

Consolidated Half-Year Financial Report 2024

2024

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Corporate Boards

Board of Directors

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, Risks and Sustainability 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	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. – Viale Felissent, 90 – 31100 Treviso

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
of the Aquafil Group
at June 30, 2024

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

Registered Office: Via Linfano, 9 - Arco (TN) - 38062 - Italy

Telephone: +39 0464 581111

Certified e-mail: pec.aquafil@aquafil.legalmail.it

E-mail: info@aquafil.com

Website: www.aquafil.com

Share capital (at approval of the Half-Year Financial Statements at June 30, 2024):

- Approved: € 50,522,417.18
- Subscribed: € 49,722,417.28
- Paid-in: € 49,722,417.28

Tax and VAT No.: IT 09652170961

Trento Economic & Administrative Registration: TN - 228169

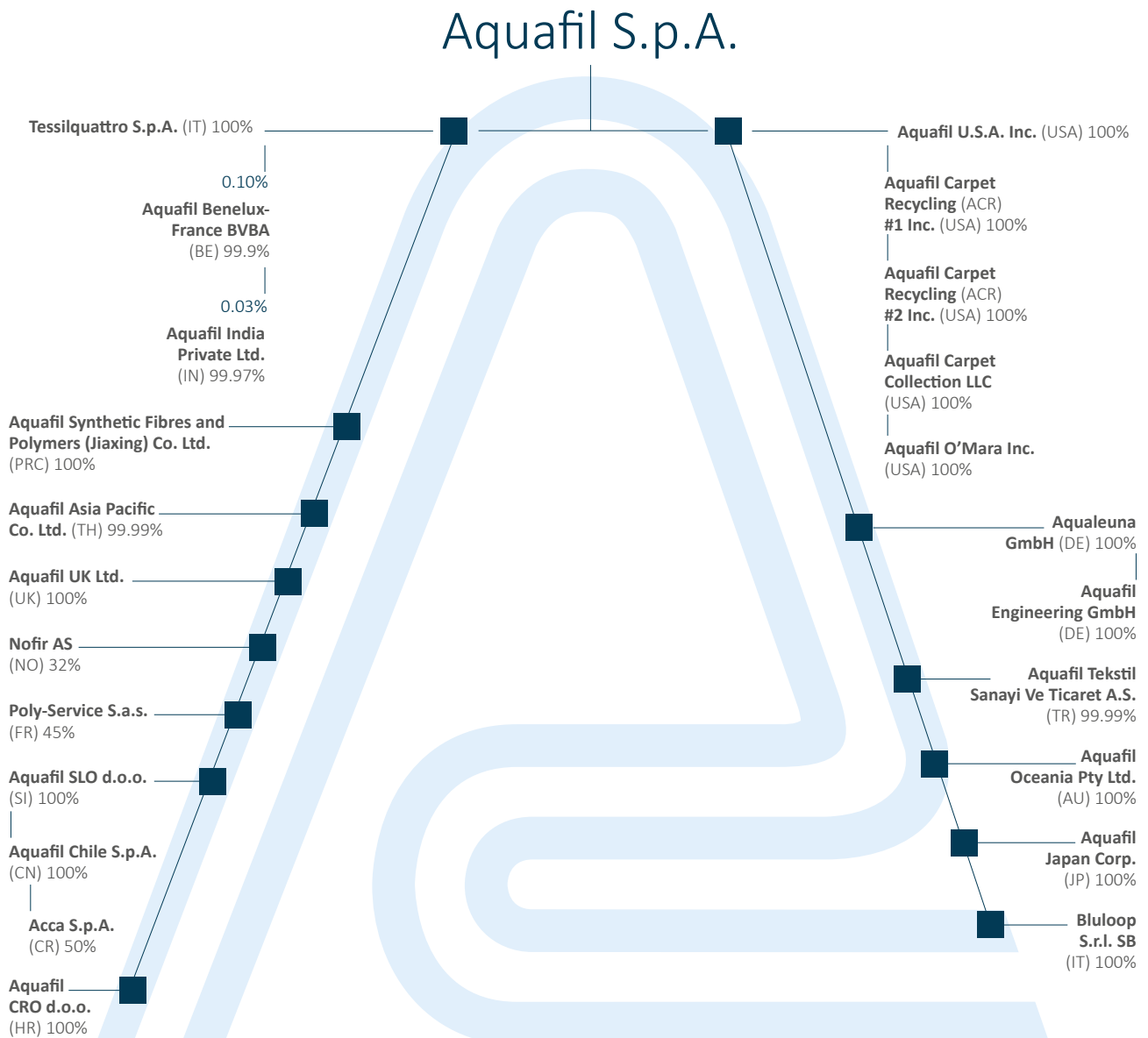
Company duration: 31/12/2100

There are no changes relating to the name of the entity preparing the financial statements or of other means of identification since the previous period.

2. CONSOLIDATION SCOPE

The Group consolidates the following companies, with headquarters in EMEA, the United States, Asia and Oceania.

The changes to the scope in the period are outlined in the Notes.



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 A.S. 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.

2.1 H1 2024 Performance

The first half of the year saw volumes increase on the same period of the previous year, with a gradual recovery for the textile flooring fibres and polymers product lines, while clothing fibres were again weak. The higher volumes on the first half of the previous year featured a change in the mix and a reduction in sales prices, which slightly impacted revenues for the period.

The various regions presents divergent performances: while textile flooring fibres saw volumes recover in Europe and Asia Pacific, the US market saw a partial slowdown caused by the general domestic consumption trends emerging in many other production sectors. Clothing fibres do not demonstrate signs of significant recovery, with volumes contracting in the United States on the basis of the factors indicated above, and in the EMEA area. Polymers continue to grow in line with the Plan.

Although the general environment has not yet entirely stabilised, the H1 margin improved over the previous year, mainly thanks to the absence of the negative inventory valuation impact which heavily penalised the comparative period.

In terms of the Group's debt, the actions taken since 2023 to restructure personnel costs and investments, in addition to the optimisation of working capital, are delivering the expected results.

3. SIGNIFICANT EVENTS IN THE FIRST HALF OF 2024

The Group's key events in the first half of the year included:

1. On January 12, 2024, Aquafil S.p.A. received a new unsecured loan in the amount of Euro 10 million from Banca Popolare di Sondrio. The loan is backed by SACE's guarantee.
2. The following financing was settled by the Company using surplus cash on hand:
 - (i) 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;
 - (ii) on January 31, 2024, loan received from Intesa Sanpaolo with a residual balance of Euro 2,571 thousand;
 - (iii) on February 8, 2024, loan received from BCC Verona e Vicenza with a residual balance of Euro 1,000 thousand;
 - (iv) on April 15, 2024, loan received from Deutsche Bank with a residual balance of Euro 312.5 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 creating 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. On January 30, 2024, a non-binding term sheet was signed by Aquafil S.p.A., Kape GmbH, Hafenstrasse 47-51, 4020 Linz (Austria), and the investment fund eQventuer GmbH, Karmeliterplatz 4, 8010 Graz, aimed at developing a joint collaboration for a new technology for the mixing and extrusion of polyamide 6 polymers to be used in skateboards but also, potentially, in other products that undergo high levels of stress. The project calls for an increase in capital to be subscribed jointly by Aquafil and eQventure with a maximum investment by Aquafil of Euro 500 thousand, to be carried out in accordance with developments in collaborative projects.
5. On June 11, 2024, Aquafil S.p.A. received a new unsecured loan in the amount of Euro 10 million from Cassa di Risparmio di Bolzano. The loan is backed by a SACE guarantee.

4. GENERAL AND ECONOMIC OVERVIEW

CLIMATE CHANGE

The Aquafil Group passionately pursues its environmental, social and governance policy and takes an active role in the community in which it operates.

The Group's organisational structure has evinced a long-standing interest in the environmental impact of processes and products, and continuously assesses possible avenues for improvement, with an approach firmly focused on sustainability and circularity.

In particular, this structure considers the consequences of climate change for its activities, processes and local organisations, the risk of which is consistently monitored and assessed. It can thus be stated that no significant impacts are currently expected on operating activities in the regions where the Group operates.

For further information regarding the Aquafil Group's sustainability goals and policies, please refer to the 2023 Non-Financial Report pursuant to Legislative Decree No. 254 of 2016 published on the Group's website.

IMPLICATIONS OF THE RUSSIA - UKRAINE AND ISRAEL - PALESTINE CONFLICTS

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 period, nor the procurement of goods and services, which are usually not sourced from the areas impacted.

5. AQUAFIL ON THE STOCK MARKET

At June 28, 2024, the Aquafil share price (ISIN IT0005241192) was Euro 2.94, down approx. 14.53% on December 29, 2023 (Euro 3.44), against a decrease of 0.71% in the STAR Segment of the Italian Stock Exchange in the same period.

The Aquafil share generally declined in the period, between a minimum of Euro 2.94 (on 28/06/2024) and a maximum of Euro 3.69 (on 13/05/2024).

The *average traded volume* in the period was 65,523 shares, with a maximum daily volume (traded on 15/05/2024) of 577,911 shares, and a minimum daily volume (traded on 03/06/2024) of 7,074 shares.

6. AQUAFIL GROUP CONSOLIDATED FINANCIAL HIGHLIGHTS

6.1 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 “Key Group 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)**

6.2 Key Group Financial Highlights

(in Euro thousands)	At June 30, 2024	At June 30, 2023
Profit/(loss) for the period	(6,133)	(4,136)
Income taxes	(1,020)	2,058
Amortisation, depreciation and write-downs	26,987	24,287
Provisions and write downs/(releases)	(11)	(178)
Financial items (*)	11,709	7,651
Non-recurring items (**)	1,049	1,645
EBITDA	32,581	31,327
Revenues	288,133	311,117
EBITDA margin	11.3%	10.1%

(in Euro thousands)	At June 30, 2024	At June 30, 2023
EBITDA	32,581	31,327
Amortisation, depreciation and write-downs	(26,987)	(24,287)
(Provisions and write-downs)/releases	11	178
Adjusted EBIT	5,606	7,218
Revenues	288,133	311,117
Adjusted EBIT margin	1.9%	2.3%

(*) Comprises: (i) Interest expense on loans and other bank charges for Euro -10.5 million, (ii) Customer cash discounts for Euro -1.5 million, (iii) Financial income for Euro 0.6 million (iv) Net exchange losses for Euro -0.4 million.

(**) Comprises: (i) Non-recurring Group expansion costs for Euro -0.11 million, (ii) Non-recurring extraordinary legal consultancy costs for Euro -0.04 million; (iii) Non-recurring costs for personnel mobility of two group companies for Euro -0.83 million, (iv) Other non-recurring charges and revenues of Euro -0.07 million. For a complete table, see paragraph 6.14 of the Notes to the Half-Year Financial Statements.

For an analysis of the highlights indicated above, reference should be made to subsequent paragraphs.

6.3 Key Group balance sheet and financial indicators

(in Euro thousands)	At June 30, 2024	At December 31, 2023
Consolidated Shareholders' Equity	123,739	125,253
Net Financial Position (NFP)	242,980	248,537
NFP/EBITDA RATIO	4.98	5.23

The comments on the movements in the Net Financial Position are reported in paragraph 9 "Group balance sheet and financial position".

7. H1 2024 CONSOLIDATED INCOME STATEMENT

The H1 2024 Income Statement compared with the previous half year is reported below:

Consolidated Income Statement (in Euro thousands)	Note	June 2024 <i>of which non-recurring</i>		June 2023 <i>of which non-recurring</i>	
Revenues	6.1	288,133		311,117	
<i>of which related parties</i>		158		151	
Other revenues and income	6.2	3,285	37	4,947	3
Total revenues and other revenues and income		291,418	37	316,064	3
Cost of raw materials and changes to inventories	6.3	(137,791)		(158,938)	
Service costs and rents, leases and similar costs	6.4	(61,701)	(148)	(67,864)	(1,018)
<i>of which related parties</i>		(329)		(264)	
Personnel costs	6.5	(62,175)	(830)	(63,019)	(515)
Other costs and operating charges	6.6	(1,659)	(109)	(1,764)	(114)
<i>of which related parties</i>		(35)		(35)	
Amortisation, depreciation and write-downs	6.7	(26,987)		(24,287)	
Provisions and write downs/(releases)	6.8	11		178	
Increase in internal work capitalised	6.9	1,976		3,736	
EBIT		3,092	(1,049)	4,106	(1,645)
Investment income/charges		0		0	
Financial income	6.10	641		339	
Financial charges	6.11	(10,531)		(7,505)	
<i>of which related parties</i>		(49)		(87)	
Exchange gains/losses	6.12	(356)		983	
Profit/(loss) before taxes		(7,153)	(1,049)	(2,078)	(1,645)
Income taxes	6.13	1,020		(2,058)	
Profit/(loss) for the period		(6,133)	(1,049)	(4,136)	(1,645)
Minority interest net profit		0		0	
Group Net Profit/(loss)		(6,133)	(1,049)	(4,136)	(1,645)
<i>Basic earnings per share</i>	6.15	(0.12)		(0.08)	
<i>Diluted earnings per share</i>	6.15	(0.12)		(0.08)	

7.1 Comments on the main H1 Consolidated Income Statement accounts

Comments on the main H1 Consolidated Income Statement accounts compared to H1 of the previous year follow:

Revenue breakdown by product line and region

Revenues by region and product line are presented in the following table (Euro millions) and also in percentage terms, alongside an analysis of the movements against the same period of the previous year:

	BCF (fibre for carpet)				NTF (fibre for fabrics)				Polymers				Total			
	1H24	1H23	Δ	Δ%	1H24	1H23	Δ	Δ%	1H24	1H23	Δ	Δ%	1H24	1H23	Δ	Δ%
EMEA	96.9	99.0	(2.1)	(2.1%)	31.9	46.3	(14.4)	(31.1%)	28.9	19.8	9.1	45.9%	157.7	165.1	(7.4)	(4.5%)
North America	62.3	80.0	(17.7)	(22.2%)	12.5	15.6	(3.1)	(19.8%)	4.3	2.8	1.5	52.8%	79.1	98.4	(19.3)	(19.7%)
Asia and Oceania	47.1	44.2	2.9	6.6%	1.5	2.0	(0.5)	(23.4%)	1.3	0.4	0.9	N.A.	50.0	46.6	3.4	7.3%
Rest of the world	0.5	0.5	(0.0)	(3.2%)	1.0	0.6	0.4	58.3%	0	0	0	N.A.	1.4	1.1	0.3	31.2%
Total	206.7	223.6	(16.9)	(7.6%)	46.9	64.5	(17.6)	(27.3%)	34.5	23.0	11.5	50.1%	288.1	311.1	(23.0)	(7.4%)
%	71.8%	71.9%			16.3%	20.7%			12.0%	7.4%						

Sales revenues in the period of Euro 288.1 million decreased Euro 23.0 million (-7.4%) on Euro 311.1 million in H1 2023.

