct, Rights Policy Policy, Reputational Verification customers	EcoVadis Project, SA 8000 certification
Downstream	Short term	Potential	✓	✗	Code of Conduct, Rights Policy Policy, Customer reputational analysis	EcoVadis Project, SA 8000 certification

Direct or indirect	Time horizon	Actual or potential	Impact materiality	Financial materiality	Policy and procedures	Action
Direct	Short term	Actual	✓	✗	DE&I Policy	Support for Alba Chiara APS, and Europa Donna Krapina
Direct	Short term	Actual	✓	✗		Scholarships for ITET Floriani of Riva del Garda (TN), meetings with students, collaboration with Parson School of Design (NY), partnership with Slovenian Chemical Society and EDI Onlus

TABLE 5.14 – MATERIAL IMPACTS, RISKS AND OPPORTUNITIES RELATED TO TOPIC S4 – CONSUMERS AND END-USERS

Sub-topic	Sub-sub-topic	IRO name	IRO	Type of impact
Product management		Developing new circular products and services enables entry into new markets and meeting new customer priorities	O	⊕
		A change in commodity prices due to interest rates or strategic decisions can lead to a drop in demand from B2B customers	R	⊖
Information-related impacts for consumers and/or end-users	Access to information (quality)	Providing B2B customers with accurate information regarding the composition and origin of the product	I	⊕
Social inclusion of consumers and/or end-users	Non-discrimination	Positive, educational and inclusive communication to customers and end-users about Aquafil products	IO	⊕
	Responsible marketing practices	Incorrect or misleading communication about Aquafil products by B2B customers and to end-users	R	⊖
		Collaboration with its customers in order to share the vision of sustainability along the supply chain, and undertake projects to support sustainable transition	IO	⊕

TABLE 5.15 – MATERIAL IMPACTS, RISKS AND OPPORTUNITIES RELATED TO TOPIC G1 - BUSINESS CONDUCT

Sub-topic	Sub-sub-topic	IRO name	IRO	Type of impact
Corruption and bribery	Incidents	Corruption and bribery, non-compliance with laws, regulations and standards, anti-competitive behaviour, monopolistic practices	R	⊖
	Prevention and detection including training	Promotion of principles of integrity, transparency and compliance in business management and value chain	IO	⊕
Corporate culture		Promotion of the Code of Conduct and dissemination of a shared corporate culture and values that guide Group decisions and create an ethical work environment	IO	⊕
Protection of whistleblowers		Failure to protect whistleblowers through appropriate systems and procedures to facilitate information (e.g. whistleblowing)	IR	⊖

Direct or indirect	Time horizon	Actual or potential	Impact materiality	Financial materiality	Policy and procedures	Action
Downstream	Medium term	Actual	NA	✓	Policy ESG	R&D activities for creating new products and improving existing products, eco-design activities (see section 1.2.5)
Downstream	Medium term	Potential	NA	✓		Commercial relationships consolidated in the medium or long term
Direct	Short term	Actual	✓	NA		Obtaining product certifications (see section 4.7)
Downstream	Medium term	Actual	✓	✗	DE&I Policy (see Section 3.1.1)	B2B and B2C external communication initiatives, including ECONYL® blog, ECONYL® academy, ECONYL® on air (see section 2.5.3 Training and information)
Direct and downstream	Short term	Potential	NA	✓	Guidelines for the promotion of ECONYL® products	Team against greenwashing
Direct and downstream	Medium term	Actual	✓	✓	Code of Conduct (see section 4.1) Human Rights Policy (see section 3.1.1) Reputational analysis of customers	Project R2R and Take Back (see section 3.3.3

Direct or indirect	Time horizon	Actual or potential	Impact materiality	Financial materiality	Policy and procedures	Action
Upstream & downstream	Medium term	Potential	NA	✓	231 Model Code of Conduct Anti-Corruption Policy Whistleblowing system	Business integrity training
Entire value chain	Short term	Actual	✓	✗	231 Model Code of Conduct Anti-Corruption Policy Whistleblowing System	Business integrity training
Direct	Medium term	Actual	✓	✗	Code of Conduct	Signature of the Code of Conduct usiness integrity training
Entire value chain	Short term	Potential	✓	✗	Code of Conduct Whistleblowing system	

5.5 CLIMATE CHANGE – ADDITIONAL DATA AND CALCULATION METHODOLOGY

5.5.1 Results of the Climate Risk and Vulnerability Assessment

In the analysis, only risks applicable to the specific operations of the plant were considered.

TABLE 5.16 – RISK DERIVING FROM MAIN CLIMATE PHENOMENA BY GROUP COUNTRY, IN THE FIRST SCENARIO (2.1°C-3.5°C)

First Scenario (2.1°C-3.5°C)	Italy	Slovenia	Croatia	Arizona	Georgia	North Carolina	California
HOT AND COLD							
Average temperature	Medium high	High	Medium high	Medium high	Medium high	Medium high	Medium high
Extreme heat	Medium high	High	Medium high	Medium high	Medium high	Medium high	High
Cold waves	Medium low	Medium high	Medium low	Medium low	Medium high	Medium low	Low
RAIN AND DROUGHT							
Average rainfall	Medium high	High	Medium low	Medium high	Medium low	Medium low	Low
Extreme rainfall and flooding	High	High	Medium low	Medium low	Medium low	Medium high	Medium low
Fire risk	Medium high	High	Medium high	Medium low	Low	Medium low	High
Drought		High	Medium high	Medium low	Low	Low	Medium low
Aridity	Medium high	High	Medium high	Medium low	Low	Low	Medium low
WIND							
Average windspeed	Low	Low	Medium low		Low		Low
Tropical cyclones					Medium low		
Windstorms	Medium high	Medium high	High	Low	Medium low	Medium high	Low
SNOW AND ICE							
Snow, ice and ice caps	Medium high	Medium low	Medium low		Medium high	Medium low	
Permafrost	Medium low	Medium low	Medium low				
LANDSLIDES AND AVALANCHES							
Landslides	Medium low	Medium low	Medium low	Low	Low	Low	Medium low
Avalanches	Low	Medium low	Medium low			Low	Low
COASTS							
Sea level		Medium low					Medium low
Coastal flooding							Medium low
OCEANS							
Average ocean temperature		Medium low					
Marine heatwaves		Medium low					
Ocean chemistry: dissolved oxygen and ocean acidity		Medium low					

Key:
Climate Impact Driver - Acute;
Climate Impact Driver - Chronic

TABLE 5.17 – RISK DERIVING FROM MAIN CLIMATE PHENOMENA BY GROUP COUNTRY, IN THE SECOND SCENARIO (3.3°C-5.7°C)

Second Scenario (3.3°C-5.7°C)	Italy	Slovenia	Croatia	Arizona	Georgia	North Carolina	California
HOT AND COLD							
Average temperature	High	Very High	High	High	High	High	High
Extreme heat	High	Very High	High	High	High	High	Very high
Cold waves	Medium low	Medium low	Medium low	Medium low	High	Medium low	Low
RAIN AND DROUGHT							
Average rainfall	High	Very High	Medium high	High	Medium low	Medium low	Medium low
Extreme rainfall and flooding	Very high	Very High	Medium high	Medium high	Medium high	High	Medium high
Fire risk	High	High	High	Medium high	Medium low	Medium low	Very high
Drought	High	Very High	High	Medium high	Medium low	Medium low	Medium high
Aridity	Very high	Very High	High	Medium high	Medium low	Medium low	Medium high
WIND							
Average windspeed	Low	Low	Medium low		Low		Low
Tropical cyclones					Medium high		
Windstorms	High	High	Very High	Medium low	Medium high	High	Medium low
SNOW AND ICE							
Snow, ice and ice caps	High	Medium low	Medium low		High	Medium low	
Permafrost	Medium low	Medium low	Medium low				
LANDSLIDES AND AVALANCHES							
Landslides	High	Medium low	Medium low	Low	Medium low	Low	Medium high
Avalanches	Medium low	Medium low	Medium low			Low	Low
COASTS							
Sea level		Medium low					Medium low
Coastal flooding							Medium low
OCEANS							
Average ocean temperature		Medium low					
Marine heatwaves		Medium low					
Ocean chemistry: dissolved oxygen and ocean acidity		Medium low					

Key:
Climate Impact Driver - Acute;
Climate Impact Driver - Chronic

5.5.2 Energy consumption

Table 5.18 shows the 2024 reporting scope, which includes all companies in the financial consolidation of Aquafil. The companies Acca, Poly, Aquafil India, and Nofir, which are reported in the Sustainability Report as "Holdings", are excluded from the energy mix scope (and emissions calculation) as Aquafil has no operational control over them.

The companies in the scope all fall under the classification of high-impact activities according to the European Commission's Delegated Regulation (EU) 2022/1288, with the sole exception of Aqualeuna. Also for Aqualeuna, energy consumption has been separated into all the fossil components to provide the reader with more detailed information.

TABLE 5.18 – SCOPE OF ENERGY MIX CALCULATION (2024)

Company	Included in the scope of energy mix calculation	Industry description	NACE/Code corresponding activity	High climate impact sector?
Aquafil USA	Included	Artificial and Synthetic Fibers and Filaments Manufacturing	2060	High impact
Aquafil O'Mara	Included	Artificial and Synthetic Fibers and Filaments Manufacturing	2060	High impact
Aquafil SLO	Included	Manufacture of man-made fibres	2060	High impact
Aquafil CRO	Included	Preparation and spinning of textile fibres	1310	High impact
Aquafil Synthetic Fibres and Polymers (CHN)	Included	Manufacturing of nylon fibers	2821	High impact
Aquafil Japan	Included	Textile industry	13	High impact
Aquafil Asia Pacific (TH)	Included	Spinning of natural textile fibres	131	High impact
Aquafil S.p.A.	Included	Manufacture of man-made fibres	2060	High impact
Tessilquattro	Included	Preparation and spinning of textile fibres	1310	High impact
Aquafil Carpet Collection	Included	Materials Recovery Facilities	3832	High impact
Aquafil Carpet Recycling 1	Included	Materials Recovery Facilities	3832	High impact
Aquafil Benelux-France	Included	Commission trade of miscellaneous products	46190	High impact
	Included	Commission trade of textiles. clothing. fur. footwear and leather goods	46160	High impact
Aquafil Chile	Included	Rental of real estate furnished or with equipment and machinery	6810	High impact
	Included	Recovery and recycling of other waste and scrap	383	High impact
Aquafil Engineering	Included	Manufacture of other special purpose machinery not elsewhere classified	289	High impact
	Included	Manufacture of other non-industry specific machinery	2829	High impact
Aquafil Tekstil Sanayi (TR)	Included	Wholesale of textile fibres	46761	High impact
Aquafil Oceania	Included	Commission trade of textiles. clothing. fur. footwear and leather goods	46190	High impact
Bluloop	Included	Retail sale via mail order houses or via Internet	4791	High impact
Aqualeuna	Included	Engineering activities and related technical consultancy	7112	Not high impact
	Included	Manufacture of other general-purpose machinery	2829	High impact
	Included	Wholesale of chemical products	4675	High impact
Aquafil UK	Included		1310	High impact
Aquafil Carpet Recycling #2	Included	Materials Recovery Facilities	3832	High impact
Aquafil India	Not included			
Nofir	Not included			
Poly - Service SAS (FR)	Not included			
Acca S.p.A.	Not included			

Aquafil does not buy energy from nuclear sources, but a percentage of the national energy mix involves nuclear sources, which have therefore been reported in Table 2.1 in section 2.1.2. The percentages of nuclear power considered in the different national mixes refer to the residual mix where available, and to the location mix for countries where the residual mix is not available.

5.5.3 GHG emissions

Greenhouse gas emissions are calculated monthly by converting the amounts of **energy consumed** into carbon dioxide equivalent (CO2eq). For this purpose, a specially developed calculation tool, the **Sustainability Web Tool**, is used to which most production plants have access and which uses energy carrier-specific **emission factors**.[1]

In 2024, there was no change in **quantification methods** other than the adoption of the Inventory Management Plan, which standardised different plants' approaches to conversions and data sharing, ensuring compliance with CRSD requirements (including the use of PCI in energy conversion).

Compared with 2023, however, the **reporting scope** has changed. Emissions were calculated according to the GHG Protocol with an "operational control" consolidation approach. Table 5.19 shows the consolidation method and the percentage of emissions considered for each entity in the scope. The companies Poly, Aquafil India, Acca and Nofir are considered as "Holdings" as Aquafil does not exercise operational control over them; the corresponding emissions are reported in Category 15 "Investments" in Table 2.4 of section 2.1.3.

TABLE 5.19 – EMISSION CALCULATION SCOPE (2024)

Company name	Country	Description	% of consolidated GHG emissions for the company
Aquafil S.p.A.	Italy	Production site and headquarters	100
Tessilquattro S.p.A.	Italy	Production site	100
AquafilSLO d.o.o.	Slovenia	Production site	100
AquafilCRO d.o.o.	Croatia	Production site	100
AquafilUK Ltd.	United Kingdom	Sales office	100
Aquafil Fibers and Polymers (Jiaxing) Co. Ltd.	China	Production site	100
Aquafil Asia Pacific Co. Ltd.	Thailand	Production site	100
Aquafil U.S.A. Inc.	USA	Production site	100
Aquafil CarpeT Recycling (ACR) #1 Inc.	USA	Production site	100
Aquafil Carpet Collection LLC	USA	Production site	100
Aquafil O'Mara	USA	Production site	100
Aquafil Carpet Recycling (ACR) #2 Inc.	USA	Sales office	100
Aquafil Engineering GmbH	Germany	Production site	100
Aquafil Aqualeuna GmbH	Germany	Sales office	100
Aquafil Tekstil Sanayi Ve Ticaret A.S.	Turkey	Sales office	100
Aquafil Chile S.p.A.	Chile	Production site	100
Aquafil Japan Corp.	Japan	Sales office	100
Aquafil Benelux France BVBA	Belgium	Sales office	100
Aquafil Oceania Pty	Australia	Sales office	100
Bluloop S.r.l. SB	Italy	Sales office	100
Acca S.p.A.	Chile	Associate	50
Nofir	Norway	Associate and commercial partner	31.66
Poly-service	France	Associate	50
Aquafil India	India	Holding	45

Compared to last year, the following **reporting** categories have been added **to Scope 3:**
- Business travelling (data was missing last year);
- Downstream leased assets (last year they were not present since they are related to the new legal entities that entered the consolidation scope).

1 Excluded are the trading companies in the scope (AquafilUK, Aquafil Benelux, Aquafil Oceania, Aquafil Turkey, Aqualeuna, ACR2, Bluloop) and production companies that were not in the 2023 reporting scope (Aquafil Japan, Aquafil Chile, Aquafil Engineering). These companies are not currently listed in the Aquafil tool. Data control is exercised by Aquafil according to indications in the Inventory Management Plan. Internal audits are conducted periodically on the data received to ensure compliance.

All categories relevant to Aquafil's production environment were accounted for. In fact, the categories "Use phase of the product sold "and "Processing of the product sold" are excluded from the quantification of GHG emissions. In the first case, Aquafil products, after being processed, have an indirect use phase and therefore their quantification is not strictly required methodologically by the GHG Protocol. In the case of "Processing of the product sold" the materiality analysis conducted according to the criteria outlined in the GHG Protocol and adopted by Aquafil in its Inventory Management Plan showed a material sub-threshold. Emissions originating from this emission source were quantified by the company in order to conduct the materiality assessment accurately but not reported as they were not material.

Currently, Aquafil **does not use primary data obtained from suppliers** in the calculation of Scope 3 emissions. Primary data obtained from suppliers means the specific emission factors for the products purchased; in the case of Aquafil, supplier engagement began in 2024 but is currently being evaluated.

Table 5.20 shows the **source of the data used to calculate emissions** and the quantification approaches (CDP compliant).

TABLE 5.20 – EMISSION QUANTIFICATION APPROACHES

GHG Protocol Categories	Quantification approach used
Scope 1 Direct emissions	Site-specific method; average data method
Scope 2 Market- and Location-Based	Site-specific method; average data method
Scope 3.1 Purchased goods and services	Site-specific; spend-based; average product method
Scope 3.2 Capital goods	Spend-based method
Scope 3.3 Fuel and energy-related activities	Site-specific method; fuel-based method
Scope 3.4 Upstream transportation and distribution	Distance-based method; spend-based method
Scope 3.5 Waste generated in operations	Waste-type-specific method
Scope 3.6 Business travelling	Spend-based method
Scope 3.7 Employee commuting	Average data method; distance-based method
Scope 3.9 Downstream transportation	Distance-based method; average data method
Scope 3.12 End-of-life treatment of sold products	Average data method; waste-type-specific method
Scope 3.13 Downstream leased assets	Average data method
Scope 3.15 Investments	Average data method

Table 5.21 shows the databases used for emission factors and their version.

TABLE 5.21 – DATABASES USED FOR EMISSION FACTORS

Database	Version
Ecoinvent	3.11
Bilan carbon (Ademe)	v17
IEA	IEA Emission Factor Package 2024
EXIOBASE/EPA	2019

Assumptions on commuting habits were made for all establishments on a national basis (except Aquafil China, which carried out a survey). Data not provided but derived from assumptions on literature are also related to:

- Energy consumption (natural gas and electricity) for new companies and leased assets (upstream and downstream) estimated by AQUAFIL from literature (EURAC)
- Water consumption for new companies estimated from national literature where available
- End-of-life treatments according to EPD and literature indications (metals)
- Outsourced treatments estimated from databanks and literature

5.6 WATER RESOURCES – ADDITIONAL DATA

TABLE 5.22 – WATER DISCHARGES VOLUMES BY WATER STRESS AREAS, IN M3 (2024)

Source	Plant	Stress	UM	Total
Surface water discharges	Aquafil	1-2	m^3	780,154
Discharge to surface facilities (industrial use)	AquafilSLO - Ljubljana	0-1	m^3	340,591
	AquafilSLO - Celje		m^3	
	Aquafil	1-2	m^3	143,147
	AquafilCRO		m^3	
	Tessilquattro		m^3	
	Aquafil USA		m^3	
	Tessilquattro - Rovereto		m^3	
	O'Mara		m^3	
	Aquafil China	3-4	m^3	10,191
	Aquafil Carpet Recycling #1		m^3	
Discharge to surface systems (civil use)	AquafilSLO - Ljubljana	0-1	m^3	13,925
	AquafilSLO - Celje		m^3	
	AquafilSLO - Ajdovscina		m^3	
	AquafilSLO - Senozece		m^3	
	Aquafil	1-2	m^3	52,421
	AquafilCRO		m^3	
	Tessilquattro		m^3	
	Aquafil USA		m^3	
	Tessilquattro - Rovereto		m^3	
	O'Mara		m^3	
	Asia Pacific	2-3	m^3	1,008
	Aquafil China	3-4	m^3	5,033
	Aquafil Carpet Recycling #1		m^3	
	Phoenix		m^3	
	Anaheim		m^3	
	Miramar	4-5	m^3	1,429
	Chula Vista		m^3	

Overall Water Risk

Low (0-1)

Low-Medium (1-2)

Medium-High (2-3)

High (3-4)

Extremely High (4-5)

5.7 BIODIVERSITY – ADDITIONAL DATA

TABLE 5.23 – SENSITIVE AREAS WITHIN 10 KM OF GROUP PLANTS, IN EUROPE AND NORTH AMERICA

Name of the area	Country	Directive/Protection Mechanism	Site code or classification
Panorama Nature Reserve	California	IUCN	V Protected landscape
San Diego Bay National Wildlife Refuge	California	IUCN	IV: Habitat / species management
Tijuana Slough National Wildlife Ref	California	IUCN	IV: Habitat / species management
Robinhood Ridge	California	IUCN	V: Protected landscape / seascape
Newport 5 Preserve	California	IUCN	V: Protected landscape / seascape
Dennery Preserve	California	IUCN	V: Protected landscape / seascape
Los Penasquitos Canyon Preserve	California	IUCN	V: Protected landscape / seascape
Elliott Chaparral Reserve	California	IUCN	V: Protected landscape / seascape
Red Top Mountain State Park feature	Georgia	IUCN	III: Natural monument
Etowah Mounds Historic Site	Georgia	IUCN	IUCN - Unknown
Foothills Conservancy of North Carolina Easement	North Carolina	Non-Governmental Organization	Gap status 2
Foothills Conservancy of North Carolina Preserve	North Carolina	IUCN	V: Protected landscape / seascape
Monte Brione	Italy	Habitat Directive	IT3120075
Lago di Loppio	Italy	Habitat Directive	IT3120079
Manzano	Italy	Habitat Directive	IT3120111
Bus del Diaol	Italy	Habitat Directive	IT3120137
Monte Brento	Italy	Habitat Directive	IT3120115
Torbiera Lomasona	Italy	Habitat Directive	IT3120069
Fiavè	Italy	Habitat Directive	IT3120068
Marocche di Dro	Italy	Habitat Directive	IT3120074
Crinale Pichea – Rocchetta	Italy	Habitat and Birds Directive	IT3120093
Villa Rendena	Italy	Habitat Directive	IT3120152
Lago di Toblino	Italy	Habitat Directive	IT3120055
Le Sole	Italy	Habitat Directive	IT3120154
Dolomiti di Brenta	Italy	Habitat Directive	IT3120177
Brenta	Italy	Birds Directive	IT3120159
Adige	Italy	Habitat and Birds Directive	IT3120156
Laghetti di Marco	Italy	Habitat Directive	IT3120080
Monte Zugna	Italy	Habitat Directive	IT3120114
Monte Ghello	Italy	Habitat Directive	IT3120149
Pra dall'Albi - Cei	Italy	Habitat Directive	IT3120081
Talpina - Brentonico	Italy	Habitat Directive	IT3120150
Taio di Nomi	Italy	Habitat Directive	IT3120082
Servis	Italy	Habitat Directive	IT3120086
Monte Baldo di Brentonico	Italy	Habitat Directive	IT3120173
Ljubljanica - Gradaščica - Mali Graben	Slovenia	Habitat Directive	SI3000291
Ljubljansko barje	Slovenia	Birds Directive	SI5000014
Sava - Medvode - Kresnice	Slovenia	Habitat Directive	SI3000262
Dolina Vipave	Slovenia	Habitat Directive	SI3000226
Vipavski rob	Slovenia	Birds Directive	SI5000021
Kras	Slovenia	Habitat Directive	SI3000276
Voglajna pregrada Tratna - izliv v Savinjo	Slovenia	Habitat Directive	SI3000068
Volčeke	Slovenia	Habitat Directive	SI3000213
Posavsko hribovje	Slovenia	Birds Directive	SI5000026
Savinja Celje - Zidani most	Slovenia	Habitat Directive	SI3000376
Reka pri Laškem	Slovenia	Habitat Directive	SI3000358
Ocvirkova jama	Slovenia	Habitat Directive	SI3000083
Kozarica	Slovenia	Habitat Directive	SI3000368
Bistrica pri Libojah	Slovenia	Habitat Directive	SI3000314
Cerovec	Slovenia	Habitat Directive	SI3000114
Medvednica	Croatia	Habitat Directive	HR2000583

5.8 CIRCULAR ECONOMY – CALCULATION METHODOLOGY

5.8.1 Resource inflows and outflows

Material weight calculation uses consumption data collected from the SAP management system. In the absence of more precise guidance on what the legislature intends the words “technical” and “biological” to mean, Aquafil has applied the following definitions:

- **Technical materials**: “Raw materials, i.e. natural resources used for conversion to products or services, such as ores, minerals, and wood; associated process materials, i.e. materials that are needed for the manufacturing process but are not part of the final product, such as lubricants for manufacturing machinery; semi-manufactured goods or parts, including all forms of materials and components other than raw materials that are part of the final product; materials for packaging purposes, including paper, cardboard and plastics” (GRI 301, 2018).
- **Biological materials**: “Bio-based products are derived, in whole or in part, from materials of biological origin (such as plants, animals, enzymes, and microorganisms, including bacteria, fungi and yeasts)” (European Commission, 2024); and “A biomaterial is a material derived or produced from biological organisms such as plants, animals, bacteria, fungi and other life forms. These are also called biological source materials” (Penn State University, 2024).

Applying these definitions to Aquafil’s production, two biological input material streams were identified: wood and paper.

Regarding the **percentage of recyclable products sold**, we consulted the sales report and identified material codes associated with products that can be recycled, belonging to these six macro-categories:

1) Nylon 6 yarn;
2) Nylon 66 yarn;
3) Polyester yarn (PET);
4) Polypropylene yarn (Dryarn);
5) Polymer of PA6 (Polyamide 6);
6) Polymer of PA66 (Polyamide 66);
7) PP, polypropylene;
8) Calcium carbonate;
9) Master.

5.8.2 Waste

The volume of waste produced - 16,748,201 kg - is an actual and verified figure. By contrast, the end-of-life breakdown was estimated to be 58% by volume, or 9,681,430.5 kg. This is because end-of-life management is outsourced to third parties who, in some cases, do not provide detailed information about the destination of the waste. In the absence of specific data, it is therefore necessary to resort to estimates based on official waste disposal statistics provided by Eurostat for Europe, the EPA for the United States and other authoritative sources for other countries.

Each individual waste code was assigned an end-of-life based on the local statistics (i.e. the state of the facility that generated the waste) of disposal and/or recovery of the waste.

5.9 EUROPEAN TAXONOMY: TURNOVER, CAPEX AND OPEX

aquafil voluntarily adopts a double view in disclosure: the first, following the strict interpretation of the standard, which considers as eligible only the activity of producing and selling polyamide 6 polymer in granular form; the second, provided voluntarily, which looks at the entire activity of production and sales, including that of yarn. For both scenarios, the relevant data on Turnover, CapEx and OpEx are published according to the characteristics specified in the Regulations.

5.9.1 View 1 – Total production and sales activities of Aquafil (i.e. yarn)

TABLE 5.24 – TURNOVER FROM PRODUCTS AND SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES (2024)

	Economic activity (1)	Code(s) (2)	Absolute turnover (3)	Proportion of turnover (4)	Substantial contribution criteria					
					Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Pollution (8)	Circular economy (9)	Biodiversity and ecosystems (10)
	VIEW 1: Total production and sales activities of Aquafil (i.e. yarn)		Currency	%	%	%	%	%	%	%
A.	**Taxonomy-eligible activities (A.1 + A.2)**		**541,378,550**	**99.9%**	**99.5%**				**0.5%**	
	A.1 Environmentally sustainable activities (aligned with Taxonomy)									
	3.17 Manufacture of plastics in primary form (Yarn&Multi Yarn)	C20.16	273,051,683	50.4%	100%					
	4.1 Electricity generation using solar photovoltaic technology (AQCRO)	D35.11	3,393	0.0006%	100%					
	2.3 Collection and transport of non-hazardous and hazardous waste	E38.1	1,365,313	0.25%					100%	
	Overall turnover related to environmentally sustainable activities (aligned with Taxonomy) (A.1)		274,420,389	50.6%	99.5%				0.5%	
	A.2 Activities eligible for the Taxonomy but not environmentally sustainable (not aligned with the Taxonomy)									
	3.17 Manufacture of plastics in primary form	C20.16	266,931,838	49.2%						
	2.7 Material recovery from non-hazardous waste	E38.3	2,251	0.0004%						
	4.30 High-efficiency cogeneration of heat/cool and electricity from gaseous fossil fuels	D35.30	24,072	0.004%						
	Total turnover related to eligible but not environmentally sustainable activities (not aligned with Taxonomy) (A.2)		266,958,162	49.2%						
B.	**Taxonomy-non-eligible activities**									
	Turnover of Taxonomy-non-eligible activities (B)		756,321	0.1%						
	Total A + B		**542,134,871**	**100%**						

Criteria for "do no significant harm": does the activity satisfy the DNSH criteria?						Minimum safeguards (17)	Proportion of Taxonomy-eligible turnover, financial year 2024 (18)	Proportion of Taxonomy-eligible turnover, financial year 2023 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)
Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Pollution (14)	Circular economy (15)	Biodiversity and ecosystems (16)					
Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
							50.6%	**46.9%**		
Y	Y	Y	Y	Y	Y	Y	50.4%	46.9%		T
Y	Y	Y	Y	Y	Y	Y	0.0006%	N/A		T
Y	Y	Y	Y	Y	Y	Y	0.25%	N/A		N/A
							50.6%	46.9%		
							49.2%	52.6%		
							0.0004%	0.0004%		
							0.004%	N/A		
							49.2%	52.6%		

TABLE 5.25 – CAPEX FROM PRODUCTS AND SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES (2024)

	Economic activity (1)	Code(s) (2)	Absolute CapEx (3)	Proportion of CapEx (4)	Substantial contribution criteria					
					Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Pollution (8)	Circular economy (9)	Biodiversity and ecosystems (10)
	VIEW 1: Total production and sales activities of Aquafil (i.e. yarn)		Currency	%	%	%	%	%	%	%
A.	**Taxonomy-eligible activities (A.1 + A.2)**		**33,929,493**	**99.8%**	**97.4%**				**2.6%**	
	A.1 Environmentally sustainable activities (aligned with Taxonomy)									
	3.17 Manufacture of plastics in primary form (Yarn&Multi Yarn)	C20.16	20,027,680	58.9%	100%					
	2.3 Collection and transport of non-hazardous and hazardous waste	E38.1	533,510	1.6%					100%	
	Overall CapEx related to environmentally sustainable activities (aligned with Taxonomy) (A.1)		20,561,190	60.5%	97.4%				2.6%	
	A.2 Activities eligible for the Taxonomy but not environmentally sustainable (not aligned with the Taxonomy)									
	3.17 Manufacture of plastics in primary form	C20.16	13,367,831	39.3%						
	2.7 Material recovery from non-hazardous waste	E38.3	472	0.001%						
	Overall CapEx related to eligible but not environmentally sustainable activities (not aligned with Taxonomy) (A.2)		13,368,303	39.3%						
B.	**Taxonomy-non-eligible activities**									
	CapEx of Taxonomy-non-eligible activities (B)		58,158	0.2%						
	Total A + B		**33,987,651**	**100%**						

Criteria for “do no significant harm”: does the activity satisfy the DNSH criteria?						Minimum safeguards (17)	Proportion of Taxonomy-aligned CapEx, financial year 2024 (18)	Proportion of Taxonomy-aligned CapEx, financial year 2023 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)
Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Pollution (14)	Circular economy (15)	Biodiversity and ecosystems (16)					
Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
							60.5%	**57%**		
Y	Y	Y	Y	Y	Y	Y	58.9%	57%		T
Y	Y	Y	Y	Y	Y	Y	1.6%	N/A		N/A
							60.5%	57%		
							39.3%	41%		
							0.001%	N/A		
							39.3%	41%		

TABLE 5.26 – OPEX FROM PRODUCTS AND SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES (2024)

	Economic activity (1)	Code(s) (2)	Absolute OpEx (3)	Proportion of OpEx (4)	Substantial contribution criteria					
					Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Pollution (8)	Circular economy (9)	Biodiversity and ecosystems (10)
	VIEW 1: Total production and sales activities of Aquafil (i.e. yarn)		Currency	%	%	%	%	%	%	%
A.	**Taxonomy-eligible activities (A.1 + A.2)**		**24,012,288**	**100%**	**99%**				**1%**	
	A.1 Environmentally sustainable activities (aligned with Taxonomy)									
	3.17 Manufacture of plastics in primary form (Yarn&Multi Yarn)	C20.16	13,366,076	55.4%	100%					
	2.3 Collection and transport of non-hazardous and hazardous waste	E38.1	132,478	0.5%					100%	
	Overall OpEx related to environmentally sustainable activities (aligned with Taxonomy) (A.1)		13,498,554	55.9%	99%				1%	
	A.2 Activities eligible for the Taxonomy but not environmentally sustainable (not aligned with the Taxonomy)									
	3.17 Manufacture of plastics in primary form	C20.16	10,513,107	44%						
	2.7 Material recovery from non-hazardous waste	E38.3	628	0.003%						
	Overall OpEx related to eligible but not environmentally sustainable activities (not aligned with Taxonomy) (A.2)		10,513,734	43.6%						
B.	**Taxonomy-non-eligible activities**									
	OpEx of Taxonomy-non-eligible activities (B)		119,195	0%						
	Total A + B		**24,131,483**	**100%**						

TABLE 5.27 – TURNOVER RELATED TO ACTIVITY 4.30 ON THE GROUP TOTAL (2024)

Turnover	Proportion (present information in monetary amounts and percentages)					
Economic activity 4.30	CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
	Amount	%	Amount	%	Amount	%
Amount and proportion of activity 4.30 in the denominator of the applicable KPI (Turnover)	24,072	0.004%	24,072	0.004%	-	0%
Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI (Turnover)	24,072	0.004%	24,072	0.004%	-	0%

	Criteria for "do no significant harm": does the activity satisfy the DNSH criteria?						Minimum safeguards (17)	Proportion of Taxonomy-aligned OpEx, financial year 2024 (18)	Proportion of Taxonomy-aligned OpEx, financial year 2023 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)
	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Pollution (14)	Circular economy (15)	Biodiversity and ecosystems (16)					
	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
								55.9%	**47.4%**		
	Y	Y	Y	Y	Y	Y	Y	55.4%	47.4%		T
	Y	Y	Y	Y	Y	Y	Y	0.5%	N/A		N/A
								55.9%	47.4%		
								44%	52%		
								0.003%	N/A		
								43.6%	52%		

5.9.2 View 2 – Production and sale of polyamide 6 polymer (PA6) in granular form

TABLE 5.28 – TURNOVER FROM PRODUCTS AND SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES (2024)

	Economic activity (1)	Code(s) (2)	Absolute turnover (3)	Proportion of turnover (4)	Substantial contribution criteria					
					Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Pollution (8)	Circular economy (9)	Biodiversity and ecosystems (10)
	VIEW 2: Production and sale of polyamide 6 polymer (PA6) in granular form		Currency	%	%	%	%	%	%	%
A.	**Taxonomy-eligible activities (A.1 + A.2)**		**62,116,767**	**11.5%**	**89.2%**				**10.8%**	
	A.1 Environmentally sustainable activities (aligned with Taxonomy)									
	3.17 Manufacture of plastics in primary form (Yarn&Multi Yarn)	C20.16	11,226,043	2.1%	100%					
	4.1 Electricity generation using solar photovoltaic technology (AQCRO)	D35.11	3,393	0.0006%	100%					
	2.3 Collection and transport of non-hazardous and hazardous waste	E38.1	1,365,313	0.25%					100%	
	Overall turnover related to environmentally sustainable activities (aligned with Taxonomy) (A.1)		12,594,749	2.3%	89.2%				10.8%	
	A.2 Activities eligible for the Taxonomy but not environmentally sustainable (not aligned with the Taxonomy)									
	3.17 Manufacture of plastics in primary form	C20.16	49,495,695	9.1%						
	2.7 Material recovery from non-hazardous waste	E38.3	2,251	0.0004%						
	4.30 High-efficiency cogeneration of heat/cool and electricity from gaseous fossil fuels	D35.30	24,072	0.004%						
	Total turnover related to eligible but not environmentally sustainable activities (not aligned with Taxonomy) (A.2)		49,522,018	9.1%						
B.	**Taxonomy-non-eligible activities**									
	Turnover of Taxonomy-non-eligible activities (B)		480,018,104	88.5%						
	Total A + B		**542,134,871**	**100%**						

Criteria for “do no significant harm”: does the activity satisfy the DNSH criteria?						Minimum safeguards (17)	Proportion of Taxonomy-eligible turnover, financial year 2024 (18)	Proportion of Taxonomy-eligible turnover, financial year 2023 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)
Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Pollution (14)	Circular economy (15)	Biodiversity and ecosystems (16)					
Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
							2.3%	**1.6%**		
Y	Y	Y	Y	Y	Y	Y	2.1%	1.6%		T
Y	Y	Y	Y	Y	Y	Y	0.0006%	N/A		T
Y	Y	Y	Y	Y	Y	Y	0.25%	N/A		N/A
							2.3%	1.6%		
							9.1%	5.9%		
							0.0004%	0.0004%		
							0.004%	N/A		
							9.1%	6%		

TABLE 5.29 – CAPEX FROM PRODUCTS AND SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES (2024)

	Economic activity (1)	Code(s) (2)	Absolute CapEx (3)	Proportion of CapEx (4)	Substantial contribution criteria					
					Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Pollution (8)	Circular economy (9)	Biodiversity and ecosystems (10)
	VIEW 2: Production and sale of polyamide 6 polymer (PA6) in granular form		Currency	%	%	%	%	%	%	%
A.	**Taxonomy-eligible activities (A.1 + A.2)**		**8,486,070**	**25%**	**91.1%**				**8.9%**	
	A.1 Environmentally sustainable activities (aligned with Taxonomy)									
	3.17 Manufacture of plastics in primary form (Yarn&Multi Yarn)	C20.16	5,482,956	16.1%	100%					
	2.3 Collection and transport of non-hazardous and hazardous waste	E38.1	533,510	1.6%					100%	
	Overall CapEx related to environmentally sustainable activities (aligned with Taxonomy) (A.1)		6,016,466	17.7%	91.1%				8.9%	
	A.2 Activities eligible for the Taxonomy but not environmentally sustainable (not aligned with the Taxonomy)									
	3.17 Manufacture of plastics in primary form	C20.16	2,469,133	7.3%						
	2.7 Material recovery from non-hazardous waste	E38.3	472	0.001%						
	Overall CapEx related to eligible but not environmentally sustainable activities (not aligned with Taxonomy) (A.2)		2,469,605	7.3%						
B.	**Taxonomy-non-eligible activities**									
	CapEx of Taxonomy-non-eligible activities (B)		25,501,581	75%						
	Total A + B		**33,987,651**	**100%**						

Criteria for “do no significant harm”: does the activity satisfy the DNSH criteria?						Minimum safeguards (17)	Proportion of Taxonomy-aligned CapEx, financial year 2024 (18)	Proportion of Taxonomy-aligned CapEx, financial year 2023 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)
Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Pollution (14)	Circular economy (15)	Biodiversity and ecosystems (16)					
Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
							17.7%	**16%**		
Y	Y	Y	Y	Y	Y	Y	16.1%	16%		T
Y	Y	Y	Y	Y	Y	Y	1.6%	N/A		N/A
							17.7%	16%		
							7.3%	5%		
							0.001%	N/A		
							7.3%	5%		

TABLE 5.30 – OPEX FROM PRODUCTS AND SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES (2024)

	Economic activity (1)	Code(s) (2)	Absolute OpEx (3)	Proportion of OpEx (4)	Substantial contribution criteria					
					Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Pollution (8)	Circular economy (9)	Biodiversity and ecosystems (10)
	VIEW 2: Production and sale of polyamide 6 polymer (PA6) in granular form		Currency	%	%	%	%	%	%	%
A.	**Taxonomy-eligible activities (A.1 + A.2)**		**5,210,854**	**21.6%**	**95.9%**				**4.1%**	
	A.1 Environmentally sustainable activities (aligned with Taxonomy)									
	3.17 Manufacture of plastics in primary form (Yarn&Multi Yarn)	C20.16	3,145,655	13%	100%					
	2.3 Collection and transport of non-hazardous and hazardous waste	E38.1	132,478	0.5%					100%	
	Overall OpEx related to environmentally sustainable activities (aligned with Taxonomy) (A.1)		3,278,133	14%	95.9%				4.1%	
	A.2 Activities eligible for the Taxonomy but not environmentally sustainable (not aligned with the Taxonomy)									
	3.17 Manufacture of plastics in primary form	C20.16	1,932,093	8%						
	2.7 Material recovery from non-hazardous waste	E38.3	628	0.003%						
	Overall OpEx related to eligible but not environmentally sustainable activities (not aligned with Taxonomy) (A.2)		1,932,721	8%						
B.	**Taxonomy-non-eligible activities**									
	OpEx of Taxonomy-non-eligible activities (B)		18,920,630	78.4%						
	Total A + B		**24,131,483**	**100%**						

TABLE 5.31 – TURNOVER RELATED TO ACTIVITY 4.30 ON GROUP TOTAL (2024)

Turnover	Proportion (present information in monetary amounts and percentages)					
Economic activity 4.30	CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
	Amount	%	Amount	%	Amount	%
Amount and proportion of activity 4.30 in the denominator of the applicable KPI (Turnover)	24,072	0.004%	24,072	0.004%	-	0%
Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI (Turnover)	24,072	0.004%	24,072	0.004%	-	0%

Criteria for “do no significant harm”: does the activity satisfy the DNSH criteria?						Minimum safeguards (17)	Proportion of Taxonomy-aligned OpEx, financial year 2024 (18)	Proportion of Taxonomy-aligned OpEx, financial year 2023 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)
Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Pollution (14)	Circular economy (15)	Biodiversity and ecosystems (16)					
Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
							13.6%	**17.6%**		
Y	Y	Y	Y	Y	Y	Y	13%	17.6%		T
Y	Y	Y	Y	Y	Y	Y	0.5%	N/A		N/A
							13.6%	17.6%		
							8%	5.5%		
							0.003%	N/A		
							8%	5.5%		

5.9.3 Methodological approach

Calculation of indicators

The Taxonomy requires entities reporting on sustainability to set out the percentage of eligible and aligned activities each year through three key performance indicators (hereafter also" KPIs"), according to the specifications outlined in the Regulation. These indicators relate to: turnover, capital expenditures ("CapEx") and operating expenditures ("OpEx"). In addition, a view is required to facilitate comparison with the previous year's data.

Data collection process

In addition to quantitative data, the Regulation calls for qualitative disclosure. Specifically, the discussion should focus on: how turnover, CapEx and OpEx are allocated to the numerator, the method used and the assumptions to determine the proportion of turnover, CapEx and OpEx for each economic activity.

Turnover

The KPI numerator corresponds to the revenues defined as aligned according to the criteria provided by the EU Taxonomy. Specifically, the Group's turnover aligned with the Taxonomy are the total sum of the gross revenues from sales related to the activity "ECONYL® Regeneration System and other environmentally sustainable activities" (activity 3.17), those related to activity 2.3 referring to revenues from the sale of post-consumer material by Aquafil Carpet Collection and those related to activity 4.1 referring to revenues from the sale of energy produced by the photovoltaic system installed at the Aquafil CRO plant. The denominator of the indicator, on the other hand, corresponds to the total net revenues of the Group, as defined within the Consolidated Income Statement.

CapEx

The numerator of the KPI, i.e. the aligned proportion of capital expenditures, corresponds to the amount of CapEx related to the activity "ECONYL® Regeneration System and other environmentally sustainable activities" and activity 2.3. This proportion was determined in two main ways:

- in the case of expenses directly attributable to the activities described above, these were valued on the basis of the primary figure recorded;
- in the case of expenses not directly attributable to the activity, the allocation of costs was made in proportion to the percentage of aligned turnover to total turnover.

The total CapEx figures (KPI denominator) correspond to the increases for the year, as reported in the consolidated financial statements at December 31, 2024. In line with the provisions of point 1.1.2.1. of Annex I to the Delegated Regulation (EU) 2021/2178, CapEx also included expenses incurred on leased assets, accounted for in accordance with IFRS 16, and expenses incurred for sample development, accounted for in accordance with IAS 38. Both of these types of CapEx were allocated using the methodology outlined above.

Maintenance OpEx

The numerator of the KPI, i.e. the maintenance costs aligned with the Taxonomy refer to all maintenance costs related to the activity "ECONYL® Regeneration System and other environmentally sustainable activities" and the aligned activity 2.3. The alignment data were provided directly by Management Control based on the bills of materials entered within the management ERP. The data of total maintenance (the denominator of the KPI) correspond to those included in the consolidated financial statements at Decembre 31, 2024. The Aquafil Group presents an income statement by nature and not by purpose, so the maintenance item is included partly in Service costs and partly in Material purchase costs (e.g. spare parts).

OpEx R&D - Research

The numerator of the KPI, i.e. research costs aligned with the Taxonomy refer to all project-related costs:

- related to the development/optimisation of products related to the activity "ECONYL® Regeneration System and other environmentally sustainable activities".
- related to the development of new environmentally sustainable products/processes (e.g. use of natural pigments). Data on total research costs (denominator of the KPI) are derived from the reporting, internally, of all costs (i.e. personnel costs, consumables) related to the individual research projects described above.

OpEx R&D - Development

The numerator of the KPI, i.e. development costs aligned with the Taxonomy, is derived from the reporting of all processed samples attributable to the “ECONYL® Regeneration System and other environmentally sustainable activities. Data on total development costs (denominator of the KPI) are derived from the reporting within the Group ERP of all samples produced during 2024.

5.10 AQUAFIL PERSONNEL - ADDITIONAL DATA

TABLE 5.32 – GENDER PAY GAP BY COMPANY AND PROFESSIONAL ROLE - EXCLUDING VARIABLE COMPONENTS AND BENEFITS (2024)

	Senior Management	Executives	Managers	White-collar	Blue-collar
Jiaxing - Aquafil China		N/A - Male only	5.6%	2.1%	10.7%
Oroslavje - AquafilCRO			16.4%	14.8%	19.9%
Cares - Tessilquattro			-14.9%	23.2%	-3.5%
Rovereto - Tessilquattro			N/A - Male only	30.6%	13.2%
Cartersville (Georgia) - 1 Aquafil Drive USA 1	N/A - Male only	N/A - Male only	26.3%	33.1%	13.7%
Cartersville (Georgia) - 101 Fiber Drive USA 2			N/A - Male only	N/A - Women only	11.5%
Phoenix - Aquafil Carpet Recycling #1			N/A - Male only	51.4%	28.1%
Ajdovscina - AquafilSLO			N/A - Male only		N/A - Male only
Celje - AquafilSLO		N/A - Male only	N/A - Male only	N/A - Women only	10.4%
Ljubljana - AquafilSLO	N/A - Male only	40.5%	-7.1%	-0.3%	23.2%
Senozece - AquafilSLO			N/A - Male only		-1.3%
Aquafil Carpet Collection LLC		N/A - Male only	12.0%	N/A - Women only	N/A - Male only
Rutherford College - Aquafil O’Mara		N/A - Male only	5.7%	-3.5%	7.4%
Arco - Aquafil	N/A - Male only	16.5%	19.1%	19.2%	8.9%
Kilbirnie - AquafilUK		N/A - Male only			
Rayong - Asia Pacific			N/A - Male only	-18.3%	-10.8%
Istanbul - Aquafil Textil Sanayi			N/A - Male only	N/A - Women only	N/A - Male only
Harelbeke - Aquafil Benelux France B.V.B.A.		N/A - Women only	N/A - Male only	30.8%	
Melbourne - Aquafil Oceania Pty Ltd.		N/A - Male only		N/A - Male only	
Berlin - Aquafil Engineering GmbH		N/A - Male only		18.6%	

The gender pay gap is calculated using the following formula: (male pay level - female pay level) / male pay level. If the ratio is positive, the average male wage level is higher than the average female wage level; if the ratio is negative, the average female wage level is higher than the average male wage level.

5.11 ESRS - TABLE OF CONTENTS

TABLE 5.33 – ESRS CONTENT INDEX

Reporting requirement		Sustainability Statement section
ESRS 2 - General disclosures		
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BP-2	Disclosures in relation to specific circumstances	1.1 Methodological note
GOV-1	The role of the administrative, management and supervisory bodies	1.5.1 Main governing bodies
GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	1.5.1 Main governing bodies
GOV-3	Integration of sustainability-related performance in incentive schemes	1.5.2 Our remuneration policy
GOV-4	Statement on due diligence	1.5.3 Risk management system
GOV-5	Risk management and internal controls over sustainability reporting	1.5.3 Risk management system
SBM-1	Strategy, business model and value chain	1.2.1 Who we are 1.2.4 Our value chains 1.3 Our ESG strategy
SBM-2	Interests and views of stakeholders	4.8 Dialogue with stakeholders
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	1.4 Materiality analysis 5.4 Impacts, risks and opportunities
IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	1.4 Materiality analysis
IRO-2	Disclosure Requirements in ESRS covered by the undertaking's sustainability statement	5.11 ESRS Content Index
E1 - Climate change		
E1-1	Transition plan for climate change mitigation	2.1 Climate change
ESRS 2, SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	2.1 Climate change 5.4 Impacts, risks and opportunities 2.1.1 Climate change risk
ESRS 2, IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	1.4 Materiality analysis
E1-2	Policies related to climate change mitigation and adaptation	2.1 Climate change 1.3.5 Aquafil's policies
E1-3	Actions and resources in relation to climate change policies	2.1 Climate change 2.1.2 Energy consumption 2.5.3 ECONYL®: the infinite thread, like imagination 3.3.3 Collaboration for eco-design and the creation of circular supply chains
E1-4	Targets related to climate change mitigation and adaptation	1.3.3 Goals and progress against targets 2.1 Climate change
E1-5	Energy consumption and mix	2.1.2 Energy consumption
E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	2.1.3 Emissions
E2 - Pollution		
ESRS 2 IRO-1	Description of the processes to identify and assess material pollution-related impacts, risks and opportunities	1.4 Materiality analysis
ESRS 2, SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	2.2 Pollution 5.4 Impacts, risks and opportunities
E2-1	Policies related to pollution	2.2 Pollution 1.3.5 Aquafil's policies
E2-2	Actions and resources related to pollution	2.2 Pollution
E2-3	Targets related to pollution	1.3.3 Goals and progress against targets
E2-4	Pollution of air, water and soil	2.2 Pollution 2.3.2 Water discharge
E2-5	Substances of concern and substances of very high concern (phase in)	3.3.1 Product management, health and safety 4.7.1 Product certifications
E3 - Water and marine resources		
ESRS 2 IRO-1	Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities	1.4 Materiality analysis
ESRS 2, SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	2.3 Water resources 5.4 Impacts, risks and opportunities
E3-1	Policies related to water and marine resources	2.3 Water resources 1.3.5 Aquafil's policies
E3-2	Actions and resources related to water and marine resources	2.3 Water resources 2.3.1 Water consumption
E3-3	Targets related to water and marine resources	1.3.3 Goals and progress against targets
E3-4	Water consumption	2.3.1 Water consumption

Reporting requirement		Sustainability Statement section
ESRS E4 - Biodiversity and ecosystems		
ESRS 2 IRO-1	Description of the processes to identify and assess material biodiversity and ecosystem-related impacts, risks and opportunities	1.4 Materiality analysis 2.4 Biodiversity 2.4.1 Biodiversity Impact Assessment 2.4.2 Biodiversity Risk Assessment
ESRS 2, SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	2.4.1 Biodiversity Impact Assessment 2.4.2 Biodiversity Risk Assessment 5.4 Impacts, risks and opportunities
E4-1	Transition plan and consideration of biodiversity and ecosystems in strategy and business model	2.4 Biodiversity
E4-2	Policies related to biodiversity and ecosystems	2.4 Biodiversity 1.3.5 Aquafil's policies
E4-3	Actions and resources related to biodiversity and ecosystems	2.4.1 Biodiversity Impact Assessment
E4-4	Targets related to biodiversity and ecosystems	1.3.3 Goals and progress against targets 2.4 Biodiversity
E4-5	Impact metrics related to biodiversity and ecosystems change	2.4.1 Biodiversity Impact Assessment
ESRS E5 - Circular economy		
ESRS 2 IRO-1	Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities	1.4 Materiality analysis 2.5 Circular economy
ESRS 2, SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	2.5 Circular economy 5.4 Impacts, risks and opportunities 2.5.3 ECONYL®: the infinite thread, like imagination
E5-1	Policies related to resource use and circular economy	1.3.5 Aquafil's policies 2.5.1 Resource inflows and outflows
E5-2	Actions and resources related to resource use and circular economy	1.2.5 The power of conscious innovation 2.5.3 ECONYL®: the infinite thread, like imagination 3.3.3 Collaboration for eco-design and the creation of circular supply chains
E5-3	Targets related to resource use and circular economy	1.3.3 Goals and progress against targets 2.5 Circular economy 2.5.3 ECONYL®: the infinite thread, like imagination
E5-4	Resource inflows	2.5.1 Resource inflows and outflows
E5-5	Resource outflows	2.5.1 Resource inflows and outflows 2.5.2 Waste
ESRS S1 – Own workforce		
ESRS 2, SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	3.1 The people of Aquafil 5.4 Impacts, risks and opportunities
S1-1	Policies related to own workforce	1.3.5 Aquafil's policies 3.1.1 Building an equitable and inclusive environment 4.1 Code of Conduct
S1-2	Processes for engaging with own workers and workers' representatives about impacts	1.4 Materiality analysis 4.8 Dialogue with stakeholders 3.1.1 Building an equitable and inclusive environment
S1-3	Processes to remediate negative impacts and channels for own workers to raise concerns	3.1 The people of Aquafil (and subsections) 4.4. Whistleblowing system 5.4 Impacts, risks and opportunities
S1-4	Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	3.1 The people of Aquafil (and subsections) 5.4 Impacts, risks and opportunities
S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	1.3.3 Goals and progress against targets
S1-6	Characteristics of the undertaking's employees	3.1 The people of Aquafil
S1-8	Collective bargaining coverage and social dialogue	3.1.1 Building an equitable and inclusive environment
S1-9	Diversity metrics	3.1.1 Building an equitable and inclusive environment
S1-10	Adequate wages	3.1.1 Building an equitable and inclusive environment
S1-13	Training and skills development metrics	3.1.3 Fostering personal and professional growth
S1-14	Health and safety metrics	3.1.2 Promoting safety and well-being
S1-16	Remuneration metrics (pay gap and total remuneration)	3.1.1 Building an equitable and inclusive environment
S1-17	Incidents, complaints and severe human rights impacts	3.1.1 Building an equitable and inclusive environment 4.1 Code of Conduct 4.4. Whistleblowing system

Reporting requirement		Sustainability Statement section
ESRS S2 - Workers in the value chain		
ESRS 2, SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	3.2 Workers in the value chain 5.4 Impacts, risks and opportunities
S2-1	Policies related to value chain workers	3.2 Workers in the value chain
S2-2	Processes for engaging with value chain workers about impacts	1.4 Materiality analysis 3.2 Workers in the value chain
S2-3	Processes to remediate negative impacts and channels for value chain workers to raise concerns	3.2 Workers in the value chain 1.5.3 Risk management system 4.4. Whistleblowing system
S2-4	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	3.2 Workers in the value chain 1.5.3 Risk management system
S2-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	1.3.3 Goals and progress against targets
ESRS S3 - Affected communities		
ESRS 2, SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	3.4 Local communities 5.4 Impacts, risks and opportunities
S3-1	Policies related to affected communities	1.3.5 Aquafil's policies 3.4 Local communities
S3-2	Processes for engaging with affected communities about impacts	3.4 Local communities 4.8 Dialogue with stakeholders
S3-3	Processes to remediate negative impacts and channels for affected communities to raise concerns	4.4. Whistleblowing system
S3-4	Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions	3.4 Local communities
S3-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	3.4 Local communities
ESRS S4 – Consumers and end-users		
ESRS 2, SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	3.3 Consumers and end-users 5.4 Impacts, risks and opportunities
S4-1	Policies related to consumers and end-users	
S4-2	Processes for engaging with consumers and end-users about impacts;	3.3 Consumers and end-users 4.8 Dialogue with stakeholders 3.3.2 Inclusive and transparent communication, against greenwashing
S4-4	Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions;	3.3 Consumers and end-users (and subsections)
S4-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	1.3.3 Goals and progress against targets
ESRS G1 - Business conduct		
ESRS 2, GOV-1	The role of the administrative, management and supervisory bodies	1.5.1 Main governing bodies 4. Business conduct
ESRS 2, IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	1.4 Materiality analysis 4. Business conduct
G1-1	Corporate culture and business conduct policies	4. Business conduct 4.1 Code of Conduct 4.2 231 Model 4.3 Anti-corruption policies 4.4 Whistleblowing system
G1-2	Management of relationships with suppliers	3.2 Workers in the value chain
G1-3	Prevention and detection of corruption and bribery	4.3 Anti-corruption policies
G1-4	Confirmed incidents of corruption or bribery	4.3 Anti-corruption policies 4.4 Whistleblowing system
G1-5	Political influence and lobbying activities	4.6 Political influence and advocacy

TABLE 5.34 – LIST OF DATAPOINTS IN CROSS-CUTTING AND TOPICAL STANDARDS THAT DERIVE FROM OTHER EU LEGISLATION

Disclosure requirement and related datapoint	SFDR reference (1)	Pillar 3 Reference (2)	Benchmark Regulation Reference (3)	EU Climate Law Reference (4)	Sustainability Statement section
ESRS 2 GOV-1 Board's gender diversity, paragraph 21(d)	X		X		1.5.1 Main governing bodies
ESRS 2 GOV-1 Percentage of board members who are independent, paragraph 21(e)			X		1.5.1 Main governing bodies
ESRS 2 GOV-4 Statement on due diligence, paragraph 30	X				1.5.3 Risk management system
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities, paragraph 40(d)(i)	X	X	X		Not material
ESRS 2 SBM-1 Involvement in activities related to chemical production, paragraph 40(d)(ii)	X		X		Not material
ESRS 2 SBM-1 Involvement in activities related to controversial weapons, paragraph 40(d)(iii)	X		X		Not material
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco, paragraph 40(d)(iv)			X		Not material
ESRS E1-1 Transition plan to reach climate neutrality by 2050, paragraph 14				X	2.1 Climate change
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks paragraph 16(g)		X	X		Not material
ESRS E1-4 GHG emission reduction targets, paragraph 34	X	X	X		2.1 Climate change
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors), paragraph 38	X				2.1.2 Energy consumption
ESRS E1-5 Energy consumption and mix, paragraph 37	X				2.1.2 Energy consumption
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors, paragraphs 40 to 43	X				2.1.2 Energy consumption
ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions, paragraph 44	X	X	X		2.1.3 GHG emissions
ESRS E1-6 Gross GHG emissions intensity, paragraphs 53 to 55	X	X	X		2.1.3 GHG emissions
ESRS E1-7 GHG removals and carbon credits, paragraph 56				X	Not material
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks, paragraph 66			X		Phase-in
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk, paragraph 66(a) ESRS E1-9 Location of significant assets at material physical risk, paragraph 66(c)		X			Phase-in
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes, paragraph 67(c)		X			Phase-in
ESRS E1-9 Degree of exposure of the portfolio to climate-related opportunities, paragraph 69			X		Phase-in
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, paragraph 28	X				2.2 Pollution
ESRS E3-1 Water and marine resources, paragraph 9	X				2.3 Water resources
ESRS E3-1 Dedicated policy, paragraph 13	X				2.3 Water resources

Disclosure requirement and related datapoint	SFDR reference (1)	Pillar 3 Reference (2)	Benchmark Regulation Reference (3)	EU Climate Law Reference (4)	Sustainability Statement section
ESRS E3-1 Sustainable oceans and seas, paragraph 14	X				Not material for direct operations
ESRS E3-4 Total water recycled and reused, paragraph 28(c)	X				Not available
ESRS E3-4 Total water consumption in m3 per net revenue on own operations, paragraph 29	X				2.3.1 Water consumption
ESRS 2 SBM-3 - E4 paragraph 16(a)(i)	X				2.4.1 Biodiversity Impact Assessment
ESRS 2 SBM-3 – E4 paragraph 16(b)	X				2.4.1 Biodiversity Impact Assessment and 5.4 Impacts, risks and opportunities
ESRS 2 SBM-3 – E4 paragraph 16(c)	X				Not material
ESRS E4-2 Sustainable land/agriculture practices or policies, paragraph 24(b)	X				Not material
ESRS E4-2 Sustainable oceans/seas practices or policies, paragraph 24(c)	X				Not material
ESRS E4-2 Policies to address deforestation, paragraph 24(d)	X				Not material
ESRS E5-5 Non-recycled waste, paragraph 37(d)	X				2.5.2 Waste
ESRS E5-5 Hazardous waste and radioactive waste, paragraph 39	X				2.5.2 Waste
ESRS 2 – SBM3 – S1 Risk of incidents of forced labour, paragraph 14(f)	X				Not material
ESRS 2 – SBM3 – S1 Risk of incidents of child labour, paragraph 14(g)	X				Not material
ESRS S1-1 Human rights policy commitments, paragraph 20	X				3.1.1 Building an equitable and inclusive environment
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labour Organization Conventions 1 to 8, paragraph 21			X		3.1.1 Building an equitable and inclusive environment
ESRS S1-1 Processes and measures for preventing trafficking in human beings, paragraph 22	X				3.1.1 Building an equitable and inclusive environment
ESRS S1-1 Workplace accident prevention policy or management system, paragraph 23	X				3.1.2 Promoting safety and well-being
ESRS S1-3 Grievance/complaints handling mechanisms, paragraph 32(c)	X				3.1.1 Building an equitable and inclusive environment and 4.4 Whistleblowing system
ESRS S1-14 Number of fatalities and number and rate of work-related accidents, paragraph 88(b) and (c)	X		X		3.1.2 Promoting safety and well-being
ESRS S1-14 Number of days lost due to injuries, accidents, fatalities or illness, paragraph 88(e)	X				3.1.2 Promoting safety and well-being
ESRS S1-16 Unadjusted gender pay gap, paragraph 97(a)	X		X		3.1.1 Building an equitable and inclusive environment
ESRS S1-16 Excessive CEO pay ratio, paragraph 97(b)	X				3.1.1 Building an equitable and inclusive environment
ESRS S1-17 Incidents of discrimination, paragraph 103(a)	X				3.1.1 Building an equitable and inclusive environment
ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD, paragraph 104(a)	X		X		3.1.1 Building an equitable and inclusive environment
ESRS 2 SBM-3 - S2 Significant risk of child labour or forced labour in the value chain, paragraph 11(b)	X				3.2 Workers in the value chain
ESRS S2-1 Human rights policy commitments, paragraph 17	X				3.2 Workers in the value chain
ESRS S2-1 Policies related to value chain workers, paragraph 18	X				3.2 Workers in the value chain
ESRS S2-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines, paragraph 19	X		X		3.2 Workers in the value chain

Disclosure requirement and related datapoint	SFDR reference (1)	Pillar 3 Reference (2)	Benchmark Regulation Reference (3)	EU Climate Law Reference (4)	Sustainability Statement section
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labour Organization Conventions 1 to 8, paragraph 19			X		3.2 Workers in the value chain
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain, paragraph 36	X				3.2 Workers in the value chain and 4.4 Whistleblowing system
ESRS S3-1 Human rights policy commitments, paragraph 16	X				3.4 Support for local communities
ESRS S3-1 Non-respect of UNGPs on Business and Human Rights, ILO principles or OECD guidelines, paragraph 17	X		X		3.2 Workers in the value chain
ESRS S3-4 Human rights issues and incidents, paragraph 36	X				3.3.1 Commitment to affected communities (actions)
ESRS S4-1 - Policies related to consumers and end-users, paragraph 16	X				Not available
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines, paragraph 17	X		X		Not available
ESRS S4-4 Human rights issues and incidents, paragraph 35	X				3.2 Workers in the value chain and 4.4 Whistleblowing system
ESRS G1-1 United Nations Convention against corruption, paragraph 10(b)	X				4.3 Anti-corruption policies
ESRS G1-1 Protection of whistleblowers, paragraph 10(d)	X				4.4 Whistleblowing system
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws paragraph 24(a)	X		X		4.3 Anti-corruption policies
ESRS G1-4 Standards of anti-corruption and anti-bribery, paragraph 24(b)	X				4.3 Anti-corruption policies

Report on the Audit of the Sustainability Statement

pwc

Independent auditor's limited assurance report on the consolidated sustainability statement

in accordance with article 14-bis of Legislative Decree No. 39 of 27 January 2010

To the shareholders of Aquafil 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 statement of the Aquafil Group (hereinafter also the "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 statement of the Aquafil 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 paragraph "2.6 Alignment with the European Taxonomy" of the consolidated sustainability statement 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 Statement* 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 consolidated sustainability statement for the year ended 31 December 2024 contains, in the specific paragraph "2.6 Alignment with the European Taxonomy", the comparative information referred to in article 8 of the Taxonomy Regulation in relation to the year ended 31 December 2023, which was not subjected to any assurance procedures.

