UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended: June 30, 2023

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from __________ to __________

Commission file number: 1-10026

ALBANY INTERNATIONAL CORP.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

216 Airport Drive, Rochester, New Hampshire
(Address of principal executive offices)

14-0462060
(IRS Employer Identification No.)

03867
(Zip Code)

603-330-5850
(Registrant’s telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock, $0.001 par value per share	AIN	The New York Stock Exchange (NYSE)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The registrant had 31.2 million shares of Class A Common Stock as of July 15, 2023.

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ITEM 1. FINANCIAL STATEMENTS

ALBANY INTERNATIONAL CORP.
CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except per share amounts)
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Net revenues	$ 274,123	$ 261,369	$ 543,219	$ 505,538
Cost of goods sold	171,419	160,776	341,197	313,341
Gross profit	102,704	100,593	202,022	192,197
Selling, general, and administrative expenses	46,760	39,745	95,239	82,452
Technical and research expenses	10,318	10,161	20,595	20,050
Restructuring expenses, net	125	(28)	145	226
Operating income	45,501	50,715	86,043	89,469
Interest expense/(income), net	3,106	3,933	6,396	7,542
Other (income)/expense, net	(4,511)	(7,045)	(4,966)	(10,973)
Income before income taxes	46,906	53,827	84,613	92,900
Income tax expense	20,080	14,458	30,701	25,456
Net income	26,826	39,369	53,912	67,444
Net income attributable to the noncontrolling interest	154	168	351	506
Net income attributable to the Company	$ 26,672	$ 39,201	$ 53,561	$ 66,938
Earnings per share attributable to Company shareholders - Basic	$ 0.86	$ 1.25	$ 1.72	$ 2.12
Earnings per share attributable to Company shareholders - Diluted	$ 0.85	$ 1.25	$ 1.71	$ 2.11
Shares of the Company used in computing earnings per share:				
Basic	31,174	31,268	31,152	31,571
Diluted	31,269	31,378	31,243	31,668
Dividends declared per Class A share	$ 0.25	$ 0.21	$ 0.50	$ 0.42

The accompanying notes are an integral part of the consolidated financial statements

ALBANY INTERNATIONAL CORP.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME/(LOSS)
(in thousands)
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Net income	$ 26,826	$ 39,369	$ 53,912	$ 67,444
Other comprehensive income/(loss), before tax:				
Foreign currency translation	(2,818)	(39,319)	10,622	(40,870)
Amortization of pension liability adjustments:				
Prior service credit	(1,030)	(1,122)	(2,061)	(2,245)
Net actuarial loss	347	967	693	1,938
Payments and amortization related to interest rate swaps included in earnings	(3,678)	1,168	(6,901)	2,864
Derivative valuation adjustment	4,199	3,316	3,537	15,037
Income taxes related to items of other comprehensive income/(loss):				
Amortization of prior service credit	316	343	631	687
Amortization of net actuarial loss	(107)	(296)	(212)	(593)
Payments and amortization related to interest rate swaps included in earnings	931	(295)	1,746	(725)
Derivative valuation adjustment	(1,063)	(840)	(895)	(3,809)
Comprehensive income	23,923	3,291	61,072	39,728
Comprehensive income attributable to the noncontrolling interest	333	77	768	471
Comprehensive income attributable to the Company	$ 23,590	$ 3,214	$ 60,304	$ 39,257

The accompanying notes are an integral part of the consolidated financial statements

ALBANY INTERNATIONAL CORP.
CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share data)
(unaudited)

	June 30, 2023	December 31, 2022
ASSETS		
Cash and cash equivalents	$ 300,916	$ 291,776
Accounts receivable, net	242,189	200,018
Contract assets, net	145,324	148,695
Inventories	151,360	139,050
Income taxes prepaid and receivable	8,473	7,938
Prepaid expenses and other current assets	55,538	50,962
Total current assets	903,800	838,439
Property, plant and equipment, net	451,986	445,658
Intangibles, net	31,842	33,811
Goodwill	179,257	178,217
Deferred income taxes	14,491	15,196
Noncurrent receivables, net	26,568	27,913
Other assets	99,204	103,021
Total assets	$ 1,707,148	$ 1,642,255
LIABILITIES AND SHAREHOLDERS' EQUITY		
Accounts payable	$ 65,812	$ 69,707
Accrued liabilities	104,398	126,385
Current maturities of long-term debt	—	—
Income taxes payable	10,905	15,224
Total current liabilities	181,115	211,316
Long-term debt	487,000	439,000
Other noncurrent liabilities	107,781	108,758
Deferred taxes and other liabilities	15,533	15,638
Total liabilities	791,429	774,712
COMMITMENTS AND CONTINGENCIES (Note 15)		
SHAREHOLDERS' EQUITY		
Preferred stock, par value $5.00 per share; authorized 2,000,000 shares; none issued	—	—
Class A Common Stock, par value $.001 per share; authorized 100,000,000 shares; 40,842,023 issued in 2023 and 40,785,434 in 2022	41	41
Class B Common Stock, par value $.001 per share; authorized 25,000,000 shares; none issued and outstanding in 2023 and 2022	—	—
Additional paid in capital	443,556	441,540
Retained earnings	969,292	931,318
Accumulated items of other comprehensive income:		
Translation adjustments	(135,538)	(146,851)
Pension and postretirement liability adjustments	(17,423)	(15,783)
Derivative valuation adjustment	15,194	17,707
Treasury stock (Class A), at cost; 9,662,562 shares in 2023 and 9,674,542 in 2022	(364,665)	(364,923)
Total Company shareholders' equity	910,457	863,049
Noncontrolling interest	5,262	4,494
Total equity	915,719	867,543
Total liabilities and shareholders' equity	$ 1,707,148	$ 1,642,255

The accompanying notes are an integral part of the consolidated financial statements

ALBANY INTERNATIONAL CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
OPERATING ACTIVITIES		
Net income	$ 53,912	$ 67,444
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	32,299	31,276
Amortization	3,018	3,598
Change in deferred taxes and other liabilities	1,787	2,596
Impairment of property, plant, equipment, and inventory	532	2,662
Non-cash interest expense	565	561
Compensation and benefits paid or payable in Class A Common Stock	2,274	2,447
Provision for credit losses from uncollected receivables and contract assets	493	1,326
Foreign currency remeasurement (gain) on intercompany loans	(3,198)	(1,260)
Fair value adjustment on foreign currency options	(123)	(381)
Changes in operating assets and liabilities that provided/(used) cash:		
Accounts receivable	(40,131)	(14,407)
Contract assets	4,606	(23,868)
Inventories	(9,174)	(21,135)
Prepaid expenses and other current assets	(2,700)	(4,474)
Income taxes prepaid and receivable	(381)	(60)
Accounts payable	(5,255)	7,476
Accrued liabilities	(21,570)	(11,745)
Income taxes payable	(4,943)	(7,739)
Noncurrent receivables	1,705	1,864
Other noncurrent liabilities	(1,922)	(3,252)
Other, net	2,881	4,784
Net cash provided by operating activities	14,675	37,713
INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(34,899)	(35,659)
Purchased software	(72)	(366)
Net cash used in investing activities	(34,971)	(36,025)
FINANCING ACTIVITIES		
Proceeds from borrowings	61,000	135,000
Principal payments on debt	(13,000)	—
Principal payments on finance lease liabilities	—	(654)
Purchase of Treasury shares	—	(84,780)
Taxes paid in lieu of share issuance	(3,136)	(770)
Proceeds from options exercised	—	7
Dividends paid	(15,570)	(13,399)
Net cash provided by financing activities	29,294	35,404
Effect of exchange rate changes on cash and cash equivalents	142	(18,258)
Increase in cash and cash equivalents	9,140	18,834
Cash and cash equivalents at beginning of period	291,776	302,036
Cash and cash equivalents at end of period	$ 300,916	$ 320,870

The accompanying notes are an integral part of the consolidated financial statements

ALBANY INTERNATIONAL CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

1. Significant Accounting Policies

Basis of Presentation

In the opinion of management, the accompanying unaudited consolidated financial statements contain all adjustments necessary for a fair presentation of results for such periods. Albany International Corp. ("Albany", the "Registrant", the "Company", "we", "us", or "our") consolidates the financial results of its subsidiaries for all periods presented. The results for any interim period are not necessarily indicative of results for the full year.

The preparation of financial statements in accordance with U.S. generally accepted accounting principles ("GAAP") requires management to make estimates and assumptions that affect the amounts reported in the Company's Consolidated Financial Statements and accompanying Notes. Actual results could differ materially from those estimates.

The information included in this Quarterly Report on Form 10-Q should be read in conjunction with Albany International Corp.'s Annual Report on Form 10-K for the year ended December 31, 2022.

Acquisition

On June 14, 2023, the Company entered into an agreement to acquire Heimbach GmbH ("Heimbach"), a privately-held manufacturer of paper machine clothing and technical textiles located in Düren, Germany. The Company will acquire Heimbach for a purchase price of approximately €153 million, including net debt of approximately €21 million. Albany expects to fund the acquisition using cash on hand. The transaction is subject to regulatory approvals and other customary closing conditions.