Specifically, a comparison between the two periods highlights:

- **EMEA revenues** totalled Euro 157.7 million, compared to Euro 165.1 million in the same period of the previous year, decreasing Euro 7.4 million (4.5%). The reduction is mainly due to the decrease in the quantity sold for the NTF product line, and sales price movements which have aligned with the lower raw material costs;
- **North American** revenues were Euro 79.1 million, compared to Euro 98.4 million in the same period of the previous year, a decrease of Euro 19.3 million (19.7%). Both the BCF and NTF product lines saw revenues decrease, mainly due to the reduced quantities sold in the period, in addition to the reduction in sales prices in line with the lower raw material costs;
- **Asia and Oceania revenues** amounted to Euro 50.0 million, compared to Euro 46.6 million in the same period of the previous year, an increase of Euro 3.4 million (7.3%). This increase mainly concerns the higher volumes, partially offset by the sales prices.

Other revenues and income

Other revenues and income amounted to Euro 3.3 million, compared to Euro 4.9 million in the first half of 2023, decreasing Euro 1.7 million, mainly due to the government grants obtained by Aquafil S.p.A. and Tessilquattro S.p.A. in H1 2023.

Costs for raw materials, ancillaries and consumables

Raw materials, ancillaries and consumables totalled Euro 137.8 million, compared to Euro 158.9 million in H1 2023, a decrease of Euro 21.1 million. They accounted for 48% of revenues (51% in H1 2023). The decrease in the proportion of raw materials on revenues — despite the decrease in the costs (particularly evident in Q2) — was mainly due to the effect of the higher unit value of stock built up in 2022.

Service costs

Service costs totalled Euro 61.7 million, compared to Euro 67.9 million in H1 2023, a decrease of Euro 6.2 million (9.1%). The reduction, related to the lower production volumes, was particularly significant in terms of utility costs which, as outlined in the explanatory notes, declined significantly on H1 2023.

Personnel costs

Personnel costs totalled Euro 62.2 million, decreasing Euro 0.8 million compared to H1 2023 (Euro 63.0 million). They accounted for 21% of revenues (20% in the same period of 2023).

The decrease mainly concerns the reduction in the average workforce, which is 176 lower than H1 2023. This reduction was mainly in the United Kingdom, where production stopped in 2023, and in Slovenia, Italy and Croatia, in which restructurings resulted in higher non-recurring costs.

Other costs and operating charges

Other costs and operating charges amount to Euro 1.7 million (Euro 1.8 million in H1 2023), decreasing Euro 0.1 million.

Increases for internal work

The increases for internal work amount to Euro 2.0 million (Euro 3.7 million in H1 2023), decreasing Euro 1.8 million. The decrease is mainly due to the reduced capitalisation of development costs related to new products (IAS 38) in the first half of 2024 compared to the first half of 2023.

EBITDA

EBITDA, as defined by the alternative performance measures outlined in the key financial highlights of this report, was Euro 32.6 million, compared to Euro 31.3 million in the same period of the previous year, up Euro 1.3 million.

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

The EBITDA Margin on revenues in H1 2024 was 11.3% (10.1% in the same period of the previous year).

Amortisation, depreciation and write-downs

Amortisation, depreciation and write-downs in H1 2024 totalled Euro 27.0 million, compared to Euro 24.3 million in the first half of 2023 (increasing Euro 2.7 million). The increase on the same period of the previous year is due to the straight-line amortisation and depreciation of tangible and intangible assets, in addition to the portion on the co-generation plant of Aquafil SLO d.o.o. which entered into full operation in 2024.

Other provisions

“Other provisions” (represented by releases) present a negligible positive amount in the first half of 2024, substantially in line with the first half of 2023.

EBIT

H1 2024 EBIT was Euro 3.1 million, compared to Euro 4.1 million in the first half of 2023 (decreasing Euro 1.0 million). This decrease is mainly due to the effects described above.

Financial management result

H1 2024 net financial charges amounted to Euro 10.2 million, compared to Euro 6.2 million in the same period of the previous year (increasing Euro 4.1 million). The movement relates to: *i*) increase in financial charges of Euro 3.0 million, mainly due to the increase in interest expense on mortgages and bank loans; *ii*) net exchange gains in the first half of 2024 of Euro 0.4 million (compared to gains of Euro 1.0 million in the previous year).

Income taxes

Income taxes in the period were positive for Euro 1.0 million, compared to a charge of Euro 2.1 million in the first half of 2023 (a decrease of Euro 3.1 million, due to the reduction in the gross result). The decrease was mainly due to the absence of current taxes against the pre-tax losses reported by the Group legal entities.

Consolidated half-year result

The Group consolidated net result was a loss of Euro 6.1 million, compared to a loss in the first half of 2023 of Euro 4.1 million, with the loss decreasing Euro 2.0 million, due to the reasons outlined above.

8. Q2 2024 CONSOLIDATED INCOME STATEMENT

The interim reporting is supported by a breakdown of the consolidated result for Q2 2024 against the same period of 2023.

Key Financial Highlights (in Euro thousands)	Q2 2024	Q2 2023
Profit/(loss) for the period	(3,029)	(7,427)
Income taxes	(122)	706
Amortisation, depreciation and write-downs	13,582	12,458
Provisions and write-downs/(releases)	1	(28)
Financial items	6,157	3,524
Non-recurring items	751	522
EBITDA	17,339	9,755
Revenues	140,633	144,297
EBITDA margin	12.3%	6.8%

(in Euro thousands)	Q2 2024	Q2 2023
EBITDA	17,339	9,755
Amortisation, depreciation and write-downs	(13,582)	(12,458)
(Provisions and write-downs)/releases	(1)	28
Adjusted EBIT	3,757	(2,675)
Revenues	140,633	144,297
Adjusted EBIT margin	2.7%	(1.9%)

Consolidated Income Statement (in Euro thousands)	Note	Q2 2024 of which non-recurring	Q2 2023 of which non-recurring
Revenues		140,633	144,297
<i>of which related parties</i>		75	76
Other revenues and income		1,646	2,230
		5	1
Total revenues and other revenues and income		142,279	146,527
		5	1
Cost of raw materials and changes to inventories		(64,346)	(76,754)
Service costs and rents, leases and similar costs		(31,059)	(31,622)
<i>of which related parties</i>		(173)	(139)
Personnel costs		(31,209)	(30,985)
		(577)	(197)
Other costs and operating charges		(893)	(901)
<i>of which related parties</i>		(17)	(17)
Amortisation, depreciation and write-downs		(13,582)	(12,458)
Provisions and write downs/(releases)		(1)	28
Increase in internal work capitalised		1,059	2,286
EBIT		2,249	(3,880)
		(751)	(522)
Investment income/charges		0	0
Financial income		(34)	224
Financial charges		(5,093)	(4,225)
<i>of which related parties</i>		(21)	(42)
Exchange gains/losses		(272)	1,159
Profit/(loss) before taxes		(3,151)	(6,721)
		(751)	(522)
Income taxes		122	(706)
Profit/(loss) for the period		(3,029)	(7,427)
		(751)	(522)
Minority interest net profit		0	0
Group Net Profit/(loss)		(3,029)	(7,427)
		(751)	(522)

8.1 Comments on the main Q2 Consolidated Income Statement accounts

Comments on the main Q2 Consolidated Income Statement accounts compared to Q2 of the previous year follow:

Revenues by product line and region

Revenues by region and product line are presented in the following table (Euro millions) and also in percentage terms, alongside an analysis of the movements against the same period of the previous year:

	BCF (carpet yarn)				NTF (clothing yarn)				Polymers				Total			
	2Q24	2Q23	Δ	Δ%	2Q24	2Q23	Δ	Δ%	2Q24	2Q23	Δ	Δ%	2Q24	2Q23	Δ	Δ%
EMEA	47.5	44.7	2.8	6.3%	16.2	20.0	(3.8)	(19.0%)	11.8	8.9	2.9	32.4%	75.5	73.6	1.9	2.6%
North America	31.1	38.6	(7.5)	(19.4%)	6.3	8.4	(2.2)	(25.6%)	1.9	1.3	0.5	40.3%	39.3	48.4	(9.1)	(18.8%)
Asia and Oceania	24.1	20.7	3.5	16.8%	0.3	1.0	(0.7)	(68.5%)	0.7	0.1	0.6	N,A	25.2	21.8	3.3	15.3%
Rest of the world	0.2	0.3	(0.1)	(38.6%)	0.6	0.3	0.3	N,A	0	0	0	N,A	0.7	0.5	0.2	38.0%
Total	102.9	104.2	(1.3)	(1.3%)	23.4	29.7	(6.4)	(21.4%)	14.4	10.4	4.0	38.5%	140.6	144.3	(3.7)	(2.5%)
%	73.2%	72.2%			16.6%	20.6%			10.2%	7.2%						

Sales revenues totalled Euro 140.6 million, compared to Euro 144.3 million for Q2 2023, decreasing Euro 3.7 million (2.5%).

Specifically, a comparison between the two periods highlights:

- **EMEA revenues** totalled Euro 75.5 million, compared to Euro 73.6 million in the same period of the previous year, increasing Euro 1.9 million (2.6%).
- **North America revenues** totalled Euro 39.3 million, compared to Euro 48.4 million in the same period of the previous year, decreasing Euro 9.1 million (18.8%). The contraction was mainly due to reduced sales volumes;
- **Asia and Oceania revenues** amounted to Euro 25.2 million, compared to Euro 21.8 million in the same period of the previous year, an increase of Euro 3.3 million (15.3%).

Other revenues and income

Other revenues and income amounted to Euro 1.6 million, compared to Euro 2.2 million in Q2 2023, a decrease of Euro 0.6 million.

Raw materials, ancillaries and consumables

Raw materials, ancillaries and consumables totalled Euro 64.3 million, compared to Euro 76.8 million in Q2 2023, a decrease of Euro 12.4 million (16.17%). The decrease in the percentage of raw material, ancillary and consumable costs on revenues for Q2 2024 was due to the high unitary values of the stock built up in Q2 2023 compared to the corresponding period of 2024.

Service costs

Service costs totalled Euro 31.1 million in Q2 2024, a decrease of Euro 0.6 million (1.78%). Service costs represented 22.08% of revenues, compared to 21.9% in the same period of the previous year.

Personnel costs

Personnel costs were Euro 31.2 million, compared to Euro 31.0 million in Q2 2023 (substantially in line with the previous year). The percentage of revenues was 22.19% (21.5% in Q2 2023).

Other costs and operating charges

Other costs and operating charges amounted to Euro 0.9 million (in line with Q2 2023).

Increases for internal work

The increases for internal work amount to Euro 1.1 million (Euro 2.2 million in Q2 2023), decreasing Euro 1.2 million.

EBITDA

EBITDA, as defined by the alternative performance measures outlined in the key financial highlights of this report, was Euro 17.3 million, compared to Euro 9.8 million in Q2 2023, increasing Euro 7.6 million.

The EBITDA Margin on revenues in Q2 2024 was 12.3% (6.8% in the same period of the previous year).

The increase in EBITDA in Q2 mainly concerns the reduced percentage of raw materials on revenues, as outlined above.

Amortisation, depreciation and impairments

Amortisation, depreciation and write-downs in Q2 2024 amounted to Euro 13.6 million (Euro 12.5 million in the same period of the previous year), increasing by Euro 1 million, mainly due to the entry into operation of the cogeneration plant.

EBIT

Q2 2024 EBIT was Euro 2.2 million, compared to a loss of Euro 3.9 million in the same period of the previous year (an increase of Euro 6.1 million). This increase is mainly due to the higher EBITDA as described above.

Financial Management Result

Net financial charges of Euro 5.4 million were reported in Q2 2024, compared to net charges of Euro 2.8 million in the same period of the previous year (with the net charge increasing Euro 2.6 million). The increase is mainly due to the higher net financial income and charges in the period. This is due to: *i*) increased financial charges of Euro 0.9 million, mainly due to the higher interest expense on mortgages and bank loans; *ii*) the decline in net exchange gains/(losses), which report net losses of Euro 0.3 million, compared to net gains of Euro 1.2 million in the same quarter of the previous year.

Income taxes

Income taxes were positive for Euro 0.1 million, compared to Euro -0.7 million in the same period of the previous year, a decrease of Euro 0.8 million as a result of the lower gross result.

Consolidated Quarterly Result

The Group consolidated net result was a loss of Euro 3 million, compared to a loss of Euro 7.5 million in the same period of the previous year.

