



Consolidated Half-Year
Financial Statements

2023

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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
FRANCESCO PROFUMO	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

CHIARA MIO	Chairperson
FRANCESCO PROFUMO	Member
PATRIZIA RIVA	Member

Appointments and Remuneration Committee

FRANCESCO PROFUMO	Chairperson
PATRIZIA RIVA	Member
ILARIA MARIA DALLA RIVA	Member

Supervisory Board

FABIO EGIDI	Chairperson
KARIM TONELLI	Member
MICHELE PANSARELLA	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. – Trento (Italy), Viale della Costituzione 33

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 2023. 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, 2023

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, 2023):

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

Tax and VAT No.: IT 09652170961

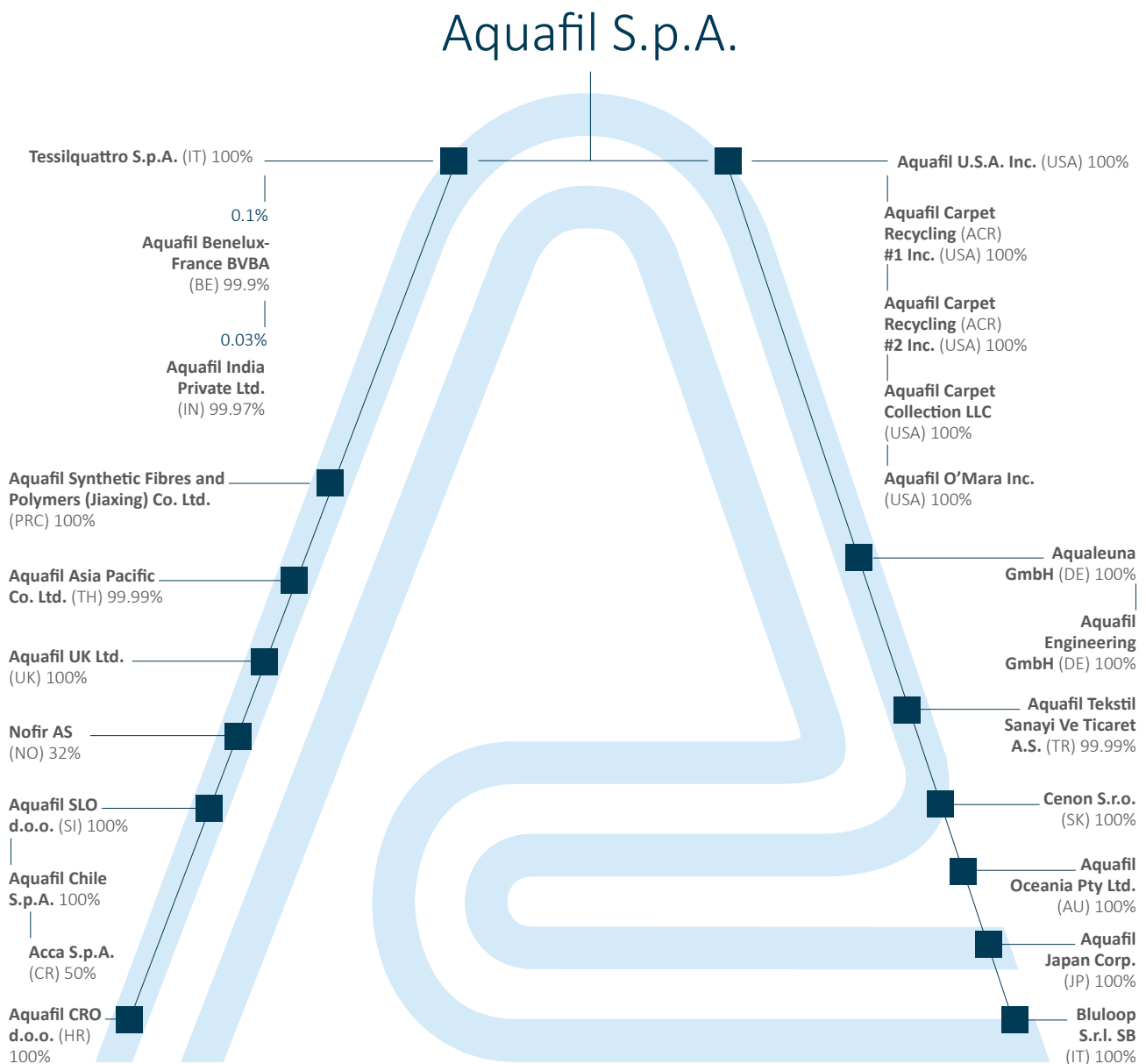
ATECO Code: 20.6

Trento Economic & Administrative Registration: TN - 228169

2. CONSOLIDATION SCOPE

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

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



The Group comprises 21 direct or indirect subsidiaries of Aquafil S.p.A. and one associated company and a joint venture, both measured at equity. Production is carried out at 21 plants located in Europe, the United States, Asia and Oceania.

2.1 H1 2023 Performance

In Europe, our industry's environment also proved more challenging than expected in the second quarter.

Demand declined suddenly and sharply due to a combination of slowing end consumption and destocking among clients.

This general market weakness also resulted in a significant decline in raw material levels, which returned to mid-2021 levels. Our sales prices, as following raw material prices, temporarily saw a contracting margin as a result of the high unit carrying amount of the inventories built up in 2022.

Demand and quantities sold in the United States and Asia Pacific confirmed the previous year's satisfying numbers.

The engineering plastics project developed strongly in the first half of the year, and despite the continually weak market is close to target levels. These in fact shall certainly be achieved by year-end. BCF market demand improved in the Summer in the EMEA area, and whose destocking should now have largely concluded.

Finally, the major debt containment actions launched in 2022 have continued, thanks to the restructuring of working capital and the almost concluded investment cycle begun in previous years.

3. SIGNIFICANT EVENTS IN THE FIRST HALF OF 2023

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

1. Acca S.p.A.: on January 18, 2023 through its subsidiary Aquafil Chile S.p.A., a joint venture was created with the company Atando Cabos S.p.A. called Acca S.p.A., with registered office in Santiago, Chile, and share capital of CLP 1 million. The company has the corporate purpose of acquiring, storing and recycling fishing nets, nautical ropes and other plastic waste. The company is not yet operative;
2. Aquafil S.p.A. dividend distribution: on April 27, 2023, the Shareholders' Meeting of Aquafil S.p.A. approved the distribution of dividends totaling Euro 12.3 million, which were paid out on May 10, 2023, with coupon date of May 8, 2023;
3. Treasury share purchases: as part of the treasury share purchase plan approved by the Shareholders' Meeting on October 20, 2021, it should be noted that, in January 2023, Aquafil continued to purchase shares up to 1,278,450 treasury shares held, equal to 2.4961% of the share capital. The authorisation by shareholders had a validity of 18 months from the date of the related resolution and therefore authorised the purchase, in one or more tranches, of ordinary shares up to a maximum number which, taking account of the ordinary shares which may be held in portfolio by the company and by its subsidiary, does not total more than 3% of share capital;
4. Aquafil Jiaxing Co. Ltd. share capital increase: on May 8, 2023, the parent company Aquafil S.p.A. paid in the remaining portion of the share capital subscribed and not yet paid of the subsidiary Aquafil Jiaxing Co. Ltd. for a total amount of Euro 1,348 thousand. Following the final payment, the entire share capital of the company Aquafil Jiaxing Co. Ltd. has therefore been fully paid-in;
5. Karun World Ltd.: in May 2023, the stake in the company Karun World Ltd., with registered office in Warwick (Great Britain), was recognised for Euro 150 thousand, equal to 1.83% of the share capital. The company is engaged in the environmentally-sustainable production of eyewear from the collection of waste materials, such as rope or fishing nets recovered from the coasts and mountains of Patagonia;
6. Tax assessment FY 2017: with regard to the audit referring to the 2017 fiscal year involving the parent company Aquafil S.p.A., on May 15, 2023, the case was initiated for the recovery of taxation for a total of Euro 853 thousand. For further details, reference should be made to the "Contingent liabilities" paragraph of the Explanatory Notes;

7. Aquafil S.p.A./Aqualeuna GmbH: the company Aqualeuna GmbH, which was the subject of a tax audit by the Federal Tax Office (“Bundeszentralamt für Steuern”), division of Leuna (Germany), received in May 2023 from the Finanzamt Merseburg office notification of the closure of the audit for the tax periods 2018 and 2019 and the subsequent assessment and settlement notices for the company’s income tax. For further details, reference should be made to the “Contingent liabilities” paragraph of the Explanatory Notes.

4. IMPLICATIONS OF THE COVID-19 PANDEMIC AND THE RUSSIA-UKRAINE CONFLICT

On May 5, 2023, the World Health Organisation officially declared the health emergency over. This had begun on March 11, 2020, when it was first declared a pandemic. Over the past few years, the Aquafil Group has been able to carefully manage the developments of the pandemic from the very beginning, promptly taking the necessary measures to prevent, control and contain the virus at its facilities, at a global level. Its objective has always been to protect the health of its employees and collaborators by constantly monitoring developments, including the spread of variants, at all operational locations globally, confirming the key objective of protecting the health of its employees and collaborators. The health crisis did not substantially impact the results for the period.

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.

5. AQUAFIL ON THE STOCK MARKET

At June 30, 2023, the Aquafil share price (ISIN IT0005241192) was Euro 3.76, down approx. 38.7% on December 30, 2022 (Euro 6.14), against an increase in the FTSE MIB in the same period of 19%.

The Aquafil share generally declined in the period, between a minimum of Euro 3.63 (on June 27, 2023) and a maximum of Euro 6.30 (on January 12, 2023).

The *average traded volume* in the period was 31,767 shares, with a maximum daily volume (traded on April 17, 2023) of 130,218 shares, and a minimum daily volume (traded on January 23, 2023) of 1,089 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

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, 2023	At June 30, 2022
Profit/(loss) for the period	(4,136)	17,674
Income taxes	2,058	6,457
Investment income and charges	0	70
Amortisation, depreciation and write-downs	24,287	23,756
Provisions and write-downs	(178)	(200)
Financial items (*)	7,651	2,435
Non-recurring items (**)	1,645	1,321
EBITDA	31,327	51,513
Revenues	311,117	351,009
EBITDA margin	10.1%	14.7%

(in Euro thousands)	At June 30, 2023	At June 30, 2022
EBITDA	31,327	51,513
Amortisation, depreciation and write-downs	(24,287)	(23,756)
Provisions and write-downs	178	200
Adjusted EBIT	7,218	27,956
Revenues	311,117	351,009
Adjusted EBIT margin	2.3%	8.0%

(*) Comprises: (i) interest expense on loans and other bank charges for Euro -7.5 million, (ii) customer cash discounts for Euro -1.5 million, (iii) financial income for Euro 0.3 million and (iv) net exchange gains of Euro 1 million.

(**) Comprises: (i) non-recurring charges concerning the company Aquafil Carpet Recycling #1 for an extraordinary event for Euro -0.6 million, (ii) non-recurring Group expansion costs for Euro -0.4 million, (iii) non-recurring extraordinary legal consultancy costs for Euro -0.3 million, (iv) non-recurring costs for personnel mobility of two group companies for Euro -0.2 million, (v) other non-recurring charges of Euro -0.2 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, 2023	At December 31, 2022
Consolidated Shareholders' Equity	149,207	175,402
Net Financial Position	250,652	247,885
EBITDA LTM (Last Twelve Months)	72,075	92,261
NFP/EBITDA	3.48	2.69

The comments on the movements in the Net Financial Position are reported in paragraph "10. Group balance sheet and financial position" paragraph.

7. H1 2023 CONSOLIDATED INCOME STATEMENT

The H1 2023 Income Statement compared with the previous half year is reported below:

Consolidated Income Statement (in Euro thousands)	Note	H1 2023 <i>of which non-recurring</i>		H1 2022 <i>of which non-recurring</i>	
Revenues	6.1	311,117	0	351,009	525
<i>of which related parties</i>		151		26	
Other revenues and income	6.2	4,947	3	2,413	114
Total revenues and other revenues and income		316,064	3	353,422	639
Cost of raw materials and changes to inventories	6.3	(158,938)	0	(158,365)	(294)
Service costs and rents, leases and similar costs	6.4	(67,864)	(1,018)	(81,957)	(738)
<i>of which related parties</i>		(264)		(230)	
Personnel costs	6.5	(63,019)	(515)	(64,898)	(811)
Other costs and operating charges	6.6	(1,764)	(114)	(2,446)	(115)
<i>of which related parties</i>		(35)		(35)	
Amortisation, depreciation & write-downs	6.7	(24,287)		(23,756)	
Provisions and write-downs	6.8	115		174	
(Write-down)/recovery of financial assets (receivables)	6.8	62		26	
Increase in internal work capitalised	6.9	3,736		2,347	
EBIT		4,106	(1,645)	24,548	(1,321)
Investment income/charges		0		(70)	
<i>of which related parties</i>		0		90	
Financial income	6.10	339		2,987	
Financial charges	6.11	(7,505)		(3,862)	
<i>of which related parties</i>		(87)		(64)	
Exchange gains/losses	6.12	983		528	
Profit/(loss) before taxes		(2,078)	(1,645)	24,131	(1,321)
Income taxes	6.13	(2,058)		(6,457)	
Profit/(loss) for the period		(4,136)	(1,645)	17,674	(1,321)
Minority interest net profit		0		0	
Group Net Profit/(loss)		(4,136)	(1,645)	17,674	(1,321)
Basic earnings per share	6.15	0		0.35	
Diluted earnings per share	6.15	0		0.35	

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 (carpet yarn)				NTF (clothing yarn)				Polymers				Total			
	H1 23	H1 22	Δ	Δ%	H1 23	H1 22	Δ	Δ%	H1 23	H1 22	Δ	Δ%	H1 23	H1 22	Δ	Δ%
EMEA	99.0	117.8	(18.9)	(16.0%)	46.3	57.9	(11.6)	(20.0%)	19.8	28.8	(9.0)	(31.2%)	165.1	204.5	(39.4)	(19.3%)
North America	80.0	76.3	3.7	4.8%	15.6	16.6	(1.0)	(5.9%)	2.8	1.5	1.3	86.6%	98.4	94.4	4.0	4.2%
Asia and Oceania	44.2	48.1	(3.9)	(8.2%)	2.0	1.8	0.2	10.3%	0.4	0.5	(0.2)	(28.5%)	46.6	50.5	(3.9)	(7.8%)
Rest of the world	0.5	0.3	0.2	58.8%	0.6	1.3	(0.7)	(54.4%)	0.0	0.0	(0.0)	N.A.	1.1	1.6	(0.5)	(33.5%)
Total	223.6	242.6	(19.0)	(7.8%)	64.5	77.6	(13.1)	(16.9%)	23.0	30.8	(7.8)	(25.4%)	311.1	351.0	(39.9)	(11.4%)
%	71.9%	69.1%			20.7%	22.1%			7.4%	8.8%						

Sales revenues in the period of Euro 311.1 million decreased Euro 39.9 million (-11.4%) on Euro 351 million in H1 2022.