Responsibilities of the directors and the board of statutory auditors of Aquafil SpA for the consolidated sustainability statement

The directors of Aquafil SpA are responsible for developing and implementing the procedures adopted to identify the information included in the consolidated sustainability statement in accordance with the provisions of the ESRS (hereinafter the "materiality assessment process") and for describing those procedures in the note "1.4 Materiality Analysis" of the consolidated sustainability statement.

The directors are also responsible for preparing the consolidated sustainability statement, 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;
- its compliance with article 8 of the Taxonomy Regulation of the information set out in paragraph "2.6 Alignment with the European Taxonomy".

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 statement 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.

Inherent limitations in the preparation of the consolidated sustainability statement

As reported in paragraph "1.1 Methodological note", forward-looking information reporting requires Directors to generate such data based on assumptions, outlined in sustainability reporting, regarding future events and potential actions the Group might take. Given the inherent uncertainty associated with the occurrence of future events, both with respect to their actual occurrence and with respect to their scale and timing, it is possible that there may be significant discrepancies between the forward-looking information and the actual data.

As reported in paragraph "2.1.3 GHG emissions", information on Scope 3 emissions is inherently more limited than Scope 1 and 2 emissions information. This is due to the limited availability and relative accuracy of the data used to determine the emissions themselves, both quantitatively and qualitatively, along the entire value chain.

Auditor's responsibilities for the limited assurance conclusion on the consolidated sustainability statement

Our objectives are to plan and perform procedures to obtain limited assurance about whether the consolidated sustainability statement 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 statement.

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 statement and assuming full responsibility for the conclusion on the consolidated sustainability statement.

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 Aquafil SpA responsible for the preparation of the information presented in the consolidated sustainability statement, 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 statement;
- We understood the process implemented by the 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 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 statement;
- We reconciled the information reported in the consolidated sustainability statement 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 statement in accordance with the ESRS;
- We obtained management's representation letter.

Treviso, 27 March 2025

PricewaterhouseCoopers SpA

Signed by

Giorgio Simonelli
(Partner)

This report has been translated from the Italian original solely for the convenience of international readers.

Consolidated Financial Statements at December 31, 2024

Consolidated Financial Statements at December 31, 2024

CONSOLIDATED BALANCE SHEET

(in Euro thousands)	Notes	At December 31, 2024	At December 31, 2023 (*)
Intangible Assets	7.1	15,168	19,080
Goodwill	7.2	16,064	15,103
Tangible Assets	7.3	233,900	245,838
Financial Assets	7.4	969	534
of which related parties		*270*	*79*
Investments & Equity metod	7.4	1,113	1,023
Other Assets		0	0
Deferred Tax Assets		*0*	*0*
Total Non-Current Assets	7.5	29,231	18,545
Totale attività non correnti		**296,445**	**300,123**
Inventories	7.6	197,535	189,493
Trade Receivable	7.7	20,370	26,206
of which related parties		*97*	*351*
Financial Current Assets	7.4	980	5,703
of which related parties		*2*	*0*
Current Tax Receivables	7.8	1,529	1,619
Other Current Assets	7.9	8,033	14,644
of which related parties		*0*	*5,854*
Cash and Cash Equivalents	7.10	130,366	157,662
Asset held for sales		0	0
Total Current Assets		**358,813**	**395,327**
Total Current Assets		**655,258**	**695,450**
Share Capital	7.11	53,354	49,722
Reserves	7.11	121,311	101,379
Group Net Profit for the year	7.11	(16,313)	(25,849)
Group Shareholders Equity		**158,352**	**125,252**
Net Equity attributable to minority interest	7.11	0	1
Net Profit for the year attributable to minority interest	7.11	0	0
Total Sharholders Equity		**158,352**	**125,253**
Employee Benefits	7.12	4,627	5,104
Non-Current Financial Liabilities	7.13	241,535	303,551
of which related parties		*3,902*	*3,217*
Provisions for Risks and Charges	7.14	1,611	1,710
Deferred Tax Liabilities	7.5	12,808	13,324
Other Payables	7.15	4,053	5,852
of which related parties		*0*	*0*
Total Non-Current Liabilities		**264,634**	**329,541**
Current Financial Liabilities	7.14	103,208	102,585
of which related parties		*4,146*	*1,872*
Current Tax Payables	7.9	242	1,219
Trade Payables	7.16	109,178	116,006
of which related parties		*396*	*551*
Other Liabilities	7.15	19,644	20,846
of which related parties		*0*	*0*
Total Current Liabilities		**232,272**	**240,656**
Total Equity and Liabilities		**655,258**	**695,450**

(*) Please refer to section 2.4 of the Notes to the Financial Statements - Accounting principles and policies, subsection "*Exceptions to the application of international accounting standards*".

CONSOLIDATED INCOME STATEMENT

(in Euro thousands)	Notes	2024	*of which non-recurring*	2023	*of which non-recurring*
Revenue	8.1	542,135	*0*	571,806	*209*
of which related parties		*9*		*283*	
Other Revenue	8.2	8,908	*42*	8,902	*676*
of which related parties		*325*		*0*	
Total Revenue and Other Revenue		**551,043**	***42***	**580,708**	***885***
Raw Material	8.3	(250,433)	*0*	(291,620)	*(269)*
of which related parties		*0*		*0*	
Services	8.4	(122,784)	*(253)*	(126,907)	*(2,065)*
of which related parties		*(650)*		*(524)*	
Personel	8.5	(121,641)	*(1,641)*	(125,034)	*(3,004)*
Other Operating Costs	8.6	(3,290)	*(244)*	(3,644)	*(493)*
of which related parties		*(70)*		*(70)*	
Depreciation and Amorti zation	8.7	(54,100)		(49,635)	
Provisions&Write-downs	8.8	91		1,002	
Capitalization of Internal Construction Costs	8.9	4,435		6,271	
EBIT		**3,321**	***(2,096)***	**(8,859)**	***(4,946)***
Income (loss) from Investments		184		90	
of which related parties		*184*		*90*	
Other Financial Income	8.10	1,370		1,022	
of which related parties		*2*		*0*	
Interest Expenses	8.11	(21,007)		(19,041)	
of which related parties		*(116)*		*(146)*	
FX Gains and Losses	8.12	(1,472)		796	
Profit Before Taxes		**(17,604)**	***(2,096)***	**(25,992)**	***(4,946)***
Income Taxes	8.13	1,291		143	
Net Profit (Including Portion Attr. to Minority)		**(16,313)**	***(2,096)***	**(25,849)**	***(4,946)***
Net Profit Attributable to Minority Interest		0		0	
Net Profit Attributable to the Group		**(16,313)**	***(2,096)***	**(25,849)**	***(4,946)***
Basic earnings/(Loss) per share	*8.15*	*(0.30)*		*(0.51)*	
Diluted earnings/(Loss) per share	*8.15*	*(0.30)*		*(0.51)*	

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

(in Euro thousands)	Notes	2024	2023
Profit/(Loss) for the year		**(16,313)**	**(25,849)**
Actuarial gains/(Losses)		(89)	(252)
Tax effect from actuarial gains and losses		22	60
Other income items not to be reversed to income statement in subsequent periods		**(67)**	**(192)**
Currency difference from conversion of financial statements in currencies other than the Euro		11,235	(11,511)
Total other components of comprehensive income		**11,168**	**(11,703)**
Comprehensive income/(Loss)	**7.12**	**(5,145)**	**(37,552)**
Minority interest comprehensive income		0	0
Group comprehensive income	**7.12**	**(5,145)**	**(37,552)**

CONSOLIDATED CASH FLOW STATEMENT

(in Euro thousands)	Notes	At December 31, 2024	At December 31, 2023
Operation Activities			
Net Profit (Including Portion Attr. to Minority)	7.11	(16,313)	(25,849)
of which related parties		*(318)*	*(367)*
Income Taxes	8.13	(1,291)	(143)
Income (loss) from equity Investments		(184)	(90)
of which related parties		*(184)*	*(90)*
Financial income	8.10	(1,371)	(1,022)
of which related parties		*0*	*0*
Financial charges	8.11	21,007	19,041
of which related parties		*116*	*146*
FX (Gains) and Losses	8.12	1,472	(796)
(Gain)/Loss on non - current asset disposals		(171)	(177)
Provisions & write-downs	8.8	(91)	(1,002)
Amortisation, depreciation & write-downs	8.7	54,100	49,635
Cash Flow from Operating Activities Before Changes in NWC		**57,158**	**39,597**
Change in Inventories	7.6	(4,304)	67,426
Change in Trade and Other Receivables	7.7	6,693	1,981
of which related parties		*254*	*25*
Change in Trade and Other Payables	7.16	(8,150)	(9,547)
of which related parties		*(154)*	*281*
Change in Other Assets/Liabilities		(3,810)	(1,246)
of which related parties		*5,852*	*(5,837)*
Employees Benefit		(550)	(275)
Change in Provisions for Risks and Charges		(87)	(155)
Income tax paid		(5,202)	(9,637)
Net Interest Expenses	8.11	(18,493)	(15,311)
Total cash flow from operating activities		**23,255**	**72,833**
Investing activities			
Investment in Tangible Assets	7.3	(21,781)	(29,157)
Disposal of Tangible Assets	7.3	975	608
Investment in Intangible Assets	7.1	(3,291)	(4,620)
Disposal of Intangible Assets	7.1	(1)	13
Dividends		184	90
of which related parties		*184*	*90*
Investment of Financial Assets	7.4	(112)	(149)
Total cash flow from investing activities		**(24,026)**	**(33,215)**
Changes in Equity			
Capital Increase	7.11	38,334	0
Effect of exchange rate changes	7.11	3,566	(3,212)
Acquisition of treasury shares	7.11	0	(598)
Other changes in equity	7.11	(89)	(8)
Dividends Distribution	7.11	0	(11,992)
of which related parties		*0*	*(7,169)*
Financing Activities			
Increase in no current Loan and borrowing	7.13	29,500	100,049
Decrease in no current Loan and borrowing	7.13	(78,001)	(58,157)
Repayment of bond loan	7.13	(12,866)	(12,760)
Derivatives		0	
Net variation in current and not current fiancial Assets and Liability	7.13	3,140	2,292
of which related parties		*(193)*	*234*
Net variation in RoU fiancial assets and liability	7.13	(10,109)	(8,252)
of which related parties		*(2,785)*	*(3,129)*
Total cash flow from financing activities		**(26,525)**	**7,362**
Net cash flow of the year		**(27,296)**	**46,980**
Opening cash and cash equivalents	7.10	157,662	110,682
Closing cash and cash equivalents	*7.10*	*130,366*	*157,662*

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

(in Euro thousands)	Share capital	Legal reserve	Translation reserve	Share premium reserve	Listing cost reserve	FTA Reserve
At December 31, 2022	49,722	1,258	(3,095)	19,975	(3,287)	(2,389)
Sale minority interest						
Other changes						
Allocation of prior-year result		797				
Distribution dividends						
Share capital increase						
Profit/(loss) for the year						
Actuarial gains/(losses) employee benefits						
Translation difference			(11,511)			
Comprehensive income			**(11,511)**			
At December 31, 2023	**49,722**	**2,054**	**(14,605)**	**19,975**	**(3,287)**	**(2,389)**
Sale minority interest						
Other changes						
Allocation of prior-year result						
Distribution of dividends						
Share capital increase	3,632			36,317	(1,615)	
Profit/(loss) for the year						
Actuarial gains/(losses) employee benefits						
Translation difference			11,235			
Comprehensive income			**11,235**			
At December 31, 2024	**53,354**	**2,054**	**(3,370)**	**56,292**	**(4,902)**	**(2,389)**

IAS 19 Reserve	Treasury shares	Retained earnings	Net result	Total parent share. equity	Min. interest share. equity	Total consol. share. equity
(417)	(8,015)	92,498	29,151	175,401	1	175,402
				0		0
	(598)	(8)	0	(606)		(606)
		28,354	(29,151)	0		0
		(11,992)		(11,992)		(11,992)
				0		0
			(25,849)	(25,849)		(25,849)
(192)				(192)		(192)
				(11,511)		(11,511)
(192)	**0**		**(25,849)**	**(37,552)**		**(37,552)**
(609)	**(8,612)**	**108,851**	**(25,849)**	**125,252**	**1**	**125,253**
				0		0
		(89)		(89)	0	(89)
		(25,849)	25,849	0		0
				0		0
				38,334		38,334
			(16,313)	(16,313)		(16,313)
(67)				(67)		(67)
				11,235		11,235
(67)	**0**		**(16,313)**	**(5,145)**		**(5,145)**
(676)	**(8,612)**	**82,912**	**(16,313)**	**158,352**	**0**	**158,352**

Notes to the Consolidated Financial Statements

1. GENERAL INFORMATION

1.1 Introduction

Aquafil S.p.A., with registered office at Via Linfano, 9 – Arco (TN) – 38062 Italy, ("Aquafil", "Company" or "Parent company" and, together with its subsidiaries, "Group" or "Aquafil Group"), renowned for the production and distribution of fibres and polymers, principally polyamide, is a joint stock company listed on the Italian Stock Exchange, STAR Segment since December 4, 2017, resulting from the business combination through merger by incorporation of Aquafil S.p.A. (pre-merger), founded in 1969 in Arco (TN), into Space3 S.p.A., as an Italian registered Special Purpose Acquisition Company (SPAC), with efficacy from December 4, 2017. The duration of the Company concludes on December 31, 2100.

The majority shareholder of Aquafil S.p.A. is Aquafin Holding S.p.A., with registered office in Via Leone XIII No. 14, 20145 Milan, Italy, which however does not exercise management and co-ordination activities. The ultimate Parent Company, which draws up specific consolidated financial statements, is GB&P Srl with registered office in Via Leone XIII No. 14, 20145 Milan, Italy.

The Aquafil Group produces and sells fibers and polymers, principally polyamide 6, on a global scale through the:
(i) BCF Product Line (carpet fibers), or synthetic yarns mainly intended for the textile flooring sector and used in "contract" segments (hotels, airports, offices, etc.), residential buildings and the automotive market;
(ii) NTF Product Line (clothing fibers), or synthetic yarns mainly intended for the clothing sector (sportswear, classic, technical or specialist apparel);
(iii) Polymers Product Line, or plastic raw materials, mainly targeting the engineering plastics sector for subsequent use in the moulding industry.

Group products are also sold on the market under the ECONYL® brand, which offers the Group's products obtained by regenerating industrial waste and end-of-life products.

The Group enjoys a consolidated presence in Europe, the United States, Oceania and Asia.

1.2 Consolidated Financial Statement Presentation

These consolidated financial statements were prepared for the year ended December 31, 2024 ("Consolidated Financial statements") in accordance with EU Regulation 1606/2002 of July 19, 2022 and Article 9 of Legislative Decree No. 38 of February 28, 2005, in compliance with International Financial Reporting Standards, issued by the International Accounting Standards Board and endorsed by the European Union ("IFRS").

The Consolidated Financial Statements were approved by the Board of Directors of the company on March 18, 2025 and audited by PricewaterhouseCoopers S.p.A., statutory auditors of the company.

2. ACCOUNTING POLICIES AND MEASUREMENT CRITERIA

The main accounting policies adopted in the preparation of the Consolidated Financial Statements are reported below. These accounting policies were applied in line with the year 2023 and those applied at December 31, 2024.

2.1 Basis of preparation

As previously indicated, these consolidated financial statements were prepared in accordance with IFRS, issued by the International Accounting Standards Board and endorsed by the European Union, i.e. all “International Financial Reporting Standards”, all “International Accounting Standards” (“IAS”), all interpretations of the International Reporting Interpretations Committee (“IFRIC”), previously called the Standards Interpretations Committee (“SIC”) which, at the approval date of the Consolidated Financial Statements, were endorsed by the European Union pursuant to EU Regulation No. 1606/2002 of the European Parliament and European Council of July 19, 2002.

These consolidated financial statements were prepared:
- on the basis of extensive knowledge on the IFRS and taking into account best practice; any further orientations and interpretative updates will be reflected in subsequent years, in accordance with the provisions of the accounting standards;
- under the historical cost convention, except for the measurement of financial assets and liabilities where the obligatory application of the fair value criterion is required;
- on a going-concern basis of the Group, as the directors verified the absence of financial, operating or other indicators which may suggest difficulties with regards to the Group’s capacity to meet its obligations in the foreseeable future and in particular in the next 12 months.

2.2 Form and content of the financial statements

The Consolidated Financial Statements were prepared in Euro, which corresponds to the principal currency of the economic activities of the entities within the Group. All the amounts included in the present document are presented in thousands of Euro, unless otherwise specified.

The financial statements and the relative classification criteria adopted by the Group, within the options permitted by IAS 1 “Presentation of financial statements” (“IAS 1”) are illustrated below:
- the *consolidated balance sheet* is presented with separation between “current and non-current” assets and liabilities;
- the *consolidated income statement* was prepared separately from the comprehensive income statement, and was prepared classifying operating costs by expense type;
- the *comprehensive income statement* which includes, in addition to the result for the period, also the changes to equity relating to income items which, in accordance with International Accounting Standards, are recognised under equity;
- the *cash flow statement* prepared in accordance with the “indirect method” .

The financial statements utilised are those which best represent the result, equity and financial position of the Group.

2.3 Consolidation scope and basis of consolidation

The Consolidated Financial Statements includes the equity and financial position and results of the subsidiaries and/or associated companies, approved by the respective boards and prepared on the basis of the relative accounting entries and, where applicable, appropriately adjusted in line with international accounting standards IAS/IFRS.

The following table summarises, with reference to the subsidiaries and associated companies, details on company name, registered office, result from draft financial statements prepared for approval, direct and indirect holding, of the company and the consolidation method applied at December 31, 2024:

Company	Registered office	Share capital in foreign currency	Profit/(loss) for the year in foreign currency	Currency	Group holding	% of votes	Method of consol-idation
Parent company:							
Aquafil S.p.A.	Arco (ITA)	53,354,161	625,607	Euro			
Subsidiary companies:							
Aquafil SLO d.o.o.	Ljubjiana (SLO)	75,135,728	(2,437,923)	Euro	100.00%	100.00%	Line-by-line
Aquafil USA Inc.	Cartersville (USA)	77,100,000	11,062,358	US Dollar	100.00%	100.00%	Line-by-line
Tessilquattro S.p.A.	Arco (ITA)	3,380,000	(3,659,305)	Euro	100.00%	100.00%	Line-by-line
Aquafil Jiaxing Co. Ltd.	Jiaxing (CHN)	531,408,631	69,820,283	Chinese Yuan	100.00%	100.00%	Line-by-line
Aquafil UK Ltd.	Ayrshire (UK)	3,669,301	(264,185)	UK Sterling	100.00%	100.00%	Line-by-line
Aquafil CRO d.o.o.	Oroslavje (HRV)	9,436,800	187,475	Euro	100.00%	100.00%	Line-by-line
Aquafil Asia Pacific Co. Ltd.	Rayoung (THA)	53,965,000	27,429,688	Thai Baht	99.99%	99.99%	Line-by-line
Aqualeuna GmbH	Berlino (DEU)	2,325,000	33,258	Euro	100.00%	100.00%	Line-by-line
Aquafil Engineering GmbH	Berlino (DEU)	255,646	(903,407)	Euro	100.00%	100.00%	Line-by-line
Aquafil Tekstil Sanayi Ve Ticaret A.S.	Istanbul (TUR)	1,512,000	(2,707,261)	Turkish Lira	99.99%	99.99%	Line-by-line
Aquafil Benelux France B.V.B.A.	Harelbeke (BEL)	20,000	13,783	Euro	100.00%	100.00%	Line-by-line
Aquafil Carpet Recycling #1. Inc.	Phoenix (USA)	250,000	(8,571,757)	US Dollar	100.00%	100.00%	Line-by-line
Aquafil Carpet Recycling #2. Inc.	Woodland California (USA)	250,000	304,893	US Dollar	100.00%	100.00%	Line-by-line
Aquafil Oceania Ltd.	Melbourne (AUS)	50,000	(64,859)	Australian Dollar	100.00%	100.00%	Line-by-line
Aquafil India Private Ltd.	New Dehli (IND)	557,860	(*)	Indian Rupee	100.00%	100.00%	Line-by-line
Aquafil O'Mara Inc.	North Carolina (USA)	36,155,327	(1,968,955)	US Dollar	100.00%	100.00%	Line-by-line
Aquafil Carpet Collection LLC	Phoenix (USA)	3,400,000	(3,910,427)	US Dollar	100.00%	100.00%	Line-by-line
Aquafil Japan Corp.	Chiyoda (JPN)	150,000,000	(67,546,083)	Japanese Yen	100.00%	100.00%	Line-by-line
Bluloop S.r.l. Benefit Company	Arco (ITA)	250,000	(27,328)	Euro	100.00%	100.00%	Line-by-line
Aquafil Chile S.p.A.	Santiago del Chile (CHL)	351,576,000	(90,816,833)	Chilean Peso	100.00%	100.00%	Line-by-line
Società collegate:							
Nofir AS	Bodo (NOR)	667,410	12,554,646	Norwegian Krone	31.66%	31.66%	Shareholders' Equity
Poly-Service S.a.s.	Lyon (FRA)	210,000	(*)	Euro	45.00%	45.00%	Shareholders' Equity
Società sottoposte a controllo congiunto:							
Acca S.p.A.	Santiago del Chile (CHL)	1,000,000	(120,676,242)	Chilean Peso	50.00%	50.00%	Shareholders' Equity

(*) Company no longer operative.

The only change to the Aquafil Group consolidation scope in the year regarded the exit of the company Cenon S.r.o., as placed in voluntary liquidation from November 2, 2023. The liquidation process concluded in 2024.

The main criteria adopted by the Group for the definition of the consolidation scope and the relative consolidation principles are illustrated below.

Subsidiaries

A party controls an entity when it is: i) exposed, or has the right to participate, in the relative variable economic returns and ii) able to exercise its decisional power on the activities relating to the entity in order to influence these returns. The existence of control is verified where events or circumstances indicate an alteration to one of the above-mentioned factors determining control. Subsidiaries are consolidated under the line-by-line method from the date control is acquired and ceases to be consolidated from the date in which control is transferred to third parties. The year-end of the subsidiary companies coincides with that of the Parent Company. The criteria adopted for line-by-line consolidation were as follows:

- the assets and liabilities, and the charges and income of the companies are recorded line-by-line, attributing to the minority shareholders, where applicable, the share of net equity and net result for the period pertaining to them; this share is recorded separately in the net equity and in the income statement;

- the gains and losses, with the relative fiscal effect, deriving from operations between fully consolidated companies and not yet realised with third parties, are eliminated, except for losses which are not eliminated where the transaction indicates a reduction in the value of the asset transferred. The effects deriving from reciprocal payables and receivables, costs and revenues, as well as financial income and charges are also eliminated;
- with regard to equity investments acquired subsequent to the acquisition of control (non-controlling interest acquisitions), any difference between the acquisition cost and the corresponding portion of equity acquired is recognised to Group equity; similarly, the effects from the sale of the non-controlling share without loss of control are recognised to equity. Conversely, the sale of a share in investments which results in the loss of control are recognised in the comprehensive income statement:
  (i) of any gains/losses calculated as the difference between the payment received and the corresponding share of consolidated net equity sold;
  (ii) of the effect of the remeasurement of any residual investment in line with the relative fair value;
  (iii) of any values recorded under other items of the comprehensive income statement relating to the investee which is no longer controlled and which must be reversed through the comprehensive income statement, or where the amount should not be reversed through the comprehensive income statement, to the net equity account "Retained earnings".

The value of any investment maintained, aligned to the relative fair value at the date of loss of control, represents the new initial recognition value of the investment, which also constitutes the value for subsequent measurement in accordance with the measurement criteria applicable.

Associates and Joint Ventures

Associated companies are companies in which the Group has a significant influence, which is presumed to exist when the percentage held is between 20% and 50% of the voting rights. Associated companies are measured under the equity method and are initially recorded at cost. The equity method is as described below:

- the book value of these investments is aligned to the net equity of the company adjusted, where necessary, to reflect the application of IFRS and includes the recognition of the higher value attributed to the assets and liabilities and to any goodwill, identified on acquisition; in line with a similar process to that previously described for business combinations;
- the profits and losses pertaining to the Group are recognised when the significant influence begins and until the significant influence ceases to exist. In the case where, due to losses, the company valued under this method indicates a negative net equity, the carrying value of the investment is written down and any excess pertaining to the Group, where this latter is committed to comply with legal or implicit obligations of the investee, or in any case to cover the losses, is recorded in a specific provision; the equity changes of the companies valued under the equity method, not recorded through the income statement, are recorded directly in the comprehensive income statement;
- the gains and losses not realised, generated on transactions between the Company/Subsidiaries and investments measured under the equity method are eliminated based on the share pertaining to the Group in the investee, except for losses, when they represent a reduction in value of the underlying asset, and dividends which are fully eliminated.

When there is objective evidence of an impairment, the recovery is verified comparing the carrying value with the relative recoverable value adopting the criteria indicated in the paragraph "Impairments of tangible and intangible assets". When the reasons for the impairment no longer exist, the investments are revalued within the limits of the write-downs, with effects recognised to the income statement.

The transfer of shareholdings resulting in the loss of joint control or significant influence over the investee company determines the recognition in the comprehensive income statement:

- of any gain/loss calculated as the difference between the amount received and the corresponding fraction of the carrying amount transferred;
- of the effect of the remeasurement of any residual investment in line with the relative fair value;
- of any values recorded under other comprehensive items related to the investee for which reclassification to the comprehensive income statement is envisaged.

The value of any equity investment aligned to its fair value at the date of the loss of joint control or significant influence, represents the new carrying amount and, therefore, the reference value for the subsequent valuation according to the applicable valuation criteria.

Once an equity investment, or a share of this equity, measured under the equity method is classified as held for sale in so far as it meets the criteria for such classification, the equity investment or share of equity, is no longer measured under the equity method.

Translation of foreign companies' financial statements

The financial statements of subsidiaries are prepared in the primary currency in which they operate. The rules for the translation of financial statements of companies in currencies other than the functional currency of the Euro are as follows:

- the assets and the liabilities were translated using the exchange rate at the balance sheet date;
- the costs and revenues were translated at the average exchange rate for the period;
- the "translation reserve" recorded among comprehensive income and, therefore, directly within shareholders' equity, includes both the currency differences generated from the translation of foreign currency transactions at a different rate from that at the reporting date and those generated from the translation of the opening shareholders' equity at a different rate from that at the reporting date;
- the goodwill, where existing, and the fair value adjustments related to the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the exchange rate at the reporting date.

The exchange rates utilised for the conversion of these financial statements are shown in the table below:

	Rate at December 31, 2024	Average rate 2024	Rate at December 31, 2023	Average rate 2023
Thai Baht	35.68	38.18	37.97	37.63
Australian Dollar	1.68	1.64	1.63	1.63
US Dollar	1.04	1.08	1.11	1.08
Swiss Franc	0.94	0.95	0.93	0.97
Turkish Lira	36.74	35.58	32.65	25.76
Chilean Peso	1033.76	1020.70	977.07	908.20
Indian Rupee	88.93	90.56	91.90	89.30
UK Sterling	0.83	0.85	0.87	0.87
Japanese Yen	163.06	163.87	156.33	151.99
Chinese Yuan	7.58	7.79	7.85	7.66

Translation of accounts in foreign currencies

Transactions in currencies other than the Euro are recognised at the exchange rate at the date of the transaction. Assets and liabilities denominated in currencies other than the Euro are subsequently adjusted to the exchange rate at the reporting date. Exchange differences are recognised to the income statement under "Exchange gains and losses".

Business combinations

Business combinations are recognised in accordance with IFRS 3 (2008). Specifically, business combinations are recognised using the acquisition method, where the purchase cost (consideration transferred) is equal to the fair value, at the acquisition date, of the assets sold and of the liabilities incurred or assumed, as well as any equity instruments issued by the purchaser. The purchase cost includes the fair value of any potential assets and liabilities.

The costs directly attributable to the acquisition are recorded in the income statement. The consideration transferred and allocated recognises the identifiable assets, liabilities and contingent liabilities of the purchase at their fair value at the acquisition date. Any positive difference between the consideration transferred, measured at fair value at the acquisition date, compared to the net value of the identifiable assets and liabilities of the purchase measured at fair value, is recognised as goodwill or, if negative, in the Income statement. Where the business combination was undertaken in several steps, on the acquisition of control the previous holdings are remeasured at fair value and any difference (positive or negative) recorded in the income statement. Any potential consideration is recognised at fair value at the acquisition date. Subsequent changes in the fair value of the potential consideration, classified as an asset or a liability, or as a financial instrument as per IFRS 9, are recorded in the Income statement. Potential consideration not within the scope of IFRS 9 is measured based on the specific IFRS/IAS standard. Potential consideration which is classified as an equity instrument is not remeasured, and, consequently is recorded under equity.

Where the fair value of the assets, liabilities and contingent liabilities may only be determined provisionally, the business combination is recorded utilising these provisional values. Any adjustments, deriving from the completion of the valuation process, are recorded within 12 months from the acquisition date, restating the comparative figures.

No business combinations were undertaken in the period.

2.4 Accounting principles and policies

The most significant accounting policies adopted in the preparation of the Consolidated Financial Statements are reported below.

CLASSIFICATIONS OF CURRENT AND NON-CURRENT ASSETS AND LIABILITIES

The Group classifies an asset as current when:
- it is held for sale or consumption, in the normal operating cycle;
- it is principally held for trading;
- it is expected to be realised within 12 months from the reporting date; or
- it comprises cash or cash equivalents whose use is not restricted or restrictions such as to impede its use for at least 12 months from the reporting date.

All assets that do not meet the conditions listed above are classified as non-current.

The Group classifies a liability as current when:
- it is expected to be settled within the normal operating cycle;
- it is principally held for trading;
- it must be settled within twelve months of year-end; or
- the entity does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

All the liabilities which do not satisfy the above-mentioned conditions are classified as non-current.

INTANGIBLE ASSETS

An intangible asset is an asset without physical substance, identifiable, controlled by the Group and capable of generating future economic benefits. The requisite of identifiability is normally met when an intangible asset is:
- attributable to a legal or contractual right; or
- separable, that is, it can be sold, transferred, leased or exchanged independently.

Control over an intangible asset consists of the right to take advantage of future economic benefits arising from the asset and the possibility of limiting its access to others.

Intangible assets are initially recognised at purchase and/or production cost, including the costs of bringing the asset to its current use. All other subsequent costs are expensed in the income statement in the year incurred. Research expenses are recorded as costs when incurred.

An intangible asset, generated during a project's development phase, which complies with the definition of development on the basis of IAS 38, is recognised as an asset if:
- the cost can be measured reliably;
- the product/process is technically feasible;
- it is likely that the company will obtain the future economic benefits that are attributable to the asset developed, and
- where the company intends to complete the project's development and has sufficient resources to do so.

The following main intangible assets can be identified within the Group:

INTANGIBLE ASSETS WITH DEFINITE USEFUL LIFE

Intangible assets with definite useful lives are recognised as cost, as previously described, net of accumulated amortisation and any impairment.

Amortisation begins when the asset is available for use and is recognised on a straight-line basis in relation to the residual possibility of use and thus over the estimated useful life of the asset; for the amount to be amortised and its recoverability the criteria to be utilised is that outlined, respectively, in the paragraphs “Property, plant and equipment” and “Impairment of property, plant and equipment and intangible assets” below.

The estimated useful life for the Group of the various categories of intangible assets is as follows:

	Estimated useful life
Concessions, licences & trademarks	10 years
Development costs	5 years
Industrial patents & intellectual property rights	10 years
Other intangible assets	Duration of contract

The Group also recognises under intangible assets in progress development costs incurred for the research of specific new products and raw materials, whose commercial production or use has not yet commenced.

These costs are capitalised only when all of the following conditions set out in IAS 38 are met:
- the technical feasibility of developing new products and raw materials which will then be available for sale or use respectively;
- the Group’s willingness to complete development, its ability to reliably assess the costs necessary for development and therefore the availability of sufficient technical and financial resources to execute it;
- the forecast likely future economic benefits that new products and new raw materials will be able to generate through sale and use for commercial purposes, in order to at least ensure the full recovery of costs incurred.

Once the development project is completed and the related finished product begins to be sold or the raw material used, these costs will begin to be amortised over the foreseeable period over which they will generate economic benefits.

PROPERTY, PLANT & EQUIPMENT

Property, plant and equipment are measured at purchase or production cost, net of accumulated depreciation and any impairments. The purchase or production cost includes charges directly incurred for bringing the asset to their condition for use, as well as dismantling and removal charges which will be incurred consequent of contractual obligations, which require the asset to be returned to its original condition. The financial charges directly attributable to the acquisition, incorporation or production of property, plant and equipment whose realisation requires timeframes above one year, are capitalised and depreciated based on the useful life of the asset to which they refer.

The expenses incurred for the maintenance and repairs of an ordinary nature are charged to the income statement when they are incurred. The capitalisation of costs relative to the expansion, modernisation or improvement of the structural elements whether owned or leased, is solely made within the limits established to be separately classified as assets or part of an asset. The assets recorded in relation to leasehold improvements are amortised based on the duration of the rental contract, or on the basis of the specific useful life of the asset, if lower.

Depreciation is charged on a straight-line basis, which depreciates the asset over its economic/technical useful life. Applying the principle of the component approach, when the asset to be depreciated is composed of separately identifiable elements whose useful life differs significantly from the other parts of the asset, the depreciation is calculated separately for each part of the asset.

The estimated useful life of the main categories of property, plant and equipment is as follows:

	Estimated useful life
Buildings and light constructions	10 - 17 - 33 - 40 years
General plant and machinery	7 - 8 - 10 - 13 years
Industrial and commercial equipment	2 - 4 - 8 years
Other assets	4 - 5 - 8 years
Right of Use	Duration of contract

Land, including that adjacent to production facilities, is not depreciated. The useful life of property, plant and equipment is reviewed and updated, where necessary, at least at the end of each year.

A tangible fixed asset is eliminated from the financial statements when the asset is sold or when no expected economic benefits exist from its use or disposal. Any gains or losses (calculated as the difference between net income from sales and the net book value of the asset sold) are recognised in the income statement in the year of disposal.

LEASED ASSETS

International Accounting Standard IFRS 16 identifies the principles for the recognition, measurement and presentation in the financial statements of leasing contracts, as well as enhancing the relative disclosure requirements.

Specifically, IFRS 16 defines leasing as a contract which assigns to the client (lessee) the right-of-use of an asset for a set period of time in exchange for consideration, without distinguishing finance leases from operating leases such as rental and hire.

The definition of a contractual agreement as a lease transaction (or containing a lease transaction) is based on the substance of the agreement and requires an assessment of whether fulfilment of the agreement depends on the use of one or more specific assets and if the agreement transfers the right to use them.

Companies that operate as lessee therefore recognise in their financial statements, at the effective date of the lease, an asset representing the right to use of the asset (defined as the "Right-of-Use") and a liability, attributable to the obligation to make the payments provided for in the contract. The lessee should subsequently recognise the interest concerning the lease liability separate from the depreciation of the right-of-use assets. IFRS 16 also requires lessees to restate the amounts of the lease liability on the occurrence of certain events (e.g. a change to the duration of the lease, a change to the value of the future payments due to a change in an index or rate utilised to determine these payments). In general, the restatement of the amount of the lease liability implies an adjustment also to the right-of-use asset.

Differing from that required for lessees, for the purposes of the preparation of the financial statements of lessors (the lessor), the new International Accounting Standard maintains the distinction between operating and finance leases as per IAS 17.

IMPAIRMENT OF INTANGIBLE AND TANGIBLE ASSETS

Intangible and tangible assets with definite useful life

A verification is carried out at each reporting date to establish whether there are indicators that tangible and intangible assets may have suffered an impairment. To this end, both internal and external sources of information are considered. With regard to the former (internal sources), obsolescence or the asset's physical deterioration and any significant changes in the asset's use and the asset's economic performance in comparison to projections are taken into consideration. As regards external sources, the trend in the assets' market prices, any technological, market or regulatory discontinuities, the trend in market rate interest rates or the cost of capital used to evaluate investments are considered.

Where these indicators exist, an estimate of the recoverable value of the above-mentioned assets is made, recording any write-down compared to the relative book value in the income statement. The recoverable value of an asset is the higher between the fair value, less costs to sell, and its value, determined discounting the estimated future cash flows for this asset, including, where significant and reasonably determinable, those deriving from the sale at the end of the relative useful life, net of any transaction costs. In defining the value in use, the expected future cash flows are discounted utilising a pre-tax rate that reflects the current market assessment of the time value of money, and the specific risks of the asset. For an asset that does not generate independent cash flows, the recoverable value is determined in relation to the cash generating unit to which the asset belongs.

A loss in value is recognised in the income statement when the carrying value of the asset, or of the relative CGU to which it is allocated, is higher than its recoverable value. The loss in value of CGU`s are firstly attributed to the reduction in the carrying value of any goodwill allocated and, thereafter, to a reduction of other assets, in proportion to their carrying value and in the limit of the relative recoverable value. When the reasons for the write-down no longer exist, the book value of the asset is restated through the income statement, up to the value at which the asset would be recorded if no write-down had taken place and amortisation or depreciation had been recorded.

Impairment test

The impairment test assesses whether there exist any indications that an asset may have incurred a reduction in value. For goodwill and any other indefinite useful life intangible assets an assessment should be made at least annually that their recoverable value is at least equal to the book value and, when considered necessary, or rather in the presence of trigger events (IAS 36 paragraph 9), the impairment test must be undertaken more frequently.

The goodwill arising from the business combinations (in previous years) was therefore subject to a recoverability test as per IAS 36 as indicated also in note 7.2 "Goodwill" below. In particular, it is noted that the recoverable value of a non-current asset is based on the estimates and on the assumptions utilised for the determination of the cash flows and of the discount rate applied. Where it is considered that the book value of a non-current asset has incurred a loss in value, the asset is written-down up to the relative recoverable value, estimated with reference to its utilisation and any future disposal, based on the most recent business plans.

In assessing the recoverable value of property, plant and equipment, of investment property, of intangible assets and of goodwill, the Group generally applies the criterion of the value in use.

The value in use is the present value of the expected future cash flows to be derived from an asset. In defining the value in use, the expected future cash flows are discounted utilising a pre-tax rate that reflects the current market assessment of the time value of money, and the specific risks of the asset.

The estimated future cash flows utilised to determine the value in use is based on the most recent business plans, approved by management and containing forecasts for volumes, revenues, operating costs and investments.

These forecasts cover the period of the next two years; consequently, the cash flows relating to the subsequent years are determined on the basis of a growth rate which does not exceed the average growth rate for the sector and the country.

Where the book value of an asset is higher that its recoverable value a loss in value is recognised which is recorded in the income statement.

The loss in value of a cash generating unit are firstly attributed to the reduction in the carrying value of any goodwill allocated and, thereafter, to a reduction of other assets, in proportion to their carrying value. Considering that the production processes of the various companies of the Aquafil Group are closely interrelated and interdependent, as the significant level of intercompany transactions demonstrates, thereby enabling ongoing synergies and the sharing of capabilities and know-how, we have always defined a single CGU for the entire Group, given that there is no production unit or commercial area that could be seen as broadly autonomous from the rest. In fact, the Group operates under a unified strategy that arranges the various production sites into one overarching production process.

When the reasons for the write-down no longer exist, the carrying value of the asset is restated through the income statement, up to the value at which the asset would be recorded if no write-down had taken place and amortisation or depreciation had been recorded.

The original value of the goodwill is not restated even when in subsequent years the reasons for the reduction in value no longer exist.

SECURITIES OTHER THAN EQUITY INVESTMENTS

Any securities other than equity investments, included under “Financial assets”, are held in portfolio until maturity. They are recognised at acquisition cost (with reference to the “trading date”) including transaction costs.

LOANS, RECEIVABLES AND FINANCIAL ASSETS HELD-TO-MATURITY

The financial assets are measured based on IFRS 9.

The Group assesses at each reporting date whether a financial asset or a group of financial assets have incurred a loss in value.

IMPAIRMENT OF FINANCIAL ASSETS

At each reporting date, all financial assets are analysed in order to verify whether they have suffered a loss in value. An impairment loss is recognised if, and only if, this evidence exists as a result of one or more events that have an impact on the asset’s expected future cash flows, occurring after its initial recognition.

In the valuation account is also taken of future economic conditions.

For financial assets accounted for through the amortised cost criterion, when a loss in value has been identified, its value is measured as the difference between the asset’s carrying amount and the present value of expected future cash flows, discounted on the basis of the original effective interest rate. This value is recognised in the income statement under the item “Provisions and write-downs”. When, in subsequent periods, the reasons for the write-down no longer exist, the value of the financial assets are restated up to the value deriving from the application of the amortised cost criterion.

INVENTORIES

Inventories are recorded at the lower of purchase or production cost and realisable value represented by the amount that the Group expects to obtain from their sale in the normal course of operations of the assets, net of accessory costs. The cost of raw material inventories is calculated using the weighted average cost method. The value of finished or semi-finished product inventories includes direct or indirect processing costs. To determine the weighted average cost of production or processing, the Group considers the weighted average cost of the raw material and the direct and indirect production costs, generally taken as a percentage of direct costs.

The value of inventories was recorded net of any impairment provisions.

TRADE AND OTHER RECEIVABLES (CURRENT AND NON-CURRENT)

Trade receivables and other current and non-current receivable are considered financial instruments, principally relating to customer receivables, non-derivative, not listed on an active market, from which fixed or determinable payments are expected. Trade receivables and other receivables are classified in the consolidated balance sheet under current assets, except for amounts due beyond 12 months from the reporting date, which are classified as non-current. These financial assets are recorded in the balance sheet when the Group becomes part of the related contracts and are derecognised when the right to receive the cash flow is transferred together with all the risks and benefits associated with the asset sold.

Trade and other current and non-current receivables are initially recorded at their fair value, and subsequently with the amortised cost method using the effective interest rate, reduced for any impairment.

Impairments on receivables are recognised in the income statement when there is objective evidence that the Group will not be able to recover the credit on the basis of contractual conditions.

The write-down amount is measured as the difference between the asset's carrying amount and the present value of expected future cash flows.

The value of receivables is shown net of the corresponding doubtful debt provision.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash, on-demand deposits and financial assets with an original maturity of three months or less, readily convertible into cash and subject to an insignificant risk of changes in value. The items included in cash and cash equivalents are measured at fair value and the relative changes are recorded in the consolidated income statement.

EMPLOYEE BENEFITS

For the defined benefit plans, which include post-employment benefit provisions due to employees pursuant to Article 2120 of the Italian Civil Code, the amount to be paid to employees is quantifiable only after the termination of the employment service period, and is related to one or more factors such as age, years of service and remuneration. Therefore, the relative charge is recorded in the income statement based on actuarial calculations. The liability recorded in the accounts for defined benefit plans corresponds to the present value of the obligation at the reporting date. The obligations for the defined benefit plans are determined annually by an independent actuary utilising the projected unit credit method. The present value of the defined benefit plan is determined discounting the future cash flows at an interest rate equal to the obligations (high-quality corporate) issued in Euro and takes into account the duration of the relative pension plan. The actuarial gains and losses deriving from these adjustments and the changes in the actuarial assumptions are recognised in the comprehensive income statement.

From January 1, 2007, the Finance Act and relative decrees enacted introduced important amendments in relation to post-employment benefits, among which was the choice given to the employee to determine where the benefit matured in the period is invested. In particular, the new post-employment benefits can be utilised by the employee for their own chosen pension scheme or they may choose to leave the amount in the company; in this case, when the company has more than 50 employees, those matured from 2007 are paid into INPS. In the case of allocation to external pension funds, the company is only liable to pay a defined contribution to the selected fund and as from that date, the newly matured portion are in the nature of defined contribution plans and are therefore not subject to actuarial valuation.

TRADE AND OTHER PAYABLES (CURRENT AND NON-CURRENT)

Financial liabilities (with the exclusion of derivative financial instruments) relate to trade and other payables and are initially recorded at fair value, net of directly allocated accessory costs. After initial recognition, they are measured at amortised cost, recording any differences between cost and repayment amount in the income statement over the duration of the liability, in accordance with the effective interest rate method. When there is a change in the expected cash flows, the value of the liabilities is recalculated to reflect this change, based on the new present value of the expected cash flows and on the effective internal rate initially determined.

DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

Financial assets (or, where applicable, part of a financial asset or part of a group of similar financial assets) are derecognised from the financial statements when:

- the right to receive the financial flows of the asset terminate;
- the Group retains the contractual right to receive the cash flows from the asset, but assumes a contractual obligation to pay the cash flows fully and without delay to a third party;
- the Group has transferred its right to receive the cash flows from the asset and (a) has transferred substantially all of the risks and rewards of ownership of the financial asset or (b) has not transferred or retained substantially all of the risks and rewards of the asset, but has transferred control over same.

A financial liability is derecognised from the financial statements when the underlying liability is settled, cancelled or fulfilled.

DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are only used by the Aquafil Group for the hedging of financial risks related to interest rate fluctuations on bank debt.

A derivative is a financial instrument or other contract:
- whose value changes in response to changes in an underlying defined parameter such as the interest rate, the price of a security or commodity, foreign currency exchange rate, the index of prices or rates, credit rating or another variable;
- that requires a zero initial net investment, or lower than what would be required for contracts with a similar response to changes in market conditions;
- which is settled at a future date.

The Group's financial derivative instruments are undertaken to hedge against the interest rate risk. In accordance with IAS 39, which remains applicable optionally with respect to IFRS 9 in the case of the hedging of interest rate exposure, derivative financial instruments are accounted for in accordance with the procedures established for hedge accounting only when:
- the hedging instrument is formally designated and documented at the start of hedging;
- the hedge is expected to be highly effective;
- such efficacy can be reliably measured;
- the hedge is highly effective during the various accounting periods for which it is designated.

It should be noted that the derivative instruments currently in place (IRS - Interest Rate Swaps and IRC – Interest Rate Collar), although subscribed for hedging purposes with regard to changes in interest rates, have been treated, for accounting purposes and consistently with the past, as non-hedging instruments (and therefore the relative fair value is recognised in the income statement), as it is very complex to prepare the mandatory hedging relationship.

MEASUREMENT OF THE FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value measurement of the financial instruments is undertaken applying IFRS 13 "Fair value measurement" (IFRS 13). Fair value concerns the price that will be received for the sale of an asset or which will be paid for the transfer of a liability in an ordinary transaction settled between market operators, at the measurement date.

Fair value measurement is based on the assumption that the sale of the asset or transfer of the liability is undertaken on the principal market, or rather the market in which the largest volume and levels of transaction take place for the asset or liability. In the absence of a principal market, it is assumed that the transaction takes place on the most advantageous market to which the Group has access, or rather the market which would maximise the results of the sales transaction of the asset or minimise the amount to be paid for the transfer of the liability.

The fair value of an asset or of a liability is determined considering the assumptions which the market participants would use to define the price of the asset or of the liability, under the presumption that they act in accordance with their best economic interests. Market participants are independent knowledgeable acquirers or sellers able to enter into a transaction for the asset or the liability and motivated but not obliged or coerced into making the transaction.

In the fair value measurement, the Group takes into account the specific characteristics of the asset or the liability, in particular, for the non-financial assets, the capacity of a market operator to generate economic benefits utilising the asset to its maximum and best use or by selling to another market operator that would utilise the asset to its maximum or best use. The fair value measurement of assets and liabilities utilises appropriate techniques for the circumstances and for which sufficient data is available, maximising the use of observable inputs.

IFRS 13 identifies the following fair value hierarchy which reflect the importance of the inputs used in the relative measurement:
- Level 1 Quoted Price (active market): data used in valuations are represented by prices quoted on markets in which identical assets and liabilities are traded with those being valued.

- Level 2 Use of Observable Market Parameters (for example, for derivatives, the exchange rates recorded by the Bank of Italy, market interest rate curves, volatility provided by qualified providers, credit spreads calculated on the basis of CDS', etc.) other than level 1 quoted prices.
- Level 3 Use of Non-Observable Market Parameters (internal assumptions, for example, financial flows, risk-adjusted spreads, etc.).

WARRANTS

The company has issued warrants, that is, financial instruments that give the holder the right to purchase (call warrants) a determined quantity of ordinary shares (underlying) at a predefined price (strike-price) within a set deadline. The warrants issued were of two types: "Market warrants," which were also listed and were fully cancelled in FY2022 due to expiration of the term, and unlisted "Sponsor warrants" which remain outstanding.

These financial instruments can have different terms and characteristics and, on the basis of these, can be alternatively considered as: (i) a financial liability that must therefore be measured at fair value at the time of issue and any subsequent variation recorded directly in the income statement, or as (ii) an equity instrument and therefore classified in a specific equity reserve from which they will be released only at the time they are exercised or on their maturity as indicated by IAS 32.

Warrants issued by the company have the characteristics to be considered as equity instruments since both instruments contain a preset execution value (defined as the "fixed for fixed criteria").

Specifically for the Sponsor warrants, an exchange between equity instruments and cash at an already pre-determined value is provided in case of execution. Information on these instruments is available in the paragraph on shareholders' equity.

PROVISION FOR RISKS AND CHARGES

Provisions for risks and charges relate to costs and charges of a defined nature and of certain or probable existence whose amount or date of occurrence are uncertain at the reporting date. Accruals to provisions are recorded when:
- the existence of a present obligation, legal or implicit, deriving from a past event is probable;
- it is probable that compliance with the obligation will result in a charge;
- the amount of the obligation can be estimated reliably.

Provisions are recorded at the value representing the best estimate of the amount that the entity would reasonably pay to discharge the obligation or to transfer it to a third party at the reporting date. When the financial effect of the passing of time is significant and the payment dates of the obligations can be reliably estimated, the provision is determined by discounting the expected cash flows taking into account the risks associated with the obligation; the increase of the provision due to the passing of time is recorded in the income statement in the account "Financial charges".

The provisions are periodically updated to reflect the changes in the estimate of the costs, of the time period and of the discounting rate; the revision of estimates is recorded in the same income statement accounts in which the provision was recorded.

REVENUES AND COSTS

Revenues from the sale of goods and services as well as the purchase costs of goods and services are recognised on the transfer of control of the relative goods or completion of the service.

Revenues are shown net of discounts, allowances and returns; they are recorded at fair value to the extent in which it is possible to reliably determine such value and the likelihood that the relative economic benefits will be enjoyed. Revenues are recognised in accordance with IFRS 15 and therefore as per the following 5 steps:
1) identification of the contract with the customer. The standard contains specific provisions to assess whether two or more contracts should be combined and to identify the accounting implications of any contractual amendments;
2) identification of the contractual obligations contained in the contract;

3) calculation of the transaction price, which should be made taking into consideration, among others, the following elements: any amounts paid on behalf of third parties, which must be excluded from the consideration, variable price components (such as performance bonuses, penalties, discounts, reimbursements, incentives, etc...) and any financial component, present where the payment terms granted to the customer contain a significant extension period;
4) allocation of the transaction price to the contractual obligations, on the basis of the stand-alone sales price of each good or service; separately;
5) recognition of the revenue, when (or if) each contractual obligation is satisfied through the transfer of the goods or service, which occurs when the customer obtains the control and therefore has the capacity to decide upon and/or control its use and substantially obtain all the benefits. Control may be transferred at a specific point in time or over time.

The analysis undertaken indicated that the obligations arising for the Group companies to its clients mainly concern the production and supply of finished products according to the terms and conditions requested, and in particular:

- payment deadlines are on average between 45 and 60 days, in line with generally applied market averages. “Cash discounts” are contractually granted in the case of early settlement and were recognised as a direct reduction in revenues. No payment deferments are granted which could be considered as qualifying as a loan;
- the finished product is sold without the granting of warranty periods and/or without return and/or suspension of ownership clauses. Any returns and reimbursements are agreed among the parties on a case by case basis following critical analysis of the reasons which may have resulted in any non-compliance issues.

It is therefore considered that:

(i) the moment of transfer of control to clients of their products coincides with the transfer of the associated risks and benefits, as contractually defined by the delivery terms applied and which are in line with those generally accepted within the sector;
(ii) the consideration does not include any financial component, with the exception of the cash discounts which are recognised as a reduction in revenues, while the component of the transport service and insurance (applicable only with specific delivery terms) is however completed in the same period as the transfer of control of the goods and therefore accrues to the same period;
(iii) no contractual obligations are in place which suspend the transfer of control of the goods and therefore only the returns/reimbursements that may be agreed (concerning the goods sold in the year) may be recognised as a reduction of the relative revenues.

Costs incurred by the company however are recognized on an accrual basis.

FINANCIAL INCOME AND CHARGES

Financial income and charges are recognized in the income statement in the period in which they are earned or incurred according to IFRS 9.

DIVIDENDS

Dividends received are recognised when (i) shareholders become entitled to receive the payment, which coincides with the date of the investee company’s shareholders’ meeting approving distribution, (ii) it is probable that the economic benefits associated with the dividend will flow to the entity and (iii) the amount of the dividend can be measured reliably.

