

ALBINI GROUP

CONSOLIDATED FINANCIAL STATEMENTS
as at 31 DECEMBER 2024

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Directors' report*

* ALBINI GROUP S.p.A.
Registered office: Via Dr. Silvio Albini 1, Albino (Bergamo) - Actual share capital: €2,024,035.52
fully paid-up - Bergamo company registration no. and tax code 01736210160

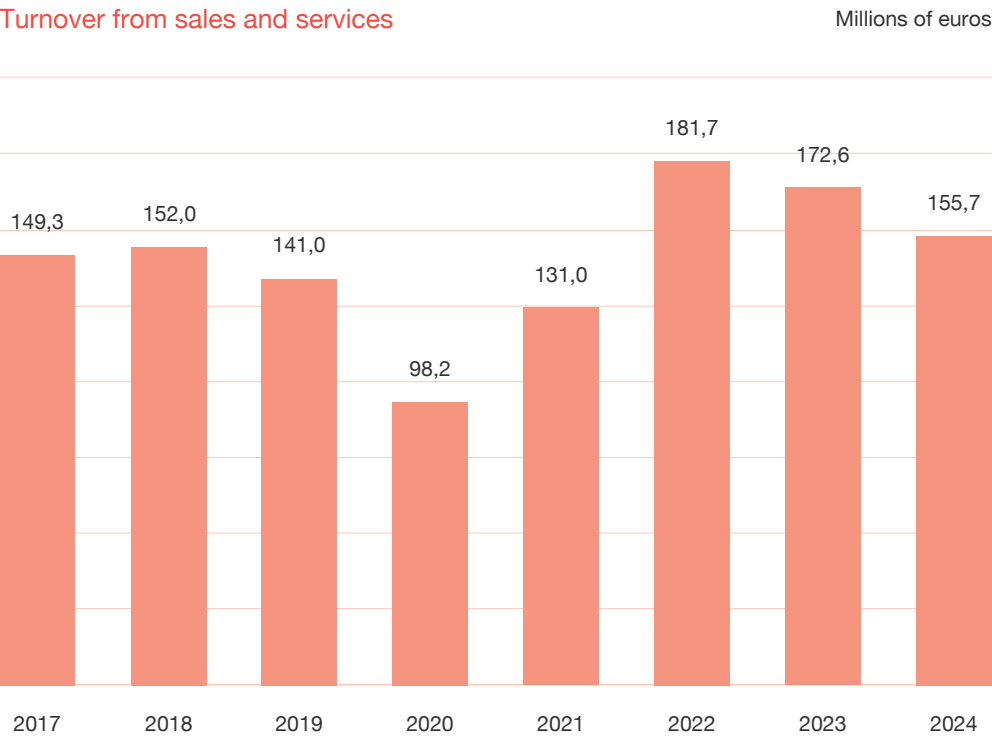
Dear shareholders,

The group’s net turnover came to €156 million in 2024, a 9.8% decrease on the €173 million of 2023. This turnover includes revenues from the energy segment and fabric consultancy services in order to give a more complete view of the diversified nature of the group’s activities.

The group’s 2024 performance in the textiles and energy sectors was less positive than in the previous year, while it remained stable in the yarns sector:

- making up roughly 69% of the group’s total core revenues via Cotonificio Albini S.p.A., the fabrics sector contracted by 10.7% to €109.4 million, from €121.8 million in 2023. The year followed an opposite trend to 2023, with a markedly negative first half followed by a strong recovery in the second half. Production revenues came to €119.8 million, up from €117.1 million in the previous year (+2.3%). They include an increase in inventory of €3.75 million, compared to a decrease of €11 million in 2023, driven by the strong recovery in sales, which required greater use of working capital towards the end of the year. The financial statements of Cotonificio Albini S.p.A. closed with a net loss of €1.8 million, compared to a net profit of €1 million in 2023. The write-down of the investment in Tessitura di Mottola in liquidation had a negative impact of €1.1 million on the net loss for the year. Financial charges decreased significantly by about €1.5 million, reflecting lower interest rates and an exchange rate gain of €828 thousand compared to the previous year. Amortisation and depreciation increased to €3.25 million, from €3.04 million in 2023. Its net bank loans and borrowings fell significantly from €26.9 million to €10.6 million. Gross operating profit (EBITDA) of €3.5 million, before provisions for risks and charges, dropped €3.7 million from €7.2 million in 2023;
- in the yarn market, mainly the knitwear sector, the performance of the subsidiary I Cotoni di Albini (approximately 27% of consolidated revenues) remained solid, with a slight decline compared to the previous year, recording revenues of €54.4 million against €54.7 million in 2023 (-0.7%). Considering only turnover from core business, net of sales of waste and raw cotton, the subsidiary recorded a growth of 3.8% compared to the previous year. Its net profit for the year came to €0.7 million, down slightly from the €0.9 million in 2023. Sales to third-party customers decrease to 80% of the total, compared to 84% in the previous year. Amortisation and depreciation amounted to €90 thousand, down from €126 thousand in 2023. Machinery lease payments, on the other hand, rose to €59 thousand. Net financial charges increased from €874 thousand to €964 thousand. Gross operating profit (EBITDA) came to €2.72 million (5% of turnover), up from €2.31 million in the previous year (4.2% of turnover). The net cash inflows for the year amounted to €1.5 million;
- on the other hand, the energy sector of the subsidiary Albini Energia S.r.l. (accounting for approximately 1.8% of consolidated revenues) saw a significant drop in revenues and profits, with revenues of €2.8 million compared to €5.4 million in 2023 and a net loss for the year of €24.6 thousand (net profit of €84.5 thousand in 2023). The decline in turnover observed in the second half of 2023 continued into 2024, primarily due to a general economic slowdown that more severely affected textile companies - particularly in Italy and, more broadly, across Europe - which still represent the largest share of Albini Energia S.r.l.’s customer portfolio. The subsidiary responded to the market contraction by reducing its direct workforce and terminating certain consultancy and commercial agency contracts.

The following graphs show trends in the group’s turnover:



The group recorded a net loss for the year of €0.7 million, compared to a net loss of €0.8 million in 2023. Gross operating profit (EBITDA) before provisions for risks and charges came to €9.3 million (5.97% of turnover), compared to €10.6 million (6.13% of turnover) in the prior year. Excluding non-recurring and extraordinary items, i.e., managing the sale of Tessitura di Mottola S.r.l. in liquidation, the gross operating profit would have been €0.14 million higher at €9.4 million (6.04% of turnover). Amortisation and depreciation of the year totalled €5.5 million, compared to €5.3 million in 2023.

Net financial debt at 31 December 2024 amounted to €31.7 million, a €10.9 million improvement on the previous year end (€42.6 million).

As permitted by article 18.1 of the by-laws, the parent’s shareholders’ meeting to approve the consolidated financial statements at 31 December 2024 will be called at the later term of 180 days from year end as the parent did not receive the results of the indirect investees I Cotoni di Albini S.p.A. and Albini Yarns Hungary Kft in time.

Operations and developments

2024 was a particularly challenging year for the textile, clothing and fashion industry, characterised by a contraction in consumer demand, restricted access to credit and a worsening employment crisis. Following a three-year period of continuous growth, the sector experienced a slowdown in 2024, which was most pronounced in the menswear segment. Critical issues in the sector were exacerbated by macroeconomic and geopolitical factors, including:

- global instability, aggravated by various international conflicts;
- generalised increase in production costs, particularly for energy in Italy;
- slowdown in major economies, with Germany leading the decline;
- decline in consumer spending, particularly among international customers and in the luxury goods sector, with a marked slowdown in China;
- strategic election deadlines, such as the European elections in June 2024 and the US presidential elections, which raised concerns over the potential introduction of new trade barriers.

According to analyses conducted by the research centre of Confindustria Moda (the Italian fashion industry association)¹, based on sample surveys and macroeconomic trends, the Italian weaving sector (which includes the wool, cotton, silk, linen and knitwear segments) closed 2024 with an estimated turnover of €7.1 billion, down 7.7% compared to the previous year.

This contraction is attributable to the reduction in both foreign and domestic sales:

- exports decreased by 8.5%. From January to September 2024, the decline in export volumes was limited to 1.3%, indicating that the drop in turnover was primarily due to price and margin compression rather than volume;
- imports decreased by 5.8%, but the trade balance remained positive, exceeding €2 billion, although this represents a decline of 10.7% compared to 2023.

Foreign trade performance in 2024:

- China recorded growth of 4.8%, which, together with a slight decline of 0.5% in Hong Kong, confirmed its position as the leading market, with a total value exceeding €250 million, driven by demand for worsted and carded wool fabrics;
- Vietnam and Sri Lanka recorded growth, collectively accounting for more than 5% of the industry’s exports;
- Europe recorded a general decline, in particular:
 - France decreased by 16.2%;
 - Germany dropped by 22.6%.

Sector data

- The weaving sector accounts for 11.8% of the total turnover of the textile-clothing chain.
- Breakdown of segments within the weaving sector:
 - wool: 39.9%;
 - o knitwear: 20.9%;
 - o cotton and silk: 16.9% each;
 - linen: 5.5%.

In addition to the well-known geopolitical and economic uncertainties on a global scale - which, of course, are not exclusive to the fashion and luxury goods sectors - several internal factors contribute to the prevailing climate of pessimism surrounding the high-end segment and the broader fashion industry.

Among the most notable factors is the slowdown in purchases of personal luxury goods by Chinese consumers, who for several years had already surpassed American customers in terms of purchase volumes - both domestically and abroad.

Another major concern is the tightening of regulations on environmental and social sustainability, which are impacting a sector frequently criticised, particularly in its fast and ultra-fast fashion segments, for being among the most polluting industries globally.

In an era dominated by the internet and social media, a misstep on these platforms can swiftly compromise a brand’s reputation, image, and even sales - sometimes within days, if not hours.

Today, small and medium-sized enterprises face profound changes that demand substantial investment, particularly in the area of sustainability. The entry into force in 2024 of European regulations such as the Ecodesign Regulation, the CSR Directive and the CSDD Directive is set to significantly reshape the fashion industry - if not globally, then certainly within the EU market. However, at the end of June, pressure from the manufacturing sector prompted the European Commission to delay the effective dates of these regulations, granting more time for implementation and limiting their scope to larger companies. Companies, regardless of size, remain largely powerless in the face of external factors such as interest rate trends, which only began to decline towards the end of the year, following delayed interventions by the Federal Reserve and the European Central Bank.

After peaking in 2023, energy costs in Italy returned to more sustainable levels in early 2024, only to rise again in the last few months of the year. This volatility has kept the national context highly unstable and

continues to undermine Italy’s competitiveness compared to other European countries.

Conversely, raw material prices - particularly for cotton and linen - declined gradually over the year. However, the impact on profitability remained modest, as the group continued to rely on inventory purchased at less favourable prices under multi-year contracts for organic cotton.

The first half of the year proved particularly challenging for the textile sector, extending the negative trend seen in the second half of 2023. The industry recorded a contraction of over 20%, leading to significant margin compression.

In contrast, the second half of the year saw a marked recovery in turnover, which contributed to improving the group’s overall annual performance.

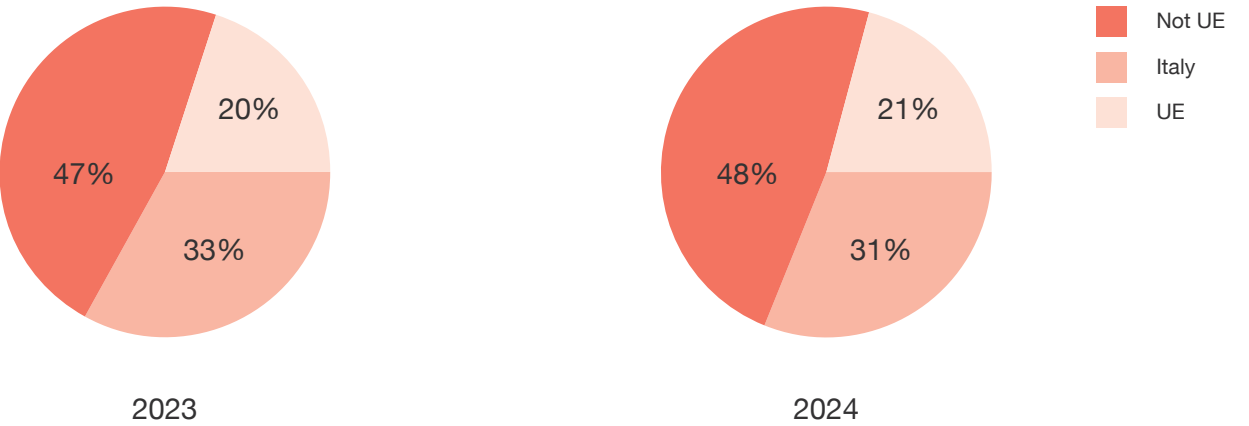
Although final consumer demand remained stable throughout 2024 - consistent with the previous six months but still well below the levels seen in 2022 and the first half of 2023 - the recovery in orders and turnover observed in the second half of the year was not driven by a genuine increase in brand sales.

Rather, it reflected a downward adjustment in inventory levels, which prompted brands to increase orders - particularly in the last quarter of the year.

The breakdown of sales between Italy, Europe and the rest of the world was unchanged from the previous year.

The following graphs show a comparison of turnover by geographical segment:

Turnover by geographical segment



From a style and product perspective, the preference for yarn-dyed fabrics has been confirmed, while demand for printed and piece-dyed fabrics continues to decline. Across all market segments, there is a consistent focus on traceable and sustainable products - a trend that has required ongoing commitment from the group’s team, particularly in the areas of sustainability and certification.

In this context, the group’s organic cotton line, “Biofusion®”, continues to be highly regarded in the market, thanks to its intrinsic qualities and the high standards of reliability and safety certified by independent sustainability bodies.

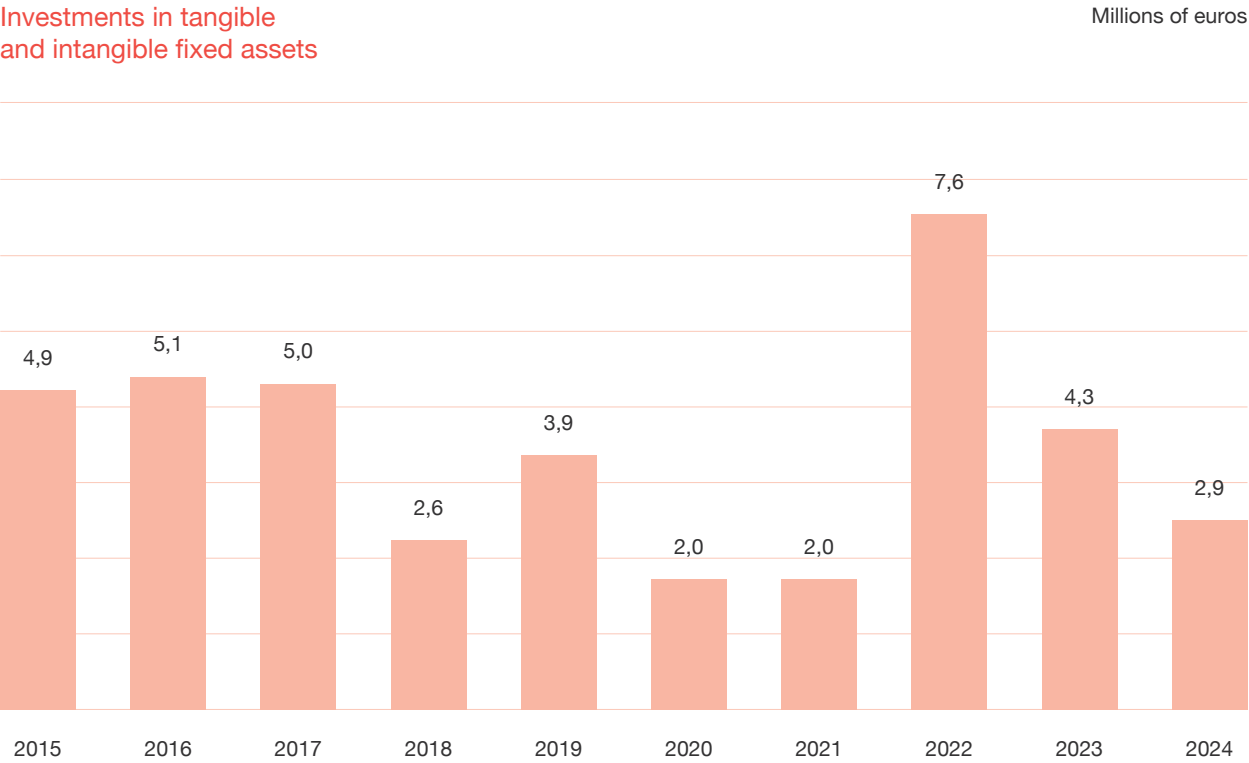
A particularly important contribution to the group’s profitability came from our bespoke line, which remains a strategic and well-established segment capable of generating significant value.

The activities of the group’s Open Innovation centre “Albini Next”, located at Kilometro Rosso - one of Europe’s leading innovation hubs on the outskirts of Bergamo - are ongoing. In this context, the work of a young and highly qualified team - engaged in continuous dialogue with universities, international research centres, suppliers and customers - has become increasingly consolidated. The shared objective is to develop innovative solutions, experiment with new natural dyes and refine processes for recycling and valorising production waste, all guided by the principles of the circular economy and the conscious reuse of resources.