2. Reportable Segments and Revenue Recognition

In accordance with applicable disclosure guidance for enterprise segments and related information, the internal organization that is used by management for making operating decisions and assessing performance is used as the basis for our reportable segments.

Machine Clothing:

The Machine Clothing ("MC") segment supplies permeable and impermeable belts used in the manufacture of paper, paperboard, tissue and towel, nonwovens, fiber cement and several other industrial applications. We sell our MC products directly to customer end-users in countries across the globe. Our products, manufacturing processes, and distribution channels for MC are substantially the same in each region of the world in which we operate.

We design, manufacture, and market paper machine clothing (used in the manufacturing of paper, paperboard, tissue and towel) for each section of the paper machine and for every grade of paper. Paper machine clothing products are customized, consumable products of technologically sophisticated design that utilize polymeric materials in a complex structure.

Albany Engineered Composites:

The Albany Engineered Composites ("AEC") segment provides highly engineered, advanced composite structures to customers in the commercial and defense aerospace industries. The segment includes Albany Safran Composites, LLC ("ASC"), in which our customer, the SAFRAN Group ("SAFRAN") owns a 10 percent noncontrolling interest. AEC, through ASC, is the exclusive supplier of the LEAP program of advanced composite fan blades and fan cases under a long-term supply contract, where revenue is determined by a cost-plus-fee agreement. The LEAP engine is used on the Airbus A320neo, Boeing 737 MAX, and COMAC 919 aircraft. AEC's largest aerospace customer is the SAFRAN Group and sales to SAFRAN (consisting primarily of fan blades and cases for CFM International's LEAP engine) accounted for approximately 16 percent of the Company's consolidated Net revenues in 2022. AEC net sales to SAFRAN were $93.5 million and $83.1 million in the first six months of 2023 and 2022, respectively. The total of Accounts receivable, Contract assets and Noncurrent receivables due from SAFRAN amounted to $88.9 million and $80.8 million as of June 30, 2023 and December 31, 2022, respectively.

Other significant programs by AEC include the Sikorsky CH-53K, F-35, JASSM, and Boeing 787 programs. AEC also supplies vacuum waste tanks for the Boeing 7-Series programs, and specialty components for the Rolls Royce lift fan on the F-35, as well as the fan case for the GE9X engine. For the year ended December 31, 2022, approximately 46 percent of AEC revenues were related to U.S. government contracts or programs.

The following tables show data by reportable segment, reconciled to consolidated totals included in the financial statements:

	Three months ended June 30,		Six months ended June 30,	
(in thousands)	2023	2022	2023	2022
Net revenues				
Machine Clothing	**$ 159,217**	$ 151,670	**$ 312,439**	$ 305,732
Albany Engineered Composites	**114,906**	109,699	**230,780**	199,806
Consolidated revenues	**$ 274,123**	$ 261,369	**$ 543,219**	$ 505,538
Operating income/(loss)				
Machine Clothing	**$ 53,726**	$ 54,861	**$ 102,690**	$ 104,505
Albany Engineered Composites	**8,668**	9,535	**18,086**	10,730
Corporate expenses	**(16,893)**	(13,681)	**(34,733)**	(25,766)
Consolidated Operating income	**$ 45,501**	$ 50,715	**$ 86,043**	$ 89,469
Reconciling items:				
Interest income	**(1,838)**	(846)	**(2,944)**	(1,498)
Interest expense	**4,944**	4,779	**9,340**	9,040
Other (income)/expense, net	**(4,511)**	(7,045)	**(4,966)**	(10,973)
Income before income taxes	**$ 46,906**	$ 53,827	**$ 84,613**	$ 92,900

Revenue Recognition:

Products and services provided under long-term contracts represent a significant portion of revenues in the Albany Engineered Composites segment and we account for these contracts over time, primarily using the percentage of completion (actual cost to estimated cost) method. That method requires significant judgment and estimation, which could be considerably different if the underlying circumstances were to change. When adjustments in estimated contract revenues or costs are required, any changes from prior estimates are included in earnings in the period the change occurs. Changes in the estimated profitability of long-term contracts could be caused by increases or decreases in the contract value, revisions to customer delivery requirements, updated labor or overhead rates, factors affecting the supply chain, changes in the evaluation of contract risks and opportunities, or other factors. Changes in the estimated profitability of long-term contracts decreased operating income by $1.9 million for the second quarter of 2023 and decreased operating income $4.0 million for the first half of 2023. Adjustments in the estimated profitability of long-term contracts increased operating income by $1.2 million and decreased operating income $0.6 for the second quarter and first half of 2022, respectively.

We disaggregate revenue earned from contracts with customers for each of our business segments and product groups based on the timing of revenue recognition, and groupings used for internal review purposes.

The following table disaggregates revenue for each product group by timing of revenue recognition for the three months ended June 30, 2023:

	Three months ended June 30, 2023		
(in thousands)	Point in Time Revenue Recognition	Over Time Revenue Recognition	Total
Machine Clothing	$ 158,273	$ 944	$ 159,217
Albany Engineered Composites:			
ASC	—	47,417	47,417
Other AEC	3,511	63,978	67,489
Total Albany Engineered Composites	3,511	111,395	114,906
Total revenues	$ 161,784	$ 112,339	$ 274,123

The following table disaggregates revenue for each product group by timing of revenue recognition for the three months ended June 30, 2022:

	Three months ended June 30, 2022		
(in thousands)	Point in Time Revenue Recognition	Over Time Revenue Recognition	Total
Machine Clothing	$ 150,770	$ 900	$ 151,670
Albany Engineered Composites:			
ASC	—	41,661	41,661
Other AEC	5,018	63,020	68,038
Total Albany Engineered Composites	5,018	104,681	109,699
Total revenues	$ 155,788	$ 105,581	$ 261,369

The following table disaggregates revenue for each product group by timing of revenue recognition for the six months ended June 30, 2023:

	Six months ended June 30, 2023		
(in thousands)	Point in Time Revenue Recognition	Over Time Revenue Recognition	Total
Machine Clothing	$ 310,551	$ 1,888	$ 312,439
Albany Engineered Composites:			
ASC	—	91,949	91,949
Other AEC	9,304	129,527	138,831
Total Albany Engineered Composites	9,304	221,476	230,780
Total revenues	$ 319,855	$ 223,364	$ 543,219

The following table disaggregates revenue for each product group by timing of revenue recognition for the six months ended June 30, 2022:

(in thousands)	Six months ended June 30, 2022 Point in Time Revenue Recognition	Over Time Revenue Recognition	Total
Machine Clothing	$ 303,933	$ 1,799	$ 305,732
Albany Engineered Composites:			
ASC	—	81,373	81,373
Other AEC	8,931	109,502	118,433
Total Albany Engineered Composites	8,931	190,875	199,806
Total revenues	$ 312,864	$ 192,674	$ 505,538

The following table disaggregates MC segment revenue by significant product groupings (paper machine clothing ("PMC") and engineered fabrics), and, for PMC, the geographical region to which the paper machine clothing was sold:

	Three months ended June 30,		Six months ended June 30,	
(in thousands)	2023	2022	2023	2022
Americas PMC	**$ 94,154**	$ 79,062	**$ 177,532**	$ 155,678
Eurasia PMC	**48,541**	52,368	**100,278**	107,854
Engineered Fabrics	**16,522**	20,240	**34,629**	42,200
Total Machine Clothing net revenues	**$ 159,217**	$ 151,670	**$ 312,439**	$ 305,732

We do not disclose the value of unsatisfied performance obligations for contracts with an original expected duration of one year or less. Contracts in the MC segment are generally for periods of less than a year and certain contracts in the AEC segment are relatively short duration firm-fixed-price orders. Remaining performance obligations on contracts that had an original duration of greater than one year totaled $792 million and $579 million as of June 30, 2023 and 2022, respectively, and related primarily to firm contracts in the AEC segment. Of the remaining performance obligations as of June 30, 2023, we expect to recognize as revenue approximately $78 million during 2023, $131 million during 2024, $148 million during 2025, and the remainder thereafter.

3. Pensions and Other Postretirement Benefit Plans

The Company has defined benefit pension plans covering certain U.S. and non-U.S. employees. The Company also provides certain postretirement benefits to retired employees in the U.S. and Canada. The Company accrues the cost of providing these benefits during the active service period of the employees.

The composition of the net periodic benefit cost/ (income) for the six months ended June 30, 2023 and 2022, was as follows:

	Pension plans		Other postretirement benefits	
(in thousands)	**2023**	**2022**	**2023**	**2022**
Components of net periodic benefit cost/(income):				
Service cost	**$ 565**	$ 708	**$ 30**	$ 57
Interest cost	**2,141**	2,828	**937**	611
Expected return on assets	**(1,955)**	(3,405)	**—**	—
Amortization of prior service cost/(income)	**(16)**	(1)	**(2,045)**	(2,244)
Amortization of net actuarial loss	**279**	997	**414**	941
Net periodic benefit cost/(income)	**$ 1,014**	$ 1,127	**$ (664)**	$ (635)

The amount of net benefit cost/(income) is determined at the beginning of each year and generally only varies from quarter to quarter when a significant event occurs, such as a curtailment or a settlement. There were no such events in the first six months of 2023 or 2022.