Specifically, a comparison between the two periods highlights:

1. **EMEA revenues** totalled Euro 165.1 million, compared to Euro 204.5 million in the same period of the previous year, decreasing Euro 39.4 million (-19.3%). The reduction is mainly due to the decrease in quantities sold across all product lines;
2. **North American revenues** were Euro 98.4 million, compared to Euro 94.4 million in the same period of the previous year, an increase of Euro 4 million (4.2%). For the BCF product line, we report increased revenues of Euro 3.7 million compared to H1 2022, mainly due to the higher sales prices. The NTF line however saw a reduction of Euro 1 million (-5.9%), mainly due to the decrease in quantities sold in the period, partially offset by higher sales prices;
3. **Asia and Oceania revenues** amounted Euro 46.6 million, compared to Euro 50.5 million in the same period of the previous year, a decrease of Euro 3.9 million (-7.8%). The reduction is mainly due to the lower revenues of the Group company Aquafil Engineering, which offers engineering services, in addition to a slight reduction in quantities sold.

Other revenue and income

Other revenues and income amounted to Euro 4.9 million, compared to Euro 2.4 million in the first half of 2022, increasing Euro 2.5 million, mainly due to the increase in government grants obtained by Aquafil S.p.A. and Tessilquattro S.p.A. compared to the preceding period.

Costs for raw materials, ancillaries and consumables

Raw materials, ancillaries and consumables totalled Euro 158.9 million, compared to Euro 158.4 million in H1 2022, an increase of Euro 0.5 million. They accounted for 51% of revenues (45% in H1 2022). The increase 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 67.8 million, compared to Euro 82 million in H1 2022, a decrease of Euro 14.2 million (-17.3%). The reduction, related to the lower production volumes, was particularly significant in terms of transport and utility costs which, as outlined in the explanatory notes, in the first half of 2023 significantly declined.

Personnel costs

Personnel costs totalled Euro 63 million, decreasing Euro 1.9 million compared to H1 2022 (Euro 64.9 million). They accounted for 20% of revenues (18% in the same period of 2022).

The decrease in personnel costs is mainly due to the reduction in the average Group workforce (-64 units), decreasing from an average of 2,803 in H1 2022 to 2,739 in H1 2023, in addition to the reduction in hours worked.

Other costs and operating charges

Other costs and operating charges amount to Euro 1.8 million (Euro 2.4 million in H1 2022), decreasing Euro 0.7 million.

Increases for internal work

The increases for internal work amount to Euro 3.7 million (Euro 2.3 million in H1 2022), increasing Euro 1.4 million. The increase is mainly due to the capitalisation of higher development costs related to new products (IAS 38) in the first half of 2023 compared to the first half of 2022.

EBITDA

EBITDA, as defined by the alternative performance measures outlined in the key financial highlights of this report, was Euro 31.3 million, compared to Euro 51.5 million in the same period of the previous year, decreasing Euro 20.2 million.

This reduction is mainly as a result of both the decrease in quantities sold and the decrease in sales prices, which therefore resulted in an increase in the percentage of raw material costs on revenues, as commented upon above.

The EBITDA Margin on revenues in H1 2023 was 10.1% (14.7% in the same period of the previous year).

Amortisation, depreciation and write-downs

Amortisation, depreciation and write-downs in H1 2023 totalled Euro 24.3 million, compared to Euro 23.8 million in the first half of 2022 (increasing Euro 0.5 million). This figure, substantially in line with the first half of 2022, relates to the straight-line amortisation and depreciation of fixed assets.

Other provisions

“Other provisions” reported a positive amount (represented by releases) in the first half of 2023 of Euro 0.1 million, substantially in line with the first half of 2022.

EBIT

H1 2023 EBIT was Euro 4.1 million, compared to Euro 24.5 million in the first half of 2022 (decreasing Euro 20.4 million). The movement is mainly due to the reduction in EBITDA, as outlined above.

Financial management result

H1 2023 net financial charges amounted to Euro 6.2 million, compared to Euro 0.4 million in the same period of the previous year (increasing Euro 5.8 million). The movement relates to:

- a) reduction in financial income of Euro 2.6 million compared to the first half of 2022, substantially as a result of the positive effect in the preceding period of the increase in the fair value of derivatives (IRS), as a result of the movement in the interest rate curve;
- b) increase in financial charges of Euro 3.6 million, mainly due to the increase in interest expense on mortgages and bank loans.

These negative impacts were partially offset by net exchange gains in the first half of 2023 of Euro 1 million (compared to gains of Euro 0.5 million in the previous year).

Income taxes

Income taxes in the period totalled Euro 2.1 million, compared to Euro 6.5 million in the first half of 2022 (decreasing Euro 4.4 million, due to the decrease in the gross result).

Consolidated half-year result

The Group consolidated net result was a loss of Euro 4.1 million, compared to a profit in the first half of 2022 of Euro 17.7 million, a decline of Euro 21.8 million, due to the reasons outlined above.

8. Q2 2023 CONSOLIDATED INCOME STATEMENT

The interim reporting is supported by a breakdown of the consolidated result for Q2 2023 against the same period of 2022.

Key Financial Highlights (in Euro thousands)	Q2 2023	Q2 2022
Profit/(loss) for the period	(7,427)	8,554
Income taxes	706	3,675
Investment income and charges	(0)	70
Amortisation, depreciation and write-downs	12,458	12,838
Provisions and write-downs	(28)	(191)
Financial income/(charges)	3,524	893
Non-recurring items	522	861
EBITDA	9,755	26,699
Revenues	144,297	179,849
EBITDA margin	6.8%	14.8%

(in Euro thousands)	Q2 2023	Q2 2022
EBITDA	9,755	26,699
Amortisation, depreciation and write-downs	(12,458)	(12,838)
Provisions and write-downs	28	191
Adjusted EBIT	(2,675)	14,053
Revenues	144,297	179,849
Adjusted EBIT margin	(1.9%)	7.8%

Conto Economico Consolidato (in Euro thousands)	Note	Q2 2023 of which non-recurring	Q2 2022 of which non-recurring
Revenues		144,297	179,849
<i>of which related parties</i>		76	13
Other revenues and income		2,230	1,157
		1	23
Total revenues and other revenues and income		146,527	181,006
		1	251
Cost of raw materials and changes to inventories		(76,754)	(79,798)
		0	(204)
Service costs and rents, leases and similar costs		(31,622)	(43,097)
<i>of which related parties</i>		(139)	296
Personnel costs		(30,985)	(33,511)
		(197)	(464)
Other costs and operating charges		(901)	(1,212)
<i>of which related parties</i>		(17)	(17)
Amortisation, depreciation & write-downs		(12,458)	(12,838)
Provisions and write-downs		28	191
Write-downs of financial assets (receivables)		(0)	1
Increase in internal work capitalised		2,286	1,343
EBIT		(3,880)	12,085
		(522)	(861)
Investment income/charges		0	(70)
<i>of which related parties</i>		0	90
Financial income		224	1,293
<i>of which related parties</i>		0	0
Financial charges		(4,225)	(1,991)
<i>of which related parties</i>		(42)	(33)
Exchange gains/losses		1,159	912
Profit/(loss) before taxes		(6,721)	12,229
		(522)	(861)
Income taxes		(706)	(3,675)
Profit/(loss) for the period		(7,427)	8,554
		(522)	(861)
Minority interest net profit		(0)	(0)
Group Net Profit/(loss)		(7,427)	8,554
		(522)	(861)

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			
	2Q23	2Q22	Δ	Δ%	2Q23	2Q22	Δ	Δ%	2Q23	2Q22	Δ	Δ%	2Q23	2Q22	Δ	Δ%
EMEA	44.7	58.5	(13.8)	(23.6%)	20.0	29.4	(9.5)	(32.2%)	8.9	14.3	(5.4)	(37.8%)	73.6	102.2	(28.6)	(28.0%)
North America	38.6	42.4	(3.8)	(9.0%)	8.4	9.3	(0.8)	(8.9%)	1.3	1.2	0.1	7.3%	48.4	52.9	(4.6)	(8.6%)
Asia and Oceania	20.7	22.9	(2.2)	(9.8%)	1.0	0.8	0.2	23.3%	0.1	0.1	0.0	21.2%	21.8	23.9	(2.0)	(8.5%)
Rest of the world	0.3	0.1	0.1	100.9%	0.3	0.7	(0.5)	(61.8%)	0	(0.0)	0.0	N.A.	0.5	0.9	(0.3)	(37.4%)
Total	104.2	123.9	(19.7)	(15.9%)	29.7	40.2	(10.5)	(26.2%)	10.4	15.7	(5.3)	(33.7%)	144.3	179.8	(35.6)	(19.8%)
%	72.2%	68.9%			20.6%	22.4%			7.2%	8.7%						

Sales revenues totalled Euro 144.3 million, compared to Euro 179.8 million for Q2 2022, decreasing Euro 35.6 million (-19.8%).

Specifically, a comparison between the two periods highlights:

1. **EMEA revenues** totalled Euro 73.6 million, compared to Euro 102.2 million in the same period of the previous year, decreasing Euro 28.6 million (-28%). The reduction was mainly due to the joint effect of the decrease in quantities sold across all product lines, alongside a reduction in sales prices;
2. **North America revenues** totalled Euro 48.4 million, compared to Euro 52.9 million in the same period of the previous year, decreasing Euro 4.6 million (-8.6%). The contraction was mainly due to reduced sales prices;
3. **Asia and Oceania revenues** amounted Euro 21.8 million, compared to Euro 23.9 million in the same period of the previous year, a decrease of Euro 2.1 million (-8.5%). The contraction was mainly due to reduced sales prices.

Other revenue and income

Other revenues and income amounted to Euro 2.2 million, compared to Euro 1.2 million in Q2 2022, an increase of Euro 1 million.

Raw materials, ancillaries and consumables

Raw materials, ancillaries and consumables totalled Euro 76.7 million, compared to Euro 79.8 million in Q2 2022, a decrease of Euro 3.1 million (-3.8%). The increase in the percentage of raw material, ancillary and consumable costs on revenues for Q2 2023 compared to Q2 2022, despite the reduction in raw material costs, was particularly sharp in view of the high unitary values of the stock built up in the corresponding period of 2022.

Service costs

Service costs totalled Euro 31.6 million, compared to Euro 43.1 million in Q2 2022, a decrease of Euro 11.5 million (-26.7%). Service costs represented 21.9% of revenues, compared to 24% in the same period of the previous year.

Personnel costs

Personnel costs were Euro 31 million, compared to Euro 33.5 million in Q2 2022, a decrease of Euro 2.5 million (-7.5%). The percentage of revenues was 21.5% (18.6% in Q2 2022).

Other costs and operating charges

Other costs and operating charges amounted to Euro 0.9 million (Euro 1.2 million in Q2 2022), decreasing Euro 0.3 million.

Increases for internal work

Increases for internal work amounted to Euro 2.3 million, compared to Euro 1.3 million in Q2 2022, an increase of Euro 1 million. The increase is mainly due to the capitalisation of higher development costs related to new products (IAS 38) in the second quarter of 2023 compared to the same quarter of the previous year.

EBITDA

EBITDA, as defined by the alternative performance measures outlined in the key financial highlights of this report, was Euro 9.8 million, compared to Euro 26.7 million in Q2 2022, decreasing Euro 16.9 million.

The EBITDA Margin on revenues in Q2 2023 was 6.8% (14.8% in the same period of the previous year).

This reduction in EBITDA in Q2 is mainly as a result of both the decrease in quantities sold and the decrease in sales prices, in addition to the increase in the percentage of raw material costs on revenues, as commented upon above.

Amortisation, depreciation and write-downs

Amortisation, depreciation and write-downs in Q2 2023 amounted to Euro 12.4 million (Euro 12.8 million in the same period of the previous year), decreasing by Euro 0.4 million.

EBIT

Q2 2023 EBIT was a loss of Euro 3.8 million, compared to Euro 12.1 million in the same period of the previous year (a decrease of Euro 16 million). This movement was mainly due to the decrease in EBITDA, as outlined above.

Financial management result

Net financial charges of Euro 2.8 million was reported in Q2 2023, compared to net income of Euro 0.1 million in the same period of the previous year (decreasing Euro 2.9 million). This movement is due to the higher financial charges in the period of Euro 4 million, compared to Euro 0.7 million in the same period of the previous year, increasing by Euro 3.3 million; this was impacted by the MTM measurement of IRS (Interest Rate Swap) derivatives undertaken in order to manage interest rate fluctuations on the parent company's medium-term loan contracts, although accounted as non-hedging contracts, as outlined in paragraph "5.3 Current and non-current financial assets and investments measured at equity" below in the Explanatory Notes. The deterioration was partially offset by the increase in net exchange gains in the quarter of Euro 1.2 million, compared to net gains of Euro 0.9 million, an increase of Euro 0.3 million on the same quarter of the previous year.

Income taxes

Income taxes were Euro 0.7 million, compared to Euro 3.7 million in the same period of the previous year, decreasing Euro 3 million as a result of the lower gross result.

Consolidated Quarterly result

The Group consolidated net result was a loss of Euro 7.4 million, compared to a profit of Euro 8.6 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, 2023 and December 31, 2022.

Group Balance Sheet and Financial Situation (in Euro thousands)	At June 30, 2023	At December 31, 2022	Change
Trade receivables	27,150	28,553	(1,404)
Inventories	217,965	260,808	(42,843)
Trade payables	(105,035)	(126,840)	21,805
Tax receivables	642	580	62
Other current assets	16,130	15,861	269
Other current liabilities	(25,251)	(25,163)	(88)
Non-current assets held for sale	0	0	0
Net working capital	131,600	153,800	(22,199)
Property, plant and equipment	243,825	247,469	(3,644)
Intangible assets	20,827	21,596	(769)
Goodwill	15,359	15,647	(288)
Financial assets	1,816	1,850	(33)
Net fixed assets	281,827	286,561	(4,734)
Employee benefits	(4,866)	(5,192)	325
Other net assets/(liabilities)	(8,702)	(11,883)	3,181
Net capital employed	399,859	423,287	(23,427)
Cash and banks	111,001	110,682	319
ST bank payables and loans	(69,139)	(60,481)	(8,657)
M-LT bank payables and loans	(198,387)	(202,234)	3,847
M-LT bond loan	(64,560)	(70,301)	5,740
ST bond loan	(13,217)	(13,108)	(109)
Current loans	6,481	9,964	(3,483)
Other financial payables	(22,831)	(22,407)	(424)
Net Financial Position	(250,652)	(247,885)	(2,767)
Group shareholders' equity	(149,207)	(175,401)	26,194
Minority interest shareholders' equity	(1)	(1)	0
Total shareholders' equity	(149,207)	(175,402)	26,195

Net working capital amounts to Euro 131.6 million, decreasing Euro 22.2 million on Euro 153.8 million at December 31, 2022.

This decrease is mainly due to the reduction in the value of inventories, as outlined at paragraph 5.6 of the Explanatory Notes, for a total of Euro 42.8 million. This decrease was partially offset by the reduction in trade payables for Euro 21.8 million.