The distribution of dividends to Aquafil S.p.A.’s shareholders is represented as a movement of shareholders’ equity and recorded as a liability in the financial year in which this distribution is approved by the Shareholders’ Meeting.

INCOME TAXES

Current taxes are determined on the basis of estimated taxable income, in compliance with tax regulations applicable to Group companies and are recorded in the consolidated income statement under the item “Income taxes for the year”, with the exception of those relating to items directly debited or credited to a shareholders’ equity reserve; in such cases, the relative tax effect is directly recognised in the respective shareholders’ equity reserves. The consolidated comprehensive income statement shows the amount of income taxes for each item included in the “other components of the consolidated comprehensive income statement”.

Deferred tax assets and liabilities are calculated in accordance with the balance sheet liability method. Deferred taxes are calculated on temporary differences between the values recorded in the consolidated financial statements and the corresponding values recognised for tax purposes. The deferred tax assets, including those relating to any tax losses carried forward, are recognised only for those amounts for which it is probable there will be future assessable income to recover the amounts. Tax assets and liabilities are offset, separately for current taxes and for deferred taxes, when the income tax is applied by the same fiscal authority, there is a legal right of compensation and the payment of the net balance is expected. Deferred tax assets and liabilities are calculated utilising the tax rates which are expected to be applied in the years when the temporary differences will be realised or settled, taking into account current tax regulations or substantially in force at the reporting date. Other taxes not related to income, such as indirect taxes and duties are included under "Other operating costs and charges".

From the year 2018, the Parent Company was included in the tax consolidation regime with the holding company Aquafin Holding S.p.A.. This was interrupted in 2017 due to its merger by incorporation into Space3 S.p.A.. The tax consolidation regime is also confirmed for the year 2024.

Therefore, the consolidated financial statements take account of the effects of the transfer of tax positions arising from the "tax consolidation" and specifically recognise the consequent credit/debit relationships towards the tax consolidating company. Aquafil S.p.A. for fiscal year 2023 altered the method for allocating fiscal losses resulting from tax consolidation in the event of the suspension or non-renewal of tax consolidation in accordance with Article 124(4) of the Income Tax Law. Specifically, as part of the renewal for the three-year period 2024-2026, it was indicated in line OP6, col. 3, code "4" (Change in the criterion used for any allocation of residual losses) and in column 7, code "3" (Allocation to companies that produced losses in a different manner from the previous). Therefore, this change results in the allocation of losses to Aquafil S.p.A. with the consequent reclassification of Euro 5.4 million from "Other assets" to "Deferred tax assets" in the parent company Aquafil S.p.A.'s financial statements.

In addition, in relation to the Parent Company, it should be noted that Article 12 of Legislative Decree No. 142 of 29/11/2018 defined the concept of "non-financial holding companies" (*"Industrial Holdings"*), for which, "the prevalent exercise of acquiring investments in parties other than financial intermediaries exists when, based on the figures of the last approved year-end financial statements, the total amount of investments in these parties and other equity elements undertaken between them, considered as a whole, is higher than 50 per cent of the total assets on the balance sheet", with effect from the year 2018.

Due to this amendment by Legislative Decree 142/2018, therefore, as of the year 2018, previously excluded companies fall under "industrial holdings" and particularly those which have holdings but whose financial income predominantly comprises revenues from industrial activity.

The Parent Company which qualifies as an "Industrial Holding" must calculate the Irap taxable base in accordance with Article 6, paragraph 9 of the Irap Decree, that is, by adding to the normally determinable taxable base, 100% of the interest income and other financial income and subtracting 96% of the interest expense and similar charges; in addition, the increased rate envisaged for banks and other financial institutions must be applied to the value of production relevant for IRAP purposes. It should be noted that also for 2024, the IRAP rate for the industrial holding companies in the province of Trento, applicable to non-financial holding companies and similar entities pursuant to paragraph 9 of Article 6 of Legislative Decree No. 446/97 is 4.65%, and the benefits normally granted to industrial companies are not applied.

ASSETS AND LIABILITIES AVAILABLE FOR SALE AND DISCONTINUED OPERATIONS

Non-current assets and current assets and non-current assets of discontinued operations are classified as held-for-sale where their book value will principally be recovered through sale. This condition exists when the sale is highly probable and the asset or discontinued operation is available for an immediate sale in its current conditions. Non-current assets held-for-sale, current assets and non-current assets of discontinued operations and the liabilities directly related to them are recorded separately to company assets and liabilities in the balance sheet.

Any non-current assets held-for-sale are not depreciated and are valued at the lower of the subscription value and their fair value, less selling costs.

Any difference between the book value and the Fair Value less selling costs is recorded in the income statement as a write-down; any subsequent recoveries in value are recognised for the amount of the write-downs previously recorded, including those recognised before the definition of the asset as held-for-sale.

Non-current assets and current and non-current assets of disposal groups classified as held-for-sale constitute discontinued operations if, alternatively:

- they represent a significant autonomous branch of activity or a significant geographical area of activity; or
- is part of a disposal programme of an important independent activity or geographical area of activity;
- are a subsidiary acquired exclusively for the purpose of sale.

The results of discontinued operations, as well as any capital gain/loss realised following disposal, are shown separately in the income statement under a specific account, net of the related tax effects; the income statement values of discontinued operations are also presented for the comparative years.

If there is a plan to sell a subsidiary that results in the loss of control, all the assets and liabilities of that subsidiary are classified as held-for-sale.

It should be noted that at December 31, 2024, the Aquafil Group had only assets held-for-sale consisting of machinery and equipment and had no discontinued operations.

EARNINGS PER SHARE

a) Basic earnings per share
The basic earnings per share is calculated by dividing the result of the Group by the weighted average number of ordinary shares outstanding during the year, excluding treasury shares.

b) Diluted earnings per share
The diluted earnings per share is calculated by dividing the result of the Group by the weighted average number of ordinary shares outstanding during the year, excluding treasury shares. In order to calculate the diluted earnings per share, the average weighted number of shares outstanding is adjusted assuming the exercise of all the rights which have potential dilution effect, while the result of the Group is adjusted to take into account the effects, net of income taxes, of the exercise of these rights.

USE OF ACCOUNTING ESTIMATES

The preparation of the financial statements requires the directors to apply accounting principles and methods that, in some circumstances, are founded on difficult and subjective valuations and estimates, based on historical experience and assumptions which are from time to time considered reasonable and realistic under the relative circumstances. The application of these estimates and assumptions impact upon the amounts reported in the financial statements, the balance sheet, the income statement, the comprehensive income statement, the cash flow statement, the statement of changes to shareholders' equity and the notes to the accounts. The final outcome of the accounts in the financial statements which use the above-mentioned estimates and assumptions may differ, even significantly from those reported in the financial statements due to the uncertainty which characterises the assumptions and the conditions upon which the estimates are based.

Numerous items in the financial statements are subject to estimates and while not all of these accounts are individually significant, they are significant on an overall basis. The accounting policies which require greater subjectivity by the directors in the preparation of the estimates and for which a change in the underlying conditions or the assumptions may have a significant impact on the financial results of the Group are briefly described below.

Impairments

The tangible and intangible assets with definite useful lives and goodwill are verified to ascertain if there has been a loss in value, which is recorded by means of a write-down, when it is considered there will be difficulties in the recovery of the relative net book value through use. The verification of such difficulties requires the directors to make valuations based on the information available within the Group and on the market, as well as from historical experience. In addition, when it is determined that there may be a potential reduction in value, the Group determines this through using the most appropriate technical valuation methods available. The correct identification of the indicators of a potential reduction in value of tangible and intangible assets, as well as the estimates for their determination depends on factors which may vary over time, impacting upon the valuations and estimates made by the directors.

Depreciation

The cost of property, plant and equipment and intangible assets is depreciated or amortised on a straight-line basis over the estimated useful life of the asset. The useful life of these assets is determined by the directors when the assets are purchased. This is based on the historical experience for similar assets, market conditions and considerations relating to future events which could have an impact on the useful life, such as changes in technology. Therefore, the effective useful life may differ from the estimated useful life.

Inventories

Inventories of products which are obsolescence or slow moving are periodically subject to valuation tests and written down when the recoverable value is lower than the carrying amount. The write-downs are made based on assumptions and estimates of the directors deriving from experience and historic results and compared with market values.

Doubtful debt provision

The recoverability of receivables is valued taking account of the non-payment risk, of aging of receivables and of the losses recorded in the past on similar receivables.

Provisions for risks and charges

Provisions for risks and charges are recorded to cover known or likely losses or liabilities, the timing and extent of which are not known with certainty at the reporting date.

They are recorded only where a present obligation exists (legal or implicit) for a future payment resulting from past events and it is probable that the obligation will be settled. This amount represents the best estimate of the costs required to settle the obligation. The rate used in the determination of the present value of the liability reflects the current market values and the specific risk associated to each liability.

If the financial effect of the period is significant and the payment dates of the obligations can be reliably estimated, the provisions are valued at the present value of the expected payment, utilising a rate which reflects market conditions, the change in the cost of money in the period and the specific risk related to the obligation. The increase in the value of the provision from changes in the cost of money in the period is recognised as a financial charges.

Possible risks that may result in a liability are disclosed in the notes on potential liabilities without any provision.

Deferred tax assets

Deferred tax assets are recognized with respect to deductible temporary differences between the values of assets and liabilities expressed in the financial statements compared to the corresponding tax value and tax losses that can be carried forward, to the extent that the existence of adequate future taxable profit is likely, with respect to which these losses may be used. A discretionary assessment is required of the directors to determine the amount of deferred tax assets that can be accounted for, which depends on the estimate of probable timing and the amount of future taxable profits.

Exceptions to the application of international accounting standards

During 2024, the Company decided to voluntarily change the accounting for a lease concluded in 2023, in accordance with IFRS 16 paragraph 15. Specifically:

- for the purposes of the 2023 financial statements, it had been decided to account for each lease component and the related non-lease components as a single lease component;
- for the purposes of the 2024 financial statements, it was decided to account separately for lease components from non-lease components in order to provide more representative information on the financial and equity effects of the contract. The comparative figure for 2023, as required by IAS 8, was therefore amended by reducing the value of the Right of Use and related financial liabilities (with relative impact on the net financial debt) by Euro 5,766 thousand, corresponding to the discounting of the future cash flows of the non-lease components separated from the contract. The impact concerning the 2024 financial statements consisted of a reduction in the value of Right of Use and related financial liabilities (with relative impact on the net financial debt) for Euro 5,393 thousand and 5,174 thousand, respectively.

No significant impact relative to earnings per share, basic or diluted.

2.5 Accounting standards not yet applicable

The developments in the IFRS and the relative interpretations (IFRIC) applicable from periods beginning after December 31, 2024 are outlined below.

Document endorsed by the EU at November 30, 2024

Document title	Issue date	Effective date	Endorsement date	EU Regulation and publication date
Lease Liabilities in a Sale and leaseback transaction (Amendments to IFRS 16)	September 2022	January 1, 2024	November 20, 2023	(EC) 2023/2579 November 21, 2023
Classification of liabilities as current or non-current (Amendments to IAS 1) and Non-current liabilities with clauses (Amendments to IAS 1)	January 2020 October 2022	January 1, 2024	December 19, 2023	(EC) 2023/2822 December 20, 2023
Supplier finance arrangements (Amendments to IAS 7 and IFRS 7)	May 2023	January 1, 2025	May 15, 2024	(EC) 2024/1317 May 16, 2024
Lack of Exchangeability (Amendments to IAS 21)	August 2023	1 January 2023	November 12, 2024	(EC) 2024/2862

At the reporting date, the European Union had not yet completed its endorsement process for the adoption of the following standards and amendments:

Document title	Issue date by the IASB	Effective date of the IASB document	Expected endorsement date by EU
New IFRS accounting standards			
IFRS 14 Regulatory Deferral Accounts	January 2014	January 1, 2016	Postponed pending the new accounting standard on “rate-regulated activities”
IFRS 18 Presentation and disclosure in financial statements	April 2024	January 1, 2027	TBD
IFRS 19 Subsidiaries without public accountability: disclosures	May 2024	January 1, 2027	TBD
Amendments to IFRS accounting standards			
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	September 2014	Postponed until the completion of the IASB project on the equity method	Endorsement process postponed pending the conclusion of the IASB project on the equity method
Amendments to the classification and measurement of financial instruments (Amendments to IFRS 9 and IFRS 7)	May 2024	January 1, 2026	TBD
Annual improvements - Volume 11	July 2024	January 1, 2026	TBD

3. FINANCIAL RISK MANAGEMENT

The principal business risks identified, monitored and, as illustrated below, actively managed by the Group are as follows:

- market risk, deriving from fluctuations in exchange rates between the Euro and the other currencies in which the Group operates, the interest rate and raw material prices;
- Counterparty default risk;
- liquidity risk, deriving from insufficient financial resources to meet financial commitments;
- inflation rate.

The Group's objective is to maintain a balanced management of its financial exposure over time to ensure a liability structure that is in equilibrium with the composition of assets and capable of ensuring the necessary operational flexibility through the use of liquidity generated by current operating activities and recourse to bank financing.

The ability to generate liquidity from ordinary operations and debt capacity allow the Group to adequately meet its operational requirements, the financing of operating working capital and investment capital, and to meet its financial obligations.

The Group's financial policy and management of the relative financial risks are guided and monitored at central level. In particular, the central finance function is tasked with evaluating and approving forecast financial needs, monitoring the trend and, where necessary, implementing suitable corrective actions.

The following section provides qualitative and quantitative information on the impact of these risks on the Group.

3.1 Market risk

3.1.1 Currency risk

Exposure to the risk of exchange rate variations arises from the Group's commercial activities which are also carried out in currencies other than the Euro. Revenues and costs denominated in foreign currencies may be influenced by exchange rate fluctuations with an impact on trade margins (economic risk), just as trade and financial payables and receivables denominated in foreign currency may be affected by the conversion rates used, with an effect on the economic result (transaction risk). Finally, exchange rate fluctuations also reflect on the consolidated results and shareholders' equity since the financial statements of certain Group companies are drawn up in currencies other than the Euro and are subsequently converted (translation risk).

The principal exchange rates the Group is exposed to are:

- EUR/USD, in relation to transactions carried out in US Dollars;
- EUR/CNY, in relation to transactions carried out in Chinese renminbi mainly on the Asian market.

The Group does not generally adopt specific policies to hedge exchange rate fluctuations, with the exception of contracts occasionally entered into due to the contingent requirements of its commercial activities. It should be noted that there is periodic massive offsetting between the values of purchase components in foreign currencies, mainly US dollars, and the values of sales in the same currency, which significantly mitigates the Group's currency risk. Many Group companies are however exposed to a contained level of exchange rate risk stemming from operations as, in the individual countries, a portion of cash flows, sales and also costs are denominated in the same accounting currency of the country (natural hedging).

3.1.2 Analysis of sensitivity of exchange rate risk

For the purposes of an exchange rate sensitivity analysis, balance sheet items as at December 31, 2024 (financial assets and liabilities) denominated in a currency other than the functional currency of each Group company were identified. In assessing the potential effects arising from changes in exchange rates, inter-company payables and receivables in currencies other than the account currency were also taken into consideration.

Two scenarios were considered for the purposes of the analysis which respectively reflect a 10% appreciation and depreciation of the nominal exchange rate between the currency in which the balance sheet item is denominated and the accounting currency.

The table below highlights the results of the analysis at December 31, 2024:

(in Euro thousands)	Consolidated financial statements	Exposition to currency risk (aggregated)	+10% Gains/(Losses)	-10% Gains/(Losses)
Financial assets				
Cash and cash equivalents	130,366	22,736	(2,263)	2,263
Trade receivables (net of credit notes)	20,370	2,070	(207)	207
Tax effect			593	(593)
Total financial assets			**(1,877)**	**1,877**
Financial liabilities				
Trade payables	(109,178)	(6,453)	645	(645)
Tax effect			(155)	155
Total financial liabilities			**490**	**(490)**
Total			**(1,387)**	**1,387**

Note: the plus sign indicates a higher profit and an increase in shareholders' equity; the minus sign indicates a lower profit and a decrease in shareholders' equity.

For comparability with the previous year, a similar analysis at December 31, 2023 is presented below:

(in Euro thousands)	Consolidated financial statements	Exposition to currency risk (aggregated)	+10% Gains/(Losses)	-10% Gains/(Losses)
Financial assets				
Cash and cash equivalents	157,662	32,163	(3,216)	3,216
Trade receivables (net of credit notes)	26,206	1,032	(103)	103
Tax effect			797	(797)
Total financial assets			**(2,523)**	**2,523**
Financial liabilities				
Trade payables	(116,006)	(4,382)	446	(446)
Tax effect			(107)	107
Total financial liabilities			**339**	**(339)**
Total			**(2,184)**	**2,184**

It should also be noted that, for the purposes of consolidated reporting, the Company recognises currency differences generated by the year-end translation of the financial statements of foreign subsidiaries prepared in a currency other than the Euro among comprehensive income and, therefore, directly within the shareholders' equity "translation reserve".

Therefore, there is the risk that fluctuations in exchange rates in countries where the Group's subsidiaries operate (esp. the USA and China) could have an impact on consolidated shareholders' equity. In 2024 specifically, this translation had a positive effect of Euro 11,235 thousand as shown in the statement of changes in shareholders' equity and in the consolidated comprehensive income statement.

3.1.3 Raw material price risk

The Group's production costs are influenced by the price trends of the main raw materials used. The price of these materials varies depending on a wide range of factors, to a large extent uncontrollable by the Group and difficult to predict.

Specifically, the Group implements a strategy to offset the price volatility risk of the main production factors used through contractual hedging which limits changes to the prices of raw materials, energy sources and partly, selling prices.

3.1.4 Interest rate risk

The Group uses external debt funding and places available liquidity in market instruments. Changes in the interest rates impact on the cost and return of the various forms of loans and uses, with an effect therefore on the consolidated financial charges. The Group policy seeks to limit interest rate fluctuation risk through undertaking fixed or variable rate medium/long-term loans linked to hedging derivatives; hedging is carried out through the trading of derivative instruments (e.g. IRS - Interest Rate Swaps and IRC – Interest Rate Collar), utilised only for hedging purposes and not for speculative purposes. These contracts, although subscribed for hedging purposes relating to the financial exposure of the Group, were not treated as hedges for accounting purposes, given the technical complexity of the accounting demonstration of the hedging relationship and the relative effectiveness, and therefore with end-of-period Mark to Market (MTM) adjustment effects recognised directly in the consolidated income statement.

The following tables summarise the main information concerning hedging derivatives on interest rates as at December 31, 2024 (held exclusively by the Parent Company):

(in Euro thousands)	**Contract opening date**	**Contract maturity date**	**Notional value at signing date in foreign currency**	**Notional currency**	**Fair value at December 31, 2024**
IRS Banca Popolare Milano	20/06/2018	30/06/2025	25,000	Euro	18
IRS Banca Popolare Milano	06/06/2019	30/06/2025	15,000	Euro	14
IRC BNL	05/07/2023	05/07/2028	10,000	Euro	(119)
IRS Credit Agricole	09/08/2019	28/12/2025	10,000	Euro	35
IRS Intesa San Paolo	28/12/2021	31/12/2027	30,000	Euro	670
IRS Monte dei Paschi	30/09/2023	30/09/2026	20,000	Euro	(409)
Total			**110,000**		**210**

For comparability with the previous year, a similar analysis at December 31, 2023 is presented below:

(in Euro thousands)	**Contract opening date**	**Contract maturity date**	**Notional value at signing date in foreign currency**	**Notional currency**	**Fair value at December 31, 2023**
IRS Banca Popolare Milano	20/06/2018	30/06/2025	25,000	Euro	171
IRS Banca Popolare Milano	06/06/2019	30/06/2025	15,000	Euro	126
IRS BNL	05/07/2023	05/07/2028	10,000	Euro	(175)
IRS Crédit Agricole	09/08/2019	28/12/2025	10,000	Euro	148
IRS Crédit Agricole	29/05/2017	28/06/2024	10,000	Euro	12
IRS Intesa San Paolo	19/06/2018	31/01/2024	15,000	Euro	29
IRS Intesa San Paolo	25/09/2019	31/12/2024	20,000	Euro	101
IRS Intesa San Paolo	28/12/2021	31/12/2027	30,000	Euro	1,387
IRS Monte dei Paschi Siena	30/09/2023	30/09/2026	20,000	Euro	(445)
Total			**155,000**		**1,354**

3.1.5 Sensitivity analysis related to interest rate risk

With reference to interest rate risk, a sensitivity analysis was carried out to determine the effect on the consolidated income statement and consolidated shareholders' equity resulting from a hypothetical positive and negative change of 100 bps in interest rates compared to those actually recorded in each period.

The analysis was carried out mainly regarding short and medium/long-term financial liabilities.

With reference to cash and cash equivalents, reference was made to the average funds held and the average rate of return for the period. For short and medium/long-term financial liabilities, the impact was calculated on an actual basis. Financial payables settled at a fixed rate and those hedged through derivative instruments were not included in this analysis.

The table below highlights the results of the analysis at December 31, 2024:

(in Euro thousands)	Impact on Net Profit		Impact on Net Equity	
Change	+ 100 bps	- 100 bps	+ 100 bps	- 100 bps
FY 2024	(1,365)	1,365	(1,365)	1,365

Note: the plus sign indicates a higher profit and an increase in shareholders' equity; the minus sign indicates a lower profit and a decrease in shareholders' equity.

For comparability with the previous year, a similar analysis at December 31, 2023 is presented below:

(in Euro thousands)	Impact on Net Profit		Impact on Net Equity	
Change	+ 100 bps	- 100 bps	+ 100 bps	- 100 bps
FY 2023	(1,056)	1,056	(1,056)	1,056

3.2 Credit risk

The Group's exposure to credit risk relates to the possibility of insolvency (default) and/or in the deterioration of the credit rating of a counterparty and is managed through adequate valuation instruments of all counterparties by a dedicated department, utilising the appropriate instruments to carry out constant monitoring, on a daily basis, of the behaviour and credit rating of clients. The Group hedges its credit risk through insurance policies on the client exposure, undertaken with primary debt insurance companies. External companies providing corporate information are utilised both to initially evaluate the reliability and for on-going monitoring of the economic and financial situation of clients.

The top 10 clients on the total Group trade receivables at December 31, 2024 was 38% (34% at December 31, 2023).

The following table provides a breakdown of trade receivables at December 31, 2024, grouped by due date and net of the doubtful debt provision:

(in Euro thousands)	December 31, 2024	Not yet due	Overdue within 30 days	Overdue between 31 and 90 days	Overdue between 91 and 120 days	Overdue beyond 120 days
Guaranteed trade receivables (A)	16,353	13,576	2,694			83
Non-guaranteed trade receivables (B)	4,288	3,643	408	87		150
Non-guaranteed trade receivables impaired (C)	211					211
Trade receivables before doubtful debt provision (A + B + C)	**20,852**	**17,219**	**3,102**	**87**		**444**
Doubtful debt provision	(482)			(38)		(444)
Trade receivables	**20,370**	**17,219**	**3,102**	**49**		

3.3 Liquidity risk

Liquidity risk relates to the risk of the Group being unable to meet its payment obligations due to the inability to source new funds or liquidate assets on the market. This results in a negative impact on economic performance if it is obliged to incur additional costs to meet its commitments or insolvency.

The liquidity risk to which the Group is exposed relates to the inability to source sufficient funding for operations, in addition to industrial and commercial operations. The principal factors which determine the liquidity situation of the Group are, on the one hand, the resources generated and absorbed by the operating and investment activities and on the other the maturity dates and the renewal of the payable or liquidity of the financial commitments and also market conditions.

The Group can avail of on-demand liquidity of Euro 130 million at December 31, 2024, and has a significant availability of credit lines granted by a number of leading Italian and international banks. The directors consider that the funds and credit lines currently available, in addition to those that will be generated from operating and financial activities, will permit the satisfaction of its requirements deriving from investment activities, working capital management and the repayment of debt in accordance with their maturities.

The total Group bank credit lines at year-end amount to Euro 66.4 million, completely unutilised.

The table below shows an analysis of amounts due, based on contractual repayment obligations relating to the convertible bond, leasing contracts, trade payables and other liabilities as at December 31, 2024:

(in Euro thousands)	December 31, 2024	Within 1 year	Between 1 and 5 years	Beyond 5 years
Bond loan	57,782	13,301	44,481	
Other current and non-current financial liabilities	286,961	89,907	192,338	4,716
Trade payables	109,178	109,178		
Other current and non-current liabilities	23,697	19,644	4,053	
Total	**477,618**	**232,030**	**240,872**	**4,716**

All the amounts in the table above refer to the nominal amounts not discounted, stated with regards to the residual contractual maturities, both in terms of the capital and interest portions. The Group expects to meet these commitments by liquidating financial assets and through cash flows that will be generated by operations. In this risk analysis, we confirm the conclusions of that commented upon in more detail in the Directors' Report regarding the conflict between Russia and Ukraine and the recent conflict between Israel and Palestine, i.e. that that this situation does not have direct impacts on the company, as currently not having (i) any investment in any the countries involved, nor (ii) financial instruments or liquidity in the currencies of the countries involved.

Regarding Supplier Finance Agreements, please refer to the comments in paragraph 7.16 below.

As mentioned previously, the impact on the business thus far does not give rise to specific risks in terms of the Group's ability to meet its future commitments (including compliance with the "covenants" set out in certain loan agreements at June 30, 2025 and December 31, 2025) and/or which may impact the Group's ability to continue as a going concern.

3.4 Inflation rate

The Group, based on its current cost structure and target markets, is not significantly exposed to inflationary risk. The impact on operating costs, selling prices and overall profitability was not significant during the year, and no material effects related to inflationary dynamics in the markets in which the Group operates are expected at present.

However, the Group monitors the evolution of the macroeconomic environment and reserves the right to take management or contractual measures, if necessary, to contain any future impacts resulting from significant changes in the inflation rate.

3.5 Climate change risks

In its Sustainability Statement, Aquafil assigned significant consideration to addressing climate issues. These issues were addressed within the materiality analysis (Section 1.4 "Materiality Analysis" and Appendix, Table 5.6) and were further explored in the appropriate chapter (Section 2.1 "Climate Change").

Aquafil recognises the urgency of a transition to a low-emission economy. Therefore, starting in 2023 the company conducted a Climate Risk and Vulnerability Assessment (CRVA) to assess the exposure and vulnerability to physical climate risks of the European plant. In 2024, the analysis was extended to the U.S. sites, achieving 83% coverage of the Group's total production plant. The goal is to cover the entire scope by 2025.

Through the CRVA, it was possible to identify the most significant physical risks to our operations and to assess the resilience of our strategy and business model. This analysis, complementary to the materiality analysis, provides a more detailed picture of climate threats, enabling Aquafil to develop mitigation and adaptation strategies to protect its operations and value chain.

As part of the dual materiality analysis, carried out consistently with the aforementioned CRVA, Aquafil identified a number of impacts, risks and opportunities related to climate change and the three related sub-topics proposed by the CSRD (Energy, Climate Change Mitigation, Climate Change Adaptation), all of which were therefore found to be material. In particular, Aquafil, as an energy-intensive company, has identified a number of impacts, risks and dependencies related to the high energy requirements for its production activities, as well as positive impacts and opportunities. Through the opportunities offered by the circular economy, the company forms strategic connections with its stakeholders and works to develop new value chains with reduced carbon footprints in an industry as heavily dependent on oil as the chemical-textile sector.

Finally, also on the climate change mitigation front, Aquafil has been monitoring its Scope 3 emissions since 2023, and an Inventory Management Plan was developed in 2024 to standardise the calculation of emissions according to the GHG Protocol. These actions enable the company to work on a climate transition plan, with the goal of limiting global warming to 1.5°C within this century. The plan, to be published in 2027 (with 2026 as the base year), will include emission reduction targets and concrete actions to achieve them, and will be fully integrated with the Group's business strategy and financial planning.

Based on the above, taking into consideration:
- the current and prospective exposure to climate risks;
- the climate transition plan being prepared, and
- the resulting costs and investments to be incurred in the coming years.

no significant impacts have been identified that need to be reflected in these financial statements in relation to potential impairment of assets or the need to recognise specific provisions for risks and charges.

4. MANAGEMENT OF CAPITAL

The Group's capital management is aimed at ensuring a solid credit rating and adequate levels of capital indicators to support investment plans, in accordance with contractual obligations entered into with lenders.

The Group acquires the necessary capital to finance the needs for business development and operations; financing sources are divided into a balanced mix of risk capital and debt capital to ensure a balanced financial structure and the minimisation of the total cost of capital, for the consequent benefit of all stakeholders.

The remuneration of risk capital is monitored on the basis of the market trend and business performance, once all other obligations have been met, including the debt service; therefore, in order to ensure an adequate remuneration of capital, the safeguarding of business continuity and business development, the Group constantly monitors the development of the debt level in relation to shareholders' equity, business performance and forecasts of expected cash flows in the short and medium/long-term.

5. CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

The tables below illustrate the breakdown of financial assets and liabilities of the Group required by IFRS 7, as per the categories identified by IFRS 9, at December 31, 2024:

(in Euro thousands)	Financial assets and liabilities measured at fair value through P&L	Loans and receivables	Financial liabilities at amortised cost	Total
Non-current financial assets	1,301	781		2,082
Current financial assets	738	241		979
Trade receivables		20,370		20,370
Current tax receivables		1,529		1,529
Other current & non-current assets		8,033		8,033
Cash and cash equivalents	130,366			130,366
Total financial assets	**132,404**	**30,954**		**163,360**
Non-current financial liabilities	527		241,008	241,535
Current financial liabilities			103,208	103,208
Trade payables			109,178	109,178
Other current and non-current liabilities			23,697	23,697
Total financial liabilities	**527**		**477,090**	**477,617**

It should be noted that the carrying amounts above are in line with their respective fair values.

5.1 Measurement of the fair value

In relation to financial instruments measured at fair value, the table below reports information on the method chosen to measure the fair value. The methods applied are broken down into the following levels, based on the information available, as follows:

- level 1: fair value determined with reference to listed prices (not adjusted), on active markets for identical financial instruments;
- level 2: fair value determined with valuation techniques with reference to observable variables on active markets;
- Level 3: fair value determined with valuation techniques with reference to non-observable variables on markets;

The fair value calculation is determined in accordance with the methods classified in Level 2 and the general criterion utilised for this calculation is the present value of the expected future cash flows of the instrument subject to measurement - a method commonly applied in financial practice. There were no transfers between hierarchical levels of the fair value in the periods considered.

The table below summarises the assets and liabilities measured at fair value at December 31, 2024, on the basis of the level which reflects the inputs utilised in the determination of the fair value.

(in Euro thousands)	**December 31, 2024**	**December 31, 2023**
Derivative financial instruments – Liabilities	(527)	(619)
Derivative financial instrument assets current portion	738	1,974
Total	**210**	**1,354**

6. DISCLOSURE BY OPERATING SEGMENT

IFRS 8 defines an "Operating segment" as a component (i) involving business activities generating revenues and costs, (ii) whose operating results are reviewed periodically at the highest decision-making level and (iii) for which separate financial data is available.

The operating segments of the company are identified on the basis of the information analysed by the Board of Directors, which constitutes the highest decision-making level for strategic decisions, the allocation of resources and the analysis of results.

More specifically, and given that Group operations are entirely interconnected, financial performance figures, which are reviewed periodically by the Board of Directors, refer to the Group as a whole.

In fact, the Group structure identifies a strategic and singular vision of the business and this representation is consistent with the manner in which management takes its decisions, allocates resources and defines the communication strategy. Dividing the business into separate divisions is therefore currently viewed as detrimental to its economic interests. Therefore, the information required by IFRS 8 corresponds to that presented in the consolidated income statement.

7. NOTES TO THE CONSOLIDATED BALANCE SHEET

7.1 Intangible assets

The breakdown in the account and changes in the period were as follows:

(in Euro thousands)	Development costs	Patents & property rights	Trademarks, concessions and licenses	Other intangible assets	Intangible assets in progress	Non Contractual Customer relationships	Total
December 31, 2022	**4,852**	**52**	**350**	**12,432**	**1,355**	**2,555**	**21,596**
Historic cost	*8,044*	*5,212*	*5,152*	*30,692*	*1,355*	*6,132*	***56,587***
Acc. amort.	*(3,192)*	*(5,160)*	*(4,802)*	*(18,260)*		*(3,577)*	***(34,991)***
Reclassifications			17	280	(380)		**(84)**
Increases	2,519		7	232	1,044	817	**4,620**
Decreases				(13)			**(13)**
Amortisation	(2,026)		(100)	(3,722)		(893)	**(6,741)**
Write-downs	(137)						**(137)**
Exchange diff. - Historic cost			515	(9)		(402)	**104**
Exchange diff. - Acc. amort.		(52)	(464)	4		246	**(265)**
December 31, 2023	**5,208**		**326**	**9,205**	**2,019**	**2,322**	**19,080**
Historic cost	*10,340*	*5,212*	*5,687*	*30,783*	*2,019*	*6,547*	***60,588***
Acc. amort.	*(5,132)*	*(5,212)*	*(5,361)*	*(21,578)*		*(4,224)*	***(41,508)***
Reclassifications			22	1,699	(1,701)		**20**
Increases	1,586		44	781	815	64	**3,291**
Decreases	(42)						**(42)**
Amortisation	(2,295)		(92)	(3,867)		(1,006)	**(7,260)**
Write-downs							
Exchange diff. - Historic cost			1	15	1	256	**272**
Exchange diff. - Acc. amort.			(1)	(7)		(185)	**(193)**
December 31, 2024	**4,457**		**301**	**7,825**	**1,133**	**1,452**	**15,168**
Historic cost	*11,772*	*5,212*	*5,727*	*33,806*	*1,133*	*6,867*	***64,517***
Acc. amort.	*(7,315)*	*(5,212)*	*(5,426)*	*(25,981)*		*(5,415)*	***(49,349)***

"Other intangible assets" mainly includes the costs of development projects incurred by the Parent Company for the digitization of processes. It is recalled that the bio-caprolactam production process was started in 2022 on a pilot basis, generating annual amortisation of Euro 1,821 over a five-year period. This project ("Effective") was coordinated by Aquafil and funded by the Bio-Based Industries Joint Undertaking (BBI JU) as part of the European Horizon 2020 research programme and focused on the production of bio-caprolactum.

The increases in the year overall amounting to Euro 3.3 million, mainly related to:

- for Euro 1.6 million new product development costs (IAS38);
- for Euro 1.4 million costs incurred for the implementation and upgrading of the Aquafil Group's digitization processes.

7.2 Goodwill

Goodwill was Euro 16,064 thousand at December 31, 2024. This figure includes the goodwill recognised on the Aquafil O'Mara business combination in 2019 and the goodwill on the acquisition in 2020 of Aquafil Carpet Recycling, now Aquafil Carpet Collection LLC.

It should also be noted that the goodwill related to Aquafil O'Mara and Aquafil Carpet Collection LLC, having been recognised by the direct subsidiary Aquafil USA, was positively affected by the translation from Dollars to Euro as part of the consolidation process.

This value represents the excess between the consideration transferred, measured at fair value at the acquisition date, as subsequently updated, compared to the net value of the identifiable assets and liabilities of the purchase measured at fair value.

After initial recognition the goodwill is not amortised but subject to an annual impairment test as described in the previous paragraph "Impairment test - verification of recoverability".

In accordance with the provisions of IAS 36 the Group therefore undertook a specific impairment test in order to verify the recoverability of the goodwill recognised.

The impairment test was carried out determining the value in use with the discounted cash flow method (DCF) utilising the post-tax discount rate.

The cash flows utilised for the application of the DCF are those included in the business plan announced to the market based on the following proposals:

- An overall organic volume increase of between 15% and 20% compared to 2024 is expected for 2025. Specifically, the textile flooring product line is expected to grow by 7-9% and the clothing fibres product line by 15-18%. Raw materials were considered to be broadly in line with those in FY 2024. Expected EBITDA for fiscal year 2025 is in the range of Euro 80 to 87 million. In terms of Net Financial Position, a range of Euro 185 - 195 is projected for 2025.
- An overall organic increase of between 2-4% compared to 2025 is projected for 2026. Specifically, the textile flooring product line is expected to grow by 2-4% and the clothing fibres product line by 4-7%. Raw materials were considered to be broadly in line with those in FY 2024. Expected EBITDA for fiscal year 2026 is in the range of Euro 90 to 96 million. In terms of Net Financial Position, a range of Euro 157 - 167 is projected for 2026.
- The applied growth rate (g) is 2% (in line with the previous year) which is equal to the average growth rate expected worldwide from 2025, as indicated by leading financial market players and a W.A.C.C. of 10.35%, as specifically communicated by financial market players in the market.

The discounting of the cash flows was carried out on the basis of a weighted average cost of capital which reflects the current market assessment of the cost of money. The identified value is 10.35%, compared with 9.8% applied in 2023.

A sensitivity analysis was also carried out in order to determine the change to the value assigned to the base assumptions which, after having considered any amendments as a result of this change on the other variables utilised, renders the recoverable value equal to its carrying amount.

This analysis indicated that only significant deviations in the achievement of the Group's business objectives, interest rates and perpetual growth rates would reduce the recoverable value to a level close to the book value, so it is not necessary, as required by IAS 36, to report in this note the effects of a sensitivity simulation.

From the impairment test carried out therefore no adjustments are required to the value of the goodwill. Regarding the description of the single CGU, please refer to the previous section "Recoverability (Impairment test)".

7.3 Property, plant & equipment

The breakdown in the account and changes in the period were as follows:

(in Euro thousands)	Land & buildings	Plant & equipment	Industrial and commercial equipment	Other assets	Assets in progress	Investment property	Total before Right-of-Use	Right-of-Use (*)	Total
December 31, 2022	**54,898**	**141,485**	**574**	**1,696**	**28,423**	**333**	**227,407**	**20,060**	**247,468**
Historic cost	*128,288*	*543,135*	*10,798*	*7,690*	*28,423*	*793*	*719,127*	*36,122*	***755,249***
Acc. deprec.	*(73,390)*	*(401,650)*	*(10,224)*	*(5,994)*		*(460)*	*(491,718)*	*(16,062)*	***(507,780)***
Reclassifications	(513)	16,963	97	52	(16,525)		74	17	**91**
Increases	1,137	11,101	290	802	15,828		29,157	23,855	**53,012**
Decreases		(304)	(7)	(32)	(88)		(431)	(1,698)	**(2,129)**
Depreciation	(3,411)	(28,989)	(203)	(617)		(12)	(33,233)	(9,525)	**(42,757)**
Exchange diff. - Historic cost	(819)	(1,565)	(5)	(220)	(709)		(3,318)	(701)	**(4,019)**
Exchange diff. - Acc. deprec.	258	(902)	5	149			(491)	426	**(65)**
December 31, 2023	**51,551**	**137,789**	**750**	**1,829**	**26,928**	**321**	**219,168**	**26,669**	**245,838**
Historic cost	*129,596*	*554,187*	*11,121*	*7,379*	*26,928*	*793*	*730,005*	*46,044*	***776,048***
Acc. deprec.	*(78,045)*	*(416,398)*	*(10,371)*	*(5,549)*		*(472)*	*(510,836)*	*(19,375)*	***(530,211)***
Reclassifications	734	10,610	89	698	(12,150)		(20)		**(20)**
Increases	2,299	8,640	38	479	10,326		21,781	9,268	**31,049**
Decreases		(715)		(24)	(65)		(804)	(277)	**(1,081)**
Depreciation	(2,754)	(33,164)	(255)	(650)		(12)	(36,835)	(9,981)	**(46,815)**
Exchange diff. - Historic cost	665	10,401	12	343	182		11,603	1,852	**13,455**
Exchange diff. - Acc. deprec.	(215)	(7,382)	(11)	(228)			(7,837)	(688)	**(8,525)**
December 31, 2024	**52,279**	**126,180**	**623**	**2,447**	**25,220**	**309**	**207,058**	**26,842**	**233,900**
Historic cost	*133,293*	*576,186*	*11,259*	*9,273*	*25,220*	*793*	*756,025*	*46,086*	***802,111***
Acc. deprec.	*(81,014)*	*(450,007)*	*(10,636)*	*(6,826)*		*(484)*	*(548,967)*	*(19,244)*	***(568,211)***

(*) Please refer to section 2.4 Accounting principles and policies, subsection "Exceptions to the application of international accounting standards".

The increases in the year, excluding the effect of changes in "Right-of-use", amounted to Euro 21.8 million and mainly refer to:

- for Euro 2.6 million, the increase in industrial and energy efficiency at Group plant;
- for Euro 2.6 million to activities to improve industrial and energy efficiency in the production of ECONYL® caprolactam and its raw materials, in addition to the development of circularity-focused technologies;
- for Euro 7.9 million to expand existing production capacity;
- for Euro 7.6 million, the technological improvement and upgrading of the existing plants and equipment.

All assets in progress concern industrial investments that are either incomplete or not fully operational, but for which full operability is certain and currently envisaged in the Group's strategic plans.

The recoverability of both intangible assets and property, plant and equipment has been assessed by way of impairment testing as described in the paragraph "Goodwill" above, and no issues concerning their recoverability have been identified.

The table below, in accordance with IFRS 16, presents the right-of-use of the non-current asset subject to the leasing contract. In particular this refers to buildings, equipment and transport and motor vehicles as illustrated in the table below.

(in Euro thousands)	Right-of-Use buildings	Right-of-Use equipment and transport vehicles	Right-of-Use motor vehicles	Right-of-Use other	Right-of-Use plant and machinery (*)	Total
December 31, 2022	**15,691**	**3,366**	**964**	**39**		**20,060**
Historic cost	*27,912*	*6,385*	*1,717*	*109*		***36,122***
Acc. Deprec.	*(12,221)*	*(3,018)*	*(753)*	*(70)*		***(16,062)***
Reclassifications			17			**17**
Increase	5,206	2,022	578	216	15,833	**23,855**
Decreases	(1,467)	(202)	(29)			**(1,698)**
Amortisation & Depreciation	(7,198)	(1,820)	(448)	(32)		**(9,499)**
Exchange diff. - Historic Cost	(598)	(98)	(22)	(8)		**(727)**
Exchange diff. - Acc. Deprec.	369	45	9	3		**426**
December 31, 2023	**12,003**	**3,314**	**1,069**	**217**	**10,067**	**26,669**
Historic cost	*26,208*	*7,536*	*1,917*	*317*	*10,067*	***46,044***
Acc. Deprec.	*(14,206)*	*(4,222)*	*(848)*	*(99)*		***(19,375)***
Reclassifications		528			(528)	
Increases	7,318	1,489	460			**9,268**
Decreases	(242)	(4)	(22)	(10)		**(277)**
Depreciation	(6,298)	(1,686)	(485)	(60)	(1,451)	**(9,981)**
Exchange diff. - Historic Cost	973	230	42	15	591	**1,852**
Exchange diff. - Acc. Deprec.	(555)	(103)	(25)	(4)		**(688)**
December 31, 2024	**13,198**	**3,768**	**1,039**	**158**	**8,679**	**26,843**
Historic cost	*27,062*	*8,037*	*2,094*	*215*	*8,679*	***46,086***
Acc. deprec.	*(13,864)*	*(4,269)*	*(1,055)*	*(57)*		***(19,244)***

(*) Please refer to section 2.4 Accounting principles and policies, subsection *"Exceptions to the application of international accounting standards"*.

The increases in the year of Euro 9.3 million refer mainly to lease renewals of industrial buildings used for logistics and industrial use by Aquafil Carpet Collection LLC, Aquafil Slo and Aquafil USA and to lease renewals with respect to equipment of the parent company, Aquafil USA and Tessilquattro.

At December 31, 2024, the Group had no significant contracts for the purchase of material goods.

7.4 Current and non-current financial assets and investments valued at equity

The breakdown of the account is shown below (including current and non-current):

(in Euro thousands)	December 31, 2024	December 31, 2023
Investments valued at equity	1,113	1,023
Escrow bank deposits	284	3,770
Investments in other companies	187	164
Current and non-current financial assets	468	251
Financial receivables from related parties	270	79
Derivative financial instruments - Current	738	1,974
Total	**3,062**	**7,260**
of which current	*980*	*5,703*
of which non-current	*2,082*	*1,557*

"Investments valued at equity", in the amount of Euro 1,113 thousand, concern the following investments in associates or joint ventures:

(i) Nofir AS, a Norwegian company based in Mørkved, Bodǿ, Norway, a European leader in the collection and treatment of end-of-life netting for fishing and aquaculture, of which a 31.66% stake was acquired on October 10, 2021, for Euro 1,018 thousand; the company has roughly Euro 4.1 million in assets, mainly in the form of cash and cash equivalents, trade receivables, and inventories and shareholders' equity of Euro 2.2 million;
(ii) investment in Acca S.p.A. for Euro 0.5 thousand. The company is a joint venture between Aquafil Chile S.p.A. and its equal partner Atando Cabos Chile S.p.A., is based in Santiago (Chile), and has share capital of CLP 1 million and negative shareholders' equity of Euro 20 thousand. For more information, please see paragraph 5 of the Directors' Report;
(iii) investment in Poly-Service SAS for Euro 94.5 thousand. Based in Lyon (France), the company was incorporated on August 7, 2023 and has share capital of Euro 10 thousand, in which Aquafil S.p.A. holds a 45% stake and Politecnici S.r.l. holds a 55% stake. On January 10, 2024, the shareholders of Poly-Service, in an extraordinary session, approved an increase in share capital in the amount of Euro 200 thousand, by creating 200,000 new shares with a par value of Euro 1 each. The shares were subscribed in their entirety by Politecnici, for up to 110,000 shares, and by Aquafil S.p.A. for up to 90,000 shares. The subscriptions have been fully paid in, and the final completion of the capital increase for Euro 200 thousand increased the capital from Euro 10 thousand to Euro 210 thousand. On January 18, 2024, Aquafil S.p.A. paid in Euro 90 thousand related to its share of the investment.

The "Escrow bank deposits", amounting to Euro 0.3 million, are held by the Group company Aquafil USA Inc. These are short-term, interest-bearing deposits. The decrease from December 31, 2023, is due to a reduction in the deposit balance by the subsidiary Aquafil Jiaxing Co. Ltd.

"Investments in other companies" relates to minor holdings.

"Derivative financial instruments" includes the positive fair value of derivative instruments outstanding at December 31, 2024, which, although entered into to hedge changes in borrowing rates, have been treated for accounting purposes, consistently with the past, as non-hedging instruments.

Consequently, the fair value at December 31, 2024 (Euro 738 thousand), has been classified to current "Financial assets", and the movement of Euro 1.2 million has been recognised to the income statement.

"Financial receivables from related parties" relate to:

- for Euro 79 thousand, guarantee deposits paid by Tessilquattro S.p.A. and Aquafil S.p.A. to Aquaspace S.p.A. over a multi-year leasing contract for the industrial and logistical use property located in Via del Garda 40 - Rovereto;
- for Euro 90 thousand the loan between the parent company and the associate Poly-Service S.a.s.;
- for Euro 101 thousand the loan granted by Aquafil Chile to the company Acca.

7.5 Deferred tax assets and liabilities

The breakdown of the items "Deferred tax assets" and "Deferred tax liabilities" is shown below:

(in Euro thousands)	December 31, 2024	December 31, 2023
Deferred tax assets	29,231	18,545
Deferred tax liabilities	(12,808)	(13,324)
Total	**16,423**	**5,221**

The relative movement is comprised of:

(in Euro thousands)	January 1, 2024	Reclass.	Provisions/ (Releases) to net equity	Provisions/ (Releases) to P&L	Translation reserve	December 31, 2024
Deferred tax assets						
Provision for risks and charges	133	3				135
Doubtful debt provision	27	97		(29)		95
Employee Benefits (IAS 19)	1,013	63	22	138	13	1,253
Intangible and tangible fixed assets	967	1,192		(218)	(3)	1,943
Tax losses	9,417	7,201		63	49	16,730
Inventories	744	78		285	6	1,113
Other	6,245	(1,430)		3,024	130	7,961
Total deferred tax assets	**18,545**	**7,205**	**22**	**3,263**	**195**	**29,231**
Deferred tax liabilities						
Intangible and tangible fixed assets	12,081	629		(749)	523	12,483
Other	1,243	(547)		(378)	6	324
Total deferred tax liabilities	**13,324**	**83**		**(1,127)**	**529**	**12,807**
Total net deferred tax assets	**5,221**	**7,122**	**22**	**4,389**	**(333)**	**16,423**

The allocation for deferred tax assets mainly concerns the fiscal losses. In relation to this, it should be noted that, for the tax return for Aquafil S.p.A. for fiscal year 2023, the method for allocating fiscal losses resulting from tax consolidation was changed. This change resulted in allocating the losses to Aquafil S.p.A. with a consequent change in the nature of the receivable from receivables form parent companies to deferred tax assets in the amount of Euro 6,468 thousand, included in the “Reclass.” column above. The “other” items are mainly deferred tax assets related to non-deductible interest of the parent company. It should also be noted that, in 2024, a reclassification was recognised in the amount of Euro 613 thousand related to 2023 interest expense exceeding 30% of gross operating profit that was used.

The “Deferred tax liabilities” mainly refers to the tax effect calculated on the temporary differences between book and tax depreciation of some companies of the Group. The net DTA balance is considered fully recoverable based on the projected tax bases of Group companies.

7.6 Inventories

The changes in the account were as follows:

(in Euro thousands)	December 31, 2024	December 31, 2023
Inventories of raw materials, supplies and consumables	78,178	68,727
Finished products and goods	119,355	120,741
Advances	1	25
Total	**197,535**	**189,493**

Inventories are recorded net of the obsolescence provision amounting to Euro 0.4 million and relates to slow-moving stock.

The increase is due mainly to the increase in the per-unit cost of raw materials.

7.7 Trade receivables

The changes in the account were as follows:

(in Euro thousands)	December 31, 2024	December 31, 2023
Trade receivables	20,755	26,450
Parent, associates and other related parties	97	351
Doubtful debt provision	(482)	(595)
Total	**20,370**	**26,206**

The following table shows the movement of the doubtful debt provision:

(in Euro thousands)	December 31, 2024	December 31, 2023
January 1	**(595)**	**(2,057.0)**
Exch. diff.	*(8)*	
Provisions		
Utilisations	39	567
Release	81	895
December 31	**(482)**	**(595)**

Reference should be made to the previous paragraph 3.2 for details on the credit risk management policy.

The utilisation of the doubtful debt provision relates to the closure of certain receivables arising in previous years deemed uncollectible. Releases are the result of an updated analysis of the collectability of trade receivables outstanding at the balance sheet date.

7.8 Current tax receivables and payables

Current tax receivables of Euro 1.5 million mainly refer to payments on account paid by the companies Aquafil USA Inc. for Euro 1.3 million and Aquafil Carpet Recycling #1 Inc. for Euro 0.2 million.

Current tax liabilities, which amount to Euro 0.3 million, mainly refer to amounts owed by Aquafil Jiaxing Co. Ltd. for Euro 0.2 million and Aquafil Asia Pacific Co. Ltd. for Euro 0.1 million.

7.9 Other current assets

The changes in the account were as follows:

(in Euro thousands)	December 31, 2024	December 31, 2023
Tax receivables	2,330	3,431
Supplier advances	491	667
Pension and social security institutions	215	155
Employee receivables	260	261
Tax receivables from parent		5,854
Other receivables	1,432	683
Prepayments and accrued income	3,305	3,594
Total	**8,031**	**14,644**

This amounted to Euro 8.0 million and presented a decrease of Euro 6.6 million compared to the previous year ended December 31, 2023 (Euro 14.6 million). The account comprises:

- "tax receivables" for Euro 2.3 million, a decrease from December 31, 2023, due mainly to uses by way of offsetting energy-consumption credits, credits for research and development, and Industry 4.0 investment credits, as well as to the change in the payable position at December 31, 2024, related to VAT paid;
- "tax receivables from parent": in relation to this, it should be noted that, for the tax return for Aquafil S.p.A. for fiscal year 2023, the method was changed for allocating fiscal losses resulting from tax consolidation in the event of the suspension or non-renewal of tax consolidation in accordance with Article 124(4) of the Income Tax Law. This change, therefore, resulted in allocating the losses to Aquafil S.p.A. with a consequent change in the nature of the receivable from receivables form parent companies to deferred tax assets;
- "other receivables" of Euro 1.4 million mainly related to a security deposit paid by Aquafil Jiaxing Co. Ltd and to the provincial grant that Tessilquattro S.p.A. received under Provincial Law 6/2023 for investments in research and development, the energy transition, and the circular economy;
- prepayments and accrued income in the amount of Euro 3.3 million, Euro 0.2 million of which related to insurance premiums; Euro 0.5 thousand for information and communication technology consultancy fees invoiced in advance of completion of service; Euro 1 thousand for prepaid fees for electricity system charges during the year; Euro 0.2 for prepayments on the purchase of maintenance materials; Euro 0.1 thousand for personnel training grants; and Euro 0.2 thousand for administrative consulting costs for the period. This aggregate also includes an allocation by Aquafil USA for a duty-drawback programme that allows for the recovery of duties incurred in relation to shipments made to Europe.

7.10 Cash and cash equivalents

The account is comprised of:

(in Euro thousands)	December 31, 2024	December 31, 2023
Cash and equivalents	14	18
Bank and postal deposits	130,352	157,644
Total	**130,366**	**157,662**

Liquidity at year-end on the current accounts of the various operating companies of the Group, increased from Euro 157.6 million to Euro 130.4 million.

The item relates to the current account balances of the different Group companies.

The breakdown of cash and cash equivalents in thousands of Euro of foreign currencies is illustrated in the table below:

(in Euro thousands)		December 31, 2024
AUD	Australian Dollar	202
INR	Indian Rupee	6
CLP	Chilean Peso	8
CNY	Chinese Yuan	10,976
EUR	Euro	82,225
GBP	UK Sterling	1,179
JPY	Japanese Yen	5,516
THB	Thai Baht	224
TRL	Turkish Lira	146
USD	US Dollar	29,884
Total		**130,366**

For further details on cash and cash equivalents, reference should be made to the consolidated cash flow statement.

In 2024 we report:
- new medium-term, unsecured loans underwritten by the Aquafil S.p.A. for a total of Euro 29.5 million, of which Euro 10 million backed by SACE SupportItalia guarantee and Euro 19.5 million backed by SACE Futuro guarantee. Borrowings are detailed in paragraph 7.14;
- repayments of loans and bond instalments totalling Euro 92.5 million by the Parent Company Aquafil S.p.A..

There were no restrictions on liquidity.

7.11 Shareholders' Equity

Share capital increase

Following the execution of the capital increase, for 30,269,432 new ordinary shares and 6,048,008 new class B shares with a total value of Euro 39,949,184.00, the Company's new subscribed and paid-up capital amounts to Euro 53,354,161.28 and consists of 73,172,206 ordinary shares and 14,364,028 class B shares.

The current composition of the company share capital (compared to the previous) is presented below.

Share capital

At December 31, 2024, the approved share capital of the Company amounted to Euro 90,522 thousand. The approved increase amounted to Euro 40,000 thousand, Euro 3,632 thousand of which attributed to share capital and Euro 36,317 thousand to the share premium reserve.

The subscribed and paid-up Share Capital amounts to Euro 53,354 thousand, while the unsubscribed and unpaid portion relates for Euro 800 thousand the capital increase in service of Aquafil Sponsor Warrants. The subscribed and paid-up share capital is divided into 87,536,234 shares without nominal value divided into:

- 73,172,206 ordinary shares, identified by the ISIN Code IT0005241192;
- 14,364,028 special Class B shares, identified by the ISIN Code IT0005285330 which, in compliance with any legal limits, assign 3 exercisable voting rights pursuant to Article 127-*sexies* of Legislative Decree No. 58/1998 in shareholders' meetings of the company and which may be converted into ordinary shares under specific conditions and circumstances as regulated by the By-Laws, at the rate of one ordinary share for each Class B share.

The Group's share capital amounts to Euro 53,354,161.28 and the number of ordinary shares increases from 42,902,774 to 73,172,206. Class B shares number 14,364,028 – consequently the total number of shares is 87,536,234.

The breakdown of Aquafil S.p.A.'s subscribed and paid-up share capital at December 31, 2024 is shown below:

Type of shares	No. shares	% of share capital	Listing
Ordinary	73,172,206	83.59%	MTA, STAR Segment
Class B	14,364,028	16.41%	Non-listed
Class C			
Total	**87,536,234**	**100.00%**	

On the basis of communications sent to the National Commission for Companies and the Stock Exchange (CONSOB), and received by the Company pursuant to Article 120 of Legislative Decree No. 58 of February 24, 1998, as well as any effects of the conversion of Market Warrants, holders of a significant shareholding as at December 31, 2024 – i.e. considering Aquafil S.p.A.'s qualification as an SME pursuant to Article 1 (w-*quater*). 1 of the CFA, of a shareholding of greater than 5% of Aquafil S.p.A. share capital with voting rights;

The declarant or subject at the top of the equity chain	Direct shareholder	Type of shares	No. shares	No. of voting rights
GB&P S.r.l.	Aquafin Holding S.p.A.	Ordinary	37,230,857	37,230,857
		Class B	14,364,028	43,092,084
Total			**51,594,885**	**80,322,941**
Holding			**58.94%**	**69.09%**

Warrants

The following were initially issued on listing:

(i) 7,499,984 Aquafil Market Warrants, listed and identified by the ISIN Code IT0005241200, which incorporate the right to the allocation of Aquafil S.p.A. ordinary shares and are exercisable under the conditions set out in the relative regulation approved by the Space3 extraordinary shareholders' meeting by resolution of December 23, 2016. Pursuant to the Aquafil S.p.A. Market Warrant Regulation (ISIN IT0005241200), December 4, 2022 was the deadline for the exercise of the Aquafil Warrants financial instruments, as 60 (sixty) months had elapsed since the date of admission to listing of Aquafil's ordinary shares (ISIN IT0005241192);

(ii) 800,000 Aquafil Sponsor Warrants, identified by the ISIN Code IT0005241754, non-listed and exercisable within ten years from the date of December 4, 2017, payable at the unit exercise price of Euro 13.00 (on achieving a "Strike Price" of Euro 13.00), in response to the allocation of an ordinary Aquafil share for each Sponsor Warrant exercised.