Investments in tangible and intangible fixed assets

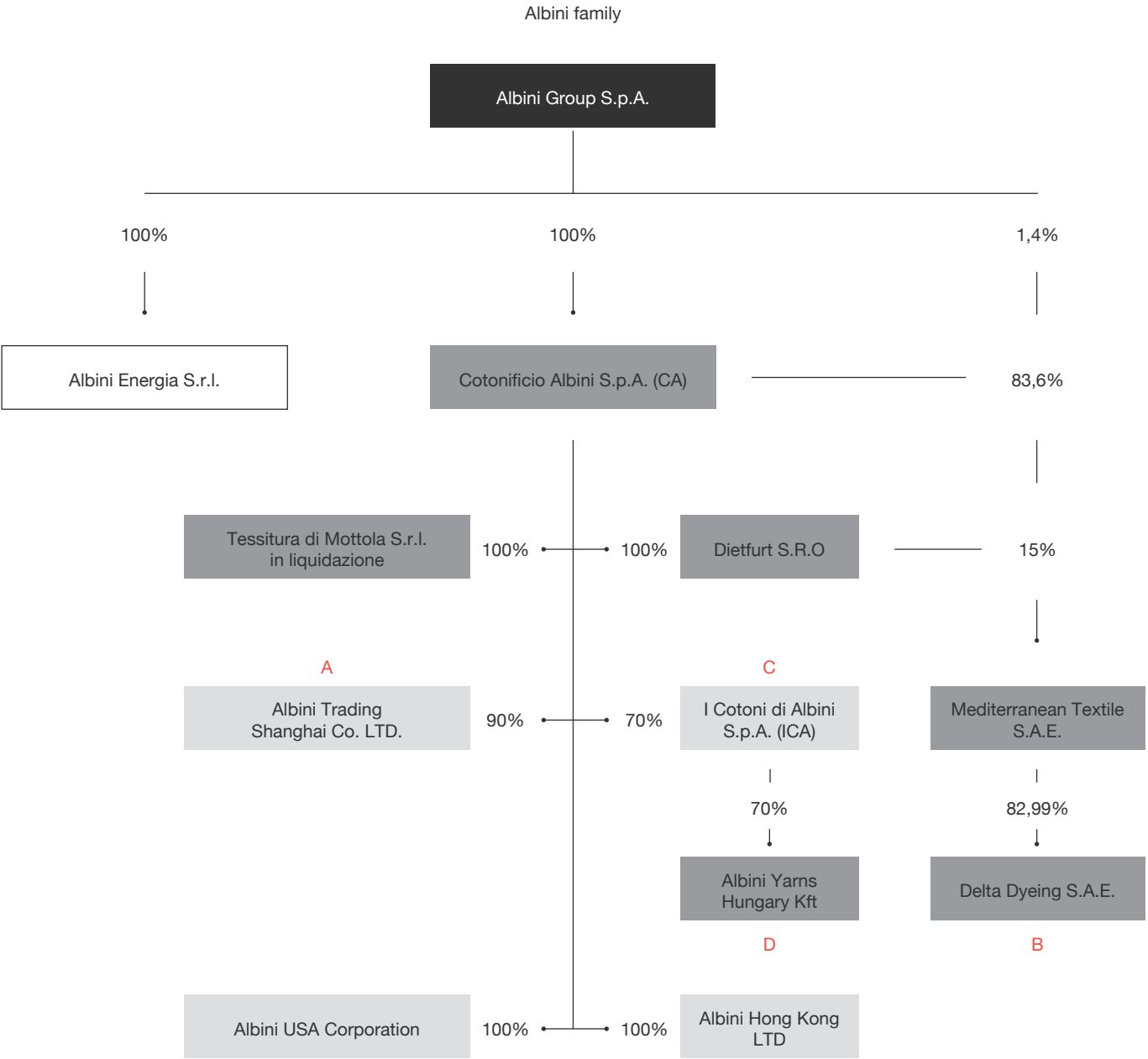
In 2024, capital expenditure totalled €2.9 million, primarily invested by Cotonificio Albini S.p.A. to upgrade the production set-up and yarn warehouse, with the aim of achieving integrated management of logistics processes.

The following graph shows investments in intangible and tangible fixed assets from 2015 to 2024:



In addition to capital expenditure, the group recognised substantial R&D costs during the year, as detailed later on, in support of ongoing product innovation, research into new fabrics, and technological improvements across all stages of production.

The group structure at 31 December 2023



- Holding
- Production company
- Commercial company
- Energy consulting company

- A Essence Trading Co. Ltd 10%
- B Sectore Spinning 8,17% - Alba Beteteiligungs Immobilienen AG 8,84%
- C Modern Nile Cotton Co. 30%
- D Best Yarn Srl 30%

Total employees:

1.203

Cotonificio Albini S.p.A.

This direct subsidiary and industrial and operating sub-holding recognised revenues from sales and services of €112.4 million, down 10% on 2023 (€125.2 million). It ended the year with a net loss of €1.8 million, compared to a net profit for 2023 of €1.1 million, after amortisation and depreciation of €3.25 million, compared to €3.04 million in 2023. Gross operating profit (EBITDA) plummeted by €3.7 million from €7.2 million in 2023 to €3.5 million. Investments in tangible and intangible fixed assets in 2024 totalled €1.6 million (2023: €1.7 million).

Dietfurt S.r.o.

The Czech company is also a fully-owned subsidiary of Cotonificio Albini S.p.A.. It recognised a net profit for the year of €148 thousand (2023: €126 thousand), after amortisation and depreciation of €150 thousand (2023: €298 thousand). Turnover from processing totalled €6.1 million in 2024, consistent with the €6.0 million turnover in 2023, and relates to processing carried out for its parent, Cotonificio Albini S.p.A., also including processing outsourced to local weavers. As it is an industrial company that operates at the service of its parent, its performance is directly tied to that of the latter.

Mediterranean Textile S.a.e.

The Egyptian company is wholly owned (1.43% directly by Albini Group S.p.A. and the remainder indirectly via the subsidiaries Cotonificio Albini S.p.A. (83.57%) and Dietfurt S.r.o. (15%)).

The subsidiary recognised a net profit for the year of €359 thousand, compared to €211 thousand in 2023. It recognised amortisation and depreciation of €615 thousand (2023: €464 thousand), while turnover dropped slightly to €16.4 million, compared to €17.3 million in 2023, exclusively for fabric sales to its parent, Cotonificio Albini S.p.A.. The company invested €366 thousand in buildings, machinery, electronic machinery and industrial patents during the year.

Delta Dyeing S.a.e.

Indirectly owned (82.98%) through Mediterranean Textile S.a.e., Delta Dyeing S.a.e. posted a net profit for the year of €98 thousand, compared to a net loss of €46 thousand in 2023. 2024 turnover totalled €1.3 million and related to the sale of yarns and dyeing on behalf of the group and third parties, compared to €1.0 million in 2023. This subsidiary recognised amortisation and depreciation of €184 thousand (2023: €174 thousand) and made investments of €144 thousand.

Albini Energia S.r.l.

A direct subsidiary of Albini Group S.p.A., this company continued its research, study, design, construction and operation of industrial plant, developing its own industrial automation software. Despite the weak economic market, during the year, it also continued supplying engineering consultancy services, including complex services, and industrial plant design services in Italy and abroad, and developed projects aimed at boosting energy efficiency, focusing particularly on installing solar panels following the rise in energy costs on global markets. It provides these services to both group companies and third party customers. The subsidiary recorded a net loss of €25 thousand, compared to a net profit of €85 thousand in 2023. Turnover came to €2.8 million, compared to €5.4 million in 2023. The decline in turnover in 2024 is due to a general economic slowdown that more severely affected textile companies - particularly in Italy and, more broadly, across Europe - which still represent the largest share of Albini Energia S.r.l.'s customer portfolio.

I Cotoni di Albini S.p.A.

This company manages the production and sale of yarns for the group and third parties. Turnover from the sale of cotton, raw yarns and dyed yarns in Italy and abroad came to €54.4 million, compared to €54.7 million in 2023. It consists of both sales to its parent and third parties in Italy and abroad, with the percentage of sales to third party customers remaining in line with the previous year. The subsidiary posted a net profit for the year of €685 thousand compared to €953 thousand in 2023, down €268 thousand. Investments made during the year (€84 thousand) related to upgrades to production lines for processing yarns, bench tubes and small tubes.

Albini Yarns Hungary Kft

This company has operated for many years in transforming raw materials, mainly cotton but also blends with silk, wool or other fibres including synthetic or artificial, into yarns which are sold to its parent, I Cotoni di Albini S.p.A.. It recorded turnover of €3.9 million in 2024, compared to €3.5 million in 2023. In 2024, it continued to implement its investment plan aimed at modernising, rationalising and upgrading its production facilities. As a result of these investments, made with the support of its parent, the number of active spindles increased from 7,000 to 28,000. This expansion now enables the flexible production of high- quality raw yarns, mélanges, and blends using valuable fibres such

as silk, cashmere, wool and linen. Since January 2024, the Hungarian subsidiary has outsourced its administrative and tax functions to a local consultancy firm specialising in bookkeeping and ensuring timely compliance with statutory and tax obligations. This decision became necessary following the emergence of major administrative issues, which were also identified by the Hungarian tax authorities and led to a tax dispute. The dispute was resolved and settled through an agreement on the assessment report, which partially mitigated the substantial fines initially imposed. The deliberate separation between the group's management and that of the previous ownership led to administrative discontinuity. This was further highlighted by the appointment of a new audit company, which, in order to express a clean audit opinion, required a meticulous reconstruction of the accounts dating back to 2016, with particular focus on items such as tangible fixed assets, receivables and payables. This painstaking reconstruction, deemed indispensable and still ongoing, resulted in the Hungarian subsidiary being unable to provide its 2024 financial statements to the accounting firm in time for the preparation of the group's consolidated financial statements. Given that the activities were not completed as forecast, due to numerous unforeseen issues that emerged during the complex process of reconstructing and reorganising the accounts, and in order to meet the deadlines for closure and approval by the shareholders' meeting - even within the extended 180-day term from the reporting date, pursuant to article 28.2.c of Legislative decree no. 127/91 - the parent decided to deconsolidate the Hungarian subsidiary until the situation is definitively resolved.

Albini Trading Shanghai Co. Ltd.

The company is 90% owned by Cotonificio Albini S.p.A.. It provides sales and marketing support for its parent's sales on the Chinese market. It recorded a net loss for the year of €3 thousand, compared to a net loss of €23 thousand in 2023.

Albini Hong Kong Ltd.

This company is 100% owned by Cotonificio Albini S.p.A. and carries out sales activities for the activities in the bespoke business and provides commercial and marketing assistance for sales by the parent in Hong Kong and South-East Asia. In 2024, it successfully continued to strengthen and consolidate the group's presence in the local market. Its net profit for the year came to €107 thousand, compared to €261 thousand in 2023. Turnover from fabric sales rose from €2.5 million in 2023 to €2.9 million in 2024, providing a positive contribution to group turnover.

Albini Usa Corporation

Wholly-owned by Cotonificio Albini S.p.A., this company is based in New York and acts as agent for its parent on the North American market. It recorded turnover from commissions on sales of its parent's fabrics of €0.8 million compared to €1.0 million in 2023. It posted a net profit for the year of €80 thousand, compared to €233 thousand in 2023. The subsidiary focused its efforts on agency activities for its parent during the year and helped bring the group even closer to its customers and the market.

Tessitura di Mottola S.r.l. in liquidazione

Given the enduring crisis that is considered irreversible despite the numerous relaunch attempts, this subsidiary, which is wholly-owned through Cotonificio Albini S.p.A., discontinued its operations and resolved to enter into liquidation starting from 7 July 2021. The company recorded a net loss of €0.44 million in 2024, compared to €1.2 million in 2023. During the year, it signed an agreement for the sale of the Mottola operating building to a local operator, following the preliminary sale agreement signed in 2023. Having resolved the outstanding issues, including the termination of the lease for the photovoltaic system installed on the roof of the sold building, the liquidator is confident that liquidation procedures will be completed, in bonis, by the end of 2025.

Group performance

The group’s balance sheet and profit and loss account, reclassified according to management criteria, are attached as annexes 1 and 2 to this report.

The following table gives the highlights from the 2024 consolidated financial and the previous two years.

Highlights	2024	2023	2022
Net revenues (€ millions)	155,7	172,6	181,7
GOP (€ millions)	29,1	29,7	32,2
EBIT (€ millions)	3,6	5,0	9,5
EBITDA, before provisions for risks and charges (€ millions)*	9,3	12,4	15,4
Net profit/(loss) for the year attributable to the group (€ millions)	(0,7)	0,8	6,0
Personnel expenses (€ millions)	32,2	34,5	32,3
Cash flows (€ millions)	5,0	4,7	12,3
Net bank loans and borrowings (€ millions)	(31,7)	(42,6)	(48,7)
Net equity (€ millions)	77,0	76,8	77,7
Turnover per employee (€ thousands)	129	145	143
Personnel expenses per employee (€ thousands)	26,8	29,0	25,4
Average number of employees in the year	1.203,0	1.189,0	1.270
Earnings (loss) per share (€)	(0,2)	0,2	1,5

Net bank loans and borrowings decreased from €42.6 million to €31.7 million, showing a €11.9 million improvement and an NFD/EBITDA ratio of 3.4. Inventory turnover remained stable at 186 days, while net working capital as a percentage of turnover increased slightly to 46.6%. However, these numbers remain significant. The reduction in yarn and production costs, along with credit collection efforts, is expected to lead to a decrease in net working capital during 2025.

(*) Excluding non-recurring and extraordinary items, i.e., managing the sale of Tessitura di Mottola S.r.l. in liquidation (2024: €0.14 million).

Performance indicators	2024	2023	2022
Return on equity (ROE)	(0,9)%	1,0%	7,7%
Return on sales (ROS)	2,3%	2,9%	5,2%
Return on investment (ROI)	3,0%	3,7%	6,6%
Equity ratio	0,37	0,40	0,36
NFD/Net equity	0,41	0,56	0,63
EBIT margin	2,3%	2,9%	5,2%
EBITDA margin, before provisions for risks and charges*	6,0%	7,2%	8,5%
Net bank loans and borrowings/EBITDA*	3,4	3,5	3,2
Cash flows as a percentage of sales	3,2%	2,7%	6,7%
Net working capital as a percentage of sales	43,5%	45,0%	45,6%
DSO	66,09	72,08	74,16
Inventory turnover	186	185	173
Research and development costs as a percentage of sales	0,93%	1,1%	1,3%

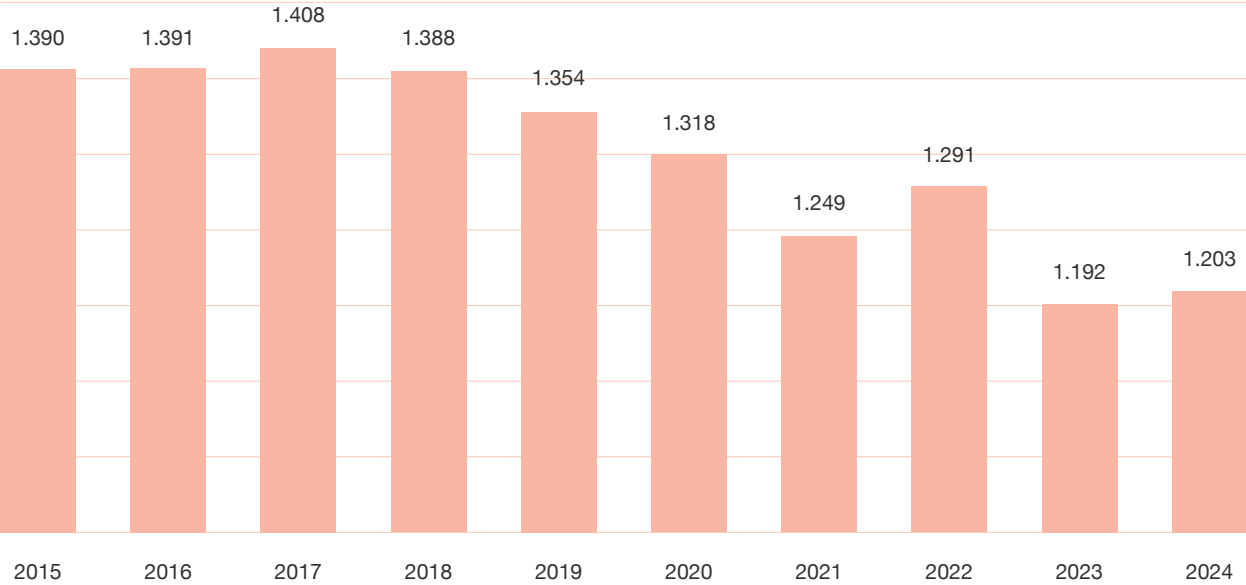
Workforce

Group employees totalled 1,203 at 31 December 2024, 11 more than at 31 December 2023.