Service cost for defined benefit pension and postretirement plans are reported in the same line item as other compensation costs arising from services rendered by the pertinent employees during the period. Other components of net periodic benefit cost are included in the line item Other (income)/expense, net in the Consolidated Statements of Income.

4. Other (Income)/Expense, net

The components of Other (income)/expense, net are:

	Three months ended June 30,		Six months ended June 30,	
(in thousands)	**2023**	**2022**	**2023**	**2022**
Currency transaction (gains)/losses	**$ (4,193)**	$ (7,284)	**$ (4,133)**	$ (11,024)
Bank fees and amortization of debt issuance costs	**33**	80	**91**	176
Components of net periodic pension and postretirement cost other than service cost	**(120)**	(137)	**(245)**	(273)
Other	**(231)**	296	**(679)**	148
Total other (income)/expense, net	**$ (4,511)**	$ (7,045)	**$ (4,966)**	$ (10,973)

Other (income)/expense, net, included foreign currency related transactions which resulted in gains of $4.2 million and $4.1 million in the three and six months ended June 30, 2023, respectively, as compared to gains of $7.3 million and $11.0 million in the same period last year. The stronger Euro and Mexican Peso during the three and six months ended June 30, 2023 led to a lesser gain on foreign currency related transactions.

5. Income Taxes

The following table presents components of income tax expense for the three and six months ended June 30, 2023 and 2022:

(in thousands, except percentages)	Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
Income tax based on income from operations (1)	$ 13,909	$ 15,165	$ 24,967	$ 26,107
Provision for change in estimated tax rate	124	66	124	66
Income tax before discrete items	14,033	15,231	25,091	26,173
Discrete tax expense:				
Exercise of U.S. stock options	—	—	—	(9)
Impact of amended tax returns	—	(17)	—	(98)
True-up of prior year estimated taxes	1,941	(612)	1,396	(508)
Enacted tax legislation and rate change	—	—	313	—
Provision for/resolution of tax audits and contingencies, net	750	(146)	778	(140)
Impact of long range tax planning	—	—	(443)	—
Withholding tax related to internal restructuring	3,026	—	3,026	—
Other	330	2	540	38
Total income tax expense/(benefit)	$ 20,080	$ 14,458	$ 30,701	$ 25,456

(1) Income tax is calculated at estimated annualized effective tax rate of 29.7% and 28.2% for the three and six months ended June 30, 2023 and 2022, respectively.

Income tax expense for the quarter was computed in accordance with ASC 740-270, Income Taxes – Interim Reporting. Under this method, loss jurisdictions, which cannot recognize a tax benefit with regard to their generated losses, are excluded from the annual effective tax rate calculation and their taxes will be recorded discretely in each quarter.

6. Earnings Per Share

The amounts used in computing earnings per share and the weighted average number of shares of potentially dilutive securities are as follows:

(in thousands, except market price and earnings per share)	Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
Net income attributable to the Company	$ 26,672	$ 39,201	$ 53,561	$ 66,938
Weighted average number of shares:				
Weighted average number of shares used in calculating basic net income per share	31,174	31,268	31,152	31,571
Effect of dilutive stock-based compensation plans:				
RSU and MPP shares	95	110	91	97
Weighted average number of shares used in calculating diluted net income per share	31,269	31,378	31,243	31,668
Net income attributable to the Company per share:				
Basic	$ 0.86	$ 1.25	$ 1.72	$ 2.12
Diluted	$ 0.85	$ 1.25	$ 1.71	$ 2.11

7. Accumulated Other Comprehensive Income ("AOCI")

The table below presents changes in the components of AOCI for the period from December 31, 2022 to June 30, 2023:

(in thousands)	Translation adjustments	Pension and postretirement liability adjustments	Derivative valuation adjustment	Total Other Comprehensive Income
December 31, 2022	**$ (146,851)**	**$ (15,783)**	**$ 17,707**	**$ (144,927)**
Other comprehensive income/(loss) before reclassifications, net of tax	11,313	(691)	2,642	13,264
Interest (expense)/income related to swaps reclassified to the Consolidated Statements of Income, net of tax	—	—	(5,155)	(5,155)
Pension and postretirement liability adjustments reclassified to Consolidated Statements of Income, net of tax	—	(949)	—	(949)
Net current period other comprehensive income	11,313	(1,640)	(2,513)	7,160
June 30, 2023	**$ (135,538)**	**$ (17,423)**	**$ 15,194**	**$ (137,767)**

The table below presents changes in the components of AOCI for the period from December 31, 2021 to June 30, 2022:

(in thousands)	Translation adjustments	Pension and postretirement liability adjustments	Derivative valuation adjustment	Total Other Comprehensive Income
December 31, 2021	**$ (105,880)**	**$ (38,490)**	**$ (1,614)**	**$ (145,984)**
Other comprehensive income/(loss) before reclassifications, net of tax	(41,391)	521	11,228	(29,642)
Interest (expense)/income related to swaps reclassified to the Consolidated Statements of Income, net of tax	—	—	2,139	2,139
Pension and postretirement liability adjustments reclassified to Consolidated Statements of Income, net of tax	—	(213)	—	(213)
Net current period other comprehensive income	(41,391)	308	13,367	(27,716)
June 30, 2022	**$ (147,271)**	**$ (38,182)**	**$ 11,753**	**$ (173,700)**

The components of AOCI that are reclassified to the Consolidated Statements of Income relate to our pension and postretirement plans and interest rate swaps.

The table below presents the expense/(income) amounts reclassified from AOCI, and the line items of the Consolidated Statements of Income that were affected for the three and six months ended June 30, 2023 and 2022:

	Three months ended June 30,		Six months ended June 30,	
(in thousands)	**2023**	**2022**	**2023**	**2022**
Pretax Derivative valuation reclassified from Accumulated Other Comprehensive Income:				
Other (income)/expense, net related to interest rate swaps included in Income before taxes	**$ (3,678)**	$ 1,168	**$ (6,901)**	$ 2,864
Income tax effect	**931**	(295)	**1,746**	(725)
Effect on net income due to items reclassified from Accumulated Other Comprehensive Income	**$ (2,747)**	$ 873	**$ (5,155)**	$ 2,139
Pretax pension and postretirement liabilities reclassified from Accumulated Other Comprehensive Income:				
Amortization of prior service credit	**$ (1,030)**	$ (1,122)	**$ (2,061)**	$ (2,245)
Amortization of net actuarial loss	**347**	967	**693**	1,938
Total pretax amount reclassified (a)	**(683)**	(155)	**(1,368)**	(307)
Income tax effect	**209**	47	**419**	94
Effect on net income due to items reclassified from Accumulated Other Comprehensive Income	**$ (474)**	$ (108)	**$ (949)**	$ (213)

(a) These accumulated other comprehensive income components are included in the computation of net periodic pension cost (see *Note 3. Pensions and Other Postretirement Benefit Plans*).

8. Noncontrolling Interest

Effective October 31, 2013, Safran S.A. (Safran) acquired a 10 percent equity interest in a new Albany subsidiary, Albany Safran Composites, LLC ("ASC"). The table below presents a reconciliation of income attributable to the noncontrolling interest and noncontrolling equity in the Company’s subsidiary, Albany Safran Composites, LLC:

	Six months ended June 30,	
(in thousands, except percentages)	**2023**	**2022**
Net income of Albany Safran Composites (ASC)	**$ 4,146**	$ 5,690
Less: Return attributable to the Company's preferred holding	**637**	632
Net income of ASC available for common ownership	**$ 3,509**	$ 5,058
Ownership percentage of noncontrolling shareholder	**10 %**	10 %
Net income attributable to the noncontrolling interest	**$ 351**	$ 506
Noncontrolling interest, beginning of year	**$ 4,494**	$ 3,638
Net income attributable to noncontrolling interest	**351**	506
Changes in other comprehensive income attributable to the noncontrolling interest	**417**	(35)
Noncontrolling interest, end of interim period	**$ 5,262**	$ 4,109

9. Accounts Receivable

Accounts receivable, net includes Trade and other accounts receivable and Bank promissory notes, net of Allowance for expected credit losses. In connection with certain revenues in Asia, the Company accepts a bank promissory note as customer payment. The notes may be presented for payment at maturity, which is less than one year. As of June 30, 2023 and December 31, 2022, Accounts receivable consisted of the following:

(in thousands)	**June 30, 2023**	**December 31, 2022**
Trade and other accounts receivable	**$ 226,996**	$ 179,676
Bank promissory notes	**18,859**	23,439
Allowance for expected credit losses	**(3,666)**	(3,097)
Accounts receivable, net	**$ 242,189**	$ 200,018

The Company has Noncurrent receivables in the AEC segment that represent revenue earned, which has extended payment terms. The Noncurrent receivables will be invoiced to the customer over a 10-year period, which began in 2020. As of June 30, 2023 and December 31, 2022, Noncurrent receivables consisted of the following:

(in thousands)	**June 30, 2023**	**December 31, 2022**
Noncurrent receivables	**$ 26,702**	$ 28,053
Allowance for expected credit losses	**(134)**	(140)
Noncurrent receivables, net	**$ 26,568**	$ 27,913

10. Contract Assets and Liabilities

Contract assets include unbilled amounts typically resulting from revenues under contracts when the cost-to-cost method of revenue recognition is utilized, and revenue recognized exceeds the amount billed to the customer. Contract assets are transferred to Accounts receivable, net when the entitlement to pay becomes unconditional and the customer is invoiced. Contract liabilities include advance payments and billings in excess of revenue recognized. Contract liabilities are included in Accrued liabilities in the Consolidated Balance Sheets.