On December 4, 2022, the exercise deadline for the Aquafil Market Warrants financial instruments concluded, and therefore as of December 31, 2022, 2,014,322 Aquafil Market Warrants have been converted with the allotment of 498,716 Conversion Shares. As of December 31, 2024, therefore, no other Market Warrants are outstanding, while it is noted that no Aquafil Sponsor Warrants have been converted.

Legal reserve

The legal reserve at December 31, 2024 was Euro 2.1 million.

Translation reserve

The translation reserve, negative at December 31, 2023 for Euro 14.6 million, was a negative Euro 3.4 million at December 31, 2024, due to the positive effect of Euro 11.2 million in the year, and includes all the differences arising from the translation into Euro of the subsidiaries' financial statements included in the consolidation scope expressed in foreign currency.

This is the effect of statement translation, so it had no impact on profits for the year, but is recognised on the consolidated comprehensive income statement as reserves to be carried forward.

Share premium reserve

The account at December 31, 2024 amounts to Euro 56.3 million. The amount of Euro 19.9 million stems from the merger transaction between Aquafil S.p.A. and Space 3 S.p.A. that took place on December 4, 2017, while the increase for the year of Euro 36.3 million stems from the price at which the New Ordinary Shares were offered equal to Euro 1.10 per New Ordinary Share (the "Offer Price"), to be allocated for Euro 0.10 to share capital and for Euro 1 to the share premium reserve. The subscription price incorporated a discount of 15.48% from the Theoretical Ex Right Price (TERP) of Aquafil ordinary shares, calculated according to current methodologies, based on the closing stock market price of Aquafil S.p.A. shares as of November 14, 2024 equal to Euro 1.4480.

Listing costs/Share capital increase reserve

The item amounted to Euro 4.9 million at December 31, 2024 as a decrease in shareholders' equity, of which Euro 3.3 million relates to the costs incurred in 2017 for the listing and thereafter the share capital increase, and Euro 1.6 million to the share capital increase carried out in the second half of 2024.

"First Time Adoption" Reserve (FTA)

The item amounts to Euro 2.39 million as a reduction of shareholders' equity and represents the conversion effects from Italian GAAP to IFRS.

IAS 19 reserve

At December 31, 2024, it was equal to a Euro 0.7 million reduction in shareholders' equity and includes the actuarial effects at that date of severance indemnities and all the other benefits for employees of Group companies.

Negative reserve for treasury shares in portfolio

The negative reserve for treasury shares in portfolio totalled Euro 8.6 million at December 31, 2024.

As also reported in the 2021 Integrated Report, it is recalled that on October 20, 2021, Aquafil S.p.A. announced that the Company's Shareholders authorised the purchase of treasury shares in accordance with Article 2357 of the Italian Civil Code. The authorisation by Shareholders had a duration of 18 months from the date of the authorising resolution. The operation was aimed at enabling the Company to purchase and/or make use of the Company's ordinary shares for: (i) making investments and limiting anomalous changes in share prices so as to promote regular trading outside of normal fluctuations tied to market trends, while, in any event, observing applicable laws and regulations; and (ii) establishing a securities reserve for future uses in accordance with the strategies that the Company intends to pursue as payment in corporate transactions with other parties or other extraordinary uses. The Shareholders authorised the purchase, in one or more tranches, of ordinary shares up to a maximum number which, taking account of the ordinary shares which may be held in portfolio by the company and by its subsidiary, does not total more than 3% of share capital.

On December 31, 2024, following the purchases made, Aquafil held 1,278,450 treasury shares, equal to 1.46048% of the share capital.

Retained earnings

At December 31, 2024, the account amounts to Euro 83 million and represents the results generated by the Aquafil Group in previous years (including pre-merger with Space3 S.p.A.) net of the distribution of dividends.

Dividends

In 2024, no dividends were distributed nor approved.

Minority interest shareholders’ equity

As illustrated in paragraph 2.3 “Consolidation scope” and consolidation criteria, the minority interests shareholders’ equity substantially reduced to zero.

7.12 Empoyee benefits

The account is comprised of:

(in Euro thousands)	
December 31, 2023	**5,104**
Financial charges	144
Provisions	39
Advances and settlements	(748)
Actuarial losses/(gains)	89
December 31, 2024	**4,627**

For completeness the table below shows the changes in the previous year:

(in Euro thousands)	
December 31, 2022	**5,192**
Financial charges	166
Provisions	(184)
Advances and settlements	(322)
Actuarial losses/(gains)	252
December 31, 2023	**5,104**

The post-employment benefits provision includes the effects of discounting as required by the IAS 19 accounting standard. The following is a breakdown of the main economic and demographic assumptions used for actuarial valuations:

	December 31, 2024
Financial assumptions	
Discount rate	2.93%
Inflation rate	2.00%
Annual increase in employee leaving indemnity	3.00%
Demographic assumptions	
Death	The RG48 mortality tables published by the General State Controller
Disability	INPS tables by age and gender
Retirement	100% on satisfying AGO requirements
Annual frequency of Turnover and leaving indemnity advances	
Frequency advances	4.50%
Frequency turnover	2.50%

The average duration of the financial obligation varies by geographical area and ranges from a maximum of 16 years (AquafilSlo and Aquafil Asia Pacific) to a minimum of 7 (Aquafil S.p.A. and Tessilquattro).

For comparability with the previous year a breakdown of the main economic and demographic assumptions used for actuarial valuations at December 31, 2023 is shown below:

	December 31, 2023
Financial assumptions	
Discount rate	2.95%
Inflation rate	2.00%
Annual increase in employee leaving indemnity	3.00%
Demographic assumptions	
Death	The RG48 mortality tables published by the General State Controller
Disability	INPS tables by age and gender
Retirement	100% on satisfying AGO requirements
Annual frequency of Turnover and leaving indemnity advances	
Frequency advances	4.50%
Frequency turnover	2.50%

7.13 Current and non-current financial liabilities

The account is comprised of:

(in Euro thousands)	**December 31, 2024**	*of which current portion*	**December 31, 2023 (*)**	*of which current portion*
Medium/long term bank loans	253,363	*75,712*	303,516	*77,857*
Accrued interest and accessory charges On medium/long-term bank loans	(7)	*(7)*	(16)	*(16)*
Total medium/long-term bank loans	**253,357**	***75,706***	**303,499**	***77,841***
Bond loans	57,338	*12,857*	70,248	*12,857*
Accrued interest and charges on bonds	444	*444*	401	*401*
Total bond loan	**57,782**	***13,301***	**70,649**	***13,258***
Leasing and RoU financial payables (*)	28,991	*9,589*	28,930	*8,428*
Financing payables to Finest S.p.A.	2	*2*		
Liabilities for derivative financial instruments	527	*527*	619	*619*
Other lenders and banks – short term	4,082	*4,082*	2,438	*2,438*
Total	**344,743**	***103,208***	**406,135**	***102,584***

(*) Please refer to section 2.4 Accounting principles and policies, subsection *"Exceptions to the application of international accounting standards"*.

Medium/long term bank loans

This item refers to payables relating to financing agreements obtained from credit institutions.

These agreements envisage the payment of interest at a fixed rate or, alternatively, at a variable rate typically linked to the Euribor rate for the period plus a spread.

With the exception of the loans undertaken by Tessilquattro S.p.A. and Aquafil Benelux, at year-end all the Group's loans had been contracted by Aquafil S.p.A., in view of its positive rating and the favourable situation within the Italian financial market. During the year Aquafil S.p.A. thus provided financial support, through share capital increases for the investment activities of the subsidiaries, particularly to the Slovenian subsidiary.

During 2024, loans were repaid on schedule and new medium/long term loans totalling Euro 29.5 million were entered into with leading banking institutions.

The funds raised were used to maintain liquidity.

With reference to the loans granted, there are no mortgages or guarantees registered on company assets.

(in Euro thousands)	Original amount	Granting date	Maturity date	Repayment plan	Rate applied	December 31, 2024	*of which current portion*
Medium/long term bank loans - fixed rate							
Cassa Centrale Banca (former Casse Rurali Trentine) (*)	11,000	2022	2029	Quarterly from 31/12/2023	1.20% fixed, from 01/04/2026 Euribor 3 months + 1%	8,563	*1,976*
Cassa Depositi e Prestiti (*)	20,000	2020	2027	Half-yearly from 20/06/2023	1.48% fixed	12,000	*4,000*
ING Belgie NV	49	2023	2026	Monthly	4.23% fixed	32	*16*
Industrial&Commercial bank Chinai-Loan	13	2024				13	*13*
Total Medium/long term bank loans - fixed rate						**20,608**	***6,005***
Medium/long term bank loans - variable rate							
Cassa Centrale Banca (former Casse Rurali Trentine) (*)	15,000	2019	2026	Quarterly from 30/09/2021	1.25% fixed, from 01/07/2024 Euribor 3 months + 1%	4,617	*3,049*
Deutsche Bank (*)	20,000	2022	2028	Quarterly from 01/10/2023	Euribor 3 months + 1.20%	14,000	*4,000*
Sparkasse - Cassa Risparmio di Bolzano (*)	20,000	2018	2025	Quarterly from 31/03/2020	Euribor 3 months + 0.85%	4,068	*4,068*
Sparkasse - Cassa Risparmio di Bolzano (*)	10,000	2022	2028	Quarterly from 31/12/2024	Euribor 3 months + 1.05%	9,400	*2,431*
Sparkasse - Cassa Risparmio di Bolzano (*)	10,000	2024	2030	Quarterly from 31/12/2025	Euribor 3 months + 1.30%	10,000	
Banca Intesa (*) (**)	30,000	2021	2027	Half-yearly from 30/06/2023	Euribor 6 months + 1.10%	18,000	*6,000*
Banca Intesa (*)	20,000	2023	2028	Quarterly from 31/12/2025	Euribor 3 months + 0.95%	20,000	*1,667*
Banca di Verona	5,000	2022	2027	Quarterly from 27/04/2024	Euribor 6 months + 1.20%	4,612	*1,617*
Banca di Verona	5,000	2023	2028	Quarterly from 04/04/2024	Euribor 6 months + 1.20%	4,430	*1,201*
BPM - Banca Popolare di Milano (*) (**)	25,000	2018	2025	Quarterly from 31/03/2020	Euribor 3 months + 0.90%	7,172	*4,736*
BPM - Banca Popolare di Milano (*) (**)	15,000	2019	2025	Quarterly from 30/09/2020	Euribor 3 months + 1.05%	3,160	*3,160*
BPM - Banca Popolare di Milano (*)	15,000	2023	2028	Quarterly from 30/09/2023	Euribor 3 months + 1.15%	10,876	*2,955*
BPER - Banca Popolare Emilia Romagna (*) (**)	10,000	2019	2025	Monthly from 26/09/2020	Euribor 3 months + 1%	1,688	*1,688*
Mediocredito TAA	4,500	2024	2029	Quarterly from 31/3/2026	Euribor 3 months + 1.80%	4,500	
BNL - Banca Nazionale del Lavoro (*)	7,500	2018	2025	Half-yearly from 31/12/2019	Euribor 6 months + 1.40%	682	*682*
BNL - Banca Nazionale del Lavoro (*) con fondo BEI	12,500	2018	2025	Half-yearly from 31/12/2019	Euribor 6 months + 1.25%	1,136	*1,136*
BNL - Banca Nazionale del Lavoro (*)	20,000	2022	2027	Quarterly from 08/12/2023	Euribor 3 months + 1.40%	13,750	*5,000*
BNL - Banca Nazionale del Lavoro (*) (***)	10,000	2023	2028	Quarterly from 05/10/2024	Euribor 3 months + 1.55%	9,375	*2,500*
Crédit Agricole (former Banca Popolare Friuladria) (*)	10,000	2017	2024	Quarterly from 31/03/2019	Euribor 3 months + 1.30%	962	*962*
Crédit Agricole (former Banca Popolare Friuladria) (*) (**)	10,000	2019	2025	Half-yearly from 28/12/2020	Euribor 6 months + 1.05%	1,818	*1,818*
Crédit Agricole (former Banca Popolare Friuladria) (*)	10,000	2023	2029	Half-yearly from 29/09/2024	Euribor 6 months + 1.35%	9,205	*1,680*
Monte dei Paschi di Siena (*)	15,000	2018	2025	Half-yearly from 31/12/2019	Euribor 6 months + 0.80%	1,875	*1,875*
Monte dei Paschi di Siena (*) (**) with SACE guarantee	20,000	2023	2028	Quarterly from 30/09/2025	Euribor 3 months + 0.75%	20,000	*3,333*
Credito Emiliano	5,000	2022	2027	Quarterly from 16/09/2023	Euribor 3 months + 0.90%	3,449	*1,106*
MCC - Banca del Mezzogiorno (*) (**)	10,000	2019	2026	Quarterly from 09/11/2020	Euribor 1 month + 1.20%	2,500	*2,000*
MCC - Banca del Mezzogiorno (*)	15,000	2023	2028	Quarterly from 30/06/2025	Euribor 3 months + 1.20%	15,000	*3,574*
Cassa Depositi e Prestiti (*)	20,000	2022	2027	Half-yearly from 30/06/2024	Euribor 6 months + 1.55%	15,000	*5,000*
Volksbank	5,000	2023	2028	Quarterly from 31/03/2025	Euribor 3 months + 1.60%	5,000	*1,171*
Volksbank	5,000	2024	2029	Quarterly from 31/12/2025	Euribor 3 months + 1.40%	5,000	*313*
Banca Popolare di Sondrio	10,000	2024	2028	Quarterly from 31/03/2026	Euribor 3 months + 0.90%	10,000	
Credito Valtellinese - with Central Fund guarantee	5,000	2020	2026	Quarterly from 30/09/2021	Euribor 3 months + 1.40%	1,480	*985*
Total Medium/long term bank loans - variable rate						**232,755**	***69,707***
Accrued interest on medium/long term bank loans						(7)	*(7)*
Medium/long term bank loans - fixed and variable rate						**253,357**	***75,706***

(*) Loans that provide for compliance with financial covenants.

(**) Loan to which an interest rate swap contract is linked under which interest to be paid to the bank is fixed and equal to the value shown in the table.

(***) Loan to which an interest rate collar contract is coupled, as a result of which the interest combines a long position in an interest rate cap and a short position in an interest rate floor. At the end of each reporting period, if the difference between the variable interest rate and the cap rate is positive, the cap seller pays the buyer that difference; if, however, the variable rate is lower than the floor rate, the floor seller must pay the difference between the two rates. If the variable rate reaches values between the cap rate and the cap floor, no payment is made.

Certain loan agreements provide for compliance with financial and equity covenants, as summarised below:

Loan	Period	Parameter	Reference	Limit
Crédit Agricole (former Banca Friuladria)	Annually	Net Debt/Net Equity	Group	≤ 2.50
	Annually	Net financial debt/EBITDA		≤ 3.75
Crédit Agricole (former Banca Friuladria)	Annually	Net Debt/Net Equity	Group	≤ 2.50
	Annually	Net financial debt/EBITDA		≤ 3.75
Banca Intesa San Paolo	Annually	Net Debt/Net Equity	Group	≤ 2.50
	Annually	Net financial debt/EBITDA		≤ 3.75
Sparkasse - Cassa di Risparmio di Bolzano	Annually	Net Debt/Net Equity	Group	< 2.50
	Annually	Net financial debt/EBITDA		< 3.75
Banca Nazionale del Lavoro	Annually	Net Debt/Net Equity	Group	≤ 2.50
	Annually	Net financial debt/EBITDA		≤ 3.75
Banca Popolare di Milano	Annually	Net Debt/Net Equity	Group	≤ 2.50
	Annually	Net financial debt/EBITDA		≤ 3.75
Crédit Agricole	Annually	Net Debt/Net Equity	Group	< 2.50
	Annually	Net financial debt/EBITDA		< 4
Deutsche Bank	Annually	Net Debt/Net Equity	Group	≤ 2.50
	Annually	Net financial debt/EBITDA		≤ 3.75
Monte dei Paschi di Siena	Annually	Net Debt/Net Equity	Group	≤ 2.50
	Annually	Net financial debt/EBITDA		≤ 3.75
Casse Centrale Banca C.R. Trentine	Annually	Net Debt/Net Equity	Group	≤ 2.50
	Annually	Net financial debt/EBITDA		≤ 3.75
BPER Banca Popolare Emilia Romagna	Annually	Net Debt/Net Equity	Group	≤ 2.50
	Annually	Net financial debt/EBITDA		≤ 3.75
MCC/Banca del Mezzogiorno	Annually	Net Debt/Net Equity	Group	< 2.50
	Annually	Net financial debt/EBITDA		< 3.75
CDP - Cassa Depositi e Prestiti	Half-yearly	Net Financial Debt/Shareholders' Equity	Group	≤ 2.50
	Half-yearly	Net financial debt/EBITDA		≤ 3.75
Medio Credito Trentino Alto Adige	Annually	Net Debt/Net Equity	Group	≤ 2.50
	Annually	Net financial debt/EBITDA		≤ 3.75

For the bank loans with covenants, at December 31, 2024, all had been complied with. It is also expected, based on the data emerging from the business plan, and the best estimates available to date, that they will be complied with as of June 30, 2025, for contracts with a six-month calculation reference date, and as of December 31, 2025.

With reference to the loans granted, there are no mortgages or guarantees registered on company assets.

Bond loans

The Company has two fixed-rate bonds outstanding, with a total original value of Euro 90 million, which at December 31, 2024 amounted to Euro 57.2 million, decreasing on the previous year by approx. Euro 12.8 million due to the repayment of the instalment due in 2024. The outstanding bonds have the following features:

- a first bond loan ("A"), initially issued on June 23, 2015 and subscribed by companies belonging to the US Group Prudential Financial Inc., with a value equal to Euro 50 million, to be repaid in 7 equal instalments of Euro 7.1 million, of which final maturity on September 20, 2028, with residual debt at December 31, 2024 of Euro 28.6 million; the loan is subject to a fixed interest rate of 3.70% with the application of a "margin ratchet" which provides for a gradual increase in the rate up to a maximum of 1% on the fluctuation of the NFP/EBITDA ratio of the Group. The NFP/EBITDA ratio at December 31, 2022, resulted in a rate increase from 3.70% to 4.20% for the following six-month period (from March to September 2023). Due to the NFP/EBITDA ratio at June 30, 2023, the interest rate increased from 4.20% to 4.70%, which remains valid until March 2024. Due to the NFP/EBITDA ratio at December 31, 2023, the interest rate increased from 4.70% to 5.70%, remaining valid until September 2024. Due to the NFP/EBITDA ratio at June 30, 2024, the interest rate decreased from 5.70% to 5.20%, which remains valid until March 2025;
- a second bond "B" was issued on May 24, 2019, to finance the business combination of Aquafil O'Mara Inc., and subscribed by companies belonging to the US Group Prudential Financial Inc. for a total of Euro 40 million; the terms provide for repayment in 7 annual instalments from May 24, 2023, the remaining balance of which was Euro 34.3 million at December 31, 2024; the fixed interest rate is equal to 1.87%, with the application of the same margin ratchet condition as for bond "A". Due to the NFP/EBITDA ratio at June 30, 2022, application of the interest rate of 1.87% is confirmed until May 2023, increasing due to the ratio at December 31, 2022, to 2.37% for the period May-November 2023. Due to the NFP/EBITDA ratio at June 30, 2023, the interest rate changed to 2.87% until May 2024. Due to the NFP/EBITDA ratio at December 31, 2023, the interest rate changed to 3.87% until November 2024. Due to the NFP/EBITDA ratio at June 30, 2024, the interest rate changed to 3.37% until May 2025.

The following table summarises the main characteristics of the aforementioned bond loans:

Bond loan	Total nominal value	Issue date	Maturity date	Capital portion repayment plan	Interest rate applied
Bond loan A	50,000,000	23/06/2015	20/09/2028	7 annual instalments from 20/09/2022	5.20%
Bond loan B	40,000,000	24/05/2019	24/05/2029	7 annual instalments from 24/05/2023	3.37%

Bond loans envisage compliance with the following financial covenants, as contractually defined, to be calculated on the basis of the Group's consolidated financial statements:

Bond loan A – B

Financial parameters	Parameter	Covenant limit
Interest Coverage Ratio	EBITDA/Net financial charges	> 3
Leverage Ratio (*)	Net financial debt/EBITDA	< 3.75
Net Debt Ratio	Net Debt/Net Equity	Minimum Net Equity threshold levels

(*) This indicator must be calculated with reference to the 12-month period which terminates on December 31 and June 30 for all years applicable.

Non-compliance with just one of the above financial parameters, where not resolved within the contractual deadlines provided, would constitute a circumstance for the bond loan's compulsory early repayment.

The terms and conditions of the above bond loans also envisage, as is customary for financial transactions of this type, a structured series of commitments to be borne by the Company and Group companies ("Affirmative Covenants") and a series of limitations on the possibility of carrying out certain transactions, if not in compliance with certain financial parameters or specific exceptions provided for by the agreement with the bondholders ("Negative Covenants"). Specifically, there are in fact certain limitations on the assumption of financial debt, on carrying out certain investments and on acts of disposal of corporate assets. To ensure the timely and correct fulfilment of obligations arising on account of the Parent Company from the issue of securities, the companies Aquafil Usa Inc. and Aquafil SLO doo have issued joint corporate guarantees in favour of underwriters.

Lease liability

Lease liabilities in the amount of Euro 29.0 million reflect the decrease of Euro 5.8 million related to the voluntary change of the accounting standard regarding the lease agreement related to the AquafilSlo cogeneration plant as described in greater detail at paragraph 7.3 above of these explanatory notes.

7.14 Provisions for risks and charges

The account is comprised of:

(in Euro thousands)	December 31, 2024	December 31, 2023
Agents' supplementary indemnity provision and others	1,530	1,600
Guarantee fund on client engineering orders	80	109
Total	**1,611**	**1,710**

The balance at December 31, 2024 of Euro 1.6 million is in line with December 31, 2023.

7.15 Other current and non-current liabilities

The account is comprised of:

(in Euro thousands)	December 31, 2024	*of which current portion*	December 31, 2023	*of which current portion*
Employee payables	11,492	*11,492*	9,912	*9,912*
Social security payables	3,387	*3,387*	3,103	*3,103*
Tax payables	1,950	*1,950*	2,511	*2,511*
Other payables	795	*649*	2,021	*2,021*
Accrued liabilities and deferred income	6,074	*2,167*	9,151	*3,299*
Total	**23,697**	***19,644***	**26,698**	***20,846***

“Employee payables” refers to sums due by Group companies to their employees at the end of the year and amounts to Euro 11.5 million, increasing Euro 1.6 million on December 31, 2023 (Euro 9.9 million). This increase is related to a different reclassification (amounting to Euro 0.8 million) between employee payables and other payables made in 2024 within however the same “Other current liabilities” financial statement item, for the purpose of a better understanding of the figure. Considering this reclassification, the change in employee payables between 2023 and 2024 is basically in line.

“Social security payables” mainly includes the amount owed at year-end by the Group companies and their employees to social security institutions and amounts to Euro 3.4 million, in line with December 31, 2023.

“Tax payables”, in the amount of Euro 2.0 million, are essentially in line with the previous year.

“Accrued liabilities and deferred income” mainly comprise:

- the commercial contract with the US group Interface, involving a worldwide collaboration for supply and product development. In particular, Aquafil S.p.A. undertook an obligation until 2026 to guarantee Interface conditions of supply, against which the client, in addition to committing to annual minimum volumes, paid to Aquafil S.p.A. USD 24 million in advance. At December 31, 2024, this deferred revenue (recognised to deferred income) amounts to Euro 2.1 million;
- the deferral of the portion pertaining to future years of the contribution obtained from the European Union for the “Effective” research project, described in the Directors’ Report and also commented on in the notes above. The original deferred income recognised for Euro 3.3 million which concerns the overall contribution recorded at the signing date of the agreement with lending banks (with counter-entry to Other non-current assets), amounts to Euro 0.9 million at December 31, 2024. It should be noted that from 2019 onwards, costs relating to the “Effective” project have been capitalised under intangible assets in progress for the portion eligible under IAS 38. Therefore, the residual contribution concerning the capitalised portion is recognised to the income statement from 2022, for a period of 5 years, as the asset has been capitalised and is depreciated over that timeframe;
- deferral of the industry 4.0 tax credit obtained due to the investment related to the new three production lines installed at the Rovereto plant in the Engineering Plastics segment for Tessilquattro amounting to Euro 1.8 million for 2024;
- other deferred income of Euro 1.2 million recognised by the companies of the Group to ensure proper matching with service costs.

7.16 Trade payables

The account is comprised of:

(in Euro thousands)	December 31, 2024	December 31, 2023
Trade payables	108,247	114,950
Payables to parent, associates and other related parties	396	551
Payments on account	534	506
Total	**109,178**	**116,006**

Trade payables amount to Euro 109 million, decreasing Euro 6.8 million from December 31, 2023 (Euro 116 million), due essentially to the decrease in the cost of raw materials and of services, as detailed in both the Directors’ Report and the explanatory notes. It should be noted that as of December 31, 2024, approximately Euro 7.6 million had been sold by the Parent Company in confirming mode, fully collected from suppliers at the reporting date at conditions in line with the market. These transactions take the form of Supplier Finance Agreements, and are based on appropriate analysis carried out in accordance with the requirements of IFRS 9. It is confirmed that the nature of these payables remain of a commercial nature. The payment terms in these agreements do not differ significantly from normal commercial terms (between 10 and 25 days in advance of the natural due date).

At December 31, 2024 there were no commercial payables falling due over five years.

8. NOTES TO THE CONSOLIDATED INCOME STATEMENT

8.1 Revenues

The breakdown of revenues is shown below:

	2024		2023		Change	
	in Euro millions	%	in Euro millions	%	in Euro millions	%
EMEA	288.4	53%	295.2	52%	(6.7)	(2.3%)
North America	157.4	29%	182.7	32%	(25.2)	(13.8%)
Asia and Oceania	93.6	17%	92.0	16%	1.6	1.7%
Rest of the world	2.7	0%	2.0	0%	0.7	36.3%
Total	**542.1**	**100%**	**571.8**	**100%**	**(29.7)**	**(5.2%)**

Revenues include the value of the sale of goods of the three Group product lines described above, that is, the BCF Product Line (carpet fibers), the NTF Product Line (clothing fibers) and the Polymers Product Line.

Revenues by Product Line are detailed in the Directors' Report, which reports that the significant decrease in revenues came in the EMEA (decrease of Euro 6.7 million, down 2.3% on 2023) and in North America (decrease of Euro 25.2 million, down 13.8% on 2023).

Generally speaking, the decrease in revenues can be attributed to an altered sales mix (less fibre although more polymers), as well as a decrease in sales price for all product lines that was not offset by an increase in quantities sold, as described in greater detail in the Directors' Report.

"Revenues" include, in accordance with IFRS 15, "cash discounts" as a direct reduction, amounting to Euro 2.9 million at December 31, 2024, in line with Euro 2.8 million at December 31, 2023.

8.2 Other revenues and income

"Other revenues and income" amount to Euro 8.9 million and refers mainly to:
- Euro 4.9 million grants received for the U.S. activities, mainly for the recovery of end-of-life carpets;
- Euro 0.3 million for the 2024 portion of investments made by the subsidiary Tessilquattro S.p.A. beginning in 2020 as allowed under the tax incentives created under Article 1(9) of Italian law no. 232 of December 11, 2016, and subsequent law nos. 205 of December 27, 2017, 145 of December 30, 2018, 160 of December 27, 2019, 178 of December 30, 2020, and 234 of December 30, 2021;
- Euro 0.4 million regarding the portion in the year of the deferral related to the grant recognised by the EU for the "Effective" research project, relating to the parent company Aquafil S.p.A. for Euro 0.2 million and the subsidiary AquafilSLO d.o.o. for Euro 0.2 million;
- Euro 0.3 million relating to the tax credit on the purchase of capital goods and for the contribution recognised by the EU for the "Cisuflo" project;
- Euro 0.3 contribution for the photovoltaic system of the Group company AquafilCro;
- Euro 1.4 million in rental income of Aquafil Carpet Recycling 2.

8.3 Raw material costs

The account includes raw materials and consumables costs, in addition to changes in inventories.

The account is comprised of:

(in Euro thousands)	2024	2023
Raw materials and semi-finished goods	221,351	260,497
Ancillaries and consumables	25,337	25,918
Other purchases and finished products	3,745	5,206
Total	**250,433**	**291,620**

Raw materials, ancillaries and consumables amount to Euro 250.4 million, decreasing Euro 41.2 million (14.1%) on the previous year (Euro 291.6 million). Reference should be made to the Directors' Report for further details.

8.4 Service costs and rent, lease and similar costs

The account is comprised of:

(in Euro thousands)	2024	2023
Transport, shipping & customs	20,309	16,187
Electricity, propulsive energy, water and gas	49,876	55,848
Maintenance	9,241	10,023
Services for personnel	5,447	6,240
Technical, ICT, commercial, legal & tax consultancy	11,311	11,828
Insurance	3,692	3,599
Marketing and advertising	3,137	3,478
Cleaning, security and waste disposal	3,481	3,620
Warehousing and external storage	4,493	4,337
External processing	6,151	5,328
Other sales expenses	282	262
Statutory auditors fees	179	163
Other service costs	2,972	3,332
Rentals and hire	2,212	2,661
Total	**122,784**	**126,907**

Service costs amount to Euro 122.8 million, decreasing Euro 4.1 million on 2023 (Euro 126.9 million). The decrease, which is related to the dynamics of the decrease in production volumes, is particularly pronounced in costs related to utilities; on the other hand, an increase in costs for transportation, shipping and customs is noted mainly due to an increase in unit prices in the Asian area and an increase in volumes transported in the other areas served by the Group.

8.5 Labour costs

These costs are broken down as follows:

(in Euro thousands)	2024	2023
Salaries and wages	95,880	97,540
Social security contributions	20,711	20,846
Post-employment benefits	1,677	1,732
Other non-recurring costs	1,643	3,004
Director fees	1,730	1,910
Total	**121,641**	**125,034**

Labour costs amount to Euro 121.6 million, decreasing Euro 3.4 million on 2023. The reduction in labour costs is due mainly to the decrease in the average number of employees (as detailed in the table below).

Other non-recurring costs mainly concern the leaving incentives incurred by the parent company Aquafil S.p.A. for Euro 0.5 million, by AquafilSLO doo for Euro 0.9 million and Tessilquattro S.p.A. for Euro 0.2 million.

The number of employees, broken down by category, is as follows:

	31.12.2024	31.12.2023	Average 2024	Average 2023
Managers	40	41	40	45
Middle managers	166	183	172	171
White-collar	377	382	385	419
Blue-collar	1,906	2,031	1,931	2,154
Total	**2,489**	**2,637**	**2,528**	**2,789**

8.6 Other operating costs and charges

These costs are broken down as follows:

(in Euro thousands)	2024	2023
Taxes, duties & sanctions	2,768	2,720
Losses on asset sales	26	20
Other operating charges	496	904
Total	**3,290**	**3,644**

“Other operating costs and charges” amounted to Euro 3.3 million, decreasing Euro 0.3 million on 2023. The account mainly comprises “Taxes, duties and sanctions” for Euro 2.8 million, which mainly concern local property taxes and for Euro 0.5 million “Other operating charges”.

8.7 Amortisation, depreciation and write-downs

The account is comprised of:

(in Euro thousands)	2024	2023
Amortisation	7,260	6,741
Depreciation	36,835	33,233
RoU (Right-of-Use) depreciation	9,963	9,525
Write-down of intangible assets	42	137
Total	**54,100**	**49,635**

Amortisation and depreciation totalled Euro 54.1 million, increasing Euro 4.5 million on 2023. The increase is mainly due to assets in progress that entered into operation during 2024 of the companies Aquafil USA and AquafilSLO, in addition to the entry into full operation of the Ljubljana cogeneration plant.

8.8 Provisions & write-downs/(Releases)

The account is comprised of:

(in Euro thousands)	2024	2023
Doubtful debt provision	(81)	(895)
Provisions for risks and charges	(10)	(107)
Total	**(91)**	**(1,002)**

The item provisions and releases presents a negative balance of Euro 91 thousand and represents the impact on the income statement of the updated analysis of the recoverability of receivables as of the balance sheet date. The change from the previous year is due to the release of a portion of the excess allowance for doubtful accounts that occurred during 2023

8.9 Increases in fixed assets for internal work

In 2024 this item, amounting to Euro 4,4 million (Euro 6.3 million in 2023), mainly refers to the capitalisation during the year of the following projects:

- for Euro 1.6 million new product development costs (IAS 38);
- for Euro 1.2 million, the increase in industrial and energy efficiency and capacity at Group plant;
- for Euro 0.4 million the increase in industrial and energy efficiency in the production of ECONYL® caprolactam and its raw materials, in addition to the development of circularity-focused technologies;
- for Euro 0.4 million other activities mainly related to the Group's digitisation processes.
- For Euro 0.5 related to improvements on existing plant and equipment.

8.10 Financial income

The account is comprised of:

(in Euro thousands)	2024	2023
Other interest	28	19
Interest income current accts.	1,342	1,003
Total	**1,370**	**1,022**

"Financial income" amounts to Euro 1.4 million and presented an increase of Euro 0.4 million compared to the previous year ended December 31, 2023.

8.11 Financial charges

The account is comprised of:

(in Euro thousands)	2024	2023
Interest on bank loans and borrowings	12,393	9,067
Interest on bonds	2,893	2,570
Interest exp. on current accounts	717	1,135
Write-down of derivative financial instruments	1,144	2,709
Other financial and interest expense	3,860	3,560
Total	**21,007**	**19,041**

"Financial charges" amount to Euro 21.0 million and presented an increase of Euro 2.0 million compared to the previous year ended December 31, 2023, due mainly to the increase in market rates. The "Write-downs of derivatives and financial instruments" was Euro 1.1 million, with the charge substantially due to the decrease in the fair value (MTM valuation) of the derivatives, due to the movement in the interest rate curve.

As previously illustrated, “hedge accounting” was not applied to these derivatives as, although entered into for hedging purposes, they have been considered for accounting purposes and consistently with the past, as non-hedging instruments (and therefore the relative fair value is recognised in the income statement).

8.12 Exchange gains and losses

The breakdown of the account is as follows:

(in Euro thousands)	2024	2023
Total exchange gains	6,127	7,696
Total exchange losses	(7,601)	(6,901)
Total exchange differences	**(1,472)**	**796**

A net loss of Euro 1.5 million is reported for 2024, as the net balance between realised exchange gains and losses.

8.13 Income taxes

The breakdown of the account is as follows:

(in Euro thousands)	2024	2023
Current and prior-year taxes	3,098	2,631
Deferred taxes	(4,389)	(2,774)
Total	**(1,291)**	**(143)**

The total of current and deferred taxes at December 31, 2023 amounted to Euro 1.3 million, as a result of positive deferred taxes in the amount of Euro 4.4 million, which were partially offset by current and prior-year taxes in the amount of Euro 3.1 million.

The table below shows a reconciliation of the theoretical tax charge for the Group and the actual tax charge:

(in Euro thousands)	2024	Theoretical rate	2023	Theoretical rate
Pre-tax profit/(loss)	**(17,604)**		**(25,992)**	
Tax calculated on applicable rate	4,225	24%	6,238	24%
Total current income taxes	(3,098)		(2,631)	
Total deferred taxes	4,389		2,774	
Total effective taxes	**1,291**		**143**	
Change tax rate	**2,934**		**6,095**	
Changes permanent increases	597		837	
Changes permanent decreases	(4,461)		(237)	
Non-accrual of deferred tax assets	1,644		4,346	
Prior year taxes	(191)		1,590	
Other taxes (mainly WHT from China and Thailand)	1,442		1,618	
Effect of delta tax rate in different jurisdictions	(1,965)		(2,050)	

The delta between the theoretical and actual tax rate for the group (24%) is mainly due to the lack of prudent allocation of deferred tax assets by certain group companies and to permanent decreases. It should be noted that, based on estimates made at that time, the Group did not fall within the scope of application of the rules of Pillar 2, the goal of which is to ensure that large multinationals pay income taxes of at least 15%. The unused tax losses for which no tax assets have been allocated amounts to Euro 7.2 million.

8.14 Non-recurring items

The account is comprised of:

(in Euro thousands)	2024	2023
Non-recurring charges	244	390
Expansion costs Aquafil Group	189	600
ACR1 non-recurring costs and revenues		308
Costs and revenues closure and extraordinary management Aquafil UK		1,348
Restructuring and other personnel costs	1,641	1,897
Extraordinary administrative and legal consultancy	64	456
Total non-recurring costs	**2,138**	**4,999**
Extraordinary income	(42)	(53)
Total non-recurring revenues	**(42)**	**(53)**
Non-operating income and charges	**2,097**	**4,946**

The amount related to the item "non-recurring charges" amounting to Euro 244 thousand is mainly due to the quantification of the economic damage incurred due to an electricity blackout.

The item "Expansion costs Aquafil Group" refers to costs incurred by the group in order to assess new business opportunities.

The item "Restructuring and other personnel costs" mainly refers to costs incurred by certain group companies within the scope of reorganisation efforts.

The item "Extraordinary administrative and legal consultancy" refers to extraordinary fiscal consultancy costs incurred in 2024.

The percentage of the non-recurring items of the result, of cash flows, of the equity position, and of the net debt, are reported below.

(in Euro thousands)		*of which non-recurring*	**Percentage**
Net profit/(loss)	(16,313)	*(2,097)*	12.9%
Net cash flow in the year	27,296	*(1,154)*	(4.2%) (*)
Total assets	655,258	*(943)*	(0.1%) (**)
Net financial debt	(213,542)	*(1,154)*	0.5% (*)

(*) This amount concerns the non-recurring items paid in the year.
(**) Amount of non-recurring income statement items yet to be paid at year-end.

8.15 Earnings per share

The breakdown of the account is as follows:

(in Euro thousands)	2024	2023
Profit attributable to the owners of the Parent	(16,313)	(25,849)
Weighted average number of shares	53,890	51,139
Earnings/(loss) per share (in Euro)	**(0.30)**	**(0.51)**
Earnings/(loss) per share – diluted (in Euro)	**(0.30)**	**(0.51)**

We point out that diluted earnings per share is equal to the above-mentioned earnings per share as there are no stock option plans.

9. NET FINANCIAL DEBT

Below is the breakdown of the net financial debt at December 31, 2024 and December 31, 2023, determined in accordance with the ESMA Guidelines (32-382-1128):

(in Euro thousands)		At December 31, 2024	At December 31, 2023 (*)
A.	Cash	130,366	157,662
B.	Cash and cash equivalents		
C.	Other current financial assets	980	5,703
D.	**Liquidity (A + B + C)**	**131,346**	**163,364**
E.	Current financial debt (including debt instruments but excluding the current portion of non-current financial debt)	(4,082)	(2,438)
F.	Current portion of non-current financial debt	(99,125)	(100,147)
G.	**Current financial debt (E + F)**	**(103,208)**	**(102,585)**
H.	**Net current financial debt (G – D)**	**28,138**	**60,780**
I.	Non-current financial debt (excluding current portion and debt instruments)	(197,199)	(246,160)
J.	Debt instruments	(44,481)	(57,391)
K.	Trade payables and other non-current payables		
L.	**Non-current debt (I + J + K)**	**(241,681)**	**(303,551)**
M.	**Total financial debt (H + L)**	**(213,542)**	**(242,771)**

(*) Please refer to section 2.4 Accounting principles and policies, subsection *"Exceptions to the application of international accounting standards"*.

The net financial reconciliation between the beginning and end of the period are presented below. The effects indicated include the currency effects.

(in Euro thousands)		*current portion*	*non-current portion*
Net Debt at December 31, 2023	**(242,771)**	***60,780***	***(303,551)***
Net cash flow in the year	(27,296)	*(27,296)*	
Change in liquidity subject to restrictions	(3,487)	*(3,487)*	
New bank loans and borrowings	(29,500)	*(313)*	*(29,188)*
Repayment/Reclass. bank loans and borrowings	92,509	*2,404*	*90,105*
Leasing New Funding	(10,832)	*(2,166)*	*(8,666)*
Repayment/Reclass. lease liability	10,771	*1,004*	*9,767*
Change in fair value derivatives	(1,144)	*(1,144)*	
Other changes	(1,793)	*(1,645)*	*(148)*
Net Debt at December 31, 2024	**(213,542)**	***28,138***	***(241,681)***

10. RELATED PARTY TRANSACTIONS

Transactions and balances with related parties are illustrated in the tables below. The companies indicated are considered related parties as directly or indirectly related to the majority shareholder of the Aquafil Group. Transactions with related parties were undertaken in line with market conditions.

Payables and receivables of the Group with related parties are illustrated in the table below:

(in Euro thousands)	Parent companies	Subsidiaries	Associates	Related parties	Total	Total book value	% on total account items
Non-current financial assets							
December 31, 2024			1,304	79	**1,383**	2,082	66.4%
December 31, 2023			1,023	79	**1,102**	1,558	70.7%
Trade receivables							
December 31, 2024			35	62	**97**	20,370	0.5%
December 31, 2023	275			77	**351**	26,206	1.3%
Other current assets							
December 31, 2024						8,033	
December 31, 2023	5,854				**5,854**	14,644	40.0%
Non-current financial liabilities (*)							
December 31, 2024				(3,902)	**(3,902)**	(241,535)	1.6%
December 31, 2023				(3,217)	**(3,217)**	(303,551)	1.1%
Current financial liabilities (*)							
December 31, 2024				(4,146)	**(4,146)**	(103,208)	4.0%
December 31, 2023 (*)				(1,872)	**(1,872)**	(102,585)	1.8%
Trade payables							
December 31, 2024				(396)	**(396)**	(109,178)	0.4%
December 31, 2023 (*)	(184)			(367)	**(551)**	(116,006)	0.5%

(*) Please refer to section 2.4 Accounting principles and policies, subsection *"Exceptions to the application of international accounting standards"*.

"Non-current financial assets" with associates and Group companies amount to Euro 1,383 thousand and concern mainly the equity measurement of investments held by the parent company in the associated companies Nofir AS and Poly-Service SAS, as well as the investment held by Aquafil Cile S.p.A. in the joint venture Acca S.p.A.

"Trade receivables" from associates mainly refers to the receivable of Aquafil Cile from Acca S.p.A., whereas the trade receivables from related parties concern the receivables of Aquafil S.p.A. and Tessilquattro S.p.A. from Aquaspace S.p.A..

"Non-current financial liabilities" amount to Euro 3,902 thousand and concern long-term financial payables for the lease agreement related to the Rovereto plant, the payable to Aquaspace S.p.A. by the parent company for Euro 1,077 thousand and by the subsidiary Tessilquattro S.p.A. for Euro 1,499 thousand, as well as the long-term financial payable of Aquafil USA for the lease agreement of the Aquafil Drive and Fiber Drive plants in Cartersville payable to Aquafin USA for Euro 832 thousand and Euro 493 thousand for the lease agreement for the AquafilSlo plant in Slovenia payable to Aquasava doo.

"Current financial liabilities" amount to Euro 4,146 thousand and concern: the short-term portion of the lease agreement related to the Rovereto plant payable to Aquaspace S.p.A. by Aquafil S.p.A. for Euro 292 thousand and by Tessilquattro S.p.A. for Euro 476 thousand; Euro 1,127 thousand for the short-term portion of the lease agreement related to the Slovenian plant payable to Aquasava d.o.o. by AquafilSLO; and Euro 2,251 thousand for the short-term portion of the lease agreement related to the US plant payable to Aquafin USA Inc. by Aquafil USA Inc.

"Trade payables" amount to Euro 396 thousand and mainly concern Euro 155 thousand in trade payables of Aquafil S.p.A. and the subsidiary Tessilquattro S.p.A. to Aquaspace S.p.A. and Euro 184 thousand in trade payables of Aquafil USA to Aquafin USA.

The transactions of the Group with related parties are illustrated in the table below:

(in Euro thousands)	Parent companies	Associates	Related parties	Total	Book value	% on total account items
Revenues						
FY 2024	251	33	51	**335**	551,043	0.1%
FY 2023	231		52	**283**	580,708	
Service costs and rent, lease and similar costs						
FY 2024			(651)	**(651)**	(122,784)	0.5%
FY 2023	(2)		(522)	**(524)**	(126,907)	0.4%
Other operating costs and charges						
FY 2024			(70)	**(70)**	(3,290)	2.1%
FY 2023			(70)	**(70)**	(3,644)	1.9%
Investment income/charges						
FY 2024		184		**184**	184	100.0%
FY 2023		90		**90**	90	100.0%
Financial charges						
FY 2024			(116)	**(116)**	(10,531)	1.1%
FY 2023	(23)		(124)	**(147)**	(21,007)	0.7%

"Revenues from parent companies" total Euro 251 thousand and concern the administrative consultancy revenues of Aquafil S.p.A. received from Aquafin Holding S.p.A. Other related-party revenues amount to Euro 52 thousand and are mainly related to revenues of the parent company in relation to Aquaspace S.p.A. for administrative consultancy by Tessilquattro S.p.A.

"Service costs and rent, lease and similar costs" are mainly due to costs incurred by Tessilquattro S.p.A. in relation to Aquaspace S.p.A. for waste-disposal services.

"Other operating costs and charges" amount to Euro 70 thousand and concern costs related to the payment of taxes regarding the rebilling of local property taxes of Aquaspace S.p.A. to Aquafil S.p.A. and Tessilquattro S.p.A.

Investment income amounts to Euro 184 thousand and concerns dividends received from Nofir AS in 2024.

"Financial charges" to associated companies amount to Euro 116 thousand and mainly concern the charges related to lease agreements between Aquaspace S.p.A. and Tessilquattro S.p.A. (Euro 44 thousand), between Aquaspace S.p.A. and Aquafil (Euro 26 thousand), and between Aquafin USA Inc. and Aquafin USA Inc. (Euro 43 thousand).

The following table summarises cash flows with related parties of the Group and their percentage out of the cash flow indicated in the cash flow statement:

(in Euro thousands)	Total cash flow statement account	*of which related parties*	% on total account items
Profit/(loss) for the year	(16,313)	*(367)*	2%
Financial charges	21,007	*116*	1%
Increase/(Decrease) in trade payables	(8,150)	*(155)*	2%
Decrease/(Increase) in trade receivables	6,693	*254*	4%
Changes to assets and liabilities	(3,809)	*5,854*	(154%)
Net changes in current and non-current financial assets and liabilities (including IFRS 16)	(6,969)	*2,766*	(40%)

11. OTHER INFORMATION

11.1 Commitments and risks

Other commitments

At December 31, 2024, the parent company Aquafil S.p.A. provided sureties in favour of credit institutions in the interest of subsidiaries, companies subject to the control of the parent company and third parties for a total of Euro 19.6 million.

Contingent liabilities

Provided below is a list of fiscal positions and disputed defined and pending as at the balance sheet date that concern the Parent Company, Aquafil S.p.A.. We are not aware of the existence of further disputes or proceedings that are likely to have significant repercussions on the Group's economic and financial situation.

1) <u>*Tax audit Aqualeuna GmbH*</u>

   Periods 2013 – 2015 and 2016 – 2017

   The company Aqualeuna GmbH was involved in a tax audit by the competent German federal tax office in Leuna concerning inter-company transactions. On July 15, 2021, the company was notified by the German tax administration's audits unit in Halle of the conclusion of the tax audits for fiscal years 2013-2017. The upward adjustment to Aqualeuna's assessable income concerned:

   a) for the period 2013-2015, not subject to international cooperation with the Italian administration, for Euro 735 thousand, offset by the equal utilisation of the company's prior year losses;
   b) for the period 2016, subject to joint audit by the two administrations, upward adjustment for Aqualeuna of Euro 1.4 million, with corresponding equal adjustment to the benefit of Aquafil in Italy, for which during the first half of 2022 the corresponding adjustment was made official by the Trento Provincial Office. In fact, on July 26, 2022, the Office recognised the amount of Euro 410 thousand upon closure of the reimbursement file and therefore without impact on the consolidated results;
   c) for the 2017 period, not subject to joint audit by the two administrations, upward adjustment for Aqualeuna of Euro 3.7 million and the submission of a request to recognise a decrease in IRES and IRAP assessable income, filed by Aquafil on January 21, 2022. Given the use of past losses of Aqualeuna, the increased taxes for the company for 2013-2017 came to Euro 207 thousand. Aquafil, on January 21, 2022, forwarded to the International Dispute Resolution and Prevention Office of the Large Taxpayers Central Directorate in Rome of the Tax Agency a special Application pursuant to Article 31-quater, paragraph 1, letter c) of Presidential Decree September 29, 1973, No. 600 for the unilateral recognition for IRES and IRAP purposes of the downward adjustment of income against the upward adjustment amounting to Euro 3,733 thousand made in Germany for the stated tax period; the initiation of the procedures provided for in Arbitration Convention No. 90/436/EEC of July 23, 1990, on the elimination of double taxation in the case of adjustments to profits of associated companies. On December 22, 2022, the aforementioned International Dispute Resolution and Prevention Office notified the Company that the mutual agreement procedure pursuant to Article 6 of Arbitration Convention No. 90/436/EEC resulted in an agreement being reached between the competent Italian and German Authorities on the basis of which it was agreed to confirm the adjustments made by the German tax authorities in the amount of Euro 3,733 thousand and to recognise Aquafil the same amount as a corresponding adjustment by the Italian tax authorities.

   The German competent authority sent a similar notice to Aqualeuna.

   Both companies have sent acceptance of the agreement in relation to the year 2017 to their respective competent authorities.

   Similarly to 2016, on February 15, 2023 the Company submitted, pursuant to Article 3, paragraph 1, of Law No. 99 of March 22, 1993, a refund application for IRES and IRAP purposes to the Provincial Directorate of Trento for Euro 997 thousand (Euro 896 thousand for IRES, Euro 101 thousand for IRAP) and thus awaits the refund authorisation measure.

   2018-2019 Period

   For tax years 2018 and 2019, not the subject of the aforementioned audits and during which Aqualeuna recognised further tax losses, the German tax administration began another audit in September 2021, requesting that the Italian tax administration launch a joint audit similar to the one conducted for 2016.

   On May 31, 2023, Aqualeuna received a report dated May 15, 2023, from the German tax authority (Finanzamt Merseburg) notifying of the conclusion of the audit of fiscal years 2018 and 2019 (which began on October 5, 2021, and was completed on May 2, 2023).

   This audit (not subject to international cooperation between the German and Italian tax authorities) identified the following issues resulting in an increase in taxable income for Aqualeuna: i) Euro 2,363 thousand for fiscal year 2018; and ii) Euro 4,429 thousand related to 2019. For these tax periods, total recoveries therefore result in for German tax purposes for Aqualeuna the reabsorption of the tax losses and positive taxable income for the excess of Euro 282 thousand for 2018 and of Euro 81 thousand for 2019.

For the stated tax periods, Aqualeuna filed an appeal with the tax authorities (Finanzamt Merseburg) against the assessments on June 26, 2023, requesting their suspension in order to allow for the introduction and conclusion of amicable procedures with the relevant Italian authorities.

As was done for fiscal year 2017 and in reference to the aforementioned tax periods, on October 4, 2023, Aquafil initiated a specific mutual cooperation procedure (on both the Italian and the German side) in accordance with Article 3 of Italian Law Decree no. 49 of June 10, 2020, and with Article 4 et seq. of the German law of December 10, 2019, concerning the settlement of disputes regarding double-taxation accords within the European Union, both of which transpose Council Directive (EU) 2017/1852 of October 10, 2017, on the settlement of tax disputes within the European Union.

It is therefore reasonably certain that, upon the outcome of these procedures, the competent authorities of the two States will take pursuant to Directive 2017/1852 a decision by mutual agreement (guaranteed outcome) aimed at eliminating the double taxation that might arise at Group level. The upward adjustment in taxable income imposed in Germany by Aqualeuna (as agreed upon by the two tax authorities) can thus be neutralized (as per point a) of Article 31-quater of DPR 600/1973) by a corresponding opposing adjustment granted to Aquafil by the Italian Tax Agency. Thus, during the year, the parent company Aquafil recognised a positive tax effect that neutralised the tax charge already recognised in the subsidiary Aqualeuna.

Compared with the situation at December 31, 2023, no new facts have emerged as of December 31, 2024 that would change the opinion expressed therein.

More specifically, and with reference to the dispute concerning the tax periods 2018 and 2019 (subject of the specific mutual agreement procedures beginning simultaneously with the two competent authorities on October 4, 2023 and declared admissible on March 18, 2024 in Italy and on August 29 in Germany), it is considered reasonably certain that the ongoing procedures (also based on the additional information sent to both competent authorities on March 20, 2024) will result in the two Tax Authorities taking a decision by mutual agreement (guaranteed outcome) to eliminate the economic double taxation at the Group level.

In view of that outlined, it is considered that there are no additional contingent liabilities on the part of Aquafil S.p.A. and the Aquafil Group to be covered by an allocation to a risk provision.

2) *Suspension of VAT refund – 2019 fiscal year*

On June 22, 2020, the Company filed for a VAT refund in the amount of Euro 488 thousand by way of the 2020 tax return (for 2019 income). The reason given was the lower excess credit not transferable for the payment of group VAT (as per Articles 33 and 73 of Italian Presidential Decree 633/1972). On June 17, 2022, the Tax Office, after lengthy investigative and documentary verification activities, notified the Company of the recognition of the 2019 annual VAT credit requested for reimbursement in the amount of Euro 488 thousand, and also in June settled the entire amount, including interest, as required by law.

3) *Invitation 5-ter of Legislative Decree No. 218/1997 – VAT for 2017*

On November 20, 2023, the Trento Office notified Aquafil S.p.A. of an invitation to appear issued, pursuant to Article 5-*ter* of Legislative Decree No. 218/1997 for the establishment of a case regarding the adjustment of the 2018 VAT filing (for FY 2017) regarding deducted VAT for a total of Euro 790 thousand.

Regarding the VAT in dispute, as previously reported, in June 2020, the Company had requested a refund for a portion of this credit, amounting to Euro 488 thousand. In relation to this, the Office, after reviewing the documentation provided by the Company during the refund process, initially suspended the execution of the refund (Decision of November 6, 2020) and subsequently ordered the recognition of the refund with the settlement of the entire amount (Decision of June 17, 2022).

Based on this act, which contests the VAT payable of Space3 S.p.A. (a company that incorporated Aquafil during the tax period of 2017 as part of the listing operation), a payment totalling Euro 658 thousand is demanded, of which: VAT: Euro 301 thousand (which does not take account of the refunded VAT), sanctions: Euro 296 thousand (equal to 1/3 of the legal total) and interest of Euro 60 thousand (calculated through November 30, 2023).

On December 6, 2023, the Company therefore filed an appeal with the Office, during which it emerged that the act (mistakenly) does not call for recovery of the VAT credit refunded in 2022 for Euro 488 thousand.

On March 22, 2024, the Trento Office served the Company an assessment notice containing a VAT tax claim of Euro 790 thousand (amount considering the VAT reimbursed in 2022), penalties of Euro 296 thousand and interest of Euro 94 thousand (calculated to 21/03/2024).

Believing the objections contained in the Notice to be entirely illegitimate and unfounded, the Company filed a prompt appeal with the First Instance Court of Trento, also requesting the suspension of the effects of the act pursuant to Article 47, Paragraph 1 of Legislative Decree 546 of 1992.

On September 16, 2024, the Company also filed an explanatory brief in response to the Office's counterclaims, highlighting the Court of Cassation judgment No. 22608 of August 9, 2024, issued after the appeal was filed, which expressly established the legitimacy of VAT deduction for transaction costs incurred by a special purpose vehicle (SPV or NewCo) in the context of a merger leveraged buy out (MLBO).

The First Instance Court of Trento rejected the suspension request on September 30, 2024.
On January 20, 2025, the appeal hearing was held, during which the court invited the parties to reach a settlement agreement on the dispute, adjourning the hearing date to March 10, 2025. At the hearing on March 10, 2025, the judge, at the request of the parties, ordered a postponement to May 12, 2025 to allow the parties a reasonable amount of time to consider the terms of a possible settlement.
In light of other recent rulings, we believe there may be concrete possibilities of victory for the Company, although it is likely that this would occur with the issuance of judgment by the Court of Cassation.
At present, therefore, any quantification of contingent liabilities is considered premature.

4) *Initiation of audit for direct taxes on 2016, 2017, 2018 and 2019 tax years*
On May 11, 2022, the Trento Tax Agency notified the Company of four notices of the initiation of an audit on the 2016, 2017, 2018 and 2019 tax years, with reference to the transfer prices charged by Aquafil to overseas subsidiaries for IT services, in addition to the interest rates applied on loan agreements, in full continuity with the audit on FY 2015, settled with the agreement signed on May 5, 2022.
Regarding the 2021 tax period, later extended to the years 2018, 2019 and 2020, the audit was entrusted to the "Guardia di Finanza" of Trento within the scope of the general verification initiated on September 7, 2023. This concluded with the notification, on December 11, 2023, of a tax assessment report (PVC) with issued amounting to Euro 2,877 thousand, as follows:
i. transfer pricing issue for the alleged failure to rebill ICT costs to foreign subsidiaries, totalling Euro 2,189 thousand;
ii. transfer pricing issue for failure to invoice interest income to foreign subsidiaries, totalling Euro 667 thousand;
iii. costs and deductions improperly deducted totalling Euro 21 thousand.
An analysis of the PVC revealed that the issues noted by the auditors contain numerous aspects with which we do not agree and which had already been accepted by the Trento Office in the context of audits related to the years 2015, 2016 and 2017, based on which, last year, we had estimated a potential risk for the company totalling Euro 485 thousand, which has already been allocated to a specific provision.
Following the conclusion of the audit activities, the Trento Office, after receiving the PVC issued by the Italian tax police, proceeded to notify the Company of the Draft Assessment Notices for IRES and IRAP purposes for the 2018 tax year on November 4, 2024, in relation to which the parent company promptly initiated the settlement assessment procedure.
Based on what emerged during the recent dialogue with the Office on January 20, 2025, it is believed that the estimate of potential IRES and IRAP made last year, totalling Euro 485 thousand, can be confirmed.
It should be noted that, in the PVC, penalties were not applied on the transfer pricing issues, as the documentation was deemed adequate.
On February 24, 2025, the Parent Company, while reaffirming the legitimacy of its conduct, and solely in order to avoid a long and fatiguing litigation, settled in accordance with the Schedules of Deed for IRES and IRAP purposes for the year 2018, paying on the same date the total amount of Euro 57,374.74, of which Euro 47,822 for IRAP tax, Euro 9,468.95 for IRAP interest and Euro 83.33 for IRES penalties.
The higher IRES and IRAP taxable amounts agreed in the settlement are substantially in line with what was estimated for the purpose of setting aside the relevant provision in the financial statements. Specifically, there is a lower IRES and IRAP (excluding interest) charge of Euro 1,189 and Euro 515, respectively.
It is also noted that the settlement agreement did not result in any IRES payment as the Agency recognised the use of the ACE surplus available in the 2018 tax year.
In relation to the 2019 and 2020 fiscal years, the IRAP Schedules of Deeds were notified on March 12, 2025, and on the IRES Schedules of Deeds were notified on March 17, 2025.
On the Schedules of Deeds, which highlight the same findings as those reported in the PVC, the company will activate the agreed settlement procedure according to the legal deadlines.
For the FY 2021, no deed has been served yet.
In light of the above, it is considered that we can confirm the estimate of the potential IRES and IRAP charge, totalling Euro 485,365, which is already recorded in a special provision in the financial statements as of 31/12/2024.