They are distributed across the various group companies as follows:

	2024	2023
Cotonificio Albin S.p.A.	550	543
Tessitura di Mottola S.r.l. in liquidation	-	-
Albini Energia S.r.l.	7	9
I Cotoni di Albini S.p.A.	17	17
Albini Yarns Hungary Kft	156	129
Albini Trading Shanghai Co. Ltd.	-	-
Albini Hong Kong Ltd.	8	9
Dietfurt S.r.o.	184	197
Mediterranean Textile S.a.e.	256	262
Delta Dyeing S.a.e.	23	23
Albini USA corporation	2	3
Total employees	1.203	1.192

The trend in employee numbers over the last ten year ends is shown in the following graph:



We wish to extend our thanks to all group company employees for their unstinting commitment to improvement in all company areas.

Information on the environment and the workforce

The group’s main production company, Cotonificio Albini S.p.A. operates in compliance with ruling legislation on the environment, health and safety and has adopted an environmental policy and a health and safety policy which are shared by all group companies.

Management considers the safety of its people its top priority, with the safety of the facilities coming in second. Accordingly, the company is careful to eliminate all health and safety risks or reduce them to a minimum.

With regard to safety in the workplace, the company is very diligent about developing the skills of the workforce.

It ensures that its workers constantly refresh their skills via ongoing training cycles internally and/or at specialised structures, in all company areas.

The policies implemented by the board of directors to protect the environment include adapting plant to comply with the highest eco-compatibility standards and adopting waste disposal procedures in line with ruling legislation.

Other information

Pursuant to article 40.2.d-bis of Legislative decree no. 127/91, we set out below the group’s financial risk management objectives and policies. The risk analysis performed covers all risk types, including strategic, management and financial risks.

Group risk factors

Effective risk management is essential to maintaining the group’s value over time. Monitoring of the key risks is focused on the subsidiary Cotonificio Albini S.p.A. and the companies that have invoiced external customers, such as I Cotoni di Albini S.p.A., Albini Energia S.r.l., Delta Dyeing S.a.e. and Albini Hong Kong

Ltd. The other group companies almost exclusively perform work commissioned by Cotonificio Albini S.p.A..

Risks are analysed monthly at a meeting covering group results, opportunities and risks in its various geographical and operating segments.

The identified risks are:

- Strategic and market risks
- Operational risks
- Financial risks

Strategic and market risks

The textile and clothing sectors are risky by their very nature, as each season’s collection has to interpret fashion trends which are by definition uncertain and subjective.

This risk cannot be entirely eliminated but over time the group has developed a method to create its products involving intense research and development activities necessitating significant resources, sales and marketing managers continually monitoring the market and its trends and working closely with key customers on styling, which is a win-win situation for both parties. Moreover, to mitigate the risks linked to its products’ high degree of specialisation and the natural ups and downs dictated by fashion as mentioned earlier, the group has for many years now concentrated on diversifying across a large number of customers, both in geographical terms and in terms of the sectors in which they operate. Close attention is paid to emerging markets, where sales are expanding and which will experience the highest growth rates.

The textile/clothing sector is one of the most globalised and competitive. The risk is that changes in market conditions (costs and exchange rate fluctuations) would cause some of our customers to start purchasing from other parts of the world. The group has responded to this threat by diversifying its customer base and enhancing competitiveness through ongoing improvements and its modern production facilities in Egypt. On the other hand, a long-term goal has been to shift its competitive edge as much as possible away from the price factor to elements such as product innovation, quality, service and a good marketing strategy, to defend its position in its three market segments: retail, premium and luxury. However, it is also aware of how important and influential the price/quality ratio is.

It is also worth noting the lack of correlation between the market for shirting fabrics, managed by Cotonificio Albini S.p.A., and the market for knitting yarns, in which I Cotoni di Albini S.p.A. operates.

In addition to the fabric segment, the group is dedicating more space to the energy business in which Albini Energia S.r.l. operates. This has also enabled it to diversify risks, although the impact of energy revenues on total turnover is still marginal.

Operational risks

The main operational risks the group faces relate to:

- raw materials;
- international economic situation;
- health and safety in the workplace.

The group has extensive knowledge of the raw materials markets and their trends thanks to its presence in the spinning field and its close relationships with cotton producers. Moreover, it is tightening its relationships with strategic yarn suppliers. The group has also rolled out a policy of diversifying purchases across different geographical areas so as to have alternative options available in the event of unexpected economic, exchange rate and/or political changes in one of these areas.

As mentioned earlier, the conditions of the global economic situation are still fairly uncertain with the continuing military conflict in Ukraine, the ongoing war in the Middle East and the trade tensions resulting from the policies on tariffs triggered by the recent election of Donald Trump in the US.

The group promptly and decisively tackled the situation by investing in the photovoltaic industry and taking advantage of varied procurement plans based on long-term strategic agreements with leading suppliers.

The group is also exposed to health and safety in the workplace issues, consisting of the risk of injuries in the workplace, environmental pollution and failure to comply or incomplete compliance with legislation and sector regulations. These risks are significant for a manufacturing group. The group companies carry out ongoing, systematic evaluations of the risks applicable to them and consequently eliminate those deemed unacceptable under the legislation in force in those countries where the production facilities are located. The function dedicated to these issues has been strengthened with specialised personnel, dedicated software and revised training and awareness programmes for all personnel of the various operational and hierarchical levels.

Financial risks

Credit risk

There is no significant concentration of credit risk at the reporting date. The subsidiaries Cotonificio Albini S.p.A. and I Cotoni di Albini S.p.A. are the most exposed to credit risk. Accordingly, they adopt and implement procedures for managing receivables via proactive collaboration between the administrative department and the sales network. They focus on credit management systems more suited to quickly and accurately analysing individual receivables, separating the different reasons for non-payment.

The group partially hedges credit risk by insuring its receivables and the sales and administrative departments of the various group companies carefully monitor customer solvency and act to recover any unpaid amounts. With reference to trade receivables, the provisions for bad debts accrued in the financial statements of the subsidiaries are adequate to cover bad debts, also in light of any disputes under way.

Interest rate risk

The group’s financial debt is mainly subject to floating interest rates and the group is therefore exposed to risks of fluctuations. To reduce this risk, the group has agreed hedging contracts with counterparties deemed solvent by the market. IRSs hedged approximately 58% of non-current floating-rate debt at year end, whereby the group receives the floating interest rate from the bank and pays a fixed rate.

The aim is to fix the borrowing cost for part of the debt, benefiting from sustainable fixed rates for the hedged portion.

Currency risk

As the group operates on international markets, it is exposed to currency risk, mainly in relation to the US dollar, the pound sterling, the Hong Kong dollar, the Czech koruna and the Egyptian lira. The group makes use of natural hedges between receivables and payables and only partially hedges the net foreign currency amounts, mainly using financial hedging instruments through forward sales and purchase agreements. This policy therefore reduces the exposure to currency risk. The net exposure in US dollars was partially hedged in 2024 via flexible forward purchase agreements, while the net exposure in Japanese yen was partially hedged via forward sales agreements.

Liquidity risk

Cotonificio Albini S.p.A. manages the treasury for the entire group in order to ensure the efficient and effective management of financial resources. Current and non-current liquidity requirements are monitored closely such to ensure financial resources are promptly available or the appropriate investment of liquid funds, and that the make-up of debt is consistent with the investments made. Moreover, the group seeks to optimise liquidity among group companies, including through non-current loans bearing market interest rates.

Risks covered by insurance

Group companies have insurance policies in place to minimise financial effects. The analysis and insurance coverage of the risks faced by the group were performed with the assistance of the broker, Assiteca S.p.A., whose Italian and international organisation offers this service and manages any claims that may arise.

Briefly, all group companies are insured against the following risks: third-party liability, accident, fire - all risks, business continuity, product and cyber security.

Research and development costs

The subsidiaries Cotonificio Albini S.p.A. and I Cotoni di Albini S.p.A. continued to develop new fabrics, research innovative yarns and finishes and improve production technologies in 2024.

The direct subsidiary Cotonificio Albini S.p.A. continued its usual research and development activities in 2024 and focused its efforts specifically on particularly innovative projects called “Concept analysis, feasibility study, research, design, development, prototyping and pre-industrialisation, for the study and development of new fabrics for the design clothing sector” and “Analysis, study, design and testing of new technological solutions aimed at improving the eco-sustainability of the fabrics”.

These key projects are aimed at developing tested technologies and, thus, the possibility to steer future research and development investments towards producing highly eco- sustainable fabrics.

Research and development activities took place at the Albino, Brebbia and Gandino facilities, at the Albini Next division located at the Kilometro Rosso innovation district in Stezzano, Bergamo, and some supplier production sites. They also involved the assistance of external consultants and collaborators.

The activities performed led to the development of prototypes and subsequent production of innovative and exclusive fabrics and yarns, which performed well on Italian and foreign markets. The subsidiaries’ ongoing commitment to product research and development efforts continued to be well received among customers. All costs incurred were expensed. The subsidiaries intend to apply for the R&D tax credit provided for research, development, technological innovation, design and aesthetic design as per article 1.198-209 of Law no. 160 of 27 December 2019 for these costs that increase the value of assets and to use this credit as allowed by the law. The eligible costs incurred, totalling €1.4 million, mainly include expenses for employees involved in research, consultancies for the development of new projects and the costs incurred for research into new materials and process testing, as well as the depreciation and maintenance of machinery and equipment used directly in these activities.

They will continue their research activities in 2025.

Outlook

The first half of 2025, which has recently ended, showed a distinctly positive trend in Cotonificio Albini S.p.A.’s shirting fabric sales, with a 15% increase compared to the first half of 2024.

The increase in turnover was accompanied by a significant recovery in profitability compared to the previous year. This improvement resulted from better optimisation and allocation of production across the group companies, as well as a more effective and efficient purchasing policy, benefiting from more favourable financial conditions. Forecasts for the second half of the year remain cautious, given the persistent uncertainties that have been weighing on consumer confidence and customers’ appetite for risk and investment for several months.

Conversely, the subsidiary I Cotoni di Albini S.p.A. experienced a significant drop in turnover. However, profitability was not compromised, thanks to the prompt implementation of cost containment measures. This contraction was primarily attributable to difficulties faced by a major UK customer in the aspirational luxury segment, as well as to general market weakness, which also affected the higher end of the market.

Despite the unpredictable and challenging environment, the group reasonably believes that its budget targets remain achievable, supported by the orders already secured and the excellent reception of the Autumn-Winter collections presented at Milano Unica in early July.

Albino, 30 July 2025

On behalf of the board of directors
The chairman
(Fabio Albini)



Annex 1

Reclassified balance sheet (€'000)	31.12.2024	31.12.2023
Intangible fixed assets	2.311	2.646
Tangible fixed assets	43.246	54.998
Financial fixed assets	5.673	121
Provisions and employees' leaving entitlement	(7.291)	(7.818)
Net working capital	72.579	77.578
Net other medium-term receivables	985	610
Net invested capital	117.503	128.135
Net financial debt	(31.748)	(42.625)
Bonds - shareholders	(8.757)	(8.757)
Net equity	76.998	76.753
of which: attributable to the group	74.049	74.435
attributable to minority interests	2.949	2.318
Net working capital		
Inventory	86.732	80.639
Trade receivables	32.983	34.076
Trade payables	(46.135)	(33.243)
Other net payables	(1.001)	(3.894)
Total	72.579	77.578
Net financial debt		
Bank loans and borrowings	(53.646)	(51.243)
Loans and borrowings from other financial backers	(4.421)	(5.260)
Bank deposits and cash and cash equivalents	26.319	13.878
Total	(31.748)	(42.625)

Annex 2

Reclassified profit and loss account(*) (€'000)	31.12.2024	31.12.2023
Net revenues	155.708	172.566
Cost of sales	(126.638)	(142.833)
Gross operating profit	29.070	29.733
Sales costs	(10.785)	(11.460)
Product research costs	(1.847)	(2.707)
Administrative costs and overheads	(14.596)	(12.868)
Other operating income	1.755	2.308
Operating profit (EBIT)	3.596	5.007
Net financial charges	(3.641)	(3.893)
Net extraordinary income/expense	0	0
Pre-tax profit (loss)	(45)	1.114
Income taxes	(445)	(593)
Net profit (loss) for the year, including minority interests	(490)	521
Net profit (loss) for the year attributable to minority interests	231	(270)
Net profit (loss) for the year attributable to the group	(721)	791

As a % of net revenues	2024	2023
Gross operating profit	18,7%	17,2%
EBITDA **	6,0%	7,2%
EBIT	2,3%	2,9%
Net profit (loss) for the year attributable to the group	-0,5%	0,5%
Cost of sales	81%	83%
Sales costs	7%	7%
Product research costs	1,2%	1,6%
Administrative costs and overheads	9,4%	7,5%

* reclassified by allocating costs to cost centres

** 2023 figure adjusted by non-recurring and extraordinary items

02

Consolidated financial statements as at and for the year ended 31 december 2024*

* ALBINI GROUP S.p.A.
Registered office: Via Dr. Silvio Albini 1, Albino (Bergamo) - Actual share capital: €2,024,035.52
fully paid-up - Bergamo company registration no. and tax code 01736210160

Balance sheet assets (€'000)			31.12.2024		31.12.2023	
			partial	total	partial	total
Share capital proceeds to be received				-		-
B) Fixed assets						
I.	Intangible fixed assets					
	3)	Industrial patents and intellectual property rights		180		182
	4)	Concessions, licences, trademarks and similar rights		981		1.047
	5)	Goodwill		24		99
	6)	Assets under development and payments on account		195		448
	7)	Other		931		870
		Total		2.311		2.646
II.	Tangible fixed assets					
	1)	Land and buildings		34.289		39.520
	2)	Plant and machinery		7.597		13.680
	3)	Industrial and commercial equipment		32		77
	4)	Other assets		1.020		906
	5)	Assets under construction and payments on account		308		815
		Totale		43.246		54.998
III.	Financial fixed assets					
	1)	Investments:				
		a) Subsidiaries	415		-	
		d-bis) Other companies	-	415	-	-
	2)	Financial receivables:				
		a) From subsidiaries	5.252			
		d-bis) From others	6	5.258		6
	4)	Derivatives		-		115
		Total		5.673		121
Total fixed assets				51.230		57.765
C) Current assets						
I.	Inventory					
	1)	Raw materials, consumables and supplies		42.281		40.459
	2)	Work in progress and semi-finished products		21.066		20.321
	3)	Contract work in progress		266		10
	4)	Finished goods		23.119		19.849
	5)	Payments on account				
		Total		86.732		80.639

Balance sheet assets (€'000)			31.12.2024		31.12.2023	
			partial	total	partial	total
II.	Receivables					
	1)	Trade receivables due within one year		28.192		34.076
		due after one year		-		-
	2)	From unconsolidated subsidiaries		4.791		-
	5bis)	Tax receivables Due within one year		2.557		1.443
		Due after one year		525		161
	5ter)	Deferred tax assets		2.748		3.108
	5quater)	Other due within one year		1.323		1.526
		Other due after one year		460		449
		Total		40.596		40.763
III.	Current financial assets					
	5)	Derivatives		-		-
		Total		-		-
IV.	Liquid funds					
	1)	Bank and postal accounts		26.298		13.860
	2)	Cheques on hand		-		-
	3)	Cash-in-hand and cash equivalents		21		18
		Total		26.319		13.878
Total current assets				153.647		135.280
D) Prepayments and accrued income						
	Prepayments and accrued income			720		622
Total prepayments and accrued income				720		622
Total assets				205.597		193.667

* ALBINI GROUP S.p.A.
 Registered office: Via Dr. Silvio Albini 1, Albino (Bergamo) - Actual share capital: €2,024,035.52
 fully paid-up - Bergamo company registration no. and tax code 01736210160

Balance sheet assets (€'000)		31.12.2024		31.12.2023	
		partial	total	partial	total
A) Net equity					
I.	Share capital		2.024		2.024
II.	Share premium reserve		5.624		5.624
III.	Revaluation reserve				
IV.	Legal reserve		364		364
V.	Statutory reserves				
VI.	Other reserves:				
	- Extraordinary reserve	1.763		1.797	
	- Capital injections	207		207	
	- Liquidation reserve	(61)		430	
	- Revaluation reserve as per Law no. 266/05	-		-	
	- Revaluation reserve as per Law no. 02/09	9.912		9.912	
	- Revaluation reserve as per Law no. 126/20	2.134		2.134	
	- Translation reserve	3.110	17.065	3.026	17.506
VII.	Hedging reserve		(56)		59
VIII.	Reserve for undistributed profits		49.749		48.067
IX.	Net profit (loss) for the year		(721)		791
X.	Reserve for own shares				
Total net equity attributable to the group			74.049		74.435
	Net equity attributable to minority interests		2.718		2.588
	Net profit (loss) for the year attributable to minority interests		231		(270)
Total net equity attributable to minority interests			2.949		2.318
Total net equity			76.998		76.753
B) Provisions for risks and charges					
1)	Pension and similar provisions		1.435		1.382
2)	Tax provision, including deferred tax liabilities		193		708
3)	Derivatives		85		55
4)	Other provisions		863		706
Total provisions for risks and charges			2.576		2.851
C) Employees' leaving entitlement			4.715		4.967