Contract assets and Contract liabilities are reported on the Consolidated Balance Sheets in a net position on a contract-by-contract basis at the end of each reporting period.

As of June 30, 2023 and December 31, 2022, Contract assets and Contract liabilities consisted of the following:

(in thousands)	**June 30, 2023**	**December 31, 2022**
Contract assets	**$ 146,054**	$ 149,443
Allowance for expected credit losses	**(730)**	(748)
Contract assets, net	**$ 145,324**	$ 148,695
Contract liabilities	**$ 6,796**	$ 15,176

Contract assets, net decreased $3.4 million during the six months ended June 30, 2023. The decrease was primarily due to invoicing to customers for satisfied performance obligations for contracts that were in a contract asset position. There were no impairment losses related to our Contract assets during the six months ended June 30, 2023 and June 30, 2022.

Contract liabilities decreased $8.4 million during the six months ended June 30, 2023, primarily due to revenue recognized from satisfied performance obligations exceeding amounts invoiced to customers that were in a contract liability position. Revenue recognized for the six months ended June 30, 2023 and 2022 that was included in the Contract liability balance at the beginning of the year was $11.7 million and $5.5 million, respectively.

11. Inventories

Costs included in inventories are raw materials, labor, supplies and allocable depreciation and overhead. Raw material inventories are valued on an average cost basis. Other inventory cost elements are valued at cost, using the first-in, first-out method. The Company writes down the inventories for estimated obsolescence, and to lower of cost or net realizable value based upon assumptions about future demand and market conditions. If actual demand or market conditions are less favorable than those projected by the Company, additional inventory write-downs may be required. Once established, the original cost of the inventory less the related write-down represents the new cost basis of such inventories.

As of June 30, 2023 and December 31, 2022, Inventories consisted of the following:

(in thousands)	June 30, 2023	December 31, 2022
Raw materials	$ 78,251	$ 74,631
Work in process	57,691	50,516
Finished goods	15,418	13,903
Total inventories	$ 151,360	$ 139,050

12. Goodwill and Other Intangible Assets

Goodwill represents the excess of the purchase price over the fair value of the net tangible and identifiable intangible assets acquired in each business combination. Goodwill and intangible assets with indefinite useful lives are not amortized, but are tested for impairment at least annually.

In the second quarter of 2023, management applied the qualitative assessment approach in performing its annual evaluation of goodwill for the Company's Machine Clothing reporting unit and two AEC reporting units and concluded that each reporting unit’s fair value continued to exceed its carrying value. In addition, there were no amounts at risk due to the estimated excess between the fair and carrying values. Accordingly, no impairment charges were recorded.

When a quantitative assessment is performed, determining the fair value of a reporting unit requires the use of significant estimates and assumptions, including revenue growth rates, operating margins, discount rates, and future market conditions, among others. Goodwill and other long-lived assets are reviewed for impairment whenever events, such as significant changes in the business climate, plant closures, changes in product offerings, or other circumstances indicate that the carrying amount may not be recoverable.

To determine fair value, we utilize two market-based approaches and an income approach. Under the market-based approaches, we utilize information regarding the Company, as well as publicly available industry information, to determine earnings multiples and revenues multiples. Under the income approach, we determine fair value based on estimated future cash flows of each reporting unit, discounted by an estimated weighted-average cost of capital, which reflects the overall level of inherent risk of a reporting unit and the rate of return an outside investor would expect to earn.

13. Financial Instruments

Long-term debt, principally to banks and noteholders, consists of:

(in thousands, except interest rates)	June 30, 2023	December 31, 2022
Revolving credit agreement with borrowings outstanding at an end of period interest rate of 3.68% in 2023 and 3.16% in 2022 (including the effect of interest rate hedging transactions, as described below), due in 2024	**$ 487,000**	$ 439,000

We had no current maturities of Long-term debt as of June 30, 2023 or December 31, 2022.

On October 27, 2020, we entered into a $700 million Amended and Restated unsecured Four-Year Revolving Credit Agreement (the “Credit Agreement”), which amended and restated the prior $685 million Five-Year Revolving Credit Facility Agreement, entered into on November 7, 2017. On June 23, 2023, we entered into the first Amendment to the Credit Agreement (the Credit Agreement and the First Amendment, collectively, the "Amended Credit Agreement") to replace the LIBOR-based reference interest rate option with a reference interest rate option based on the Term Secured Overnight Financing Rate ("Term SOFR") plus an applicable credit spread adjustment (subject to a minimum floor of 0.00%). The Amendment did not make any other material changes to the terms and conditions of the Credit Agreement, including the representations and warranties, events of default, affirmative and negative covenants.

The applicable interest rate for borrowings is based on Term SOFR plus a spread, which is based on our leverage ratio (as defined in the Amended Credit Agreement) at the time of a borrowing as follows:

Leverage Ratio	Commitment Fee	ABR Spread	Total Spread
<1.00:1.00	0.275%	0.500%	1.500%
≥ 1.00:1.00 and < 2.00:1.00	0.300%	0.625%	1.625%
≥ 2.00:1.00 and < 3.00:1.00	0.325%	0.750%	1.750%
≥ 3.00:1.00	0.350%	1.000%	2.000%

As of June 30, 2023, however, the applicable interest rate for borrowings was based on LIBOR plus the spread, which was 1.625%.

As of June 30, 2023, there was $487 million of borrowings outstanding under the Amended Credit Agreement. As of June 30, 2023, we had borrowings available of $213 million, based on our maximum leverage ratio and our Consolidated EBITDA (as defined in the Amended Credit Agreement).

The Amended Credit Agreement contains customary terms, as well as affirmative covenants, negative covenants and events of default. As of June 30, 2023, we were in compliance with all applicable covenants. We anticipate continued compliance in each of the next four quarters while continuing to monitor its future compliance based on current and future economic conditions.

The borrowings are guaranteed by certain of the Company’s subsidiaries as defined in the Amended Credit Agreement. Our ability to borrow additional amounts under the Amended Credit Agreement is conditional upon the absence of any defaults, as well as the absence of any material adverse change (as defined in the Amended Credit Agreement).

On June 14, 2021, we entered into interest rate swap agreements for the period October 17, 2022 through October 27, 2024. These transactions have the effect of fixing the LIBOR portion of the effective interest rate (before addition of the spread) on $350 million of indebtedness, drawn under the Amended Credit Agreement at the rate of 0.838% during the period. Under the terms of these transactions, we paid the fixed rate of 0.838% and the counterparties paid a floating rate based on the one-month LIBOR rate at each monthly calculation date. The Amended Credit Agreement monthly calculation date is the 16th of each month, and on June 16, 2023, one-month LIBOR was 5.16%. As of June 16, 2023, the all-in-rate on the $350 million of debt was 2.463%. On June 29, 2023, the Company amended each Swap agreement, in accordance with the practical expedients included in Accounting Standards Codification (“ASC”) 848, Reference Rate Reform, to replace the LIBOR Benchmark with a Term SOFR Benchmark. As a result of the amendments, we will pay a fixed blended rate of 0.7683% (plus a credit spread adjustment as defined in the Amended Credit Agreement) through October 27, 2024 on $350 million of borrowings under the Amended Credit Agreement. The effective date of the amended Swap agreements is July 17, 2023.

On October 17, 2022, our interest rate swap agreements that were in effect from December 18, 2017 terminated. These transactions had the effect of fixing the LIBOR portion of the effective interest rate (before addition of the spread) on $350 million of indebtedness drawn under the Credit Agreement at the rate of 2.11% during the period. Under the terms of those transactions, we paid the fixed rate of 2.11% and the counterparties paid a floating rate based on the one-month LIBOR rate at each monthly calculation date. The all-in-rate on the $350 million of debt was 3.735% at the time the swap agreements terminated.

These interest rate swaps are accounted for as a hedge of future cash flows, as further described in *Note 14. Fair-Value Measurements*. No cash collateral was received or pledged in relation to the swap agreements.

Under the Amended Credit Agreement, we are required to maintain leverage and minimum interest coverage ratios (as defined in the Credit Agreement) of not greater than 3.50 to 1.00 and greater than 3.00 to 1.00, respectively.

As of June 30, 2023, our leverage ratio was 1.49 to 1.00 and our interest coverage ratio was 14.36 to 1.00. We may purchase our Common Stock or pay dividends to the extent our leverage ratio remains at or below 3.50 to 1.00, and may make acquisitions with cash, provided our leverage ratio does not exceed the limits noted above.