9. GROUP BALANCE SHEET AND FINANCIAL SITUATION

The following table reclassifies the consolidated equity and financial position of the Group at June 30, 2024 and December 31, 2023.

Group Balance Sheet and Financial Situation (in Euro thousands)	At June 30, 2024	At December 31, 2023	Change
Trade receivables	27,536	26,206	1,329
Inventories	187,338	189,493	(2,155)
Trade payables	(113,992)	(116,006)	2,015
Tax receivables	1,590	1,620	(30)
Other current assets	17,507	14,644	2,863
Other current liabilities	(21,255)	(20,846)	(408)
Net working capital	98,723	95,110	3,614
Property, plant and equipment	239,835	251,604	(11,769)
Intangible assets	16,978	19,080	(2,102)
Goodwill	15,590	15,103	487
Financial assets	1,730	1,558	172
Net fixed assets	274,133	287,345	(13,212)
Employee benefits	(4,800)	(5,104)	303
Other net assets/(liabilities)	(1,336)	(3,561)	2,225
Net capital employed	366,719	373,790	(7,070)
Cash and banks	140,139	157,662	(17,523)
ST bank payables and loans	(79,661)	(77,841)	(1,820)
M-LT bank payables and loans	(208,025)	(225,658)	17,634
M-LT bond loan	(51,651)	(57,391)	5,740
ST bond loan	(13,412)	(13,258)	(154)
Current financial receivables	6,012	5,703	310
Other financial payables	(36,383)	(37,753)	1,371
Net Financial Position	(242,980)	(248,537)	5,557
Group shareholders' equity	(123,738)	(125,253)	1,514
Minority interest shareholders' equity	(1)	(1)	0
Total shareholders' equity	(123,739)	(125,253)	1,514

Net working capital amounts to Euro 98.7 million, increasing Euro 3.6 million on Euro 95.1 million at December 31, 2023.

The movement is mainly due to the reduction in the value of inventories for Euro 2.2 million and trade payables for Euro 2.0 million partially offset by the increase in other current assets for Euro 2.8 million.

Fixed assets at June 30, 2024 amounted to Euro 274.1 million, decreasing Euro 13.2 million on Euro 287.3 million at December 31, 2023, as a combined effect of:

1. net investment activities in tangible and intangible assets of Euro 11.5 million, including Euro 2.3 million regarding the increase concerning the movement in goods recognised as per IFRS 16;
2. negative conversion differences and other minor items for Euro 2.0 million;
3. amortisation and depreciation in the period of Euro 27.0 million.

Investments in tangible and intangible 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, (e) the right-of-use as per IFRS 16 and (f) the development costs of textile fibre samples, which comply with the criteria set out in IAS 38.

Shareholders' Equity decreased by Euro 1.5 million, from Euro 125.3 million to Euro 123.7 million, substantially due to the consolidated net loss for the period of Euro 6.1 million and the positive exchange differences from the translation of the financial statements expressed in currencies other than the Euro of Euro 4.6 million.

The **Net Financial Position** at June 30, 2024 was a debt position of Euro 243.0 million, compared to Euro 248.5 million at December 31, 2023, improving by Euro 5.6 million. The main factors are outlined in the consolidated cash flow statement, which principally reports that (a) cash flow generated by operating activities was Euro 30 million, (b) the changes in net working capital absorbed cash of Euro 13.1 million, mainly due to net financial charges paid and (c) cash flows from investing activities absorbed Euro 9.2 million, excluding the IFRS 16 effects which do not generate cash flows.

Group company current account liquidity, diversified by region and institution, increased from Euro 157.7 million at December 31, 2023 to Euro 140.1 million at June 30, 2024.

New mortgages were entered into in the first half of the year totalling Euro 20 million, with instalments on existing loans settled for Euro 41.4 million, of which Euro 6.5 million repaid in advance. A breakdown of the bank debt is provided in the Notes. The short-term credit lines granted to the Group companies were available for a total amount at period-end of Euro 69 million, with the relative lines not used.

10. INTERCOMPANY TRANSACTIONS AND TRANSACTIONS WITH RELATED COMPANIES

10.1 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 H1 2024, broken down by each of the three product lines, were as follows:

BCF Line (Bulk Continuous Filament for textile floor covering)

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., Melbourne (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 S.p.A. (Arco), Aquafil SLO d.o.o. with facilities in Ljubljana and Senozece (Slovenia), Aquafil CRO d.o.o., with facilities in Oroslavje (Croatia), Aquafil O’Mara Inc., with facilities 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 transformation 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 concrete 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 d.o.o. 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 European leader in the collection and treatment of end-of-life fish netting.

Other activities

The Slovak company *Cenon S.r.o.* (Slovakia) concluded the process of voluntary liquidation of the company in H1. This does not bring substantial economic and financial effects for 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.

10.2 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 June 30, 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 — Procedures and Regulations 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 S.r.l.. 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 June 30, 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.

11. 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 for H1 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.

11.2 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.
The project also includes the identification and/or development of new technologies for separating multilayers in complex carpets, where standard grinding technologies cannot work, such as (a) carpet tiles and (b) rubber underlay carpets. The objective at TRL4 is to achieve a small, portable technology 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.
2. Within 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 achievements to date are the development of AI-based systems for end-of-life carpet identification, and the creation of predictive models to understand the environmental and economic impact of various circularity scenarios.

3. 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 SA, in order to improve the quality of materials to feed the process of producing ECONYL® polyamide 6. These activities also make use of Specific NIR (ATPD) instruments with detection and identification technology using the Aquafil Group's proprietary databases and algorithms.
4. Development of flame-retardant carpets in association with certain customers, working on the individual components. 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.
5. 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.
6. Study and engineering of polyamide 6 stabilising molecules aimed at increasing the UV and heat resistance for outdoor applications of nylon textile fibres (NTFs).
7. Along with industrial partners, joint development of new types of high resistance polyamide 6 fibres for specific technical applications.
8. Study of innovative auxiliary products, including those of a natural origin, aimed at improving the chemical and physical characteristics of BCF and NTF yarns.
9. 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® process, 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.
10. 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 plant. The ideal curing conditions for bar production were studied and suitable mechanical properties obtained.
11. 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".
12. "Organic caprolactam" project in collaboration with Genomatica 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. This work enabled the launch of a new pilot fermentation campaign, to be validated at the pilot plant in Arco and later the facility in Ljubljana.
13. 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). In H1 2024, depolymerisation tests were carried out at the pilot plant (named DePET).
14. 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 larger-scale pilot plant was designed to test different types of mixing and filtration instrumentation with a view to developing an industrial plant.
15. Research and development of processes aimed at the chemical recovery of polymers from polycondensation (polyamides and polyesters), also in composite form: this activity was undertaken in partnership with the University of Padua. The work mainly focused on the study of separation and recycling processes of polyamide and elastomer-based fabrics, investigating various recovery possibilities via selective dissolution. 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 polyconden-

sation". The study via NMR of BHET obtained from the PET depolymerisation plant yielded significant results on the identification of impurities. Alongside this, various types of elastomers — both purchased and obtained post-separation and recovery — were identified to highlight any structural differences.

16. In H1 2024, a procedure was developed for the incoming control of materials to be sent to the regeneration process. The procedure is based on the use of the Aquafil Technology Polymer Detector (ATPD) system, which was developed by Aquafil together with ABCS Srl. 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 process.
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 pyrolysis process for ECONYL® process residues. Work is underway to optimise the plant. This seeks to achieve continuity in loading-unloading processes and control of process temperatures.
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 first involvement as industry experts and project leaders in standardisation for the textile industry's microplastics methodology means we 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. European experts used the occasion to observe an example of circularity provided by ECONYL® and its chemical recycling process.
In June 2024, drafts for regulations on circular fishing nets and accessories were finalised and sent for an initial vote. Once again, Aquafil made a significant contribution to this standardisation. The standards subject to voting are as follows:
 - a. FprCEN/TS 18101 Circular design of fishing gear and aquaculture equipment - Terms and definitions;
 - b. prEN 17988-1 Circular design of fishing gear and aquaculture equipment - Part 1: general requirements and guidelines;
 - c. prEN 17988-2 Circular design of fishing gear and aquaculture equipment - Part 2: User manuals and labelling;
 - d. prEN 17988-3 Circular design of fishing gear and aquaculture equipment - Part 3: Technical requirements and guidelines;
 - e. prEN 17988-4 Circular design of fishing gear and aquaculture equipment - Part 4: Environmental and circularity requirements and guidelines;
 - f. prEN 17988-5 Circular design of fishing gear and aquaculture equipment - Part 5: Circular business models;
 - g. prEN 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.

11.3 Patent developments

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

- a) Patent on textile flooring waste treatment and recycling process.
Priority 17/07/2023. The filing was made as a PCT international patent through the European patents office and the first opinion will be obtained by the end of 2024, to subsequently proceed with the extensions to the individual countries of interest.
- b) 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 re-

sponse was the same as it was for the Italian case, in which these responses were subsequently 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.

- c) 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.
- d) Patent on the separation of fibreglass from polymers with a particular focus on PA6 for recycling by means of the ECONYL® process, with inventors Aquafil and University of Padua (Department of Industrial Engineering), but the exclusive property of Aquafil.
Priority 10/11/2021, PCT filing 10/11/2022 international publication WO/2023/084441.
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 ECONYL®: 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. Publication occurred in Canada, China, India and South Korea between January and June and is planned in other areas in the coming months.
- e) Patent on the catalyst synthesis for PET glycolysis, with inventors Aquafil and University of Padua (Department of Industrial Engineering), but the exclusive property of Aquafil.
Priority 17/05/2021, PCT filing 16/05/2022 international publication WO/2022/243832.
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 some of the remaining areas, namely South Korea, Europe, Eurasia and Indonesia.
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.
- 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, where, in 2023, publication was launched (20/12/2023).
- g) Patent on synthesis of caprolactam from 6-ACA, principally designed for the production of caprolactam from raw material of plan origin, jointly owned by Aquafil and Genomatica.
Priority 28/12/2018, PCT filing 23/12/2019 international publication WO/2020/136547.
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, so it is feasible that the patent could be granted in these countries following such changes.
- 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. The extension of the patent is currently under way to Chile and India (where the company is waiting for the patent office to carry out its work) and to Canada, where the patent grant is pending.

12. 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.

13. OTHER INFORMATION

13.1 Management and co-ordination

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.

13.2 Treasury shares

At June 30, 2024, the Company holds a total of 1,278,450 treasury shares, comprising 2.4961% of the share capital, for a total value of Euro 8,612,054.

13.3 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. for the 2023-2025 three-year period in accordance with Articles 117 to 128 of Presidential Decree 917/1986, as amended by Legislative 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 interim financial statements of these companies, the effects of the transfer of the tax positions due to the consolidated tax accounts were taken into account; in particular, the subsequent accounts receivable from/payable to the consolidating company were recognised.

13.4 Organisation, management and control model in accordance with Legislative 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 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 new 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 June 30, 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.

14.8 OUTLOOK

The H1 2024 margin was in line with expectations and with preceding years. Market volumes in the first half of the year were up overall on the same period of the previous year.

The general environment has not yet fully stabilised. A contained increase in volumes is therefore expected in H2 from H1, with a substantial recovery over the subsequent year.

The various regions saw divergent trends over the first half of the year: EMEA and Asia Pacific reported higher volumes, while the US continued to contract.

For the remainder of the year, the EMEA clothing fibres market is expected to recover, while the substantial maintenance of the textile flooring fibre volumes for the first half of the year is forecast. The forecast growth for polymers continues to materialise. A slight improvement for both product lines over the first six months of the year is forecast for the United States. Volumes in line with the budget forecast for the present year are expected in Asia Pacific.

The Group continues to restructure personnel costs and to optimise working capital in order to reduce the debt.