Balance sheet assets (€'000)		31.12.2024		31.12.2023	
		partial	total	partial	total
D) Payables					
1)	Bonds due within one year		-		-
	Bonds due after one year		8.757		8.757
2)	Convertible bonds due within one year		-		-
	Convertible bonds due after one year		-		-
4)	Bank loans and borrowings due within one year		33.917		27.948
	Bank loans and borrowings due after one year		19.729		23.295
5)	Loans and borrowings from other financial backers due within one year		879		1.165
	Loans and borrowings from other financial backers due after one year		3.542		4.095
6)	Payments on account due within one year		402		1.636
7)	Trade payables due within one year		46.135		33.243
12)	Tax payables due within one year		1.622		1.393
13)	Social security charges payable due within one year		1.929		2.454
14)	Other payables due within one year		3.273		3.659
Total payables			120.185		107.645
E) Accrued expenses and deferred income					
	accrued expenses and deferred income		1.123		1.451
Total accrued expenses and deferred income			1.123		1.451
Total liabilities			128.599		116.914
Total net equity and liabilities			205.597		193.667

Profit and loss account (€'000)		31.12.2024		31.12.2023	
		partial	total	partial	total
A) Production revenues					
1)	Turnover from sales and services		155.708		172.566
2)	Change in work in progress, semi-finished products and finished goods		4.396		(11.263)
3)	Change in contract work in progress		256		(794)
4)	Internal work capitalised		11		-
5)	Other revenues and income:				
	- sundry	3.673		2.501	
	- grants related to income	509	4.182	1.391	3.892
Total production revenues (A)			164.553		164.401
B) Production cost					
6)	Raw materials, consumables, supplies and goods		81.248		70.493
7)	Services		42.075		40.255
8)	Use of third party assets		1.169		1.292
9)	Personnel expenses:				
	a) Wages and salarie	23.264		25.263	
	b) Social security contributions	7.471		7.641	
	c) Employees' leaving entitlement	1.053		1.099	
	d) Pension and similar costs	-		-	
	e) Other costs	424	32.212	477	34.480
10)	Amortisation, depreciation and write-downs:				
	a) Amortisation of intangible fixed assets	898		521	
	b) Depreciation of tangible fixed assets	4.611		4.771	
	c) Other write-downs of fixed assets				
	d) Write-downs of current receivables and liquid funds	124	5.633	267	5.559
11)	Change in raw materials, consumables, supplies and goods		(2.269)		6.363
12)	Provisions for risks		36		4
13)	Other provisions		-		-
14)	Other operating costs		853		948
Total production cost (B)			160.957		159.394
Operating profit (A-B)			3.596		5.007

Profit and loss account (€'000)		31.12.2024		31.12.2023	
		partial	total	partial	total
C) Financial income and charges					
16)	Other financial income:				
c)	From securities classified as current assets	254	254	395	395
d)	Other income:				
	- From unconsolidated subsidiaries	157		-	
	- Other	178	335	64	64
17)	Interest and other financial charges:				
	- Other	(3.906)		(4.362)	
17bis)	Net exchange rate losses	(324)	(4.230)	3	(4.359)
Net financial charges (15+16-17±17 bis)			(3.641)		(3.900)
D) Adjustments to financial assets					
18)	Write-backs:				
d)	Derivatives	-	-	16	16
19)	Write-downs:				
d)	Derivatives	-	-	(9)	(9)
Total adjustments (18-19)			-		7
Pre-tax profit (loss) (A-B±C±D)			(45)		1.114
20)	Income taxes				
	- current	(1.054)		(228)	
	- deferred	502		(3)	
	- income (expense) from participation in the national tax consolidation scheme	107		(362)	
	Total current and deferred taxes		(445)		(593)
21)	Net profit (loss) for the year before minority interests		(490)		521
	Net profit (loss) for the year attributable to minority interests		231		(270)
21 bis)	Net profit (loss) for the year attributable to the group		(721)		791

On behalf of the board of directors
The chairman
(Fabio Albinì)



03

Cash flow statement

Cash flow statement (indirect method) (€'000)	2024	2023
A. Cash flows from operating activities		
Net profit (loss) for the year	(490)	521
Income taxes	445	593
Net interest expense	3.367	4.298
Dividends		-
Gains on the sale of assets	(189)	(189)
1. Profit for the year before income taxes, interest, dividends and gains/ losses on the sale of assets	3.133	5.223
Adjustments for non-monetary items that did not affect net working capital		
Increase in provisions	1.703	1.687
Amortisation and depreciation	5.509	5.292
Write-downs of derivatives that did not involve cash flows	-	46
Other non-monetary adjustments	(621)	49
Adjustments for non-monetary items that did not affect net working capital	6.591	7.074
2. Cash flows before changes in net working capital	9.724	12.297
Changes in net working capital		
Decrease/(increase) in inventory	(7.345)	18.690
Decrease/(increase) in trade receivables	4.839	2.838
Increase/(decrease) in trade payables	13.300	(20.436)
Decrease/(increase) in prepayments and accrued income	(98)	(190)
Increase/(decrease) in accrued expenses and deferred income	(224)	348
Other changes in net working capital	(3.495)	2.046
Total changes in net working capital	6.977	3.296
3. Cash flows after changes in net working capital	16.701	15.593
Other adjustments		
Interest paid	(3.395)	(4.298)
Income taxes paid	(309)	-
Dividends collected	-	-
Utilisation of provisions	(1.745)	(2.764)
Other collections/payments	-	-
	(5.449)	(7.062)
Cash flows from operating activities (A)	11.251	8.531

	2023	2022
B. Cash flows from investing activities		
Tangible fixed assets		
Investments	(2.107)	(3.527)
Disinvestments	4.180	2.174
Intangible fixed assets		
Investments	(753)	(1.354)
Disinvestments	-	840
Financial fixed assets		
Investments	(2.235)	(3)
Disinvestments		
Cash flows used in investing activities (B)	(915)	(1.870)
C. Cash flows from financing activities		
Third-party funds		
Increase (decrease) in short-term bank loans and borrowings	(366)	390
New loans	26.006	2.000
Repayment of loans	(23.459)	(6.717)
Own funds		
Dividends and interim dividends paid		-
Cash flows from (used in) financing activities (C)	2.181	(4.327)
Increase in liquid funds (A ± B ± C)	12.517	2.334
Exchange rate gains (losses) on liquid funds	-	-
Liquid funds at 1 January	13.878	11.544
Including:		
Bank and postal accounts	13.860	11.526
Cheques on hand	-	-
Cash-in-hand and cash equivalents	18	18
Liquid funds at 31 December	26.319	13.878
Including:		
Bank and postal accounts	26.298	13.860
Cheques on hand	-	-
Cash-in-hand and cash equivalents	21	18

On behalf of the board of directors
The chairman
(Fabio Albinì)



04

Notes to the consolidated financial statements*

* ALBINI GROUP S.p.A.
Registered office: Via Dr. Silvio Albini 1, Albino (Bergamo) - Actual share capital: €2,024,035.52
fully paid-up - Bergamo company registration no. and tax code 01736210160

The consolidated financial statements of the Albini Group (the “group”), comprised of a balance sheet, a profit and loss account, a cash flow statement and these notes, have been prepared in compliance with article 2423 and following articles of the Italian Civil Code and the provisions of Legislative decree no. 127/91, interpreted in the context of and integrated by the reporting standards issued by the Italian Accounting Standard Setter (Organismo Italiano di Contabilità, OIC) (the “OIC”).

The cash flow statement shows the increases and decreases in liquid funds during the year and has been prepared using the indirect method, with the layout provided for by OIC 10.

The amounts presented in the balance sheet, profit and loss account and cash flow statement are in thousands of Euros, without decimal points. The amounts presented in the notes to the consolidated financial statements are in thousands of Euros, except otherwise specified.

Captions with a nil balance in both the current and previous years have been omitted.

If the disclosure required by specific legal provisions is not sufficient to give a true and fair view, additional information is included, as deemed necessary to this end. Specifically, the following information is presented as tables in these notes:

- a statement of reconciliation between the parent’s and the group’s net equity and net profit/loss for the year;
- the statement of changes in net equity.

Reference should be made to the directors’ report that accompanies these consolidated financial statements for information on the group’s activities.

The post-balance sheet events are presented in a specific section of these notes.

Group structure, consolidation scope

These consolidated financial statements include the financial statements of Albini Group S.p.A. (the “parent”), with registered office in Albino (Bergamo), and those of the subsidiaries which the parent controls pursuant to article 26 of Legislative decree no. 127/91.

Below is a list of the group companies consolidated on a line-by-line basis:

Company		Share/quota capital	
ALBINI GROUP S.P.A. Financial holding company - registered office in Albino (Bergamo)		EUR	2.024.036
COTONIFICIO ALBINI S.P.A. Operating sub-holding - registered office in Albino (Bergamo) 100% directly owned		EUR	11.170.960
ALBINI ENERGIA S.R.L. registered office in Albino (Bergamo) 100% directly owned		EUR	50.000
TESSITURA DI MOTTOLA S.R.L. in liquidazione registered office in Mottola (Taranto) 100% indirectly owned	(1)	EUR	1.000.000
DIETFURT S.R.O. registered office in Letohrad, Czech Republic 100% indirectly owned	(1)	CZK	60.100.000
MEDITERRANEAN TEXTILE S.A.E. registered office in Borg El Arab, Alexandria, Egypt 1.43% directly owned 98.57% indirectly owned	(3)	USD	14.000.000
DELTA DYEING S.A.E. registered office in Borg El Arab, Alexandria, Egypt 82.98% indirectly owned	(2)	USD	7.200.000
ALBINI TRADING SHANGHAI CO. LTD. registered office in Shanghai, China 90% indirectly owned.	(1)	CNY	4.225.355
I COTONI DI ALBINI S.P.A. registered office in Albino (Bergamo) 70% indirectly owned	(1)	EUR	4.000.000
ALBINI HONG KONG LTD. registered office in Hong Kong 100% indirectly owned	(1)	HKD	3.500.000
ALBINI USA CORPORATION registered office in New York, USA 100% indirectly owned	(1)	USD	500.200
ALBINI YARNS HUNGARY Kft registered office in Demecser, Hungary 70% indirectly owned	(4)	HUF	3.000.000

(1) Owned by Cotonificio Albini S.p.A.
(2) Owned by Mediterranean Textile S.a.e.
(3) Owned by Cotonificio Albini S.p.A. and Dietfurt S.r.o.
(4) Owned by I Cotoni di Albini S.p.A.

The consolidation scope changed in 2024, following the deconsolidation of Albin Yarns Hungary Kft. As discussed in the directors’ report, the Hungarian subsidiary, which was fully consolidated in 2023, is undergoing a thorough accounting reconstruction, entrusted to a local consultancy firm, due to the critical issues that have emerged and the administrative discontinuity experienced during the year. This reconstruction is still ongoing and, as a result, the 2024 financial statements of the Hungarian subsidiary are not yet available. This situation falls under the case provided for by article 28.2.c) of Legislative decree no. 127/91. Therefore, the group decided to exclude Albin Yarns Hungary Kft from consolidation for 2024, without restating the comparative figures for 2023.

Reporting date of the consolidated financial statements and the financial statements to be consolidated

The reporting dates of these consolidated financial statements and the financial statements to be consolidated are the same as that of the parent and all the consolidated companies.

Basis of consolidation

These consolidated financial statements were prepared on the basis of the financial statements prepared by the directors of each consolidated group company and approved by their share/quotaholders or boards of directors, adjusted, where necessary, to comply with the group accounting policies or based on the financial information (reporting packages) submitted by the consolidated companies, prepared in accordance with the parent’s instructions.

The accounting policies applied to prepare the consolidated financial statements are those applied by the parent for the preparation of its financial statements, and by most of the consolidated subsidiaries, with the exception of the accounting policy applied for assets under finance lease as detailed later on in these notes.

Asset and liability items in the group companies’ financial statements with names and contents that are the same as or similar to those in the consolidated financial statements where they will be consolidated are measured using the same criteria, with the exception of Tessitura di Mottola S.r.l. in liquidation which adopted liquidation criteria in preparing its financial statements.

The carrying amounts of the assets, liabilities, costs, revenues and cash flows of subsidiaries directly and indirectly controlled by the parent are consolidated on a line-by-line basis.

Line-by-line consolidation involves the following steps:

- adjustments for alignment with the group accounting policies and any other consolidation adjustments, such as reclassifications;
- combination of the financial statements or reporting packages to be consolidated, irrespective of the investment percentage. The profit and loss accounts of companies acquired or sold during the year are consolidated for the period held by the group;
- elimination of the carrying amount of investments in consolidated companies against the corresponding portion of the group’s portion of the subsidiary’s net equity at the acquisition date.

Any positive difference is allocated, where possible, to the acquired identifiable asset to the extent of such asset’s present value up to its recoverable amount, and to the assumed identifiable liability, including the related tax effects. Any positive difference not fully allocated to the separately identifiable assets and liabilities acquired is allocated to the intangible fixed assets caption Goodwill, unless it must be expensed in full or in part. The remaining difference is only allocated to goodwill if all the requirements for recognition as such are met under the relevant accounting standard.

Any residual amount that cannot be allocated to the assets and liabilities or goodwill is expensed under Other operating costs.

Where possible, any negative difference is recognised as a decrease in assets recognised at higher carrying amounts than their recoverable amounts and liabilities recognised at lower carrying amounts than their settlement amounts, net of the related tax effect. If it cannot be attributed to forecast losses but, rather, to a good deal, any residual negative difference is recognised in the specific Consolidation reserve under equity.

Any residual unallocated negative difference fully or partly related to forecast losses is recognised under the Provisions for future risks and charges which will be used in future years to reflect the assumptions made upon acquisition irrespective of whether the forecast losses actually occur.

Retained earnings and other equity-related reserves of the subsidiaries, as well as any other changes in equity captions of the subsidiaries after the date of acquisition are, to the extent attributable to the group, accounted for as an increase in consolidated net equity, usually in the caption “Retained earnings of consolidated companies”, except for differences arising from exchange rate gains or losses of the foreign investees, which are treated as described below;

- elimination of the balances and transactions between consolidated companies and internal or intragroup profits or losses;
- recognition of any deferred tax assets and/or liabilities;
- elimination of dividends received from the consolidated companies and write-downs of equity investments in the consolidated companies, so that they are not counted twice;
- calculation of minority interests in net equity and net profit or loss for the year, which are shown separately in the consolidated financial statements;
- measurement of investments in unconsolidated subsidiaries, associates and entities under common control using the equity method;
- analysis and correct representation of the acquisition of additional investments in already consolidated companies and the sale of investments with or without loss of control, as well as other changes to the consolidation scope;
- preparation of the consolidated financial statements.

The foreign investees’ financial statements or reporting packages prepared in a currency other than the Euro are translated into Euros, after any necessary adjustments for compliance with the group accounting policies are made.

Translation is based on the following rates:

- the spot rate at the reporting date for assets and liabilities;
- the average exchange rate for the year for profit and loss account captions and cash flows;
- the historical exchange rate ruling at the time of their formation for the net equity reserves (except for the translation reserve).

The net translation effect is shown under the Translation reserve under consolidated net equity. This reserve is reclassified, in whole or in part, to an available reserve if the foreign company is sold in whole or in part.

The exchange rates applied for the translation into Euro are as follows:

Currency	Exchange rate at 31.12.2024	2024 average exchange rate	Exchange rate at 31.12.2023	2023 average exchange rate
Czech koruna	25,185	25,1198	24,724	24,0043
US dollar	1,0389	1,0824	1,105	1,0813
Chinese renminbi	7,5833	7,7875	7,8509	7,66
HK dollar	8,0686	8,4454	8,6314	8,465
Hungarian forint	411,35	395,3039	382,80	381,8527

Basis of preparation

The financial statements captions have been measured in accordance with the general principles of prudence and accruals on a going-concern basis (with the exception of those related to Tessitura di Mottola S.r.l. in liquidation). They are presented considering the substance of the transaction or contract, in compliance with the Italian Civil Code and the OIC. The group has also complied with the principles of measurement consistency, materiality and comparability of information.

As a result:

- the group measures the individual assets and liabilities separately, in order to avoid offsetting profits on certain items against losses on other items. Specifically, it recognised profits only if realised before the reporting date, whereas it considered risks and losses on an accruals basis, even when they became known after the reporting date;
- the group recognises income and expense pertaining to the year regardless of when it is collected or paid. They are, therefore, recognised in the profit and loss account on an accruals basis in order to be included in the net profit or loss for the year;
- the directors assessed the group’s ability to continue as a going concern in the foreseeable future, i.e., for at least twelve months from the reporting date. They did not identify any uncertainties in this respect;
- identification of rights, obligations and conditions is based on the contractual terms of transactions and the reporting standards to check the correctness of the recognition or derecognition of assets, liabilities, revenues and costs;
- apart from the application of OIC 34 “Revenues”, the accounting policies are unchanged from the previous year to ensure the comparability of the consolidated financial statements from one year to the next. OIC 34 became effective during the year and its effects are described in the “Application of new OIC” section.

During the year, no exceptional cases arose that would have made departure from the accounting policies, as allowed by article 29.4 of Legislative decree no. 127/91, necessary to allow a true and fair view of the group’s financial position, results of operations and cash flows. Moreover, the group did not make any revaluations under specific laws.

The materiality of the financial statements captions was assessed considering the financial statements as a whole and both qualitative and quantitative factors.

Under the principle of materiality set out in article 29.3-bis of Legislative decree no. 127/91, these notes do not include disclosures on the financial statements captions whose amount or related disclosure are immaterial for the purposes of giving a true and fair view of the group’s financial position, results of operations and cash flows, including those specifically required by article 38 of Legislative decree no. 127/91 or other provisions.

The accounting policies section describes how the group applied the accounting treatments required by the OIC based on the principle of materiality.