Indebtedness under the Amended Credit Agreement is ranked equally in right of payment to all unsecured senior debt.

14. Fair-Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. The Company uses a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy requires the Company to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

- Level 1 - Quoted prices in active markets for identical assets or liabilities.
- Level 2 - Observable inputs other than quoted prices included in Level 1, such as quoted prices in markets that are not active or other inputs that are observable or can be corroborated by observable market data.
- Level 3 - Unobservable inputs that are supported by little or no market activity and are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

We had no Level 3 financial assets or liabilities at June 30, 2023 or at December 31, 2022.

The following table presents the fair-value hierarchy for our Level 1 and Level 2 financial and non-financial assets and liabilities, which are measured at fair value on a recurring basis:

	June 30, 2023		December 31, 2022	
(in thousands)	**Quoted prices in active markets (Level 1)**	**Significant other observable inputs (Level 2)**	**Quoted prices in active markets (Level 1)**	**Significant other observable inputs (Level 2)**
Fair Value				
Assets:				
Cash equivalents	**$ 12,212**	**$ —**	$ 6,533	$ —
Other Assets:				
Common stock of unaffiliated foreign public company (a)	**565**	**—**	602	—
Interest rate swaps	**$ —**	**$ 20,303**	$ —	$ 23,605

(a) Original cost basis $0.5 million.

Cash equivalents include short-term securities that are considered to be highly liquid and easily tradable. These securities are valued using inputs observable in active markets for identical securities.

The interest rate swaps are accounted for as hedges of future cash flows. The fair value of our interest rate swaps are derived from a discounted cash flow analysis based on the terms of the contract and the interest rate curve, and is included in Other assets and/or Other noncurrent liabilities in the Consolidated Balance Sheets. Amounts determined to be due within one year are reclassified to Other current assets and/or Accrued liabilities in the Consolidated Balance Sheets. Unrealized gains and losses on the interest rate swaps flow through the caption Derivative valuation adjustment in the Shareholders' equity section of the Consolidated Balance Sheets. On June 29, 2023, the Company amended each Swap agreement, in accordance with the practical expedients included in ASC 848, Reference Rate Reform, to replace the LIBOR Benchmark with a Term SOFR Benchmark (See *Note 13. Financial Instruments* for additional information). As of June 30, 2023, these interest rate swaps were determined to be highly effective hedges of interest rate cash flow risk. Amounts accumulated in Other comprehensive income are reclassified as interest expense/(income), net when the related interest payments (that is, the hedged forecasted transactions), affect earnings. Interest expense/(income) related to payments under the active swap agreements totaled $(6.9) million for the six months ended June 30, 2023, and $2.9 million for the six months ended June 30, 2022.

We operate our business in many regions of the world, and currency rate movements can have a significant effect on operating results. Foreign currency instruments are entered into periodically, and consist of foreign currency option contracts and forward contracts that are valued using quoted prices in active markets obtained from independent pricing sources. These instruments are measured using market foreign exchange prices and are recorded in the Consolidated Balance Sheets as Other current assets and Accounts payable, as applicable. Changes in fair value of these instruments are recorded as gains or losses within Other (income)/expense, net.

When exercised, the foreign currency instruments are net settled with the same financial institution that bought or sold them. For all positions, whether options or forward contracts, there is risk from the possible inability of the financial institution to meet the terms of the contracts and the risk of unfavorable changes in interest and currency rates, which may reduce the value of the instruments. We seek to mitigate risk by evaluating the creditworthiness of counterparties and by monitoring the currency exchange and interest rate markets while reviewing the hedging risks and contracts to ensure compliance with our internal guidelines and policies.

(Gains)/losses related to changes in fair value of derivative instruments that were recognized in Other (income)/expense, net in the Consolidated Statements of Income were as follows:

	Three months ended June 30,		Six months ended June 30,	
(in thousands)	**2023**	**2022**	**2023**	**2022**
Derivatives not designated as hedging instruments:				
Foreign currency options (gains)/losses	**$ (138)**	$ 596	**$ (123)**	$ (381)

15. Commitments and Contingencies

Asbestos Litigation

Albany International Corp. is a defendant in suits brought in various courts in the United States by plaintiffs who allege that they have suffered personal injury as a result of exposure to asbestos-containing paper machine clothing synthetic dryer fabrics marketed during the period from 1967 to 1976 and used in certain paper mills. We were defending 3,601 claims as of June 30, 2023.

The following table sets forth the number of claims filed, the number of claims settled, dismissed or otherwise resolved, and the aggregate settlement amount during the periods presented:

(in thousands, except number of claims)	Opening Number of Claims	Claims Dismissed, Settled, or Resolved	New Claims	Closing Number of Claims	Amounts Paid to Settle or Resolve
As of December 31, 2022	3,609	43	32	3,598	$ 125
As of June 30, 2023	**3,598**	**4**	**7**	**3,601**	**$ 4**

We anticipate that additional claims will be filed against the Company and related companies in the future but are unable to predict the number and timing of such future claims. Due to the fact that information sufficient to meaningfully estimate a range of possible loss of a particular claim is typically not available until late in the discovery process, we do not believe a meaningful estimate can be made regarding the range of possible loss with respect to pending or future claims and therefore are unable to estimate a range of reasonably possible loss in excess of amounts already accrued for pending or future claims.

While we believe we have meritorious defenses to these claims, we have settled certain claims for amounts we consider reasonable given the facts and circumstances of each case. Our insurance carrier has defended each case and funded settlements under a standard reservation of rights. As of June 30, 2023, we had resolved, by means of settlement or dismissal, 38,032 claims at a total cost of $10.6 million. Of this amount, almost 100% was paid by our insurance carrier, who has confirmed that we have approximately $140 million of remaining coverage under primary and excess policies that should be available with respect to current and future asbestos claims.

The Company's subsidiary, Brandon Drying Fabrics, Inc. ("Brandon"), is also a separate defendant in many of the asbestos cases in which Albany is named as a defendant, despite never having manufactured any fabrics containing asbestos. While Brandon was defending against 7,702 claims as of June 30, 2023, only twelve claims have been filed against Brandon since January 1, 2012, and only $15,000 in settlement costs have been incurred since 2001. Brandon was acquired by the Company in 1999 and has its own insurance policies covering periods prior to 1999. Since 2004, Brandon's insurance carriers have covered 100% of indemnification and defense costs, subject to policy limits and a standard reservation of rights.

In some of these asbestos cases, the Company is named both as a direct defendant and as the "successor in interest" to Mount Vernon Mills ("Mount Vernon"). We acquired certain assets from Mount Vernon in 1993. Certain plaintiffs allege injury caused by asbestos-containing products alleged to have been sold by Mount Vernon many years prior to this acquisition. Mount Vernon is contractually obligated to indemnify the Company against any liability arising out of such products. We deny any liability for products sold by Mount Vernon prior to the acquisition of the Mount Vernon assets. Pursuant to its contractual indemnification obligations, Mount Vernon has assumed the defense of these claims. On this basis, we have successfully moved for dismissal in a number of actions.

We currently do not anticipate, based on currently available information, that the ultimate resolution of the aforementioned proceedings will have a material adverse effect on the financial position, results of operations, or cash flows of the Company. Although we cannot predict the number and timing of future claims, based on the foregoing factors, the trends in claims filed against us, and available insurance, we also do not currently anticipate that potential future claims will have a material adverse effect on our financial position, results of operations, or cash flows.

16. Changes in Shareholders' Equity

The following table summarizes changes in Shareholders' Equity for the period December 31, 2022 to June 30, 2023:

(in thousands)	Class A Common Stock Shares	Class A Common Stock Amount	Additional paid-in capital	Retained earnings	Accumulated items of other comprehensive income	Class A Treasury Stock Shares	Class A Treasury Stock Amount	Noncontrolling Interest	Total Shareholders' Equity
December 31, 2022	**40,785**	**$ 41**	**$ 441,540**	**$ 931,318**	**$ (144,927)**	**9,675**	**$ (364,923)**	**$ 4,494**	**$ 867,543**
Net income	—	—	—	26,889	—	—	—	197	27,086
Compensation and benefits paid or payable in shares	58	—	378	—	—	—	—	—	378
Dividends declared on Class A Common Stock, $0.25 per share	—	—	—	(7,792)	—	—	—	—	(7,792)
Cumulative translation adjustments	—	—	—	—	13,881	—	—	238	14,119
Pension and postretirement liability adjustments	—	—	—	—	(916)	—	—	—	(916)
Derivative valuation adjustment	—	—	—	—	(2,902)	—	—	—	(2,902)
March 31, 2023	**40,842**	**$ 41**	**$ 441,917**	**$ 950,415**	**$ (134,864)**	**9,675**	**$ (364,923)**	**$ 4,929**	**$ 897,515**
Net income	—	—	—	26,672	—	—	—	154	26,826
Compensation and benefits paid or payable in shares	—	—	811	—	—	—	—	—	811
Shares issued to Directors'	—	—	828	—	—	(12)	258	—	1,086
Dividends declared on Class A Common Stock, $0.25 per share	—	—	—	(7,795)	—	—	—	—	(7,795)
Cumulative translation adjustments	—	—	—	—	(2,568)	—	—	179	(2,389)
Pension and postretirement liability adjustments	—	—	—	—	(724)	—	—	—	(724)
Derivative valuation adjustment	—	—	—	—	389	—	—	—	389
June 30, 2023	**40,842**	**$ 41**	**$ 443,556**	**$ 969,292**	**$ (137,767)**	**9,663**	**$ (364,665)**	**$ 5,262**	**$ 915,719**