11.2 Remuneration of senior management

The remuneration and benefits in favour of members of the Board of Directors and Senior Executives and the compensations due to the members of the Board of Statutory Auditors are presented below.

Director and Statutory Auditor fees	2024 (in Euro thousands)
Short-term benefits	2,635.9
Other long-term employee benefits	24,5
Total	**2,660.4**

Senior Executive fees	2024 (in Euro thousands)
Short-term benefits	2,311.8
Other long-term employee benefits	99.9
Total	**2,411.7**

11.3 Significant events after December 31, 2024

(i) On February 6, 2025, the parent company Aquafil S.p.A. repaid in advance the loan entered into with Monte dei Paschi di Siena, comprising a remaining payable of Euro 1,875 thousand.

(ii) On February 20, 2025, the Company announced that Mr. Roberto Bobbio, Group CFO and Executive Officer for Financial Reporting, resigned for personal reasons, effective March 1, 2025. Roberto Bobbio will retain his duties and responsibilities until February 28, 2025. Mr. Bobbio does not hold any Aquafil shares as of today. The Company also announces that it has already identified Mr. Andrea Pugnali, former Regional CFO of the group company Aquafil USA Inc. as the ideal candidate to fill the role of Group CFO: Andrea Pugnali will formally assume this role as of August 1, 2025. To ensure a smooth transition, the routine management of the AFC department's activities, as well as ensure the smooth running of activities related to upcoming corporate events, until then all functions currently reporting to the Group CFO will report directly to Mr. Giulio Bonazzi, the Company's CEO. Finally, the Company announces that effective March 1, 2025, it has appointed Ms. Barbara Dalla Piazza, Consolidation & ESG Director, as the Executive Officer for Financial Reporting pursuant to and for the purposes of Law 262/05 and Article 154-*bis* CFA, and, effective the same date, Mr. Stefano Giovanni Loro, President BCF, as Executive Officer for Sustainability Reporting, pursuant to and for the purposes of EU Directive 2022/2464: Dalla Piazza and Loro will hold their respective positions until the relative responsibilities are assigned to the new Group CFO.

(iii) On February 26, 2025, the following financing was settled by the Parent Company using surplus liquidity on hand:
a. the loan taken out with Crédit Agricole of a residual debt amounting to Euro 962 thousand;
b. the loan taken out with Crédit Agricole of a residual debt amounting to Euro 1,818 thousand.

(iv) On March 7, 2025, the following financing was settled by the Parent Company using surplus liquidity on hand:
a. The loan taken out with BNL of a residual debt amounting to Euro 1,136 thousand;
b. The loan taken out with BNL of a residual debt amounting to Euro 682 thousand.

11.4 Disclosure as per Article 1, paragraph 125, of Law No. 124 of August 4, 2017

With regards to that required by Article 1, paragraph 125 of Law 124/17, the Company recorded the following in 2024:
i) Euro 63 thousand relating to the sale of the external electricity distribution network produced by the photovoltaic plants;
ii) Euro 41 thousand relating to training grants for Aquafil S.p.A.;
iii) Euro 84 thousand related to the tax credit accrued on the research and development expenses incurred in 2023 and determined as per Article 1, paragraph 35 of Law No. 190 of December 23, 2014;
vi) Euro 224 thousand related to the grant recognised by the EU for the "Effective" research project (portion in the year of the grant);
v) Euro 22 thousand for the tax credit on the purchase of capital goods;
vi) Euro 98 thousand for the contribution recognised by the EU for the "Cisuflo" project (portion in the year of the grant);
vii) Euro 114 thousand relating to the transfer of the "superbonus" tax credit;
viii) Euro 56 thousand related to the Industry 4.0 tax credit.

Attachment 1 – Disclosure pursuant to Article 149 of the Consob Issuer’s Regulation

The following table, drawn up pursuant to Article 149-*duodecies* of the Consob Issuers’ Regulation, highlights the fees charged in the year 2024 for auditing and non-auditing services rendered by this appointed independent audit firm and by the companies in its network.

Company providing the service	Recipient of service	Type of services	Fees 2024
PwC S.p.A.	Aquafil S.p.A.	Audit separate financial statements	148,992
		Audit consolidated financial statements	47,022
		ESEF accounts audit	10,000
PwC S.p.A.	Italian subsidiary	Audit separate financial statements and Group Reporting Package	29,277
PwC (1)	Foreign subsidiaries	Audit separate financial statements and Group Reporting Package	113,600
PwC S.p.A.	Aquafil S.p.A.	Limited Audit of the 2024 consolidated half-year report	33,946
PwC S.p.A.	Italian subsidiary	Limited Audit 2024 half-year Group Reporting Package	12,771
PwC (1)	Foreign subsidiaries	Limited Audit 2024 half-year Group Reporting Package	58,312
Total Audit services provided in 2024 to the Aquafil Group by Worldwide Audit firm			**453,920**
PwC S.p.A.	Aquafil S.p.A.	Limited Audit of Consolidated Non-Financial Report 2024	110,000
PwC S.p.A.	Aquafil S.p.A.	Audit of the statement of the 2023 R&D costs for the purposes of the tax credit Law 145/18	4,900
PwC (1)	Foreign subsidiaries	Other assistance services allowed	6,237
Total other audit services provided in 2024 to Aquafil Group by Audit Firm			**121,137**
PwC S.p.A.	Aquafil S.p.A.	Critical examination of the data included in the Prospectus for the capital increase	90,000
Total other non-audit services provided in 2024 to Aquafil S.p.A. by Audit Firm			**90,000**

(1) Other companies belonging to the same PwC S.p.A. network.

Arco, March 18, 2025

The Chairperson of the Board of Directors
Full Professor Chiara Mio

The Executive Officer
Ms. Barbara Dalla Piazza

Statement of the Principal Financial Officer and the Delegated Bodies

Aquafil S.p.A.
Via Linfano 9 - Arco (TN) – Italy
P.I.: 09652170961

STATEMENT OF THE PRINCIPAL FINANCIAL OFFICER AND THE DELEGATED BODIES (art. 154-bis, comma 5) ABOUT THE CONSOLIDATED YEAR END FINANCIAL STATEMENTS OF AQUAFIL GROUP CLOSED ON 31/12/2024 IN ACCORDANCE WITH ART 81-TER OF CONSOB REGULATION N. 11971 OF 14 MAY 1999 AND ANY SUBSEQUENT AMENDEMENTS AND ADDITIONS

1. The **undersigned** Giulio Bonazzi, Managing Director, and Barbara Dalla Piazza, Executive in Charge of Aquafil SpA, certify, based on art. 154-bis, commas 3-4, and Legislative Decree 58/98:

   - the adequacy in relation to the firm characteristics and
   - the effective implementation

   of the administrative - accountability procedures aimed at preparing the consolidated financial statements as of December 31st, 2024.

2. No relevant issues arose.

3. It is also certified that the consolidated financial statements as of December 31st, 2024:

   a) are drafted based on the International Financial Reporting Standards (I.F.R.S.), recognized in the European Community in accordance with Regulation (EC) n. 1606/2002 of the European Parliament and of the Council of 19 July 2002;

   b) match with the results of the accountability books and registrations;

   c) are appropriate to give a truthful and correct representation of the statement of the assets, liabilities, and capital of the Company and of the group of companies included in the consolidation process.

Arco, March 18th, 2025

Managing Director

Giulio Bonazzi

Executive in Charge

Barbara Dalla Piazza

Board of Statutory Auditor’s Report

AQUAFIL S.p.A.

Via Linfano, 9 - Arco (TN)

Fiscal Code and Trento Company’s Registration Office 09652170961

BOARD OF STATUTORY AUDITORS’ REPORT
TO THE SHAREHOLDERS’ MEETING OF AQUAFIL S.p.A.
IN ACCORDANCE WITH ARTICLE 153 OF LEGISLATIVE DECREE 58/1998 AND ARTICLE 2429 OF THE CIVIL CODE
YEAR ENDED DECEMBER 31, 2024

Dear Shareholders,

This Report was drawn up by the Board of Statutory Auditors of **Aquafil** S.p.A. (hereafter also the “**Company**”), appointed by the Shareholders’ Meeting of April 23, 2024 for the three-year period, until the approval of the 2026 Annual Accounts and comprising the Chairperson of the Board of Statutory Auditors Stefano Poggi Longostrevi and the Statutory Auditors Bettina Solimando and Beatrice Bompieri (in addition to 2 alternate auditors). The current Board of Statutory Auditors has been in office for the entire duration of fiscal year 2024, as the members were already members of the Board of Statutory Auditors in the previous three-year term.

Pursuant to Article 153, paragraph 1 of Legislative Decree No. 58 of February 24, 1998 (hereinafter, the "**CFA**"), the Board of Statutory Auditors is reporting on the supervisory and control activities provided for by applicable legislation, with particular regard to the provisions of the Civil Code, Arts. 148 et seq. of the CFA, Legislative Decree No. 39 of 2010 as amended by Legislative Decree No. 135 of July 17, 2016 and Legislative Decree No. 254/2016. Instructions contained in the CONSOB communications concerning corporate controls and the activity of the Board of Statutory Auditors, indications contained in the Corporate Governance Code of listed companies, as well as the “Standards of conduct for the boards of statutory auditors of publicly listed companies” issued by the National Council of Accountants and Accounting Professionals are also taken into consideration.

This Board of Statutory Auditors’ Report is being provided to the shareholders of Aquafil S.p.A. in view of the Shareholders' Meeting called for April 28, 2025, to approve the Annual Financial Statements and the Consolidated Financial Statements as at December 31, 2024.

It is issued by the Board of Statutory Auditors according to the terms of Article 154-*ter* of Legislative Decree No. 58 of February 24, 1998 and taking account of the Markets Regulation of Borsa Italiana (Article 2.2.3, paragraph 3, letter a) for STAR listed companies.

***

Activities carried out by the Board of Statutory Auditors in 2024 and up to the date of this report are presented below, also with reference to the requirements of Consob Communication No. DEM/1025564 of April 6, 2001 and subsequent amendments.

1. Significant economic, financial and equity transactions.

The following are the significant economic, financial and equity transactions and events that occurred in financial year 2024.

In 2024, the loans were settled on schedule and unsecured SACE-backed new medium/long-term loans were agreed for a total amount of Euro 29.5 million; at the same time, loans were repaid in advance using the Company's excess liquidity for Euro 8.2 million.
For the bank loans with covenants, at December 31, 2024, all had been complied with. It is also expected, based on the data emerging from the business plan, and the best estimates available to date, that they will be complied with as of June 30, 2025, for contracts with a six-month calculation reference date, and as of December 31, 2025.

On January 10, 2024, the shareholders of the French associated company Poly-Service S.a.s. - incorporated on August 7, 2023 by Aquafil S.p.A. and Politecnici S.r.l. - in an extraordinary session, approved an increase in share capital in the amount of Euro 200 thousand, by issuing 200,000 new shares with a par value of Euro 1 each. The shares were subscribed in their entirety:

(i) by the company Politecnici for up to 110,000 shares on payment of Euro 110 thousand on January 10, 2024;

(ii) by Aquafil S.p.A. for up to 90,000 shares on payment of Euro 90 thousand on January 18, 2024.

On August 29, 2024, the Board of Directors of Aquafil S.p.A. resolved to submit a proposal to shareholders for a divisible, paid-in increase in the Company's share capital, at one or more moments or in multiple tranches, for up to Euro 40 million, including any share premium, by issuing new ordinary and type-B shares with the same characteristics as the shares currently outstanding, to be offered as an option to all eligible parties in accordance with Article 2441(1) of the Italian civil code.

On October 10, 2024, the Extraordinary Shareholders' Meeting of the Company approved the proposal to increase the Company's share capital; Article 5 of the By-Laws was then amended to reflect the resolution.

At the end of the rights offering period and the subsequent sale of the remaining unopted rights, which took place on December 9, 2024, 30,269,432 new ordinary shares and 6,048,008 new class B shares, corresponding to 99.99% of the total number of shares offered under the rights offering, were subscribed for a total value of Euro 39,949,184, of which Euro 3,631,744 was allocated to share capital and Euro 36,317,440 was allocated to the Share Premium Reserve.

The majority shareholder, Aquafin Holding S.p.A., subscribed all of its portion of the increase, equal to 51.78% of the ordinary shares, calculated on the number of shares net of treasury shares, and 100% of the increase related to the class B shares, for a total value of approximately Euro 24 million.

The share capital of Aquafil S.p.A., subscribed and paid-in at December 31, 2024, is now Euro 53,354,161.28 and is composed of 73,172,206 ordinary shares and 14,364,028 class B shares, both classes of which are without a specified par value.

For the other significant events in the year, reference should be made to the Directors' Report.

2

The Board of Statutory Auditors received information from Directors with due periodicity on the activities and significant economic, financial and equity transactions carried out by the Company and its subsidiaries. The Directors have reported these transactions in the Directors' Report, to which reference should be made, also as regards the nature of the transactions and their economic effects.

The Board of Statutory Auditors acquired adequate information on these transactions which has made it reasonably possible to believe that these transactions were compliant with the law, the By-Laws and the principles of correct administration and are not imprudent, risky or inconsistent with the resolutions passed by the shareholders' meeting or, in any case, such as to compromise the integrity of corporate assets.

The Directors, in their Report, acknowledged that the successful closing of the capital increase contributed to the marked improvement in the Net Financial Position, whose NFP/EBITDA ratio went from x5.11 in 2023 to x3.42 in 2024. The Directors also provided information on the outlook, indicating that for fiscal year 2025 the business plan forecasts increasing volumes for all product lines, a trend that is confirmed by the order intake in the first months of the year and the benefits of the announced market closure of certain competitors. For the current year, the Company expects EBITDA to increase due to the higher volumes and the implementation of other efficiencies in the Plan.

Regarding the conflicts between Russia and Ukraine and in the Middle East, the Directors confirm that these situations have had no direct impact on the Company, although they continue to generate great uncertainty and produce negative effects on the economy, especially in Europe.

2. Third party, intragroup or related party atypical and/or unusual transactions.

The Board of Statutory Auditors has not come across or received instructions from the Board of Directors, the Independent Audit Firm or the Internal Audit Manager concerning the existence of atypical and/or unusual transactions undertaken with third parties, related parties or intragroup, as defined by the CONSOB Communication DEM/6064293 of July 28, 2006.

In the notes to the financial statements, the Directors have given an account of ordinary transactions carried out during the year with Group companies and related parties, to which reference is made, also as regards the nature of the transactions and their economic effects.

Their examination revealed no critical issues with regard to adequacy, congruity and compliance with the company's interests.

The Board of Statutory Auditors has verified the effective implementation and the practical functioning of the procedure for transactions with related parties adopted by the company, including periodic information from the Board of Directors in the event such transactions are carried out.

In this regard, we highlight that the Board of Directors on May 13, 2021 approved the updated RPT Policy, with effect from July 1, 2021, having received the favourable opinion of the Control, Risks and Sustainability Committee acting in its function of Related Party Transactions Committee, in order to take account of the provisions of Consob motion No. 21624 of December 10, 2020. This policy, which may be found on the Company's website, provides (among other matters) for exemptions – under certain conditions – for resolutions concerning the remuneration of directors and senior executives.

Transactions involving Directors' interests or with other related parties were subject to the transparency procedures envisaged by applicable legislation. In this regard, it should be noted that during 2024, new related party transactions regarding leases of real estate used for the business of Aquafil SLO (Slovenia) and Aquafil USA were formalised by the Company, subject to the favourable opinion of the Control, Risks and Sustainability Committee acting as the Related Party Transactions Committee.

3. Observations and proposals on the findings and requests for disclosure contained in the independent audit firm's report.

The independent audit firm PricewaterhouseCoopers S.p.A. on March 27, 2025 issued its reports as per Article 14 of Legislative Decree 39/2010 and Article 10 of Regulation EC 537/2014, in which the independent audit firm declared in its judgment that:

- *the separate and consolidated financial statements as at December 31, 2024 provide a true and fair view of the equity and financial situation of the company and of the Group, of the result for the year and of the cash flows for the year ending at that date, in compliance with the IFRS issued by the International Accounting Standards Board, adopted by the European Union, in addition to the implementation provisions of Article 9 of Legislative Decree 38/2005;*
- *the directors' report and certain specific information contained in the corporate governance and ownership structure report indicated in Article 123-bis, paragraph 4 of Legislative Decree 58/1998, are consistent with the separate and consolidated financial statements of the Company and of the Group at December 31, 2024 and are drawn up in accordance with law;*
- *with regards to the statement as per Article 14, paragraph 2, letter e-ter) of Legislative Decree No. 39/2010, issued on the basis of its knowledge and understanding of the company and the relative overview acquired during the audit activities, we do not have any matters to report.*

The auditors' report of PricewaterhouseCoopers S.p.A. on the financial statements at December 31, 2024, does not contain any "Request for information".

The independent audit firm PricewaterhouseCoopers S.p.A. on March 27, 2025, in addition issued its additional report on the Internal Control and Audit Committee, as per Article 11 of Regulation EC 537/2014.

On the compliance of the consolidated financial statements with the provisions of the Delegated Regulation (EU) 2019/815 of the European Union on the obligation to use the single electronic reporting format (ESEF - European Single Electronic Format) approved by ESMA, the Independent Audit Firm has certified that the format of the consolidated financial statements included in the annual financial report has been prepared in XHTML format and has been "marked", in all significant aspects, in accordance with the provisions of the Delegated Regulation. Certain information in the explanatory notes to the consolidated financial statements, when extracted in XHTML format in an XBRL instance, may not be presented in exactly the same manner as the corresponding information shown in the consolidated financial statements in XHTML format due to certain technical limitations.

Similarly, the independent audit firm certified that the financial statements were prepared in XHTML format in accordance with the provisions of the Delegated Regulation.

4. Statements pursuant to Article 2408 of the Civil Code and submission of petitions. Initiatives taken by the Board of Statutory Auditors and related outcomes.

No statements or matters reported were received from shareholders during the year 2024. No petitions were submitted to the Board of Statutory Auditors during the year 2024.

In this regard, we highlight that the company has adopted a "whistleblowing" procedure, providing for the setting up of appropriate disclosure channels to ensure the receipt, analysis and handling of reports, regarding internal control, corporate disclosure, administrative responsibility of the company, fraud or other matters, sent by employees, members of the corporate boards or third parties and also confidentially or anonymously. With regard to the Whistleblowing Policy, the procedure was adapted to the regulations set forth in Legislative Decree No. 24/2023 implementing EU Directive 2019/1937. The reporting platform also has the features required by the current regulations.

5. Conferment of appointments to the independent audit firm and associated costs.

The Board of Statutory Auditors was provided with evidence of the following fees accruing to the independent audit firm PricewaterhouseCoopers S.p.A. and the companies belonging to its network for services in 2024 (amounts in Euro):

Company providing the service	Recipient of service	Type of services	Fees relating to FY 2024
PwC SpA	Aquafil SpA	Audit separate financial statements	148,992
		Audit consolidated financial statements	47,022
		ESEF accounts audit	10,000
PwC SpA	Italian subsidiary companies	Audit separate financial statements and Group Reporting Package	29,277
PwC (1)	Foreign subsidiaries	Audit separate financial statements and Group Reporting Package	121,000
PwC SpA	Aquafil SpA	Limited Audit of the 2024 consolidated half-year report	33,946
PwC SpA	Italian subsidiary companies	Limited Audit 2024 half-year Group Reporting Package	12,771
PwC (1)	Foreign subsidiaries	Limited Audit 2024 half-year Group Reporting Package	52,676
Total Audit services provided in 2024 to the Aquafil Group by Worldwide Audit firm			**455,684**
PwC SpA	Aquafil SpA	Limited audit of the 2024 Sustainability Statement	110,000
PwC SpA	Aquafil SpA	Audit of the statement of the 2023 R&D costs for the purposes of the tax credit Law 145/18	4,900
PwC (1)	Foreign subsidiaries	Other assistance services allowed	6,237
Total other audit services provided in 2024 to Aquafil Group by Audit Firm			**121,137**
PwC SpA	Aquafil SpA	Critical examination of the data included in the Prospectus for the capital increase	90,000
Total other non-audit services provided in 2024 to Aquafil S.p.A. by Audit Firm			**90,000**

(1) Other companies belonging to the same PwC SpA network

Pursuant to the provisions of Article 6, paragraph 2; letter a) of EU Regulation 537/2014, PricewaterhouseCoopers S.p.A. has provided the Board of Statutory Auditors with a statement that, up to this date, it is has taken account of the activities performed, has maintained its position of independence and objectivity in respect of the Company and of the Aquafil Group, and has provided timely communication of non-audit services to the company by PricewaterhouseCoopers. S.p.A. and/or entities in its network.

The conferment of the above-mentioned appointments for non-audit services was approved by the Board of Statutory Auditors in advance, taking account of the declarations of independence issued by PricewaterhouseCoopers S.p.A. on these appointments.

Lastly, the Board of Statutory Auditors acknowledges the Transparency Report prepared by the independent audit firm and published on its website in accordance with Article 18 of Legislative Decree 39/2010.

6. Supervision of compliance with the law and By-Laws and main opinions issued by the Board of Statutory Auditors according to the applicable regulation.

During fiscal year 2024,the Board of Statutory Auditors monitored compliance with the law and By-Laws, and, in the context of the increase in the share capital during the year, the Board of Statutory Auditors monitored the procedure followed by the Company, the proper execution of the capital increase offered under option to Shareholders in accordance with Article 2441 of the Civil Code, and compliance with the law and By-Laws.

The Board of Statutory Auditors in addition:

- verified the proper application of the assessment criteria and procedures adopted by the Board of Directors to assess the independence of the Independent Directors, at the Board of Statutory Auditors' meeting on March 14, 2024, and then on May 31, 2024, and October 10, 2024, respectively, as a result of the co-option of a new Director by the Board of Directors and his subsequent confirmation by the Shareholders' Meeting;
- examined and positively assessed, together with the Control, Risks & Sustainability Committee, the 2024 Audit Plan drawn up by the Internal Audit Manager and approved by the Board of Directors in the meeting of March 14, 2024;
- examined and positively assessed the Remuneration Policy for the year 2024 as per the proposal approved by the Appointments and Remuneration Committee, as well as the Remuneration Report’s text approved by the Board of Directors in the meeting of March 14, 2024, and verified that this contains the information required by Article 123-ter of the CFA and Article 84-quater of Consob Regulation 11971/1999, while also taking account of the changes made in application of Consob Resolution No. 21623 of December 10, 2020;
- examined and positively assessed the Corporate Governance and Ownership Structure Report approved by the Board of Directors in the meeting of March 14, 2024, and verified that this contains the information required by Article 123-bis of the CFA and Article 84-quater of Consob Regulation No. 11971/1999;
- reviewed the proposed amendments to the regulations of the Control, Risks and Sustainability Committee and the Appointments and Remuneration Committee, as well as the regulations of the Board of Directors, approved by the Board of Directors on March 14, 2024 and August 29, 2024, respectively;

- examined the proposed amendments to the Code of Conduct on Internal Dealing (so-called "Internal Dealing Procedure"), approved by the Board of Directors on May 14, 2024 in order to take into account the regulatory changes introduced by Law No. 21 of March 5, 2024. The new Internal dealing procedure is published on the Company's website.

During 2024, the Board of Statutory Auditors provided the following opinions:

- on May 14, 2024, favourable opinion - as per Article 2389, paragraph 3 of the Civil Code - on the following items of remuneration of the senior directors, as proposed by the Appointments and Remuneration Committee:

- targets and objectives of the variable component of the 2024 annual remuneration (Short term incentive) and the LTI system for the three-year period 2024-2026 (Long term incentive) of the Chief Executive Officer, consistent with the Remuneration Policy (Section I), approved by the Shareholders' Meeting on April 23, 2024, which provides for the determination of the variable remuneration system for the Chief Executive Officer, consisting of short-term MBO and LTI (Long Term Incentive);

- on June 31, 2024, favourable opinion - as per Article 2386 of the Civil Code - on the proposal of co-opting Mr. Roberto Siagri as a new Board Member following the resignation of the Director Francesco Profumo.

In 2025 and until the date of this report, the Board of Statutory Auditors:

- expressed a favourable opinion on February 20, 2025 regarding the appointment, as Executive Officer for Financial Reporting pursuant to Law 262/05 and Article 154-*bis* CFA, effective March 1, 2025, of Barbara dalla Piazza, who replaced Roberto Bobbio who left the Company as of the same date;

- expressed a favourable opinion on February 20, 2025 regarding the appointment, as Executive Officer for Sustainability Reporting, pursuant to EU Directive 2022/2464, again effective March 1, 2025, of Stefano Giovanni Loro, Executive Director and BCF Chairperson;

- verified the correct application of the criteria and procedures adopted by the Board of Directors to assess the independence of the Independent Directors, at the Board of Statutory Auditors' meeting of March 18, 2025, also based on the "Regulations on the quantitative and qualitative criteria for assessing the independence of directors and statutory auditors" of the Company;
- examined and positively assessed, together with the Control, Risks & Sustainability Committee, the 2024 Audit Plan drawn up by the Internal Audit Manager and approved by the Board of Directors in the meeting of March 18, 2025;
- examined and positively assessed the Remuneration Policy for the year 2025 as per the proposal approved by the Appointments and Remuneration Committee, as well as the Remuneration Report's text approved by the Board of Directors in the meeting of March 18, 2025 and verified that this contains the information required by Article 123-ter of the CFA and Article 84-quater of Consob Regulation 11971/1999;
- examined and positively assessed the Corporate Governance and Ownership Structure Report approved by the Board of Directors in the meeting of March 18, 2025, and verified

that this contains the information required by Article 123-bis of the CFA and Article 84-quater of Consob Regulation No. 11971/1999.

Following the supervisory activities carried out in the year and outlined above, which did not indicate any omissions or reportable events, the Board of Statutory Auditors does not indicate any observations to be reported to the Shareholders' Meeting in accordance with Article 153 of the CFA.

7. Attendance of the meetings of the corporate bodies

In 2024, the Board of Statutory Auditors attended - with the presence of all its members - all 13 sessions of the Board of Directors' meetings of Aquafil, with almost total in-person presence at the company's offices in Arco (TN) for the meetings scheduled in the annual corporate calendar, during which it was informed of activities performed and significant transactions made by the Company and its subsidiaries. In this context, the Board has received the periodic disclosure on powers conferred from the Chief Executive Officer Mr. Bonazzi.

The Board of Statutory Auditors in 2024 held 19 meetings (including meetings of the Board alone and those together with the Control, Risks & Sustainability Committee), during which frequent exchanges of information with the independent audit firm also took place to ensure that no transactions occurred that were imprudent, risky, with a potential conflict of interest, in breach of the law or the By-Laws or shareholders' meeting resolutions or such as to compromise the integrity of the company's assets.

The Board of Statutory Auditors has paid special attention and commitment to the fact that the scheduled meetings of the Board of Statutory Auditors are in-person at the company's offices in Arco (TN). The Board of Statutory Auditors oversight activities were mainly carried out "in-person" at the Company's offices, and only partly "remotely", through the acquisition of data and information in electronic format and the holding of meetings in video conference. Given the Company's reliability and timeliness in ensuring meetings could be properly held and information could be exchanged adequately, the Board of Statutory Auditors believes that partially working remotely in this way did not diminish or otherwise compromise the reliability of the information received or the efficacy of the work conducted.

With regards to the meetings of the internal Board Committees, the Board of Statutory Auditors attended in 2024, with full attendance at the meetings both by its Chairperson and both of the other members of the Board of Statutory Auditors (with the exception of one meeting of the Committee in which a statutory auditor was justifiably absent), 6 meetings of the Control, Risks and Sustainability Committee, 5 meetings of the Appointments and Remuneration Committee and 3 Control, Risks and Sustainability Committee meetings, acting as the Related Party Transactions Committee , acquiring knowledge on the work carried out by these Committees during the year.

All the members of the Board of Statutory Auditors also attended the Shareholders' Meetings of April 23, 2024 and October 10, 2024.

The Board of Statutory Auditors in 2025 has thus far held 10 meetings (between meetings of the Board alone and together with the Control, Risks & Sustainability Committee). The Board of Statutory Auditors also attended in 2025 (with all members present, with the exception of one Committee meeting in which one member was justifiably absent) 2 Board of Directors meetings, 3 Control, Risks & Sustainability Committee meetings and 4 meetings of the Appointments and Remuneration Committee.

8. Observations on compliance with the principles of correct administration.

Following its supervisory activities, the Board of Statutory Auditors has no observations to make concerning compliance with the principles of correct administration and has confirmed that directors of Aquafil S.p.A. are aware of the risk involved and the effects of transactions made.

In particular, the Board of Statutory Auditors verified that the operating choices were adopted in the interest of the Company, compatible with the resources and capital available and adequately supported by disclosure, documentation, analysis and verification processes, also making recourse, where considered necessary, to consultation with the Committees and outside consultants.

9. Observations on the suitability of the organisational structure.

The Board of Statutory Auditors has continuously gathered information on the Company's organisational structure and the changes in 2024 - including the appointment of the new Investor Relator on March 14, 2024 and the appointment of the new Internal Audit Manager on May 14, 2024 - and in 2025 to date, including the replacement of the resigning Executive Officer for Financial Reporting with the new appointment, Barbara dalla Piazza, formerly Consolidated Financial Statements Manager and ESG Director, effective March 1, 2025.

The Board of Statutory Auditors also held meetings with the Chief Executive Officer and with the heads of some key corporate staff functions (human resources, administration finance and control, legal and corporate, Information Technology, Investor Relator).

As for the structure of the Internal Audit, given that the 2024 Audit Plan was carried out and completed on schedule, the Head of Internal Audit is currently supported by external consultants who make a significant contribution in terms of days of activity, albeit mainly operational. Given the complexities and size of the Company and Group, it is desirable to upgrade the function in terms of internal resources in order to internalise operational activities, as proposed by the Head.

With regards to the strategically important subsidiaries, as identified by the Board of Directors with motion of February 14, 2020 and with regards to the provisions of Article 15 of the Consob Markets Regulation (motion No. 20249 of December 28, 2017), concerning significant subsidiaries set up and governed according to the laws of non-European Union member States, the Board of Statutory Auditors indicates that the Aquafil Group companies applying this provision are included among the entities for the purposes of Internal Control on Financial disclosure, with regards to which no significant deficiencies are reported.

In light of what has been confirmed, the Board of Statutory Auditors considers that the company’s organisational structure, procedures, competences and responsibilities are suitable for the size of the company and the type of activity performed.

10. Suitability of the Internal Control and Risks Management System.

The Board of Statutory Auditors has monitored the suitability of Aquafil S.p.A.'s Internal Control and Risks Management System through:

a. the gathering of information, including during meetings of the Control, Risks & Sustainability Committee, as well as through frequent meetings with the Internal Audit Manager and with the managers of other functions, activities performed, mapping of risks related to activities in progress, audit plans and the internal control system's implementation projects, with the acquisition of associated documentation;

b. regular participation in the work of the Control, Risks & Sustainability Committee set up in accordance with the Corporate Governance Code for listed companies and, where considered appropriate for the matters covered, the joint collaboration of such with the Committee;

c. the review of the Annual Report of the Control, Risks & Sustainability Committee issued on March 18, 2025;

d. the review of the Internal Audit Manager reports, concerning the checks on the various company areas established by the 2024 Audit Plan, in addition to the follow-ups of the Audit Plan of the preceding year;

e. the gathering of information on the overall risk assessment updated by the Internal Audits function with the support of an external advisory firm, as presented to the Control, Risks & Sustainability Committee on February 15, 2024;

f. the review of the Internal Audit Manager's annual report together with the Internal Audit Manager's positive assessment of the suitability of the company's internal control and risk management system with respect to the company's characteristics and risk profile assumed.

In this regard, the Board of Statutory Auditors agreed with the favourable assessment of the Control, Risks & Sustainability Committee on: (i) the suitability, efficacy and effective functioning of the company's internal control and risk management system with respect to its characteristics and risk profile assumed; and (ii) the company's organisational, administrative and accounting structure with particular reference to the internal control and risk management system.

The Board of Statutory Auditors in addition:

- confirmed that the Company has an Organisation, Management and Control Model that is compliant with the principles contained in Legislative Decree 231/01 and the guidelines drawn up by Trade Associations, updated on August 31, 2023:
- reviewed the periodic reports at June 30 and December 31, 2024 of the Supervisory Board as per Legislative Decree 231/2001, which summarised the activities carried out during the year, and periodically met with its members, noting that the Supervisory Board in collegial form comprises two external members (one of which holds the position of Chairperson) and an internal member;
- met the Director in charge of the internal control and risk management system, in joint session with the Control, Risks and Sustainability Committee;

- met the representatives of the Board of Statutory Auditors of the only Italian subsidiary that is part of the Aquafil Group;
- obtained information from the corporate boards (without Board of Statutory Auditors) of the main overseas subsidiaries, as per Article 151, paragraphs 1 and 2 of Legislative Decree 58/1998.

In conclusion, in the process of performing the above activities, the Board of Statutory Auditors:

a) did not find any critical situations or facts suggesting that Aquafil S.p.A.'s internal control and risk management system is inadequate;

b) took note of the information provided by the Chair of the Supervisory Board and of the above-mentioned reports concluding that there were no reprehensible facts or violations of the Model in the year 2024;

c) took note of the positive assessment delivered by the Board of Directors on the suitability and effective functioning of the Internal Control and Risk Management System for the financial year 2024.

11. Suitability of the administrative and accounting system and its reliability.

The Board of Statutory Auditors, for all aspects falling within its competence, supervised the administrative and accounting system's suitability and its reliability in correctly representing accounting data and activities performed under the coordination of the Executive Officer for Financial Reporting, for the purposes of the requirements referred to in Law 262/2005 "Provisions for the protection of savings and the regulation of financial markets" and subsequent amendments and additions through:

a) the acquisition of information from the Executive Officer for Financial Reporting and managers of other business functions, including during meetings of the Board of Statutory Auditors and participation in the work of the Control, Risks & Sustainability Committee;

b) the acquisition of information on procedures adopted and instructions issued by Aquafil S.p.A. to subsidiaries for the purposes of preparation of the Group's Annual Financial Report as at 31.12.2024;

c) the review of the report drawn up by the Executive Officer on Financial Reporting on the suitability of administrative and accounting procedures as per Law 262/2005 and on the outcome of the related tests performed;

d) the meetings with the Independent Audit Firm and the results of the work it performed.

The Board of Statutory Auditors also noted that the impairment test applied by the company in preparing the financial statements at December 31, 2024 was that approved by the Board of Directors on February 15, 2019, following the favourable opinion issued by the Control and Risks Committee, a procedure which was applied for the preceding financial statements. The Board of Statutory Auditors oversaw the results of the impairment tests conducted by management, which for the financial statements at December 31, 2024 did not indicate problems regarding the recoverability of the fixed assets. .

While performing the above activities, the Board of Statutory Auditors did not find any critical situations or facts suggesting that Aquafil S.p.A.'s administrative and accounting system for the year 2024 was inadequate and/or unreliable.

12. Suitability of instructions imparted to subsidiaries.

The Company regulates, by means of special procedures, the information flows from it to its subsidiaries and those from its subsidiaries, relating in particular to major transactions.

The Board of Statutory Auditors considers the instructions imparted by the Company to its subsidiaries pursuant to Art. 114, paragraph 2 of the CFA suitable to fulfil the communication requirements envisaged by law.

13. Any relevant aspects relating to meetings with the auditors.

The Board of Directors met periodically with the independent audit firm to:

a) exchange information on the audits performed by the latter, pursuant to Legislative Decree 39/2010 and Article 150, paragraph 3 of the CFA, on the company's accounting records and on the correct recording of accounting data in the accounting records. No critical issues or anomalies emerged from these meetings;

b) for the acquisition of information on the planning of activities of the independent audit firm concerning the audit on the Annual Financial Report at 31.12.2024, in addition to the separate financial statements of Aquafil S.p.A. and the consolidated financial statements of the Aquafil Group;

c) for the review and assessment of the compilation process, including the evaluation of the correct application of accounting principles and their homogeneity, and the Aquafil Group's Annual Financial Report as at 31.12.2024, and the consistency of the consolidated financial statements with the electronic presentation format (ESEF),together with the results of the audit activities and evaluation of these documents.

The Board of Statutory Auditors held various meetings with the independent audit firm, with 5 meetings in 2024 (of which 3 jointly with the CRSC) and 4 in 2025 (of which 2 jointly with the CRSC) as of the date of this report, reviewing both the methodological aspects and the outcomes of the control activities on the Annual financial report, as well as the significant issues concerning the double materiality analysis and the content of the Consolidated Sustainability Statement.

In addition to what is reported in paragraph 3, the Board of Statutory Auditors also:

a) received the independent audit firm's report, pursuant to Art. 11, paragraph 2 of EU Regulation No. 537/2014, also highlighting the fundamental issues that emerged during the audit and any significant shortcomings detected in the internal control system on the financial reporting process, in which no significant shortcomings were found;

b) noted the statement concerning the independence of PricewaterhouseCoopers S.p.A., as per Article 6 of Regulation (EC) No. 537/2014, annexed to the additional report, which does not indicate any situations which may compromise its independence;

c) discussed with the independent audit firm, pursuant to the provisions of Art. 6, paragraph 2(b) of EU Regulation No. 537/2014, the risks associated with the firm's independence and the measures adopted by it to limit these risks.

In particular, the Board of Statutory Auditors, with regards to the activities of the independent audit firm, noted that the methodologies and planning for the audit work, the audit approach utilised for the various significant areas of the financial statements and regarding corporate risks and the planned response by the auditor with the profiles, structures and risk, of the company and of the Group in addition to the verification activities carried out on the structure and content of the Consolidated non-financial statement.

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14. Activities carried out by the Board of Statutory Auditors for the appointment of the legally-required auditor for the nine-year period 2026-2034

In January 2025, the Board of Statutory Auditors, in its role as the Internal Control and Audit Committee, in consultation with the relevant corporate structures, shared the decision to initiate the selection process for the new independent audit firm, to be appointed as the legally-required auditor for the nine-year period 2026-2034 and the independent auditor to certify the compliance of the sustainability statement for the three-year period 2026-2028.

Aquafil's internal structure (in the persons of the Executive Officer for Financial Reporting, the Chief Financial Officer, and the Chief Administrative Officer) participated in the selection process, supporting the Board of Statutory Auditors in all the phases in the process to identify the new independent audit firm.

The decision to undertake this process in advance of the conclusion of PWC's mandate (approval of the financial statements as of December 31, 2025) was dictated, first and foremost, by the need to ensure compliance with the independent audit firm independence provisions of EU Regulation No. 537/2014, to which Aquafil is subject by virtue of its status as a "public interest entity" (PIE).

In fact, the appointment of the new auditor in advance compared to the conclusion date of the mandate is to avoid that during the fiscal year prior to the beginning of the period being audited (in the present case, during fiscal year 2025), the party destined to take on the role of Aquafil's new legally-required auditor provides the Company and its subsidiaries with the prohibited services for which the EU regulations require cooling-in.

In addition, the early appointment facilitates the handover between the incoming and outgoing auditor, thus enabling better knowledge of the PIE and its Group that the incoming auditor would inevitably possess in order to more effectively pursue the best quality audit.

In compliance with the requirements of Article 16 of EU Regulation No. 537/2014, the selection process of the new auditor was carried out in a fully transparent and traceable manner and was conducted on the basis of clear and non-discriminatory evaluation criteria, opening participation to independent audit firms with expertise and experience in the statutory audit of issuers with listed shares, as well as the knowledge and means suitable for carrying out the assignment.

The Board of Statutory Auditors supervised the entire selection process of independent audit firms by Aquafil, both with regard to the selection of the firms to be invited and the structure of the proposals and identification of the qualitative and quantitative evaluation criteria and their weight, the phases of the procedure and the implementation of the evaluation grid in compliance with the scoring system adopted, in order to ensure the full traceability of the selection procedure. In particular, the Board of Statutory Auditors examined, in detail, the proposals received from the candidate companies and met with their representatives with the support of the relevant corporate structures.

Based on the total score given to each of the applicants, the top two were admitted to the financial relaunch phase. Upon completion of the tender, at the meeting held on March 13, 2025, the Board of Statutory Auditors issued the Reasoned Recommendation required under Article 16 of EU Regulation No. 537/2014, which was made available to the Shareholders in view of the Shareholders' Meeting to approve the financial statements as of December 31, 2024, called to approve the appointment of the audit engagement.

As part of the Recommendation, to which reference is made for more information, the Board of Statutory Auditors indicated two possible appointment alternatives and expressed its preference, duly justified, for the appointment - as Aquafil's legally-required auditor and to certify sustainability statement compliance - of the independent audit firm that came first in the overall ranking of the technical/financial bids.

In addition, the Recommendation contains a detailed explanation of the phases involved in the process, the selection criteria applied, and the results of the evaluations carried out by the Board of Statutory Auditors.

15. Compliance with Corporate Governance Code for listed companies

The company complies with the Corporate Governance Code for listed companies (the "Code"). The Board of Statutory Auditors acknowledges that it has monitored the Company's implementation of the Code, as better described in the Corporate Governance and Ownership Structure Report, approved by the Board of Directors on March 18, 2025.

With regards to new Code, the company:

- has adopted an investor dialogue management policy;
- expressly established in the Regulations of the Board of Directors and the Committees, an advance deadline (3 days) for the sending of the pre-meeting information;
- approved the new methods of self-assessment of Board of Directors members in accordance with the proposal of the Appointments and Remuneration Committee, consistent with the provisions of the Corporate Governance Code.

The following Committees are established within the Board of Directors as appointed on April 27, 2023 for the three-year period 2023-2025:

- Control, Risks and Sustainability Committee;
- Appointments and Remuneration Committee.

The Board has not indicated the need to currently establish a Related Party Transactions Committee, as such oversight is provided by the Control, Risks and Sustainability Committee.

The Board of Directors on May 11, 2023 also approved the setting up of a specific internal ESG Management Committee.

The Board of Statutory Auditors therefore oversaw, as per Article 149, paragraph 1(c-bis) of the CFA, the practical implementation methods of the corporate governance rules envisaged by the Code, with particular regard to:

- the correct application of criteria and assessment procedures adopted by the Board of Directors to assess the independence of its members;
- the procedures with which the Internal Committees to the Board of Directors are composed, in particular with reference to directors' independence requirements;
- the manner by which the self-assessment activities of the Board of Directors and its Internal Committee (carried out in early 2025, during the three-year term) were undertaken;
- the Corporate Governance structure of the company, examining in addition the Annual Corporate Governance and Ownership Structure Report.

In 2024, the Statutory Auditors regularly received detailed information on the sector in which the Issuer undertakes its activities, in order to fully understand the underlying business operations and the relative developments during the year.

In terms of the Induction course for Directors and Statutory Auditors, the Board of Statutory Auditors expressed the suggestion that specific Induction sessions be held in the year 2025 to learn more about the businesses in which the Company operates.

The Board of Statutory Auditors oversaw the activities carried out by the Control, Risks & Sustainability Committee (also acting as the Related Party Transactions Committee) and the Appointments and Remuneration Committee, through the attendance of the Chairperson of the Board of Statutory Auditors and at least one other member at all meetings of these Committees.

The Board of Statutory Auditors also noted that the recommendations of the Corporate Governance Code contained in the letter of December 17, 2024 were brought to the attention of the Appointments and Remuneration Committee, the Control, Risks and Sustainability Committee and the Board of Directors for the undertaking of the appropriate decisions in this regard.

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In addition to the above, the Board of Statutory Auditors:

- on March 13, 2025, concluded the self-assessment of the Board, confirming the consistency of its composition with the applicable legal provisions, in addition to its adequacy in terms of diversity of age and professional experience of its members for its functioning and compliance with the provisions regarding the accumulation of statutory auditor positions. The self-assessment of the Board of Statutory Auditors was disclosed to the Board of Directors on March 18, 2025, which communicated such to the Market in the press release issued on the same date and in the Annual Corporate Governance and Ownership Structure Report for 2024;
- within the self-assessment process of the Board,, it positively verified the compliance of independence criteria for each of its members, as required by the Code. The results of the self-assessment checks of the Board are reported in the Corporate Governance and

Ownership Structure Annual Report drawn up for the year 2024.

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16. Consolidated Sustainability Statement

The Board of Statutory Auditors supervised compliance with the provisions of Legislative Decree No. 125/2024 ("Decree") within the scope of the powers attributed to it by law regarding the preparation of the Sustainability Statement prepared by the Company.
In fact, Aquafil, as a Public Interest Entity (PIE) with employee, balance sheet and net revenue limits above the thresholds established in Article 3 of the Decree, is required to publish the consolidated sustainability statement in line with the provisions of the Decree.

The Board of Statutory Auditors noted that the Company, in its capacity as Parent Company, prepared the Sustainability Statement in compliance with EU Directive No. 2022/2464 (Corporate Sustainability Reporting Directive or "CSRD") implemented in Italy by Legislative Decree No. 125/2024 by applying for the first year the reporting standards adopted by the European Commission by means of Delegated Regulation (EU) No. 2023/2772 (European Sustainability Reporting Standards "ESRS”) as described in the "Methodological Note" section of the Sustainability Statement.

The Sustainability Statement has been prepared on a consolidated basis, adopting the same scope as the consolidated financial statements. Compared to the previous year, this resulted in a change in the scope, with the inclusion of subsidiaries that had not previously been considered in the Consolidated Non-Financial Statement (NFD). As this is the first year of implementation of Legislative Decree No. 125/2024 and the ESRS Reporting Standards, no comparative data from the previous year has been provided as allowed by the first-time application provisions.

During its supervisory activities, the Board of Statutory Auditors acquired knowledge from the functions in charge of the sustainability reporting process and verified the existence of (i) an adequate organisational structure in charge of sustainability reporting in terms of human resources and information systems and, (ii) directives, procedures and operating practices adopted by the company for the purpose of ensuring that consolidated sustainability reporting is timely, complete and reliable. To this end, the Board of Statutory Auditors interacted with the corporate functions in charge of overseeing ESG issues, the Control, Risks and Sustainability Committee, and the Internal Audit function, as well as met periodically with the independent audit firm responsible for issuing the Sustainability Statement attestation.

Particular attention has been paid to the analysis of the so-called “double materiality" required by CSRD and, therefore, in compliance with the provisions set forth in Legislative Decree No. 125/2024, the Board has ascertained that the Sustainability Reporting allows for an understanding of the Group's impact on sustainability issues (an "inside-out" perspective), as well as the information necessary for understanding how sustainability issues affect the Group's performance, results and situation (an "outside-in" perspective).
The Board of Statutory Auditors acquired information on the activities planned and carried out by the Executive Officer in charge of Sustainability Reporting, recalling here that, effective March 1, 2025, the Company appointed Stefano Loro as the Executive Officer in charge of Sustainability Reporting.

The Board of Directors highlights that, in the Sustainability Statement, the company indicated specific targets in terms of environmental sustainability, social and governance topics, to be achieved over the coming years, with an update on that achieved in each area in 2024.

Through the regular exchange of information with the independent audit firm, the Board of Statutory Auditors discussed the audit activities it carried out on the Sustainability Statement and received confirmation that there were no critical issues to report.

The Board of Statutory Auditors also verified the Board of Directors' approval on March 18, 2025 of the aforementioned Consolidated Sustainability Statement.

On March 27, 2025, the independent audit firm PWC issued its report on a limited audit of the Aquafil Group's consolidated sustainability statement (hereinafter also "Sustainability Statement Report"), certifying that the Sustainability Statement complies with the reporting standards adopted by the European Commission pursuant to Directive 2013/34/EU (European Sustainability Reporting Standards, hereinafter also "ESRS"), as well as compliance with the disclosure requirements of Article 8 of Regulation (EU) No. 852 of June 18, 2020 (hereinafter also "Taxonomy Regulation").

In its Sustainability Statement Report, the independent auditor represented that, based on their work, no evidence has come to the attention of the independent audit firm to suggest that:

- the Aquafil Group's Consolidated Sustainability Statement for the year ending December 31, 2024 was not prepared in all significant aspects in accordance with ESRS reporting standards;
- the information contained in the paragraph “2.6 Alignment to European Taxonomy” of the consolidated sustainability statement has not been prepared in all significant aspects in accordance with Article 8 of the Taxonomy Regulation.

Final evaluations on the supervisory activity performed and proposed to the Shareholders’ Meeting

Having regard to the above and having:

- monitored the observance of the law and the By-Laws, compliance with the principles of correct administration and, in particular, the suitability of the organisational, administrative and accounting structure adopted by the company and its practical functioning;
- monitored compliance with disclosure obligations on insider information;
- monitored the functioning and effectiveness of the internal control system and the administrative and accounting system, in order to assess their adequacy in meeting corporate needs and their reliability for representing accounting data;
- monitored compliance with legal provisions concerning the formation and preparation of the company’s Annual Financial Statements and the Group's Consolidated Financial Statements and the Directors’ Report for the financial year 2024 (which also contains information on significant events occurring after December 31, 2024), including by means of direct audits and information gathered by the independent audit firm;
- monitored that, in compliance with Regulation (EC) No. 1606/2002 and Legislative Decree No. 38/2005, Aquafil S.p.A.’s financial statements at December 31, 2024, and the Group consolidated financial statement were drawn up in accordance with IAS/IFRS international accounting standards approved by the European Commission and supplemented by the related interpretations issued by the International Accounting Standard Board (IASB);
- verified that the Company has made the necessary arrangements for the purpose of preparing

the annual and consolidated financial statements in electronic format (using XHTML technologies), in accordance with the requirements of the current ESEF Regulations;

- overseen observance of the preparation and presentation to the Shareholders of the separate and consolidated financial reports and acknowledged that the Company has established that the Shareholders' Meeting of April 28, 2025 may also take place by way of designated agent in accordance with Article 135-undecies of the CFA;
- supervised compliance with the provisions set forth in Legislative Decree No. 254/2016 and Consob Regulation No. 20267/2018, regarding the Consolidated Sustainability Statement (CSRD) that is presented within the Directors' Report, as the Company has prepared the Integrated Financial Statements that include the Annual Financial Report and sustainability information;
- took note of the proposed allocation of the net profit for the year, to be submitted to the Shareholders' Meeting.

Therefore, the Board of Statutory Auditors declares that, during its supervisory activity, as described above, no reprehensible facts, omissions or irregularities emerged that would require a statement to be made to the competent bodies.

In consideration of the above, the Board of Statutory Auditors of Aquafil S.p.A requests you to approve the financial statements at December 31, 2024, as presented by the Board of Directors together with the Directors' Report and the allocation proposal for the year's result.

Milan - Verona, March 27, 2025

The Board of Statutory Auditors

Mr. Stefano Poggi Longostrevi – Chairperson Stefano Poggi Longostrevi

Ms. Bettina Solimando – Statutory Auditor Bettina Solimando

Ms. Beatrice Bompieri - Statutory Auditor Beatrice Bompieri

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Report on the Audit of the Consolidated Financial Statement

pwc

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 Aquafil SpA

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Aquafil Group (the Group), which comprise the consolidated balance sheet as of 31 December 2024, the consolidated income statement, consolidated comprehensive income statement, statement of changes in consolidated shareholders' equity, consolidated cash flow statement 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 Group 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. 38/05.

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 Aquafil 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 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.

PricewaterhouseCoopers SpA

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Key Audit Matters	*Auditing procedures performed in response to key audit matters*
Revenue recognition *Paragraph 2.3 "Accounting Standards" note "Revenue and Costs" and Note 8.1 "Revenues"*	
At 31 December 2024, revenues of the Aquafil Group amounted to Euro 542.135 thousand, mainly due to the sale of finished products. These revenues are recognized in the financial statements when control of the goods produced is transferred to the customer and only if all criteria under IFRS 15 ("*Revenue from contracts with customers*") are met. As part of our audit procedures on the consolidated financial statements, the correct recognition of revenues was considered as a key area, since it represents the most significant Profit and Loss item and an incorrect recognition of them would cause a considerable alteration of the result for the year.	The audit approach preliminarily consisted in understanding and assessing the internal control system and the procedures set by the Parent Company for the recognition of revenues from sale. The audit approach then provided to perform a sample of tests on relevant controls, put in place by the Group companies, with particular reference to the existence of such revenues and their recognition in the correct accrual period. Taking into account the understanding, assessment and validation of the internal controls mentioned above, validity tests were planned and performed on the relevant financial statement item. In particular, the component auditors verified, in relation to a sample of transactions deemed representative in the context of the Group, the existence and accuracy of revenues recognized in the financial statements, by examining the information included in the available documentation as supporting evidence. Finally, we verified the completeness and accuracy of the disclosure in the notes to the financial statements.

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 No. 38/05 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 Aquafil 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 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) No. 537/2014

On 30 January 2018, the shareholders of Aquafil 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 2017 to 31 December 2025.

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 consolidated financial statements expressed in this report is consistent with the additional report to the board of statutory auditors, in its 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 Aquafil 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 illustrative 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. 39/10 and with article 123-bis, paragraph 4, of Legislative Decree No. 58/98

The directors of Aquafil SpA are responsible for preparing a report on operations and a report on the corporate governance and ownership structure of Aquafil 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 No. 58/98, with the consolidated financial statements;
- express an opinion on the compliance with the law of the report on operations, excluding the section on the individual 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 No. 58/98;
- 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. 58/98.

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. 58/98 are consistent with the consolidated financial statements of Aquafil group as of 31 December 2024.

Moreover, in our opinion, the report on operations, excluding the section on the individual 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. 58/98 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. 39/10, 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 individual 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 No. 39/10.

Treviso, 27 March 2025

PricewaterhouseCoopers SpA

Signed by

Giorgio Simonelli
(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.