Each balance sheet, profit and loss account and cash flow statement caption presents the corresponding

figures of the previous year. Where necessary, the latter are adjusted for comparative purposes and the related effects are disclosed in the notes, if material.

Application of the new OIC

In 2024, the group adopted OIC 34 “Revenues”, which was issued in April 2023 by the Italian Accounting Standard Setter and is effective for annual reporting periods beginning on or after 1 January 2024. The standard applies to all transactions entailing the recognition of revenues from the sale of goods or the provision of services, regardless of their classification in the profit and loss account. It does not apply to contract work in progress, lease income and other specific types of revenues.

Information about the new standard is provided in the “Revenues and costs” paragraph of the “Accounting policies” section of these notes. The disclosure required by the Italian Civil Code and OIC 29 and OIC 34 on first-time application is provided below.

Based on the nature and content of contracts with customers, the analysis of the impact of the application of OIC 34 did not identify any significant effects on the initial recognition and subsequent measurement of revenues. Indeed, the revenue recognition criteria already adopted by the group are essentially in line with the requirements of the new standard.

Intangible fixed assets

Intangible fixed assets are recognised at acquisition or development cost with the approval of the board of statutory auditors, where required. They are stated net of accumulated amortisation and any impairment losses. The acquisition cost includes the related transaction costs. The development cost includes all directly attributable costs and the reasonably attributable portion of other costs incurred from development up to when the asset is available for use.

Deferred charges are recognised when their future use can be demonstrated, they can be objectively matched to the related future benefits available to the group and their recoverability can be estimated with reasonable certainty.

Leasehold improvements are recognised under other intangible fixed assets when they cannot be separated from the related assets, otherwise they are recognised under the relevant tangible fixed assets captions.

Payments on account to suppliers for intangible fixed assets are recognised when the related payments are due. Assets under development are recognised when the initial costs to develop the asset are incurred and they include the related internal and external costs. Intangible fixed assets, comprising patents, intellectual property rights, concessions, licences and trademarks, are recognised as assets only if they can be identified individually, the related future economic benefits will flow to the group, which can limit third-party access to such benefits, and their cost can be estimated with sufficient reliability. Intangible fixed assets are amortised systematically and the amortisation expensed each year reflects the allocation of the cost incurred over their entire useful life. Amortisation begins when the asset is available for use. The amortisation pattern depends on how the benefits are expected to flow to the group. Assets under development are not amortised. The amortisation process begins when these assets are reclassified to their relevant intangible fixed asset caption.

The amortisation rates used are as follows:

Categories	Rate
Industrial patents and intellectual property rights	33,33%
Concessions, licences, trademarks and similar rights	10% - 5,56%
Goodwill	10%
Other:	
- Deferred charges	20% - 33,33%
- Leasehold improvements	16,67% - 20%

Intangible fixed assets are revalued, to the extent of their recoverable amount, only if special laws require or permit so.

The legal revaluations made to intangible fixed assets still owned by the group at 31 December 2024 are those made under Law no. 126 of 13 October 2020.

Tangible fixed assets

Tangible fixed assets are initially recognised at the time the risks and rewards of the acquired items are transferred and are recognised at purchase or production cost, adjusted by accumulated depreciation and write-downs. The purchase cost is the cost actually incurred to purchase the asset and includes the related transaction costs.

The production cost includes all directly attributable charges and the reasonably attributable portion of other costs incurred from production up to when the asset is available for use.

Ordinary maintenance costs related to recurring maintenance and repairs to keep assets in good working order to ensure their expected useful life, capacity and original productivity, are expensed when incurred.

Extraordinary maintenance costs incurred to expand, modernise, replace or improve an asset are capitalised within the limits of its recoverable amount if they result in a significant and measurable increase in its production capacity, safety or useful life.

The tangible fixed assets of the parent and the consolidated companies are revalued, to the extent of their recoverable amount, only if special laws of the relevant countries require or permit so.

The legal revaluations made to tangible fixed assets still owned by the group at 31 December 2024 are:

- Law no. 576 of 2 December 1975;
- Law no. 72 of 19 March 1983;
- Law no. 413 of 31 December 1991;
- Law no. 342 of 21 November 2000;
- Law no. 448 of 28 December 2001;
- Law no. 266 of 23 December 2005;
- Law no. 2 of 28 January 2009;
- Law no. 126 of 13 October 2020.

A further revaluation was made pursuant to article 16 of Presidential decree no. 598, following the merger which took place in 1987.

Depreciation is calculated systematically and on a straight-line basis, using rates held to reflect the asset’s estimated useful life. Depreciation begins when the asset is available for use. In accordance with the principle of materiality set out in article 29.3-bis of Legislative decree no. 127/91 and the applicable reporting standard, the depreciation rates are halved in the first year in which the asset is available for use.

Temporarily unused assets are also depreciated. Land is not depreciated, except when its useful life is finite. If the carrying amount of a building also includes the underlying land, the carrying amount of the building is separated, including based on estimates, for depreciation purposes.

The amount to be depreciated is the difference between the cost of the asset and, when it can be calculated, the residual amount at the end of its useful life which is estimated when the depreciation plan is prepared and periodically revised in order to check that the initial estimate is still valid. When the check shows that an asset’s estimated residual value is equal to or higher than its carrying amount, the asset is no longer depreciated.

The depreciation plan is periodically revised to check for any changes such to require modification to the asset’s estimated useful life. If the latter is modified, the carrying amount of the asset at the time of such change is depreciated over its revised useful life.

The depreciation rates used are as follows:

Categories	Rate
Operating buildings	3%
Plant and machinery	from 10% to 20%
Hydroelectric plant	7%
Photovoltaic systems	4%
Industrial and commercial equipment	18-25%
Other assets:	
- Office furniture and equipment	12%-20%
- Cars	25%
- Trolleys	20%

Write-downs for impairment losses on tangible and intangible fixed assets

If, at the reporting date, there are indications of impairment losses on intangible and tangible fixed assets, the recoverable amount of such assets is estimated.

If the recoverable amount, being the higher of value in use and fair value less costs to sell, is lower than the corresponding carrying amount, the assets are written down.

When the recoverable amount of an asset cannot be estimated, it is tested for impairment at cash-generating unit (“CGU”) level, that is, the lowest identifiable level for assets, which includes the assets to be measured and generates cash inflows that are largely independent of the cash inflows generated by other assets or groups of assets.

Fair value is determined based on the price agreed in a binding sales agreement in an orderly transaction, or as market price on an active market. If there is no binding sales agreement or an active market, fair value is determined on the basis of the best available information such to reflect the amount the group could obtain, at the reporting date, from the sale of the asset in an orderly transaction between knowledgeable and willing parties. In determining this amount, the group considers the outcome of recent transactions for similar assets within the same industry.

Costs of disposal are subtracted from fair value in the calculation of the recoverable amount. If an impairment loss is identified for a CGU, it is firstly recognised as a decrease in goodwill and then in the other assets proportionally to their carrying amount.

The write-down is not maintained in subsequent years if the reasons therefor cease to exist. The write-down is reversed up to the amount the asset would have had if the write-down had never taken place, that is, net of the amortisation/depreciation that would have been recognised in the absence of the write-down. Write-downs of goodwill and deferred charges cannot be reversed.

Assets under finance leases

Assets under finance leases, for which most of inherent risks and rewards are transferred to the group, are included under tangible fixed assets with a balancing entry representing the liability to the lease company under Loans and borrowings from other financial backers for the principal of the lease instalments due, using the amortised cost method. The profit and loss account will include the relevant portion of depreciation of the year and interest expense on the financing instead of the accrued lease payments.

Inventory

Inventory is initially recognised at the time the risks and rewards of the acquired items are transferred.

It is initially recognised at purchase or production cost and subsequently measured at the lower of cost and estimated realisable value based on market trends.

Purchase cost is the actual cost paid upon purchase including related charges.

The purchase cost of raw materials includes their price, transport costs, customs and other duties and other directly attributable costs. Returns, commercial discounts, rebates and bonuses are deducted from costs.

Production cost includes all direct costs and the reasonably attributable portion of indirect costs incurred from production up to when the asset is available for use, based on normal production capacity. Production cost excludes general and administrative costs, distribution costs and research and development costs.

Cost is determined as the weighted average cost, as follows:

- raw cotton, raw yarns, unbleached materials and finished fabrics are recognised at the weighted average cost of the year;
- work in progress and dyed yarns in stock and at third parties are measured based on their progress;
- stocks of consumables and spare parts are recognised at their weighted average cost for the year.

Raw materials and supplies used in manufacturing finished goods are not written down if the realisable value of such goods is expected to be equal to or higher than their production cost. Moreover, should the price of raw materials and supplies decrease and the cost of finished goods exceed their realisable value, the raw materials and supplies are written down to their net realisable value, assuming their market price to be the most reasonable approximation of their net realisable value.

The estimated realisable value based on market trends is the estimate of ordinary sales prices of goods and finished products, net of estimated completion costs and direct sales costs. Obsolescence and turnover are also taken into account in calculating the estimated realisable value based on market trends. Obsolete and slow-moving items are written down to reflect their estimated possibility of use or sale. Therefore, inventory items whose estimated realisable value based on market trends is lower than their carrying amount are written down.

Should the reasons for the write-down applied as an adjustment to the realisable value based on market trends cease to exist, in whole or in part, the write-down is reversed to the extent of the originally incurred cost.

Contract work in progress

If the group has a binding agreement with the counterparty and is able to measure the contract profit or loss reliably, contract work in progress is recognised based on the stage of completion (or percentage of completion), whereby contract costs, revenues and profits or losses are recognised on the basis of the work performed. The group measures the percentage of completion using the cost-to-cost method.

This method reflects the best estimate of work performed at the reporting date. The underlying estimates are updated regularly. Any resulting profits or losses are recognised in the profit and loss account when the update is made.

Contract revenues include all contractual consideration, as well as approved variations to work, price escalation clauses, claims and incentives to the extent they can be determined reliably and their collection is reasonably certain.

Contract costs include all costs directly related to the contract, indirect costs attributable to the entire production process and attributable to the contract, as well as any other costs that may be specifically charged to the customers under the contract terms. The calculation of the percentage of completion excludes pre-operating contract costs and includes the costs to be incurred after the completion of the contract.

If the group is unable to determine the outcome of a contract reliably, its carrying amount is calculated on the basis of the costs incurred, if their recovery is reasonably certain and, therefore, without recognising any profit.

The group recognises the consideration to which it is definitively entitled as revenue, while it recognises the change in contract work in progress, which is the difference between the opening and closing inventory for work carried out and not yet definitively settled, in the specific profit and loss account caption. Accrued revenues are recognised only when the group is certain that it will definitively collect them as consideration

for the work carried out. In the case of progress billings, since advances and payments on account are financial transactions, they do not affect revenue recognition and are always recognised as liabilities as they are not necessarily calculated on the basis of work carried out. Upon final billing, the group reverses the relevant amount of advances and payments on account from liabilities.

When the total estimated costs of an individual contract are likely to exceed total estimated revenues, the contract is measured at cost and the probable loss to complete the contract is recognised as a decrease in contract work in progress when it is forecast, based on an objective and reasonable assessment of the existing circumstances and regardless of the contract's stage of completion. If the loss exceeds the carrying amount of contract work in progress, the difference is accrued in a provision for risks and charges.

Receivables

Receivables are rights to receive fixed or determinable amounts of cash or its equivalent from customers or other third parties at identified or identifiable due dates.

Receivables arising from the sale of goods and supply of services are recognised in accordance with the requirements set out in the section on revenues. Receivables arising for other reasons are recognised if they result in a right to a receivable, i.e., if they actually give rise to a third party obligation to the group.

Receivables are recognised at amortised cost, considering the time value of money and their estimated realisable value.

The amortised cost method is not applied when its effects are irrelevant, which is usually the case for current receivables or when transaction costs, commissions paid between the parties and any other difference between the original and recoverable amounts at the due date are insignificant.

In this case, receivables are initially recognised at their nominal amount, net of bonuses, discounts and allowances contractually provided for or, in any case, granted. They are subsequently measured at their nominal amount plus interest calculated at the nominal interest rate, reduced by principal and interest collected and net of estimated write-downs and expected credit losses recognised to adjust their carrying amount to their estimated realisable value.

If a receivable is collected, in whole or in part, in advance of its original contractual maturity, any difference between its residual carrying amount and the amount collected is recognised as a financial item in the profit and loss account. The group recognises these receivables at their estimated realisable value by writing down their carrying amount through the provision for bad debts, in order to provide for any risk of impairment. To this end, the group considers specific indicators based on past trends and any other useful information about a probable impairment. The write-downs are estimated on an individual basis for significant receivables and collectively for the others, by calculating the expected impairment losses at the reporting date.

Receivables are derecognised when the contractual rights to the cash flows from the receivable are extinguished or title thereto is transferred along with nearly all the related risks. To verify transfer of the risks, the group considers all the contractual clauses.

When a receivable is derecognised following its sale involving the substantial transfer of all risks, any difference between the amount collected and the receivable's carrying amount is recognised as an impairment loss in the profit and loss account, unless another classification, including financial, may be identified based on the transfer agreement.

Derivatives

A derivative is a financial instrument or other contract with all three of the following characteristics:

- its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the underlying);
- it requires no initial net investment or an initial net investment that is smaller than that required for other types of contracts that would be expected to have a similar response to changes in market factors;

- it is settled at a future date.
- Derivatives include agreements to purchase or sell goods that give one of the counterparties the right to settle the agreement in cash or using another financial instrument except when the following conditions concurrently take place:
- the contracts are agreed or maintained to meet the requirement of purchasing, selling or using the goods;
- they have had that purpose since when they were entered into;
- their expected performance is the delivery of the non-financial item.

The group recognises a derivative when it becomes party to its contractual provisions, i.e., when it signs the contract and is, therefore, subject to its rights and obligations. It recognises derivatives, including embedded derivatives, at fair value. Derivatives embedded in hybrid contracts are separated from the non-derivative host and recognised separately if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host and a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative provided for in OIC 32. The group assesses whether it is required to separate an embedded derivative and recognise it separately only at the hybrid instrument’s initial recognition or at the date when its contractual clauses are amended.

At each reporting date, the group measures derivatives at fair value and presents them in the specific balance sheet captions as current or fixed (in the case of hedges of fixed assets or liabilities due after one year) assets, if their fair value is positive or under provisions for risks and charges, if their fair value is negative. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The group measures the fair value of unlisted derivatives using appropriate valuation techniques and the assumptions, parameters and fair value hierarchy levels required by the relevant OIC.

Fair value gains or losses on derivatives that do not meet the hedge accounting requirements are recognised in the specific profit and loss account captions.

Hedge accounting

A derivative qualifies for hedge accounting if all of the following criteria are met:

- the hedging relationship consists only of eligible hedging instruments and eligible hedged items;
- at the inception of the hedging relationship there is formal designation and documentation of the hedging relationship and the group’s risk management objective and strategy for undertaking the hedge;
- the hedging relationship meets the qualitative and quantitative hedge effectiveness requirements.

Therefore, if the group uses derivatives as hedges from a management perspective but the hedging relationship does not fully meet hedge accounting requirements, it recognises them based on the general treatment described earlier.

The hedge effectiveness is documented at initial recognition and also on an ongoing basis. At each reporting date, the group assesses whether the hedging relationship is still effective. If all the requirements mentioned above are met, hedging relationships may be accounted for using the following models.

Cash flow hedges

If a derivative is designated as a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability, a firm commitment or a highly probable forecast transaction and could affect the net profit or loss, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in the specific net equity reserve, whereas the ineffective portion of the gain or loss on the hedging instrument is recognised in the profit and loss account.

The gains or losses accumulated in the net equity reserve are reclassified to the profit and loss account in the year or over the years during which the hedged future cash flows affect the net profit or loss. If a firm commitment or a highly probable forecast transaction subsequently results in the recognition of a non-financial asset or liability, the associated gains or losses that were recognised in the specific reserve are reclassified from equity to the carrying amount of the asset (to the extent of its recoverable amount) or

liability upon its recognition.

When the group discontinues hedge accounting for a cash flow hedge, but the hedged future cash flows are still expected to occur, the amount that has been accumulated in the reserve remains in net equity until the future cash flows occur. If the hedged future cash flows are no longer expected to occur or the forecast transaction is no longer highly probable, that amount is immediately reclassified from the reserve to the profit and loss account.

Liquid funds

These are the positive balances of bank and postal accounts and cheques, as well as the cash-on-hand and cash equivalents at year end.

Bank and postal accounts and cheques are recognised at their estimated realisable value, cash and revenue stamps at their nominal amount, while foreign currency is measured at the closing rate.

Prepayments and accrued income and accrued expenses and deferred income

Accrued income and expense are respectively portions of income and expenses pertaining to the year but that will be collected/paid in subsequent years.

Prepayments and deferred income are respectively portions of expenses and income collected/paid during the year or in previous years but pertaining to one or more subsequent years.

Accordingly, these captions comprise only portions of expenses and income relating to two or more years, whose amount varies on a time or economic accruals basis.

At each year end, the group analyses the conditions underlying their initial recognition and makes any necessary adjustments. Specifically, the balance of accrued income varies not only over time, but also based on its expected realisable value, whereas that of prepayments is based on the existence of future economic benefits matching the deferred costs.