Fixed assets at June 30, 2023 amounted to Euro 281.8 million, decreasing Euro 4.7 million on Euro 286.6 million at December 31, 2022, as a combined effect of:

1. net investment activities in tangible and intangible assets of Euro 22.5 million, including Euro 6 million regarding the increase concerning the movement in goods recognised as per IFRS 16;
2. negative conversion differences and other minor items for Euro 2.9 million;
3. amortisation and depreciation in the period of Euro 24.3 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 fiber samples, which comply with the criteria set out in IAS 38.

Shareholders' Equity decreased by Euro 26.2 million, from Euro 175.4 million to Euro 149.2 million, substantially due to the distribution of dividends by Aquafil S.p.A. in the first half of 2023 for Euro 12 million, the consolidated net loss for the period of Euro 4.1 million and the negative exchange differences from the translation of the financial statements expressed in currencies other than the Euro of Euro 9.5 million, in addition to the purchase of treasury shares for Euro 0.6 million.

The **Net Financial Position** at June 30, 2023 was a debt position of Euro 250.7 million, compared to Euro 247.9 million at December 31, 2022, increasing Euro 2.8 million. The main factors are outlined in the consolidated cash flow statement and principally concern (a) cash flow generated by operating activities of Euro 28 million, (b) the changes in net working capital which absorbed cash of Euro 5 million, mainly due to the value of inventories, partially offset by the reduction in trade payables and (c) cash flows from investing activities which absorbed Euro 18.4 million, excluding the IFRS 16 effects which do not generate cash flows. The distribution of dividends and the purchase of treasury shares absorbed cash of Euro 12.5 million.

Group company current account liquidity, diversified by region and institution, increased from Euro 110.7 million at December 31, 2022 to Euro 111 million at June 30, 2023.

New mortgages were entered into in the first half of the year totalling Euro 35 million, with instalments on existing loans settled for Euro 35.8 million. 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 70.8 million, and all the relative lines remain permanently unused. A "Shelf Facility" line was in addition available, related to the bond loan signed by the Prudential Group companies for a total amount of approx. USD 50 million.

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 (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 2023, broken down by each of the three product lines, were as follows:

BCF (Bulk Continuous Filament for textile floor covering) Line

The core business of the Aquafil Group is the production, re-processing and sale of yarn, mainly polyamide 6-based yarn, partly petroleum based and partly from regenerated ECONYL®, for the higher-quality end-markets. The Group also produces and markets polyester fibers 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 Carterville (U.S.A.), Aquafil Synthetic Fibers and Polymers Co. Ltd with facilities in Jiaxing (China), Aquafil Asia Pacific Co. Ltd with facilities in Rayong (Thailand), Aquafil UK, Ltd. with facilities in Kilbirnie (Scotland), the commercial company Aquafil Benelux-France B.V.B.A. 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) internal high-end 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 upon the final users of carpets.

NTF Line (Nylon Textile Filament – Fibers for textile/clothing use)

The NTF product line produces and reprocesses polyamide 6 and 66 fibers, 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 fibers for textile/clothing use is undertaken by the companies Aquafil S.p.A., Aquafil SLO d.o.o. with facilities in Ljubljana and Senožece (Slovenia), Aquafil CRO d.o.o., with facilities in Oroslavje (Croatia) and Aquafil Tekstil Sanayi Ve Ticaret A. S., with commercial operations based in Istanbul (Turkey).

The percentage of NTF polyamide-6 fiber made from caprolactam obtained from the ECONYL® regeneration process continues to increase, and the product is being increasingly well-received by clothing brands that are sensitive to environmental issues.

Nylon 6 polymer line

The Group produces and sells polymers and polyamide 6 for the “engineering plastics” sectors.

The polymers are mainly produced/sold by Aquafil S.p.A., Aquafil SLO d.o.o. and Aquafil USA Inc. Cartersville (USA). The companies Tessilquattro S.p.A. and Aquafil S.p.A. also sell engineering plastics for the plastic moulding industry, with production carried out at the new production site in Rovereto (TN).

ECONYL® regeneration process

A significant proportion of polyamide-6 fibers, 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 cannot be restored to their original state by way of chemical regeneration such as polyamide 6.

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 Aquafil SLO 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), Aquafil Carpet Recycling (ACR) #2 Inc. in Woodland, California (USA), and Aquafil Carpet Collection LLC in Phoenix, Arizona (USA). The company ACR #1 is operational with the processes of extraction of nylon 6 and other by-products from the “end-of-life” carpets and subsequent regranulation in pellets in order to effectively support the ECONYL® industrial process at the Ljubljana plant. ACR #2 also undertook the extraction of nylon 6 and of other by-products at the Woodland production site from end-of-life carpets. In H2 2022, however, it was however decided to launch a reorganisation and industrial streamlining that saw the transfer of production lines to other Group sites, particularly to ACR #1’s Phoenix site and Aquafil SLO d.o.o.’s Slovenian site, to improve the current production capacity, while maintaining logistics activities at the Woodland site. For the regeneration of fish netting, in addition to the company Nofir AS in Bodø, Norway, a European leader in the collection and treatment of end-of-life fish netting, the Group invested in the fish net supply chain in Chile, through the company Aquafil Chile, which operates on that market to support the ECONYL® process. The newly formed Acca S.p.A. will contribute to this activity, as previously described in the section regarding significant events in H1 2023.

Other activities

The Slovakian company *Cenon S.r.o.* (Slovakia) does not undertake production activities. on January 12, 2022, the company sold the assets held in Slovakia to third parties, without generating income statement impacts as the relative assets have already been fully written-down. The company is not operative and will likely be the subject of voluntary liquidation.

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.

The main objective of the subsidiary *Bluloop S.r.l. benefit company* is to sell products made with ECONYL® polyamide to end consumers on the e-commerce channels. The company also has communication, training and intervention objectives on environmental and social sustainability issues in the areas in which the Aquafil Group operates.

With the other related companies to which reference is not expressly made, commercial operations are undertaken at arm's length, in consideration of the features of the goods and services rendered.

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, 2023, are presented below. The Aquafil Group undertakes commercial and financial transactions with its related companies, consisting of transactions relating to ordinary operations and at normal market conditions, taking into account the features of the goods and services provided.

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

The Aquafil Group undertakes transactions with the following related parties:

- Parent Company and other companies at the head of the chain of control (Parent Companies);
- other parties identified as related parties in accordance with IAS 24 (other related parties).

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

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, 2023, reference should be made to the financial statements (which highlight the amounts attributable to related party transactions) and the notes to the Consolidated financial report.

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

11.1 Introduction

The Aquafil Group has a Research & Development unit that manages and oversees all product and process innovation applied to BCF yarns, NTF yarns, PA6 polymers and ECONYL® and the continued upgrading and pre-industrialisation of the bio caprolactam production process.

Technological research, development and innovation for H1 2023 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 in areas of 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 2023, 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 recover the residual value of the materials at the end-of-use. The project is carried out in collaboration with carpet manufacturers and suppliers of the materials they use (e.g., primary backing, latexes, etc.) to create know-how that has industrial value. Various options have been preliminarily tested, such as the use of innovative fillers, separator layers, less cross-linked binders for easier removal at the recycling stage, pre-processing of the carpet backing;
2. as part of the EcoDesign activities, Aquafil participates in the CISUFLO: (Circular Sustainable FLOOR covering) European project, with a total duration of 4 years and funded by the European Commission under the Horizon 2020 program. The project involves 23 consortium members and aims to identify innovative EcoDesign solutions and recycling technologies dedicated to flooring. 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; as an innovator of the product (EcoDesign) and dedicated recycling technologies. In this regard, Aquafil has invested in the building of innovative machinery capable of separating the polyamide obtained from carpet tiles (carpet tiles), from rubber mats (rubber mats) and from woven carpets (aviation segment); a new pilot plant was installed and started up for this purpose;
3. continuation of the development and fine-tuning of process technology for the selection and recycling of end-of-life polyamide carpets, which is being conducted in both Slovenia by Aquafil SLO and the USA by the companies ACR #1 Inc. and Aquafil Carpet Collection LLC in order to improve the quality of materials to feed the process of producing ECONYL® polyamide 6;
4. development of flame retardant rugs in collaboration with customers, which involved work on all components (especially latexes) to produce a finished product that can pass flammability testing;
5. development of objective approaches applied to BCF fibers in order to improve cleaning and stain resistance; development of methods of cleaning and sanitising PA6 rugs/carpets that have a low environmental impact;
6. development of new NTF fibers with high conductivity for application in the carpet industry, and testing of functionality by partners in accordance with ISO standards;
7. study and engineering of stabilising molecules aimed at increasing the UV and heat resistance of polyamide 6 for outdoor applications of nylon textile fibers (NTFs);
8. along with industrial partners, constant joint development of new types of tailor-made polyamide 6 fibers for specific technical applications;
9. study of innovative auxiliary products, including those of a natural origin, aimed at improving the chemical and physical characteristics of BCF and NTF yarns;
10. redesign of the opacifier master batch production method in order to produce nylon textile filaments (NTF) by way of the development of technologically innovative solutions;
11. research and development of ECONYL® PA6-based materials (with special additives developed in-house) that can be used in 3D printing. 3D printed items are always recyclable in the ECONYL® process without the need for the pre-separation of the various components. The compound product was the subject of a patent application in November 2022. In H1 2023, assessments began for subsequent technical and administrative measures to extend the case after the opinion received from the European Patent Office (EPO) on behalf of the Italian Patent Office was entirely favourable and positive in all aspects;
12. study and development of "cast" nylon based on polyamide 6 ECONYL® with high mechanical performance, conducted in collaboration with the University of Trento's Department of Mechanical and Industrial Engineering, to produce mono-material composite polymers that can be fully regenerated using the ECONYL® process. A new mould was developed in H1 2023 to secure fibers with greater thermal control uniformity, in order to improve single-material composites. A model was also developed to simulate their properties based on the anionic PA6 matrix and the fibers used. The model makes it possible to highlight the importance of the type of interphase created between the two different physical forms of the matrix and the fibers. These issues were the subject of academic articles jointly authored by the University and Aquafil. A further agreement was also reached to develop composites in which different types of fiber will be introduced into the PA6 matrix from anionic polymerisation. A multipurpose pilot plant suitable also for moulding ECONYL® anionic rods and sheets was set up at Aquafil S.p.A. In H1 2023, anionic PA6 polymer rods of various diameters with ECONYL® caprolactam were produced, boasting reaction times of a few minutes and mechanical properties that are being evaluated and processed through an outside company. Upcoming activities in this area include research into the preparation of Cast PA6 sheets, again by means of special moulds installed at the Multipurpose pilot;
13. development of standard approaches to determining the micro-plastics found in various forms (i.e. solid, liquid, gas) in the textile industry and other segments; H1 saw the draft version revised to its final editorial version, which was submitted for final ISO voting (duration 3 months). The results of the voting will be revealed in H2, and may lead to the final publication of the ISO 4484-2 method;

14. "EFFECTIVE" project, coordinated by Aquafil SLO and financed by the Circular Bio-based Europe (CBE, previously the Bio-Based Industries Joint Undertaking - BBI JU) public-private partnership between the European Union and a consortium of circular bio-economics enterprises and research centres) under the EU research programme Horizon 2020 aimed at developing fibers and films for consumer goods derived from bio-polyamides and bio-polyesters that fit within the circular economy. The project ended in February 2023, demonstrating the technical feasibility of producing bio polyamide 6 and 6.9 on a demo scale. Bio-Nylon 6 polymers have been successfully validated for the production of prototype textile flooring, textiles and sportswear (swimsuits and bike pants), and eyewear frames. While bio-PA6.9 polymers and PA6.9-6 copolymers, produced and explored across the range of their monomer ratios, were found to be useful materials for special applications (e.g. Hot Melt) due to their random structure and melting points that are much lower than standard polyamides. Some specific development of these particular copolyamides has therefore continued, especially for 3D printing applications;
15. "organic caprolactam" project in collaboration with Genomatica Inc., in San Diego, California (USA). H1 2023 saw the completion of applications of the bio polymer PA6 produced from bio-caprolactam, in the second campaign carried out in 2022 in the specially built demonstration plant at Aquafil SLO. Applications confirmed that the bio-polymer is usable both for spinning and Engineering Plastic using the standard machinery and conditions already used for traditional PA6. Genomatica and Aquafil have in the meantime continued work to: a) improve yields and productivity of the microorganism which leads to the formation of the linear bio-intermediate 6-amino caproic acid, b) study the impact of byproducts in the linear intermediate on its cyclisation to caprolactam, and c) identify new bio-byproducts to stabilise the bio-polymer over time;
16. research and development of processes aimed at the chemical recovery of polymers from polycondensation (polyamides and polyesters), also in composite form: this is being done in collaboration with the University of Padua and has produced two new patents held by Aquafil S.p.A. on end-of-life depolymerisation catalysts and on separation processes of composite materials with glass fiber already subject to international extension in 2022; The construction of the Arco demonstration plant for Depolymerisation through Glycolysis of PET with production of the intermediate BHET was completed in H1 2023. This plant includes a number of innovative steps to purify the dyes usually found in the PET polymer. Research between Aquafil and the University of Padua will continue in H2 and will focus on identifying optimal catalysts for the PET glycolysis process. In H1 2023, research began on the transformation of some of these materials into polyols for chemical recycling in the polyurethanes sector. The study specifically focused on: a) the full conversion of end-of-life polyester-based materials from recovered carpet in fluff form into polyols for specific rigid polyurethanes sectors; b) the conversion of elastomer separated from elasticised fabrics into polyols. In the former case, polyurethane samples were also produced through reactions between polyol and diisocyanatos with results comparable with virgin polyols;
17. development of a proprietary system (ATPD - Aquafil Technology Polymer Detector) for the on-field identification of various polymer classes with a specific algorithm developed for analysing the composition of various types of waste, with data traceability and cloud storage; research into introducing the same system as the primary input control tool for plastic waste, with a view to reducing costs related to input control analysis while maintaining a high capacity for sorting various materials;
18. identification, development and assessment of an appropriate pyrolysis technology for recovery and utilisation of by-products of the depolymerisation process, enabling the transformation of residual polymer and organic mixes into non-fossil fuels; in H1 2023, a collaboration began to study the process and pyrolysis plant specifically dedicated to the residual material from the depolymerisation of polyamide 6. A pilot batch pyrolysis plant was built and optimised specifically for this purpose. It is used to conduct several tests by analysing and characterising the three process products (Syngas, Oil and Char). The first two products were found to be interesting because of their specific compositions and calorific value, which can be used to produce energy. The research carried out using the batch pilot led to the design and drawing of a continuous pilot plant under construction, which will be installed at Aquafil SLO for the final definition of the industrial process;
19. optimisation of polymerisation and depolymerisation production processes, in order to reduce energy and water consumption;
20. as part of the continuous improvement of the ECONYL® process, optimisation of caprolactam distillation and purification processes aimed at reducing energy consumption and decreasing process byproducts; in H1 2023, these studies enabled the start-up of a light by-product separation column, which reduces unblocking by improving monomer recovery. An optimisation study in the same area is now also planned for the separation of heavy by-products. Activities were simultaneously carried out to optimise the filtration process, improve production capacity and reduce filter aid consumption. As regards the pretreatment of materials that feed into the ECONYL® regeneration process, alternative processes were developed to remove the copper-based biocide layer applied to the nets by extraction with non-volatile and non-toxic water-based solvents. The objective is to improve the mesh preparation process to increase the amount of copper recovered and reduce any waste from depolymerisation. Processes were also defined to purification and reuse fishing net wash water, with the objective of reducing primary water consumption. Finally, analysis and consideration of ECONYL® process technology data to identify correlations and cause/effect relationships between regenerated materials and properties of the final product. This seeks to create digital tools that can assist production management by increasing quality and minimising the quantities of product discarded based on quality parameters;

21. in order to initiate the recovery of PA6-based materials through the ECONYL® process, a process was developed to separate polymer fibers (as such and/or in the form of fabrics) from elastomers by means of liquid phases, avoiding the use of organic solvents. The process was also found to be suitable for PA66- and PET-based fabrics and was therefore the subject of a special patent application filed in December 2022. The research and laboratory tests in H1 2023 led to the identification of parameters that must be optimised to improve the separation of elastomer, particularly from polyamide 6-based fabrics. On the basis of these results, depolymerisation tests were carried out on PA6 fabric which can be derived from elastomer separation at a pilot plant, obtaining a standard quality caprolactam. The next steps will seek to identify companies that can provide suitable machinery to treat the fabrics in various proportions of elastomer, both physically and in liquid dispersion, which separates the various components;
22. introduction of new processes designed to reduce costs relating to industrial water disposal, working on both water reuse and reducing the variable cost share related to wastewater treatment and dependent on the amount of COD.