Arco, August 29, 2024

for the Board of Directors
The Chairperson
Full Professor Chiara Mio



Condensed Consolidated
Half-Year Financial Statements
at June 30, 2024

CONSOLIDATED BALANCE SHEET

(in Euro thousands)	Note	At June 30, 2024	At December 31, 2023
Intangible assets	5.1	16,978	19,080
Goodwill	5.2	15,590	15,103
Property, plant & equipment	5.3	239,835	251,604
Financial assets	5.4	616	534
<i>of which parent companies, related parties, associates</i>		188	79
Investments valued at equity	5.4	1,113	1,023
Deferred tax assets	5.5	21,531	18,545
Total non-current assets		295,664	305,889
Inventories	5.6	187,338	189,493
Trade receivables	5.7	27,536	26,206
<i>of which parent companies, related parties</i>		154	351
Financial assets	5.4	6,012	5,703
Tax receivables	5.8	1,590	1,619
Other assets	5.9	17,507	14,644
<i>of which parent companies, related parties</i>		6,780	5,854
Cash and cash equivalents	5.10	140,139	157,662
Total current assets		380,121	395,327
Total assets		675,785	701,216
Share capital	5.11	49,722	49,722
Reserves	5.11	80,149	101,379
Group net result	5.11	(6,133)	(25,849)
Total parent share. equity		123,738	125,252
Minority interest shareholders' equity	5.11	1	1
Minority interest net profit	5.11	0	0
Total consolidated shareholders' equity		123,739	125,253
Employee benefits	5.12	4,800	5,104
Financial liabilities	5.13	283,741	308,741
<i>of which parent companies, related parties</i>		2,985	3,217
Provisions for risks and charges	5.14	1,714	1,710
Deferred tax liabilities	5.5	14,450	13,324
Other liabilities	5.15	4,877	5,852
Total non-current liabilities		309,582	334,731
Financial liabilities	5.13	105,390	103,161
<i>of which parent companies, related parties</i>		1,477	1,872
Current tax payables	5.8	1,827	1,219
Trade payables	5.16	113,992	116,006
<i>of which parent companies, related parties</i>		225	551
Other liabilities	5.15	21,255	20,846
Total current liabilities		242,464	241,232
Total shareholders' equity and liabilities		675,785	701,216

CONSOLIDATED INCOME STATEMENT

(in Euro thousands)	Note	At June 30, 2024	of which non-recurring	At June 30, 2023	of which non-recurring
Revenues	6.1	288,133		311,117	
<i>of which related parties</i>		158		151	
Other revenues and income	6.2	3,285	37	4,947	3
Total revenues and other revenues and income		291,418	37	316,064	3
Cost of raw materials and changes to inventories	6.3	(137,791)		(158,938)	
Service costs and rents, leases and similar costs	6.4	(61,701)	(148)	(67,864)	(1,018)
<i>of which related parties</i>		(329)		(264)	
Personnel costs	6.5	(62,175)	(830)	(63,019)	(515)
Other costs and operating charges	6.6	(1,659)	(109)	(1,764)	(114)
<i>of which related parties</i>		(35)		(35)	
Amortisation, depreciation and write-downs	6.7	(26,987)		(24,287)	
Provisions and write downs/(releases)	6.8	11		178	
Increase in internal work capitalised	6.9	1,976		3,736	
EBIT		3,092	(1,049)	4,106	(1,645)
Investment income/charges		0		0	
Financial income	6.10	641		339	
Financial charges	6.11	(10,531)		(7,505)	
<i>of which related parties</i>		(49)		(87)	
Exchange gains/losses	6.12	(356)		983	
Profit/(loss) before taxes		(7,153)	(1,049)	(2,078)	(1,645)
Income taxes	6.13	1,020		(2,058)	
Profit/(loss) for the period		(6,133)	(1,049)	(4,136)	(1,645)
Minority interest net profit		0		0	
Group Net Profit/(loss)		(6,133)	(1,049)	(4,136)	(1,645)
<i>Basic earnings per share</i>	6.15	(0.12)		(0.08)	
<i>Diluted earnings per share</i>	6.15	(0.12)		(0.08)	

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

(in Euro thousands)	Note	At June 30, 2024	At June 30, 2023
Profit (loss) for the period	5.11	(6,133)	(4,136)
Actuarial gains/(losses)		51	16
Tax effect from actuarial gains and losses		(12)	(4)
Other income items not to be reversed to income statement in subsequent periods		39	12
Currency difference from conversion of financial statements in currencies other than the Euro		4,631	(9,569)
Total other components of comprehensive income		4,670	(9,556)
Comprehensive profit/(loss) for the period		(1,463)	(13,692)
Minority interest comprehensive income/(loss) for the period		0	0
Group comprehensive income/(loss) for the period		(1,463)	(13,692)

CONSOLIDATED CASH FLOW STATEMENT

(in Euro thousands)	Note	At June 30, 2024	At June 30, 2023
Operating activities			
Profit/(loss) for the period	5.11	(6,133)	(4,136)
<i>of which related parties:</i>		(255)	(234)
Income taxes	6.13	(1,020)	2,058
Financial income	6.10	(642)	(339)
Financial charges	6.11	10,531	7,505
<i>of which related parties:</i>		49	87
Exchange gains/(losses)	6.12	356	(983)
Asset disposal (gains)/losses		(92)	(172)
Provisions and write-downs (releases)	6.8	(11)	(178)
Amortisation, depreciation and write-downs	6.7	26,987	24,287
Cash flow from operating activities before working capital changes		29,976	28,043
Decrease/(Increase) in inventories	5.6	2,155	42,846
Increase/(Decrease) in trade payables	5.16	(2,015)	(21,805)
<i>of which related parties:</i>		(326)	80
Decrease/(Increase) in trade receivables	5.7	(1,289)	1,466
<i>of which related parties:</i>		197	213
Changes to assets and liabilities		(517)	(4,644)
<i>of which related parties:</i>		(926)	(3,497)
Net paid financial charges		(9,843)	(6,570)
Income taxes paid		(1,189)	(5,639)
Utilisation of provisions		(408)	(971)
Cash flow generated/(absorbed) from operating activities (A)		16,871	32,726
Investing activities			
Investments in tangible assets	5.3	(7,989)	(16,273)
Disposal of tangible assets	5.3	180	533
Investments in intangible assets	5.1	(1,247)	(2,500)
Disposal of intangible assets	5.1	2	
Investments in financial assets	5.4	(113)	(151)
Dividends received		0	0
Disposal of financial assets			
Cash flow generated by investing activities (B)		(9,168)	(18,390)
Financing activities			
Drawdown non-current bank loans and borrowings	5.13	20,000	35,000
Repayment non-current bank loans and borrowings	5.13	(41,400)	(35,821)
Net changes in current and non-current financial assets and liabilities (including IFRS 16)	5.13	(3,825)	(571)
<i>of which related parties:</i>		(736)	(1,163)
Distribution of dividends			(12,027)
Acquisition of treasury shares			(598)
Cash flow from generated/(absorbed) by financing activities (C)		(25,225)	(14,016)
Net cash flow in the year (A) + (B) + (C)		(17,523)	319
Opening cash and cash equivalents		157,662	110,682
Closing cash and cash equivalents		140,139	111,001

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

(in Euro thousands)	Share capital	Legal reserve	Translation reserve	Share premium reserve	Listing cost reserve	FTA Reserve
December 31, 2022	49,722	1,258	(3,095)	19,975	(3,287)	(2,389)
Other changes						
Allocation of prior-year result						
Distribution of dividends						
Share capital increase						
Profit/(loss) for the period						
Actuarial gains/(losses) employee benefits						
Translation difference			(9,569)			
Total comprehensive income/(loss) for the period			(9,569)			
June 30, 2023	49,722	1,258	(12,663)	19,975	(3,287)	(2,389)
December 31, 2023	49,722	2,054	(14,605)	19,975	(3,287)	(2,389)
Sale minority interest						
Change in consolidation scope						
Allocation of prior-year result						
Distribution of dividends						
Share capital increase						
Profit/(loss) for the period						
Actuarial gains/(losses) employee benefits						
Translation difference			4,631			
Total comprehensive income/(loss) for the period			4,631			
June 30, 2024	49,722	2,054	(9,974)	19,975	(3,287)	(2,389)

IAS 19 Reserve	Treasury shares	Retained earnings	Net result	Total parent company shareholders net equity	Min. interest share. equity	Total consol. share. equity
(417)	(8,015)	92,498	29,151	175,401	1	175,402
	(598)	124		(474)		(474)
		29,151	(29,151)	0		0
		(12,027)		(12,027)		(12,027)
				0		0
			(4,136)	(4,136)		(4,136)
12				12	0	12
				(9,569)	0	(9,569)
12	0		(4,136)	(13,692)	0	(13,692)
(405)	(8,612)	109,745	(4,136)	149,207	1	149,208
(609)	(8,612)	108,852	(25,849)	125,252	1	125,253
				0		0
		(51)		(51)		(51)
		(25,849)	25,849	0		0
				0		0
				0		0
			(6,133)	(6,133)		(6,133)
				0	0	0
39				4,670	0	4,670
39	0	0	(6,133)	(1,463)	0	(1,463)
(570)	(8,612)	82,951	(6,133)	123,738	1	123,739

Notes to the Consolidated Financial Report at June 30, 2024

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 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) and renowned for the production and distribution of fibres and polymers, principally polyamide, into Space3 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 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.

The Aquafil Group produces and sells fibres and polymers, principally polyamide 6, on a global scale through the:

- (i) BCF Product Line (carpet fibres), 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 fibres), 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 and Asia.

1.2 Contents, presentation and accounting policies of the Condensed Consolidated Half-Year Financial Statements at June 30, 2024

The consolidated half-year report of the Aquafil Group at June 30, 2024 and for the six months ended at that date (hereafter the “Half-Year Financial Report”) was prepared in accordance with Article 154-ter paragraph 2 of Legislative Decree No. 58/98 — CFA, as subsequently amended and supplemented, and the provisions of IAS 34, and comprises the following documents:

- the consolidated balance sheet is presented with separation between “current and non-current” assets and liabilities;
- the consolidated income statement, prepared separately from the comprehensive income statement and 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 changes in consolidated shareholders’ equity;
- the explanatory notes.

These consolidated financial statements (hereafter the “financial statements”) include the comparative figures, as per IAS 34, i.e. (i) the figures at December 31, 2023 for the consolidated balance sheet (ii) the figures relating to H1 2023 for the consolidated income statement, the comprehensive consolidated income statement, the consolidated cash flow statement and the movements in consolidated shareholders’ equity pursuant to IAS 34. The Half-Year Financial Report was prepared in Euro, the functional currency of the Group.

The amounts reported in the financial statements and in the accompanying tables in the explanatory notes are expressed in thousands of Euro, unless otherwise indicated.

The Half-Year Financial Report was prepared in accordance with international accounting standards (IFRS/IAS) issued by the International Accounting Standard Board (IASB), recognised by the European Union pursuant to regulation (EU) No. 1606/2002 and in force at the reporting date, the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), as well as the interpretations of the Standing Interpretations Committee (SIC), in force at the same date. In particular, the Half-Year Financial Report was prepared in accordance with IAS 34 "Interim Financial Statements", issued by the International Accounting Standard Board (IASB).

The accounting policies adopted in the preparation of these financial statements are the same as those adopted for the preparation of the consolidated financial statements at December 31, 2023, to which reference should be made.

The explanatory notes, in accordance with IAS 34, are reported in condensed format and do not include all the disclosures required for annual accounts, as they refer exclusively to those items which, for amount, composition or variation, are essential for the full understanding of the financial situation, equity and results of the Group at June 30, 2024. The Half-Year Financial Report should therefore be read together with the 2023 Group Annual Financial Report. The Half-Year Financial Report at June 30, 2024 of the Aquafil Group was subject to a limited audit by PricewaterhouseCoopers and was approved by the Board of Directors on August 29, 2024, which authorised its publication according to the terms and means required by current regulations.

1.3 Seasonality

The Group's business is not impacted by seasonal factors. Despite this, we report that typically there is a small drop in production in second half of the year due to the lower number of working days in this period compared to the first half of the year. This generally results in a small decrease in revenues and costs and in the margin in the second half of the year compared to the first half of the year.

1.4 Information on the consequences of the Russia-Ukraine conflict

The conflict between Russia and Ukraine that began on February 24, 2022 has brought severe repercussions to Europe in terms of economic instability, resulting in significant inflation for the broad range of products — caused particularly by the sudden unavailability of imports from Russia and Belarus of the products subject to sanctions and the high price levels of energy components — and increased shipping costs by sea and on land.

Against this backdrop, the Aquafil Group immediately reacted by, on the one hand, seeking regional diversification where possible of raw material procurement sources and, on the other hand, by recovering the incremental purchase and service cost components on the products sold within the three product lines.

With regards to commercial relations with parties located in the countries involved in the conflict, the Group does not have a dependence on particular products and/or suppliers/customers 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.

Specifically, we note that the Group had no business dealings with Russian suppliers of caprolactam flakes during the six-month period in question, having permanently discontinued supply as early as October 2022.

1.5 Information on the consequences of the Israel-Palestine conflict

The armed conflict between the State of Israel and Hamas that began on October 7, 2023 led Israel to declare a state of war and invade and take control of the Gaza Strip, where the Palestinian organisation's bases are located.

The economic consequences of the war, and its continuation to date with no peaceful solution in sight in the immediate future, have not demonstrated significant impacts on the markets in which the Aquafil Group operates for the time being, nor have they affected the procurement of goods and services, which are not usually sourced from those areas.

1.6 Financial risk management

Group management has constantly monitored the real and potential impact of the Russia-Ukraine and Israel-Palestine conflicts on the Group's business activities, financial position, credit risk, liquidity risk and operating performance. As regards credit risk, the Group has consistently implemented a hedging strategy which, as part of a specific risk policy, makes use of insurance policies agreed with leading insurance companies and carries out accurate daily assessments of the levels of exposure to customers; at the date of this report, the credit risk remains under control, despite reductions in insurance ceilings. Changes in the situation are monitored by the Credit Committee.

As regards liquidity risk, which is constantly monitored by the Risk Control Committee, the Group operates a mitigation strategy that combines careful planning and monitoring of its financial structure to ensure solvency both in normal operating conditions and in crisis situations. This strategy is designed to guarantee ample liquidity through the generation of cash from business activities, and access to new medium-term financial resources that allow available short-term credit lines to remain unused.

For all other additional information required in relation to financial risk management, reference should be made to the Group's annual financial statements at December 31, 2023 for a detailed analysis.

1.7 Climate change risks

The Aquafil Group passionately pursues its environmental, social and governance policy and takes an active role in the community in which it operates.

The Group's organisational structure has evinced a long-standing interest in the environmental impact of processes and products, and continuously assesses possible avenues for improvement, with an approach firmly focused on sustainability and circularity.

In particular, this structure considers the consequences of climate change for its activities, processes and local organisations, the risk of which is consistently monitored and assessed. It can thus be stated that no significant impacts are currently expected on operating activities in the regions where the Group operates.