The following table summarizes changes in Shareholders' Equity for the period December 31, 2021 to June 30, 2022:

(in thousands)	Class A Common Stock Shares	Class A Common Stock Amount	Additional paid-in capital	Retained earnings	Accumulated items of other comprehensive income	Class A Treasury Stock Shares	Class A Treasury Stock Amount	Noncontrolling Interest	Total Shareholders' Equity
December 31, 2021	**40,760**	**$ 41**	**$ 436,996**	**$ 863,057**	**$ (145,984)**	**8,665**	**$ (280,143)**	**$ 3,638**	**$ 877,605**
Net income	—	—	—	27,737	—	—	—	338	28,075
Compensation and benefits paid or payable in shares	21	—	745	—	—	—	—	—	745
Options exercised	—	—	7	—	—	—	—	—	7
Purchase of Treasury shares (a)	—	—	—	—	—	515	(43,937)	—	(43,937)
Dividends declared on Class A Common Stock, $0.21 per share	—	—	—	(6,661)	—	—	—	—	(6,661)
Cumulative translation adjustments	—	—	—	—	(1,730)	—	—	56	(1,674)
Pension and postretirement liability adjustments	—	—	—	—	74	—	—	—	74
Derivative valuation adjustment	—	—	—	—	10,018	—	—	—	10,018
March 31, 2022	**40,781**	**$ 41**	**$ 437,748**	**$ 884,133**	**$ (137,622)**	**9,180**	**$ (324,080)**	**$ 4,032**	**$ 864,252**
Net income	—	—	—	39,201	—	—	—	168	39,369
Compensation and benefits paid or payable in shares	4	—	902	—	—	—	—	—	902
Shares issued to Directors'	—	—	800	—	—	(13)	285	—	1,085
Purchase of Treasury shares (a)	—	—	—	—	—	508	(41,128)	—	(41,128)
Dividends declared on Class A Common Stock, $0.21 per share	—	—	—	(6,529)	—	—	—	—	(6,529)
Cumulative translation adjustments	—	—	—	—	(39,661)	—	—	(91)	(39,752)
Pension and postretirement liability adjustments	—	—	—	—	234	—	—	—	234
Derivative valuation adjustment	—	—	—	—	3,349	—	—	—	3,349
June 30, 2022	**40,785**	**$ 41**	**$ 439,450**	**$ 916,805**	**$ (173,700)**	**9,675**	**$ (364,923)**	**$ 4,109**	**$ 821,782**

(a) In October 2021, the Company's Board of Directors authorized the Company to repurchase shares of up to $200 million through open market purchases, privately negotiated transactions or otherwise, and to determine the prices, times and amounts. During the six months ended June 30, 2022, the Company repurchased 1,022,717 shares totaling $85.1 million. The Company did not repurchase shares during the six months ended June 30, 2023.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Management's Discussion and Analysis ("MD&A") is intended to help the reader understand the results of operations and financial condition of the Company. MD&A is provided as a supplement to, and should be read in conjunction with, our Consolidated Financial Statements and the accompanying Notes.

Forward-looking statements

This quarterly report and the documents incorporated or deemed to be incorporated by reference in this quarterly report contain statements concerning our future results and performance and other matters that are "forward-looking" statements within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The words "believe," "expect," "anticipate," "intend," "estimate," "project," "forecast," "look for," "will," "should," "guidance," "guide" and similar expressions identify forward-looking statements, which generally are not historical in nature. Because forward-looking statements are subject to certain risks and uncertainties, (including, without limitation, those set forth in the Company's most recent Annual Report on Form 10-K or prior Quarterly Reports on Form 10-Q) actual results may differ materially from those expressed or implied by such forward-looking statements.

There are a number of risks, uncertainties, and other important factors that could cause actual results to differ materially from the forward-looking statements, including, but not limited to:

- Conditions in the industries in which our Machine Clothing and Albany Engineered Composites segments compete, along with the general risks associated with macroeconomic conditions, including continuation of COVID-19 pandemic effects for an extended period of time;
- Across the entire Company, increasing labor, raw material, energy, and logistics costs due to supply chain constraints and inflationary pressures; challenges that have only increased as a result of the ongoing Russia-Ukraine war;
- In the Machine Clothing segment, greater than anticipated declines in the demand for publication grades of paper, or lower than anticipated growth in other paper grades;
- In the Albany Engineered Composites segment, longer-than-expected timeframe for the aerospace industry to utilize existing inventories, unanticipated reductions in demand, including reductions driven by supply chain shortages on other aircraft components, delays, technical difficulties, and cancellations in aerospace programs that are expected to generate revenue and drive long-term growth;
- Slower to achieve or maintain anticipated profitable growth in our Albany Engineered Composites segment;
- Failure to consummate the recently announced acquisition of Heimbach GmbH ("Heimbach"), as further described in the below *Business Environment Overview and Trends* section, within the expected timeframe or at all, and if consummated, failure to or delayed realization of anticipated benefits of the acquisition could adversely impact the Company's business, financial condition and results of operations, as further described in *Item 1A. Risk Factors*; and
- Other risks and uncertainties detailed in this report and other periodic reports.

Further information concerning important factors that could cause actual events or results to be materially different from the forward-looking statements can be found in "Business Environment Overview and Trends" sections of this quarterly report, as well as in Item 1A-"Risk Factors" section of our most recent Annual Report on Form 10-K. Although we believe the expectations reflected in our other forward-looking statements are based on reasonable assumptions, it is not possible to foresee or identify all factors that could have a material and negative impact on our future performance. The forward-looking statements included or incorporated by reference in this report are made on the basis of our assumptions and analyses, as of the time the statements are made, in light of our experience and perception of historical conditions, expected future developments, and other factors believed to be appropriate under the circumstances.

Except as otherwise required by the federal securities laws, we disclaim any obligations or undertaking to publicly release any updates or revisions to any forward-looking statement contained or incorporated by reference in this report to reflect any change in our expectations with regard thereto or any change in events, conditions, or circumstances on which any such statement is based.

Business Environment Overview and Trends

Our reportable segments, Machine Clothing ("MC") and Albany Engineered Composites ("AEC"), draw on the same advanced textiles and materials processing capabilities, and compete on the basis of product-based advantage that is grounded in those core capabilities.

The MC segment is the Company's long-established core business and primary generator of cash. While it has been negatively impacted by well-documented declines in publication grades in the Company's traditional markets, there has been some offsetting effect due to growth in demand for packaging and tissue grades, as well as the expansion of paper consumption and production in Asia and South America. We feel we are well-positioned in key markets, with high-quality, low-cost production in growth markets, substantially lower fixed costs in mature markets, and continued strength in new product development, technical product support, and manufacturing technology. Some of the markets in which our products are sold are expected to have low levels of growth and we face pricing pressures in all markets. Despite these market pressures on revenue, the MC business retains the potential for maintaining stable earnings in the future. MC has been a significant generator of cash, and we seek to maintain the cash-generating potential of this business by maintaining the low costs that we have achieved through continuous focus on cost-reduction initiatives, and competing vigorously by using our differentiated and technically superior products to reduce our customers' total cost of operation and improve their paper quality. On June 14, 2023, the Company entered into an agreement to acquire Heimbach, a privately-held manufacturer of paper machine clothing and technical textiles located in Düren, Germany. The Company will acquire Heimbach for a purchase price of approximately €153 million, including net debt of approximately €21 million, subject to regulatory approvals and other customary closing conditions.

The AEC segment provides significant longer term growth potential for the Company. Our strategy is to grow by focusing our proprietary 3D-woven technology, as well as our non-3D technology capabilities, on high-value aerospace (both commercial and defense) applications, while at the same time performing successfully on our portfolio of growth programs. AEC (including Albany Safran Composites, LLC ("ASC"), in which our customer SAFRAN Group owns a 10 percent noncontrolling interest) supplies a number of customers in the aerospace industry. AEC's largest aerospace customer is the SAFRAN Group ("SAFRAN") and sales to SAFRAN, through ASC, (consisting primarily of fan blades and cases for CFM's LEAP engine) accounted for approximately 16 percent of the Company's consolidated Net revenues in 2022. AEC, through ASC, also supplies 3D-woven composite fan cases for the GE9X engine. AEC's current portfolio of non-3D programs includes components for the CH-53K helicopter, components for the F-35 joint strike fighter, missile bodies for Lockheed Martin's JASSM air-to-surface missiles, fuselage components for the Boeing 787, and vacuum waste tanks for Boeing 7-Series aircraft. AEC is actively engaged in research to develop new applications in both commercial and defense aircraft engine and airframe markets. For the year ended December 31, 2022, approximately 46 percent of AEC revenues were related to U.S. government contracts or programs.