11.3 Patent developments

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

- a) patent registered to Aquafil S.p.A. 8.6.2017, PCT, on the composition of fish-net coatings;
- b) patents filed by Aquafil SLO d.o.o., published on June 28, 2018, with validity in all 152 countries subscribing to the Patent Cooperation Treaty (PCT), regarding a method to recover copper from discarded fishing nets in support of the ECONYL® process; in 2020, the patent was approved in the United States and Japan and in China and in the 38 member states of the European Patent Organisation from 2021; 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;
- c) patent filed by Aquafil SLO d.o.o., published on November 29, 2018, and valid in the USA, on the process of recovering and separating scrap material from polyamide carpets at the end of their life cycle, and the international patent valid in PCT member countries was published on December 6, 2018. A further patent application for integrations on the same process by Aquafil SLO is currently in the publication process, and the communication regarding the grant of the patent is expected in the next month;
- d) patent filed by Aquafil SLO d.o.o. in 2017 and published on June 20, 2019, in all PCT-member countries, with specific national/regional extensions in countries in which there are caprolactam production sites, including the EU, the USA, China, Russia and Japan, related to the improvement and optimisation of solvent-free caprolactam purification technology; the patent was obtained with final grant in the 38 EP Patent countries, Japan, Eurasia (Eurasian patent no. 038223, covering 9 nations including Russia and Belarus), and the USA (the U.S. Patent Office, in addition to the first original patent, confirmed the grant of the second US Divisional Patent). In Q1 2023, a final opinion was received (following the two sent in 2022, which received exhaustive answers and technical explanations) from the Chinese Patent Office. A specific response was also given to these comments, and on May 12, 2023, the patent was also finally granted in China, a key country for caprolactam production;
- e) patent filed in February 2021 and published in August 2022 under the name Aquafil SLO d.o.o., on a new multi-component NTF fiber with reduced impact on GWP (Global Warming Potential) and related manufacturing process;
- f) as part of the project relating to the development of bio-caprolactam, the patent application was filed on December 28, 2018, at the Italian Patent Office, jointly by Aquafil S.p.A. and Genomatica Inc., San Diego, California (USA), and relating to the transformation phase of the initial linear intermediate obtained through fermentation processes into the final cyclic ring monomer used for the production of bio-nylon 6; in December 2019, the Italian patent was then filed under the PCT with the code WO2020/136547 with validity in all 152 participating nations; on July 2, 2020, the PCT patent was published. In 2020 and 2021, the national patents between Aquafil and Genomatica were extended with reference to the areas in which there is both caprolactam production and availability of renewable raw materials; the applications have been filed with:
 - EP, European patent organisation that includes 38 European countries,
 - Eurasian Patent Organization (Russia and 7 former Soviet Union countries),
 - USA, Mexico, Brazil,
 - China, Japan, South Korea, Thailand and India.

In 2022, the assessments from the patent offices in the various regions arrived, which continued into H1 2023 with opinions from patent offices for the following areas and countries: Brazil, EP, Eurasia, India, South Korea and the USA. Mexico and Thailand's Opinion are still outstanding, while Brazil has sent payment notifications for annual fees in connection with the patent grant. Meanwhile, in addition to the PCT publication, the patent was published in important areas such as the USA, Eurasia, and India;

- g) as part of the development of the PET recycling process, on May 17, 2021 a patent application was filed in Italy with No. 102021000012617; the patent is owned by Aquafil S.p.A. with joint inventors Aquafil and the Department of Industrial Engineering of the University of Padua. On May 16, 2022, following further interesting additions in the laboratories of Aquafil and the University of Padua, the application was submitted to PCT Patent. The international patent (WO 2022/243832A1) was published on November 24, 2022. The opinion of the International Research Authority reviewing the PCT patent was received in August 2022, and the preparation of responses to the observations commenced with the support of experimental activities again undertaken with the Department of Engineering of Padua. In H1 2023, two opinions on PCT patent were received from the international rese-

arch authorities ISA and IPEA. The grant certificate for the Italian patent was made official by the UIBM on June 5, 2023, following responses to the European Office's opinion in March 2023. Extension activities have begun in the following regions and countries: EP, Eurasia, the USA, Canada, Mexico, Brazil, China, Japan, South Korea, Thailand, Indonesia, India, and Saudi Arabia. In all of these countries, polyester and the processes for its chemical recycling play a key role;

- h) with regard to research into materials that can feed the ECONYL® caprolactam regeneration process, our focus is on reinforced PA6 fiberglass, which is widely available and is being reused to a limited extent by way of mechanical recycling, but most of which ends up in landfills. Within the scope of the collaboration with the University of Padua, a pilot process has been developed that results in the separation of a partially depolymerised PA6 polymer and in unaltered fiberglass. A patent application was filed in Italy on November 10, 2021 (No. 102021000028601), with Aquafil as the patent holder and co-inventors Aquafil and the Department of Industrial Engineering of the University of Padua. In July 2022, an opinion was received from the UIBM (Italian Patent and Trademark Office) using the European Patent Office in which all claims were found to be innovative and inventive. On November 10, 2022, the claim was extended internationally as a PCT, and the PCT patent was published and made official on May 19, 2023 under number WO2023/084441. The ISA International Research Bureau Opinion has also already stated that all the claims are considered new and inventive. National and regional extensions will be carried out in H2 2023 for relevant countries where glass fiber reinforced polyamide is widely used to increase the sources of PA6-based material for the ECONYL® process;
- i) as part of the studies for the application of PA6 polyamide for 3D printing, an Italian patent application owned by Aquafil S.p.A. was filed on November 3, 2022 as No. 102022000022578 for a printable additive polyamide-based compound; the compound then also becomes directly chemically recyclable without any prior physical separation pretreatment. In May 2023, the Italian trademark and patent office (UIBM) forwarded the Opinion prepared on its behalf by the European EPO office. In this, the examiner declared that all the claims in the patent application in question are new and inventive, and did not raise even formal clarity objections. Applications for patents in Italy and/or abroad will be filed by the 12th month after the filing date of the Italian patent application i.e. by November 3, 2023, always beginning with the PCT, which allows extra time for the various other extensions;
- j) for the purpose of separating elastomers from polymeric materials such as synthetic threads and PA6-based fabrics, a process and methodology has been developed that integrates with the ECONYL® process. The process has been the subject of a patent application under the ownership of Aquafil S.p.A.. The filing was made at the Italian office on December 9, 2022, IT No. 102021000028601, and the UIBM instructed the European Office (EPO) to carry out the first examination and issue the opinion on behalf of Italy.

On May 25, 2023, the UIBM sent the opinion made through the EPO. Responses to the comments will be submitted within the 12-month deadline from the original filing, i.e. by December 9, 2023. The extension as a PCT and then national and regional extensions will also have begun by that date.

12. CORPORATE GOVERNANCE

Disclosure upon the Ownership Structure is provided in the "2022 Corporate Governance and Ownership Structure Report", prepared in accordance with Article 123-bis of Legislative Decree No. 58/1998, made available at the registered office of the Company and on the Group website (<http://ir.aquafil.com/ita/bilanci-relazioni>).

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

As part of the treasury share purchase plan approved by the Shareholders' Meeting on October 20, 2021, it should be noted that, in January 2023, Aquafil continued to purchase shares up to a total of 1,278,450 treasury shares held, equal to 2.4961% of the share capital.

The authorisation by shareholders had a validity of 18 months from the date of the related resolution and therefore authorised the purchase, in one or more tranches, of ordinary shares up to a maximum number which, taking account of the ordinary shares which may be held in portfolio by the company and by its subsidiary, does not total more than 3% of share capital. This authorisation concluded in April 2023.

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 2021-2023 three-year period in accordance with Articles 117 to 128 of Presidential Decree 917/1986, as amended by Legs. Decree No. 344/2003. Similarly, the company Tessilquattro S.p.A. is a consolidated company 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 Legs. Decree 231/2001

The Italian companies of the Aquafil Group have supplemented the organisation, management and control model as per Legislative Decree No. 231 of June 8, 2001, including the conduct code and operating procedures, as updated by: (a) Law No. 3 of January 9, 2019, "Measures to combat offenses against the public sector, as well as on the statute of limitations and the transparency of political parties and movements", with particular reference to the new offense as per Article 346 bis of the Italian Criminal Code - Exercising of undue influence, introduced by Article 25 of Legislative Decree 231/01; (b) Law No. 157 of December 19, 2019, "Conversion into law, with amendments, of Legislative Decree No. 124 of October 26, 2019, containing urgent provisions on tax matters and for unavoidable needs", which introduces tax offences into the catalogue as per Legislative Decree No. 231/01; (c) Legislative Decree No. 75 of July 14, 2020, "Implementation of Directive (EU) 2017/1371 on the fight against fraud to the EU's financial interests by means of criminal law".

13.5 Impairment Test Procedure

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

14. OUTLOOK

The EMEA market sharply contracted in Q2, while demand in the other regions substantially held up on the same period of the previous year.

In Europe, in addition, the price of the Group's main raw material has suddenly dropped by nearly 30% since the beginning of the year. This decrease resulted in a misalignment between market prices and the unitary values of stock built up in 2022, with a significant — although temporary — impact on the Group margin.

Asia and the U.S. are expected to confirm a substantial maintenance of market demand in the second half of the year. The EMEA market, on the other hand, remains extremely sluggish, particularly for clothing fibers, although the quantities sold of carpet fibers and polymers is expected to recover. In addition, technopolymer market demand is generally recovering, which will enable our new product line to hit its planned targets by the end of the current year.

In this environment, the Group continues the major debt containment initiatives introduced in 2022, in addition to the actions to cut costs. Both the level of debt and margins are constantly monitored in order to be able to take appropriate actions if necessary.

Arco, August 31, 2023

for the Board of Directors
The Chairperson
Full Professor Chiara Mio

Condensed Consolidated
Half-Year Financial Statements
at June 30, 2023

CONSOLIDATED BALANCE SHEET

(in Euro thousands)	Note	At June 30, 2023	At December 31, 2022
Intangible assets	5.1	20,827	21,596
Goodwill	5.1	15,359	15,647
Property, plant & equipment	5.2	243,825	247,469
Financial assets	5.3	798	831
<i>of which parent companies, related parties, associates</i>		318	318
Investments valued at equity	5.3	1,018	1,018
Other assets	5.4	304	426
Deferred tax assets	5.5	11,326	11,519
Total non-current assets		293,457	298,506
Inventories	5.6	217,965	260,808
Trade receivables	5.7	27,150	28,553
<i>of which parent companies, related parties</i>		163	376
Financial assets	5.3	6,481	9,964
Tax receivables	5.8	642	580
Other assets	5.9	16,130	15,862
<i>of which parent companies, related parties</i>		3,744	247
Cash and cash equivalents	5.10	111,001	110,682
Total current assets		379,368	426,449
Total assets		672,826	724,955
Share capital	5.11	49,722	49,722
Reserves	5.11	103,620	96,528
Group net result	5.11	(4,136)	29,151
Total parent share. equity		149,207	175,401
Minority interest shareholders' equity	5.11	1	1
Minority interest net profit	5.11	0	0
Total consolidated net equity		149,208	175,402
Employee benefits	5.12	4,866	5,192
Financial liabilities	5.13	275,378	285,385
<i>of which parent companies, related parties</i>		4,350	5,262
Provisions for risks and charges	5.14	1,226	1,975
Deferred tax liabilities	5.5	9,232	9,237
Other liabilities	5.15	7,303	8,985
Total non-current liabilities		298,005	310,774
Financial liabilities	5.13	92,756	83,146
<i>of which parent companies, related parties</i>		2,706	2,957
Current tax payables	5.8	2,570	3,630
Trade payables	5.16	105,035	126,840
<i>of which parent companies, related parties</i>		350	270
Other liabilities	5.15	25,251	25,163
<i>of which parent companies, related parties</i>		0	230
Total current liabilities		225,613	238,779
Total shareholders' equity and liabilities		672,826	724,955

CONSOLIDATED INCOME STATEMENT

(in Euro thousands)	Note	At June 30, 2023	of which non-recurring	At June 30, 2022	of which non-recurring
Revenues	6.1	311,117	0	351,009	525
<i>of which related parties</i>		151		26	
Other revenues and income	6.2	4,947	3	2,413	114
Total revenues and other revenues and income		316,064	3	353,422	639
Cost of raw materials and changes to inventories	6.3	(158,938)	0	(158,365)	(294)
Service costs and rents, leases and similar costs	6.4	(67,864)	(1,018)	(81,957)	(738)
<i>of which related parties</i>		(264)		(230)	
Personnel costs	6.5	(63,019)	(515)	(64,898)	(811)
Other costs and operating charges	6.6	(1,764)	(114)	(2,446)	(115)
<i>of which related parties</i>		(35)		(35)	
Amortisation, depreciation & write-downs	6.7	(24,287)		(23,756)	
Provisions and write-downs	6.8	115		174	
(Write-down)/recovery of financial assets (receivables)	6.8	62		26	
Increase in internal work capitalised	6.9	3,736		2,347	
EBIT		4,106	(1,645)	24,548	(1,321)
Investment income/charges		0		(70)	
<i>of which related parties</i>		0		90	
Financial income	6.10	339		2,987	
Financial charges	6.11	(7,505)		(3,862)	
<i>of which related parties</i>		(87)		(64)	
Exchange gains/losses	6.12	983		528	
Profit/(loss) before taxes		(2,078)	(1,645)	24,131	(1,321)
Income taxes	6.13	(2,058)		(6,457)	
Profit/(loss) for the period		(4,136)	(1,645)	17,674	(1,321)
Minority interest net profit		0		0	
Group Net Profit/(loss)		(4,136)	(1,645)	17,674	(1,321)
<i>Basic earnings per share</i>	6.15	0		0.35	
<i>Diluted earnings per share</i>	6.15	0		0.35	