Net equity

Transactions between the parent and its owners (acting as owners) may result in receivables/payables from/to them. The parent recognises a receivable when its owners take on an obligation and a payable when it takes on an obligation to them.

Capital injections with no repayment obligation are recognised under the relevant net equity caption, while shareholder loans with a repayment obligation are recognised under payables.

Provisions for risks and charges

Provisions for risks and charges are recognised to cover specific liabilities that are certain or probable, but whose amount or due date is unknown at the reporting date. Specifically, provisions for risks relate to specific liabilities whose occurrence is probable and amount estimated, while provisions for charges relate to specific liabilities, whose occurrence is certain and amount or due date estimated, that arise from obligations already taken on at the reporting date but which will be paid in subsequent years. Amounts or goods and services expected to be paid/provided to satisfy the obligation when due are provided for on an accruals basis.

Accruals to provisions for risks and charges are recognised in the profit and loss account section to which the transaction relates, privileging the classification of costs by nature. The amount of the accruals to the provisions is based on the best estimate of costs, including the legal expenses, at each reporting date and is not discounted. If the measurement of the accruals gives a range of values, the accrual represents the best possible estimate between the upper and lower thresholds of the range. If the group has taken out insurance policies for probable liabilities, the provisions are estimated considering any insurance compensation if the group is reasonably certain that it will be compensated in the event of losing a case. Provisions for risk and charges accrued in a previous year are reassessed at the reporting date to check that they have been accurately measured.

The provisions are subsequently used directly and solely for those costs and liabilities for which they were originally set up. If they are not sufficient or are redundant, the shortfall or surplus is recognised in the profit and loss account in line with the original accrual.

Risks for which a liability is only possible are disclosed in the notes without making an accrual to a provision..

- **Agents' termination indemnity:** The agents' termination indemnity comprises accruals for the amounts due to agents in the event the group withdraws from the agency agreement, in the event of the agent's death if the agent is a natural person, or on retirement. The criterion used by the group to determine this amount differs for Italian and foreign agents. For the Italian agents, the group has specific obligations set out in the national collective contract for agents and the accrual therefore represents the entire amount due under current legislation, including the amount based on performance. For foreign agents operating within the European Community, the accrual represents an annual amount calculated on the average commissions paid over the last five years, pursuant to the provisions of the Italian Civil Code.
- **Tax provision, including deferred tax liabilities:** This caption includes deferred tax liabilities calculated on taxable temporary differences.
- **Derivatives:** This provision includes accruals for the risk of fair value losses on non-hedge currency transactions at year end, as detailed in the section on derivatives.
- **Other provisions for risks:** These comprise the accruals made for the estimated contingent liabilities of the various group companies.

Employees' leaving entitlement

The Italian employees' leaving entitlement (TFR) is the benefit to which employees are entitled in any case of termination of employment pursuant to article 2120 of the Italian Civil Code and considering the change in legislation introduced by Law no. 296 of 27 December 2006. It is a certain liability that is recognised each year on an accruals basis. The overall accrued benefit considers any type of continuous remuneration and is net of any payments on account, partial advances paid by virtue of national or individual labour contracts or company agreements which are not required to be repaid and the amounts transferred to the supplementary pension funds or the treasury fund managed by the Italian Social Security Institution (INPS). The related liability is the amount that the group would have paid had all employees left at the reporting date.

The amounts due to employees who had already left the group at the reporting date but that will be paid in the following year are reclassified to payables.

Payables

Payables are specific and certain liabilities that are obligations to pay fixed or determinable sums of cash, or their equivalent in goods/services, to financial backers, suppliers or other parties. They are recognised in line with their nature (or origin) regardless of when they are required to be settled.

Payables arising from the purchase of goods and services are recognised in accordance with the requirements set out in the section on costs. Loans and borrowings and payables unrelated to the procurement of goods and services are recognised when the group has an obligation vis-a-vis the counterparty, identified on the basis of legislation and contractual terms. Payables for advances from customers are recognised when the right to collect the advance arises.

Payables are recognised at amortised cost, considering the time value of money.

The amortised cost method is not applied when its effects are irrelevant, which is usually the case for current payables or when transaction costs, commissions paid between the parties and any other difference between the original and settlement amounts at the due date are insignificant.

In this case, payables are initially recognised at their nominal amount, net of bonuses, discounts and allowances contractually provided for or, in any case, granted. They are subsequently measured at their nominal amount plus interest calculated at the nominal interest rate, reduced by principal and interest paid.

In the event of early settlement, the difference between the residual outstanding amount and the outlay to settle the obligation is recognised as financial income or charges. Moreover, any residual transaction costs previously recognised under prepayments are charged to the profit and loss account as a financial charge.

When the group recognises payables at amortised cost, their carrying amount at initial recognition is their nominal amount, unless discounting is necessary, as described later on, net of any bonuses, discounts and allowances, as well as any directly attributable transaction costs.

The amortised cost calculation using the effective interest method includes transaction costs, initial commission income and expense, issue costs, premiums and discounts and any other difference between the initial carrying amount and the nominal amount at the payable's due date. The effective interest rate is calculated upon initial recognition and maintained for subsequent measurements, except when variable rates indexed to market rates have been contractually agreed.

At each reporting date, the carrying amount of payables measured at amortised cost is the present value of future cash flows discounted using the effective interest rate.

In the event of early settlement, at terms or at a time not originally anticipated when estimating future cash flows, the difference between the residual outstanding amount and the outlay to settle the obligation is recognised as financial income or charges.

Trade payables due after one year upon initial recognition that do not bear interest or bear contractual interest that significantly differs from market rates and the related costs are initially recognised at their present value by discounting future cash flows at market interest rates. The difference between the carrying amount at initial recognition and the terminal value is recognised in the profit and loss account as interest expense over the payable's life, using the effective interest method.

With regard to loans and borrowings, the group recognises the difference between the cash received and the present value of future cash flows calculated using the market rate as financial income or charges upon initial recognition, except when the transaction's or contract's substance requires its allocation to another caption and a different accounting treatment.

Payables are derecognised, in whole or in part, when the relevant contractual and/or legal obligations are extinguished for settlement or other reasons, or are transferred.

Foreign currency transactions, assets and liabilities

Assets and liabilities generated by foreign currency transactions are initially recognised in the currency of the relevant group company (in Euros for Italian companies), applying the transaction-date spot rate between the Euro and the foreign currency to the foreign currency amount.

Foreign currency monetary items are translated at the closing spot rates, and the related gains and losses are taken to the profit and loss account. Non-monetary foreign currency assets and liabilities are maintained in the balance sheet at the exchange rate ruling at their date of purchase; consequently, the exchange rate gains and losses do not give rise to an independent and separate recognition.

For the Italian companies, any unrealised net exchange rate gain on foreign currency monetary items forms part of the net profit or loss for the year and, when the financial statements and consequent allocation/coverage of the net profit or loss for the year are approved, it is recognised in a undistributable reserve for the part not used to cover the net loss for the year. Should the net profit for the year be lower than the unrealised net exchange rate gain, the amount recognised in the undistributable reserve is equal to the net profit for the year.

If foreign currency items are designated as hedged items or hedging instruments in a hedging relationship, the group applies the accounting treatment described in the "Derivatives" section.

Revenues and costs

Revenues from the sale of goods and the provision of services relating to the core and non-core business are recognised in accordance with the new standard (OIC 34) which comprises the following stages:

- determining the transaction price;
- identifying performance obligations;
- measuring performance obligations;
- recognising revenues.

The transaction price is inferred from the terms of the contract.

Discounts, rebates, penalties and returns are accounted for as a reduction in revenues based on historical figures and/or statistical analyses.

The group analyses sales contracts in order to identify performance obligations, i.e., whether a single sales contract may give rise to several rights and obligations to be recognised separately in relation to the individual goods or services promised to the customer under the contract. The individual performance obligations are not separated when the goods and services under the contract are complementary or inseparable, the services are unrelated to the group's core business, each of the services covered by the sales contract are performed in the same year, and, for contracts not particularly complex, the effect of the separation of the individual performance obligations is immaterial on total revenues.

Based on the above and considering the analyses performed, the group believes that the individual sales contracts entered into in 2024 and 2023 contain a single performance obligation.

After determining the value of the individual performance obligations, the group recognises revenues on an accruals basis.

Revenues from performance obligations representing a sale of goods are recognised when both of the following conditions are met:

- the risks and benefits of the sale have been substantially transferred; and
- revenues can be reliably measured.

In assessing whether it has substantially transferred the risks, the group considers both qualitative and quantitative factors, excluding the credit risk. Benefits are substantially transferred when the group transfers the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset to the customer.

Specifically, sales revenues mainly refer to the sale of fabrics, yarns, cotton and other products, and to a lesser extent, raw materials. Revenues are recognised when the risks and benefits have been substantially transferred to the customer, based on the shipping and delivery terms agreed upon at the time of the order.

Revenues from the provision of services are recognised over time if both of the following conditions are met:

- the contract provides that the group has an enforceable right to payment for performance completed to date; and
- the amount of the revenues for a performance obligation satisfied over time can be measured reliably.

If the group cannot recognise revenues over time (based on the progress towards complete satisfaction of a performance obligation), it recognises revenues at a point in time, when the performance obligation is completely satisfied.

Production cost is stated net of returns, allowances, discounts and premiums. Costs incurred for the procurement of goods are recognised when the production process for the goods has been completed, upon the substantial transfer of title, with the transfer of risks and benefits being the key parameter. Those related to purchases of services are recognised over time if the contract provides that the buyer pays for the service as the service is received and the amount of the cost can be measured reliably. If these conditions are not met, the cost is recognised upon completion of the service.

Revenues and income, costs and charges relating to foreign currency transactions are translated using the spot exchange rate ruling on the date of the relevant transaction.

Grants related to operating expenses awarded under the law or contractual terms are recognised on an accruals basis when the right to receive the grant arises with certainty.

When the amortised cost method is applied, interest is recognised using the effective interest method.

Other financial charges are recognised for the amount accrued during the year.

Revenues and costs, whose amount or impact is exceptional, are disclosed in a specific section of these notes.

Grants received

Grants pursuant to Laws no. 181/89 and 513/93

Grants received pursuant to Laws no. 181/89 and 513/93 by Tessitura di Mottola S.r.l. in liquidation are treated as items that adjust the cost of the goods to which they relate; they are gradually taken to profit or loss over the useful life of such assets. The grants received are recognised under the profit and loss account caption, Other revenues and income, in line with the depreciation rates of the assets to which they relate, and the portion pertaining to subsequent years under deferred income. The grant received to purchase land, which is not depreciated, has been deducted from the purchase cost of the land.

GSE grants

The grants received from GSE (the company that manages energy services in Italy) for energy production by the photovoltaic system installed in Mottola are taken to the profit and loss account on an accruals basis, considering the energy generated during the year.

Other grants

The grants received by the consolidated company are taken to the profit and loss account on an accruals basis, considering the costs incurred during the year. The grants for export received by the Egyptian subsidiaries are taken to the profit and loss account for the portion of revenues accrued in the year.

Income taxes

Current income taxes for the year are calculated on the basis of a realistic forecast of the taxable profit under the relevant tax legislation in the country of reference and applying the enacted tax rates at the reporting date. The related tax payable is stated at its nominal amount in the balance sheet, net of payments on account, withholding taxes and tax receivables which may be offset and have been not claimed for reimbursement. A tax asset is recognised for payments on account, withholdings and receivables exceeding the taxes payable. Tax receivables and payables are measured at amortised cost, except when they are due within one year.

Deferred tax assets and liabilities are calculated on the accumulated amount of all temporary differences between the carrying amounts of assets and liabilities and their tax base that will reverse in subsequent years.

Deferred tax liabilities arising from taxable temporary differences relating to transactions giving rise to reserves taxable on distribution are always recognised unless the specific requirements provided for by the relevant standard are met.

Deferred taxes related to transactions that directly affect net equity are not recognised in the profit and loss account but are initially recognised in the provisions for risks and charges by reducing the matching net equity caption.

Deferred tax assets and liabilities are recognised when the temporary differences arise and are calculated at the tax rates that will be applicable in the year in which the temporary differences reverse, if they have already been established at the reporting date, otherwise at the enacted tax rates at the reporting date.

The deferred tax assets on deductible temporary differences and on the benefit connected with the carry forward of tax losses are recognised and maintained only when their future recoverability is reasonably certain, through the availability of future taxable profits against which the deferred tax assets may be used or the availability of sufficient taxable temporary differences to recover them in the years in which they reverse.

Deferred tax assets not recognised or impaired in prior years as the requirements for their recognition were not met are recognised or reinstated in the year in which the relevant requirements are met.

Deferred tax assets and liabilities are offset if the relevant requirements are met (offsetting ability and intention) and the resulting positive or negative balance is respectively stated under the specific captions of current assets or provisions for risks and charges.

The tax parent, Albin Group S.p.A., renewed the option to participate in the national tax consolidation scheme pursuant to articles 117-129 of Presidential decree no. 917 of 22 December 1986 for the 2023-2025 three-year period, along with Cotonificio Albin S.p.A. and Tessitura di Mottola S.r.l. in liquidation, and for the 2021-2023 three-year period with Albin Energia S.r.l. and I Cotoni di Albin S.p.A..

Under this option, the consolidated companies calculate their tax base and transfer it to the tax parent: the

tax charge is then recognised in caption 20 (Income taxes, current and deferred) of the latter’s profit and loss account. Deferred taxation is also shown under this caption. If the group recognises a tax loss, the related amount paid by the consolidating company is likewise recognised under caption 20 of the profit and loss account.

Commitments, guarantees, contingent liabilities and contingent assets

The total off-balance sheet commitments, guarantees and contingent liabilities are presented in specific sections of these notes.

Commitments are a group’s obligations to third parties arising from legal transactions whose mandatory effects are certain but which have not yet been met by either party. They include both obligations whose performance and amount are certain and those whose performance is certain but the amount is unknown. They are stated at their nominal amount inferred from the related documentation. If a commitment cannot be quantified, it is disclosed in the notes.

Guarantees include collateral and personal guarantees given by the group. Such guarantees are issued by group companies for their own or third-party obligations. They are recognised at the amount of the guarantee given or, if this has not been calculated, at the best estimate of the risk taken on given the situation at that time.

Off-balance sheet contingent liabilities include those that are deemed to be probable, but whose amount can only be determined in a discretionary and arbitrary manner, and those that are deemed to be possible. Similarly, a special section of these notes sets out any contingent assets and income that are deemed to be probable but which have prudently not been recognised in the financial statements.

Use of estimates

The preparation of consolidated financial statements requires management to make estimates that affect the carrying amount of assets and liabilities and the related disclosures. Actual results may differ. Estimates are revised regularly and the effect of any changes, if not due to errors, is recognised in the profit and loss account when the estimates are changed, if they affect just one year, and also in the following years, if they affect both the current and subsequent years.

Post-balance sheet events

These events modify conditions existing at the reporting date. They require adjustments to the carrying amounts of recognised assets and liabilities in accordance with the relevant accounting policy. They are recognised on an accruals basis to present their reporting-date effect on the group’s financial position, results of operations and cash flows. The post- balance sheet events that modify situations existing at the reporting date, but do not require adjustments to the carrying amounts under the relevant accounting policy as they relate to the subsequent year, are not recognised but are disclosed in the notes if necessary to give a more complete view of the group’s position. The date within which an event shall be considered a post-balance sheet event is the date on which the directors prepare the consolidated financial statements, unless events that take place during the period from such date to the date on which the parent’s financial statements are expected to be approved by the shareholders have a significant impact on the consolidated financial statements.

NOTES TO THE MAIN ASSET CAPTIONS

All amounts in the notes to the consolidated financial statements are in thousands of Euros, except otherwise specified.

Fixed assets

The schedules prepared for intangible and tangible fixed assets are presented in the following pages, showing the historical cost, accumulated depreciation/amortisation, changes of the year, closing balances, and total revaluations at year end for each caption.

Intangible fixed assets

The changes in historical cost, amortisation and the carrying amount of the items under this caption are shown below.

	Historical cost					Accumulated amortisation				Carrying amount
	Balance at 31.12.2023	Purch.	Reclass. /Disinv	Change in cons. scope	Balance at 31.12.2024	Balance at 31.12.2023	Amort.	Exch. rate diff.	Balance at 31.12.2024	
Industrial patents and intellectual property rights	3.784	112	105	(6)	3.995	(3.602)	(213)	-	(3.815)	180
Concessions, licences and archives	2.494	20	-	-	2.514	(1.447)	(86)	-	(1.533)	981
Goodwill	761	-	-	-	761	(662)	(77)	2	(737)	24
Assets under development and payments on account	448	174	(427)	-	195	-	-	-	-	195
Other	13.884	447	136	-	14.467	(13.014)	(522)	-	(13.536)	931
Total	21.371	753	(186)	(6)	21.932	(18.725)	(898)	2	(19.621)	2.311

Industrial patents and intellectual property rights increased by €112 thousand in 2024, mainly related to the purchase of new software licences by the subsidiary Cotonificio Albini S.p.A..

Concessions, licences, trademarks and similar rights increased by €20 thousand due to new costs to register and protect the group’s trademarks.

Assets under development and payments on account increased by €174 thousand, related to assets of the subsidiary Cotonificio Albini S.p.A..

The €447 thousand increase in “Other” follows the upgrade to application systems at the subsidiary Cotonificio Albini S.p.A.