2. CONSOLIDATION SCOPE AND BASIS OF CONSOLIDATION

The Consolidated Financial Statements includes the equity and financial position and results of the Parent Company and of the subsidiaries and/or associated companies, 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 the Company name, registered office, share capital, profit for the reporting period, functional currency and the direct and indirect holding of the company and the consolidation method applied at June 30, 2024:

Company	Registered office	Share capital in foreign currency	June 30, 2024 Profit (Loss)	Currency	Group holding	% of votes	Method of consolidation
Parent company:							
Aquafil S.p.A.	Arco (ITA)	49,722,417	(8,663,784)	Euro			
Subsidiary companies:							
Aquafil SLO d.o.o.	Ljubljana (SLO)	75,135,728	(1,900,186)	Euro	100.00%	100.00%	Line-by-line
Aquafil USA Inc.	Cartersville (USA)	77,100,000	6,257,695	US Dollar	100.00%	100.00%	Line-by-line
Tessilquattro S.p.A.	Arco (ITA)	3,380,000	(1,055,894)	Euro	100.00%	100.00%	Line-by-line
Aquafil Jiaxing Co. Ltd.	Jiaxing (CHN)	531,408,631	36,907,212	Chinese Yuan	100.00%	100.00%	Line-by-line
Aquafil UK Ltd.	Ayrshire (UK)	3,669,301	(312,861)	UK Sterling	100.00%	100.00%	Line-by-line
Aquafil CRO d.o.o.	Oroslavje (HRV)	9,436,800	(172,688)	Euro	100.00%	100.00%	Line-by-line
Aquafil Asia Pacific Co. Ltd.	Rayoung (THA)	53,965,000	19,108,264	Thai Baht	99.99%	99.99%	Line-by-line
Aqualeuna GmbH	Berlino (DEU)	2,325,000	91,936	Euro	100.00%	100.00%	Line-by-line
Aquafil Engineering GmbH	Berlino (DEU)	255,646	(229,248)	Euro	100.00%	100.00%	Line-by-line
Aquafil Tekstil Sanayi Ve Ticaret A.S.	Istanbul (TUR)	1,512,000	(403,501)	Turkish Lira	99.99%	99.99%	Line-by-line
Aquafil Benelux France B.V.B.A.	Harelbeke (BEL)	20,000	1,388	Euro	100.00%	100.00%	Line-by-line
Aquafil Carpet Recycling #1, Inc.	Phoenix (USA)	250,000	(4,677,449)	US Dollar	100.00%	100.00%	Line-by-line
Aquafil Carpet Recycling #2, Inc.	Woodland California (USA)	250,000	169,021	US Dollar	100.00%	100.00%	Line-by-line
Aquafil Oceania Ltd.	Melbourne (AUS)	49,990	(25,181)	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	(959,661)	US Dollar	100.00%	100.00%	Line-by-line
Aquafil Carpet Collection LLC	Phoenix (USA)	3,400,000	(1,912,189)	US Dollar	100.00%	100.00%	Line-by-line
Aquafil Japan Corp.	Chiyoda (JPN)	150,000,000	(46,361,826)	Japanese Yen	100.00%	100.00%	Line-by-line
Bluloop S.r.l. Benefit Company	Arco (ITA)	250,000	(13,227)	Euro	100.00%	100.00%	Line-by-line
Aquafil Chile S.p.A.	Santiago del Chile (CHL)	351,576,000	(54,385,046)	Chilean Peso	100.00%	100.00%	Line-by-line
Associated companies:							
Nofir AS (**)	Bodo (NOR)	666,217	7,710,413	Norwegian Krone	31.66%	31.66%	Equity
Poly-Service S.a.s.	Lyon (FRA)	210,000	(*)	Euro	45.00%	45.00%	Equity
Companies under joint control:							
Acca S.p.A.	Santiago del Chile (CHL)	1,000,000	(*)	Chilean Peso	50.00%	50.00%	Equity

(*) Company no longer operative.

(**) Data as of May 31, 2024.

The only change to the Aquafil Group consolidation scope in the period regarded the exit of the company Cenon S.r.o., as placed in voluntary liquidation from November 2, 2023. The voluntary liquidation process concluded in 2024.

The main criteria adopted by the Group for the definition of the consolidation scope and the relative consolidation principles did not change compared to those applied for the consolidated financial statements at December 31, 2023.

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 are translated at the average exchange rate for the period;
- the “translation reserve” recorded within the Comprehensive Income Statement, 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:

	June 2024		December 2023		June 2023	
	Period-end rate	Average rate	Period-end rate	Average rate	Period-end rate	Average rate
US Dollar	1.07	1.08	1.11	1.08	1.09	1.08
Chinese Yuan	7.77	7.80	7.85	7.66	7.90	7.49
Turkish Lira	35.19	34.25	32.65	25.76	28.32	21.57
Thai Baht	39.32	39.13	37.97	37.63	38.48	36.96
UK Sterling	0.85	0.85	0.87	0.87	0.86	0.88
Japanese Yen	171.94	164.50	156.33	151.99	157.16	145.76
Australian Dollar	1.61	1.64	1.63	1.63	1.64	1.60
Chilean Peso	1021.54	1016.29	977.07	908.20	872.59	871.11

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

No business combinations were undertaken in the period.

Impairment test

The impairment (or recoverability) 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. 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. For the sole purpose of verifying the recoverability of the value of the assets, the figures in the business plan have been adjusted on the basis of a number of possible scenarios to reflect the updated market situation and the resulting economic and financial forecasts. 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 than 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 is 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.

3. 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 June 30, 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	429		1,730
Current financial assets	1,534	4,478		6,012
Trade Receivables		27,536		27,536
Current tax receivables		1,590		1,590
Other current & non-current assets		17,507		17,507
Cash and cash equivalents	140,139	0		140,139
Total financial assets	142,974	51,539	0	194,513
Non-current financial liabilities			283,741	283,741
Current financial liabilities	227		105,163	105,390
Trade payables			113,992	113,992
Other current and non-current liabilities			26,132	26,132
Total financial liabilities	227		529,027	529,254

It should be noted that the carrying amounts above are in line with their respective fair values.

In relation to the derivative instruments measured at 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 June 30, 2024, on the basis of the level which reflects the inputs utilised in the determination of the fair value.

(in Euro thousands)	June 2024	December 2023
Derivative financial instruments – Liabilities	(227)	(619)
Derivative financial instrument assets current portion	1,534	1,974
Total	1,307	1,354

4. 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.

5. NOTES TO THE CONSOLIDATED BALANCE SHEET

5.1 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 Customers relationships	Total
December 31, 2022	4,852	52	350	12,432	1,355	2,555	21,596
<i>Historic cost</i>	<i>8,044</i>	<i>5,212</i>	<i>5,152</i>	<i>30,692</i>	<i>1,355</i>	<i>6,132</i>	<i>56,587</i>
<i>Accumulated depreciation</i>	<i>(3,192)</i>	<i>(5,160)</i>	<i>(4,802)</i>	<i>(18,260)</i>		<i>(3,577)</i>	<i>(34,991)</i>
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)
Impairments	(137)						(137)
Exchange diff. - Historic cost			515	(9)		(402)	104
Exchange diff. - Accumulated depreciation		(52)	(464)	4		246	(265)
December 31, 2023	5,208	0	326	9,205	2,019	2,322	19,080
<i>Historic cost</i>	<i>10,340</i>	<i>5,212</i>	<i>5,687</i>	<i>30,783</i>	<i>2,019</i>	<i>6,547</i>	<i>60,588</i>
<i>Accumulated depreciation</i>	<i>(5,132)</i>	<i>(5,212)</i>	<i>(5,361)</i>	<i>(21,578)</i>		<i>(4,224)</i>	<i>(41,508)</i>
Reclassifications			22	783	(785)		20
Increases	443		32	160	548	64	1,247
Decreases	(2)						(2)
Amortisation	(1,068)		(47)	(1,782)		(511)	(3,407)
Exchange diff. - Historic cost				8		83	90
Exchange diff. - Accumulated depreciation				(4)		(48)	(51)
June 30, 2024	4,580	0	334	8,370	1,782	1,911	16,978
<i>Historic cost</i>	<i>10,781</i>	<i>5,212</i>	<i>5,741</i>	<i>32,261</i>	<i>1,782</i>	<i>6,693</i>	<i>62,471</i>
<i>Accumulated depreciation</i>	<i>(6,199)</i>	<i>(5,212)</i>	<i>(5,407)</i>	<i>(23,892)</i>		<i>(4,783)</i>	<i>(45,493)</i>

“Other intangible assets” mainly includes the costs of development projects incurred by the Parent Company for the digitization of processes.

The increases in the year overall amounting to Euro 1.2 million, mainly related to:

- for Euro 0.4 million new product development costs (IAS 38);
- for Euro 0.6 million costs incurred for the implementation and upgrading of the Aquafil Group’s digitization processes.

5.2 Goodwill

Goodwill was Euro 15,590 thousand at June 30, 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 net capital employed, including the value of goodwill registered.

The impairment test was carried out determining the value in use with the discounted cash flow method (DCF) net of income taxes in line with the post-tax discount rate utilised.

The cash flows used to apply the DCF are those included in the Group's 2024 - 2026 business plan approved by the Parent Company's Board of Directors on today's date.

The growth rate (g) applied is 2.7%, equal to the average forecast global growth from 2023, while 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 value identified was 9.8%.

From the impairment test carried out, no adjustments are required to the value of the goodwill or other net working capital items.

5.3 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 RoU	Right of Use	Total
December 31, 2022	54,898	141,485	574	1,696	28,423	333	227,407	20,060	247,467
<i>Historic cost</i>	<i>128,288</i>	<i>543,135</i>	<i>10,798</i>	<i>7,690</i>	<i>28,423</i>	<i>793</i>	<i>719,127</i>	<i>36,122</i>	<i>755,249</i>
<i>Accumulated depreciation</i>	<i>(73,390)</i>	<i>(401,650)</i>	<i>(10,224)</i>	<i>(5,994)</i>		<i>(460)</i>	<i>(491,718)</i>	<i>(16,062)</i>	<i>(507,780)</i>
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. - Accumulated depreciation	258	(902)	5	149			(491)	426	(65)
December 31, 2023	51,551	137,789	750	1,829	26,928	321	219,168	32,435	251,604
<i>Historic cost</i>	<i>129,596</i>	<i>554,187</i>	<i>11,121</i>	<i>7,379</i>	<i>26,928</i>	<i>793</i>	<i>730,005</i>	<i>51,810</i>	<i>781,814</i>
<i>Acc. deprec.</i>	<i>(78,045)</i>	<i>(416,398)</i>	<i>(10,371)</i>	<i>(5,549)</i>		<i>(472)</i>	<i>(510,836)</i>	<i>(19,375)</i>	<i>(530,211)</i>
Reclassifications	553	6,983	46	45	(7,709)		(81)		(81)
Increases	86	1,468	8	68	6,360		7,989	2,283	10,272
Decreases		(64)		(8)	(15)		(87)	(245)	(332)
Depreciation	(1,580)	(16,601)	(126)	(317)		(6)	(18,629)	(4,951)	(23,556)
Exchange diff. - Historic cost	138	4,681	(6)	134	79		5,025	646	5,647
Exchange diff. - Accumulated depreciation	(39)	(3,206)	6	(92)			(3,331)	(388)	(3,718)
June 30, 2024	50,709	131,051	678	1,660	25,643	315	210,055	29,780	239,835
<i>Historic cost</i>	<i>130,373</i>	<i>566,462</i>	<i>11,169</i>	<i>7,569</i>	<i>25,643</i>	<i>793</i>	<i>742,009</i>	<i>52,009</i>	<i>794,018</i>
<i>Accumulated depreciation</i>	<i>(79,664)</i>	<i>(435,411)</i>	<i>(10,491)</i>	<i>(5,909)</i>		<i>(478)</i>	<i>(531,954)</i>	<i>(22,229)</i>	<i>(554,183)</i>

The increases in the year, excluding the effect of changes in "Right-of-Use", amounted to Euro 8.0 million and mainly refer to:

- for Euro 1.8 million, the increase in industrial and energy efficiency at Group plant;
- for Euro 0.9 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 1.8 million to expand existing production capacity;
- for Euro 2.8 million, the technological improvement and upgrading of the existing plants and equipment.

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	0	20,060
<i>Historical cost</i>	27,912	6,385	1,717	109		36,122
<i>Accumulated depreciation</i>	(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)
Depreciation	(7,209)	(1,820)	(463)	(32)		(9,525)
Exchange diff. - Historic cost	(589)	(98)	(7)	(8)		(701)
Exchange diff. - Accumulated depreciation	369	45	9	3		426
December 31, 2023	12,003	3,314	1,069	217	15,833	32,435
<i>Historical cost</i>	26,208	7,536	1,917	317	15,833	51,810
<i>Accumulated depreciation</i>	(14,206)	(4,222)	(848)	(99)		(19,375)
Reclassifications	(34)	562			(528)	0
Increases	1,323	750	211			2,283
Decreases	(220)	(4)	(22)			(245)
Depreciation	(3,124)	(900)	(235)	(32)	(660)	(4,951)
Exchange diff. - Historic cost	512	104	19	10		646
Exchange diff. - Accumulated depreciation	(330)	(45)	(9)	(4)		(388)
June 30, 2024	10,129	3,781	1,034	192	14,645	29,780
<i>Historical cost</i>	25,949	7,965	1,936	327	15,833	52,009
<i>Accumulated depreciation</i>	(15,821)	(4,184)	(902)	(135)	(1,187)	(22,229)

The movements mainly concern the renewal of the logistics and industrial buildings lease contracts of Aquafil Carpet Collection LLC, Aquafil Synthetic Fibers and Polymers (Jiaxing) Co. Ltd. and AquafilSLO D.o.o..

At June 30, 2024, the Group had no significant contracts for the purchase of material goods.