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

(in Euro thousands)	Note	At June 30, 2023	At June 30, 2022
Profit/(loss) for the period	5.11	(4,136)	17,674
Actuarial gains/(losses)		16	280
Tax effect from actuarial gains and losses		(4)	(67)
Other income items not to be reversed to income statement in subsequent periods		12	213
Currency difference from conversion of financial statements in currencies other than the Euro		(9,569)	13,805
Total other components of comprehensive income		(9,556)	14,018
Comprehensive profit/(loss) for the period		(13,692)	31,693
Minority interest comprehensive income		0	0
Group comprehensive income/(loss) for the period		(13,692)	31,693

CONSOLIDATED CASH FLOW STATEMENT

(in Euro thousands)	Note	At June 30, 2023	At June 30, 2022
Operating activities			
Profit/(loss) for the period	5.11	(4,136)	17,674
<i>of which related parties:</i>		(234)	(213)
Income taxes	6.13	2,058	6,457
Investment income and charges		0	70
<i>of which related parties:</i>		0	(90)
Financial income	6.10	(339)	(2,987)
Financial charges	6.11	7,505	3,862
<i>of which related parties:</i>		87	64
Exchange gains/(losses)	6.12	(983)	(528)
Asset disposal (gains)/losses		(172)	(74)
Net provisions	6.8	(115)	(174)
Net provisions (Doubtful debt provision)	6.8	(62)	(26)
Amortisation, depreciation and write-downs	6.7	24,287	23,757
Cash flow from operating activities before working capital changes		28,043	48,030
Decrease/(Increase) in inventories	5.6	42,846	(60,647)
Increase/(Decrease) in trade payables	5.16	(21,805)	31,120
<i>of which related parties:</i>		80	(103)
Increase/(Decrease) in trade receivables	5.7	1,466	(10,157)
<i>of which related parties:</i>		213	33
Changes to assets and liabilities		(4,644)	4,764
<i>of which related parties:</i>		(3,497)	3,163
Net paid financial charges		(6,570)	(875)
Income taxes paid		(5,639)	(896)
Utilisation of provisions		(971)	(1,317)
Cash flow generated/(absorbed) from operating activities (A)		32,726	10,021
Investing activities			
Investments in tangible assets	5.2	(16,273)	(15,889)
Disposal of tangible assets	5.2	533	1,077
Investments in intangible assets	5.1	(2,500)	(1,316)
Disposal of intangible assets	5.1		
Investments in financial assets	5.3	(151)	(52)
Dividends received		0	91
Disposal of financial assets			(160)
Cash flow generated by investing activities (B)		(18,390)	(16,249)
Financing activities			
Drawdown non-current bank loans and borrowings	5.13	35,000	31,000
Repayment non-current bank loans and borrowings	5.13	(35,821)	(25,338)
Net changes in current and non-current financial assets and liabilities (including IFRS 16)	5.13	3,492	1,427
<i>of which related parties:</i>		(1,163)	1,126
Non-cash change IFRS 16		(4,063)	(6,246)
Distribution dividends		(12,027)	(6,045)
Acquisition of treasury shares		(598)	(4,285)
Cash flow from generated/(absorbed) by financing activities (C)		(14,016)	(9,487)
Net cash flow in the period (A) + (B) + (C)		319	(15,715)
Opening cash and cash equivalents		110,682	152,656
Closing cash and cash equivalents		111,001	136,941

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, 2021	49,722	700	(8,052)	19,975	(3,287)	(2,389)
Other changes						
Allocation of prior-year result		558				
Distribution dividends						
Share capital increase						
Profit for the period						
Actuarial gains/(losses) employee benefits						
Translation difference			13,805			
Total comprehensive income for the period			13,805			
June 30, 2022	49,722	1,258	5,753	19,975	(3,287)	(2,389)
December 31, 2022	49,722	1,258	(3,095)	19,975	(3,287)	(2,389)
Other changes						
Allocation of prior-year result						
Distribution dividends						
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)

IAS 19 Reserve	Treasury shares	Retained earnings	Net result	Total Parent Company shareholders net equity	Min. interest share. equity	Total consol. share. equity
(1,060)	(2,545)	88,367	10,670	152,101	1	152,101
	(4,285)	204		(4,081)		(4,081)
		10,112	(10,670)	0		(6,046)
		(6,046)		(6,046)		0
				0		0
			17,674	17,674		17,674
213				213		213
				13,805		13,805
213	0		17,674	31,691		31,691
(847)	(6,830)	92,617	17,674	173,668	1	173,669
(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)
			(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

Notes to the Consolidated Financial Report at June 30, 2023

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 fibers 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 fibers and polymers, principally polyamide 6, on a global scale through the:

- (i) BCF Product Line (carpet fibers), or synthetic yarns mainly intended for the textile flooring sector and used in “contract” segments (hotels, airports, offices, etc.), residential buildings and the automotive market;
- (ii) NTF Product Line (clothing fibers), or synthetic yarns mainly intended for the clothing sector (sportswear, classic, technical or specialist apparel);
- (iii) Polymers Product Line, or plastic raw materials, mainly targeting the engineering plastics sector for subsequent use in the moulding industry.

Group products are also sold on the market under the ECONYL® brand, which offers the Group’s products obtained by regenerating industrial waste and end-of-life products.

The Group enjoys a consolidated presence in Europe, the United States and Asia.

1.2 Contents, presentation and accounting policies of the Condensed Consolidated Half-Year Financial Statements at June 30, 2023

The consolidated half-year report of the Aquafil Group at June 30, 2023 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 — and subsequent amendments and supplements 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, 2022 for the consolidated balance sheet (ii) the figures relating to H1 2022 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, 2022, to which reference should be made.

Against this backdrop we note that the introduction of the new IFRS 17 standard, applicable as of January 1, 2023, had no impact on the Group.

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, 2023. The Half-Year Financial Report should therefore be read together with the 2022 Group Annual Financial Report. The Half-Year Financial Report at June 30, 2023 of the Aquafil Group was subject to a limited audit by PricewaterhouseCoopers and was approved by the Board of Directors on August 31, 2023, 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 Disclosure upon the Covid-19 emergency

As previously reported in the interim Directors’ Report, on May 5, 2023, the World Health Organization officially declared the health emergency over. This had begun on March 11, 2020, when it was first declared a pandemic. Over the past few years, the Aquafil Group has been able to carefully manage the developments of the pandemic from the very beginning, promptly taking the necessary measures to prevent, control and contain the virus at its facilities, at a global level. Its objective has always been to protect the health of its employees and collaborators by constantly monitoring developments, including the spread of variants, at all operational locations globally, confirming the key objective of protecting the health of its employees and collaborators. The health crisis did not substantially impact the results for the period, nor generated particular difficulties.

1.5 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.

1.6 Financial risk management

Group management has constantly monitored the real and potential impact of the Covid-19 emergency and the Russia-Ukraine conflict 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, 2022 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 period, functional currency and the direct and indirect holding of the company and the consolidation method applied at June 30, 2023:

Company	Registered office	Share capital in foreign currency	June 30, 2023 Net Profit (Loss)	Currency	Group holding	% of votes	Consolidation method
Parent Company:							
Aquafil S.p.A.	Arco (IT)	49,722,417	(3,812,361)	Euro			
Subsidiary companies:							
Aquafil SLO d.o.o.	Ljubljana (SLO)	50,135,728	(9,511,030)	Euro	100.00%	100.00%	Line-by-line
Aquafil USA Inc.	Cartersville (USA)	77,100,000	7,238,512	US Dollar	100.00%	100.00%	Line-by-line
Tessilquattro S.p.A.	Arco (IT)	3,380,000	(2,595,461)	Euro	100.00%	100.00%	Line-by-line
Aquafil Jiaxing Co. Ltd.	Jiaxing (CHN)	531,408,631	56,735,345	Yuan	100.00%	100.00%	Line-by-line
Aquafil UK Ltd.	Ayrshire (UK)	3,669,301	(826,633)	UK Sterling	100.00%	100.00%	Line-by-line
Aquafil CRO d.o.o.	Oroslavje (CRO)	9,436,592	(616,614)	Euro	100.00%	100.00%	Line-by-line
Aquafil Asia Pacific Co. Ltd.	Rayong (THA)	53,965,000	21,325,561	Baht	99.99%	99.99%	Line-by-line
Aqualeuna GmbH	Leuna (GER)	2,325,000	(579,044)	Euro	100.00%	100.00%	Line-by-line
Aquafil Engineering GmbH	Berlino (GER)	255,646	(527,010)	Euro	100.00%	100.00%	Line-by-line
Aquafil Tekstil Sanayi Ve Ticaret A.S.	Istanbul (TUR)	1,512,000	(2,545,877)	Turkish Lira	99.99%	99.99%	Line-by-line
Aquafil Benelux France B.V.B.A.	Harelbake (BEL)	20,000	34,722	Euro	100.00%	100.00%	Line-by-line
Cenon S.r.o.	Zilina (SLO)	26,472,682	(40,658)	Euro	100.00%	100.00%	Line-by-line
Aquafil Carpet Recycling #1, Inc.	Phoenix (USA)	250,000	(2,820,737)	US Dollar	100.00%	100.00%	Line-by-line
Aquafil Carpet Recycling #2, Inc.	Woodland California (USA)	250,000	(77,555)	US Dollar	100.00%	100.00%	Line-by-line
Aquafil Oceania Ltd.	Melbourne (AUS)	49,990	3,515	Aus. Dollar	100.00%	100.00%	Line-by-line
Aquafil India Private Ltd.	New Dehli (IND)	85,320	0	Indian Rupee	99.97%	99.97%	Line-by-line
Aquafil O'Mara Inc.	North Carolina (USA)	36,155,327	212,189	US Dollar	100.00%	100.00%	Line-by-line
Aquafil Carpet Collection LLC	Phoenix (USA)	3,400,000	1,360,739	US Dollar	100.00%	100.00%	Line-by-line
Aquafil Japan Corp.	Chiyoda (JP)	150,000,000	(116,497,704)	Japanese Yen	100.00%	100.00%	Line-by-line
Bluloop S.r.l. Benefit Company	Arco (IT)	50,000	23,129	Euro	100.00%	100.00%	Line-by-line
Aquafil Chile S.p.A.	Santiago del Chile (CL)	351,576,000	(95,200,868)	Chilean Peso	100.00%	100.00%	Line-by-line
Associated companies:							
Nofir AS	Bodo (NO)	663,700 (*)	929,083 (*)	Norwegian Krone	31.66%	31.66%	Equity
Companies under joint control:							
Acca S.p.A.	Santiago del Chile (CL)	1,000,000	(**)	Chilean Peso	50%	50%	Equity

(*) Data at December 31, 2022.

(**) Company no longer operative.

The only change in the Aquafil Group consolidation scope in the period concerned the incorporation of Acca S.p.A. on January 18, 2023, which represents a joint venture between Aquafil Chile S.p.A. and its other equal partner Atando Cabos Chile S.p.A.. The company has its registered office in Santiago, Chile, and share capital of CLP 1 million. Its corporate purpose is the acquisition, storage and recycling of fishing nets, nautical ropes and other plastic waste.

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, 2022.

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 2023		December 2022		June 2022	
	Period-end rate	Average rate	Period-end rate	Average rate	Period-end rate	Average rate
US Dollar	1.09	1.08	1.07	1.05	1.04	1.09
Croatian Kuna			7.54	7.53	7.53	7.54
Chinese Yuan	7.90	7.49	7.36	7.08	6.96	7.08
Turkish Lira	28.32	21.57	19.96	17.41	17.32	16.26
Baht	38.48	36.96	36.84	36.86	36.75	36.86
UK Sterling	0.86	0.88	0.89	0.85	0.86	0.84
Japanese Yen	157.16	145.76	140.66	138.03	141.54	134.31
Australian Dollar	1.64	1.60	1.57	1.52	1.51	1.52
Chilean Peso	872.59	871.11	913.82	917.86		

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 combination was 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 under "Amortisation, depreciation and write-downs".

The loss in value of a cash generating unit (the Aquafil Group has, due to the nature of its business and its production process, only one CGU) 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.

When the reasons for the write-down no longer exist, the carrying value of the asset is restated through the income statement, in the account "Amortisation, depreciation & write-downs", up to the value at which the asset would be recorded if no write-down had taken place and amortisation or depreciation had been recorded.

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 IAS 39, at June 30, 2023:

(in Euro thousands)	Financial assets and liabilities measured at fair value through P&L	Loans and receivables	AFS financial assets	Financial liabilities at amortised cost	Total
Current and non-current financial assets	3,465	3,814	0	0	7,279
Trade receivables		27,150			27,150
Current tax receivables	0	642	0	0	642
Other current & non-current assets	0	16,434	0	0	16,434
Cash and cash equivalents	111,001	0	0	0	111,001
Total	114,466	48,040	0	0	162,506
Current and non-current financial liabilities	0	0	0	368,133	368,133
Trade payables	0	0	0	105,035	105,035
Other current and non-current liabilities	0	0	0	32,555	32,555
Total	0	0	0	505,723	505,723

The other financial assets and liabilities are short-term and regulated at market interest rates and therefore the book value is considered to reasonably approximate fair value.

The fair value measurement of the financial instruments is undertaken applying IFRS 13 “Fair value measurement” (IFRS 13). This standard identifies the following fair value hierarchy which reflect the importance of the inputs used in the relative measurement.

The methods applied are broken down into the following levels, based on the information available:

- 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 period considered.

The table below summarises the assets and liabilities measured at fair value at June 30, 2023, on the basis of the level which reflects the inputs utilised in the determination of the fair value.

(in Euro thousands)	June 2023	December 2022
Derivative financial instruments – Liabilities	0	0
Derivative financial instruments – Assets	3,465	4,063
Total	3,465	4,063

4. DISCLOSURE BY OPERATING SEGMENT

For the purposes of IFRS 8 - Operating Segments, Group activity is identifiable in a single operating segment.

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.

5. NOTES TO THE CONSOLIDATED BALANCE SHEET

5.1 Intangible assets and goodwill

The breakdown in the account and changes in the period were as follows:

(in Euro thousands)	Development costs	Patents & property rights	Trademarks, concessions and licenses	Other intangible assets	Intangible assets in progress	Non Contractual Customer relationships	Total
December 31, 2021	4,660	52	359	4,789	10,295	3,397	23,551
<i>Historic cost</i>	6,370	5,213	4,767	19,485	10,295	6,272	52,401
<i>Accumulated depreciation</i>	(1,710)	(5,162)	(4,408)	(14,696)		(2,875)	(28,850)
Reclassifications	0	0	159	9,805	(9,798)	0	166
Increases	1,675	0	60	1,437	991	0	4,163
Decreases	0	0	0	0	(132)	0	(132)
Amortisation	(1,482)	0	(108)	(3,617)	0	(797)	(6,004)
Exchange diff. - Historic cost	0	(1)	(120)	24	0	(139)	(236)
Exchange diff. - Accumulated depreciation	0	1	1	(6)	0	94	90
December 31, 2022	4,852	52	350	12,432	1,355	2,555	21,596
<i>Historic cost</i>	8,044	5,212	5,152	30,692	1,355	6,132	56,587
<i>Accumulated depreciation</i>	(3,192)	(5,160)	(4,802)	(18,260)	0	(3,577)	(34,991)
Reclassifications	0	0	1	79	(79)	0	1
Increases	1,797	0	2	156	545	0	2,500
Amortisation	(981)	0	(204)	(1,700)	0	(377)	(3,262)
Exchange diff. - Historic cost	0	0	110	(4)	(1)	(419)	(314)
Exchange diff. - Accumulated depreciation	0	0	40	1	0	264	306
June 30, 2023	5,668	52	300	10,965	1,820	2,023	20,827
<i>Historic cost</i>	9,841	5,212	5,155	30,859	1,820	5,713	58,600
<i>Accumulated depreciation</i>	(4,173)	(5,160)	(4,855)	(19,894)	0	(3,690)	(37,773)

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

The increases in the period, overall amounting to Euro 2.5 million, mainly relate to:

- for Euro 1.7 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.