Tangible fixed assets

Changes of the year are set out in the following table.

	B.II.1	B.II.2	B.II.3	B.II.4	B.II.5	Total
	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction	
Cost at 31.12.2023	77.993	109.572	1.465	7.161	815	197.006
Accumulated depreciation at 31.12.2023	(38.473)	(95.892)	(1.388)	(6.255)	-	(142.008)
Balance at 31.12.2023	39.520	13.680	77	906	815	54.998
Changes of the year						
Historical cost:						
- acquisitions	325	1.082	16	430	254	2.107
- exchange rate gains	1.063	290	21	44	5	1.423
- reclassifications	963	315	-	121	(421)	978
- change in consolidation scope	(974)	(6.474)	(55)	(32)	(345)	(7.880)
- gross disinvestments	(6.277)	(13.278)	(236)	(576)	-	(20.367)
Accumulated depreciation:						
- depreciation of the year	(2.161)	(2.090)	(15)	(345)	-	(4.611)
- reclassifications	(764)	11	-	(39)	-	(792)
- change in consolidation scope	21	1.736	34	27	-	1.818
- exchange rate losses	(509)	(236)	(22)	(37)	-	(804)
- disinvestments	3.082	12.561	212	521	-	16.376
Total changes of the year	(5.231)	(6.083)	(45)	114	(507)	(11.752)
Cost at 31.12.2024	73.093	91.507	1.211	7.148	308	173.267
Accumulated depreciation at 31.12.2024	(38.804)	(83.910)	(1.179)	(6.128)	-	(130.021)
Balance at 31.12.2024	34.289	7.597	32	1.020	308	43.246

The projects completed during the year were classified in the respective asset categories. The increase in plant and machinery primarily relate investments made by Cotonificio Albini S.p.A. to upgrade the production set-up and yarn warehouse, with the aim of achieving integrated management of logistics processes.

The reclassifications mainly relate to the allocation of work in progress at the previous year end to plant and machinery, consisting of both buildings and plant and machinery, as described earlier.

Disinvestments mainly concern the sale of all assets of Tessitura di Mottola S.r.l. in liquidation, as the company no longer holds any operating assets at the reporting date. Ordinary depreciation was calculated using rates (set out in the relevant table at the beginning of these notes) deemed to represent the residual useful lives of the related assets.

Pursuant to article 10 of Law no. 72 of 19 March 1983 and article 2427 of the Italian Civil Code, the following table discloses the revaluations performed on those assets still in the balance sheet at 31 December 2024 carried out by Cotonificio Albini S.p.A.:

A) Historical (gross) value of revaluations at 31.12.2024:				
	Land and buildings	Plant and machinery	Other assets	Total
Historical cost of the revalued assets	13.509	14.519	46	28.074
Monetary revaluations on recognised at year end:				
- pursuant to Law no. 576/1975	103	3	-	106
- pursuant to Law no. 72/1983	256	7	-	263
- pursuant to Law no. 413/1991	812	-	-	812
- pursuant to Law no. 342/2000	-	3.957	-	3.957
- pursuant to Law no. 448/2001	-	11	-	11
- pursuant to Law no. 266/2005	-	1.985	-	1.985
- pursuant to Law no. 2/2009	17.853	-	-	17.853
- pursuant to Law no. 126/2020	1.200	-	884	2.084
Economic revaluations on assets recognised at year end:				
- related to the 1987 merger	207	4	-	211
Total revaluations	20.431	5.967	884	27.282

B) Carrying amount of revaluations at 31.12.2024:		
Monetary revaluations on assets recognised at year end:	Land and buildings	Other assets
- pursuant to Law no. 413/1991	145	-
- pursuant to Law no. 2/2009	9.763	-
- pursuant to Law no. 126/2020	1.200	884
Total revaluations	11.108	884

The revaluation of other assets refers to the Thomas Mason historical archive and Dietfurt classified under the intangible fixed assets caption Concessions, licences, trademarks and similar rights.

No monetary or economic revaluations have been carried out other than those described above, nor have any departures under articles 29 and 34 of Legislative decree no. 127/91 been applied. As discussed in the section on loans, the Albino and Brebbia buildings owned by the subsidiary Cotonificio Albini S.p.A. have been mortgaged to banks and other financial institutions as collateral for group loans.

As set out in the relevant table at the beginning of these notes, depreciation was calculated using rates deemed to represent the actual use during the year and the residual useful lives of the related assets.

Financial fixed assets

Investments in unconsolidated subsidiaries

This caption amounts to €415 thousand and refers to the I Cotoni di Albini S.p.A.’s investment in Albini Yarns Hungary Kft., which was not consolidated in 2024.

Financial receivables from subsidiaries

This caption includes a €5,252 thousand granted by I Cotoni di Albini S.p.A. to Albini Yarns Hungary Kft., which was not consolidated in 2024.

Financial receivables from others

The €6 thousand balance refers to the loan granted to Stil Novo Partecipazioni S.r.l. in liquidation for the completion of activities to wind up the company and the investment in Slow Fiber since 2023.

Derivatives

Derivatives are nil at the reporting date (€115 thousand at 31 December 2023).

Current assets

Inventory

This caption is as follows at year end:

	31.12.2024	31.12.2023
Raw materials, consumables and supplies	42.281	40.459
Semi-finished products	21.066	20.321
Contract work in progress	266	10
Finished goods	23.119	19.849
Total inventory	86.732	80.639

Raw materials increased by €1.8 million, net of the provision for the write-down of inventory (€865 thousand) prudently set up by the subsidiary Cotonificio Albini S.p.A. and which remained unchanged from the previous year end.

Finished goods rose by €3.3 million, net of the provision for the write-down of inventory (€557 thousand) prudently set up by the subsidiaries Cotonificio Albini S.p.A. and I Cotoni di Albini S.p.A. and which remained unchanged from the previous year end.

Contract work in progress reflects the percentage accrued for engineering projects managed by the subsidiary Albini Energia S.r.l..

The €6 million increase in inventory is mainly attributable to a rise in orders towards the end of the year, which led to higher purchases of raw materials and, consequently, greater availability of finished products, in preparation for the expected sales in the early months of 2025.

Receivables

Trade receivables

This caption was as follows at 31 December 2024:

	Gross amount	Provision for bad debts	Carrying amount
Due within one year	28.192	(810)	27.382
Due after one year	-	-	-
Total	28.192	(810)	27.382

The above provision for bad debts reflects the adjustment of the receivables’ carrying amount to their estimated realisable value.

Changes of the year in the provision for bad debts were as follows:

	31.12.2023	Accrual	Utilisation	31.12.2024
Provision for bad debts	1.033	123	(346)	810

Trade receivables arise from normal sales transactions and relate to both foreign and Italian customers. The caption includes unaccepted trade bills at the group and with banks.

Trade receivables by geographical segment:

	31.12.2024	31.12.2023
Italian customers	12.829	15.947
EU customers	5.062	4.753
Non-EU customers	11.111	14.409
Total gross receivables	29.002	35.109

From unconsolidated subsidiaries

This caption amounts to €4,791 thousand and mainly refers to the I Cotoni di Albini S.p.A.’s and Cotonificio Albini S.p.A.’s trade receivables from Albini Yarns Hungary Kft., which was not consolidated in 2024.

Tax receivables

Tax receivables may be analysed as follows:

	31.12.2024	31.12.2023
Net tax receivables	2.352	1.214
Tax credit for R&D costs as per Law no. 190/214	205	229
Total due within one year	2.557	1.443
ax authorities for IRAP reimbursement claim pursuant to Decree law no. 201/2011	18	18
VAT relative to previous years	8	9
Superbonus 110% tax deduction pursuant to article 119 of Decree law no. 34/2020	499	134
Total due after one year	525	161

Tax receivables include VAT receivables of €1,766 thousand and payments on account made during the year net of the tax payables of the Italian and foreign subsidiaries.

Deferred tax assets

Deferred tax assets total €2,748 thousand (31 December 2023: €3,108 thousand) and mainly relate to Cotonificio Albini S.p.A., Tessitura di Mottola S.r.l. in liquidation and I Cotoni di Albini S.p.A.. They refer to the tax effect of the temporary differences between the carrying amounts of assets and liabilities in the balance sheet and the corresponding amounts recognised for tax purposes (mainly taxed provisions and differences between amortisation and depreciation recognised for statutory and tax purposes), whose future realisation appears reasonably certain. The caption also includes the tax effects of consolidation adjustments to leases and assets, as well as the tax benefit linked to the tax consolidation scheme and the effect of deconsolidation of the subsidiary Albini Yarns Hungary Kft.

The changes of 2024 were as follows:

Balance at 31.12.2023	3.108
Accrual/Utilisation	(357)
Other changes	1
Change in consolidation scope	(4)
Balance at 31.12.2024	2.748

From others

Receivables from others amount to €1,783 thousand (31 December 2023: €1,975 thousand) and principally consist of advances to third parties of €785 thousand, mainly payments on account and advances to suppliers. They also include export subsidies due to the Egyptian subsidiaries of €409 thousand and sundry receivables of €139 thousand.

Receivables due after one year chiefly refer to sundry deposits (€455 thousand) and advances to employees (€5 thousand).

Liquid funds

Liquid funds total €26,319 thousand (31 December 2023: €13,878 thousand) and comprise:

	31.12.2024	31.12.2023
Bank deposits	26.298	13.860
Cheques, cash-in-hand and cash equivalents	21	18
Total	26.319	13.878

Reference should be made to the cash flow statement for a greater understanding of the cash flows.

Prepayments and accrued income

Prepayments and accrued income amount to €720 thousand (31 December 2023: €622 thousand) and mainly consist of adjustments to correctly allocate costs relating to insurance, interest, machinery maintenance, rent and personnel training to 2024 on an accruals basis.

NOTES TO THE MAIN LIABILITY CAPTIONS

Net equity changed as follows during the year:

	Share capital	Share premium reserve	Legal reserve	Revaluation reserve	Capital injections	Liquidation reserve	Extraordinary reserve	Translation reserve	Hedging reserve	Reserve for undistributed profits	Net profit/(loss) for the year	Net equity attributable to the group	Net equity attributable to minority interests	Total net equity
Balance at 31.12.2022	2.024	5.624	364	12.046	207	(78)	1.837	3.354	181	43.353	5.952	74.864	2.812	77.676
2023 fair value losses on derivatives									(122)			(122)	(15)	(137)
Allocation of the net profit for 2022							(40)			5.992	(5.952)			
Dividend distribution														
Capital increases														
Utilisation of revaluation reserves to cover losses														
Translation differences and other changes						508		(328)		(1.479)		(1.299)	142	(1.157)
Change in consolidation scope										201		201	(351)	(150)
Net profit for 2023											791	791	(270)	521
Balance at 31.12.2023	2.024	5.624	364	12.046	207	430	1.797	3.026	59	48.067	791	74.435	2.318	76.753
2024 fair value losses on derivatives									(115)			(115)		(115)
Allocation of the net profit for 2023							(34)			825	(791)			
Dividend distribution														
Capital increases and decreases						(491)						(491)		(491)
Utilisation of revaluation reserves to cover losses														
Translation differences and other changes								84		857		941	399	1.340
Change in consolidation scope														
Net loss for 2024											(721)	(721)	231	(490)
Balance at 31.12.2024	2.024	5.624	364	12.046	207	(61)	1.763	3.110	-56	49.749	(721)	74.049	2.949	76.998

The main net equity captions and changes therein are discussed below.

Share capital

The parent’s share capital at 31 December 2024 is comprised of 3,892,376 ordinary shares with a nominal amount of €0.52 each, for a total of €2,024 thousand.

Share premium reserve

This caption amounts to €5,624 thousand and increased in 2021, following the capital increase of the parent, Albinì Group S.p.A..

Legal reserve

The legal reserve amounts to €364 thousand at 31 December 2024 and is unchanged from 31 December 2023.

Other reserves

This caption is as follows:

	31.12.2024	31.12.2023
1. Extraordinary reserve	1.763	1.797
2. Capital injections	207	207
3. Liquidation reserve	(61)	430
4. Revaluation reserve as per Law no. 02/09	9.912	9.912
5. Revaluation reserve as per Law no. 126/20	2.134	2.134
6. Translation reserve	3.110	3.026
Total	17.065	17.506

The revaluation reserves relate to the direct subsidiary Cotonificio Albinì S.p.A. and comprise:

- the revaluation reserve for buildings pursuant to Law no. 2 of 28 January 2009 (€9.9 million), unchanged on the previous year end;
- the revaluation reserve for buildings, trademarks and archives pursuant to Law no. 126 of 13 October 2020 (€2.1 million), unchanged on the previous year end.

The extraordinary reserve decreased by €34 thousand as a result of covering the parent’s net loss for the previous year.

The translation reserve increased by €84 thousand over the previous year end due to exchange rate fluctuations in the currencies of the foreign subsidiaries, particularly the US dollar, the Czech koruna and the Hong Kong dollar.

The liquidation reserve, generated by the subsidiary Tessitura di Mottola S.r.l. in liquidation, shows a negative balance of €61 thousand.

Hedging reserve

The hedging reserves, set up as from 2016, include fair value gains and losses on the effective portion of both currency and interest rate hedging derivatives.

These reserves are net of the related deferred tax liabilities presented under “Provisions for risks and charges”.

Reserve for undistributed profits

The reserve for undistributed profits increased from €48,067 thousand at 31 December 2023 to €49,749 thousand at the end of 2024.

Reconciliation between the parent’s financial statements and the consolidated financial statements:		
	31.12.2024	31.12.2023
Net loss for the year of Albinì Group S.p.A.	(43)	(34)
- Elimination of net intercompany dividends	(699)	(354)
- Net profit/loss for the year of the consolidated companies	(822)	858
- Measurement of leases using the financial method	(6)	204
- Net write-downs of equity investments	1.100	200
- Elimination of intercompany transactions	(20)	(353)
Consolidated net profit (loss) for the year (A)	(490)	521
(A) comprises:		
Net profit (loss) for the year attributable to the group	(721)	791
Net profit (loss) for the year attributable to minority interests	231	(270)
	(490)	521
Net equity, including the net loss for the year, of Albinì Group S.p.A.	9.938	9.981
- Carrying amount of the consolidated equity investments	(28.716)	(30.356)
- Net equity, including the net profit/loss for the year, of the consolidated companies	95.839	96.404
- Allocation of the gain on the Mottola land, goodwill	305	305
- Effect of recognising leases using the financial method	1.148	1.153
- Elimination of intercompany transactions	(1.516)	(734)
Net equity (A)	76.998	76.753
(A) comprises:		
Net equity attributable to the group	74.049	74.435
Net equity attributable to minority interests	2.949	2.318
	76.998	76.753

Provisions for risks and charges

The breakdown of and changes in these provisions are as follows:

	31.12.2023	Accruals	Change in deferred taxes on derivatives and IRSs	Utilisation / releases	31.12.2024
Pension and similar provisions	1.382	67	-	(14)	1.435
Deferred tax liabilities	708	9	(40)	(484)	193
Derivatives	55	169	-	(139)	85
Other provisions	706	597	-	(440)	863
Total	2.851	842	(40)	(1.077)	2.576

The provision for pension and similar provisions includes the agents’ termination indemnity and the provision for agents’ performance-based indemnity. The calculation is based on an estimate of the amount to be paid to the group’s agents. The utilisation of this provision reflects the amounts paid to agents no longer working with the group and the release of the amount of the provision exceeding the indemnity vested.

The tax provision, including deferred tax liabilities, is accrued for those captions whose tax burden is deferred over more than one year (mainly the deferral of realised gains, the non- deductibility of depreciation related to the revaluation of industrial buildings carried out only for statutory purposes in 2009, the deduction of fiscally-driven depreciation recognised in previous years, the deferred taxation on the elimination of the effects related to asset sales between group companies and the deferral of exchange rate gains or losses generated by the adjustment of receivables and payable at closing rates). Deferred tax liabilities of €484 thousand were used during the year.

The provision for other risks and charges includes accruals prudentially made for payments to third parties or the tax authorities that were recognised during the year but whose amount and date are only estimated.

Employees’ leaving entitlement

The changes in this caption were as follows:

Balance at 31.12.2023	4.967
Accrued portion charged to the profit and loss account	1.055
Payments to pension/supplementary schemes	(931)
Payments of the year	(358)
Tax on the revaluation of employees’ leaving entitlement and other changes	(18)
Balance at 31.12.2024	4.715

The amount reflects the actual amount due to the employees of the Italian group companies at 31 December 2024.

Payables

The breakdown and changes of the year in the items making up this caption are discussed below.

Bonds

Bonds are detailed as follows:

- registered non-convertible bonds of €671 thousand redeemable in a single tranche on 30 September 2028, issued by Cotonificio Albini S.p.A.;
- registered non-convertible bonds of €1,033 thousand redeemable in a single tranche on 30 September 2028, issued by Cotonificio Albini S.p.A.;
- bonds of €1,575 thousand redeemable in a single tranche on 30 September 2028, issued by Albini Group S.p.A.;
- registered non-convertible bonds of €878 thousand redeemable in a single tranche on 30 September 2028, issued by Cotonificio Albini S.p.A.;
- registered non-convertible bonds of €4,600 thousand redeemable in a single tranche on 30 September 2028, issued by Cotonificio Albini S.p.A..