5.4 Current and non-current financial assets and investments measured at equity

The breakdown of the account is shown below (including current and non-current):

(in Euro thousands)	June 2024	December 2023
Investments valued at equity	1,113	1,023
Escrow bank deposits	4,517	3,770
Investments in other companies	187	164
Current and non-current financial assets	202	251
Receivables from related parties	188	79
Derivative financial instruments - Current	1,534	1,974
Total	7,742	7,260
<i>of which current</i>	6,012	5,703
<i>of which non-current</i>	1,730	1,558

“Investments valued at equity” concern: *i)* the 32% interest in the Norwegian company Nofir AS, based in Mørkved, Bodø, Norway, a European leader in the collection and treatment of end-of-life fish netting; *ii)* the investment in Acca S.p.A., a joint venture between Aquafil Chile S.p.A. and its equal partner Atando Cabos Chile S.p.A., based in Santiago (Chile), held 50% by Aquafil Chile and *iii)* the investment in Poly-Service S.a.s., based in Lyon, held 45% by Aquafil S.p.A. and 55% by Politecnici S.r.l..

The “Escrow bank deposits”, amounting to Euro 4.5 million, are held mainly by the Group company Aquafil Jiaxing Co Ltd, with a short-term restriction.

“Investments in other companies” relates to minor holdings.

“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 45 thousand the loan between the parent company and the associate Polyservice S.a.s.;
- for Euro 64 thousand the loan granted by Aquafil Chile to the company Acca.

“Derivative financial instruments” includes the positive fair value of derivative instruments outstanding at June 30, 2024 (IRS — Interest Rate Swap and IRC — Interest Rate Collar), which, although entered into to hedge changes in borrowing rates, have been treated for accounting purposes, consistently with the past, as non-hedging instruments as it is very complex to prepare the mandatory hedging report.

Consequently, the fair value at June 30, 2024 (Euro 1,534 thousand) has been classified to current “Financial assets” and the movement recognised to the income statement (in the period a negative Euro 46.9 thousand).

5.5 Deferred tax assets and liabilities

The breakdown of the items “Deferred tax assets” and “Deferred tax liabilities” is shown below:

(in Euro thousands)	June 2024	December 2023
Deferred tax assets	21,531	18,545
Deferred tax liabilities	(14,450)	(13,324)
Total	7,081	5,221

Deferred tax assets totalled Euro 21.5 million, increasing Euro 3.0 million on December 31, 2023. This increase mainly concerns the company Aquafil S.p.A. and the accrual of deferred tax assets on the portion of interest which exceeds the tax deductible limit in the period. Deferred tax liabilities amount to Euro 14.4 million, substantially in line with December 31, 2023.

5.6 Inventories

The changes in the account were as follows:

(in Euro thousands)	June 2024	December 2023
Raw materials, ancillary and consumables	78,125	68,727
Finished products and goods	109,156	120,741
Advances	56	25
Total	187,338	189,493

Inventories are recorded net of the obsolescence provision amounting to Euro 0.5 million and relates to slow-moving stock.

5.7 Trade receivables

The changes in the account were as follows:

(in Euro thousands)	June 2024	December 2023
Trade receivables	27,941	26,450
Parent, associates and other related parties	154	351
Doubtful debt provision	(559)	(595)
Total	27,536	26,205

The following table provides a breakdown of trade receivables at June 30, 2024, grouped by due date and net of the doubtful debt provision:

(in Euro thousands)	At June 30, 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)	23,858	20,911	2,449	215	0	282
Non-guaranteed trade receivables (b)	3,870	1,052	1,295	1,328	38	157
Non-guaranteed trade receivables impaired (c)	213	15	0	0	0	198
Trade receivables before doubtful debt provision [(a) + (b) + (c)]	27,941	21,978	3,744	1,543	38	637
Doubtful debt provision	(559)	0	0	0	0	(559)
Trade receivables	27,382	21,978	3,744	1,543	38	78

All receivables from parent companies and associates are not yet overdue.

5.8 Current tax receivables and payables

Current tax receivables total Euro 1.6 million, substantially in line with December 31, 2023, and concern advances paid for Group company current taxes.

Current tax payables amount to Euro 1.8 million, substantially in line with December 31, 2023, and concern Group company income tax payables.

5.9 Other current assets

The changes in the account were as follows:

(in Euro thousands)	June 2024	December 2023
Tax receivables	2,542	3,431
Supplier advances	1,216	667
Pension and social security institutions	159	155
Employee receivables	144	261
Tax receivables from parent	6,780	5,854
Other receivables	714	683
Prepayments and accrued income	5,952	3,594
Total	17,507	14,645

This item amounts to Euro 17.5 million, increasing Euro 2.8 million on 2023.

The following is specified in relation to the above items:

- tax receivables: mainly refer for Euro 1.8 million to receivables for Value Added Tax (VAT) and for Euro 0.7 million to tax credits related to various reliefs granted to the Parent Company and Tessilquattro S.p.A. regarding energy and research and development grants and tax credits for Industria 4.0 investments; The reduction compared to December 31, 2023 is mainly due to the use of offsetting taxes due through form F24;
- tax receivables from parent: these refer to tax receivables from Aquafin Holding S.p.A. generated by the transfer of the tax losses of Tessilquattro S.p.A. and Aquafil S.p.A. to the tax consolidation, with Aquafin Holding S.p.A. as the consolidating entity, but through Aquafil S.p.A., which per the tax consolidation agreement remains responsible for netting in the calculation of tax receivables and payables relating to IRES (company income tax) as per Article 228 and subsequent of the Income Tax Law for the latter and the companies Tessilquattro S.p.A. and Bluloop S.r.l.. The increase is due to the provision of deferred tax assets in the first half of 2024 to be transferred to the consolidating company;
- supplier advances of Euro 1.2 million, mainly regarding the advances for company welfare, factoring expenses advances, insurance and advance payments of materials and maintenance;
- prepayments and accrued income of Euro 5.9 million, substantially due to the prepayments for insurance premiums, ICT consultancy costs, maintenance materials and photovoltaic contributions.

5.10 Cash and cash equivalents

The account is comprised of:

(in Euro thousands)	June 2024	December 2023
Cash and equivalents	14	18
Bank and postal deposits	140,125	157,644
Total	140,139	157,662

The item relates to the current account balances of the different Group companies. The breakdown of cash and cash equivalents in Euro of foreign currencies is illustrated in the table below:

(in Euro thousands)		At June 30, 2024
EUR	Euro	75,180
AUD	Australian Dollar	231
CHF	Swiss Franc	0
CNY	Chinese Yuan	18,677
GBP	UK Sterling	38
JPY	Japanese Yen	3,495
THB	Thai Baht	437
TRY	Turkish Lira	33
USD	US Dollar	42,044
CLP	Chilean Peso	4
INR	Indian Rupee	0
Total		140,139

There were no restrictions on liquidity.

For further details on cash and cash equivalents, reference should be made to the consolidated cash flow statement.

5.11 Shareholders' Equity

The movement of the individual accounts is presented in the Statement of changes in Consolidated Shareholders' Equity. The individual components are described below.

Share capital

At June 30, 2024, the Company's authorised share capital amounted to Euro 50,522 thousand, whose subscribed and paid-up capital amounts to Euro 49,722 thousand, while the unsubscribed and unpaid portion relates to: (i) Euro 800 thousand, the capital increase in service of Aquafil Sponsor Warrants. The subscribed and paid-up share capital is divided into 51,218,794 shares without nominal value divided into:

- 42,902,774 ordinary shares, identified by the ISIN Code IT0005241192;
- 8,316,020 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.

In 2022, following the fulfilment of that indicated at Article 5 of the By-Laws of Aquafil S.p.A., 100% of the Class C shares (i.e. 80,000 class C shares) were automatically converted into ordinary shares, according to the conversion ratio of 1 ordinary share for each Class C share, without the expression of interest from their respective holders and without any change in the total amount of the company share capital.

It is recalled that the 80,000 special Class C shares, identified by the ISIN Code IT0005241747, were without voting rights in the ordinary and extraordinary shareholders' meetings of the company and excluded from the right to receive profits which the company resolves to distribute as an ordinary, non-transferable dividend until April 5, 2022 and automatically converted into ordinary shares in the conversion ratio of 4.5 ordinary shares for each Class C share according to specific conditions and circumstances laid down by the By-Laws.

As a result of this share conversion, the Group's share capital remains at Euro 49,722,417 while the number of ordinary shares increases from 42,822,774 to 42,902,774, while the class B shares remained unchanged (8,316,020 shares) and consequently the total number of shares remains unchanged (51,218,794 shares).

The detailed breakdown of Aquafil S.p.A.'s subscribed and paid-up share capital at June 30, 2024 is shown below:

Type of shares	No. shares	% of share capital	Listing
Ordinary	42,902,774	83.76%	MTA, STAR Segment
Class B	8,316,020	16.24%	Non-listed
Class C		0.00%	Non-listed
Total	51,218,794	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 the effect of the conversion of Market Warrants, provided below is the list of holders of a significant shareholding as at June 30, 2023 — i.e. considering Aquafil S.p.A.'s qualification as an SME pursuant to Article 1 (*w-quarter*). 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	21,554,705	21,554,705
		Class B	8,316,020	24,948,060
		Total	29,870,725	46,502,765
		Holding	58.32%	68.54%

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.

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. At June 30, 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 June 30, 2024 was Euro 2.05 million.

Translation reserve

The translation reserve, negative at June 30, 2024 for Euro 9.97 million, 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 item amounted to Euro 19.98 million at June 30, 2024 and is derived from the merger transaction between Aquafil S.p.A. and Space3 S.p.A. on December 4, 2017.

Listing costs/Share capital increase reserve

The item amounted to Euro 3.29 million at June 30, 2024 as a decrease in shareholders' equity and relates to the costs incurred in 2017 for the listing and thereafter the share capital increase.

"First Time Adoption" Reserve (FTA)

The item amounts to Euro 2.39 million and represents the conversion effects from Italian GAAP to IFRS.

IAS 19 reserve

At June 30, 2024, it was equal to a Euro 0.57 million 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 8.61 million at June 30, 2024. On June 30, 2024, following the purchases made, Aquafil held 1,278,450 treasury shares, equal to 2.4961% of the share capital.

Retained earnings

At June 30, 2024, the account amounts to Euro 82.95 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.

Minority interest shareholders' equity

As illustrated in paragraph 2 "Consolidation scope" and consolidation criteria, the minority interests shareholders' equity substantially reduced to zero.

5.12 Employee benefits

The account is comprised of:

(in Euro thousands)	30 June 2024
December 31, 2023	5,104
Financial charges	30
Provisions	33
Advances and settlements	(316)
Actuarial losses/(gains)	(51)
June 30, 2024	4,800

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:

Ipotesi finanziarie	30 June 2024
Discount rate	3.35%
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 ad-vances	
Frequency advances	4.50%
Frequency turnover	2.50%

The bond's financial average duration at June 30, 2024 is approx. 6.1 years.

5.13 Current and non-current financial liabilities

The account is comprised of:

(in Euro thousands)	June 2024	of which current portion	December 2023	of which current portion
Medium/long term bank loans	286,651	78,627	303,516	77,857
Accrued interest and accessory charges on medium/long-term bank loans	1,035	1,035	(16)	(16)
Total medium/long-term loans	287,686	79,661	303,499	77,841
Bond loans	64,508	12,857	70,248	12,857
Accrued interest and charges on bonds	554	554	401	401
Total bond loan	65,062	13,412	70,649	13,258
Leasing and RoU financial payables	31,917	7,851	34,696	9,005
Derivative instrument liabilities	227	227	619	619
Other lenders and banks – short term	4,237	4,237	2,438	2,438
Total financial liabilities (current and non-current)	389,131	105,390	411,901	103,161

Medium/long term bank loans

This item refers to payables relating to financing agreements obtained from credit institutions. These agreements stipulate 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.