Goodwill

Goodwill was Euro 15,359 thousand at June 30, 2023. 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 negatively 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 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 8.85%.

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

5.2 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, 2021	54,769	119,935	381	1,775	45,020	344	222,224	18,265	240,489
<i>Historic cost</i>	<i>126,870</i>	<i>499,888</i>	<i>10,503</i>	<i>7,257</i>	<i>45,020</i>	<i>793</i>	<i>690,331</i>	<i>35,855</i>	<i>726,186</i>
<i>Accumulated depreciation</i>	<i>(72,102)</i>	<i>(379,953)</i>	<i>(10,122)</i>	<i>(5,482)</i>	<i>0</i>	<i>(449)</i>	<i>(468,108)</i>	<i>(17,591)</i>	<i>(485,699)</i>
Change in consolidation scope	0	9	0	0	28	0	37	0	37
Reclassifications	1,873	39,134	47	38	(41,280)	0	(188)	0	(188)
Increase	371	10,119	310	489	23,574	0	34,863	10,545	45,408
Decreases	(8)	(23)	0	(5)	(163)	0	(199)	(885)	(1,084)
Depreciation	(4,374)	(28,697)	(137)	(589)	0	(12)	(33,809)	(8,329)	(42,138)
Exchange diff. - Historic cost	2,203	4,748	(25)	141	1,244	0	8,311	747	9,058
Exchange diff. - Accumulated depreciation	65	(3,740)	(2)	(153)	0	0	(3,830)	(283)	(4,113)
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>0</i>	<i>(460)</i>	<i>(491,718)</i>	<i>(16,062)</i>	<i>(507,780)</i>
Reclassifications	295	3,862	14	51	(4,235)	0	(13)	0	(13)
Increases	47	1,481	8	228	14,509	0	16,273	5,942	22,215
Decreases	(0)	(331)	0	(30)	0	0	(361)	(1,878)	(2,239)
Depreciation	(1,805)	(14,348)	(77)	(294)	0	(6)	(16,529)	(4,495)	(21,024)
Exchange diff. - Historic cost	(739)	(5,267)	(7)	(195)	(292)	0	(6,500)	(332)	(6,832)
Exchange diff. - Accumulated depreciation	274	3,630	6	105	0	0	4,015	235	4,250
June 30, 2023	52,970	130,512	519	1,561	38,405	327	224,293	19,532	243,825
<i>Historic cost</i>	<i>127,885</i>	<i>537,293</i>	<i>10,805</i>	<i>6,957</i>	<i>38,405</i>	<i>793</i>	<i>722,138</i>	<i>35,742</i>	<i>757,880</i>
<i>Accumulated depreciation</i>	<i>(74,915)</i>	<i>(406,781)</i>	<i>(10,287)</i>	<i>(5,395)</i>	<i>0</i>	<i>(466)</i>	<i>(497,845)</i>	<i>(16,211)</i>	<i>(514,055)</i>

The increases in the year, excluding the effect of changes in "Right-of-use", amounted to Euro 16.3 million and mainly refer to:

- for Euro 5.4 million, the increase in industrial and energy efficiency at Group plant;
- for Euro 4.6 million to activities to improve industrial and energy efficiency in the production of ECONYL® caprolactam and its raw materials, in addition to the development of circularity-focused technologies;
- for Euro 3.2 million to expand existing production capacity.
- for Euro 3.0 million, the technological improvement and upgrading of the existing plants and equipment.

The recoverability of all assets, including investments not yet definitively operative, was verified with an impairment test carried out on the only Aquafil Group CGU.

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	Total
December 31, 2021	14,237	2,887	1,084	57	18,265
<i>Historical cost</i>	28,417	5,720	1,616	102	35,855
<i>Accumulated depreciation</i>	(14,180)	(2,833)	(532)	(45)	(17,591)
Increase	7,848	2,356	341	0	10,545
Decreases	(329)	(483)	(72)	0	(885)
Depreciation	(6,452)	(1,434)	(420)	(22)	(8,329)
Exchange diff. - Historic cost	618	87	36	6	747
Exchange diff. - Accumulated depreciation	(230)	(46)	(4)	(3)	(283)
December 31, 2022	15,691	3,366	964	39	20,060
<i>Historic cost</i>	27,912	6,385	1,717	109	36,122
<i>Accumulated depreciation</i>	(12,221)	(3,018)	(753)	(70)	(16,062)
Increases	5,098	573	271	0	5,942
Decreases	(1,641)	(201)	(36)	0	(1,878)
Depreciation	(3,566)	(693)	(225)	(11)	(4,495)
Exchange diff. - Historic cost	(343)	(38)	(12)	(2)	(395)
Exchange diff. - Accumulated depreciation	218	23	55	1	235
June 30, 2023	15,457	3,031	1,017	28	19,533
<i>Historic cost</i>	27,148	6,666	1,821	107	35,742
<i>Accumulated depreciation</i>	(11,692)	(3,635)	(804)	(79)	(16,211)

The movement principally concerns the renewal of the logistics industrial buildings lease contracts of Aquafil Carpet Recycling #1, Aquafil S.p.A. and Aquafil US.

5.3 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 2023	December 2022
Receivables from parent companies	234	234
Investments valued at equity	1,018	1,018
Investments in group companies	6	6
Escrow bank deposits	3,015	5,902
Investments in other companies	164	14
Current and non-current financial assets	315	499
Receivables from related parties	79	79
Derivative financial instruments - Current	3,465	4,062
Total	8,296	11,814
<i>of which current</i>	6,480	9,964
<i>of which non-current</i>	1,816	1,850

“Receivables from parent companies” refer to guarantee deposits paid by Aquafil S.p.A. to the Parent Company Aquafin Holding S.p.A. over the multi-year leasing contract for the industrial and logistical use property located in Viale dell’Industria - Verona.

“Investments in other companies” relates to minor holdings.

“Investments valued at equity” concern 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.

The “Escrow bank deposits”, amounting to Euro 3 million, are held mainly by the Group company Aquafil Jiaxing Co Ltd, with a short-term restriction.

“Receivables from other related parties” refer to 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.

“Derivative financial instruments” includes the positive fair value of derivative instruments outstanding at June 30, 2023 (IRS - Interest Rate Swap), 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, 2023 (Euro 3,465 thousand) has been classified to current “Financial assets” and the movement recognised to the income statement (in the period a negative Euro 597 thousand).

5.4 Other non-current assets

The amount mainly relates to the receivable of the parent company Aquafil S.p.A. and Aquafil SLO d.o.o. from the European Union related to the “Effective” project, co-ordinated by Aquafil and funded by Bio-Based Industries Joint Undertaking (BBI JU) as part of the European Horizon 2020 research programme, with the entire chain (from raw material manufacturers to brands) involved in validating the use of bio Nylon 6 and other bio-polymer consumer market products.

In particular, with the signing of the agreement between the partners and other lenders, an overall amount of Euro 3.3 million was stipulated, with deferred income recognised under “Other liabilities” (Note 5.15). The receivable is reduced for the amounts effectively paid by the European Union, substantially recognised on the basis of the convention rules which provides for payment based on the state of advancement.

At June 30, 2023, the residual receivable amounted to Euro 0.3 million.

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 2023	December 2022
Deferred tax assets	11,326	11,519
Deferred tax liabilities	(9,232)	(9,237)
Total	2,094	2,281

Deferred tax assets totalled Euro 11.3 million, decreasing Euro 0.2 million on December 31, 2022, while deferred tax liabilities amount to Euro 9.2 million, substantially in line with December 31, 2022.

5.6 Inventories

The changes in the account were as follows:

(in Euro thousands)	June 2023	December 2022
Raw materials, ancillary and consumables	75,096	98,093
Finished products and goods	142,814	162,653
Advances	54	63
Total	217,965	260,808

Inventories are recorded net of the obsolescence provision amounting to Euro 0.6 million and relates to slow-moving stock.

The significant decrease is mainly as a combined effect of the reduction in stock and the decrease in the average price.

5.7 Trade receivables

The changes in the account were as follows:

(in Euro thousands)	June 2023	December 2022
Trade receivables	28,481	30,235
Parent, associates and other related parties	163	376
Doubtful debt provision	(1,495)	(2,057)
Total	27,150	28,553

The following table provides a breakdown of trade receivables at June 30, 2023, grouped by due date and net of the doubtful debt provision:

(in Euro thousands)	At June 30, 2023	Not yet due	Overdue within 30 days	Overdue between 31 and 90 days	Overdue between 91 and 120 days	Overdue beyond 120 days
Guaranteed trade receivables (a)	22,318	18,493	3,208	200	36	381
Non-guaranteed trade receivables (b)	6,112	5,049	720	128	14	202
Non-guaranteed trade receivables impaired (c)	215	215	0	0	0	0
Trade receivables before doubtful debt provision [(a) + (b) + (c)]	28,645	23,757	3,928	328	50	583
Doubtful debt provision	(1,495)	0	(1,201)	(100)	(15)	(178)
Trade receivables	27,150	23,757	2,727	228	35	405

5.8 Current tax receivables and payables

Current tax receivables total Euro 0.6 million, substantially in line with H1 2022 (Euro 0.6 million) and concern advances paid for Group company current taxes.

Current tax payables of Euro 2.6 million decreased Euro 1 million on the first half of 2022, and concern Group company income tax payables.

5.9 Other current assets

The changes in the account were as follows:

(in Euro thousands)	June 2023	December 2022
Tax receivables	4,072	9,408
Supplier advances	1,456	885
Pension and social security institutions	352	406
Employee receivables	137	275
Tax receivables from parent	3,744	247
Other receivables	764	974
Prepayments and accrued income	5,933	3,665
Total	16,458	15,862

The following is specified in relation to the above items:

- tax receivables: mainly refer for Euro 1.6 million to receivables for Value Added Tax (VAT) and for Euro 2.2 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, 2022 is mainly due to the use of these receivables by 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 Aquafil S.p.A. and Tessilquattro S.p.A.. The increase is due to the provision of deferred tax assets in the first half of 2023 to be transferred to the consolidating company;
- 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 2023	December 2022
Cash and equivalents	17	19
Bank and postal deposits	110,984	110,662
Total	111,001	110,682

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, 2023
EUR	60,398
TRL	145
USD	33,517
THB	499
CNY	8,501
AUD	262
GBP	1,328
JPY	6,351
Total	111,001

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, 2023, the Company 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.

It is recalled that, 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.

In addition, as for the 80,000 special Class C shares, identified by the ISIN Code IT0005241747, they 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 resolved to distribute as an ordinary dividend, and non-transferable until April 5, 2022.

As a result of this share conversion, the Group's share capital remained at Euro 49,722,417 while the number of ordinary shares increased 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 remained unchanged (51,218,794 shares).

The detailed breakdown of Aquafil S.p.A.'s subscribed and paid-up share capital at June 30, 2023 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			
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 in the previous year, 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	Number of 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
		Share	58.32%	68.52%

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. As previously announced, on December 4, 2022 the exercise deadline for the "Aquafil Warrants" financial instruments concluded. At June 30, 2023, 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, 2023 was Euro 1.26 million.

Translation reserve

The translation reserve, negative at June 30, 2023 for Euro 12.66 million (increasing by a negative Euro 9.57 million in the period), 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, 2023 and is derived from the merger transaction between Aquafil S.p.A. and Space3 S.p.A. in December 4, 2017.

Listing costs/Share capital increase reserve

The item amounted to Euro 3.29 million at June 30, 2023 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, 2023, it was equal to a Euro 0.41 million reduction in shareholders' equity and includes the actuarial effects at that date of severance indemnities and all the other benefits for employees of Group companies.

Negative reserve for treasury shares in portfolio

The negative reserve for treasury shares in portfolio totalled Euro 8.61 million at June 30, 2023.

Retained earnings

At June 30, 2023, the account amounts to Euro 109.75 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)	June 30, 2023
December 31, 2022	5,192
Financial charges	46
Net balance between accruals and settlement/advances	(356)
Actuarial gains/(losses)	(16)
June 30, 2023	4,866

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:

Financial assumptions	June 30, 2023
Discount rate	3.64%
Inflation rate	2.30%
Annual increase in employee leaving indemnity	3.23%
Demographic assumptions	
Death	The RG48 mortality tables published by the General State Controller
Disability	INPS tables by age and gender
Retirement	100% on satisfying AGO requirements
Annual frequency of Turnover and leaving indemnity advances	
Frequency advances	4.50%
Frequency turnover	2.50%

The bond's financial average duration at June 30, 2023 is approx. 6.3 years.