Statutory Financial Statements at December 31, 2024

Statutory Financial Statements at December 31, 2024

BALANCE SHEET AND FINANCIAL POSITION

(in Euro)	Notes	At December 31, 2024	At December 31, 2023
Intangible assets	7.1	8,147,246	10,277,233
Property, plant & equipment	7.2	32,024,454	36,084,641
Financial assets	7.3	354,493,787	369,411,676
of which parent companies, related parties		*20,219,476*	*35,437,348*
Other assets	7.4		0
Deferred tax assets	7.5	18,099,112	6,720,549
Total non-current assets		**412,764,599**	**422,494,099**
Inventories	7.6	51,731,693	56,851,144
Trade receivables	7.7	68,010,729	79,395,216
of which parent companies, related parties		*68,073,585*	*76,631,964*
Financial assets	7.3	17,654,005	1,973,527
of which parent companies, related parties		*16,916,130*	*0*
Tax receivables	7.8	0	0
Other assets	7.9	4,158,832	9,463,274
of which parent companies, related parties		*0*	*5,854,212*
Cash and cash equivalents	7.10	81,708,891	72,745,574
Assets held-for-sale	7.11	802,609	702,543
Total current assets		**224,066,758**	**221,131,277**
Total assets		**636,831,357**	**643,625,377**
Share capital	7.12	53,354,161	49,722,417
Reserves	7.12	87,418,167	58,350,631
Profit/(loss) for the year	7.12	625,607	(5,641,004)
Total shareholders' equity		**141,397,936**	**102,432,044**
Employee benefits	7.13	1,230,424	1,579,902
Financial liabilities	7.14	268,174,497	297,788,034
of which parent companies, related parties		*45,836,331*	*15,250,937*
Provisions for risks and charges	7.15	1,356,565	1,315,278
Deferred tax liabilities	7.5	12,620	12,842
Other liabilities	7.16	1,998,392	3,347,475
Total non-current liabilities		**272,772,497**	**304,043,531**
Financial liabilities	7.14	94,920,816	93,865,349
of which parent companies, related parties		*1,945,300*	*284,746*
Current tax payables	7.18		0
Trade payables	7.17	115,683,313	128,274,663
of which parent companies, related parties		*61,171,769*	*62,229,529*
Other liabilities	7.16	12,056,795	15,009,790
of which parent companies, related parties		*2,405,103*	*3,946,063*
Total current liabilities		**222,660,924**	**237,149,802**
Total shareholders' equity & liabilities		**636,831,357**	**643,625,377**

INCOME STATEMENT

(in Euro)	Notes	At December 31, 2024	*of which non-recurring*	At December 31, 2023	*of which non-recurring*
Revenues	8.1	530,513,896		510,812,400	
of which related parties		*232,541,580*		*213,379,130*	
Other revenues and income	8.2	7,717,165	*0*	10,183,350	*407*
of which related parties		*6,896,169*		*6,585,645*	
Total revenues and other revenues and income		**538,231,060**	***0***	**520,995,750**	***407***
Cost of raw materials and changes to inventories	8.3	(448,087,655)	*0*	(440,724,131)	*(134,171)*
of which related parties		*(333,817,571)*		*(342,415,320)*	
Service costs and rents, leases and similar costs	8.4	(43,323,902)	*(237,254)*	(46,182,810)	*(771,976)*
of which related parties		*(1,017,324)*		*(1,137,654)*	
Labour costs	8.5	(35,184,829)	*(558,132)*	(36,882,565)	*(1,135,224)*
of which related parties		*94,772*		*94,772*	
Other costs and operating charges	8.6	(542,718)	*(184,102)*	(695,354)	*(100,600)*
of which related parties		*(26,000)*		*(26,000)*	
Depreciation and amortisation	8.7	(9,873,543)		(10,466,187)	
Provisions and write-downs	8.8	(41,591)		772,560	
Increase in internal work capitalised	8.9	1,866,849		1,564,817	
Operating Profit/ (loss)		**3,043,671**	***(979,488)***	**(11,617,921)**	***(2,141,564)***
Investment income/charges	8.10	15,937,348		16,486,504	
of which related parties		*15,937,137*		*16,486,346*	
Financial income	8.11	2,059,881		2,188,118	
of which related parties		*1,655,992*		*1,743,879*	
Financial charges	8.12	(20,856,040)		(19,051,896)	
of which related parties		*(1,809,860)*		*(1,859,346)*	
Exchange gains/(losses)	8.13	(2,321,663)		(347,187)	
Profit/(loss) before taxes		**(2,136,803)**	***(979,488)***	**(12,342,381)**	***(2,141,564)***
Income taxes	8.14	2,762,411	*0*	6,701,377	
Net Profit/(loss)		**625,607**	***(979,488)***	**(5,641,004)**	***(2,141,564)***

COMPREHENSIVE INCOME STATEMENT

(in Euro)	Notes	Dicembre 2024	Dicembre 2023
Profit/(loss) for the year		**625,607**	**(5,641,004)**
Actuarial gains/(losses)		7,995	(21,806)
Tax effect from actuarial gains and losses		(1,919)	5,233
Other income items not to be reversed to income statement in subsequent periods		**6,077**	**(16,572)**
Currency difference from conversion of financial statements in currencies other than the Euro		0	0
Other income items to be reversed to income statement in subsequent periods		0	0
Total comprehensive income	**7.12**	**631,684**	**(5,657,577)**

CASH FLOW STATEMENT

(in Euro)	Notes	At December 31, 2024	At December 31, 2023
Operating activities			
Profit/(loss) for the year		625,607	(5,641,004)
Income taxes	8.14	(2,762,411)	(6,701,377)
Investment income and charges	8.10	(15,937,348)	(16,486,504)
of which related parties:		*(15,937,137)*	*(16,486,346)*
Financial income	8.11	(2,059,881)	(2,188,118)
of which related parties:		*(1,655,992)*	*(1,743,879)*
Financial charges	8.12	20,856,040	19,051,896
of which related parties:		*1,809,860*	*1,859,346*
Exchange gains/(losses)	8.13	2,321,663	347,187
Asset disposal (gains)/losses		(247,745)	(136,642)
(Provisions & write-downs)/ releases	8.8	41,591	(772,560)
Amortisation, depreciation and write-downs of tangible and intangible assets	8.7	9,873,543	10,466,187
Cash flow from operating activities before working capital changes		**12,711,060**	**(2,060,935)**
Decrease/(Increase) in inventories	7.6	5,119,450	8,552,598
Increase/(decrease) in trade payables	7.17	(12,591,350)	(18,565,204)
of which related parties:		*(1,057,760)*	*(8,594,572)*
Decrease/(Increase) in trade receivables	7.7	11,384,183	37,211,420
of which related parties:		*8,558,379*	*38,965,522*
Changes to assets and liabilities		(7,121,850)	(3,869,263)
of which related parties:		*4,313,252*	*(4,490,779)*
Employee benefits		(343,402)	(225,088)
Assets held-for-sale		(100,066)	1,052,950
Utilisation of provisions			(450,928)
Change in working capital		(3,653,034)	23,706,484
Income taxes paid		(2,813,824)	(68,277)
Net paid financial charges		(17,652,432)	(14,155,156)
Total operating cash flow generated/(absorbed) (A)		**(11,408,230)**	**7,422,115**
Investing activities			
Investments in tangible assets	7.2	(4,620,319)	(6,580,073)
Disposal of tangible assets	7.2	3,249,413	2,632,894
Investments in intangible assets	7.1	(1,477,467)	(1,097,268)
Disposal of intangible assets	7.1		
Investments in financial assets		(313,098)	(26,502,681)
Disposal of financial assets	7.3		
Dividends received		15,937,348	17,043,497
Cash flow generated by investing activities (B)		**12,775,876**	**(14,503,632)**
Equity movements			
Acquisition of treasury shares			(597,523)
Other changes in Net Equity		38,334,208	
Financing activities			
Drawdown non-current bank loans and borrowings		29,500,000	100,000,000
Repayment non-current bank loans and borrowings		(89,928,030)	(71,064,734)
Net changes in current and non-current financial assets and liabilities ROU		(1,010,317)	10,768,792
of which related parties:		*(139,006)*	*9,552,679*
Net changes in current and non-current financial assets and liabilities		30,699,810	
of which related parties:		*30,686,695*	
Distribution dividends	7.12		(11,991,953)
of which related parties:			*(7,168,974)*
Cash flow from generated/(absorbed) by financing activities (C)		**7,595,671**	**27,114,581**
Net cash flow in the year (A + B + C)		**8,963,316**	**20,033,064**
Opening cash and cash equivalents	7.10	72,745,574	52,712,510
Closing cash and cash equivalents	7.10	81,708,891	72,745,574

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(in Euro)	Share capital	Legal reserve	Translation reserve	Share premium reserve	Negative reserve for treasury shares in portfolio
January 1, 2023	**49,722,417**	**1,256,837**	**0**	**19,975,348**	**(8,014,531)**
Share capital increase					
Other changes					
Allocation of prior-year result		796,521			
Distribution dividends					
Acquisition of treasury shares					(597,523)
Profit/(loss) for the year					
Actuarial gains/(losses) employee benefits					
Comprehensive income	**0**	**0**	**0**	**0**	
At December 31, 2023	**49,722,417**	**2,053,359**	**0**	**19,975,348**	**(8,612,054)**
Share capital increase	3,631,744			36,317,440	
Other changes					
Allocation of prior-year result		0			
Distribution dividends					
Acquisition of treasury shares					
Profit/(loss) for the year					
Actuarial gains/(losses) employee benefits					
Comprehensive income	**3,631,744**	**0**	**0**	**36,317,440**	
December 31, 2024	**53,354,161**	**2,053,359**	**0**	**56,292,788**	**(8,612,054)**

Non-distributable reserve for listing costs	FTA Reserve	IAS 19 Reserve	Other reserves	Retained earnings	Total reserves	Profit/(loss) for the year	Total Shareholders' Equity
(3,287,529)	**(2,156,097)**	**(181,449)**	**16,438,024**	**30,995,648**	**55,026,253**	**15,930,426**	**120,679,096**
					0		0
			30,995,648	(30,995,648)	0		0
			15,133,905		15,930,426	(15,930,426)	0
			(11,991,953)		(11,991,953)		(11,991,953)
					(597,523)		(597,523)
						(5,641,004)	(5,641,004)
		(16,572)			(16,572)		(16,572)
0	**0**	**(16,572)**	**0**	**0**	**(16,572)**	**(5,641,004)**	**(5,657,577)**
(3,287,529)	**(2,156,097)**	**(198,021)**	**50,575,624**	**0**	**58,350,631**	**(5,641,004)**	**102,432,043**
					36,317,440		39,949,184
(1,614,976)					(1,614,976)		(1,614,976)
			(5,641,004)		(5,641,004)	5,641,004	0
					0		0
					0		0
					0	625,607	625,607
		6,077			6,077		6,077
(1,614,976)	**0**	**6,077**	**0**	**0**	**6,077**	**625,607**	**631,684**
(4,902,504)	**(2,156,097)**	**(191,944)**	**44,934,620**	**0**	**87,418,167**	**625,607**	**141,397,936**

Notes to the Financial Statements

1. GENERAL INFORMATION

1.1 Introduction

Aquafil S.p.A. (“Aquafil”, “Company” or “Parent company” and, together with its subsidiaries, “Group” or “Aquafil Group”) is a joint stock company listed on the Italian Stock Exchange, Euronext STAR Segment since December 4, 2017, resulting from the business combination through merger by incorporation of Aquafil S.p.A. (pre-merger), founded in 1969 in Arco (TN) and renowned for the production and distribution of fibres and polymers, principally polyamide, into Space 3 S.p.A., as an Italian registered Special Purpose Acquisition Company (SPAC), with efficacy from December 4, 2017.

The majority shareholder of Aquafil S.p.A. is Aquafin Holding S.p.A., with registered office in Via Leone XIII No. 14, 20145 Milan, Italy, which however does not exercise management and co-ordination activities. The ultimate parent company, which draws up specific consolidated financial statements, is GB&P S.r.l. with registered office in Via Leone XIII No. 14, 20145 Milan, Italy.

Aquafil produces and sells fibers and polymers, principally polyamide 6, on a global scale through the:

(i) BCF Product Line (carpet fibers), or synthetic yarns mainly intended for the textile flooring sector and used in “contract” segments (hotels, airports, offices, etc.), residential buildings and the automotive market;
(ii) NTF Product Line (clothing fibers), or synthetic yarns mainly intended for the clothing sector (sportswear, classic, technical or specialist apparel);
(iii) Polymers Product Line, or plastic raw materials, mainly targeting the engineering plastics sector for subsequent use in the moulding industry.

The Company’s products are also sold on the market under the ECONYL® brand, which offers the Company’s products obtained by regenerating industrial waste and end-of-life products.

The Company enjoys a consolidated presence in Europe, the United States and Asia.

1.2 Financial Statement Presentation

These financial statements were prepared for the year ended December 31, 2024 in accordance with EU Regulation 1606/2002 of July 19, 2002 and Article 9 of Legislative Decree No. 38 of February 28, 2005, in compliance with International Financial Reporting Standards, issued by the International Accounting Standards Board and endorsed by the European Union (“IFRS”).

The Financial Statements were approved by the Board of Directors of the company on March 18, 2025, and audited by PricewaterhouseCoopers S.p.A., statutory auditors of the company.

1.3 Non-Financial Report

Aquafil S.p.A., as an Entity of Significant Public Interest (“EIPR”) and the parent company of the Aquafil Group, prepares and presents, from financial year 2017, the “Sustainability Statement”, as per Article 5 “Placement of the report and communication” as per Legislative Decree 254/2016 concerning the communication of non-financial and diversity disclosure by certain large enterprises and groups. Therefore, Aquafil, as per Article 6 exemptions and special cases, is not subject to the obligation to prepare an individual non-financial report relating to only the separate financial statements.

2. ACCOUNTING POLICIES AND MEASUREMENT CRITERIA

The main accounting policies adopted in the preparation of the Separate Financial Statements are reported below. These accounting policies were applied in line with the year 2023 presented for comparative purposes and those applied at December 31, 2024.

2.1 Basis of preparation

As previously indicated, these financial statements were prepared in accordance with IFRS, i.e. all "International Financial Reporting Standards", all "International Accounting Standards" ("IAS"), all interpretations of the International Reporting Interpretations Committee ("IFRIC"), previously called the Standards Interpretations Committee ("SIC") which, at the approval date of the Financial Statements, were endorsed by the European Union pursuant to EU Regulation No. 1606/2002 of the European Parliament and European Council of July 19, 2002.

These financial statements were prepared:
- on the basis of extensive knowledge on the IFRS and taking into account best practice; any further orientations and interpretative updates will be reflected in subsequent years, in accordance with the provisions of the accounting standards;
- on a going-concern basis of the company, as the directors verified the absence of financial, operating or other indicators which may suggest difficulties with regards to the company's capacity to meet its obligations in the foreseeable future and in particular in the next 12 months.
- under the historical cost convention, except for the measurement of financial assets and liabilities where the obligatory application of the fair value criterion is required.

2.2 Form and content of the financial statements

The financial statements of Aquafil S.p.A. have been prepared in euro. The financial statements and the relative classification criteria adopted by the company, within the options permitted by IAS 1 "Presentation of financial statements" ("IAS 1") are illustrated below:
- the *balance sheet* is presented with separation between "current and non-current" assets and liabilities;
- the *income statement* was prepared separately from the comprehensive income statement, and was prepared classifying operating costs by expense type;
- the *comprehensive income statement* which includes, in addition to the result for the period, also the changes to equity relating to income items which, in accordance with International Accounting Standards, are recognised under equity;
- the *cash flow statement* prepared in accordance with the "indirect method".

The financial statements utilised are those which best represent the result, equity and financial position of the company.

It should be noted that classifications have been made for certain financial statements items that are different from the previous year. In order to ensure fair representation, the corresponding items in the comparative financial statements have also been reclassified.

These mainly concern:
- for the income statement, the intercompany transactions that were reclassified from revenue to "other revenue".
- for the cash flow statement, the reclassification of dividends received from operating activities to investing activities.

The Reclassification of Total Revenues and Other Revenues and Income is shown below:

Description	2024	2023 - Reclassified	2023
Revenues	530,513,895.68	510,812,399.97	518,444,406.19
of which related parties	*232,541,579.51*	*213,379,129.64*	*219,964,774.28*
Other revenues and income	7,717,164.75	10,183,350.43	2,551,344.21
of which related parties	*6,896,169.06*	*6,585,644.64*	
Total	**538,231,060.43**	**520,995,750.40**	**520,995,750.40**

The reclassification of dividends received from operating activities to investing activities in the cash flow statement is presented below:

Cash Flow Statement (in Euro)	**At December 31, 2024**	**At December 31, 2023 - Reclassified**	**At December 31, 2023**
Cash flow from operating activities before working capital changes	12,711,060	(2,060,935)	(2,060,935)
Change in working capital	(3,653,034)	23,706,484	40,749,981
Income taxes paid	(2,813,824)	(68,277)	(68,277)
Net paid financial charges	(17,652,432)	(14,155,156)	(14,155,156)
Total operating cash flow generated/(absorbed) (A)	**(11,408,230)**	**7,422,115**	**24,465,612**
Cash flow generated by investing activities (B)	**12,775,876**	**(14,503,632)**	**(31,547,128)**
Cash flow from generated/(absorbed) by financing activities (C)	**7,595,671**	**27,114,581**	**27,114,581**
Net cash flow in the year (A + B + C)	**8,963,316**	**20,033,064**	**20,033,064**
Opening cash and cash equivalents	*72,745,574*	*52,712,510*	*52,712,510*
Closing cash and cash equivalents	*81,708,891*	*72,745,574*	*72,745,574*

Subsidiaries

A party controls an entity when it is: (i) exposed, or has the right to participate, in the relative variable economic returns and (ii) able to exercise its decisional power on the activities relating to the entity in order to influence these returns. The existence of control is verified where events or circumstances indicate an alteration to one of the above-mentioned factors determining control. The year-end of the subsidiary companies coincides with that of Aquafil S.p.A..

Associated Companies

Associated companies are companies in which the Company has a significant influence, which is presumed to exist when the percentage held is between 20% and 50% of the voting rights.

Business combinations

The company did not undertake in the year any business combinations as defined by IFRS 3.

Impairment test

The impairment test assesses whether there exist any indications that an asset may have incurred a reduction in value. For indefinite useful life intangible assets an assessment should be made at least annually that their recoverable value is at least equal to the book value and, when considered necessary, or rather in the presence of trigger events (IAS 36 paragraph 9), the impairment test must be undertaken more frequently.

In assessing the recoverable value of its property, plant and equipment, investment property and intangible assets, the Group generally applies the criterion of the value in use, where required, i.e. the presence of trigger events.

The value in use is the present value of the expected future cash flows to be derived from an asset. In defining the value in use, the expected future cash flows are discounted utilising a pre-tax rate that reflects the current market assessment of the time value of money, and the specific risks of the asset.

The estimated future cash flows utilised to determine the value in use is based on the most recent business plans, approved by management and containing forecasts for volumes, revenues, operating costs and investments.

These forecasts cover the period of the next three years; consequently, the cash flows relating to the subsequent years are determined on the basis of a growth rate which does not exceed the average growth rate for the sector and the country.

Where the book value of an asset is higher that its recoverable value a loss in value is recognised which is recorded in the income statement under “Amortisation, depreciation and write-downs”.

When the reasons for the write-down no longer exist, the carrying value of the asset is restated through the income statement, in the account “Amortisation, depreciation & write-downs”, up to the value at which the asset would be recorded if no write-down had taken place and amortisation or depreciation had been recorded.

Translation of accounts in foreign currencies

Transactions in currencies other than the Euro are recognised at the exchange rate at the date of the transaction. Assets and liabilities denominated in currencies other than the euro are subsequently adjusted to the exchange rate at the reporting date. Exchange differences are recognised to the income statement under “Exchange gains and losses”.

Non-monetary assets and liabilities denominated in currencies other than the euro are recorded at historical cost, utilising the exchange rate on the initial recording of the transaction.

The primary exchange rates adopted for the translation of the monetary assets and liabilities in foreign currencies with the euro are shown in the table below:

	Rate at December 31, 2024	Average rate 2024	Rate at December 31, 2023	Average rate 2023
US Dollar	1.04	1.08	1.11	1.08
Chinese Yuan	7.58	7.79	7.85	7.66
Turkish Lira	36.74	35.58	32.65	25.76
Baht	35.68	38.18	37.97	37.63
UK Sterling	0.83	0.85	0.87	0.87
Australian Dollar	1.68	1.64	1.63	1.63
Japanese Yen	163.06	163.87	156.33	151.99
Chilean Peso	1033.76	1020.70	977.07	908.20
Swiss Franc	0.94	0.95	0.93	0.97

2.3 Accounting standards

The most significant accounting policies adopted in the preparation of the Financial Statements are reported below.

CLASSIFICATIONS OF CURRENT AND NON-CURRENT ASSETS AND LIABILITIES

The company classifies an asset as current when:
- it is held for sale or consumption, in the normal operating cycle;
- it is principally held for trading;
- it is expected to be realised within 12 months from the reporting date; or
- it comprises cash or cash equivalents whose use is not restricted or restrictions such as to impede its use for at least 12 months from the reporting date.

All assets that do not meet the conditions listed above are classified as non-current.

The Company classifies a liability as current when:
- it is expected to be settled within the normal operating cycle;
- it is principally held for trading;
- it must be settled within twelve months of year-end; or
- the entity does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

All the liabilities which do not satisfy the above-mentioned conditions are classified as non-current.

INTANGIBLE ASSETS

An intangible asset is an asset without physical substance, identifiable and capable of generating future economic benefits. The requisite of identifiability is normally met when an intangible asset is:

- attributable to a legal or contractual right; or
- separable, that is, it can be sold, transferred, leased or exchanged independently.

Control over an intangible asset consists of the right to take advantage of future economic benefits arising from the asset and the possibility of limiting its access to others.

Intangible assets are initially recognised at purchase and/or production cost, including the costs of bringing the asset to its current use. All other subsequent costs are expensed in the income statement in the year incurred. Research expenses are recorded as costs when incurred.

An intangible asset, generated during a project's development phase, which complies with the definition of development on the basis of IAS 38, is recognised as an asset if:

- the cost can be measured reliably;
- the product/process is technically feasible;
- it is likely that the company will obtain the future economic benefits that are attributable to the asset developed, and
- where the company intends to complete the project's development and has sufficient resources to do so.

INTANGIBLE ASSETS WITH FINITE USEFUL LIVES

Intangible assets with definite useful lives are recognised as cost, as previously described, net of accumulated amortisation and any impairment.

Amortisation begins when the asset is available for use and is recognised on a straight-line basis in relation to the residual possibility of use and thus over the estimated useful life of the asset; for the amount to be amortised and its recoverability the criteria to be utilised is that outlined, respectively, in the paragraphs "Property, plant and equipment" and "Impairment of property, plant and equipment and intangible assets".

The estimated useful life of the various categories of intangible assets is as follows:

	Estimated useful life
Concessions, licences & trademarks	10 years
Development costs	5 years
Industrial patents & intellectual property rights	10 years
Other intangible assets	Duration of contract

PROPERTY, PLANT & EQUIPMENT

Property, plant and equipment are measured at purchase or production cost, net of accumulated depreciation and any impairments. The purchase or production cost includes charges directly incurred for bringing the asset to their condition for use, as well as dismantling and removal charges which will be incurred consequent of contractual obligations, which require the asset to be returned to its original condition. The financial charges directly attributable to the acquisition, incorporation or production of property, plant and equipment whose realisation requires timeframes above one year, are capitalised and depreciated based on the useful life of the asset to which they refer.

The expenses incurred for the maintenance and repairs of an ordinary nature are charged to the income statement when they are incurred. The capitalisation of costs relative to the expansion, modernisation or improvement of the structural elements whether owned or leased, is solely made within the limits established to be separately classified as assets or part of an asset. The assets recorded in relation to leasehold improvements are amortised based on the duration of the rental contract, or on the basis of the specific useful life of the asset, if lower.

Depreciation is charged on a straight-line basis, which depreciates the asset over its economic/technical useful life. Applying the principle of the component approach, when the asset to be depreciated is composed of separately identifiable elements whose useful life differs significantly from the other parts of the asset, the depreciation is calculated separately for each part of the asset.

The estimated useful life of the main categories of property, plant and equipment is as follows:

	Estimated useful life
Buildings and light constructions	10 - 17 - 33 years
General plant and machinery	7 - 8 - 10 - 13 years
Industrial and commercial equipment	2 - 4 - 8 years
Other assets	4 - 5 - 8 years
Right of Use	Duration of contract

Land, including that adjacent to production facilities, is not depreciated. The useful life of property, plant and equipment is reviewed and updated, where necessary, at least at the end of each year.

A tangible fixed asset is eliminated from the financial statements when the asset is sold or when no expected economic benefits exist from its use or disposal. Any gains or losses (calculated as the difference between net income from sales and the net book value of the asset sold) are recognised in the income statement in the year of disposal.

LEASED ASSETS

International Accounting Standard IFRS 16 identifies the principles for the recognition, measurement and presentation in the financial statements of leasing contracts, as well as enhancing the relative disclosure requirements.

Specifically, IFRS 16 defines leasing as a contract which assigns to the client (lessee) the right-of-use of an asset for a set period of time in exchange for consideration, without distinguishing finance leases from operating leases such as rental and hire.

The definition of a contractual agreement as a lease transaction (or containing a lease transaction) is based on the substance of the agreement and requires an assessment of whether fulfilment of the agreement depends on the use of one or more specific assets and if the agreement transfers the right to use them.

Companies that operate as lessee therefore recognise in their financial statements, at the effective date of the lease, an asset representing the right to use of the asset (defined as the "Right-of-Use") and a liability, attributable to the obligation to make the payments provided for in the contract. The lessee should subsequently recognise the interest concerning the lease liability separate from the depreciation of the right-of-use assets. IFRS 16 also requires lessees to restate the amounts of the lease liability on the occurrence of certain events (e.g. a change to the duration of the lease, a change to the value of the future payments due to a change in an index or rate utilised to determine these payments). In general, the restatement of the amount of the lease liability implies an adjustment also to the right-of-use asset.

Differing from that required for lessees, for the purposes of the preparation of the financial statements of lessors (the lessor), the new International Accounting Standard maintains the distinction between operating and finance leases as per IAS 17.

IMPAIRMENT OF INTANGIBLE AND TANGIBLE ASSETS

Intangible and tangible assets with definite useful life

A verification is carried out at each reporting date to establish whether there are indicators that tangible and intangible assets may have suffered an impairment. To this end, both internal and external sources of information are considered. With regard to the former (internal sources), obsolescence or the asset's physical deterioration and any significant changes in the asset's use and the asset's economic performance in comparison to projections are taken into consideration. As regards external sources, the trend in the assets' market prices, any technological, market or regulatory discontinuities, the trend in market rate interest rates or the cost of capital used to evaluate investments are considered.

Where these indicators exist, an estimate of the recoverable value of the above-mentioned assets is made, recording any write-down compared to the relative book value in the income statement. The recoverable value of an asset is the higher between the fair value, less costs to sell, and its value in use, determined discounting the estimated future cash flows for this asset, including, where significant and reasonably determinable, those deriving from the sale at the end of the relative useful life, net of any transaction costs. In defining the value in use, the expected future cash flows are discounted utilising a pre-tax rate that reflects the current market assessment of the time value of money, and the specific risks of the asset. For an asset that does not generate independent cash flows, the recoverable value is determined in relation to the cash-generating unit to which the asset belongs.

A loss in value is recognised in the income statement when the carrying value of the asset, or of the relative CGU to which it is allocated, is higher than its recoverable value. The loss in value of CGU`s are firstly attributed to the reduction in the carrying value of any goodwill allocated and, thereafter, to a reduction of other assets, in proportion to their carrying value and in the limit of the relative recoverable value. When the reasons for the write-down no longer exist, the book value of the asset is restated through the income statement, up to the value at which the asset would be recorded if no write-down had taken place and amortisation or depreciation had been recorded.

EQUITY INVESTMENTS

In subsidiaries

Investments in subsidiaries are recorded at acquisition or subscription cost.

Where there is an indication of a loss in value, the recoverability of the recognition value is verified through a comparison between the carrying amount and the higher between the value in use, determined discounting the future cash flows of the investment and, where possible, the hypothetical sales value determined based on recent transactions or market multiples.

The share of the loss exceeding the carrying amount is recorded in a specific provision for the amount that the company considers there exists legal or implied obligations to cover the losses or in any case within the limits of the book net equity. Where there is a subsequent improvement in the performance of the investee subject to the write-down such as to consider the reasons for the impairment no longer existing, the investments are revalued within the limits of the write-downs recognised in previous years. The dividends from subsidiaries are recorded in the income statement in the year in which they are approved.

In associates

Associated companies are companies in which the Company has a significant influence, which is presumed to exist when the percentage held is between 20% and 50% of the voting rights. Associated companies are measured under the equity method and are initially recorded at cost. The equity method is as described below:

- the book value of these investments is aligned to the net equity of the company adjusted, where necessary, to reflect the application of IFRS and includes the recognition of the higher value attributed to the assets and liabilities and to any goodwill, identified on acquisition; in line with a similar process to that previously described for business combinations;
- the profits and losses pertaining to the Company are recognised when the significant influence begins and until the significant influence ceases to exist. In the case where, due to losses, the company valued under this method indicates a negative net equity, the carrying value of the investment is written down and any excess pertaining to the Company, where this latter is committed to comply with legal or implicit obligations of the investee, or in any case to cover the losses, is recorded in a specific provision; the equity changes of the companies valued under the equity method, not recorded through the income statement, are recorded directly in the comprehensive income statement;
- the gains and losses not realised, generated on transactions between the Company/Subsidiaries and investments measured under the equity method are eliminated based on the share pertaining to the investee, except for losses, when they represent a reduction in value of the underlying asset, and dividends which are fully eliminated.

When there is objective evidence of an impairment, the recovery is verified comparing the carrying value with the relative recoverable value adopting the criteria indicated in the paragraph “Impairments of tangible and intangible assets”. When the reasons for the impairment no longer exist, the investments are revalued within the limits of the write-downs, with effects recognised to the income statement.

The transfer of shareholdings resulting in the loss of joint control or significant influence over the investee company determines the recognition in the comprehensive income statement:

- of any gain/loss calculated as the difference between the amount received and the corresponding fraction of the carrying amount transferred;
- of the effect of the remeasurement of any residual investment in line with the relative fair value;
- of any values recorded under other comprehensive items related to the investee for which reclassification to the comprehensive income statement is envisaged.

The value of any equity investment aligned to its fair value at the date of the loss of joint control or significant influence, represents the new carrying amount and, therefore, the reference value for the subsequent valuation according to the applicable valuation criteria.

Once an equity investment, or a share of this equity, measured under the equity method is classified as held for sale in so far as it meets the criteria for such classification, the equity investment or share of equity, is no longer measured under the equity method.

SECURITIES OTHER THAN EQUITY INVESTMENTS

Securities other than equity investments, included under "Financial assets", are held in portfolio until maturity. They are recognised at acquisition cost (with reference to the "trading date") including transaction costs.

LOANS, RECEIVABLES AND FINANCIAL ASSETS HELD-TO-MATURITY

The financial assets are measured based on IFRS 9.

Company assesses at each reporting date whether a financial asset or a group of financial assets have incurred a loss in value.

IMPAIRMENTS OF FINANCIAL ASSETS

At the reporting date, all the financial assets, other than those measured at fair value through the comprehensive income statement, are analysed in order to verify whether there is evidence of a loss in value. An impairment loss is recognised if, and only if, this evidence exists as a result of one or more events that have an impact on the asset's expected future cash flows, occurring after its initial recognition.

In the valuation account is also taken of future economic conditions.

For financial assets accounted for through the amortised cost criterion, when a loss in value has been identified, its value is measured as the difference between the asset's carrying amount and the present value of expected future cash flows, discounted on the basis of the original effective interest rate. This value is recognised in the income statement under the item "Provisions and write-downs". When, in subsequent periods, the reasons for the write-down no longer exist, the value of the financial assets are restated up to the value deriving from the application of the amortised cost criterion.

INVENTORIES

Inventories are recorded at the lower of purchase or production cost and realisable value represented by the amount that the Company expects to obtain from their sale in the normal course of operations of the assets, net of accessory costs. The cost of inventories is calculated using the weighted average cost method. The value of finished or semi-finished product inventories includes direct or indirect processing costs. To determine the weighted average cost of production or processing, the Company considers the weighted average cost of the raw material and the direct and indirect production costs, generally taken as a percentage of direct costs.

The value of inventories was recorded net of any impairment provisions.

TRADE AND OTHER RECEIVABLES (CURRENT AND NON-CURRENT)

Trade receivables and other current and non-current receivable are considered financial instruments, principally relating to customer receivables, non-derivative, not listed on an active market, from which fixed or determinable payments are expected. Trade receivables and other receivables are classified in the balance sheet under current assets, except for amounts due beyond 12 months from the reporting date, which are classified as non-current. These financial assets are recorded in the balance sheet when the company becomes part of the related contracts and are derecognised when the right to receive the cash flow is transferred together with all the risks and benefits associated with the asset sold.

Trade and other current and non-current receivables are initially recorded at their fair value, and subsequently with the amortised cost method using the effective interest rate, reduced for any impairment.

Impairments on receivables are recognised in the income statement when there is objective evidence that the Company will not be able to recover the credit on the basis of contractual conditions.

The write-down amount is measured as the difference between the asset's carrying amount and the present value of expected future cash flows.

The value of receivables is shown in the balance sheet net of the corresponding doubtful debt provision.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash, on-demand deposits and financial assets with an original maturity of three months or less, readily convertible into cash and subject to an insignificant risk of changes in value. The items included in cash and cash equivalents are measured at fair value and the relative changes are recorded in the income statement.

EMPLOYEE BENEFITS

For the defined benefit plans, which include post-employment benefit provisions due to employees pursuant to Article 2120 of the Italian Civil Code, the amount to be paid to employees is quantifiable only after the termination of the employment service period, and is related to one or more factors such as age, years of service and remuneration. Therefore, the relative charge is recorded in the income statement based on actuarial calculations. The liability recorded in the accounts for defined benefit plans corresponds to the present value of the obligation at the reporting date. The obligations for the defined benefit plans are determined annually by an independent actuary utilising the projected unit credit method. The present value of the defined benefit plan is determined discounting the future cash flows at an interest rate equal to the obligations (high-quality corporate) issued in euro and takes into account the duration of the relative pension plan. The actuarial gains and losses deriving from these adjustments and the changes in the actuarial assumptions are recognised in the comprehensive income statement.

From January 1, 2007, the Finance Act and relative decrees enacted introduced important amendments in relation to post-employment benefits, among which was the choice given to the employee to determine where the benefit matured in the period is invested. In particular, the new post-employment benefits can be utilised by the employee for their own chosen pension scheme or they may choose to leave the amount in the company. In the case of allocation to external pension funds, the Company is only liable to pay a defined contribution to the selected fund and as from that date, the newly matured portion are in the nature of defined contribution plans and are therefore not subject to actuarial valuation.

TRADE AND OTHER PAYABLES (CURRENT AND NON-CURRENT)

Financial liabilities (with the exclusion of derivative financial instruments) relate to trade and other payables and are initially recorded at fair value, net of directly allocated accessory costs. After initial recognition, they are measured at amortised cost, recording any differences between cost and repayment amount in the income statement over the duration of the liability, in accordance with the effective interest rate method. When there is a change in the expected cash flows, the value of the liabilities is recalculated to reflect this change, based on the new present value of the expected cash flows and on the effective internal rate initially determined.

ELIMINATION OF FINANCIAL ASSETS AND LIABILITIES

Financial assets (or, where applicable, part of a financial asset or part of a group of similar financial assets) are derecognised from the financial statements when:

- the right to receive the financial cash flows of the asset terminate;
- the company retains the contractual right to receive the cash flows from the asset, but assumes a contractual obligation to pay the cash flows fully and without delay to a third party;
- the company has transferred its right to receive cash flows from the asset and (a) has transferred substantially all of the risks and rewards of ownership of the financial asset or (b) has not transferred or retained substantially all of the risks and rewards of the asset, but has transferred control over same.

A financial liability is derecognised from the financial statements when the underlying liability is settled, cancelled or fulfilled.

FINANCIAL INSTRUMENTS - DERIVATIVES

Derivative financial instruments are only used by Aquafil for the hedging of financial risks related to interest rate fluctuations on bank debt.

A derivative is a financial instrument or other contract:

- whose value changes in response to changes in an underlying defined parameter such as the interest rate, the price of a security or commodity, foreign currency exchange rate, the index of prices or rates, credit rating or another variable;
- that requires a zero initial net investment, or lower than what would be required for contracts with a similar response to changes in market conditions;
- which is settled at a future date.

The financial instruments are undertaken to hedge against the interest rate risk. In accordance with IAS 39, which remains applicable optionally with respect to IFRS 9 in the case of the hedging of interest rate exposure, derivative financial instruments are accounted for in accordance with the procedures established for hedge accounting only when:

- the hedging instrument is formally designated and documented at the start of hedging;
- the hedge is expected to be highly effective;
- such efficacy can be reliably measured;
- the hedge is highly effective during the various accounting periods for which it is designated.

It should be noted that the derivative instruments currently in place (IRS - Interest Rate Swaps), although subscribed for hedging purposes with regard to changes in interest rates, have been treated, for accounting purposes and consistently with the past, as non-hedging instruments (and therefore the relative fair value is recognised in the income statement), as it is very complex to prepare the mandatory hedging relationship.

MEASUREMENT OF THE FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value measurement of the financial instruments is undertaken applying IFRS 13 "Fair value measurement" (IFRS 13). Fair value concerns the price that will be received for the sale of an asset or which will be paid for the transfer of a liability in an ordinary transaction settled between market operators, at the measurement date.

Fair value measurement is based on the assumption that the sale of the asset or transfer of the liability is undertaken on the principal market, or rather the market in which the largest volume and levels of transaction take place for the asset or liability. In the absence of a principal market, it is assumed that the transaction takes place on the most advantageous market to which the company has access, or rather the market which would maximise the results of the sales transaction of the asset or minimise the amount to be paid for the transfer of the liability.

The fair value of an asset or of a liability is determined considering the assumptions which the market participants would use to define the price of the asset or of the liability, under the presumption that they act in accordance with their best economic interests. Market participants are independent knowledgeable acquirers or sellers able to enter into a transaction for the asset or the liability and motivated but not obliged or coerced into making the transaction.

In the fair value measurement, the company takes into account the specific characteristics of the asset or the liability, in particular, for the non-financial assets, the capacity of a market operator to generate economic benefits utilising the asset to its maximum and best use or by selling to another market operator that would utilise the asset to its maximum or best use. The fair value measurement of assets and liabilities utilises appropriate techniques for the circumstances and for which sufficient data is available, maximising the use of observable inputs.

IFRS 13 identifies the following fair value hierarchy which reflect the importance of the inputs used in the relative measurement:
- level 1 Quoted Price (active market): data used in valuations are represented by prices quoted on markets in which identical assets and liabilities are traded with those being valued;
- level 2 Use of Observable Market Parameters (for example, for derivatives, the exchange rates recorded by the Bank of Italy, market interest rate curves, volatility provided by qualified providers, credit spreads calculated on the basis of CDS', etc.) other than level 1 quoted prices;
- level 3 Use of Non-Observable Market Parameters (internal assumptions, for example, financial flows, risk-adjusted spreads, etc.).

WARRANTS

The company has issued warrants, that is, financial instruments that give the holder the right to purchase (call warrants) a determined quantity of ordinary shares (underlying) at a predefined price (strike-price) within a set deadline. Two types of warrants are issued: "Market Warrants" which were also listed, and non-listed "Sponsor Warrants". Listed "Market warrants" were cancelled in 2022 as having expired.

These financial instruments can have different terms and characteristics and, on the basis of these, can be alternatively considered as: (i) a financial liability that must therefore be measured at fair value at the time of issue and any subsequent variation recorded directly in the income statement, or as (ii) an equity instrument and therefore classified in a specific equity reserve from which they will be released only at the time they are exercised or on their maturity as indicated by IAS 32.

Warrants issued by the company have the characteristics to be considered as equity instruments since both instruments contain a pre-set execution value (defined as the "fixed for fixed criteria").

Specifically for the Sponsor warrants, an exchange between equity instruments and cash at an already pre-determined value is provided in case of execution. Information on these instruments is available in the paragraph on shareholders' equity.

PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges relate to costs and charges of a defined nature and of certain or probable existence whose amount or date of occurrence are uncertain at the reporting date. Accruals to provisions are recorded when:
- the existence of a present obligation, legal or implicit, deriving from a past event is probable;
- it is probable that compliance with the obligation will result in a charge;
- the amount of the obligation can be estimated reliably.

Provisions are recorded at the value representing the best estimate of the amount that the entity would reasonably pay to discharge the obligation or to transfer it to a third party at the reporting date. When the financial effect of the passing of time is significant and the payment dates of the obligations can be reliably estimated, the provision is determined by discounting the expected cash flows taking into account the risks associated with the obligation; the increase of the provision due to the passing of time is recorded in the income statement in the account "Financial charges".

The provisions are periodically updated to reflect the changes in the estimate of the costs, of the time period and of the discounting rate; the revision of estimates is recorded in the same income statement accounts in which the provision was recorded.

REVENUE AND COSTS

Revenues from the sale of goods and services as well as the purchase costs of goods and services are recognised on the transfer of control of the relative goods or completion of the service.

Revenues are shown net of discounts, allowances and returns; they are recorded at fair value to the extent in which it is possible to reliably determine such value and the likelihood that the relative economic benefits will be enjoyed.

Revenues are recognised in accordance with IFRS 15 and therefore as per the following 5 steps:
1) identification of the contract with the customer. The standard contains specific provisions to assess whether two or more contracts should be combined and to identify the accounting implications of any contractual amendments;
2) identification of the contractual obligations contained in the contract;
3) calculation of the transaction price, which should be made taking into consideration, among others, the following elements: any amounts paid on behalf of third parties, which must be excluded from the consideration, variable price components (such as performance bonuses, penalties, discounts, reimbursements, incentives, etc...) and any financial component, present where the payment terms granted to the customer contain a significant extension period;
4) allocation of the transaction price to the contractual obligations, on the basis of the stand-alone sales price of each good or service; separately;
5) recognition of the revenue, when (or if) each contractual obligation is satisfied through the transfer of the goods or service, which occurs when the customer obtains the control and therefore has the capacity to decide upon and/or control its use and substantially obtain all the benefits. Control may be transferred at a specific point in time or over time.

The analysis undertaken indicated that the obligations arising for the Parent Company to its clients mainly concern the production and supply of finished products according to the terms and conditions requested, and in particular:
- payment deadlines are on average between in line with generally applied market averages. “Cash discounts” are contractually granted in the case of early settlement and were recognised as a direct reduction in revenues. No payment deferments are granted which could be considered as qualifying as a loan;
- the finished product is sold without the granting of warranty periods and/or without return and/or suspension of ownership clauses. Any returns and reimbursements are agreed among the parties on a case by case basis following critical analysis of the reasons which may have resulted in any non-compliance issues.

It is therefore considered that:
(i) the moment of transfer of control to clients of their products coincides with the transfer of the associated risks and benefits, as contractually defined by the delivery terms applied and which are in line with those generally accepted within the sector;
(ii) the consideration does not include any financial component, with the exception of the cash discounts which are recognised as a reduction in revenues, while the component of the transport service and insurance (applicable only with specific delivery terms) is however completed in the same period as the transfer of control of the goods and therefore accrues to the same period;
(iii) no contractual obligations are in place which suspend the transfer of control of the goods and therefore only the returns/reimbursements that may be agreed (concerning the goods sold in the year) may be recognised as a reduction of the relative revenues.

FINANCIAL INCOME AND CHARGES

Financial income and charges are recognised in the income statement in the period in which they are earned or incurred according to IFRS 9.

DIVIDENDS

Dividends received are recognised when (i) shareholders become entitled to receive the payment, which coincides with the date of the investee company’s shareholders’ meeting approving distribution, (ii) it is probable that the economic benefits associated with the dividend will flow to the entity and (iii) the amount of the dividend can be measured reliably.

The distribution of dividends to Aquafil S.p.A.'s shareholders is represented as a movement of shareholders' equity and recorded as a liability in the financial year in which this distribution is approved by the Shareholders' Meeting.

INCOME TAXES

Current taxes are determined on the basis of estimated taxable income, in compliance with tax regulations applicable to companies and are recorded in the income statement under the item "Income taxes for the year", with the exception of those relating to items directly debited or credited to a shareholders' equity reserve; in such cases, the relative tax effect is directly recognised in the respective shareholders' equity reserves. The income statement shows the amount of income taxes for each item included in the "other components of the consolidated comprehensive income statement".

Deferred tax assets and liabilities are calculated in accordance with the balance sheet liability method. Deferred taxes are calculated on temporary differences between the values recorded in the financial statements and the corresponding values recognised for tax purposes. The deferred tax assets, including those relating to any tax losses carried forward, are recognised only for those amounts for which it is probable there will be future assessable income to recover the amounts. Tax assets and liabilities are offset, separately for current taxes and for deferred taxes, when the income tax is applied by the same fiscal authority, there is a legal right of compensation and the payment of the net balance is expected. Deferred tax assets and liabilities are calculated utilising the tax rates which are expected to be applied in the years when the temporary differences will be realised or settled, taking into account current tax regulations or substantially in force at the reporting date. Other taxes not related to income, such as indirect taxes and duties are included under "Other operating costs and charges".

From the year 2018 Aquafil S.p.A. was included in the tax consolidation regime with the parent company Aquafin Holding S.p.A., which was interrupted in 2017 due to the merger by incorporation of Aquafil S.p.A. into Space 3 S.p.A. The tax consolidation regime is also confirmed for the year 2024. Aquafil S.p.A. for fiscal year 2023 altered the method for allocating fiscal losses resulting from tax consolidation in the event of the suspension or non-renewal of tax consolidation in accordance with Article 124(4) of the Income Tax Law. Specifically, as part of the renewal for the three-year period 2024-2026, it was indicated in line OP6, col. 3, code "4" (Change in the criterion used for any allocation of residual losses) and in column 7, code "3" (Allocation to companies that produced losses in a different manner from the previous). This change therefore involves the allocation of losses to Aquafil S.p.A. and the consequent reclassification of the deferred tax assets now recognised by the company.

In addition, it should be noted that Article 12 of Legislative Decree No. 142 of 29/11/2018 defined the concept of "non-financial holding companies" ("Industrial Holdings"), for which, "the prevalent exercise of acquiring investments in parties other than financial intermediaries exists when, based on the figures of the last approved year-end financial statements, the total amount of investments in these parties and other equity elements undertaken between them, considered as a whole, is higher than 50 per cent of the total assets on the balance sheet", with effect from the year 2018.

Due to this amendment by Legislative Decree 142/2018, therefore, as of the year 2018, previously excluded companies fall under "Industrial Holding" and particularly those which have holdings but whose financial income predominantly comprises revenues from industrial activity.

The company which qualifies as an "Industrial Holding" must calculate the Irap taxable base in accordance with Article 6, paragraph 9 of the Irap Decree, that is, by adding to the normally determinable taxable base, 100% of the interest income and other financial income and subtracting 96% of the interest expense and similar charges; in addition, the increased rate envisaged for banks and other financial institutions must be applied to the value of production relevant for IRAP purposes. It should be noted that also for 2024, the IRAP rate for the industrial holding companies in the province of Trento, applicable to non-financial holding companies and similar entities pursuant to paragraph 9 of Article 6 of Legislative Decree No. 446/97 is 4.65%, and the benefits normally granted to industrial companies are not applied.

ASSETS AND LIABILITIES AVAILABLE FOR SALE AND DISCONTINUED OPERATIONS

Non-current assets and current assets and non-current assets of discontinued operations are classified as held-for-sale where their book value will principally be recovered through sale. This condition exists when the sale is highly probable and the asset or discontinued operation is available for an immediate sale in its current conditions. Non-current assets held-for-sale, current assets and non-current assets of discontinued operations and the liabilities directly related to them are recorded separately to company assets and liabilities in the balance sheet.

Non-current assets held-for-sale are not depreciated and are valued at the lower of the subscription value and their fair value, less selling costs.

Any difference between the book value and the Fair Value less selling costs is recorded in the income statement as a write-down; any subsequent recoveries in value are recognised for the amount of the write-downs previously recorded, including those recognised before the definition of the asset as held-for-sale.

Non-current assets and current and non-current assets of disposal groups classified as held-for-sale constitute discontinued operations if, alternatively:

- they represent a significant autonomous branch of activity or a significant geographical area of activity; or
- is part of a disposal programme of an important independent activity or geographical area of activity;
- are a subsidiary acquired exclusively for the purpose of sale.

The results of discontinued operations, as well as any capital gain/loss realised following disposal, are shown separately in the income statement under a specific account, net of the related tax effects; the income statement values of discontinued operations are also presented for the comparative years.

It should be noted that at December 31, 2024, Aquafil had only assets held-for-sale consisting of machinery and equipment and had no discontinued operations.

USE OF ACCOUNTING ESTIMATES

The preparation of the financial statements requires the directors to apply accounting principles and methods that, in some circumstances, are founded on difficult and subjective valuations and estimates, based on historical experience and assumptions which are from time to time considered reasonable and realistic under the relative circumstances. The application of these estimates and assumptions impact upon the amounts reported in the financial statements, the balance sheet, the income statement, the comprehensive income statement, the cash flow statement, the statement of changes to shareholders' equity and the notes to the accounts. The final outcome of the accounts in the financial statements which use the above-mentioned estimates and assumptions may differ, even significantly from those reported in the financial statements due to the uncertainty which characterises the assumptions and the conditions upon which the estimates are based.

Numerous items in the financial statements are subject to estimates and while not all of these accounts are individually significant, they are significant on an overall basis.

The accounting policies which require greater subjectivity by the directors in the preparation of the estimates and for which a change in the underlying conditions or the assumptions may have a significant impact on the financial results of the Company are briefly described below.

Impairments

The tangible and intangible assets with definite useful lives are verified to ascertain if there has been a loss in value, which is recorded by means of a write-down, when it is considered there will be difficulties in the recovery of the relative net book value through use. The verification of such difficulties requires the directors to make valuations based on the information available within the company and on the market, as well as from historical experience. In addition, when it is determined that there may be a potential reduction in value, the company determines this through using the most appropriate technical valuation methods available. The correct identification of the indicators of a potential reduction in value of tangible and intangible assets, as well as the estimates for their determination depends on factors which may vary over time, impacting upon the valuations and estimates made by the directors.

Amortisation & Depreciation

The cost of property, plant and equipment and intangible assets is depreciated or amortised on a straight-line basis over the estimated useful life of the asset. The useful life of these assets is determined by the directors when the assets are purchased. This is based on the historical experience for similar assets, market conditions and considerations relating to future events which could have an impact on the useful life, such as changes in technology. Therefore, the effective useful life may differ from the estimated useful life.

Inventories

Inventories of products which are obsolescence or slow moving are periodically subject to valuation tests and written down when the recoverable value is lower than the carrying amount. The write-downs are made based on assumptions and estimates of management deriving from experience and historic results and compared with market values.

Doubtful debt provision

The recoverability of receivables is valued taking account of the non-payment risk, of aging of receivables and of the losses recorded in the past on similar receivables.

Provisions for risks and charges

Provisions for risks and charges are recorded to cover known or likely losses or liabilities, the timing and extent of which are not known with certainty at the reporting date.

They are recorded only where a present obligation exists (legal or implicit) for a future payment resulting from past events and it is probable that the obligation will be settled. This amount represents the best estimate of the costs required to settle the obligation. The rate used in the determination of the present value of the liability reflects the current market values and the specific risk associated to each liability.

If the financial effect of the period is significant and the payment dates of the obligations can be reliably estimated, the provisions are valued at the present value of the expected payment, utilising a rate which reflects market conditions, the change in the cost of money in the period and the specific risk related to the obligation. The increase in the value of the provision from changes in the cost of money in the period is recognised as a financial charges.

Possible risks that may result in a liability are disclosed in the notes on potential liabilities without any provision.

Deferred tax assets

Deferred tax assets are recognized with respect to deductible temporary differences between the values of assets and liabilities expressed in the financial statements compared to the corresponding tax value and tax losses that can be carried forward, to the extent that the existence of adequate future taxable profit is likely, with respect to which these losses may be used. A discretionary assessment is required of the directors to determine the amount of deferred tax assets that can be accounted for, which depends on the estimate of probable timing and the amount of future taxable profits.

2.4 Accounting standards not yet applicable

The developments in the IFRS and the relative interpretations (IFRIC) applicable from periods beginning after January 1, 2024 are outlined below.

Document endorsed by the EU at November 30, 2024

Document title	Issue date	Effective date	Endorsement date	EU Regulation and publication date
Lease Liabilities in a Sale and leaseback transaction (Amendments to IFRS 16)	September 2022	January 1, 2024	November 20, 2023	(EC) 2023/2579 November 21, 2023
Classification of liabilities as current or non-current (Amendments to IAS 1) and Non-current liabilities with clauses (Amendments to IAS 1)	January 2020 October 2022	January 1, 2024	December 19, 2023	(EC) 2023/2822 December 20, 2023
Supplier finance arrangements (Amendments to IAS 7 and IFRS 7)	May 2023	January 1, 2024	May 15, 2024	(EC) 2024/1317 May 16, 2024
Lack of Exchangeability (Amendments to IAS 21)	August 2023	January 1, 2025	November 12, 2024	(EC) 2024/2862 November 13, 2024

At the reporting date, the European Union had not yet completed its endorsement process for the adoption of the following standards and amendments:

Document title	Issue date by the IASB	Effective date of the IASB document	Expected endorsement date by EU
New IFRS accounting standards			
IFRS 14 Regulatory Deferral Accounts	January 2014	January 1, 2016	Postponed pending the new accounting standard on "rate-regulated activities"
IFRS 18 Presentation and disclosure in financial statements	April 2024	January 1, 2027	TBD
IFRS 19 Subsidiaries without public accountability: disclosures	May 2024	January 1, 2027	TBD
Amendments to IFRS accounting standards			
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	September 2014	Postponed until the completion of the IASB project on the equity method	Endorsement process postponed pending the conclusion of the IASB project on the equity method
Amendments to the classification and measurement of financial instruments (Amendments to IFRS 9 and IFRS 7)	May 2024	January 1, 2026	TBD
Annual improvements - Volume 11	July 2024	January 1, 2026	TBD

3. FINANCIAL RISK MANAGEMENT

The principal business risks identified, monitored and, as illustrated below, actively managed by the Company are as follows:
- market risk, deriving from fluctuations in exchange rates between the euro and the other currencies in which the Company operates, the interest rate and raw material prices;
- credit risk, deriving from the possibility of default by a counterparty;
- liquidity risk, deriving from insufficient financial resources to meet financial commitments.

The Company's objective is to maintain a balanced management of its financial exposure over time to ensure a liability structure that is in equilibrium with the composition of assets and capable of ensuring the necessary operational flexibility through the use of liquidity generated by current operating activities and recourse to bank financing.

The ability to generate liquidity from ordinary operations and debt capacity allow the Company to adequately meet its operational requirements, the financing of operating working capital and investment capital, and to meet its financial obligations.

The Company's financial policy and management of the relative financial risks are guided and monitored at central level. In particular, the central finance function is tasked with evaluating and approving forecast financial needs, monitoring the trend and, where necessary, implementing suitable corrective actions.

The following section provides qualitative and quantitative information on the impact of these risks on the company.

3.1 Market risk

Exchange rate risk

Exposure to the risk of exchange rate variations arises from the Company's commercial activities which are also carried out in currencies other than the euro. Revenues and costs denominated in foreign currencies may be influenced by exchange rate fluctuations with an impact on trade margins (economic risk), just as trade and financial payables and receivables denominated in foreign currency may be affected by the conversion rates used, with an effect on the economic result (transaction risk).

The principal exchange rates the Company is exposed to are:

- EUR/USD, in relation to transactions carried out in US Dollars;
- EUR/GBP, in relation to transactions carried out in UK sterling.

The Company does not adopt specific policies to hedge exchange rate fluctuations, with the exception of contracts occasionally entered into due to the contingent requirements of its commercial activities. It should be noted that there is periodic massive offsetting between the values of purchase components in foreign currencies, mainly US dollars, and the values of sales in the same currency, which significantly mitigates the currency risk. The company is however exposed to a contained level of exchange rate risk stemming from operations as a portion of cash flows, sales and also purchases are denominated in the same currency (natural hedging).

Analysis of sensitivity of exchange rate risk

For the purposes of an exchange rate sensitivity analysis, balance sheet items as at December 31, 2024 (financial assets and liabilities), denominated in a currency other than the functional currency of the Company were identified. In assessing the potential effects arising from changes in exchange rates, inter-company payables and receivables in currencies other than the account currency were also taken into consideration.

Two scenarios were considered for the purposes of the analysis which respectively reflect a 10% appreciation and depreciation of the nominal exchange rate between the currency in which the balance sheet item is denominated and the accounting currency.

The table below highlights the results of the analysis at December 31, 2024:

(in Euro thousands)	**Book value**	**Exposition to currency risk**	**+10% Gains/(Losses)**	**-10% Gains/(Losses)**
Financial assets				
Cash and cash equivalents	81,709	14,907	(1,491)	1,491
Trade receivables (net credit notes)	68,011	12,526	(1,253)	1,253
of which related parties	*68,074*	*12,128*	*(1,481)*	*1,481*
Tax effect			658	(658)
Total financial assets			**(2,085)**	**2,085**
Financial liabilities				
Trade payables	(115,683)	(12,140)	1,214	(1,214)
of which related parties	*(61,172)*	*(7,558)*	*756*	*(756)*
Tax effect			(291)	291
Total financial liabilities			**923**	**(923)**
Total			**(1,162)**	**1,162**

For comparability with the previous year, a similar analysis at December 31, 2023 is presented below:

(in Euro thousands)	Book value	Exposition to currency risk	+10% Gains/(Losses)	-10% Gains/(Losses)
Financial assets				
Cash and cash equivalents	72,746	12,813	(1,281)	1,281
Trade receivables (net credit notes)	79,395	13,422	(1,342)	1,342
of which related parties	*76,632*	*14,812*	*(1,481)*	*1,481*
Tax effect			630	(630)
Total financial assets			**(1,994)**	**1,994**
Financial liabilities				
Trade payables	(128,275)	(13,069)	1,307	(1,307)
of which related parties	*(62,230)*	*(9,691)*	*969*	*(969)*
Tax effect			(314)	314
Total financial liabilities			**993**	**(993)**
Total			**(1,001)**	**1,001**

Note: the plus sign indicates a higher profit and an increase in shareholders' equity; the minus sign indicates a lower profit and a decrease in shareholders' equity.

Interest rate risk

The Company uses external funding and utilises on-demand liquidity from market instruments. Changes in the interest rates impact on the cost and return of the various forms of loans and uses, with an effect therefore on the financial charges. The Company policy seeks to limit interest rate fluctuation risk through undertaking fixed or variable rate medium/long-term loans; hedging is carried out through the trading of derivative instruments (e.g. IRS - Interest Rate Swaps; IRC - Interest Rate Collar), utilised only for hedging purposes and not for speculative purposes. These contracts, although subscribed for hedging purposes relating to the financial exposure of the Company, were not treated as hedges for accounting purposes, given the technical complexity of the accounting demonstration of the hedging relationship and the relative effectiveness, and therefore with end-of-period Mark to Market (MTM) adjustment effects recognised directly in the income statement.

The following tables summarise the main information concerning hedging derivatives on interest rates as at December 31, 2024:

(in Euro thousands)	Contract opening date	Contract maturity date	Notional value at signing date in foreign currency	Notional currency	Fair value at December 31, 2024
IRS Intesa San Paolo	28/12/2021	31/12/2027	30,000	Euro	670
IRS Banca Popolare Milano	20/06/2018	30/06/2025	25,000	Euro	18
IRS Banca Popolare Milano	06/06/2019	30/06/2025	15,000	Euro	14
IRS Credit Agricole	09/08/2019	28/12/2025	10,000	Euro	35
IRS Intesa San Paolo	25/09/2019	31/12/2024	20,000	Euro	0
IRS Monte dei Paschi di Siena	30/09/2023	30/09/2026	20,000	Euro	(409)
IRC BNL	05/07/2023	05/07/2028	10,000	Euro	(119)
Total			**130,000**		**211**

For comparability with the previous year, a similar analysis at December 31, 2023 is presented below:

(in Euro thousands)	Contract opening date	Contract maturity date	Notional value at signing date in foreign currency	Notional currency	Fair value at December 31, 2023
IRS Intesa San Paolo	28/12/2021	31/12/2027	30,000	Euro	1,387
IRS Credit Agricole	29/05/2017	28/06/2024	10,000	Euro	12
IRS Intesa San Paolo	19/06/2018	31/01/2024	15,000	Euro	29
IRS Banca Popolare Milano	20/06/2018	30/06/2025	25,000	Euro	171
IRS Banca Popolare Milano	06/06/2019	30/06/2025	15,000	Euro	126
IRS Credit Agricole	09/08/2019	28/12/2025	10,000	Euro	148
IRS Intesa San Paolo	25/09/2019	31/12/2024	20,000	Euro	101
IRS Monte dei Paschi di Siena	30/09/2023	30/09/2026	20,000	Euro	(445)
IRC BNL	05/07/2023	05/07/2028	10,000	Euro	(175)
Total			**155,000**		**1,354**

Sensitivity analysis related to interest rate risk

With reference to interest rate risk, a sensitivity analysis was carried out to determine the effect on the income statement and shareholders' equity resulting from a hypothetical positive and negative change of 100 bps in interest rates compared to those actually recorded in each period.

The analysis was carried out by primarily focusing on the following items:

- cash and cash equivalents;
- short and medium/long-term financial liabilities.

With reference to cash and cash equivalents, reference was made to the average funds held and the average rate of return for the period. For short and medium/long-term financial liabilities, the impact was calculated on an actual basis. Financial payables settled at a fixed rate and those hedged through derivative instruments were not included in this analysis.