Bank loans and borrowings

This caption may be analysed as follows at 31 December 2024:

	31.12.2024	31.12.2023
Overdrafts	4.147	3.340
Export financing	16.228	17.363
Interest on loans and borrowings	222	269
SACE-backed unsecured Unicredit loans	9.153	5.310
SACE-backed BPER mortgage loans	4.207	1.925
SACE-backed BPM mortgage loans	2.223	3.043
SACE-backed Intesa mortgage loans	1.225	1.925
Banca Popolare di Sondrio loan	1.211	1.909
SACE-backed Illimity Bank mortgage loan	-	14.500
SACE-backed Deutsche Bank mortgage loan	1.050	1.650
MHB loan to Albini Yarns Hungary	-	503
Monte dei Paschi loan	2.000	-
Finint loan	12.500	-
Amortised cost	(520)	(494)
Total	53.646	51.243

In 2024, the SACE-backed Illimity Bank mortgage loan was repaid and replaced with the new Finnint syndicated loan, whereas the MHB loan is nil at the reporting date, following the deconsolidation of Albini Yarns Hungary.

Bank loans and borrowings are broken down by due date as follows:

	Due within one year	Due after one year	Due after five years	Total
Bank loans and borrowings	33.917	19.729	-	53.646

The new €15 million syndicated loan arranged by Finint is secured by a mortgage on the group’s buildings. A portion of this loan was used to repay early two unsecured loans and a €7,000,000 bullet loan disbursed in December 2021 by Illimity Bank.

The non-current loans in place with two banks include financial covenants which, based on the consolidated figures and the statutory financial statements of Cotonificio Albin S.p.A. at 31 December 2024, are not complied with.

This does not affect the maturity of these loans, which remain classified as non-current, as the banks, having been informed of the situation, have duly waived their claims against the group in respect of the events that occurred.

As noted earlier, the terms of the interest rate swaps are consistent with the repayment schedules for the outstanding loans. The 2024 net fair value losses of €115 thousand on these hedging instruments have been recognised in the hedging reserve.

Loans and borrowings from other financial backers

This caption totals €4,421 thousand at year end (31 December 2023: €5,260 thousand) and is comprised of lease liabilities and a loan granted by Simest for participation at international trade shows.

Loans and borrowings from other financial backers analysed by due date are as follows:

	Due within one year	Due after one year	Of which, due after five years	Total
Loans and borrowings from other financial backers	879	3.542	325	4.421

Payments on account

This caption totals €402 thousand (31 December 2023: €1,636 thousand) and is comprised of advance payments made for the supply of goods.

Trade payables

Trade payables total €46,135 thousand (31 December 2023: €33,243 thousand).

Trade payables by geographical segment:	31.12.2024	31.12.2023
Italian suppliers	22.021	16.720
EU suppliers	1.298	1.752
Non-EU suppliers	22.816	14.771
Total trade payables	46.135	33.243

Tax payables

This caption may be analysed as follows:

	31.12.2024	31.12.2023
Tax payables:		
Income taxes net of payments on account	-	-
Substitute tax on revaluation	5	15
Withholding taxes on wages and salaries	1.009	1.018
Withholding taxes on bond coupons	15	15
Withholding taxes on consultants’ fees and other sundry amounts	593	345
Total	1.622	1.393

Social security charges payable

This caption amounts to €1,929 thousand and relates to amounts due to social security institutions at year end for the relevant amounts withheld from December wages and salaries, and the amounts due to supplementary pension funds for employees and agents.

Other payables

This caption may be analysed as follows:

	31.12.2024	31.12.2023
Employees	3.159	3.293
Bondholders for coupons to be paid	-	198
Insurers	1	1
Sundry	113	167
Total	3.273	3.659

Due date of payables due after one year

The due dates of payables due after one year are as follows:

	Due		Total
	From one to five years	After five years	
Ordinary and convertible bonds - shareholders	8.757	-	8.757
Bank loans and borrowings	19.729	-	19.729
Loans and borrowings from other financial backers	3.217	325	3.542
Total	31.703	325	32.028

Accrued expenses and deferred income

This caption amounts to €1,123 thousand (31 December 2023: €1,451 thousand) and may be analysed as follows:

	31.12.2024	31.12.2023
Deferred grants	114	202
Interest expense	385	442
Accrued personnel expenses	53	112
Accrued costs due to FATF (Financial Action Task Force)	83	90
Other	488	605
Total accrued expenses and deferred income	1.123	1.451

NOTES TO THE MAIN PROFIT AND LOSS CAPTIONS

Production revenues

Turnover from sales and services

This caption amounts to €156 million, with a decrease of €17 million (10%) on the previous year.

Revenues are analysed by business segment below:

	2024	2023
Fabric sales and finishings	110.581	123.412
Cotton and yarn sales and yarn processing	42.340	43.868
Energy (profit on white certificate trading, sale of energy and energy saving systems)	2.554	5.094
Consultancy and services	233	192
Total	155.708	172.566

Consolidated turnover dipped slightly across all the above revenue categories in 2024, as discussed in the directors’ report.

Revenues from sales and services are analysed by geographical segment below:

	2024	2023
Italy	47.540	57.324
EU countries (excluding Italy)	33.423	33.736
Non-EU countries	74.745	81.506
Total	155.708	172.566

Other revenues and income

This caption totals €4.2 million (2023: €3.9 million), of which sundry income of €3.7 million and grants related to income of €0.5 million.

Sundry income mainly consists of the recovery of transport costs (€894 thousand), gains on the sale of assets (€1,008 thousand), the sale of marketing materials and other consumables (€42 thousand), revenues from energy sales (€73 thousand), prior-year income (€187 thousand) and lease income (€77 thousand). The caption also includes other sundry income €1,178 thousand mainly related to sales of sundry materials.

Grants related to income are as follows:

	2024	2023
Grant related to assets pursuant to Law no. 181/89	87	110
Export grants for the Egyptian subsidiaries	219	422
GSE grants related to energy and subsidies to energy- intensive consumers	180	832
Fondimpresa and other grants for personnel training	23	17
Grants	-	10
Total	509	1.391

In compliance with regulations on transparency of state aid introduced by article 1.125-129 of Law no. 124/2017 as subsequently integrated and amended, it is noted that the group did not receive any grants during the year.

PRODUCTION COST

Raw materials, consumables, supplies and goods

This caption amounts to €81 million, with an increase of €11 million over the previous year. It comprises costs for the purchase of raw cotton, yarns and fabrics, as well as dyeing products and other materials and packaging to be used in the production process. Purchases of raw materials refer to raw cotton and other natural fibres (e.g., linen), animal fibres (wool, silk, cashmere and vicuna) and artificial fibres (viscose) used in the production of innovative yarns.

Services

Services rose €1.7 million from €40.3 million in 2023 to €42 million in 2024. This caption mainly includes outsourcing and transport costs, customs duties, fees, maintenance costs, utilities and energy.

Directors’ and statutory auditors’ fees amount respectively to €273 thousand and €83 thousand.

Use of third party assets

This caption amounts to €1,169 thousand (2023: €1,292 thousand) and mainly comprises hire costs of €136 thousand, lease instalments for employee accommodation and civil buildings totalling €51 thousand and lease payments for industrial buildings and third- party warehouses by the Italian and foreign subsidiaries amounting to €982 thousand.

Personnel expenses

The breakdown of these costs is already provided in the profit and loss account. Personnel expenses decreased from €34.5 million in 2023 to €32.2 million in 2024, down by €2.3 million (-7%).

The changes of the year in the group’s workforce by category are as follows:

	31.12.2023	New hires	Departures	Transfers	31.12.2024	Average of the year
Managers	14	2	(3)	-	13	13,5
Junior managers and white collars	291	29	(15)	-	305	298
Blue collars and other employees	887	37	(39)	-	885	886
Total	1.192	68	(57)	-	1.203	1.197,5

Amortisation, depreciation and write-downs

Amortisation and depreciation increased by €217 thousand from €5,292 thousand in 2023 to €5,509 thousand.

Write-downs of current receivables and liquid funds include the €124 thousand accrual to the provision for bad debts for the portion necessary to adjust receivables to their estimated realisable value.

Other operating costs

This caption totals €0.9 million (unchanged on the previous year) and mainly relates to indirect taxes and duties of €505 thousand and contributions to trade associations of €187 thousand. The bad debts recorded during the year were fully covered by the provision for bad debts.

Financial income and charges

Other financial income from unconsolidated subsidiaries

This caption amounts to €157 thousand and refers to the interest accrued on the loan granted by I Cotoni di Albinì S.p.A. to Albinì Yarns Hungary Kft., which was not consolidated in 2024.

Other financial income

This caption amounts to €178 thousand and mainly comprises interest income on bank accounts of €89 thousand and other interest and income of €81 thousand.

Interest and other financial charges - Exchange rate gains and losses

Interest and other financial charges are comprised as follows:

	2024	2023
Interest expense and commissions on loans and advances	3.470	3.853
Bank interest expense	229	283
Interest expense on bonds - shareholders and third parties	88	88
Discounts and financial charges	119	138
Total	3.906	4.362

Net exchange rate losses come to €324 thousand, compared to net exchange rate gains of €3 thousand in 2023.

Adjustments to financial assets

Write-backs

No write-backs of derivatives were recognised in 2024 (2023: €16 thousand).

Write-downs

No write-downs of derivatives were recognised in 2024 (2023: €9 thousand).

Income taxes

This caption is as follows:

	2024	2023
Current:		
Income taxes	294	228
Total current taxes	294	228
Income from participation in the national tax consolidation scheme	653	362
Change in deferred tax assets	(30)	(1)
Change in deferred tax liabilities	(472)	4
Total deferred taxes	(502)	3
Total income taxes of the year	445	593

Commitments, guarantees and contingent liabilities

This section describes the group’s guarantees, commitments and contingent liabilities. No third-party assets were held at the premises of group companies in 2024.

Sureties given to third parties consist of those issued to the Egyptian authorities (FATF and Electricity Co.) to guarantee the Egyptian subsidiaries’ customs operations (€265 thousand), to Alba Leasing S.p.A. (€255 thousand), to Axpo S.p.A, (€700 thousand) and to others (€41 thousand).

Post-balance sheet events

Pursuant to article 38.1.o-decies of Legislative decree no. 127/91, it is noted that there were no post-balance sheet events, with the exception of a new €6 million medium-term five-year loan agreed by Cotonificio Albinì S.p.A. with BCC Milano cooperative credit bank in January 2025, with which a constructive relationship has been established.

During the first six months of the year, the group’s performance was stronger than in the same period of 2024, although uncertainty surrounding market developments in the second half of the year persists and remains a source of concern. Reference should be made to the “Outlook” section of the directors’ report for further details.

Notes to the consolidated financial statements, final part

The consolidated financial statements are consistent with the accounting records of the parent and the information received from the consolidated companies in compliance with ruling legislation and they give a true and fair view of the group’s financial position, results of operations and cash flows for the year.

Albino, 30 July 2025

On behalf of the board of directors
The chairman
(Fabio Albini)



05

Report of the board
of statutory auditors

(Translation from the Italian original which remains the definitive version)

ALBINI GROUP S.p.A. with registered office in Via Dr. Silvio Albini n.1, Albino (BG) -
Share capital: € 2,024,035,52.= fully paid-up
Bergamo company registry and tax code: 01736210160

REPORT OF THE BOARD OF STATUTORY AUDITORS ON THE
CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR
ENDED - 31 DECEMBER 2024

Dear shareholders,

The consolidated financial statements are comprised, as per legislation, of a balance sheet, a profit and loss account, a cash flow statement and the notes thereto and are accompanied by a directors' report on the companies included in the consolidation scope.

The net loss for the year is made up of the following captions, whose amounts are given in thousands of Euros:

A. Production revenues	164,553.=
B. Production cost	<u>160,957.=</u>
• Operating profit (loss) (A - B)	3,596.=
C. Net financial expense	(3,641).=
D. Adjustments to financial assets	<u>---</u>
• Pre-tax profit (loss) (A-B+C+D+E)	(45).=
• Income taxes, current and deferred	<u>(445).=</u>
• Net profit (loss) for the year before minority interests	(490).=
• Minority interests	<u>231.=</u>
• Net profit (loss) for the year attributable to the Group	<u>(721).=</u>

After carrying out our checks and to the extent of our duties, we confirm the following:

- the consolidated financial statements were prepared on the basis of the financial statements as at and for the year ended 31 December 2024 prepared by the directors of each group company;

- we concur with how the consolidation scope was determined; such scope includes the direct and indirect subsidiaries Cotonificio Albini S.p.A., Albini Energia S.r.L., Tessitura di Mottola S.r.L. in liquidation, I Cotoni di Albini S.p.A., Dietfurt S.r.o., Mediterranean Textile S.a.e., Delta Dyeing S.a.e., Albini Trading Shanghai Co. Ltd, Albini Hong Kong Ltd and Albini USA Corp., consolidated on a line-by-line basis;
- the accounting policies were correctly applied;
- the directors' report adequately describes:
 - the group's results of operations and cash flows and the risks to which it is exposed;
 - the 2024 performance;
 - the outlook.

Our examination confirmed that the directors' report is consistent with the consolidated financial statements.

The independent auditors, KPMG S.p.A., issued their report pursuant to article 14 of Legislative decree n.39 of 27th January 2010 bearing today's date. Such report does not highlight any significant deviations, disclaimer of opinion or the impossibility to express an opinion or matters of emphasis. Accordingly, it expresses a clean opinion without changes.

The shareholders, with communication dated 30th July 2025, expressly waived the terms provided for by art. 2429 of the Italian Civil Code for the filing of this unitary report, exempting us of any dispute.

In consideration of the express provision of the statute, the ordinary meeting for the approval of the statutory financial statements was convened within the longer term of 180 days from the end of the financial year.

The shareholders are only required to consider the consolidated financial statements and related documents for information purposes as they are not subject to approval.

Bergamo, 31th July 2025

dott. Danilo Arici

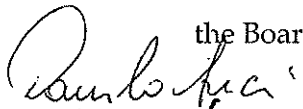
- (President)

dott. Lorenzo Gelmini

- (Regular auditor)

dott. Fabrizio Lecchi

- (Regular auditor)







the Board of Statutory Auditors

06

Independent
auditors 'report



KPMG S.p.A.
Revisione e organizzazione contabile
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24121 BERGAMO BG
Telefono +39 035 240218
Email it-fmaudit@kpmg.it
PEC kpmgspa@pec.kpmg.it

(This independent auditors’ report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)

Independent auditors’ report pursuant to article 14 of Legislative decree no. 39 of 27 January 2010

To the shareholders of
Albini Group S.p.A.

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of the Albini Group (the “group”), which comprise the balance sheet as at 31 December 2024, the profit and loss account and cash flow statement for the year then ended and notes thereto.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Albini Group as at 31 December 2024 and of its financial performance and cash flows for the year then ended in accordance with the Italian regulations governing their preparation.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the “Auditors’ responsibilities for the audit of the consolidated financial statements” section of our report. We are independent of Albini Group S.p.A. (the “parent”) in accordance with the ethics and independence rules and standards applicable in Italy to audits of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the parent’s directors and board of statutory auditors (“Collegio Sindacale”) for the consolidated financial statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the Italian regulations governing their preparation and, in accordance with the Italian law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the group’s ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the consolidated financial statements and for the adequacy of the related disclosures.

KPMG S.p.A.
è una società per azioni
di diritto italiano
e fa parte del network KPMG
di entità indipendenti affiliate a
KPMG International Limited,
società di diritto inglese.



Ancona Bari Bergamo
Bologna Bolzano Brescia
Catania Como Firenze Genova
Lecce Milano Napoli Novara
Padova Palermo Parma Perugia
Pescara Roma Torino Treviso
Trieste Varese Verona

Società per azioni
Capitale sociale
Euro 10.415.500,00 i.v.
Registro Imprese Milano Monza Brianza Lodi
e Codice Fiscale N. 00709600159
R.E.A. Milano N. 512867
Partita IVA 00709600159
VAT number IT00709600159
Sede legale: Via Vittor Pisani, 25
20124 Milano MI ITALIA



Albini Group
Independent auditors’ report
31 December 2024

The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the parent or ceasing operations exist, or have no realistic alternative but to do so.

The Collegio Sindacale is responsible for overseeing, within the terms established by the Italian law, the group’s financial reporting process.

Auditors’ responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA Italia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISA Italia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group’s internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- conclude on the appropriateness of the directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors’ report. However, future events or conditions may cause the group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at the appropriate level required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Albini Group
Independent auditors' report
31 December 2024

Report on other legal and regulatory requirements

Opinion and statement pursuant to article 14.2.e)/e-bis)/e-ter) of Legislative decree no. 39/10

The parent’s directors are responsible for the preparation of the group’s directors’ report at 31 December 2024 and for the consistency of such report with the related consolidated financial statements and its compliance with the applicable law.

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to:

- express an opinion on the consistency of the directors’ report with the consolidated financial statements;
- express an opinion on the compliance of the directors’ report with the applicable law;
- issue a statement of any material misstatements in the directors’ report.

In our opinion, the directors’ report is consistent with the group’s consolidated financial statements at 31 December 2024.

Moreover, in our opinion, the directors’ report has been prepared in compliance with the applicable law.

With reference to the above statement required by article 14.2.e-ter) of Legislative decree no. 39/10, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Bergamo, 31 July 2025

KPMG S.p.A.

(signed on the original)

Stefano Azzolari
Director of Audit

ALBINI GROUP

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