5.13 Current and non-current financial liabilities

The account is comprised of:

(in Euro thousands)	June 2023	of which current portion	December 2022	of which current portion
Bank loans	268,175	69,788	263,114	60,880
Accrued interest and accessory charges Bank loans	(649)	(649)	(399)	(399)
Total bank Loans	267,526	69,139	262,715	60,481
Bond loans	77,418	12,857	83,158	12,857
Accrued interest and charges on bonds	360	360	251	251
Total bond loan	77,778	13,217	83,409	13,108
Leasing and RoU financial payables	20,967	8,536	21,074	8,224
Other lenders and banks – short term	1,864	1,864	1,333	1,333
Total financial liabilities (current and non-current)	368,134	92,756	368,531	83,146

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, 2023	of which current portion
Medium/long term bank loans - fixed rate							
Cassa Centrale Banca - Credito Cooperativo del Nord Est (formerly Casse Rurali Trentine) (*)	15,000	2019	2026	Quarterly from 30/09/2021	1.25% fixed from July 1, 2024, 3 months Euribor + 1%	9,112	3,000
Cassa Centrale Banca (*)	11,000	2022	2029	22 quarterly instalments	1.20% fixed from April 1, 2026, 3 months Euribor + 1%	11,000	1,458
Credito Valtellinese (*)	15,000	2018	2024	20 quarterly from 05/10/2018	1% fixed	5,417	4,329
Cassa Depositi e Prestiti (*)	20,000	2020	2027	8 half-yearly from 20/06/2023	1.48% fixed	18,000	4,000
Total medium/long term bank loans - fixed rate						43,529	12,787
Medium/long term bank loans - variable rate							
Deutsche Bank (*)	5,000	2018	2024	Quarterly from 15/01/2019	Euribor 3 months + 1.20%	1,563	1,250
Deutsche Bank (*)	20,000	2022	2028	20 quarterly from 01/10/2023	Euribor 3 months + 1.20%	20,000	4,000
Cassa Risparmio di Bolzano (*)	20,000	2018	2025	26 quarterly from 31/03/2020	Euribor 3 months + 0.85%	10,106	4,017
Cassa Risparmio di Bolzano (*)	10,000	2022	2028	16 quarterly from 31/12/2024	Euribor 3 months + 1.05%	10,000	0
Banca Intesa (*) (**)	15,000	2018	2024	10 half-yearly from 31/07/2019	Euribor 6 months + 0.95%	3,857	2,571
Banca Intesa (*) (**)	30,000	2021	2027	Half-yearly from 30/06/2023	Euribor 6 months + 1.10%	27,000	6,000
Banca di Verona	15,000	2017	2024	28 quarterly from 30/06/2017	Euribor 3 months + 2%	3,920	2,600
Banca di Verona	3,000	2019	2024	Quarterly from 06/08/2021	Euribor 3 months + 1.30%	1,545	1,545
Banca di Verona	5,000	2022	2027	Quarterly from 27/10/2024	Euribor 6 months + 1.20%	5,000	0
Banca di Verona	5,000	2023	2028	Quarterly from 04/07/2024	Euribor 6 months + 1.20%	5,000	0
Credito Valtellinese	3,000	2017	2023	Quarterly from 05/07/2017	Euribor 3 months + 0.90%	153	153
Banca Popolare di Milano (*) (**)	25,000	2018	2026	29 quarterly from 31/03/2020	Euribor 3 months + 0.90%	13,845	4,477
Banca Popolare di Milano (*) (**)	15,000	2019	2025	Quarterly from 30/09/2020	Euribor 3 months + 1.05%	7,626	2,982
Banca Popolare di Milano (*) (**)	15,000	2023	2028	20 quarterly from 30/09/2023	Euribor 3 months + 1.15%	15,000	2,749
Banca Popolare Emilia Romagna (*) (**)	10,000	2019	2025	Monthly from 26/09/2020	Euribor 3 months + 0.75%	5,454	2,506
Banca Nazionale del Lavoro (*)	7,500	2018	2025	Half-yearly from 31/12/2019	Euribor 6 months + 1.40%	2,727	1,364
Banca Nazionale del Lavoro (*)	12,500	2018	2025	Half-yearly from 31/12/2019	Euribor 6 months + 1.25%	4,545	2,271
Banca Nazionale del Lavoro (*)	20,000	2022	2027	Quarterly from 08/12/2023	Euribor 3 months + 1.40%	20,000	3,750
Banca Popolare di Sondrio	5,000	2017	2023	Monthly from 31/08/2018	Euribor 1 month + 0.80%	106	106
Credit Agricole Friuladria (formerly Banca Popolare Friuladria) (*) (**)	10,000	2017	2025	22 quarterly from 31/03/2019	Euribor 3 months + 1.30%	3,711	1,825
Credit Agricole Friuladria (formerly Banca Popolare Friuladria) (*) (**)	10,000	2019	2025	22 quarterly from 28/12/2020	Euribor 6 months + 1.05%	4,545	1,818
Monte dei Paschi (*)	15,000	2018	2025	8 half-yearly from 31/12/2019	Euribor 6 months + 0.80%	7,500	3,750
Crediti Emiliano	5,000	2022	2027	8 half-yearly from 16/09/2023	Euribor 3 months + 0.90%	5,000	1,052
Banca del Mezzogiorno (*) (**)	10,000	2019	2026	8 half-yearly from 09/11/2020	Euribor 1 month + 1.20%	5,500	2,000
Banca del Mezzogiorno (*) (**)	15,000	2023	2028	Quarterly from 30/06/2025	Euribor 3 months + 1.20%	15,000	0
Cassa Depositi e Prestiti (*)	20,000	2022	2027	8 half-yearly from 30/06/2024	Euribor 6 months + 1.55%	20,000	2,500
Mediocredito Trentino Alto Adige	3,000	2022	2026	12 quarterly from 15/10/2023	Euribor 3 months + 1%	3,000	743
Credito Valtellinese (*)	5,000	2020	2026	16 quarterly from 30/09/2021	Euribor 3 months + 1.40%	2,942	973
Total medium/long term bank loans - variable rate						224,645	57,002
Accrued interest on medium/long term bank loans						(649)	(649)
Medium/long term bank loans - fixed and variable rate						267,525	69,140

(*) 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
Credite Agricole Friuladria	Annually	Net Debt/Net Equity	Group	≤ 2.50
	Annually	Net debt/EBITDA net of lease costs		≤ 3.75
Banca Intesa	Annually	Net Debt/Net Equity	Group	≤ 2.50
	Annually	Net Debt/EBITDA		≤ 3.75
Cassa di Risparmio di Bolzano	Annually	Net Debt/Net Equity	Group	≤ 2.50
	Annually	Net Debt/EBITDA		≤ 3.75
Banca Nazionale del Lavoro	Annually	Net Debt/Net Equity	Group	≤ 2.50
	Annually	Net Debt/EBITDA		≤ 3.75
Banco BPM	Annually	Net Debt/EBITDA	Group	≤ 3.75
	Annually	Net Debt/Net Equity		≤ 2.50
Credito Valtellinese	Annually	Net Debt/EBITDA	Group	≤ 3.75
	Annually	Net Debt/Net Equity		≤ 2.50
Deutsche Bank	Annually	Net Debt/EBITDA	Group	≤ 3.75
	Annually	Net Debt/Net Equity		≤ 2.50
	Annually	EBITDA/Financial charges		> 3.50
Monte dei Paschi di Siena	Annually	Net Debt/EBITDA	Group	≤ 3.75
	Annually	Net Debt/Net Equity		≤ 2.50
Cassa Centrale Banca Cred, Coop, Nord Est	Annually	Net Debt/EBITDA	Group	≤ 3.75
	Annually	Net Debt/Net Equity		≤ 2.50
Banca Popolare Emilia Romagna	Annually	Net Debt/EBITDA	Group	≤ 3.75
	Annually	Net Debt/Net Equity		≤ 2.50
MCC/Banca del Mezzogiorno	Annually	Net Debt/EBITDA	Group	≤ 3.75
	Annually	Net Debt/Net Equity		≤ 2.50
Cassa Depositi e Prestiti	Half-yearly	Net Debt/EBITDA	Group	≤ 3.75
	Half-yearly	Net Debt/Net Equity		≤ 2.50

In addition, in the first half of 2023, the company Aquafil S.p.A. agreed three new medium/long-term variable rate loans for a total of Euro 35 million.

For further information on the transactions undertaken in the period with the lending institutions, reference should be made to the Directors' Report and also paragraph "7. Net financial debt" below.

With reference to the loans granted, there are no mortgages or guarantees registered on company assets.

For bank loans stipulating compliance with the above half-yearly covenants, these had been satisfied at June 30, 2023.

Compliance with the above covenants is on an annual basis and half-yearly for certain types of loans; at June 30, 2023, these covenants had been complied with. Compliance at December 31, 2023 shall 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.

Bond loans

The company had issued two fixed-rate bond loans for an original total value of Euro 90 million, as follows:

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 the first with maturity on September 20, 2022 and the last on September 20, 2028, subject to a fixed interest rate of 3.70% with the application of a "margin ratchet" condition 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. During the period, due to the NFP/EBITDA ratio of the previous contractual six-month period, a surcharge of 0.50% was applied from March 20, 2023;
2. in addition to the line of credit used for the "A" bond loan, the Prudential Group has granted the company a so-called "Shelf Facility" available on request and usable up to a maximum amount of approx. USD 90 million. This line was partially used to cover the issuance of the second bond ("B") and remains available at current market conditions for and additional approx. USD 50 million. The second bond loan was issued on May 24, 2019 in order to finance the acquisition of Aquafil O'Mara 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, a fixed interest rate equal to 1.87%, with the application of the same "margin ra-

tchet” condition, similar to that for Bond Loan “A”. During the period, due to the NFP/EBITDA ratio of the previous contractual six-month period, a surcharge of 0.50% was applied from May 24, 2023. In May 2023, the first instalment of Euro 5.7 million was settled.

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	4.20%
Bond loan B	40,000,000	24/05/2019	24/05/2029	7 annual instalments from 24/05/2023	2.37%

Bond loans envisage compliance with the following financial covenants, as contractually defined, to be calculated on the basis of the Group’s consolidated financial statements:

Bond loan A – B

Financial parameters	Parameter	Covenant limit
Interest Coverage Ratio	EBITDA / Net financial charges	> 3.50
Leverage Ratio (*)	Net Debt / EBITDA	< 3.75
Net Debt Ratio	Net Debt / Net Equity	Minimum Net Equity threshold levels

(*) This indicator must be calculated with reference to the 12-month period which terminates on December 31 and June 30 for all years applicable.

Non-compliance with just one of the above financial parameters, where not resolved within the contractual deadlines provided, would constitute a circumstance for the bond loan’s compulsory early repayment.

Compliance with the above covenants is on a half-yearly basis. At June 30, 2023, these covenants had been complied with. For the Covenants’ compliance at December 31, 2023 it refers to previous paragraph.

The terms and conditions of the above bond loans also envisage, as is customary for financial transactions of this type, a structured series of commitments to be borne by the Company and Group companies (“Affirmative Covenants”) and a series of limitations on the possibility of carrying out certain transactions, if not in compliance with certain financial parameters or specific exceptions provided for by the agreement with the bondholders (“Negative Covenants”). Specifically, there are in fact certain limitations on the assumption of financial debt, on carrying out certain investments and on acts of disposal of corporate assets. To ensure the timely and correct fulfilment of obligations arising on account of the Parent Company from the issue of securities, the companies Aquafil Usa Inc. and Aquafil SLO d.o.o. have issued joint corporate guarantees in favour of underwriters:

Lease liability

Financial payables for leases, which amounted to Euro 21 million, were substantially in line with December 31, 2022 (Euro 21.1 million) and refer to the effects of the application of IFRS 16 and whose current portion amounted to Euro 8.5 million.

5.14 Provisions for risks and charges

The account is comprised of:

(in Euro thousands)	June 2023	December 2022
Agents’ supplementary indemnity provision and others	1,059	1,734
Guarantee fund on client engineering orders	166	241
Total	1,226	1,975

At June 30, 2023, “Provisions for risks and charges” amounted to Euro 1.2 million, compared to Euro 2.0 million at December 31, 2022.

5.15 Other current and non-current liabilities

The account is comprised of:

(in Euro thousands)	June 2023	<i>of which current portion</i>	December 2022	<i>of which current portion</i>
Employee payables	13,362	13,362	13,955	13,955
Social security payables	3,085	3,085	3,229	3,229
Payables to parent for income taxes	0	0	230	230
Tax payables	2,194	2,194	2,125	2,125
Other payables	2,224	2,224	1,215	1,215
Accrued liabilities and deferred income	11,689	4,386	13,394	4,409
Total	32,554	25,251	34,148	25,163

“Employee payables” refers to sums due by Group companies to their employees at June 30, 2023 and amounts to Euro 13.4 million, substantially in line with December 31, 2022 (Euro 13.9 million);

“Social security payables” mainly includes the amount owed at June 30, 2023 by the Group companies to social security institutions and amount to Euro 3.1 million, substantially in line with December 31, 2022.

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, 2023, this deferred revenue (recognised to deferred income) amounts to Euro 5.8 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 2.1 million;
- the deferral of the portion pertaining to future years of the contribution obtained from the European Union for the “Effective” research project, described in the Directors’ Report and also commented on in the notes 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 1.6 million at June 30, 2023. 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 2023	December 2022
Trade payables	101,100	125,445
Payables to parent, associates and other related parties	918	270
Payments on account	3,018	1,126
Total	105,035	126,841

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 decrease on December 31, 2022 was strictly related to the reduction in revenues in the first half of 2023, as outlined in detail in the Directors’ Report.

The payments on account mainly concern the advances received in the first half of 2023 by the parent company Aquafil S.p.A. for future supplies.

At June 30, 2023 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 2023		June 2022		Change	
	in Euro millions	%	in Euro millions	%	in Euro millions	%
EMEA	165.1	53.1%	204.5	58.3%	(39.4)	(19.3%)
North America	98.4	31.6%	94.4	26.9%	4.0	4.2%
Asia and Oceania	46.6	15.0%	50.5	14.4%	(3.9)	(7.8%)
Rest of the world	1.1	0.3%	1.6	0.5%	(0.5)	(32.0%)
Total	311.1	100.0%	351.0	100.0%	(39.9)	(11.4%)

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 fibers), the NTF Product Line (clothing fibers) and the Polymers Product Line.

The significant decrease in the period (-11.4%) is mainly as a combined effect of the reduction in quantities sold, in addition to the decrease in sales prices across the various product lines, as outlined in the Directors' Report, which also breaks down 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, 2023.

6.2 Other revenues and income

"Other revenues and income" amount to Euro 4.9 million, increasing Euro 2.5 million on the previous period. The account mainly include:

- Euro 2.2 million for the energy and gas tax credit subsidy granted during the first half of the year (to Aquafil S.p.A. and Tessilquattro S.p.A.) for electricity-intensive and natural gas-intensive companies that have met the requirements under the regulations;
- Euro 1.9 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 period of the grant for Euro 0.2 million for the "Effective" project, relating to Aquafil S.p.A., Tessilquattro S.p.A. and Aquafil SLO d.o.o..

6.3 Raw material costs

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

The account amounts to Euro 158.9 million, compared to Euro 158.4 million at June 30, 2022. As also outlined in the Directors' Report, H1 2023 was impacted by the high unitary stock values in 2022 and despite the reduction in raw material costs in the first half of 2023.

(in Euro thousands)	June 2023	June 2022
Raw materials and semi-finished goods	141,565	136,584
Ancillaries and consumables	14,238	17,918
Other purchases and finished products	3,134	3,863
Total	158,938	158,365

6.4 Service costs

The account is comprised of:

(in Euro thousands)	June 2023	June 2022
Transport, shipping & customs	8,550	16,962
Electricity, propulsive energy, water and gas	30,199	36,886
Maintenance	5,557	4,829
Services for personnel	3,536	2,515
Technical, ICT, commercial, legal & tax consultancy	5,996	5,818
Insurance	1,959	1,635
Marketing and advertising	2,083	2,418
Cleaning, security and waste disposal	1,829	1,906
Warehousing and external storage	2,103	2,247
External processing	2,905	3,190
Other sales expenses	79	148
Statutory auditors fees	83	83
Other service costs	1,686	2,118
Rentals and hire	1,297	1,203
Total	67,864	81,957

Service costs amount to Euro 67.8 million, decreasing Euro 14.2 million on H1 2022 (Euro 82 million).

The reduction, related to the lower production volumes, was particularly significant in terms of transport and utility costs which, as outlined in the Directors' Report, in the first half of 2023 significantly declined.

6.5 Personnel costs

These costs are broken down as follows:

(in Euro thousands)	June 2023	June 2022
Wages and salaries	49,821	49,496
Social security charges	10,739	10,766
Post-employment benefits	987	984
Other non-recurring costs	515	811
Director fees	956	2,841
Total	63,019	64,898

"Personnel costs" amounted to Euro 63 million, decreasing Euro 1.8 million on the first half of 2022 (Euro 64.9 million).