The table below highlights the results of the analysis at December 31, 2024:

(in Euro thousands)	**Impact on Net Profit**		**Impact on Net Equity**	
Change	+ 100 bps	- 100 bps	+ 100 bps	- 100 bps
FY 2024	(1,350)	1,350	(1,350)	1,350

For comparability with the previous year, a similar analysis at December 31, 2023 is presented below.

(in Euro thousands)	**Impact on Net Profit**		**Impact on Net Equity**	
Change	+ 100 bps	- 100 bps	+ 100 bps	- 100 bps
FY 2023	(1,034)	1,034	(1,034)	1,034

Note: the plus sign indicates a higher profit and an increase in shareholders' equity; the minus sign indicates a lower profit and a decrease in shareholders' equity.

Raw material price risk

The Company's production costs are influenced by the price trends of the main raw materials used. The price of these materials varies depending on a wide range of factors, to a large extent uncontrollable by the company and difficult to predict.

Specifically, the company implements a strategy to offset the price volatility risk of the commodities used through contractual hedging which are limited to price changes for raw materials, energy sources and partly, selling prices.

3.2 Credit risk

The Company's exposure to credit risk relates to the possibility of insolvency (default) and/or in the deterioration of the credit rating of a counterparty and is managed through adequate valuation instruments of all counterparties by a dedicated department, utilising the appropriate instruments to carry out constant monitoring, on a daily basis, of the behaviour and credit rating of clients.

The company hedges its credit risk through insurance policies on the client exposure, undertaken with primary debt insurance companies. External companies providing corporate information are utilised both to initially evaluate the reliability and for on-going monitoring of the economic and financial situation of clients.

The following table provides a breakdown of trade receivables from third parties at December 31, 2024, grouped by due date and net of the doubtful debt provision:

(in Euro thousands)	December 31, 2024	Not yet due	Overdue within 30 days	Overdue between 31 and 90 days	Overdue between 91 and 120 days	Overdue beyond 120 days
Guaranteed trade receivables (A)	2,282	1,621	479	(49)	(1)	232
Credit Notes to Customers	(2,683)	(2,683)				
Non-guaranteed trade receivables (B)	453	246	54		4	148
Non-guaranteed trade receivables impaired (C)	196					196
Trade receivables before doubtful debt provision (A + B + C)	**248**	**(817)**	**533**	**(48)**	**4**	**576**
Doubtful debt provision	(311)					(311)
Trade receivables	**(63)**	**(817)**	**533**	**(48)**	**4**	**265**

For comparability with the previous year, a similar analysis at December 31, 2023 is presented below.

(in Euro thousands)	December 31, 2023	Not yet due	Overdue within 30 days	Overdue between 31 and 90 days	Overdue between 91 and 120 days	Overdue beyond 120 days
Guaranteed trade receivables (A)	5,742	3,423	1,945	112	(2)	264
Credit Notes to Customers	(3,226)	(3,226)				
Non-guaranteed trade receivables (B)	677	461	61	1		154
Non-guaranteed trade receivables impaired (C)	199					199
Trade receivables before doubtful debt provision (A + B + C)	**3,392**	**658**	**2,006**	**113**	**(2)**	**617**
Doubtful debt provision	(315)					(315)
Trade receivables	**3,077**	**658**	**2,006**	**113**	**(2)**	**302**

3.3 Liquidity risk

Liquidity risk relates to the risk of the company being unable to meet its payment obligations due to the inability to source new funds or liquidate assets on the market. This results in a negative impact on economic performance if it is obliged to incur additional costs to meet its commitments or insolvency.

The liquidity risk to which the company is exposed relates to the inability to source sufficient funding for operations, in addition to industrial and commercial operations. The principal factors which determine the liquidity situation are, on the one hand, the resources generated and absorbed by the operating and investment activities and on the other the maturity dates and the renewal of the payable or liquidity of the financial commitments and also market conditions.

The company can avail of on-demand liquidity and has a significant availability of credit lines granted by a number of leading Italian and international banks. The company considers that the funds and credit lines currently available, in addition to those that will be generated from operating and financial activities, will permit the satisfaction of its requirements deriving from investment activities, working capital management and the repayment of debt in accordance with their maturities.

The table below shows an analysis of amounts due, based on contractual repayment obligations, relating to financial liabilities, trade payables and other current and non-current liabilities as at December 31, 2024:

(in Euro thousands)	December 31, 2024	Within 1 year	Between 1 and 5 years	Beyond 5 years
Bond loan	57,782	13,301	44,481	
Other current and non-current financial liabilities	257,531	79,674	176,548	1,309
Liabilities for intercompany RoU	1,370	292	1,077	
Loans from subsidiaries	46,412	1,653	44,759	
Trade payables	54,512	54,512		
Intercompany trade payables	61,172	61,172		
Other current and non-current liabilities	11,650	9,652	1,998	
Other current and non-current intercompany liabilities	2,405	2,405		

All the amounts in the table above refer to the nominal amounts not discounted, stated with regards to the residual contractual maturities, both in terms of the capital and interest portions. The company expects to meet these commitments through cash flows generated from operating activities and where necessary, through medium-term financing operations.

In this risk analysis, we add the more detailed conclusions of the Directors' Report on the conflict between Russia and Ukraine and the conflict between Israel and Palestine. In particular, it can be stated that overall no impact and/or effect is seen (i) on the value of the assets shown in the financial statements (ii) on the recoverability of trade receivables (iii) on the net realisable value of inventories. As mentioned previously, the impact on the business thus far has remained, on the whole, limited. Therefore, no specific risks have been identified in terms of the ability of the Group and of Aquafil S.p.A. to meet its future commitments (including compliance with the "covenants" at June 30, 2025 and at December 31, 2025 set out in certain loan agreements) and/or which may impact the Group's ability to continue as a going concern.

With regards to the conflict between Russia and Ukraine and between Israel and Palestine, it is confirmed that this situation does not have direct impacts on the company, as currently not having (i) any investment in any of the countries mentioned, nor (ii) financial instruments or liquidity in these currencies.

3.4 Climate change risks

In its Sustainability Statement, Aquafil assigned significant consideration to addressing climate issues. These issues were addressed within the materiality analysis (Section 1.4 "Materiality Analysis" and Appendix, Table 5.6) and were further explored in the appropriate chapter (Section 2.1 "Climate Change").

Aquafil recognises the urgency of a transition to a low-emission economy. Therefore, starting in 2023 the company conducted a Climate Risk and Vulnerability Assessment (CRVA) to assess the exposure and vulnerability to physical climate risks of the European plant. In 2024, the analysis was extended to the U.S. sites, achieving 83% coverage of the Group's total production plant. The goal is to cover the entire scope by 2025.

Through the CRVA, it was possible to identify the most significant physical risks to our operations and to assess the resilience of our strategy and business model. This analysis, complementary to the materiality analysis, provides a more detailed picture of climate threats, enabling Aquafil to develop mitigation and adaptation strategies to protect its operations and value chain.

As part of the dual materiality analysis, carried out consistently with the aforementioned CRVA, Aquafil identified a number of impacts, risks and opportunities related to climate change and the three related sub-topics proposed by the CSRD (Energy, Climate Change Mitigation, Climate Change Adaptation), all of which were therefore found to be material. In particular, Aquafil, as an energy-intensive company, has identified a number of impacts, risks and dependencies related to the high energy requirements for its production activities, as well as positive impacts and opportunities. Through the opportunities offered by the circular economy, the company forms strategic connections with its stakeholders and works to develop new value chains with reduced carbon footprints in an industry as heavily dependent on oil as the chemical-textile sector.

Finally, also on the climate change mitigation front, Aquafil has been monitoring its Scope 3 emissions since 2023, and an Inventory Management Plan was developed in 2024 to standardise the calculation of emissions according to the GHG Protocol. These actions enable the company to work on a climate transition plan, with the goal of limiting global warming to 1.5°C within this century. The plan, to be published in 2027 (with 2026 as the base year), will include emission reduction targets and concrete actions to achieve them, and will be fully integrated with the Group's business strategy and financial planning.

Based on the above, taking into consideration:
- the current and prospective exposure to climate risks;
- the climate transition plan being prepared, and
- the resulting costs and investments to be incurred in the coming years.

no significant impacts have been identified that need to be reflected in these financial statements in relation to potential impairment of assets or the need to recognise specific provisions for risks and charges.

4. MANAGEMENT OF CAPITAL

The Company's capital management is aimed at ensuring a solid credit rating and adequate levels of capital indicators to support investment plans, in accordance with contractual obligations entered into with lenders.

The Company acquires the necessary capital to finance the needs for business development and operations; financing sources are divided into a balanced mix of risk capital and debt capital to ensure a balanced financial structure and the minimisation of the total cost of capital, for the consequent benefit of all stakeholders.

The remuneration of risk capital is monitored on the basis of the market trend and business performance, once all other obligations have been met, including the debt service; therefore, in order to ensure an adequate remuneration of capital, the safeguarding of business continuity and business development, the Company constantly monitors the development of the debt level in relation to shareholders' equity, business performance and forecasts of expected cash flows in the short and medium/long-term.

5. CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

The tables below illustrate the breakdown of financial assets and liabilities of the Company required by IFRS 7, as per the categories identified by IFRS 9, at December 31, 2024:

(in Euro thousands)	Financial assets and liabilities measured at fair value through P&L	Loans and receivables	Financial liabilities at amortised cost	Total
Current and non-current financial assets	738			**738**
Equity investments in group companies		334,000		**334,000**
Investments in other companies		187		**187**
Financial receivables from third parties		87		**87**
Current and non-current financial receivables from group companies		37,135		**37,135**
Trade receivables		(63)		**(63)**
Trade receivables intercompany		68,074		**68,074**
Other receivables and current assets		4,159		**4,159**
Intercompany tax receivables		0		
Cash and cash equivalents		81,709		**81,709**
Total	**738**	**525,288**		**444,317**
Current and non-current financial liabilities			314,786	**314,786**
Current and non-current intercompany RoU payables			1,370	**1,370**
Current and non-current intercompany financial liabilities			46,412	**46,412**
Trade payables to suppliers			54,219	**54,219**
Advances and other current payables			292	**292**
Intercompany trade payables			61,172	**61,172**
Other non-current liabilities			1,998	**1,998**
Other current liabilities			9,652	**9,652**
Other intercompany current liabilities			5	**5**
Intercompany tax payables			2,400	**2,400**
Derivative financial instruments	527			**527**
Total	**527**		**492,306**	**492,834**

The other financial assets and liabilities are short-term and regulated at market interest rates and therefore the book value is considered to reasonably approximate fair value.

5.1 Measurement of the fair value

In relation to financial instruments measured at fair value, the table below reports information on the method chosen to measure the fair value. The methods applied are broken down into the following levels, based on the information available, as follows:

- level 1: fair value determined with reference to listed prices (not adjusted), on active markets for identical financial instruments;
- level 2: fair value determined with valuation techniques with reference to observable variables on active markets;
- Level 3: fair value determined with valuation techniques with reference to non-observable variables on markets;

The fair value calculation is determined in accordance with the methods classified in Level 2 and the general criterion utilised for this calculation is the present value of the expected future cash flows of the instrument subject to measurement - a method commonly applied in financial practice. There were no transfers between hierarchical levels of the fair value in the periods considered.

The table below summarises the assets and liabilities measured at fair value at December 31, 2024, on the basis of the level which reflects the inputs utilised in the determination of the fair value.

(in Euro thousands)	December 31, 2024	December 31, 2023
Derivative financial instruments – Liabilities	(527)	(619)
Derivative financial instruments - Assets	738	1,974
Total	**210**	**1,354**

6. DISCLOSURE BY OPERATING SEGMENT

For the purposes of IFRS 8 – Operating Segments, company activity is identifiable in a single operating segment.

In fact, the Company structure identifies a strategic and singular vision of the business and this representation is consistent with the manner in which management takes its decisions, allocates resources and defines the communication strategy. Dividing the business into separate divisions is therefore currently viewed as detrimental to its economic interests.

7. NOTES TO THE BALANCE SHEET

7.1 Intangible assets

The breakdown in the account and changes in the period were as follows:

(in Euro thousands)	Patents & property rights - Know-how	Trademarks, concessions, licenses and similar	Other intangible assets	Intangible assets in progress	Total
Balance at December 31, 2022		**95**	**11,256**	**1,355**	**12,705**
Historic cost	*203*	*4,434*	*29,172*	*1,355*	***35,164***
Acc. amort.	*(203)*	*(4,339)*	*(17,916)*		***(22,458)***
Increase			101	997	**1,097**
Reclassifications			280	(361)	**(82)**
Decrease					
Amortisation		(31)	(3,413)		**(3,444)**
Balance at December 31, 2023		**64**	**8,223**	**1,990**	**10,277**
Historic cost	*203*	*4,434*	*29,552*	*1,990*	***36,179***
Acc. amort.	*(203)*	*(4,370)*	*(21,329)*		***(25,902)***
Increase			781	696	**1,477**
Reclassifications			1,699	(1,699)	
Write-downs					
Decrease					
Amortisation		(31)	(3,577)		**(3,607)**
Balance at December 31, 2024		**34**	**7,126**	**988**	**8,147**
Historic cost	*203*	*4,434*	*32,032*	*988*	***37,657***
Acc. amort.	*(203)*	*(4,401)*	*(24,906)*		***(29,510)***

The increases in the year, totalling Euro 1,477 thousand, mainly refer to the Information and Communication Technology activities represented by the costs of developing specific software implementation projects.

Other Intangible assets include the Company's investments in the development of new products and processes, including the "Effecti-ve" project coordinated by Aquafil and funded by the Bio-Based Industries Joint Undertaking (BBI JU) as part of the European Horizon 2020 research programme and focused on the production of bio-caprolactam. The bio-caprolactam production process was started in 2022 on a pilot basis, generating annual amortisation of Euro 1,821 over a five-year period.

7.2 Property, plant & equipment

The breakdown in the account and changes in the period were as follows:

(in Euro thousands)	Land & buildings	Plant & machinery	Equipment	Other assets	Assets in progress and advances	Total before RoU	Right-of-Use	Total
Balance at December 31, 2022	**11,508**	**14,925**	**194**	**86**	**6,660**	**33,374**	**4,250**	**37,624**
Historic cost	*33,892*	*138,679*	*5,046*	*1,737*	*6,660*	*186,014*	*7,022*	***193,036***
Acc. deprec.	*(22,384)*	*(123,754)*	*(4,852)*	*(1,651)*	*0*	*(152,641)*	*(2,772)*	***(155,412)***
Increase	64	1,854	221	13	4,428	6,580	1,061	**7,641**
Reclassifications	235	2,461	81		(2,695)	82		**82**
Write-downs								
Decrease					(1,443)	(1,443)	(797)	**(2,240)**
Depreciation	(1,433)	(3,741)	(110)	(23)		(5,307)	(1,716)	**(7,022)**
Balance at December 31, 2023	**10,374**	**15,499**	**386**	**76**	**6,950**	**33,286**	**2,799**	**36,085**
Historic cost	*34,191*	*142,963*	*5,338*	*1,746*	*6,950*	*191,187*	*4,337*	***195,523***
Acc. deprec.	*(23,817)*	*(127,463)*	*(4,952)*	*(1,669)*		*(157,901)*	*(1,538)*	***(159,439)***
Increase	14	3,382	26		1,198	4,620	715	**5,335**
Reclassifications	426	3,915	89	24	(4,453)			
Write-downs								
Decrease		(1,178)			(1,824)	(3,002)	(128)	**(3,129)**
Depreciation	(1,036)	(4,051)	(178)	(24)		(5,288)	(978)	**(6,266)**
Balance at December 31, 2024	**9,778**	**17,567**	**323**	**76**	**1,871**	**29,616**	**2,409**	**32,024**
Historic cost	*34,631*	*148,962*	*5,453*	*1,767*	*1,871*	*192,683*	*4,034*	***196,718***
Acc. deprec.	*(24,853)*	*(131,395)*	*(5,130)*	*(1,690)*		*(163,068)*	*(1,626)*	***(164,693)***

The increases in the year, overall amounting to Euro 5,335 thousand, principally relate to:
- for Euro 715 thousand the application of IFRS 16;
- for approx. Euro 1,895 thousand the technological improvement and upgrading of existing plant and equipment (mainly in progress);
- for approx. Euro 1,985 thousand for projects to improve production and industrial efficiency (the majority of which still ongoing);
- for approx. Euro 740 thousand for projects to improve and increase production capacity.

On the other hand, the decreases are mainly related to the sale of plants to the subsidiary Aquafil SLO and Tessilquattro S.p.A..

The table below, in accordance with IFRS 16, presents the right-of-use of the non-current asset subject to the leasing contract. In particular this refers to buildings, equipment and transport and motor vehicles as illustrated in the table below:

(in Euro thousands)	Right-of-Use buildings	Right-of-Use equipment and transport vehicles	Right-of-Use motor vehicles	Total
Balance at December 31, 2022	**3,573**	**185**	**492**	**4,250**
Historic cost	*5,741*	*330*	*951*	***7,022***
Acc. deprec.	*(2,167)*	*(146)*	*(459)*	***(2,772)***
Increase	351	311	399	**1,061**
Decreases	(778)	(6)	(13)	**(797)**
Depreciation	(1,131)	(305)	(280)	**(1,716)**
Exchange rate differences				
Balance at December 31, 2023	**2,015**	**185**	**599**	**2,799**
Historic cost	*2,774*	*466*	*1,097*	***4,337***
Acc. deprec.	*(759)*	*(281)*	*(498)*	***(1,538)***
Increases	151	148	416	**715**
Decreases	(115)		(12)	**(128)**
Depreciation	(487)	(181)	(310)	**(978)**
Exchange rate differences				
Balance at December 31, 2024	**1,564**	**151**	**693**	**2,409**
Historic cost	*2,570*	*263*	*1,202*	***4,034***
Acc. deprec.	*(1,005)*	*(111)*	*(509)*	***(1,626)***

At December 31, 2024, the company did not identify any impairment indicators relating to property, plant and equipment.

7.3 Current and non-current financial assets

The breakdown of the account is shown below (including current and non-current):

(in Euro thousands)	December 31, 2024	December 31, 2023
Equity investments in group companies	334,000	333,710
Investments in other companies	187	164
Non-current financial receivables parent companies		
Escrow bank deposits and guarantee deposits	87	100
Non-current financial receivables from associates	119	29
Non-current financial receivables from subsidiaries	20,100	35,408
Current financial receivables from subsidiaries	16,916	
Derivative financial instruments - Current	738	1,974
Total	**372,148**	**371,385**
of which current	*17,654*	*1,974*
of which non-current	*354,494*	*369,412*

The breakdown of investments in subsidiaries and associates is illustrated below:

Company	Registered office	Holding	Opening balance	Increases	Write-downs	Total
Tessilquattro S.p.A.	Arco (IT)	100.00%	22,545			**22,545**
Aquafil USA Inc.	Cartersville (USA)	100.00%	124,298			**124,298**
Aquafil SLO d.o.o.	Ljubjiana (SLO)	100.00%	98,343			**98,343**
Aquafil Jiaxing Co. Ltd.	Jiaxing (CHN)	100.00%	54,871			**54,871**
Aquafil CRO d.o.o.	Oroslavje (CRO)	100.00%	11,730			**11,730**
Aquafil UK Ltd.	Ayrshire (UK)	100.00%				
Aquafil Asia Pacific Co. Ltd.	Rayoung (THA)	99.99%	8,608			**8,608**
Aqualeuna GmbH	Leuna (GER)	100.00%	10,964			**10,964**
Aquafil Tekstil Sanayi Ve Ticaret A.S.	Istanbul (TUR)	99.99%				
Aquafil Benelux France B.V.B.A.	Harelbake (BEL)	99.90%	99			**99**
Cenon S.r.o.	Zilina (SLO)	100.00%				
Aquafil India Private Ltd.	New Dehli (IND)	99.97%	6			**6**
Aquafil Oceania	Melbourne (AUS)	100.00%	32			**32**
Aquafil Japan Corp.	Tokyo (JPN)	100.00%	1,142			**1,142**
Bluloop S.r.l. Società Benefit	Arco (IT)	100.00%	50	200		**250**
Nofir AS	Bodo (NO)	31.66%	1,018			**1,018**
Polyservice	Lyon (FR)	45.00%	5	90		**95**
Total			**333,710**	**290**		**334,000**

On April 17, 2024, the Shareholders' Meeting of Bluloop S.r.l. approved a share capital increase from Euro 50 thousand to Euro 250 thousand. Therefore, the increase in the shareholding in Bluloop S.r.l. was carried out on April 18, 2024, through a capital contribution in the total amount of Euro 200 thousand.

On August 6, 2023 Aquafil S.p.A. and Politecnici S.r.l. incorporated the company Poly-Service S.a.s., based in Lyon (France), with a share capital of Euro 10,000. Aquafil holds 45% of the company, while Politecnici S.r.l. holds 55%. The corporate purpose of the company is the design, production and marketing of plastics, rubber, nylon and related products, in addition to semi-finished, finished and recycled products based on plastics, particularly nylon, in addition to the collection of post-consumer plastics, rubber, nylon and related products and subsequent processing into secondary raw materials.

On January 10, 2024, the shareholders of Poly-Service, in order to support the start-up phase of the Company, in extraordinary session, approved an increase in share capital in the amount of Euro 200,000 thousand, by creating 200,000 new shares with a par value of Euro 1 each, and set the conditions and terms of the capital increase with the new shares issued at par, i.e. Euro 1 per share.

It is noted that all shares were fully subscribed:
- by the company Politecnici for up to 110,000 shares on payment of Euro 110,000 on January 10, 2024;
- by Aquafil S.p.A. for up to 90,000 shares on payment of Euro 90,000 thousand on January 18, 2024.

The subscriptions have been fully paid, and the final completion of the capital increase for Euro 200,000 is highlighted, increasing the capital from Euro 10,000 to Euro 210,000. On January 18, 2024, Aquafil S.p.A. paid in Euro 90 thousand related to its share of the investment.

INVESTMENTS IN OTHER COMPANIES

Investments in other companies increased as a result of the new equity investment of Euro 23 thousand in March 2024 in the start-up company Evoralis Limited for 6,000 ordinary shares, equal to 0.37% of the share capital. The Company Evoralis is engaged in the development, through proprietary technology, and the commercialisation of enzymes capable of breaking down plastic materials into their constituent elements in order to facilitate their recycling. The Company is focusing on the development of enzymes for recycling the main polymers used by the textile industry, such as polyester, Nylon and polyurethanes.

Investments in other companies mainly refer to the investment in Karun World Ltd for Euro 150 thousand, in Banca di Verona for Euro 11 thousand and the investment in the company Trentino Export S.c.a.r.l. for Euro 3 thousand.

ESCROW BANK DEPOSITS AND GUARANTEE DEPOSITS

The escrow bank deposits and guarantee deposits refer to guarantees provided to suppliers for various services.

FINANCIAL RECEIVABLES FROM SUBSIDIARIES, ASSOCIATES AND PARENT COMPANIES

The breakdown of current and non-current receivables parent companies, subsidiaries and associates is illustrated below:

(in Euro thousands)	**December 31, 2024**	*of which current*	**December 31, 2023**	*of which current*
Aquafilslo d.o.o.	31,322	*11,322*	30,000	
Aqualeuna GmbH	1,344	*1,344*	950	
Aquaspace S.p.A.	29		29	
Aquafil Japan	4,053	*4,053*	4,158	
Bluloop	108	*8*	300	
Poly Service S.a.s.	92	*2*		
Aquafil UK limited	187	187		
Total	**37,135**	***16,916***	**35,437**	

- **Aquafil SLO d.o.o.**

Residual receivables from the subsidiary mainly consist of two loans:
- a loan granted in February 2022 for Euro 10,000 thousand with maturity in February 2025, whose residual payable is Euro 10,000 thousand;
- a second loan granted in August 2022 for Euro 20,000 thousand with maturity in July 2027, whose residual payable is Euro 20,000 thousand.

- **Aqualeuna GmbH**

The outstanding receivable for the loan granted to the subsidiary amounted to Euro 950 thousand as of December 31, 2024. The incre-ase refers to the share of related interest.

- **Aquafil UK Ltd.**

The receivable from the subsidiary, totalling Euro 3,678 thousand, refers to loans granted in June 2021, December 2022 and October 2023.

Given the loss reported by the subsidiary, the financial receivable was completely written down. The amount recognised of Euro 187 thousand shown above relates to the interest portion related to the loan.

- **Aquaspace**

The receivable from other related parties relates to guarantee deposits of Euro 29 thousand paid by the Company over a multi-year lease for the property located in Via del Garda 40 - Rovereto.

- **Aquafil Japan**

The loan to the Japanese subsidiary at December 31, 2024 amounted to Euro 4,053 thousand.

- **Bluloop S.r.l.**

The loan to the subsidiary was disbursed during 2023 for a total of Euro 300 thousand to support its development phase. During fiscal year 2024, part of the receivable from the subsidiary, in the amount of Euro 200 thousand, was converted as a result of the capital increase that the Shareholders' Meeting of Bluloop S.r.l. passed.

- **Poly Service S.a.s.**

During 2024 the company disbursed a loan of Euro 90 thousand to the company Poly Service.

DERIVATIVE FINANCIAL INSTRUMENTS

The fair value of the derivative financial instruments (IRS - IRC), recognised to current financial assets, decreased by Euro 1.2 million, substantially due to the change in the market interest rate curve. As previously illustrated, "hedge accounting" was not applied to these derivatives as, although entered into for hedging purposes, have been considered for accounting purposes and consistently with the past, as non-hedging instruments (and therefore the relative fair value is recognised in the income statement), as it is very complex to prepare the mandatory hedging relationship.

7.4 Other non-current assets

In 2023, the final transfer was received to settle the receivable from the EU for the "Effective" research project co-ordinated by Aquafil and funded by Bio-Based Industries Joint Undertaking (BBI JU) as part of the European Horizon 2020 research programme, with the entire chain (from raw material manufacturers to brands) involved in validating the use of bio Nylon 6 and other bio-polymer consumer market products; reference should be made also to the Directors' Report for more details on the project.

In particular, with the signing of the agreement between the partners and other lenders, an overall amount of Euro 1.7 million was stipulated, with deferred income recognised under Other liabilities (Note 7.16) which was equal to Euro 448 thousand at December 31, 2024. The receivable was reduced for the amounts effectively paid by the European Union, substantially recognised on the basis of the convention rules which provides for payment based on the state of advancement and at December 31, 2024 the Company does not have any residual receivable from the EU.

7.5 Deferred tax assets and liabilities

The breakdown of the items "Deferred tax assets" and "Deferred tax liabilities" is shown below:

(in Euro thousands)	December 31, 2024	December 31, 2023
Deferred tax assets	18,099	6,721
Deferred tax liabilities	(13)	(13)
Total	**18,086**	**6,708**

Aquafil S.p.A. however for fiscal year 2023 altered the method for allocating fiscal losses resulting from tax consolidation in the event of the suspension or non-renewal of tax consolidation. This change therefore results in the allocation of losses to Aquafil S.p.A., instead of the previous transfer of losses to the tax consolidating company Aquafin Holding S.p.A.

As a result of this allocation of losses, there was an increase from Euro 6,721 thousand to Euro 18,099 thousand in the item deferred tax assets, which consists mainly of:

- deferred tax assets totalling Euro 9,020 thousand (of which Euro 2,302 thousand refer to the current year);
- deferred tax assets from tax losses related to previous years and allocated by the consolidating company Aquafin Holding to the company Aquafil in the amount of Euro 6,468 thousand under the option described above;
- deferred tax assets from tax losses related to the current year in the amount of Euro 2,611 thousand.

It should be noted that deferred tax assets arising from tax losses are thus generated by Aquafil S.p.A.'s own losses and the transfer of tax losses of its subsidiaries Tessilquattro S.p.A. and Bluloop S.r.l. Benefit Company.

The relative movement is comprised of:

(in Euro thousands)	At January 1, 2024	Provisions/ releases to net equity	Provisions/ releases to income P&L	Allocation of losses from the consolidating company Aquafin to Aquafil	Transfer from the consolidated Aquafil	December 31, 2024
Deferred tax assets						
Provision for risks and charges	133					133
Doubtful debt provision	76		(1)			75
Measurement of employee benefits as per IAS 19	(10)	(2)	4			(8)
Intangible and tangible fixed assets	361		(108)			253
Tax losses	3,004					3,004
Inventories						
Other provisions	73					73
Application of the amortised cost method						
Derivative financial instruments						
Ace	345		1			346
Currency differences	163		(163)			
Application of cash principle on Director remuneration			54			54
Interest expense (Art. 96 of Consolidated Income Tax Act)	2,575		3,129	(614)		5,090
Aquafil and consolidated tax losses			1,343		1,268	2,611
Allocation prior year tax losses				6,468		6,468
Total deferred tax assets	**6,721**	**(2)**	**4,259**	**5,854**	**1,268**	**18,099**
Deferred tax liabilities						
Financial liabilities						
Intangible and tangible fixed assets	(13)					(13)
Other						
Total deferred tax liabilities	**(13)**					**(13)**
Total net deferred tax assets	**6,707**	**(2)**	**4,259**	**5,854**	**1,268**	**18,086**
Total deferred tax assets and liabilities recognised to the income statement			**4,259**			

With regard to deferred tax assets:

- Deferred tax assets on the intangible and tangible fixed assets refer to the reversal of intangible fixed assets following the adoption of IAS accounting standards;
- deferred tax assets on tax losses of Euro 3,004 thousand refer to the mutual agreement procedure under Article 6 of the Convention for the elimination of double taxation in the case of the adjustment of profits of associated companies of July 23, 1990 No. 90/436/EEC - relating to the acceptance of the agreement by the competent financial administrations in Italy and Germany in relation to the tax year 2017. Similarly to 2016, on February 15, 2023 the Company submitted, pursuant to Article 3, paragraph 1, of Law No. 99 of March 22, 1993, a refund application for IRES and IRAP purposes to the Provincial Directorate of Trento for Euro 996 thousand and thus awaits the refund authorisation measure. The remaining Euro 2,008 thousand (of which Euro 1,630 thousand for IRES and Euro 378 thousand for IRAP) refers to the mutual agreement procedure initiated on October 4, 2023, similarly to that undertaken for the 2017 tax period and as discussed in more detail in the Contingent Liabilities section.
- deferred tax assets of Euro 345 thousand were allocated during the year 2023 in reference to the ACE benefit, which could not be used in the absence of positive assessable income;

- deferred tax assets of Euro 5,090 thousand, of which 3,129 allocated in 2024, concern the amount of interest charges not deducted under the Income Tax law (TUIR) (Article 96), as the amount exceeds the limit of 30% of ROL, and will therefore be deducted in subsequent years;
- deferred tax assets for tax losses refer to taxes calculated on the tax losses of Aquafil S.p.A. and its tax consolidated companies Tessilquattro and Bluloop S.r.l. Benefit Company;
- the allocation of past tax losses from the consolidating company Aquafin Holding to the company depends on the considerations in the introduction to this section.

Following the repeal, by Legislative Decree No. 216/2023, as of the tax period following that in progress as of December 31, 2023, of the rules on economic growth aid (ACE), as set forth in Article 1 of Legislative Decree No. 201 of 2011, the Company has not filed an evidential request regarding the disapplication of the anti-avoidance rules. However, the possibility of carrying forward past ACE surpluses into subsequent years without time limitation remains.

It should be noted that the deferred tax assets recorded in the financial statements are deemed fully recoverable based on a special analysis conducted by Management concerning forecasts of future taxable profits.

In relation to "Deferred tax liabilities", the account "Intangible and tangible fixed assets" refers for Euro 13 thousand to the reversal of intangible assets following the adoption of IAS accounting standards.

7.6 Inventories

The changes in the account were as follows:

(in Euro thousands)	December 31, 2024	December 31, 2023
Inventories of raw materials, supplies and consumables	20,183	17,035
Inventories of finished products and goods	31,549	39,816
Total	**51,732**	**56,851**

Inventories are recorded net of the obsolescence provision amounting to Euro 255 thousand and relates to slow moving prior stock.

The decrease in finished goods was mainly due to the effect of the decrease in quantity as opposed to raw materials, which were affected by the slight increase in inventory volumes. In contrast, there are no substantial differences in prices and cost components.

7.7 Trade receivables

The changes in the account were as follows:

(in Euro thousands)	December 31, 2024	December 31, 2023
Trade receivables	248	3,078
Receivables from subsidiaries, parent and related parties	68,074	76,632
Doubtful debt provision	(311)	(315)
Total	**68,011**	**79,395**

The movement in receivables mainly concerns prices and the altered collection deadlines with the Group companies.

The following table shows the movement of the doubtful debt provision:

(in Euro thousands)	
January 1, 2024	**(315)**
Utilisations	4
Other changes	
December 31, 2024	**(311)**

The utilisation of the doubtful debt provision relates to the closure of certain receivables arising in previous years deemed uncollectible. In contrast, based on the updated analysis of the recoverability of trade receivables outstanding as of the balance sheet date, there was no need for provisions or releases during the year.

Reference should be made to the previous paragraph 3.2 for details on the credit risk management policy.

RECEIVABLES FROM SUBSIDIARIES, PARENT AND RELATED PARTIES

The account includes current trade receivables as follows:

(in Euro thousands)	December 31, 2024	December 31, 2023
Aquafil Asia Pacific Co.	103	232
Aquafil Engineering GmbH	2	2
Aquafil UK Limited	945	3,324
Aquafilslo d.o.o.	18,794	17,017
Aqualeuna GmbH		374
Aquafil Carpet Recycling	6	298
Aquaspace S.p.A.	33	33
Tessilquattro	31,728	38,079
Aquafil USA Inc.	12,079	10,647
Aquafin Holding S.p.A.		275
Aquafil Textil Sanayi	541	605
Aquafil China	3,602	5,191
Aquafil O'mara	38	146
Aquafil Japan	196	397
Nofir	6	5
Bluloop	2	5
Total	**68,074**	**76,632**

The decrease in trade receivables from subsidiaries, parent and related companies is mainly due to the decrease in receivables from the subsidiary Tessilquattro S.p.A., as a result of the different timing of settling collections with Group companies.

7.8 Income tax receivables

There are no IRES receivables for current taxes.

7.9 Other current assets

The changes in the account were as follows:

(in Euro thousands)	December 31, 2024	December 31, 2023
Tax receivables	1,339	730
Supplier advances	132	224
Pension and social security institutions	47	57
Employee receivables	251	256
Tax receivables from parent		5,854
Tax receivables subsidiaries		
Other receivables	94	220
Prepayments and accrued income	2,296	2,123
Total	**4,159**	**9,463**

The following is specified in relation to the above items:

- "Tax receivables": principally refer to:
  - for Euro 179 thousand for Value Added Tax for the period;
  - for Euro 132 thousand the recovery of VAT from insolvency procedures;

    - Euro 204 thousand in tax credits determined pursuant to Article 1, paragraph 35, of Law No. 190 of 23/12/2014 and subsequent amendments, and determined as follows: 1. Industrial research and experimental development in science and technology, the tax credit is recognised at 10% of the eligible expenses; 2. for technological innovation for the creation of new or substantially improved products or production processes, the tax credit is recognised at 5% of the eligible expenses; 3. the tax credit is recognised at 5% of the eligible expenses for technological innovation aimed at achieving an objective of digital innovation 4.0;
    - for Euro 164 thousand receivables for withholding taxes on dividends received from the subsidiaries Aquafil Jiaxing and Aquafil Asia Pacific;
    - for Euro 223 thousand to receivables for withholding taxes on services rendered to non-EU subsidiaries;
    - for Euro 204 thousand to receivables from the tax authorities corresponding mainly to the Industry 4.0 tax credit in the amount of Euro 190 thousand.
- "Supplier advances": these refer mainly for Euro 132 thousand in advances for services yet to be provided.
- "Tax receivables from parent": in relation to this, it should be noted that, for the tax return of the company Aquafil S.p.A. for fiscal year 2023, the method was changed for allocating fiscal losses resulting from tax consolidation in the event of the suspension or non-renewal of tax consolidation in accordance with Article 124(4) of the Income Tax Law. Specifically, as part of the renewal for the three-year period 2024-2026, it was indicated in line OP6, col. 3, code "4" (Change in the criterion used for any allocation of residual losses) and in column 7, code "3" (Allocation to companies that produced losses in a different manner from the previous). This change therefore results in the allocation of losses to Aquafil S.p.A..
- "Other receivables": The balance refers for Euro 94 thousand to the European CISUFLO project within the scope of the Ecodesign activities: CIrcularSUstainableFLOorcovering with 17 consortium members in which Aquafil participates as PA6 producer & recycler with the specific role of verifying in pilot and industrial tests the recyclability of the carpets developed with the new design criteria; the project kick-off meeting between all consortium members took place on June 16, 2021, for a total development of approx. 4 years; During 2024, the additional tranches of the reporting period totalling Euro 126 thousand were collected.
- "Prepayments and accrued income": these mainly refer to prepayments for insurance premiums for Euro 216 thousand, information and communication technology consultancy fees invoiced in advance of completion of service for Euro 495 thousand, prepayments for electrical system charges for Euro 982 thousand, prepayments for purchases of maintenance materials for Euro 199 thousand, personnel training grants for Euro 76 thousand, and for Euro 180 thousand long-term charges for administrative consultancy.

7.10 Cash and cash equivalents

The account is comprised of:

(in Euro thousands)	December 31, 2024	December 31, 2023
Cash and equivalents	7	8
Bank and postal deposits	81,702	72,737
Total	**81,709**	**72,746**

The account refers to the company's current account balances.

The breakdown of cash and cash equivalents by currencies is illustrated in the table below:

(in Euro thousands)	December 31, 2024
EUR	66,794
USD	10,657
GBP	1
JPY	4,250
Total	**81,702**

The Company has maintained an adequate level of available liquidity as a prudent measure in order to reduce liquidity risk and also so as to combat the potential impact of the ongoing conflicts.

For further details, reference should be made to the cash flow statement.

With regard to the loans, during the year new medium-term unsecured loans agreed by Aquafil S.p.A. for a total amount of Euro 29.5 million, of which Euro 10 million with SACE “Supportitalia” guarantees and Euro 19.5 million with SACE Futuro guarantee, against the repayment of outstanding loans in 2024 for a total of Euro 92.5 million. Borrowings are detailed in paragraph 7.14 below.

There were no restrictions on liquidity.

7.11 Assets held for sale

The item includes internally manufactured machinery for installation in other Group companies amounting to Euro 803 thousand, of which Euro 119 thousand related to intangible assets in progress and Euro 683 thousand to tangible assets in progress.

7.12 Shareholders’ Equity

Share capital increase

Following the execution of the capital increase, for 30,269,432 new ordinary shares and 6,048,008 new class B shares with a total value of Euro 39,949,184, the Company’s new subscribed and paid-up capital amounts to Euro 53,354,161 and consists of 73,172,206 ordinary shares and 14,364,028 class B shares.

The current composition of the company share capital (compared to the previous) is presented below.

	Current share capital			Previous share capital			Change		
	Euro	No. of Shares	No. of voting rights	Euro	No. of Shares	No. of voting rights	Euro	No. of Shares	No. of voting rights
Total, of which:	**53,354,161.28**	**87,536,234**	**116,264,290**	**49,722,417.28**	**51,218,794**	**67,850,834**	**3,631,744.00**	**36,317,440**	**48,413,456**
Ordinary shares (regular entitlement, coupon number 6) ISIN IT0005241192	44,599,150.57	73,172,206	73,172,206	41,649,353.00	42,902,774	42,902,774	2,949,797.57	30,269,432	30,269,432
Class B shares (unlisted, coupon number 5) ISIN IT0005285330	8,755,010.71	14,364,028	43,092,084	8,073,064.28	8,316,020	24,948,060	681,946.43	6,048,008	18,144,024
Class C shares (unlisted, without ordinary dividend right) ISIN IT0005241747									

Share Capital

At December 31, 2024, the Company authorised share capital amounted to Euro 90,522 thousand, whose subscribed and paid-up capital amounts to Euro 53,354 thousand, while the unsubscribed and unpaid portion relates to, for Euro 800 thousand, the capital increase in service of Aquafil Sponsor Warrants. The subscribed and paid-up share capital is divided into 87,536,234 shares without nominal value divided into:

- 73,172,206 ordinary shares, identified by the ISIN Code IT0005241192;
- 14,364,028 special Class B shares, identified by the ISIN Code IT0005285330 which, in compliance with any legal limits, assign 3 exercisable voting rights pursuant to Art. 127-sexies of Legislative Decree No. 58/1998 in shareholders’ meetings of the company and which may be converted into ordinary shares under specific conditions and circumstances as regulated by the By-Laws, at the rate of one ordinary share for each Class B share.

The share capital of the company amounts to Euro 53,354,161.28; the number of ordinary shares is 73,172,206, with 14,364,028 class B shares and a total therefore of 87,536,234 shares.

The breakdown of Aquafil S.p.A.'s subscribed and paid-up share capital at December 31, 2024 is shown below:

Type of shares	No. shares	% of share capital	Listing
Ordinary	73,172,206	83.59%	MTA, STAR Segment
Class B	14,364,028	16.41%	Non-listed
Class C			Non-listed
Total	**87,536,234**	**100.00%**	

On the basis of communications sent to the National Commission for Companies and the Stock Exchange (CONSOB), and received by the Company pursuant to Article 120 of Legislative Decree No. 58 of February 24, 1998, as well as any effects from the conversion of Market Warrants in the year, holders of a significant shareholding as at December 31, 2024 – i.e. considering Aquafil S.p.A.'s qualification as an SME pursuant to Article 1 (w-*quater*). 1 of the CFA, of a shareholding of greater than 5% of Aquafil S.p.A. share capital with voting rights.

The declarant or subject at the top of the equity chain	Direct shareholder	Type of shares	No. shares	No. votes
GB&P S.r.l.	Aquafin Holding S.p.A.	Ordinary	37,230,857	37,230,857
		Class B	14,364,028	43,092,084
Total			**51,594,885**	**80,322,941**
Holding			**58.94%**	**69.09%**

The availability and distributability of shareholders' equity is outlined in the following table:

Description	Amount	Origin	Possibility of utilisation	Available amount
Share capital	53,354,161			
Legal Reserve	2,053,359	Of profits	B	2,053,359
Share premium reserve	56,292,788	Of share capital (*)	A, B	56,292,788
Negative reserve for treasury shares in portfolio	(8,612,054)	Of share capital		
Non-distributable reserve for listing costs	(4,902,504)	Of share capital		
FTA Reserve	(2,156,097)	Of share capital		
IAS 19 reserve	(191,944)	Of share capital		
Total capital reserves	**40,430,189**			
Other Reserves	44,934,620	Of profits	A, B, C	44,934,620
Retained earnings/(accumulated losses)		Of profits	A, B, C	
Total profit reserves	**46,987,978**			**46,987,978**
Profit (loss) for the year	625,607			
Total Net Equity	**141,397,936**			
Non-distributable reserve	1,107,149	(**)		
Distributable Reserve	43,827,470			

(*) The share premium reserve is distributable when the legal reserve reaches one-fifth of the share capital.

(**) Non-distributable portion equal to intangible assets in progress.

Warrants

The following were initially issued on listing:

(i) 7,499,984 Aquafil Market Warrants, listed and identified by the ISIN Code IT0005241200, which incorporate the right to the allocation of Aquafil S.p.A. shares of Conversion Market Warrants and are exercisable under the conditions set out in the relative regulation approved by the Space3 extraordinary shareholders' meeting by resolution of December 23, 2016. Pursuant to the Aquafil S.p.A. Market Warrant Regulation (ISIN IT0005241200), December 4, 2022 was the deadline for the exercise of the Aquafil Warrants financial instruments, as 60 (sixty) months had elapsed since the date of admission to listing of Aquafil's ordinary shares (ISIN IT0005241192);

(ii) 800,000 Aquafil Sponsor Warrants, identified by the ISIN Code IT0005241754, non-listed and exercisable within ten years from the date of December 4, 2017, payable at the unit exercise price of Euro 13.00 (on achieving a "Strike Price" of Euro 13.00), in response to the allocation of an Aquafil Share of Aquafil Conversion Sponsor Warrants for each Sponsor Warrant exercised.

It should be noted that on December 4, 2022, the exercise deadline for the Aquafil Warrants financial instruments concluded, and therefore as of December 31, 2022, 2,014,322 Aquafil Market Warrants have been converted with the allotment of 498,716 Conversion Shares. As of December 31, 2024, therefore, no other Market Warrants are outstanding, while it is noted that no Aquafil Sponsor Warrants have been converted.

Legal reserve

The legal reserve at December 31, 2024 amounted to Euro 2,053 thousand.

Share premium reserve

The share premium reserve amounted to Euro 56,292,788 thousand as of December 31, 2024.

The amount of Euro 19,975 thousand stems from the merger transaction between Aquafil S.p.A. and Space 3 S.p.A. that took place on December 4, 2017, while the increase for the year of Euro 36,317 thousand stems from the price at which the New Ordinary Shares were offered equal to Euro 1.10 per New Ordinary Share (the “Offer Price”), to be allocated for Euro 0.10 to share capital and for Euro 1.00 to the share premium reserve. The subscription price incorporated a discount of 15.48% from the Theoretical Ex Right Price (TERP) of Aquafil ordinary shares, calculated according to current methodologies, based on the closing stock market price of Aquafil S.p.A. shares as of November 14, 2024 equal to Euro 1.4480.

Negative reserve for treasury shares in portfolio

The negative reserve for treasury shares in portfolio totalled Euro 8,612,054 at December 31, 2024. It should be noted that, on October 20, 2021, Aquafil S.p.A. announced that the Company’s Shareholders authorised the purchase of treasury shares in accordance with Article 2357 of the Italian Civil Code. This authorisation by Shareholders has a duration of 18 months from the date of the authorising resolution. The operation is aimed at enabling the Company to purchase and/or make use of the Company’s ordinary shares for: (i) making investments and limiting anomalous changes in share prices so as to promote regular trading outside of normal fluctuations tied to market trends, while, in any event, observing applicable laws and regulations; and (ii) establishing a securities reserve for future uses in accordance with the strategies that the Company intends to pursue as payment in corporate transactions with other parties or other extraordinary uses. The Shareholders authorised the purchase, in one or more tranches, of ordinary shares up to a maximum number which, taking account of the ordinary shares which may be held in portfolio by the company and by its subsidiary, does not total more than 3% of share capital.

On December 31, 2024, following the purchases made, Aquafil held 1,278,450 treasury shares, equal to 1.4605% of the share capital.

Listing costs/Share capital increase reserve

The item amounted to Euro 4,903 thousand at December 31, 2024 as a reduction in shareholders’ equity, of which Euro 3,287 thousand relates to the costs incurred in 2017 for the listing and thereafter the share capital increase, and Euro 1,615 thousand to the share capital increase carried out in the second half of 2024.

“First Time Adoption” Reserve (FTA)

The FTA reserve amounts to Euro 2,156 thousand, as a reduction of net equity, and represents the conversion effects from Italian GAAP to IFRS in 2017.

IAS 19 reserve

At December 31, 2024, the IAS 19 reserve was equal to a Euro 192 thousand reduction in shareholders’ equity and includes the actuarial effects at that date of severance indemnities and all the other benefits for employees of Group companies.

Extraordinary reserve

At December 31, 2024, they amount to Euro 44,935 thousand. The decrease of 5,641 thousand from last year is generated by the use of the extraordinary reserve to cover the loss for the year 2023.

Dividends

In 2024, no dividends were distributed.

7.13 Employee benefits

The movement in the account is comprised of:

(in Euro thousands)	
Balance at December 31, 2023	**1,580**
Financial charges	44
Advances and settlements	(385)
Actuarial (gain)/loss	(8)
Balance at December 31, 2024	**1,230**

The post-employment benefits provision includes the effects of discounting as required by the IAS 19 accounting standard.

For completeness the table below shows the changes in the previous year:

(in Euro thousands)	
Balance at December 31, 2022	**1,805**
Financial charges	58
Advances and settlements	(305)
Actuarial (gain)/loss	22
Balance at December 31, 2023	**1,580**

The following is a breakdown of the main economic and demographic assumptions used for actuarial valuations:

Financial assumptions	**December 31, 2024**
Discount rate	2.93%
Inflation rate	2.00%
Annual increase in employee leaving indemnity	3.00%
Demographic assumptions	
Death	ISTAT 2022
Disability	INPS tables by age and gender
Retirement	100% on satisfying AGO requirements
Annual frequency of Turnover and leaving indemnity advances	
Frequency advances	4.50%
Frequency turnover	2.50%

The bond’s financial average duration at December 31, 2024 is approximately 7 years.

For comparability with the previous year a breakdown of the main economic and demographic assumptions used for actuarial valuations at December 31, 2023 is shown below:

Financial assumptions	**December 31, 2023**
Discount rate	2.95%
Inflation rate	2.00%
Annual increase in employee leaving indemnity	3.00%
Demographic assumptions	
Death	The RG48 mortality tables published by the General State Controller
Disability	INPS tables by age and gender
Retirement	100% on satisfying AGO requirements
Annual frequency of Turnover and leaving indemnity advances	
Frequency advances	4.50%
Frequency turnover	2.50%

7.14 Current and non-current financial liabilities

The account is comprised of:

(in Euro thousands)	December 31, 2024	of which current portion	December 31, 2023	of which current portion
Medium/long term bank loans	251,838	*74,698*	301,010	*76,865*
Accrued interest and charges on medium/long-term bank loans	(4)	*(4)*	(5)	*(5)*
Total medium/long-term loans	**251,834**	***74,694***	**301,005**	***76,859***
Bond loans	57,338	*12,857*	70,248	*12,857*
Accrued interest and charges on bonds	444	*444*	401	*401*
Total bond loan	**57,782**	***13,301***	**70,649**	***13,258***
Current and non-current RoU liabilities	2,577	*782*	3,000	*775*
Liabilities for derivative financial instruments	527	*527*	619	*619*
Other lenders and banks – short term	3,963	*3,963*	2,354	*2,354*
Loans intercompany	46,412	*1,653*	14,027	
Parent company loans				
Total	**363,095**	***94,921***	**391,653**	***93,865***

Medium/long term bank loans

This account refers to payables relating to financing agreements obtained from major credit institutions. These agreements mainly envisage the payment of interest at a fixed rate or, alternatively, at a variable rate typically linked to the Euribor rate for the period plus a spread.

At the end of the year, all of the Group’s loans were contracted by Aquafil S.p.A., which supports through loans and capital increases the investment activities of its subsidiaries.

Aquafil S.p.A. in 2024 maintained its levels of liquidity, which had significantly increased in the previous two years, partly with a view to maintaining liquidity in consideration of the conflicts between Russia and Ukraine and in the Middle East. In 2024, the loans were settled on schedule and new medium/long-term loans were agreed for a total amount of Euro 29.5 million with leading banks.

In addition, in 2024, as indicated in the Directors’ Report, the following financing was settled by the Company using surplus cash on hand:

- on January 30, 2024, syndicate loan received from BCC Verona e Vicenza and the ICCREA Group with a residual balance of Euro 2,626 thousand;
- on January 31, 2024, loan received from Intesa Sanpaolo with a residual balance of Euro 2,571 thousand;
- on February 8, 2024, loan received from BCC Verona e Vicenza with a residual balance of Euro 1,000 thousand;
- on April 15, 2024, loan received from Deutsche Bank with a residual balance of Euro 312.5 thousand;
- on December 18, 2024 loan signed with Mediocredito Trentino Alto Adige with a residual payable of Euro 1,759.

The new Euro 10 million medium-term financial transaction with Banca Popolare di Sondrio was backed by a SACE “Supportitalia” guarantee (Article 15 of LD 17.5.2022 No. 50).

Additional medium-term financial transactions backed by SACE Futuro guarantees totalling Euro 19.5 million were carried out with Cassa di Risparmio di Bolzano Sparkasse for Euro 10 million, Volksbank for Euro 5 million and Mediocredito Trentino Alto Adige for Euro 4.5 million.

The funds raised were used to maintain liquidity.

(in Euro thousands)	Original amount	Granting date	Maturity date	Repayment plan	Rate applied	At December 31, 2024	*of which current portion*
Medium/long term bank loans - fixed rate							
Cassa Centrale Banca (*)	11,000	2022	2029	Quarterly from 31/12/2023	1.20% fixed from 01/04/2026 Euribor 3 months + 1.00%	8,563	*1,976*
Cassa Depositi e Prestiti (*)	20,000	2020	2027	Half-yearly from 20/06/2023	1.20% fixed from 01/04/2026 Euribor 3 months + 1.00%	12,000	*4,000*
Total Medium/long term bank loans - fixed rate						**20,563**	***5,976***
Medium/long term bank loans - variable rate							
Cassa Centrale Banca - Credito Cooperativo del Nord Est (former Casse Rurali Trentine) (*)	15,000	2019	2026	Quarterly from 30/09/2021	1.25% fixed from 01/07/2024 Euribor 3 months + 1.00%	4,617	*3,049*
Deutsche Bank (*)	20,000	2022	2028	Quarterly from 01/10/2023	Euribor 3 months + 1.20%	14,000	*4,000*
Sparkasse - Cassa Risparmio di Bolzano (*)	20,000	2018	2025	Quarterly from 31/03/2020	Euribor 3 months + 0.85%	4,068	*4,068*
Sparkasse - Cassa Risparmio di Bolzano (*)	10,000	2022	2028	Quarterly from 31/12/2024	Euribor 3 months + 1.05%	9,400	*2,431*
Sparkasse - Cassa Risparmio di Bolzano (*)	10,000	2024	2030	Quarterly from 30/09/2026	Euribor 3 months + 1.30% + SACE	10,000	*0*
Banca Intesa (*) (**)	30,000	2021	2027	Half-yearly from 30/06/2023	Euribor a 6 months + 1.10 %	18,000	*6,000*
Banca Intesa (*)	20,000	2023	2028	Quarterly from 31/12/2025	Euribor 3 months + 0.95% + SACE	20,000	*1,667*
Banca di Verona	5,000	2022	2027	Quarterly from 27/10/2024	Euribor 6 months + 1.20%	4,611	*1,618*
Banca di Verona	5,000	2023	2028	Quarterly from 04/07/2024	Euribor 6 months + 1.20%	4,429	*1,202*
Banca Popolare di Milano (*) (**)	25,000	2018	2026	Quarterly from 31/03/2020	Euribor 3 months + 0.90%	7,172	*4,736*
Banca Popolare di Milano (*) (**)	15,000	2019	2025	Quarterly from 30/09/2020	Euribor 3 months + 1.05%	3,160	*3,160*
Banca Popolare di Milano (*)	15,000	2023	2028	Quarterly from 30/09/2023	Euribor 3 months + 1.15%	10,876	*2,955*
Banca Popolare Emilia Romagna (*) (**)	10,000	2019	2025	Monthly from 26/09/2020	Euribor 3 months + 0.75%	1,688	*1,688*
Banca Nazionale del Lavoro (*)	7,500	2018	2025	Half-yearly from 31/12/2019	Euribor 6 months +1.40%	682	*682*
Banca Nazionale del Lavoro (*)	12,500	2018	2025	Half-yearly from 31/12/2019	Euribor 6 months +1.25%	1,136	*1,136*
Banca Nazionale del Lavoro (*)	20,000	2022	2027	Quarterly from 08/12/2023	Euribor 3 months + 1.40%	13,750	*5,000*
Banca Nazionale del Lavoro (*) (***)	10,000	2023	2028	Quarterly from 05/10/2024	Euribor 3 months + 1.55%	9,375	*2,500*
Crédit Agricole (former Banca Popolare Friuladria) (*)	10,000	2017	2025	Quarterly from 31/03/2019	Euribor 3 months + 1.30%	962	*962*
Crédit Agricole (former Banca Popolare Friuladria) (*) (**)	10,000	2019	2025	Half-yearly from 28/12/2020	Euribor 6 months + 1.05%	1,818	*1,818*
Crédit Agricole (former Banca Popolare Friuladria) (*)	10,000	2023	2029	Half-yearly from 30/09/2024	Euribor 6 months + 1.35%	9,205	*1,680*
Monte dei paschi (*)	15,000	2018	2025	Half-yearly from 31/12/2019	Euribor 6 months + 0.80%	1,875	*1,875*
Monte dei paschi (**)	20,000	2023	2028	Quarterly from 30/09/2025	Euribor 3 months + 0.75% + SACE	20,000	*3,333*
Crediti Emiliano	5,000	2022	2027	Quarterly from 16/9/2023	Euribor 3 month + 0.90%	3,449	*1,106*
Banca Popolare di Sondrio	10,000	2024	2029	Quarterly from 31/03/2026	Euribor 3 month + 0.90% + SACE	10,000	*0*
MCC - Banca del Mezzogiorno (*)	10,000	2019	2026	Quarterly from 09/11/2020	Euribor 3 month + 1.20%	2,500	*2,000*
MCC - Banca del Mezzogiorno (*)	15,000	2023	2028	Quarterly from 30/06/2025	Euribor 3 month + 1.20%	15,000	*3,574*
Cassa Depositi e Prestiti (*)	20,000	2022	2027	Half-yearly from 30/06/2024	Euribor 6 months + 1.55%	15,000	*5,000*
Mediocredito Trentino Alto Adige (*)	4,500	2024	2026	Quarterly from 31/03/2026	Euribor 3 months + 1.80%	4,500	*0*
Volksbank	5,000	2023	2028	Quarterly from 31/03/2025	Euribor 3 month + 1.60%	5,000	*1,171*
Volksbank	5,000	2024	2029	Quarterly from 31/12/2025	Euribor 3 month + 1.40%	5,000	*313*
Total Medium/long term bank loans - variable rate						**231,274**	***68,722***
Accrued interest on medium/long term bank loans						(4)	*(4)*
Medium/long term bank loans - fixed and variable rate						**251,834**	***74,694***

(*) Loans that provide for compliance with financial covenants.

(**) Loan to which an interest rate swap contract is linked under which interest to be paid to the bank is fixed and equal to the value shown in the table.

(***) Loan to which an interest rate collar contract is coupled, as a result of which the interest combines a long position in an interest rate cap and a short position in an interest rate floor. At the end of each reporting period, if the difference between the variable interest rate and the cap rate is positive, the cap seller pays the buyer that difference; if, however, the variable rate is lower than the floor rate, the floor seller must pay the difference between the two rates. If the variable rate reaches values between the cap rate and the cap floor, no payment is made.