Consolidated Results of Operations

Net revenues

The following table summarizes our Net revenues by business segment:

	Three months ended June 30,			Six months ended June 30,		
(in thousands, except percentages)	**2023**	**2022**	**% Change**	**2023**	**2022**	**% Change**
Machine Clothing	**$ 159,217**	$ 151,670	5.0 %	**$ 312,439**	$ 305,732	2.2 %
Albany Engineered Composites	**114,906**	109,699	4.7 %	**230,780**	199,806	15.5 %
Total	**$ 274,123**	$ 261,369	4.9 %	**$ 543,219**	$ 505,538	7.5 %

The following tables provide a comparison of 2023 Net revenues, excluding currency translation effects, to 2022 Net revenues:

(in thousands, except percentages)		Net revenues as reported, Q2 2023		(Decrease)/increase due to changes in currency translation rates		Q2 2023 revenues on same basis as Q2 2022 currency translation rates		Net revenues as reported, Q2 2022	% Change compared to Q2 2022, excluding currency rate effects
Machine Clothing	$	**159,217**	$	(878)	$	160,095	$	151,670	5.6 %
Albany Engineered Composites		**114,906**		1,072		113,834		109,699	3.8 %
Total	$	**274,123**	$	194	$	273,929	$	261,369	4.8 %

(in thousands, except percentages)		Net revenues as reported, YTD 2023		(Decrease) due to changes in currency translation rates		YTD 2023 revenues on same basis as 2022 currency translation rates		Net revenues as reported, YTD 2022	% Change compared to 2022, excluding currency rate effects
Machine Clothing	$	**312,439**	$	(4,346)	$	316,785	$	305,732	3.6 %
Albany Engineered Composites		**230,780**		(424)		231,204		199,806	15.7 %
Total	$	**543,219**	$	(4,770)	$	547,989	$	505,538	8.4 %

Three month comparison

Net revenues increased 4.9% compared to the same period in 2022, and overall were largely unaffected by changes in currency translation rates. MC's, net revenues increased 5.0% compared to the second quarter of 2022, driven by higher net revenues in packaging, tissue and pulp grades, partially offset by decreases in Engineered Fabrics. AEC's net revenues increased 4.7%, primarily driven by growth in LEAP programs and other commercial programs, offset by lower CH-53K sales.

Six month comparison

Changes in currency translation rates had the effect of decreasing Net revenues by $4.8 million, driven by a weaker Euro and Renminbi as compared to 2022. Excluding the effect of changes in currency translation rates:

- Net revenues increased 8.4% compared to the same period in 2022.
- Net revenues in MC increased 3.6% compared to the first six months of 2022, primarily due to growth in revenues for packaging and tissue grades, partially offset by decreases in Engineered Fabrics.
- Net revenues in AEC increased 15.7%, primarily due to growth on LEAP, CH-53K, and JSF programs.

Gross Profit

The following table summarizes Gross profit by business segment:

	Three months ended June 30,				Six months ended June 30,			
(in thousands, except percentages)		2023		2022		2023		2022
Machine Clothing	$	**80,919**	$	78,857	$	**158,774**	$	158,202
Albany Engineered Composites		**21,785**		21,736		**43,248**		33,995
Total	$	**102,704**	$	100,593	$	**202,022**	$	192,197
% of Net revenues		**37.5 %**		38.5 %		**37.2 %**		38.0 %

Three month comparison

The increase in 2023 Gross profit, as compared to the same period last year, was driven by strong continued execution at MC, despite several headwinds. Gross profit as a percentage of revenues:

- MC's gross profit margin decreased from 52.0% in 2022 to 50.8% in 2023, due to an increase in input costs, mainly due to the inflationary environment, and lower absorption.
- AEC's gross profit margin decreased from 19.8% in 2022 to 19.0% in 2023, driven by an unfavorable shift in program revenue mix, coupled with unfavorable changes in the estimated profitability of long-term contracts, which decreased operating income by $1.9 million in 2023 and increased operating income by $1.2 million in 2022.

Six month comparison

The increase in Gross profit during the first half of 2023, as compared to the same period in 2022, was due to growth in LEAP and CH-53K programs at AEC. Gross profit as a percentage of revenues:

- MC's gross profit margin decreased from 51.7% in 2022 to 50.8% in 2023, due to an increase in input costs.
- AEC's gross profit margin increased from 17.0% in 2022 to 18.7% in 2023, driven by significant growth in revenues in the first quarter of 2023, primarily on the CH-53K, LEAP and other commercial programs. In addition, gross profit margin increased as a result of improved overhead absorption and the absence of a $2 million raw material reserve on damaged inventory, as compared to prior year.

Selling, Technical, General, and Research ("STG&R")

The following table summarizes STG&R expenses by business segment:

	Three months ended June 30,		Six months ended June 30,	
(in thousands, except percentages)	2023	2022	2023	2022
Machine Clothing	**$ 27,068**	$ 24,009	**$ 55,939**	$ 53,486
Albany Engineered Composites	**13,117**	12,202	**25,162**	23,266
Corporate expenses	**16,893**	13,695	**34,733**	25,750
Total	**$ 57,078**	$ 49,906	**$ 115,834**	$ 102,502
% of Net revenues	**20.8 %**	19.1 %	**21.3 %**	20.3 %

Three month comparison

Consolidated STG&R expenses increased 14.4% as compared to 2022, and as a percentage of revenues increased from 19.1% in 2022 to 20.8% in 2023.

- In MC, changes in currency translation rates had the effect of increasing STG&R by $2.4 million over the prior year. In addition, customer credit loss reserves were $0.6 million higher in 2023 as compared to 2022, as the prior year included the reversal of a large reserve related to our announced cessation of doing business in Russia.
- In AEC, Selling and general expenses increased $1.0 million related to investments in business development, including an increase in marketing and trade show activities.
- Corporate STG&R expenses increased $3.2 million, principally due to higher professional fees, including acquisition-related expenses, personnel-related costs, and software subscription fees.

Six month comparison

The overall increase in STG&R expenses in the first six months of 2023, compared to the same period in 2022, was due to the net effect of the following:

- In MC, changes in currency translation rates had the effect of increasing STG&R by $3.3 million over the prior year, which was partially offset by $0.5 million lower customer credit loss reserves in 2023. Credit loss reserves were larger during 2022 related to the dissolution of business relationships in Russia.
- In AEC, Selling and general expenses increased $1.0 million related to investments in business development, including an increase in marketing and trade show activities, as well as an increase of $0.5 million in Research expense related to investments in new technologies and enhanced capabilities.
- Corporate STG&R expenses increased $9.0 million principally due to higher professional fees, including acquisition-related expenses, personnel-related costs, and software subscription fees.

Restructuring Expense, net

In addition to the items discussed above affecting Gross profit and STG&R expenses, Operating income was affected by restructuring expense, net, of $0.1 million in both the three and six months ended June 30, 2023, and was related primarily to the winding down of restructuring actions taken in prior periods.

Operating Income

The following table summarizes operating income/(loss) by business segment:

(in thousands)	Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
Machine Clothing	**$ 53,726**	$ 54,861	**$ 102,690**	$ 104,505
Albany Engineered Composites	**8,668**	9,535	**18,086**	10,730
Corporate expenses	**(16,893)**	(13,681)	**(34,733)**	(25,766)
Total	**$ 45,501**	$ 50,715	**$ 86,043**	$ 89,469

Other Earnings Items

(in thousands)	Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
Interest expense, net	**$ 3,106**	$ 3,933	**$ 6,396**	$ 7,542
Other (income)/expense, net	**(4,511)**	(7,045)	**(4,966)**	(10,973)
Income tax expense	**20,080**	14,458	**30,701**	25,456
Net income attributable to the noncontrolling interest	**154**	168	**351**	506

Interest expense/(income), net

Interest expense/(income), net, decreased over the prior year as a result of higher interest earned on Cash and cash equivalents, in addition to decreased interest expense on finance leases. See the Working Capital, Liquidity and Capital Structure section for further discussion of borrowings and interest rates.

Other (income)/expense, net

Other (income)/expense, net, included foreign currency related transactions which resulted in gains of $4.2 million and $4.1 million in the three and six months ended June 30, 2023, respectively, as compared to gains of $7.3 million and $11.0 million in the same period last year. The stronger Euro and Mexican Peso during 2023, relative to the same period last year, led to smaller gains on foreign currency related transactions.

Income Tax expense/(benefit)

The Company has operations which constitute a taxable presence in 18 countries outside of the United States. The majority of these countries had income tax rates that are above the United States federal tax rate of 21 percent during the periods reported. The jurisdictional location of earnings is a significant component of our effective tax rate each year. The rate impact of this component is influenced by the specific location of non-U.S. earnings and the level of our total earnings. From period to period, the jurisdictional mix of earnings can vary as a result of operating fluctuations in the normal course of business, as well as the extent and location of other income and expense items, such as pension settlement and restructuring charges.