The reduction in personnel costs is related to the contraction of the average workforce in H1 2023 compared to H1 2022. As reported in the table below, the average Aquafil Group workforce in the first six months of 2023 was 2,739, compared to 2,803 for the first half of 2022. In addition, hours worked reduced in the first half of 2023.

	June 30, 2023	June 30, 2022	Average H1 2023	Average H1 2022
Managers	46	52	46	53
Middle managers	164	157	162	155
Managers	439	434	433	431
Workers	2,065	2,160	2,098	2,164
Total	2,714	2,803	2,739	2,803

6.6 Other operating costs and charges

These costs are broken down as follows:

(in Euro thousands)	June 2023	June 2022
Taxes, duties & sanctions	1,496	1,518
Losses on asset sales	33	51
Other operating charges	235	877
Total	1,764	2,446

“Other operating costs and charges” amounted to Euro 1.8 million in H1 2023, decreasing Euro 0.7 million on the first half of 2022 (Euro 2.4 million). The account mainly comprises “Taxes, duties and sanctions” for Euro 1.5 million, which mainly concern local property taxes and for Euro 0.2 million “Other operating charges”.

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

The account is comprised of:

(in Euro thousands)	June 2023	June 2022
Amortisation	3,263	2,869
Depreciation	16,529	16,647
RoU (Right-of-Use) depreciation	4,495	4,240
Total	24,287	23,756

Amortisation and depreciation totalled Euro 24.3 million, substantially in line with the first half of 2022 (Euro 23.8 million).

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

6.8 Provisions and write-downs

The account is comprised of:

(in Euro thousands)	June 2023	June 2022
Net provisions/(releases) for doubtful debts	(62)	(26)
Net provisions/(releases) for provisions for risks and charges	(115)	(174)
Total	(178)	(200)

6.9 Increases in internal work capitalised

This account, amounting to Euro 3.7 million, mainly concerns the capitalisations in the first half of 2023 regarding new product development costs (IAS 38).

6.10 Financial income

The account is comprised of:

(in Euro thousands)	June 2023	June 2022
Derivative financial instruments	0	2,809
Other interest	0	71
Interest income current accts.	338	106
Total	339	2,987

“Financial income” amounted to Euro 0.3 million, decreasing Euro 2.7 million on H1 2022, which benefited from the fair value movement of derivatives (IRS). At June 30, 2023, the Mark to Market was positive for Euro 3.4 million, although with an approx. Euro 0.6 million reduction in financial charges. As previously illustrated, “hedge accounting” was not applied to these derivatives as, although entered into for hedging purposes, have been considered for accounting purposes and consistently with the past, as non-hedging instruments (and therefore the relative fair value is recognised in the income statement), as it is very complex to prepare the mandatory hedging relationship.

6.11 Financial charges

The account is comprised of:

(in Euro thousands)	June 2023	June 2022
Interest on bank loans and borrowings	3,547	1,374
Interest on bonds	1,250	1,441
Interest exp. on current accounts	500	345
Write-down of derivative financial instruments	597	0
Other financial and interest expense	1,611	701
Total	7,505	3,862

“Financial charges” of Euro 7.5 million increased Euro 3.6 million on H1 2022, mainly due to the increase in interest charges on mortgages and bank loans, in addition to the decrease of Euro 0.6 million in the fair value of derivatives (IRS), as outlined in the preceding paragraph.

6.12 Exchange gains and losses

The breakdown of the account is as follows:

(in Euro thousands)	June 2023	June 2022
Total exchange gains	5,261	6,449
Total exchange losses	(4,278)	(5,921)
Total exchange differences	983	528

A net gain of Euro 1 million is reported for H1 2023, as the balance between exchange gains and losses, with a slight increase on H1 2022 (net gain of Euro 0.5 million).

6.13 Income taxes

The breakdown of the account is as follows:

(in Euro thousands)	June 2023	June 2022
Current and prior year income taxes	1,630	6,424
Deferred tax income/charges	428	32
Total	2,058	6,457

Net income taxes in H1 2023 totalled Euro 2.1 million, and mainly concern for Euro 1.2 million current and prior year income taxes and for a negative Euro 0.4 million the net balance between deferred tax income and deferred tax charges related to the first half of 2023.

For better comparability, we indicate that a reclassification of the figures at June 30, 2022 for the “Current and prior year income taxes” and “Deferred tax income/charges” account was made.

6.14 Non-recurring items

The account is comprised of:

(in Euro thousands)	June 2023	June 2022
Non-recurring charges	177	183
Expansion costs Aquafil Group	376	114
Non-recurring costs ACR1	623	1,024
Restructuring and other personnel costs	181	0
Extraordinary legal consultancy and administrative	290	0
Total non-recurring costs	1,648	1,321
Non-recurring revenues	(3)	0
Total non-recurring income	(3)	0
Non-operating income and charges	1,645	1,321

Non-recurring items mainly refer to costs incurred by Aquafil Carpet Recycling # 1, which was impacted by an extraordinary event in the United States that involved extraordinary restoration work totaling Euro 623 thousand, and costs incurred by the Group for the analysis and verification of new business opportunities. For further details, reference should be made to paragraph 6.2 of the Directors' Report.

6.15 Earnings per share

The breakdown of the account is as follows:

(in Euro thousands)	June 2023	June 2022
Group Net Profit	(4,136)	17,674
Number of shares	51,219	51,139
Earnings per share	0.00	0.35

We point out that diluted earnings per share is equal to the above-mentioned earnings per share because there are no stock option plans. The basic earnings per share is calculated by dividing the result of the Group by the number of ordinary shares outstanding during the period, excluding treasury shares.

7. NET FINANCIAL DEBT

A breakdown follows of the net financial debt at June 30, 2023 and December 31, 2022, determined in accordance with the ESMA Guidelines (32-382-1138):

Net Financial Debt (in Euro thousands)	At June 30, 2023	At December 31, 2022
A. Liquidity	111,001	110,682
B. Cash and cash equivalents	0	0
C. Other current financial assets	6,481	9,964
D. Liquidity (A + B + C)	117,482	120,646
E. Current financial debt (including debt instruments but excluding the current portion of non-current financial debt)	(1,864)	(1,333)
F. Current portion of non-current debt	(90,892)	(81,814)
G. Current financial debt (E + F)	(92,756)	(83,146)
H. Net current financial debt (G – D)	24,726	37,500
I. Non-current financial debt (excluding current portion and debt instruments)	(210,818)	(215,084)
J. Debt instruments	(64,560)	(70,301)
K. Trade payables and other non-current payables	0	0
L. Non-current debt (I + J + K)	(275,378)	(285,385)
M. Total financial debt (H + L)	(250,652)	(247,885)

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, 2022	(247,885)	110,837	(358,722)
Net cash flow in the period	319	319	
Decrease in liquidity subject to restrictions	(2,886)	(2,886)	
New bank loans and borrowings	(35,000)		(35,000)
Repayment/reclass. bank loans and borrowings	35,821	35,821	
Repayment/reclass. lease liability	107	107	
Change in fair value derivatives	(597)	(597)	
Other changes	(531)	(531)	
Net Debt at June 30, 2023	(250,652)	143,070	(393,722)

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, 2023	234	6	1,018	79	1,337	1,816	73.63%
At December 31, 2022	234	6	1,018	79	1,337	1,849	72.28%
Trade receivables							
At June 30, 2023	125			38	163	27,150	0.60%
At December 31, 2022	305			71	376	28,553	1.32%
Other current assets							
At June 30, 2023	3,744				3,744	16,130	23.21%
At December 31, 2022	247				247	15,862	1.56%
Non-current financial liabilities							
At June 30, 2023	(450)			(3,899)	(4,350)	(275,378)	1.58%
At December 31, 2022	(831)			(4,431)	(5,262)	(285,385)	1.84%
Current financial liabilities							
At June 30, 2023	(590)			(2,117)	(2,706)	(92,756)	2.92%
At December 31, 2022	(537)			(2,420)	(2,957)	(83,146)	3.56%
Trade payables							
At June 30, 2023	(3)			(347)	(350)	(105,035)	0.33%
At December 31, 2022	0			(270)	(270)	(126,840)	0.21%
Other current liabilities							
At June 30, 2023					0	(25,251)	0.00%
At December 31, 2022	(230)				(230)	(25,163)	0.92%

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 2023	125		26	151	311,117	0.05%
H1 2022			26	26	351,009	0.01%
Service costs and rent, lease and similar costs						
H1 2023	(2)		(262)	(264)	(67,864)	0.39%
H1 2022			(230)	(230)	(81,957)	0.28%
Other operating costs and charges						
H1 2023			(35)	(35)	(1,764)	1.98%
H1 2022			(35)	(35)	(2,446)	1.43%
Financial charges						
H1 2023	(15)		(73)	(87)	(7,505)	1.16%
H1 2022	(17)		(47)	(64)	(3,862)	1.67%
Investment income						
H1 2023		0		0	0	0.00%
H1 2022		90		90	(70)	(128.57%)

9. OTHER INFORMATION

9.1 Commitments and risks

Other commitments

At June 30, 2023, the Parent Company provided sureties in favour of credit institutions in the interest of subsidiaries for a total of Euro 22.6 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.

- *Initiation of an audit for direct taxes on FY 2016, 2017, 2018 and 2019:* on May 11, 2022, the Trento Tax Agency notified the Company 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.
 - *FY 2016* – On November 22, 2022, while reaffirming the legitimacy of its conduct, and solely in order to avoid long and exhausting litigation, the Company reached an agreed settlement, after submission of the IPEC Application by the consolidating company Aquafin Holding, paying the amount of Euro 16 thousand (IRAP and interest) and Euro 279 thousand (IRES). These proceedings should therefore be considered closed.
 - *FY 2017* – On April 19, 2023, the Trento Office notified the Company of an invitation to appear issued for IRES and IRAP purposes, pursuant to Article 5-ter of Legislative Decree No. 218/1997 for the establishment of a case regarding the recovery of taxation for a total of Euro 853 thousand. On May 15, 2023, the case was initiated, in which the disputed aspects were highlighted, in relation to which the Office reserved the right to make the appropriate evaluations. Following this initial meeting, there was no further activity and/or feedback from the Office. At present, therefore, any quantification of contingent liabilities is considered premature, as it is necessary to await more complete discussions with the Tax Office for the proper estimation of the findings.
 - *FY 2018 and 2019* – To date, with respect to the 2018 and 2019 tax periods, no findings of the Tax Office have been moved in relation to these audits. At present, therefore, any quantification of contingent liabilities is considered premature, as it is necessary to await the development of the Tax Office's investigative activities for the proper estimation of the findings.
- *Joint Audit - Aquafil S.p.A./Aqualeuna GmbH:* 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. The proceedings for these periods have concluded;
 - 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 recognised in 2022 and therefore without any impact on the consolidated results; These proceedings have concluded;
 - 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. Following an upward adjustment of Euro 3,733 thousand in Germany in this tax period, Aquafil sent to the Tax Agency in January 2022 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. In December 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. In February 2023, Aquafil presented a relative refund request of IRES and IRAP to the Provincial Directorate of Trento for Euro 997 thousand (Euro 896 thousand for IRES, Euro 101 thousand for IRAP), already provisioned to the financial statements at December 31, 2021 of Aquafil S.p.A., and thus awaits the refund authorisation measure.

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.

The German Tax Administration Finanzamt Merseburg, after analysing the documentation produced by Aqualeuna, identified the following findings to Aqualeuna on May 31, 2023: (i) the application of a 1.4% mark-up on the total production costs for the sale of finished and semi-finished products and (ii) the disallowance of the deductibility for Aqualeuna of the costs of restructuring and closing the Leuna plant.

On June 9, 2023, Aqualeuna then received the relevant assessment notices with the findings which indicate (i) for the 2018 tax period an upward adjustment to income of the German company of Euro 2,363 thousand and (ii) for the 2019 tax period an upward adjustment to income of Euro 4,429 thousand.

For the 2018 and 2019 tax periods, these total recoveries therefore result in for German tax purposes for Aqualeuna the reabsorption of the originally declared current tax losses of 2018 and 2019, and positive taxable income for 2018 and 2019, with the consequent payment of total taxes and interest of Euro 282 thousand for the 2018 tax period and of Euro 81 thousand for the 2019 tax period.

For the stated tax periods, Aqualeuna filed an appeal with the tax authorities 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.

From an Italian viewpoint, the parent company Aquafil S.p.A., with reference to the years concerned will begin appropriate procedures to eliminate any double taxation that may arise at Group level, with the consequence that the upward recovery of taxable income in Germany for Aqualeuna may be neutralised by a corresponding opposing adjustment granted to the parent company by the Italian Tax Agency.

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.

9.2 Subsequent events

- On July 5, 2023, the parent company Aquafil S.p.A. agreed with BNL a medium/long-term loan totaling Euro 10 million, of five-year duration (of which one year grace period), at a variable interest rate linked to sustainability KPI's and with a related interest rate hedge;
- on July 25, 2023, Aquafil S.p.A. signed a medium-long term loan with MPS for a total of Euro 20 million and a duration of five years (with a two year grace period) with a SACE "Supportitalia" 90% guarantee to support business liquidity (Article 15 of Decree-Law No. 50 of May 17, 2022, converted, with amendments, into Law No. 91 of July 15, 2022 - "Aid Decree" and with a related interest rate hedge;
- on August 7, 2023, Aquafil S.p.A. and Politecnici S.r.l. incorporated the company Poly-Service S.a.s., based in Lyon (France), with share capital of Euro 10,000. Aquafil holds a 45% interest, with Politecnici S.r.l. holding 55%. The corporate purpose of the company is the design, production and marketing of plastics, rubber, nylon and related products, in addition to semi-finished, finished and recycled products based on plastics, particularly nylon, in addition to the collection of post-consumer plastics, rubber, nylon and related products and subsequent processing into secondary raw materials.

There were no further significant events which could have an impact on the Half-Year Financial Statements at June 30, 2023.

Arco, August 31, 2023

The Chairperson of the Board of Directors
Full Professor Chiara Mio

The Executive Officer
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 implementationof the administrative - accountability procedures aimed at preparing the half-yearly statements as of June 30th, 2023.
2. No relevant issues arose.
3. It is also certified that the half-yearly statements as of June 30th, 2023:
 - 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 28th, 2023

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, 2023



Independent auditor's report

Aquafil SpA

*Review report on consolidated condensed
interim financial statements as of
30 June 2023*



Review report on consolidated condensed interim financial statements

To the shareholders of
AQUAFIL SPA

Foreword

We have reviewed the accompanying consolidated condensed interim financial statements of AQUAFIL SPA and its subsidiaries (the "AQUAFIL Group") as of 30 June 2023, 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 AQUAFIL 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

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consolidated condensed interim financial statements of AQUAFIL Group as of 30 June 2023 are not prepared, in all material respects, in accordance with international accounting standard applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Trento, 31 August 2023

PricewaterhouseCoopers SpA

Signed by

Alberto Michelotti
(Partner)

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

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