(in Euro thousands)	Original amount	Granting date	Maturity date	Repayment plan	Rate applied	At June 30, 2024	of which current portion
Medium/long term bank loans - fixed 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%	6,866	3,735
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%	10,030	2,451
Crédit Agricole (former Credito Valtellinese) (*)	15,000	2018	2024	Quarterly from 05/10/2018	1% fixed	1,089	1,089
Cassa Depositi e Prestiti (*)	20,000	2020	2027	Half-yearly from 20/06/2023	1.48% fixed	14,000	4,000
ING Belgie NV	49	2023	2026	Monthly	4.23% fixed	41	16
Total medium/long term bank loans - fixed rate						32,025	11,291
Medium/long term bank loans - variable rate							
Deutsche Bank (*)	20,000	2022	2028	Quarterly from 01/10/2023	Euribor 3 months + 1.20%	17,000	5,000
Sparkasse - Cassa Risparmio di Bolzano (*)	20,000	2018	2025	Quarterly from 31/03/2020	Euribor 3 months + 0.85%	6,089	4,051
Sparkasse - Cassa Risparmio di Bolzano (*)	10,000	2022	2028	Quarterly from 31/12/2024	Euribor 3 months + 1.05%	10,000	1,808
Sparkasse - Cassa Risparmio di Bolzano (*)	10,000	2024	2030	Quarterly from 30/06/2026	Euribor 3 months + 1.30%	10,000	
Banca Intesa (*) (**)	30,000	2021	2027	Half-yearly from 30/06/2023	Euribor 6 months + 1.10%	21,000	6,000
Banca Intesa (*) with SACE guarantee	20,000	2023	2028	Quarterly from 31/12/2025	Euribor 3 months + 0.95%	20,000	
Banca di Verona	5,000	2022	2027	Quarterly from 27/04/2024	Euribor 6 months + 1.20%	5,000	1,178
Banca di Verona	5,000	2023	2028	Trimestrali dal 04/04/2024	Euribor 6 months + 1.20%	5,000	1,155
BPM - Banca Popolare di Milano (*) (**)	25,000	2018	2026	Quarterly from 31/03/2020	Euribor 3 months + 0.90%	9,452	4,603
BPM - Banca Popolare di Milano (*) (**)	15,000	2019	2025	Quarterly from 30/09/2020	Euribor 3 months + 1.05%	4,686	3,086
BPM - Banca Popolare di Milano (*)	15,000	2023	2028	Quarterly from 30/09/2023	Euribor 3 months + 1.15%	12,289	2,843
BPER - Banca Popolare Emilia Romagna (*) (**)	10,000	2019	2025	Monthly dal 26/09/2020	Euribor 3 months + 1%	2,948	2,525
Banca Popolare di Sondrio	10,000	2024	2029	Quarterly from 31/03/2026	Euribor 3 months + 0.90%	10,000	
BNL - Banca Nazionale del Lavoro (*)	7,500	2018	2025	Half-yearly from 31/12/2019	Euribor 6 months + 1.40%	2,045	2,045
BNL - Banca Nazionale del Lavoro (*) with BEI fund	12,500	2018	2025	Half-yearly from 31/12/2019	Euribor 6 months + 1.25%	3,409	3,409
BNL - Banca Nazionale del Lavoro (*)	20,000	2022	2027	Quarterly from 08/12/2023	Euribor 3 months + 1.40%	16,250	5,000
BNL - Banca Nazionale del Lavoro (*) (**)	10,000	2023	2028	Quarterly from 05/10/2024	Euribor 3 months + 1.55%	10,000	1,875
Crédit Agricole (former Banca Popolare Friuladria) (*) (**)	10,000	2017	2025	Quarterly from 31/03/2019	Euribor 3 months + 1.30%	1,900	1,900
Crédit Agricole (former Banca Popolare Friuladria) (*) (**)	10,000	2019	2025	Half-yearly from 28/12/2020	Euribor 6 months + 1.05%	2,727	1,818
Crédit Agricole (*)	10,000	2023	2029	Half-yearly from 29/09/2024	Euribor 6 months + 1.35%	10,000	1,608
Crédit Agricole (former: Credito Valtellinese) with Central Fund guarantee	5,000	2020	2026	Quarterly from 30/09/2021	Euribor 3 months + 1.40%	1,969	981
Credito Emiliano	5,000	2022	2027	Quarterly from 16/09/2023	Euribor 3 months + 0.90%	3,979	1,069
Mediocredito Trentino Alto Adige	3,000	2022	2026	Quarterly from 16/10/2023	0.85% fixed until 15/10/2022 Euribor 3 months + 1%	2,257	998
Monte dei Paschi di Siena (*)	15,000	2018	2025	Half-yearly from 31/12/2019	Euribor 6 months + 0.80%	5,625	5,625
Monte dei Paschi di Siena (*) (**)	20,000	2023	2028	Quarterly from 30/09/2025	Euribor 3 months + 0.75%	20,000	
MCC - Banca del Mezzogiorno (*)	10,000	2019	2026	Quarterly from 09/11/2020	Euribor 1 month + 1.20%	3,500	2,000
MCC - Banca del Mezzogiorno (*)	15,000	2023	2028	Quarterly from 30/06/2025	Euribor 3 months + 1.20%	15,000	1,179
Cassa Depositi e Prestiti (*)	20,000	2022	2027	Half-yearly from 30/06/2024	Euribor 6 months + 1.55%	17,500	5,000
Volksbank	5,000	2023	2028	Quarterly from 31/03/2025	Euribor 3 months + 1.60%	5,000	567
Total medium/long term bank loans - variable rate						254,627	67,323
Accrued interest on medium/long term bank loans						1,035	1,035
Medium/long term bank loans - fixed and variable rate						287,687	79,649

(*) 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.

Certain loan agreements provide for compliance with financial and equity covenants, as summarised below:

Loan	Period	Parameter	Reference	Limit
Crédit Agricole	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		≤ 4.00
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
BNL - Banca Nazionale del Lavoro	Annually	Net Debt/Net Equity	Group	≤ 2.50
	Annually	Net financial debt/EBITDA		≤ 3.75
Banco BPM	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		≤ 3.75
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
Cassa Centrale Banca	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 Debt/Net Equity	Group	≤ 2.50
	Half-yearly	Net financial debt/EBITDA		≤ 3.75

In addition, in the first half of 2024 the company Aquafil S.p.A. agreed two new medium-/long-term variable rate loans for a total of Euro 20 million.

For further information on the transactions undertaken in the period with the lending institutions, reference should be made to the Directors' Report.

In relation to the financial covenants established in the bond and loan agreements detailed above, the Group obtained before the closing date of the 2023 fiscal year:

- by the lenders, the "holiday" covenant for verification of the consolidated "NFP/EBITDA leverage ratio" and of the "NFP/Shareholders' Equity" covenant for the year ended December 31, 2023, and for the cases applicable to the consolidated half-year report at June 30, 2024, with the return to contractual status at December 31, 2024;
- by the bond subscribers the redrafting of the following financial covenants (which were complied with as of June 30, 2024):
 - "NFP/EBITDA leverage ratio" financial covenant to 5.50 and the return to contractual status at December 31, 2024;
 - Consolidated "Interest Coverage Ratio" from 4 to 2.50 at December 31, 2023 and June 30, 2024, to 3 at December 31, 2024, and to 3.5 at December 31, 2025.

According to the 2024-2026 Business Plan approved by the Board of Directors today, the Directors expect that these covenants will be complied with also at the subsequent monitoring date of December 31, 2024.

Compliance at December 31, 2024 shall however be consistently monitored in the second half of the year in order to adopt in a timely manner any appropriate actions with the Lending institutions.

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 June 30, 2024 amounted to Euro 64.3 million, decreasing on the previous year by approx. Euro 5.7 million due to the repayment of the instalments becoming due in H1 2024. 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 June 30, 2024 of Euro 35.7 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% until March 2024. Due to the NFP/EBITDA ratio at December 31, 2023, the interest rate increased by an additional 1%, from 4.70% to 5.70%, until September 2024;
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 June 30, 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 increased by an additional 1%, to 3.87%, until November 2024.

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	5.70%
Bond loan B	40,000,000	24/05/2019	24/05/2029	7 annual instalments from 24/05/2023	3.87%

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	> 2.50
Leverage Ratio (*)	Net financial debt/EBITDA	< 5.50
Minimum Consolidated 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 liabilities

Financial payables for leases totalled Euro 31.9 million, decreasing on December 31, 2023 (Euro 34.7 million). The decrease is mainly due to the application of IFRS 16.

5.14 Provisions for risks and charges

The account is comprised of:

(in Euro thousands)	June 2024	December 2023
Agents' supplementary indemnity provision and others	1,598	1,600
Guarantee fund on client engineering orders	115	109
Total	1,714	1,710

At June 30, 2024, "Provisions for risks and charges" amounted to Euro 1.7 million, substantially in line with December 31, 2023.

5.15 Other current and non-current liabilities

The account is comprised of:

(in Euro thousands)	June 2024	of which current portion	December 2023	of which current portion
Employee payables	12,431	12,431	10,717	10,717
Social security payables	2,972	2,972	3,103	3,103
Tax payables	2,189	2,189	2,511	2,511
Other payables	1,207	1,207	1,216	1,216
Accrued liabilities and deferred income	7,333	2,456	9,151	3,299
Total	26,132	21,255	26,698	20,846

"Employee payables" include the amounts due at June 30, 2024 of the Group companies to their respective employees and total Euro 12.4 million, increasing Euro 1.7 million on December 31, 2023 (Euro 10.7 million). This increase mainly relates to the accrual of the fourteenth month, in addition to accrued vacations and leave against the comparative period. A reclassification of Euro 0.8 million was made to employee payables and other payables at December 31, 2023 for an improved understanding of the difference between the two comparative periods.

"Social security payables" mainly includes the amount owed at June 30, 2024 by the Group companies to social security institutions and amount to Euro 2.9 million, substantially in line with December 31, 2023.

The movement in "Tax payables" concerns mainly the amounts due for Value Added Tax (VAT) and amount to Euro 2.2 million.

"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 June 30, 2024, this deferred revenue (recognised to deferred income) amounts to Euro 3.0 million;
- 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;
- 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 7.5 and 7.1. 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 1.2 million at June 30, 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.

5.16 Trade payables

The account is comprised of:

(in Euro thousands)	June 2024	December 2023
Trade payables	113,630	114,950
Payables to parent, associates and other related parties	225	550
Payments on account	137	506
Total	113,992	116,006

This account includes payables related to the normal conduct of commercial activity by the Group, in particular, the purchase of raw materials and external processing services.

The total is substantially in line with December 31, 2023.

At June 30, 2024, there were no payables falling due over five years recognised to the financial statements.

6. NOTES TO THE CONSOLIDATED INCOME STATEMENT

6.1 Revenues

The breakdown of revenues is shown below:

	June 2024		June 2023		Change	
	in Euro millions	%	in Euro millions	%	in Euro millions	%
EMEA	157.7	54.7%	165.1	53.1%	(7.4)	(4.5%)
North America	79.1	27.4%	98.4	31.6%	(19.3)	(19.7%)
Asia and Oceania	50.0	17.3%	46.6	15.0%	3.4	7.3%
Rest of the world	1.4	0.5%	1.1	0.3%	0.3	31.2%
Total	288.1	100.0%	311.1	100.0%	(23.0)	(7.4%)

Revenues almost entirely include the value of the sale of goods of the three Group product lines described above, that is, the BCF Product Line (carpet fibres), the NTF Product Line (clothing fibres) and the Polymers Product Line.

The decrease in the period (7.4%) is mainly due to a differing sales mix and a reduction in sales prices, as better outlined in the Directors' Report, which also presents the breakdown of revenues by Product Line.

In accordance with IFRS 15, revenues include, as a direct reduction in their amount, cash discounts, which amount to Euro 1.5 million at June 30, 2024.

6.2 Other revenues and income

"Other revenues and income" amount to Euro 3.3 million, decreasing Euro 1.7 million on the previous period. The account mainly comprises:

- Euro 2.4 million of grants received for the U.S. activities of the Group, mainly for the recovery of end-of-life carpets;
- the portion accruing in the year of the grant for Euro 0.2 million for the "Effective" project, concerning Aquafil S.p.A.;
- Euro 0.2 million for the H1 2024 portion of investments made by the subsidiary Tessilquattro S.p.A. as allowed under the tax incentives set out 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, and the grant under Law 178/2020, Article 1, paragraph 1054 supporting enterprises investing in capital goods and those functional to the productive activity of the enterprise.

6.3 Raw material costs

The account includes raw materials and consumables costs, in addition to changes in inventories.

The account amounts to Euro 137.8 million, compared to Euro 158.9 million at June 30, 2023. As outlined in the Directors' Report, this decrease is due to the high unitary stock values in H1 2023.

(in Euro thousands)	June 2024	June 2023
Raw materials and semi-finished goods	122,902	141,565
Ancillaries and consumables	13,337	14,238
Other purchases and finished products	1,552	3,134
Total	137,791	158,938

6.4 Service costs

The account is comprised of:

(in Euro thousands)	June 2024	June 2023
Transport, shipping & customs	10,196	8,550
Electricity, propulsive energy, water and gas	24,616	30,199
Maintenance	5,077	5,557
Services for personnel	2,893	3,536
Technical, ICT, commercial, legal & tax consultancy	5,743	5,996
Insurance	1,783	1,959
Marketing and advertising	1,783	2,083
Cleaning, security and waste disposal	1,864	1,829
Warehousing and external storage	2,173	2,103
External processing	2,867	2,905
Other sales expenses	164	79
Statutory auditors fees	90	83
Other service costs	1,450	1,686
Rentals and hire	1,001	1,297
Total	61,701	67,864

Service costs totalled Euro 61.7 million, decreasing Euro 6.2 million on H1 2023. The decrease mainly relates to the reduction in utility costs following the entry into service of the co-generation plant of the associate AquafilSLO d.o.o., which has reduced the impact of these costs. Logistics costs also decreased as a result of the lower volumes sold.

6.5 Personnel costs

These costs are broken down as follows:

(in Euro thousands)	June 2024	June 2023
Wages and salaries	48,700	49,821
Social security charges	10,903	10,739
Post-employment benefits	894	987
Other non-recurring costs	830	515
Director fees	847	956
Total	62,174	63,019

“Personnel costs” amounted to Euro 62.2 million, slightly decreasing on H1 2023 (Euro 63.0 million).

The decrease mainly concerns the reduction in the average workforce, which is 176 lower than H1 2023. This reduction was mainly in the United Kingdom, where production stopped in 2023, and in Slovenia, Italy and Croatia, in which restructurings resulted in higher non-recurring costs.

	30 June 2024	30 June 2023	Average H1 2024	Average H1 2023
Managers	40	46	41	46
Middle managers	168	164	176	162
Managers	385	439	385	433
Workers	1,889	2,065	1,961	2,098
Total	2,482	2,714	2,563	2,739

6.6 Other operating costs and charges

These costs are broken down as follows:

(in Euro thousands)	June 2024	June 2023
Taxes, duties & sanctions	1,399	1,496
Losses on asset sales	11	33
Other operating charges	250	235
Total	1,659	1,764

“Other operating costs and charges” amounted to Euro 1.7 million in H1 2024, in line with the first half of 2023 (Euro 1.76 million).

The account mainly comprises “Taxes, duties and sanctions” for Euro 1.4 million, which mainly concern local property taxes.

6.7 Amortisation, depreciation and write-downs of tangible and intangible assets

The account is comprised of:

(in Euro thousands)	June 2024	June 2023
Amortisation	3,407	3,263
Depreciation	18,599	16,529
RoU (Right-of-Use) depreciation	4,951	4,495
Write-down of intangible assets	2	0
Write-down - other tangible assets	27	0
Total	26,987	24,287

Amortisation and depreciation totalled Euro 27.0 million, an increase on the first half of 2023 (Euro 24.3 million). The increase is mainly due to the normal depreciation process following the entry into service of the assets in progress, in addition to the entry into service of the co-generation plant of AquafilSLO d.o.o..