Certain loan agreements provide for compliance with financial and equity covenants (expressed at consolidated Group level), as summarised below:

Loan	Period	Parameter	Reference	Limit
Crédit Agricole (ex Banca Friuladria)	Annually	Net Debt/Net Equity	Group	≤ 2.50
	Annually	Net financial debt/EBITDA		≤ 3.75
Crédit Agricole (ex Banca Friuladria)	Annually	Net Debt/Net Equity	Group	≤ 2.50
	Annually	Net financial debt/EBITDA		≤ 3.75
Banca Intesa San Paolo	Annually	Net Debt/Net Equity	Group	≤ 2.50
	Annually	Net financial debt/EBITDA		≤ 3.75
Sparkasse - Cassa di Risparmio di Bolzano	Annually	Net Debt/Net Equity	Group	< 2.50
	Annually	Net financial debt/EBITDA		< 3.75
Banca Nazionale del Lavoro	Annually	Net Debt/Net Equity	Group	≤ 2.50
	Annually	Net financial debt/EBITDA		≤ 3.75
Banca Popolare di Milano	Annually	Net Debt/Net Equity	Group	≤ 2.50
	Annually	Net financial debt/EBITDA		≤ 3.75
Crédit Agricole	Annually	Net Debt/Net Equity	Group	< 2.50
	Annually	Net financial debt/EBITDA		< 4
Deutsche Bank	Annually	Net Debt/Net Equity	Group	≤ 2.50
	Annually	Net financial debt/EBITDA		≤ 3.75
Monte dei Paschi di Siena	Annually	Net Debt/Net Equity	Group	≤ 2.50
	Annually	Net financial debt/EBITDA		≤ 3.75
Casse Centrale Banca C,R, Trentine	Annually	Net Debt/Net Equity	Group	≤ 2.50
	Annually	Net financial debt/EBITDA		≤ 3.75
BPER Banca Popolare Emilia Romagna	Annually	Net Debt/Net Equity	Group	≤ 2.50
	Annually	Net financial debt/EBITDA		≤ 3.75
MCC/Banca del Mezzogiorno	Annually	Net Debt/Net Equity	Group	< 2.50
	Annually	Net financial debt/EBITDA		< 3.75
CDP - Cassa Depositi e Prestiti	Half-yearly	Net Financial Debt/Shareholders' Equity	Group	≤ 2.50
	Half-yearly	Net financial debt/EBITDA		≤ 3.75
Medio Credito Trentino Alto Adige	Annually	Net Debt/Net Equity	Group	≤ 2.50
	Annually	Net financial debt/EBITDA		≤ 3.75

For the bank loans with covenants, at December 31, 2024, all had been complied with. It is also expected, based on the data emerging from the business plan, and the best estimates available to date, that they will be complied with as of June 30, 2025, for contracts with a six-month calculation reference date, and as of December 31, 2025.

With reference to the loans granted, there are no mortgages or guarantees registered on company assets.

Bond loans

The Company has two fixed-rate bonds outstanding, with a total original value of Euro 90 million, which at December 31, 2024 amounted to Euro 57.3 million, decreasing on the previous year by approx. Euro 12.9 million due to the repayment of the instalment due in the year. The outstanding bonds have the following features:

1. a first bond loan ("A"), initially issued on June 23, 2015 and subscribed by companies belonging to the US Group Prudential Financial Inc., with a value equal to Euro 50 million, to be repaid in 7 equal instalments of Euro 7.1 million, of which final maturity on September 20, 2028, with residual debt at December 31, 2024 of Euro 28.6 million; the loan is subject to a fixed interest rate of 3.70% with the application of a "margin ratchet" which provides for a gradual increase in the rate up to a maximum of 1% on the fluctuation of the NFP/EBITDA ratio of the Group. The NFP/EBITDA ratio at December 31, 2022, resulted in a rate increase from 3.70% to 4.20% for the following six-month period (from March to September 2023). Due to the NFP/EBITDA ratio at June 30, 2023, the interest rate increased from 4.20% to 4.70%, which remains valid until March 2024. Due to the NFP/EBITDA ratio at December 31, 2023, the interest rate increased from 4.70% to 5.70%, which remains valid until September 2024. Due to the NFP/EBITDA ratio at June 30, 2024, the interest rate increased from 5.70% to 5.20%, which remains valid until March 2025;
2. a second bond "B" was issued on May 24, 2019, to finance the business combination of Aquafil O'Mara Inc., and subscribed by companies belonging to the US Group Prudential Financial Inc. for a total of Euro 40 million; the terms provide for repayment in 7 annual instalments from May 24, 2023, the remaining balance of which was Euro 28.6 million at December 31, 2024; the fixed interest rate is equal to 1.87%, with the application of the same margin ratchet condition as for bond "A". As a result of the NFP/EBITDA ratio at June 30, 2022, the interest rate remained at 1.87% until May 2023, then increased to 2.37% for the period May–November 2023 as a result of the ratio at December 31, 2022. Due to the NFP/EBITDA ratio at June 30, 2023, the interest rate

increased to 2.87% until May 2024. Due to the NFP/EBITDA ratio at December 31, 2023, the interest rate changed to 3.87% until November 2024. Due to the NFP/EBITDA ratio at June 30, 2024, the interest rate increased to 3.37% until May 2025.

The following table summarises the main characteristics of the aforementioned bond loans:

Bond loan	Total nominal value	Issue date	Maturity date	Capital portion repayment plan	Interest rate applied
Bond loan A	50,000,000	23/06/2015	20/09/2028	7 annual instalments from 20/09/2022	5.20%
Bond loan B	40,000,000	24/05/2019	24/05/2029	7 annual instalments from 24/05/2023	3.37%

Bond loans envisage compliance with the following financial covenants, as contractually defined, to be calculated on the basis of the Group's consolidated financial statements:

Bond loan A – B

Financial parameters	Parameter	Covenant limit
Interest Coverage Ratio	EBITDA/Net financial charges	> 3
Leverage Ratio (*)	Net financial debt/EBITDA	< 3.75
Net Debt Ratio	Net Debt/Net Equity	Minimum Net Equity threshold levels

(*) This indicator must be calculated with reference to the 12-month period which terminates on December 31 and June 30 for all years applicable.

Non-compliance with just one of the above financial parameters, where not resolved within the contractual deadlines provided, would constitute a circumstance for the bond loan's compulsory early repayment.

The terms and conditions of the above bond loans also envisage, as is customary for financial transactions of this type, a structured series of commitments to be borne by the Company and Group companies ("Affirmative Covenants") and a series of limitations on the possibility of carrying out certain transactions, if not in compliance with certain financial parameters or specific exceptions provided for by the agreement with the bondholders ("Negative Covenants"). Specifically, there are in fact certain limitations on the assumption of financial debt, on carrying out certain investments and on acts of disposal of corporate assets. To ensure the timely and correct fulfilment of obligations arising on account of the Parent Company from the issue of securities, the companies Aquafil Usa Inc. and Aquafil SLO d.o.o. have issued joint corporate guarantees in favour of underwriters:

Lease liability

The lease liability, which amounts to Euro 2,577 thousand, refers to the effects of the application of IFRS 16.

Loans intercompany

As of December 31, 2024, there were three loan agreements payable, two from the subsidiary Aquafil Jiaxing Co. Ltd. and one from the subsidiary Aquafil USA Inc. The first loan from the Chinese subsidiary amounts to USD 15,500 thousand (corresponding to Euro 14,920 thousand), while the second loan, disbursed in July 2024, amounts to USD 15,000 thousand (corresponding to Euro 14,438 thousand).

The third loan from the subsidiary Aquafil USA Inc., disbursed in May 2024. amounted to USD 16,000 (corresponding to Euro 15,401).

Intercompany loans have the objective of monitoring and reducing liquidity risk; to this end, the Company undertakes careful planning of financial resources with respect to the context in which it operates.

This strategy is aimed at ensuring that an adequate level of liquidity is maintained through the generation of cash, including from subsidiaries, as well as through the possible raising of new medium-term financial resources.

Centralised management of cash flows gives the parent company better control over financial assets.

7.15 Provisions for risks and charges

The account is comprised of:

(in Euro thousands)	December 31, 2024	December 31, 2023
Other provisions for risks and charges	485	485
Agents' supplementary indemnity provision	871	830
Total	**1,357**	**1,315**

The movements in "Other provisions for risks and charges" were as follows:

(in Euro thousands)	
Balance at January 1, 2024	**485**
Increases	
Decreases	
Balance at December 31, 2024	**485**

The amount of Euro 485 thousand recognised to "Other provisions for risks and charges" concerns the audit carried out by the Trento Finance Police, which initiated a general audit on the tax periods of 2018, 2019, 2020 and 2021, and which concluded with notification of a tax audit report ("PVC") (as outlined in detail in the "Contingent Liabilities" paragraph). The tax audit report indicates that the findings of the auditors contain numerous aspects, which have already been accepted by the Trento Tax Agency as part of the settlement procedures for the audits concerning 2015, 2016 and 2017. It is therefore likely that, following a settlement procedure that may be activated by the Company, pursuant to Article 6(2) of Legislative Decree 218/1997, after the notification of the tax assessment, the findings could be determined in a total of Euro 1,769 thousand, thus with a potential income tax and IRAP burden for the Company estimated at Euro 485 thousand.

It should be noted that, in the PVC, penalties were not applied on the transfer pricing issues, as the documentation was deemed adequate.

The changes in the "Agents' supplementary indemnity provision" were as follows:

(in Euro thousands)	
Balance at January 1, 2024	**830**
Increases	41
Decreases	
Balance at December 31, 2024	**871**

The movement in the provision relates to the accrual made during the year.

7.16 Other current and non-current liabilities

(in Euro thousands)	December 31, 2024	*of which current portion*	December 31, 2023	*of which current portion*
Tax payables	1,240	*1,240*	1,554	*1,554*
Employee payables	5,413	*5,413*	5,258	*5,258*
Payables to social security institutions	1,726	*1,726*	1,667	*1,667*
VAT payables			607	*607*
Tax payables to subsidiaries	2,400	*2,400*	3,946	*3,946*
Other current and non-current liabilities	3,271	*1,272*	5,325	*1,978*
Other current and non-current Group company liabilities	5	5		
Total	**14,055**	***12,057***	**18,357**	***15,010***

The account is comprised of:

- "Tax payables" mainly include withholding taxes and other tax payables.
- "Employee payables" did not change significantly from the previous year;

- “Payables to social security institutions” which mainly includes the amount owed at year-end by the Company and its employees to social security institutions;
- “Tax payables to subsidiaries” which entirely refers to payables to Tessilquattro S.p.A. and Bluloop S.r.l. accrued as a result of the tax losses of these latter. Specifically, in accordance with the consolidation agreement, Aquafil S.p.A. is responsible for netting between group companies and the tax consolidation entity Aquafin Holding S.p.A. Aquafil S.p.A. however for fiscal year 2023 altered the method for allocating fiscal losses resulting from tax consolidation. Specifically, as part of the renewal for the three-year period 2024-2026, the criterion used to allocate residual losses was changed. This change therefore results in the allocation of losses to Aquafil S.p.A.;
- “Accrued liabilities and deferred income” mainly comprise:
  - the commercial contract with the US group Interface, involving a worldwide collaboration for supply and product development. In particular, Aquafil S.p.A. undertook an obligation until 2026 to guarantee Interface conditions of supply, against which the client, in addition to committing to annual minimum volumes, paid to Aquafil USD 24 million in advance. At December 31, 2024, this deferred revenue (recognised to deferred income) amounts to Euro 2.1 million;
  - the deferral of the portion pertaining to future years of the contribution obtained from the European Union for the “EFFECTIVE” research project, described in the Directors’ Report and also commented on in the notes above. The original deferred income recognised for Euro 1.7 million which concerns the overall contribution recorded at the signing date of the agreement with lending banks (with counter-entry to Other non-current assets), amounts to Euro 448 thousand at December 31, 2024. It should be noted that from 2019 onwards, costs relating to the EFFECTIVE project have been capitalised under intangible assets in progress for the portion eligible under IAS 38. Therefore, the residual contribution concerning the capitalised portion is recognised to the income statement from 2022, for a period of 5 years, as the asset has been capitalised and is depreciated over that timeframe;
  - to the deferral related to the industry 4.0 tax credit, amounting to Euro 223 thousand, obtained due to the investment related to the coil handling system installed at the Arco plant. This deferral is reversed to the income statement based on the useful life of the relative investment.

7.17 Trade payables

The account is comprised of:

(in Euro thousands)	December 31, 2024	December 31, 2023
Trade payables - suppliers	54,219	65,699
Intercompany trade payables	61,172	62,230
Advances and other payables	292	346
Total	**115,683**	**128,275**

At December 31, there were no debts falling due over five years in the balance sheet.

Intercompany trade payables refer to payables deriving from purchases related to the production cycle and are as follows:

(in Euro thousands)	December 31, 2024	December 31, 2023
Aquafil Asia Pacific Co.	1,122	1,543
Aquafil Engineering GmbH	1	
Aquafil UK Limited	870	3,030
Aquafilslo d.o.o.	26,464	22,836
Aquafil Oceania Pty Ltd.	94	103
Aquafilcro d.o.o.	4,522	4,732
Aquaspace S.p.A.	(55)	95
Tessilquattro	17,864	20,346
Aquafil USA Inc.	39	34
Aquafin Holding S.p.A.		184
Aquafil Textil Sanayi	22	10
Aquafil China	10,125	9,243
Aquafil Benelux France B.V.B.A.	104	70
Total	**61,172**	**62,230**

Trade payables are substantially in line with the previous year and related to the purchase costs of inputs (especially raw materials and energy inputs), as commented in Sections 8.3 and 8.4. It is noted that at year-end approx. Euro 7.6 million had been ceded under confirming mode at market conditions. Considering that the relative financial cost is not significant, the nature of these payables remains commercial.

It should be noted that as of December 31, 2024, approximately Euro 7.6 million had been sold in confirming mode, fully collected from suppliers at conditions in line with the market. These transactions take the form of Supplier Finance Agreements, and are based on appropriate analysis carried out in accordance with the requirements of IFRS 9. It is confirmed that the nature of these payables remain of a commercial nature.

The payment terms in these agreements do not differ significantly from normal commercial terms (approximately between 10 and 25 days in advance of the natural due date).

7.18 Current tax payables

For 2024, the payable for current taxes was not recognised in relation to the position to the Tax Authorities for IRAP, as the net production value was negative.

For the year under review, Aquafil S.p.A. calculated IRAP by the method established for financial companies, in light of the new legislation on financial holding companies, at the increased rate of 4.65%. For further information, reference should be made to Note 8.14 below.

8. NOTES TO THE INCOME STATEMENT

8.1 Revenues

The breakdown of revenues is shown below:

(in Euro thousands)	2024	2023
EMEA	423,381	432,730
North America	46,902	31,159
Asia and Oceania	59,889	54,554
Rest of the world	342	1
Total	**530,514**	**518,444**

In accordance with IFRS 15, revenues include, as a direct reduction in their amount, cash discounts, which amount to Euro 2,528 thousand in 2024.

The increase is mainly attributable to an increase in quantities sold during the year.

8.2 Other revenues and income

“Other revenues and income” amount to Euro 7,717 thousand and refers mainly to:

- Euro 6,010 thousand for recharges to Group companies regarding ICT services provided by the parent company Aquafil S.p.A.;
- Euro 590 thousand for recharges to Group Companies in respect of consulting services;
- Euro 224 thousand regarding the portion in the year of the grant recognised by the EU for the “Effective” research project;
- Euro 84 thousand related to the tax credit accrued on the research and development expenses incurred in 2024 and determined as per Article 1, paragraph 35 of Law No. 190 of December 23, 2014;
- Euro 289 thousand for tax credits related to Industry 4.0, purchase of capital goods, superbonus receivables and the contribution recognised by the EU for the “Cisuflo” project.

8.3 Raw material costs

The account includes raw materials and consumables costs, in addition to changes in inventories. This continuity in 2024 reflects the price of oil and of its derivatives, in addition to the trend in the cost of utilities and prices for caprolactam processes and for polymer purchases. In Europe, the price of raw materials fluctuated less sharply than the rapid and abrupt decline recorded during 2023. The effect that led to a significant misalignment between the unitary values of stock emerging in 2022 and the market price of raw materials, with a temporary although significant impact on the company and Group margin, has receded in 2024. The account is comprised of:

(in Euro thousands)	2024	2023
Raw material purchases	291,299	277,111
Ancillaries and consumables	5,255	5,273
Purchases of other materials	145,894	148,992
Other charges	520	796
Change in inventories	5,119	8,553
Total	**448,088**	**440,724**

The raw material costs incurred in the year include costs from the following subsidiaries and associates:

(in Euro thousands)	2024	2023
Aquafil Asia Pacific Co.	6,355	4,625
Aquafil Engineering GmbH	2	5
Aquafil UK Limited	2,724	7,084
AquafilSLO d.o.o.	177,723	179,894
AquafilCRO d.o.o.	24,320	29,901
Tessilquattro	90,786	90,277
Aquafil China	31,904	30,629
Bluloop	3	
Total	**333,818**	**342,415**

8.4 Service costs

The account is comprised of:

(in Euro thousands)	2024	2023
Transport, shipping & customs	7,679	6,863
Electricity, propulsive energy, water and gas	10,704	13,298
Maintenance	1,932	1,946
Services for personnel	2,353	3,017
Technical, ICT, commercial, legal & administrative consultancy	7,828	8,044
Insurance	1,576	1,456
Marketing and advertising	3,440	3,757
Cleaning, security and waste disposal	493	481
Warehousing and external storage	2,631	2,657
External processing	2,595	2,712
Statutory auditors fees	149	146
Other service costs	1,532	1,421
Rentals and hire	413	385
Total	**43,324**	**46,183**

Service costs from related parties amount to Euro 1,017 thousand and mainly relate to processing costs undertaken by Aquafil SLO d.o.o for Euro 8 thousand and to commissions from Aquafil Benelux France B.V.B.A. for Euro 676 thousand, from Aquafil Oceania for Euro 144 thousand and from Aquafil Tekstil Sanayi Ve Ticaret A.S. for Euro 74 thousand.

During the year just ended, Service costs were basically in line with FY 2023 except for utility costs, which showed a decrease. The difference between the two fiscal years is mainly attributable to the reduced demand for electricity from the grid offset by the use of both turbines in the cogeneration plant for power generation.

The general maintenance of Service costs follows the dynamics of production volumes, which showed no particular changes from the previous year.

8.5 Labour costs

These costs are broken down as follows:

(in Euro thousands)	2024	2023
Salaries and wages	24,264	24,657
Social security contributions	7,548	8,150
Post-employment benefits	1,460	1,545
Other personnel costs	558	1,135
Director fees	1,354	1,394
Total	**35,185**	**36,883**

As in 2023, no top management bonuses were recognised as the operating/financial objectives were not achieved before the share capital increase. The salaries and wages account did not significantly change on the previous year.

The number of employees, broken down by category, is as follows:

	December 31, 2024	December 31, 2023	Average 2024	Average 2023
Executives	20	21	20	24
Managers	52	50	52	51
White-collar	156	149	157	150
Blue-collar	277	295	285	305
Total	**505**	**515**	**513**	**530**

8.6 Other operating costs and charges

These costs are broken down as follows:

(in Euro thousands)	2024	2023
Taxes, duties & sanctions	228	251
Losses on asset sales		1
Penalties on supply contracts	314	444
Other operating charges	**543**	**695**
Total		

The item “Taxes, duties and sanctions” mainly includes the costs for local taxes and taxes not on income.

“Other operating charges” mainly includes costs related to previous years.

8.7 Amortisation, depreciation and write-downs of tangible and intangible assets

The account is comprised of:

(in Euro thousands)	2024	2023
Amortisation of intangible assets	3,607	3,444
Depreciation of property, plant & equipment	5,288	5,307
RoU depreciation	978	1,716
Total	**9,874**	**10,466**

Amortisation and depreciation in 2024 is substantially in line with the previous year.

The decrease in RoU depreciation is mainly due to the consensual termination of the multi-year lease agreement of the Aquafin Holding building - located in San Martino Buon Albergo - Verona in December 2023.

The figure includes the straight-line amortisation and depreciation in the period, in addition to the amortisation on the bio-caprolactam project initiated in the previous year.

8.8 Provisions and write-downs

The account is comprised of:

(in Euro thousands)	2024	2023
Doubtful debt provision		782
Provisions for risks and charges	(41)	(9)
Total	**(41)**	**773**

"Other provisions for risks and charges" principally include the accrual for agents' supplementary indemnities.

8.9 Costs for internal work capitalised

This item, totalling Euro 1,867 thousand at December 31, 2024, mainly concerns the capitalisations made with regards to projects for the improvement and technological upgrading of existing plant and equipment.

8.10 Investment income (charges)

The account mainly includes the dividends approved and received from the subsidiaries, respectively for Euro 1,822 thousand from Aquafil Asia Pacific Co. Ltd and for Euro 13,932 thousand from Aquafil Synthetic Fibres.

8.11 Financial income

The account is comprised of:

(in Euro thousands)	2024	2023
Financial income receiv. from Group companies	1,656	1,744
Interest income current accts.	404	444
Total	**2,060**	**2,188**

Interest income from current accounts remained in line with the previous year, due to the current account interest rates charged by various lending institutions.

Interest income on loans from subsidiaries, parent companies, related companies are as follows:

(in Euro thousands)	2024	2023
Aquafil UK Limited	187	149
AquafilSLO d.o.o.	1,322	1,458
Aqualeuna GmbH	70	71
Aquafil Japan	67	61
Bluloop	8	5
Poly Service S.a.s.	2	
Total	**1,656**	**1,744**

8.12 Financial charges

The account is comprised of:

(in Euro thousands)	2024	2023
Interest on mortgage loans	12,276	8,922
Interest on bonds	2,893	2,570
Interest on current accounts	1	15
Bank expenses and commissions	515	445
Write-downs of derivatives and financial instruments	1,144	2,709
Interest on factoring transactions	1,249	1,254
Interest on commercial transactions	844	1,118
Interest to leasing companies	28	28
Interest from Group companies	24	52
Other charges	44	58
Financial charges	52	73
Financial charges to group companies	96	93
Interest expenses to Group companies	1,690	1,024
Write-downs of fixed assets – group companies		691
Total	**20,854**	**19,052**

The increase in “Interest charges on loans”, “Interest on factoring transactions” and “Interest on commercial transactions” is closely linked to the increase in market interest rates.

The “Write-downs of derivatives and financial instruments” was Euro 1,144 thousand, with the charge substantially due to the decrease in the fair value (Mark to Market valuation) of the derivatives, due to the movement in the interest rate curve.

“Interest expenses to Group companies” includes interest accrued on intercompany loans outstanding from the subsidiary Aquafil Jiaxing Co. Ltd. and from the subsidiary Aquafil USA Inc. The increase is due to the undertaking of two new loans from the Chinese subsidiary for USD 15,000 thousand and from the US subsidiary for USD 16,000, respectively.

8.13 Exchange gains and losses

The breakdown of the account is as follows:

(in Euro thousands)	2024	2023
Total exchange gains	3,490	2,977
Total exchange losses	(5,811)	(3,324)
Total	**(2,322)**	**(347)**

The amount, equal to a loss of Euro 2,322 thousand for the year ended December 31, 2024, is the net balance between exchange rate gains and losses.

8.14 Income taxes

The account is comprised of:

(in Euro thousands)	2024	2023
Current income taxes	(1,497)	(2,158)
Deferred tax income/(charges)	4,259	4,543
Total	**2,762**	**6,701**

From the year 2018 Aquafil S.p.A. was included in the tax consolidation regime with the parent company Aquafin Holding S.p.A., which regime was interrupted in 2017 due to the merger by incorporation of Aquafil S.p.A. into Space 3 S.p.A. Aquafil S.p.A. however for fiscal year 2023 altered the method for allocating fiscal losses resulting from tax consolidation in the event of the suspension or non-renewal of tax consolidation. This change entails, as of fiscal year 2024, the allocation of losses to Aquafil S.p.A., without them being transferred to the tax consolidating company Aquafin Holding S.p.A..

"Deferred taxes income/(charges)" is mainly composed of the following amounts:

- allocation of Euro 2,516 thousand in relation to the amount of non-deductible interest expense under the Income Tax Law (TUIR) (ex. Article 96) remaining following the calculation on the Gross Profit for the year and of the surpluses related to previous periods;
- allocation of deferred tax assets of Euro 1,343 thousand, relating to IRES income from its own tax loss realised in the present year.

"Current income taxes" mainly concerns:

- the withholding tax, amounting to Euro 1,497 thousand, in relation to dividends received during 2024 from the subsidiaries Aquafil Asia Pacific Co. Ltd and Aquafil Synthetic Fibres;

For the current financial year, it should be noted that Aquafil S.p.A. has calculated IRAP tax, for the purpose of deferred taxes, in accordance with the new rules envisaged for non-financial holding companies ("industrial holdings") as defined by Article 162-*bis*, paragraph 1, letter c.1) of Presidential Decree 917/86 ("Income Tax Law") and as set out in Article 6 of Presidential Decree 446/1997 and by Provincial Law 21/2015, Article 16, paragraph 1-*bis*, letter b), Legislative Decree 446/97, Article 1, paragraph 11-*bis*, for which an increased rate of 4.65% is envisaged.

The table below shows the reconciliation of the theoretical rate of income tax with the actual impact on the result:

(in Euro thousands)	2024	%	2023	%
Profit/(loss) before taxes	**(2,137)**		**(12,342)**	
Tax calculated on applicable rate	(612)	28.7%	(3,536)	28.7%
Total current income taxes	1,497		(2,158)	
Total deferred taxes	(4,259)		(4,543)	
Total effective taxes	**(2,762)**		**(6,701)**	
Change tax rate	**2,150**		**3,165**	
Permanent decreases	(4,228)		(4,700)	
Permanent increases	478		671	
Prior year taxes	0		683	
Other taxes (WHT - ACE)	1,496		1,611	
Other changes	104		(1,430)	

It should be noted that, based on estimates made at that time, the Aquafil Group did not fall within the scope of application of the rules of Pillar 2, the goal of which is to ensure that large multinationals pay income taxes of at least 15%.

9. NON-RECURRING ITEMS

The account is comprised of:

(in Euro thousands)	2024	2023
Raw material purchases - extraordinary		(134)
Expansion costs of the Aquafil Group	(189)	(575)
Tax, administrative and extraordinary technical consultancy	(48)	(133)
Other services - extraordinary		(66)
Bonuses and incentives	(558)	(1,135)
Other extraordinary charges	(184)	(97)
Total non-recurring costs	**(979)**	**(2,142)**
Other extraordinary income		
Non-operating income and charges	**(979)**	**(2,142)**

"Expansion costs of the Aquafil Group" refer to costs incurred for the activities and projects related to the expansion of the Group, in particular in India.

"Tax, administrative and extraordinary technical consultancy" refers to costs for fiscal consulting incurred in relation to the joint audit consequent to the position paper received by Aqualeuna G.m.b.H. on the tax audit by the "Bundeszentralamt fur Steuern" office responsible for intercompany transactions in the region for the years 2017, 2018 and 2019.

"Other extraordinary charges" refer to costs related to previous years.

"Bonuses and incentives" mainly concerns redundancy incentives.

The percentage of the non-recurring items of the result, of cash flows, of the equity position, and of the net debt, are reported below.

(in Euro thousands)	2024	*of which non-recurring*	Share	
Net Profit	626	*(979)*	(156.57%)	
Net cash flow in the year	8,963	*(979)*	(10.93%)	(*)
Total assets	636,831			(**)
Net financial debt	(263,732)	*(979)*	0.37%	(*)

(*) Amount paid in the year of non-recurring income statement items.
(**) Amount of non-recurring income statement items yet to be paid at year-end.

10. NET FINANCIAL DEBT

Below is the breakdown of the net financial debt as at December 31, 2024, determined in accordance with ESMA/2013/319 Recommendations:

(in Euro thousands)		At December 31, 2024	At December 31, 2023
A.	Cash	81,709	72,746
B.	Cash and cash equivalents		
C.	Other current financial assets	17,654	1,974
D.	**Liquidity (A + B + C)**	**99,363**	**74,719**
E.	Current financial debt (including debt instruments but excluding the current portion of non-current financial debt)	(3,963)	(2,354)
F.	Current portion of non-current financial debt	(90,958)	(91,512)
G.	**Current financial debt (E + F)**	**(94,921)**	**(93,865)**
H.	**Net current financial debt (G – D)**	**4,442**	**(19,146)**
I.	Non-current financial debt (excluding current portion and debt instruments)	(223,693)	(240,397)
J.	Debt instruments	(44,481)	(57,391)
K.	Trade payables and other non-current payables		
L.	**Net current financial debt (I + J + D)**	**(268,174)**	**(297,788)**
M.	**Total financial debt (H + L)**	**(263,732)**	**(316,934)**

The following table presents the items included in the net debt regarding related parties:

(in Euro thousands)	December 31, 2024	December 31, 2023
E. Current financial receivables	16,916	
M. Other non-current financial payables	(44,759)	(14,027)

The net financial reconciliation between the beginning and end of the year is presented below. The effects indicated include the currency effects.

(in Euro thousands)		*of which current portion*	*of which current portion*
Net Debt at December 31, 2023	**(316,934)**	***(19,146)***	***(297,788)***
Net cash flow in the period	8,963	*8,963*	
Contracting/reclassification of current financial receivables	16,916	*16,916*	
New bank loans and borrowings	(29,500)	*(313)*	*(29,188)*
Repayment /reclass. bank loans and borrowings	91,538	*2,434*	*89,104*
New leasing loans	(715)	*(143)*	*(572)*
Repayment/reclass. lease liability	1,138	*137*	*1,001*
Change in fair value derivatives	(1,144)	*(1,144)*	
Repayments/drawdown loans to subsidiaries	(32,385)	*(1,653)*	*(30,732)*
Other changes	(1,610)	*(1,610)*	
Net Debt at December 31, 2024	**(263,732)**	***4,442***	***(268,174)***

11. RELATED PARTY TRANSACTIONS

Transactions and balances with related parties are illustrated in the tables below

(in Euro thousands)	Parent companies	Subsidiaries	Related parties	Total	Total book value	% on total account items
Non-current financial assets						
December 2024		20,190	29	**20,219**	354,494	5.70%
December 2023		35,408	29	**35,437**	369,412	9.59%
Trade receivables						
December 2024		68,041	33	**68,074**	68,011	100.09%
December 2023	275	76,324	33	**76,632**	79,395	96.52%
Current financial assets						
December 2024		16,916		**16,916**	17,654	95.82%
December 2023					1,974	
Other current assets						
December 2024					4,159	
December 2023	5,854			**5,854**	9,463	61.86%
Current financial liabilities						
December 2024		(1,653)	(292)	**(1,945)**	(94,921)	2.05%
December 2023			(285)	**(285)**	(93,865)	0.30%
Non-current financial liabilities						
December 2024		(44,759)	(1,077)	**(45,836)**	(268,174)	17.09%
December 2023		(14,027)	(1,224)	**(15,251)**	(297,788)	5.12%
Trade payables						
December 2024		(61,227)	55	**(61,172)**	(115,683)	52.88%
December 2023	(184)	(61,951)	(95)	**(62,230)**	(128,275)	48.51%
Other current liabilities						
December 2024		(2,390)		**(2,405)**	(12,057)	19.95%
December 2023		(3,946)		**(3,946)**	(15,010)	26.29%

The transactions of the Company with related parties are illustrated in the table below:

(in Euro thousands)	Parent companies	Subsidiaries	Related parties	Associates	Total	Total book value	% on total account items
Revenues							
FY 2024		232,542			**232,542**	530,514	43.83%
FY 2023		213,379			**213,379**	510,812	41.77%
Raw material costs							
FY 2024		(333,818)			**(333,818)**	(448,088)	74.50%
FY 2023		(342,415)			**(342,415)**	(440,724)	77.69%
Service costs and rent, lease and similar costs							
FY 2024		(914)	(104)		**(1,017)**	(43,324)	2.35%
FY 2023	(2)	(1,079)	(57)		**(1,138)**	(46,183)	2.46%
Labour costs							
FY 2024		95			**95**	(35,185)	(0.27%)
FY 2023		95			**95**	(36,883)	(0.26%)
Other operating costs and charges							
FY 2024			(26)		**(26)**	(543)	4.79%
FY 2023			(26)		**(26)**	(695)	3.74%
Financial income (charges) from investments							
FY 2024		15,937			**15,937**	15,937	100.00%
FY 2023		16,486			**16,486**	16,487	100.00%
Financial income							
FY 2024		1,656			**1,656**	2,060	80.39%
FY 2023		1,744			**1,744**	2,188	79.70%
Financial charges							
FY 2024		(1,786)	(24)		**(1,810)**	(20,856)	8.68%
FY 2023	(23)	(1,807)	(30)		**(1,859)**	(19,052)	9.76%

The following table summarises cash flows with related parties and their percentage out of the cash flow indicated in the cash flow statement:

(in Euro thousands)	Total cash flow statement account	*of which related parties*	% on total account items
Profit/(loss) for the year	626	*(79,643)*	(12,731%)
Investment income/charges	15,937	*15,937*	100%
Financial income	2,060	*1,656*	80%
Financial charges	(20,856)	*(1,810)*	9%
Increase/(Decrease) in trade payables	(12,591)	*(1,058)*	8%
Decrease/(Increase) in trade receivables	11,384	*8,558*	75%
Changes in other assets and liabilities	(5,627)	*4,313*	(77%)
Net changes in current and non-current financial assets and liabilities	(1,010)	*(139)*	14%
Distribution dividends			

12. REMUNERATION AND BENEFITS OF THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT

The remuneration and benefits in favour of members of the Board of Directors and Senior Executives and the compensations due to the members of the Board of Statutory Auditors are presented below:

Director and Statutory Auditor fees (in Euro thousands)	**2024**
Short-term benefits	2,636
Other long-term employee benefits	24,5
Total	**2,660**

Senior Executive fees (in Euro thousands)	**2024**
Short-term benefits	1,432
Other long-term employee benefits	99,9
Total	**1,531**

13. OTHER INFORMATION

13.1 Commitments and risks

Other commitments

At December 31, 2024, the parent company Aquafil S.p.A. provided sureties in favour of credit institutions in the interest of subsidiaries, companies subject to the control of the parent company and third parties for a total of Euro 19,515 thousand.

Contingent liabilities

Provided below is a list of fiscal positions and disputed defined and pending as at the balance sheet date that concern the Parent Company, Aquafil S.p.A. We are not aware of the existence of further disputes or proceedings that are likely to have significant repercussions on the Group's economic and financial situation.

(i) *Tax audit Aqualeuna G.mbH*

2013-2015 And 2016-2017 Periods

The company Aqualeuna G.m.b.H. was involved in a tax audit by the competent German federal tax office in Leuna concerning inter-company transactions. On July 15, 2021, the company was notified by the German tax administration's audits unit in Halle of the conclusion of the tax audits for fiscal years 2013-2017. The upward adjustment to Aqualeuna's assessable income concerned:

(a) for the period 2013-2015, not subject to international cooperation with the Italian administration, for Euro 735 thousand, offset by the equal utilisation of the company's prior year losses;

(a) for the period 2016, subject to joint audit by the two administrations, upward adjustment for Aqualeuna of Euro 1.4 million, with corresponding equal adjustment to the benefit of Aquafil in Italy, for which during the first half of 2022 the corresponding adjustment was made official by the Trento Provincial Office. In fact, on July 26, 2022, the Office recognised the amount of Euro 410 thousand upon closure of the reimbursement file and therefore without impact on the consolidated results;

(a) for the 2017 period, not subject to joint audit by the two administrations, upward adjustment for Aqualeuna of Euro 3.7 million and the submission of a request to recognise a decrease in IRES and IRAP assessable income, filed by Aquafil on January 21, 2022. Given the use of past losses of Aqualeuna, the increased taxes for the company for 2013-2017 came to Euro 207 thousand. Aquafil, on January 21, 2022, forwarded to the International Dispute Resolution and Prevention Office of the Large Taxpayers Central Directorate in Rome of the Tax Agency a special Application pursuant to Article 31-quater, paragraph 1, letter c) of Presidential Decree September 29, 1973, No. 600 for the unilateral recognition for IRES and IRAP purposes of the downward adjustment of income against the upward adjustment amounting to Euro 3,733 thousand made in Germany for the stated tax period; the initiation of the procedures provided for in Arbitration Convention No. 90/436/EEC of July 23, 1990, on the elimination of double taxation in the case of adjustments to profits of associated companies. On December 22, 2022, the aforementioned International Dispute Resolution and Prevention Office notified the Company that the mutual agreement procedure pursuant to Article 6 of Arbitration Convention No. 90/436/EEC resulted in an agreement being reached between the competent Italian and German Authorities on the basis of which it was agreed to confirm the adjustments made by the German tax authorities in the amount of Euro 3,733 thousand and to recognise Aquafil the same amount as a corresponding adjustment by the Italian tax authorities.

The German competent authority sent a similar notice to Aqualeuna.

Both companies have sent acceptance of the agreement in relation to the year 2017 to their respective competent authorities.

Similarly to 2016, on February 15, 2023 the Company submitted, pursuant to Article 3, paragraph 1, of Law No. 99 of March 22, 1993, a refund application for IRES and IRAP purposes to the Provincial Directorate of Trento for Euro 997 thousand (Euro 896 thousand for IRES, Euro 101 thousand for IRAP) and thus awaits the refund authorisation measure.

2018-2019 Period

For tax years 2018 and 2019, not the subject of the aforementioned audits and during which Aqualeuna recognised further tax losses, the German tax administration began another audit in September 2021, requesting that the Italian tax administration launch a joint audit similar to the one conducted for 2016.

On May 31, 2023, Aqualeuna received a report dated May 15, 2023, from the German tax authority (Finanzamt Merseburg) notifying of the conclusion of the audit of fiscal years 2018 and 2019 (which began on October 5, 2021, and was completed on May 2, 2023).

This audit (not subject to international cooperation between the German and Italian tax authorities) identified the following issues resulting in an increase in taxable income for Aqualeuna: i) Euro 2,363 thousand for fiscal year 2018; and ii) Euro 4,429 thousand related to 2019. For these tax periods, total recoveries therefore result in for German tax purposes for Aqualeuna the reabsorption of the tax losses and positive taxable income for the excess of Euro 282 thousand for 2018 and of Euro 81 thousand for 2019.

For the stated tax periods, Aqualeuna filed an appeal with the tax authorities (Finanzamt Merseburg) against the assessments on June 26, 2023, requesting their suspension in order to allow for the introduction and conclusion of amicable procedures with the relevant Italian authorities.

As was done for fiscal year 2017 and in reference to the aforementioned tax periods, on October 4, 2023, Aquafil initiated a specific mutual cooperation procedure (on both the Italian and the German side) in accordance with Article 3 of Italian Law Decree no. 49 of June 10, 2020, and with Article 4 et seq. of the German law of December 10, 2019, concerning the settlement of disputes regarding double-taxation accords within the European Union, both of which transpose Council Directive (EU) 2017/1852 of October 10, 2017, on the settlement of tax disputes within the European Union.

It is therefore reasonably certain that, upon the outcome of these procedures, the competent authorities of the two States will take pursuant to Directive 2017/1852 a decision by mutual agreement (guaranteed outcome) aimed at eliminating the double taxation that might arise at Group level. The upward adjustment in taxable income imposed in Germany by Aqualeuna (as agreed upon by the two tax authorities) can thus be neutralized (as per point a) of Article 31-quater of DPR 600/1973) by a corresponding opposing adjustment granted to Aquafil by the Italian Tax Agency.

Aquafil S.p.A. therefore recognised a positive tax effect that neutralised the tax charge already recognised in the subsidiary Aqualeuna.

Compared with the situation at December 31, 2023, no new facts have emerged as of December 31, 2024 that would change the opinion expressed therein.

More specifically, and with reference to the dispute concerning the tax periods 2018 and 2019 (subject of the specific mutual agreement procedures beginning simultaneously with the two competent authorities on October 4, 2023 and declared admissible on March 18, 2024 in Italy and on August 29, 2024 in Germany), it is considered reasonably certain that the ongoing procedures (also based on the additional information sent to both competent authorities on March 20, 2024) will result in the two Tax Authorities taking a decision by mutual agreement (guaranteed outcome) to eliminate the economic double taxation at the Group level.

In view of that outlined, it is considered that there are no additional contingent liabilities on the part of Aquafil S.p.A. and the Aquafil Group to be covered by an allocation to a risk provision.

(ii) *Suspension of VAT refund – 2019 fiscal year*
On June 22, 2020, the Company filed for a VAT refund in the amount of Euro 488 thousand by way of the 2020 tax return (for 2019 income). The reason given was the lower excess credit not transferable for the payment of group VAT (as per Articles 30 and 73 of Italian Presidential Decree 633/1972). On June 17, 2022, the Tax Office, after lengthy investigative and documentary verification activities, notified the Company of the recognition of the 2019 annual VAT credit requested for reimbursement in the amount of Euro 488 thousand, and also in June settled the entire amount, including interest, as required by law. Regarding this reimbursement, see the information in the following section.

(iii) *Invitation 5-ter of Legislative Decree No. 218/1997 – VAT for 2017*
On November 20, 2023, the Trento Office notified Aquafil S.p.A. of an invitation to appear issued, pursuant to Article 5-ter of Legislative Decree No. 218/1997 for the establishment of a case regarding the adjustment of the 2018 VAT filing (for FY 2017) regarding deducted VAT for a total of Euro 790 thousand.

Regarding the VAT in dispute, as previously reported, in June 2020, the Company had requested a refund for a portion of this credit, amounting to Euro 488 thousand. In relation to this, the Office, after reviewing the documentation provided by the Company during the refund process, initially suspended the execution of the refund (Decision of November 6, 2020) and subsequently ordered the recognition of the refund with the settlement of the entire amount (Decision of June 17, 2022).

Based on this act, which contests the VAT payable of Space3 S.p.A. (a company that incorporated Aquafil during the tax period of 2017 as part of the listing operation), a payment totalling Euro 658,399 is demanded, of which: VAT: Euro 301 thousand (which does not take account of the refunded VAT), sanctions: Euro 296 thousand (equal to 1/3 of the legal total) and interest of Euro 60 thousand (calculated through November 30, 2023).

On December 6, 2023, the Company therefore filed an appeal with the Office, during which it emerged that the act (mistakenly) does not call for recovery of the VAT credit refunded in 2022 for Euro 488 thousand.

On March 22, 2024, the Trento Office served the Company an assessment notice containing a VAT tax claim of Euro 790 thousand (amount considering the VAT reimbursed in 2022), penalties of Euro 296 thousand and interest of Euro 94 thousand (calculated to 21/03/2024).

Believing the objections contained in the Notice to be entirely illegitimate and unfounded, the Company filed a prompt appeal with the First Instance Court of Trento, also requesting the suspension of the effects of the act pursuant to Article 47, Paragraph 1 of Legislative Decree 546 of 1992.

On September 16, 2024, the Company also filed an explanatory brief in response to the Office's counterclaims, highlighting the Court of Cassation judgment No. 22608 of August 9, 2024, issued after the appeal was filed, which expressly established the legitimacy of VAT deduction for transaction costs incurred by a special purpose vehicle (SPV or NewCo) in the context of a merger leveraged buy out (MLBO).

The First Instance Court of Trento rejected the suspension request on September 30, 2024.

On January 20, 2025, the appeal hearing was held, during which the court invited the parties to reach a settlement agreement on the dispute, adjourning the hearing date to March 10, 2025.

At the hearing on March 10, 2025, the judge, at the request of the parties, ordered a postponement to May 12, 2025 to allow the parties a reasonable amount of time to consider the terms of a possible settlement.

Despite the Judge's invitation to consider the possibility of conciliation and in light of other recent rulings, we believe there may be concrete possibilities of victory for the Company.

At present, therefore, any quantification of contingent liabilities is considered premature.

(iv) *Initiation of audit for direct taxes on 2016, 2017, 2018 and 2019 tax years*
On May 11, 2022, the Trento Tax Agency notified the Company of four notices of the initiation of an audit on the 2016, 2017, 2018 and 2019 tax years, with reference to the transfer prices charged by Aquafil to overseas subsidiaries for IT services, in addition to the interest rates applied on loan agreements, in full continuity with the audit on FY 2015, settled with the agreement signed on May 5, 2022.

As regards the audits for the 2016 and 2017 tax periods, the proceedings should be considered concluded following the signing of the assessment by consent agreements with the Trento Office, which took place on November 22, 2022 and September 4, 2023, respectively.

Regarding the 2021 tax period, later extended to the years 2018, 2019 and 2020, the audit was entrusted to the "Guardia di Finanza" of Trento within the scope of the general verification initiated on September 7, 2023. This concluded with the notification, on December 11, 2023, of a tax assessment report (PVC) with issued amounting to Euro 2,877 thousand, as follows:

i. transfer pricing issue for the alleged failure to rebill ICT costs to foreign subsidiaries, totalling Euro 2,189 thousand;
ii. transfer pricing issue for failure to invoice interest income to foreign subsidiaries, totalling Euro 667 thousand;
iii. costs and deductions improperly deducted totalling Euro 21 thousand.

An analysis of the PVC revealed that the issues noted by the auditors contain numerous aspects with which we do not agree in terms of their existence and amount and which had already been accepted by the Trento Office in the context of audits related to the years 2015-2017, based on which, last year, we had estimated a potential risk for the company totalling Euro 485 thousand, which has already been allocated to a specific provision.

Following the conclusion of the audit activities, the Trento Office, after receiving the PVC issued by the Italian tax police, proceeded to notify the Company of the Draft Assessment Notices for IRES and IRAP purposes for the 2018 tax year on November 4, 2024, in relation to which the Company promptly initiated the settlement assessment procedure.

Based on what emerged during the recent dialogue with the Office on January 20, 2025, it is believed that the estimate of potential IRES and IRAP charges made last year, totalling Euro 485 thousand, can be confirmed.

It should be noted that, in the PVC, penalties were not applied on the transfer pricing issues, as the documentation was deemed adequate.

On February 24, 2025, the Company, while reaffirming the legitimacy of its conduct, and solely in order to avoid a long and fatiguing litigation, settled in accordance with the Schedules of Deed for IRES and IRAP purposes for the year 2018, paying on the same date the total amount of Euro 57,374.74, of which Euro 47,822.00 for IRAP tax, Euro 9,468.95 for IRAP interest and Euro 83.33 for IRES penalties.

The higher IRES and IRAP taxable amounts agreed in the settlement are substantially in line with what was estimated for the purpose of setting aside the relevant provision in the financial statements. Specifically, there is a lower IRES and IRAP (excluding interest) charge of Euro 1,189 and Euro 515, respectively.

It is also noted that the settlement agreement did not result in any IRES payment as the Agency recognised the use of the ACE surplus available in the 2018 tax year.

In relation to the 2019 and 2020 fiscal years, the IRAP Schedules of Deeds were notified on March 12, 2025, and on the IRES Schedules of Deeds were notified on March 17,2025.

On the Schedules of Deeds, which highlight the same findings as those reported in the PVC, the company will activate the agreed settlement procedure according to the legal deadlines.

For the FY 2021, no deed has been served yet.

In light of the above, it is considered that we can confirm the estimate of the potential IRES and IRAP charge, totalling € 485,365, which is already recorded in a special provision in the financial statements as of 31/12/2024.

13.2 Significant events after December 31, 2024

1. The following financing was settled by the Company using surplus cash on hand:
    - on February 6, 2025 the loan taken out with Monte dei Paschi di Siena of a residual payable of Euro 1,875 thousand.

2. On February 20, 2025, the Company announced that Mr. Roberto Bobbio, Group CFO and Executive Officer for Financial Reporting, resigned for personal reasons, effective March 1, 2025. Roberto Bobbio will retain his duties and responsibilities until February 28, 2025. Mr. Bobbio does not hold any Aquafil shares as of today. The Company also announces that it has already identified Mr. Andrea Pugnali, former Regional CFO of the group company Aquafil USA Inc. as the ideal candidate to fill the role of Group CFO: Andrea Pugnali will formally assume this role as of August 1, 2025. To ensure a smooth transition, the routine management of the AFC department’s activities, as well as ensure the smooth running of activities related to upcoming corporate events, until then all functions currently reporting to the Group CFO will report directly to Mr. Giulio Bonazzi, the Company’s CEO. Finally, the Company announces that effective March 1, 2025, it has appointed Ms. Barbara Dalla Piazza, Consolidation & ESG Director, as the Executive Officer for Financial Reporting pursuant to and for the purposes of Law 262/05 and Article 154-bis CFA, and, effective the same date, Mr. Stefano Giovanni Loro, President BCF, as Executive Officer for Sustainability Reporting, pursuant to and for the purposes of EU Directive 2022/2464: Dalla Piazza and Loro will hold their respective positions until the relative responsibilities are assigned to the new Group CFO.

3. On February 26, 2025, the following financing was settled by the Company using surplus liquidity on hand:
   - the loan taken out with Crédit Agricole of a residual debt amounting to Euro 962 thousand;
   - the loan taken out with Crédit Agricole of a residual debt amounting to Euro 1,818 thousand.

4. On March 7, 2025, the following financing was settled by the Company using surplus liquidity on hand:
   - the loan taken out with BNL of a residual debt amounting to Euro 1,136 thousand;
   - the loan taken out with BNL of a residual debt amounting to Euro 682 thousand.

13.3 Disclosure as per Article 1, paragraph 125 of Law No. 124 of August 4, 2017

With regards to that required by Article 1, paragraph 125 of Law 124/17, the Company recorded the following in 2024:

i) Euro 63 thousand relating to the sale of the external electricity distribution network produced by the photovoltaic plants;
ii) Euro 41 relating to training grants for Aquafil S.p.A.;
iii) Euro 84 thousand related to the tax credit accrued on the research and development expenses incurred in 2023 and determined as per Article 1, paragraph 35 of Law No. 190 of December 23, 2014;
vi) Euro 224 thousand related to the grant recognised by the EU for the "Effective" research project (portion in the year of the grant);
v) Euro 22 thousand for the tax credit on the purchase of capital goods;
vi) Euro 98 thousand for the contribution recognised by the EU for the "Cisuflo" project (portion in the year of the grant);
vii) Euro 114 thousand relating to the transfer of the "superbonus" tax credit;
viii) Euro 56 thousand related to the Industry 4.0 tax credit.

With regards to any subventions, contributions or other financial benefits received by the Company in 2024 from the Tax Agency, reference should be made to the preceding paragraphs covering the tax items.

Proposal to allocate profits or for the coverage of losses

Considering the financial and equity position of the Company, we propose the allocation of the net profit of Euro 625,607 as follows:

- One-twentieth, or Euro 31,280, to the legal reserve;
- Extraordinary reserve Euro 594,327.

Attachment 1 - Disclosure pursuant to Article 149-*duodecies* of the Consob Issuer's Regulation

The following table, drawn up pursuant to Article 149-*duodecies* of the Consob Issuers' Regulation, highlights the fees charged in the year 2024 for auditing and non-auditing services rendered by this appointed independent audit firm and by the companies in its network to the company Aquafil S.p.A.

Company providing the service	Recipient of service	Type of services	Fees 2024
PwC S.p.A.	Aquafil S.p.A.	Audit separate financial statements	148,992
Total Audit services provided in 2024 to Aquafil S.p.A. by audit firm			**148,992**
PwC S.p.A.	Aquafil S.p.A.	Audit of the statement of the 2024 research and development costs for the purposes of the tax credit Law 145/18	4,900
Total other audit services provided in 2024 to Aquafil S.p.A. by audit firm			**4,900**
PwC S.p.A.	Aquafil S.p.A.	Critical examination of the data included in the Prospectus for the capital increase	90,000
Total other non-audit services provided in 2024 to Aquafil S.p.A. by Audit Firm			**90,000**
Total services provided in 2024 to Aquafil S.p.A.			**243,892**

Arco, March 18, 2025

The Chairperson of the Board of Directors
Full Professor Chiara Mio

The Executive Officer
Ms. Barbara dalla Piazza

Statement of the Principal Financial Officer and the Delegated Bodies

Aquafil S.p.A.
Via Linfano 9 - Arco (TN) – Italy
P.I.: 09652170961

STATEMENT OF THE PRINCIPAL FINANCIAL OFFICER AND THE DELEGATED BODIES (art. 154-bis, comma 5) ABOUT THE FINANCIAL STATEMENTS OF AQUAFIL SPA CLOSED ON 2024/12/31 IN ACCORDANCE WITH ART 81-TER OF CONSOB REGULATION N. 11971 OF 14 MAY 1999 AND ANY SUBSEQUENT AMENDEMENTS AND ADDITIONS

1. The **undersigned** Giulio Bonazzi, CEO and Barbara Dalla Piazza, Principal Financial Officer ex Law 262/05 of Aquafil SpA, certify, based on art. 154-bis, commas 3-4, and Legislative Decree 58/98:

   - the adequacy in relation to the firm characteristics and
   - the effective implementation

   of the administrative - accountability procedures aimed at preparing the financial statements as of December 31st, 2024.

2. No relevant issues arose.

3. It is also certified that the financial statements as of December 31st, 2024:

   a) are drafted based on the International Financial Reporting Standards (I.F.R.S.), recognized in the European Community in accordance with Regulation (EC) n. 1606/2002 of the European Parliament and of the Council of 19 July 2002;

   b) match with the results of the accountability books and registrations;

   c) are appropriate to give a truthful and correct representation of the statement of the assets, liabilities, and capital of the Company.

Arco, March 18th, 2025

CEO

Dott. Giulio Bonazzi

Principal Financial Officer

dott.ssa Barbara Dalla Piazza

Report on the Audit of the Financial Statement

pwc

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 Aquafil SpA

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Aquafil SpA (the Company), which comprise the balance sheet and financial position as of 31 December 2024, the income statement, comprehensive income statement, statement of changes in shareholders’ equity, cash flows statement 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 the Company 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. 38/05.

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 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 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*
Recoverability of the value of investments in subsidiaries *Paragraph 2.3 "Accounting Standards" note "Equity Investments" and Note 7.3 to the financial statements "Current and non-current financial assets"*	
The financial statements of Aquafil SpA as at 31 December 2024 include investments in subsidiaries amounting to Euro 334.000 thousand, equal to 52,4% of total assets. Based on International Accounting Standard IAS 36 ("*Impairment of Assets*"), investments are valued at cost; in case of impairment losses, these are recognized in the income statement. At least once a year, the Company's management analyses each investment focusing on the companies for which the book value exceeds the corresponding share of equity and, simultaneously, a loss was recorded during the period. If, following such analysis, there are indicators which might lead to presume a loss in value of the investments, management verifies the presence of an investment loss of value by comparing the related book value with the estimated recoverable amount as per the International Accounting Standard IAS 36 (so called "*Impairment test*").. The recoverable amount is determined as the higher of the value in use, determined by discounting the prospective cash flows of the investment and, where possible, the hypothetical selling value determined on the basis of recent transactions or market multiples. Considering the significance of this item and of the elements of estimate inherent in the evaluations, we identified the valuation of investments as a key audit matter, with	The audit procedures carried out consisted in in understanding and assessing the internal control system, the examination and discussion with the Company's management of the subsidiaries' financial performance, as well as assessing the existence of any impairment indicator as provided for in IAS 36. We also obtained and analysed the results of the work performed, on the basis of our instructions, by the audit teams of the subsidiaries on the reporting used for the consolidated financial statements in order to verify whether there was any impairment indicator. In the event there was an indicator that led to presume a loss in value of investments, we discussed with management the conclusions reached by them based on the *impairment* test, which we verified as set down in the specific internal procedure and in accordance with IAS 36. Specifically, we examined the methods to work out the projected cash flows used to calculate the value in use and methods of application of the discounted cash flow mathematical model. We also verified the consistency of the projections used compared to the management's updated plans, as well as the reasonability of cash flows and rates used. Finally, we verified the completeness and accuracy of the disclosures in the notes to the financial statements.

Key audit matters	*Auditing procedures performed in response to key audit matters*
reference to the existence of any impairment indicator relating to subsidiaries, the appropriate application of impairment tests and the recognition thereof in the financial statements of the correct value of the investments.	
Revenue recognition *Paragraph 2.3 "Accounting Standards" note "Revenue and Costs" and Note 8.1. "Revenues"*	
At 31 December 2024, revenues of Aquafil SpA amounted to Euro 530.514 thousand, mainly due to the sale of finished products. These revenues are recognized in the financial statements when control of the goods produced is transferred and only if all criteria under IFRS 15 (*"Revenue from contracts with customers"*) are met. As part of our audit procedures on the separate financial statements, the correct recognition of revenues was considered as a key area, since it represents the most significant Profit and Loss item and an incorrect recognition of them would cause a considerable alteration of the result for the year.	The audit approach preliminarily consisted in understanding and assessing the internal control system and of the procedures set by the Company for the recognition of revenues from sale. The audit approach then provided to perform a sample of testss on relevant controls put in place by the Company, with particular reference to the existence of such revenues and their recognition in the correct accrual period. Taking into account the understanding, assessment and validation of the internal controls mentioned above, we planned and performed validity tests on the relevant financial statement item. In particular we verified, in relation to a sample deemed representative, the existence and accuracy of revenues recognised in the financial statements, by examining the information included in the available documentation as supporting evidence. Our checks included, on a sample basis, returned goods and credit notes issued, as well as period-end accruals. We also verified the reconciliation of the intercompany balances being analyzed by each auditor of the group companies. Finally, we verified the completeness and accuracy of the disclosures in the notes to the financial statements.

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. 38/05 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 30 January 2018, the shareholders of Aquafil SpA in general meeting engaged us to perform the statutory audit of the Company's and consolidated financial statements for the years ending 31 December 2017 to 31 December 2025.

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 the board of statutory auditors, in its 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 Aquafil 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.

Opinions and statement in accordance with article 14, paragraph 2, letters e), e-bis) and e-ter) of Legislative Decree No. 39/10 and with article 123-bis, paragraph 4, of Legislative Decree No. 58/98

The directors of Aquafil SpA are responsible for preparing a report on operations and a report on the corporate governance and ownership structure of Aquafil SpA 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. 58/98, 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. 58/98;
- 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. 58/98.

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. 58/98 are consistent with the financial statements of Aquafil SpA as of 31 December 2024.

Moreover, 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. 58/98 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. 39/10, 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.

Treviso, 27 March 2025

PricewaterhouseCoopers SpA

Signed by

Giorgio Simonelli
(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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