The figure includes the straight-line amortisation and depreciation in the period, in addition to the amortisation and depreciation on the bio-caprolactam project.

6.8 Provisions and write-downs

The account is comprised of:

(in Euro thousands)	June 2024	June 2023
Doubtful debt provision	(40)	(62)
Provisions for risks and charges	29	(115)
Total	(11)	(178)

6.9 Increases in internal work capitalised

This account, amounting to Euro 1.9 million, mainly concerns the capitalisations in the first half of 2024 regarding new product development costs (IAS 38). As outlined in the Directors’ Report, the decrease of Euro 1.8 million on the first half of 2023 was mainly due to the reduced capitalisation of development costs related to new products (IAS 38).

6.10 Financial income

The account is comprised of:

(in Euro thousands)	June 2024	June 2023
Other interest	17	0
Interest income current accts.	625	338
Total	641	339

“Financial income” amounted to Euro 0.6 million, increasing on H1 2023 as a result of the general increase in market interest rates.

6.11 Financial charges

The account is comprised of:

(in Euro thousands)	June 2024	June 2023
Interest on bank loans and borrowings	6,502	3,547
Interest on bonds	1,459	1,250
Interest exp. on current accounts	505	500
Write-down of derivative financial instruments	47	597
Other financial and interest expense	2,018	1,612
Total	10,530	7,505

“Financial charges” of Euro 10.5 million increased Euro 3.0 million on H1 2023, mainly due to the increase in interest charges on mortgages and bank loans, due to the general increase in market interest rates.

6.12 Exchange gains and losses

The breakdown of the account is as follows:

(in Euro thousands)	June 2024	June 2023
Total exchange gains	2,639	5,261
Total exchange losses	(2,994)	(4,278)
Total exchange differences	(356)	983

A net loss of Euro 0.4 million is reported for H1 2024, compared to a net gain of Euro 1.0 million for H1 2023.

6.13 Income taxes

The breakdown of the account is as follows:

(in Euro thousands)	June 2024	June 2023
Current taxes	1,018	4,917
Deferred tax income/charges	(2,038)	(2,858)
Total	(1,020)	2,058

Net income taxes in H1 2024 totalled Euro 1.0 million, and mainly concern for Euro 1.0 million current and prior year income taxes and for a negative Euro 2.0 million the net balance between deferred tax income and deferred tax charges related to the first half of 2024. The decrease in current taxes of Euro 3.9 million was mainly due to the absence of current taxes against the pre-tax losses reported by the Group legal entities.

6.14 Non-recurring items

The account is comprised of:

(in Euro thousands)	June 2024	June 2023
Non-recurring charges	109	177
Expansion costs Aquafil Group	107	376
Non-recurring costs ACR1	0	623
Restructuring and other personnel costs	830	181
Extraordinary administrative and legal consultancy	41	290
Total non-recurring costs	1,087	1,648
Non-recurring revenues	(37)	(3)
Total non-recurring revenues	(37)	(3)
Non-operating income and charges	1,049	1,645

The non-recurring items principally concern the restructuring costs in the United Kingdom, where production stopped in 2023, and in Slovenia, Italy and Croatia, in which restructurings were undertaken.

6.15 Earnings per share

The breakdown of the account is as follows:

(in Euro thousands)	June 2024	June 2023
Group Net Profit	(6,133)	(4,136)
Number of shares	51,219	51,219
Earnings per share	(0.12)	(0.08)

We point out that diluted earnings per share is equal to the above-mentioned earnings per share because there are no stock option plans.

7. NET FINANCIAL DEBT

A breakdown follows of the net financial debt at June 30, 2024 and December 31, 2023, determined in accordance with the ESMA Guidelines (32-382-1138):

Net Financial Debt (in Euro thousands)	At June 30, 2024	At December 31, 2023
A. Liquidity	140,139	157,662
B. Cash and cash equivalents	0	0
C. Other current financial assets	6,012	5,703
D. Liquidity (A + B + C)	146,151	163,364
E. Current financial debt (including debt instruments but excluding the current portion of non-current financial debt)	(4,237)	(2,438)
F. Current portion of non-current financial debt	(101,154)	(100,723)
G. Current financial debt (E + F)	(105,390)	(103,161)
H. Net current financial debt (G – D)	40,761	60,204
I. Non-current financial debt (excluding current portion and debt instruments)	(232,090)	(251,350)
J. Debt instruments	(51,651)	(57,391)
K. Trade payables and other non-current payables	0	0
L. Non-current debt (I + J + K)	(283,741)	(308,741)
M. Total financial debt (H + L)	(242,980)	(248,537)

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)		<i>current portion</i>	<i>non-current portion</i>
Net Debt at December 31, 2023	(248,537)	60,204	(308,741)
Net cash flow in the period	(17,523)	(17,523)	
Decrease in liquidity subject to restrictions	310	310	
New bank loans and borrowings	(20,000)		(20,000)
Repayment/reclass. bank loans and borrowings	41,400	(1,961)	43,361
Leasing New Funding	(2,207)	(736)	(1,471)
Repayment/reclass. lease liability	4,986	1,876	3,110
Change in fair value derivatives	392	392	
Other changes	(1,801)	(1,801)	
Net Debt at June 30, 2024	(242,980)	40,761	(283,740)

8. 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							
At June 30, 2024			1,222	79	1,302	1,729	75.30%
At December 31, 2023			1,023	79	1,102	1,558	70.73%
Trade receivables							
At June 30, 2024	125		3	26	154	27,536	0.56%
At December 31, 2023	275			77	352	26,206	1.34%
Other current assets							
At June 30, 2024	6,780				6,780	17,507	38.73%
At December 31, 2023	5,854				5,854	14,644	39.98%
Non-current financial liabilities							
At June 30, 2024				(2,985)	(2,985)	(283,741)	1.05%
At December 31, 2023				(3,217)	(3,217)	(308,741)	1.04%
Current financial liabilities							
At June 30, 2024				(1,477)	(1,477)	(105,390)	1.40%
At December 31, 2023				(1,872)	(1,872)	(103,161)	1.81%
Trade payables							
At June 30, 2024			0	(224)	(225)	(113,992)	0.20%
At December 31, 2023	(184)			(367)	(551)	(116,006)	0.47%

“Non-current financial assets” with associates amount to Euro 1,222 thousand and concern the equity measurement of investments held by the parent company in the associated companies Nofir AS and Poly-Service S.a.s., as well as the investment held by Aquafil Chile S.p.A. in the joint venture Acca S.p.A..

“Trade receivables” from parent companies total Euro 125 thousand and concern the trade receivable of Aquafil S.p.A. from Aquafin Holding S.p.A..

“Other current assets” amount to Euro 6,780 thousand and concern the receivable of Aquafil S.p.A. from Aquafin Holding S.p.A. for the transfer of taxes within the scope of the tax consolidation agreement.

“Non-current financial liabilities” amount to Euro 2,985 thousand and concern long-term financial payables for the lease agreement related to the Rovereto plant, the payable to Aquaspace S.p.A. by Aquafil S.p.A. for Euro 1,233 thousand and by the subsidiary Tessilquattro S.p.A. for Euro 1,752 thousand.

“Current financial liabilities” amount to Euro 1,477 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 288 thousand and by Tessilquattro S.p.A. for Euro 469 thousand; Euro 497 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 222 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 225 thousand and mainly concern Euro 140 thousand in trade payables of Aquafil S.p.A. to Aquaspace S.p.A. and Euro 80 thousand in trade payables of the Slovenian subsidiary AquafilSLO d.o.o. to Aquasava d.o.o..

The transactions of the Group with related parties are illustrated in the table below:

(in Euro thousands)	Parent companies	Subsidiaries	Other related parties	Total	Book value	% on total account items
Revenues						
H1 2024	125		33	158	288,133	0.05%
H1 2023	125		26	151	311,117	0.05%
Service costs and rent, lease and similar costs						
H1 2024			(329)	(329)	(61,701)	0.53%
H1 2023	(2)		(262)	(264)	(67,864)	0.39%
Other operating costs and charges						
H1 2024			(35)	(35)	(1,659)	2.10%
H1 2023			(35)	(35)	(1,764)	1.98%
Financial charges						
H1 2024			(49)	(49)	(10,531)	0.46%
H1 2023	(15)		(73)	(87)	(7,505)	1.16%

“Revenues from parent companies” total Euro 125 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 33 thousand and are mainly related to revenues of the Parent Company and the subsidiary Tessilquattro S.p.A. in relation to Aquaspace S.p.A. for administrative consultancy and technical maintenance.

“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 and by the Slovenian subsidiary AquafilSLO d.o.o. to the company Aquasava d.o.o. for the management of external storage facilities.

“Other operating costs and charges” amount to Euro 35 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..

“Financial charges” to associated companies amount to Euro 49 thousand and mainly concern the charges related to lease agreements between Aquaspace S.p.A. and Tessilquattro S.p.A. (Euro 20 thousand), between Aquaspace S.p.A. and Aquafil S.p.A. (Euro 12 thousand), and between Aquafin USA Inc. and Aquafil USA Inc. (Euro 10 thousand).

9. OTHER INFORMATION

9.1 Commitments and risks

Other commitments

At June 30, 2024, the Parent Company provided sureties in favour of credit institutions in the interest of subsidiaries 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) *Tax audit Aqualeuna GmbH*

2013-2015 and 2016-2017 periods

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 agreement 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.

In 2023, the Parent Company Aquafil 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 June 30, 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), 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 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.

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.

As it stands, the First Instance Court of Trento has set the hearing for the suspension request for September 30, 2024, while the date for the dispute hearing has not yet been set.

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.

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 04, 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 and which had already been accepted by the Trento Office in the context of audits related to the years 2015, 2016 and 2017.

It is presumable that, in accordance with the criteria already used by the Trento Office on the same adjustments contested in previous tax periods, 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 observations could be redetermined 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, which the company has prudently allocated to provisions for risks.

It should be noted that, in the PVC, penalties were not applied on the transfer pricing issues, as the documentation was deemed adequate.

9.2 Subsequent events

- Proposal of a rights issue with pre-emption rights for existing shareholders for up to Euro 40 million, aimed at supporting and accelerating the implementation of the Plan’s strategic initiatives, as well as at capturing possible consolidation opportunities in the market. The major shareholder Aquafin Holding has expressed its full support to the transaction and its intention to subscribe its pro-quota share of the capital increase, and has confirmed that all related activities are ongoing.
- Proposed mandate pursuant to Article 2443 of the Italian Civil Code to increase the share capital by up to Euro 40 million, by December 31, 2025, aimed at seizing opportunities to expand the shareholder base to new industrial and financial partners in order to provide the necessary financial resources to support and accelerate the implementation of the initiatives envisaged in the Plan. It should be noted that i) the proposed mandate, in the way it will be setup, envisages that the mandate may be used by the Board of Directors to obtain the financial resources to support the Plan as a potential alternative strategic option to the execution of the aforementioned rights issue with pre-emptive rights, in order to provide the Company with wide flexibility and that (ii) on the basis of the mandate, capital increases may be approved only in amounts not exceeding in any case the maximum total amount of Euro 40 million allocated to the implementation of the Plan.

Arco, August 29, 2024

The Chairperson of the Board of Directors
Full Professor Chiara Mio

The Executive Officer for Financial Reporting
Mr. Roberto Carlo Luigi Bobbio

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, D.lgs. 58/1998) ABOUT THE HALF-YEARLY STATEMENTS OF AQUAFIL

1. The **undersigned** Giulio Bonazzi, CEO, and Roberto Carlo Luigi Bobbio, Principal Financial Officer ex Law 262/05 of Aquafil SpA, certify, based on art. 154-bis, commas 3-4, and Legislative Decree 58/1998:
 - the adequacy in relation to the firm characteristics and
 - the effective implementation of the administrative - accountability procedures aimed at preparing the half-yearly statements as of June 30th, 2024.
2. No relevant issues arose.
3. It is also certified that the half-yearly statements as of June 30th, 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.

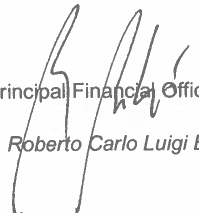
The interim management report shall include a reliable analysis of the references to important events that occurred in the first six months of the year and their impact on the consolidated half-yearly financial statement, together with a description of the main risks and uncertainties for the remaining six months of the year. The interim management report shall also include a reliable analysis of information on relevant transactions with related parties.

Arco, August 29th, 2024

CEO
Dott. Giulio Bonazzi



Principal Financial Officer
Dott. Roberto Carlo Luigi Bobbio



Report on the Audit of the Half-Year Directors' Report at June 30, 2024



REVIEW REPORT ON CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

To the shareholders of
Aquafile SpA

Foreword

We have reviewed the accompanying consolidated condensed interim financial statements of Aquafile SpA and its subsidiaries (the "Aquafile Group") as of 30 June 2024, comprising the statement of financial position, income statement, statement of comprehensive income, cashflow statement, statement of changes in equity and related notes. The Directors of Aquafile SpA are responsible for the preparation of the consolidated condensed interim financial statements in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these consolidated condensed interim financial statements based on our review.

Scope of review

We conducted our work in accordance with the criteria for a review recommended by Consob in Resolution No. 10867 of 31 July 1997. A review of consolidated condensed interim financial statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than a full-scope audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the consolidated condensed interim financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the consolidated condensed interim financial statements of Aquafile Group as of 30 June 2024 are not prepared,

PricewaterhouseCoopers SpA

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in all material respects, in accordance with international accounting standard applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Treviso, 29 August 2024

PricewaterhouseCoopers SpA

Signed by

Giorgio Simonelli
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers

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