The tax rate is affected by recurring items, such as the income tax rate in the U.S. and non-U.S. jurisdictions and the mix of income earned in those jurisdictions. The tax rate is also affected by U.S. tax costs on foreign earnings, and by discrete items that may occur in any given year but are not consistent from year to year. The Company’s effective tax rate for the second quarter of 2023 was 42.8%, higher compared to 26.9% for the same period in 2022, mainly due to unfavorable discrete tax adjustments in the current period. For the first half of 2023, the Company's effective tax rate was 36.3%, higher compared to 27.4% for the same period in 2022, mainly due to unfavorable discrete tax adjustments in the current year. For more information, see *Note 5. Income Taxes* in the Notes to the Consolidated Financial Statements.

Segment Results of Operations

Machine Clothing Segment

Machine Clothing is our primary business segment and accounted for 58% of our consolidated revenues during the first six months of 2023. MC products are purchased primarily by manufacturers of paper and paperboard. We feel we are well-positioned in these markets, with high-quality, low-cost production in growth markets, substantially lower fixed costs in mature markets, and continued strength in new product development, technical product support, and manufacturing technology. Technological advances in paper machine clothing, while contributing to the papermaking efficiency of customers, have lengthened the useful life of many of our products and had an adverse impact on overall paper machine clothing demand. Additionally, we face pricing pressures in all of our markets.

The Company’s manufacturing and product platforms position us well to meet these shifting demands across product grades and geographic regions. Our strategy for meeting these challenges continues to be to grow share in all markets, with new products and technology and selective business acquisitions, and to maintain and grow our manufacturing footprint to align with global demand, while we offset the effects of inflation through continuous productivity improvement. As noted in the above *Business Environment Overview and Trends* section, on June 14, 2023, the Company entered into an agreement to acquire Heimbach, a privately-held manufacturer of paper machine clothing and technical textiles located in Düren, Germany, which is expected to enhance the Company's scale and geographic footprint, provide complimentary technology, and create a differentiated manufacturing, sales and service network.

Review of Operations

	Three months ended June 30,		Six months ended June 30,	
(in thousands, except percentages)	**2023**	**2022**	**2023**	**2022**
Net revenues	**$ 159,217**	$ 151,670	**$ 312,439**	$ 305,732
Gross profit	**80,919**	78,857	**158,774**	158,202
% of Net revenues	**50.8 %**	52.0 %	**50.8 %**	51.7 %
STG&R expenses	**27,068**	24,009	**55,939**	53,486
Operating income	**53,726**	54,861	**102,690**	104,505

Net Revenues

Three month comparison

Net revenues increased by 5.0%. Changes in currency translation rates, driven by a weaker Renminbi, had the effect of decreasing second quarter 2023 revenues by $0.9 million. Excluding the effect of changes in translation rates, net revenues in MC increased 5.6% compared to the second quarter of 2022, driven by higher net revenues in packaging, tissue and pulp grades, partially offset by decreases in Engineered Fabrics.

Six month comparison

Net revenues increased by 2.2%. Changes in currency translation rates, driven by a weaker Euro and Renminbi, had the effect of decreasing 2023 revenues by $4.3 million compared to the same period in 2022. Excluding the effect of changes in currency translation rates, Net revenues in MC increased 3.6% compared to 2022, primarily due to growth in revenues for packaging and tissue grades, partially offset by decreases in Engineered Fabrics.

Gross Profit

MC delivered higher Gross profit in the three and six months ended June 30, 2023 as compared to the prior year, though it experienced some reduction in gross margin on account of increased input costs and lower overhead absorption.

Operating Income

Operating income decreased year-over-year, as the favorability in Gross profit was more than offset by higher STG&R expenses. Changes in currency translation rates had the effect of increasing STG&R by $2.4 million and $3.3 million for the three and six months ended June 30, 2023, respectively, as compared to the prior year.

Albany Engineered Composites ("AEC") Segment

The AEC segment provides highly engineered, advanced composite structures to customers in the commercial and defense aerospace industries. The segment includes Albany Safran Composites, LLC (“ASC”), in which our customer, SAFRAN Group, owns a 10 percent noncontrolling interest. AEC, through ASC, is the exclusive supplier to the LEAP program of advanced composite fan blades and fan cases under a long-term supply contract. The LEAP engine is used on the Airbus A320neo, Boeing 737 MAX, and COMAC 919 aircraft. Other significant programs by AEC include the Sikorsky CH-53K, F-35, JASSM, and Boeing 787 programs. AEC also supplies vacuum waste tanks for the Boeing 7-Series programs, and specialty components for the Rolls Royce lift fan on the F-35, as well as the fan case for the GE9X engine.

Review of Operations

	Three months ended June 30,		Six months ended June 30,	
(in thousands, except percentages)	**2023**	**2022**	**2023**	**2022**
Net revenues	**$ 114,906**	$ 109,699	**$ 230,780**	$ 199,806
Gross profit	**21,785**	21,736	**43,248**	33,995
% of Net revenues	**19.0 %**	19.8 %	**18.7 %**	17.0 %
STG&R expenses	**13,117**	12,202	**25,162**	23,266
Operating income	**8,668**	9,535	**18,086**	10,730

Net Revenues

For the three months ended June 30, 2023, net revenues increased 4.7% compared to the prior year, driven by growth in LEAP programs. Excluding the effect of changes in currency translation rates, the increase in Net revenues was 3.8%.

For the six months ended June 30, 2023, net revenues in AEC increased 15.5%, primarily due to growth on LEAP, CH-53K, and JSF programs. Excluding the effect of changes in currency translation rates, the increase in Net revenues was 15.7%.

AEC has contracts with certain customers, including its contract for the LEAP program, where revenue is determined by a cost-plus-fee agreement. Revenue earned under these arrangements accounted for approximately 40 percent of segment revenue for the first six months of 2023 and 2022.

In addition, AEC has long-term contracts in which the selling price is fixed. In accounting for those contracts, we estimate the profit margin expected at the completion of the contract and recognize a pro-rata share of that profit during the course of the contract using a cost-to-cost approach. Changes in estimated contract profitability will affect revenue and gross profit when the change occurs, which could have a significant favorable or unfavorable effect on revenue and gross profit in any reporting period. For contracts with anticipated losses, a provision for the entire amount of the estimated remaining loss is charged against income in the period in which the loss becomes known. Contract losses are determined considering all direct and indirect contract costs, exclusive of any selling, general or administrative cost allocations, which are treated as period expenses. Expected losses on projects include losses on contract options that are probable of exercise, excluding profitable options that often follow.

Gross Profit

For the three months ended June 30, 2023, Gross profit remained largely in line with the prior year, and as a percentage of revenues decreased from 19.8% in 2022 to 19.0% in 2023, driven by an unfavorable shift in program revenue mix, coupled with unfavorable changes in the estimated profitability of long-term contracts.

For the six months ended June 30, 2023, Gross profit increased $9.3 million and as a percentage of revenues increased from 17.0% in the prior year to 18.7% in 2023. The increase was driven by a significant growth in revenues in the first quarter of 2023, primarily on the CH-53K, LEAP and other commercial programs, with improved overhead absorption and reductions in raw material reserves as compared to 2022.

Operating Income

For the three months ended June 30, 2023, Operating income decreased $0.9 million, principally due to an increase in Selling, general, and research expenses, as described above.

For the six months ended June 30, 2023, Operating income increased $7.3 million, principally due to higher Net revenues and Gross profit, as described above, partially offset by higher Selling, general and Research expenses.

Changes in the estimated profitability of long-term contracts decreased operating income by $1.9 million for the second quarter of 2023 and decreased operating income $4.0 million for the first half of 2023. For the 2022 year, adjustments in the estimated profitability of long-term contracts increased operating income by $1.2 million in the second quarter and decreased operating income by $0.6 million for the first half of the year.

Working Capital, Liquidity and Capital Structure

Cash Flow Summary

	Six months ended June 30,	
(in thousands)	**2023**	**2022**
Net income	**$ 53,912**	$ 67,444
Depreciation and amortization	**35,317**	34,874
Changes in working capital (a)	**(71,524)**	(63,679)
Changes in other noncurrent liabilities and deferred taxes	**(135)**	(656)
Other operating items	**(2,895)**	(270)
Net cash provided by operating activities	**14,675**	37,713
Net cash used in investing activities	**(34,971)**	(36,025)
Net cash provided by financing activities	**29,294**	35,404
Effect of exchange rate changes on cash and cash equivalents	**142**	(18,258)
Increase in cash and cash equivalents	**9,140**	18,834
Cash and cash equivalents at beginning of year	**291,776**	302,036
Cash and cash equivalents at end of period	**$ 300,916**	$ 320,870

(a) Includes Accounts receivable, Contract assets, Inventories, Accounts payable, and Accrued liabilities.

Net cash provided by operating activities was $14.7 million in 2023, compared to $37.7 million in the same period last year. Such decrease was primarily due to AEC's investment in working capital, as we continue to execute on the expanded CH-53K scope of work and build-up inventory to position ourselves for ongoing demand on the LEAP program.

We deploy our cash with a focus on investing in our business and new technologies to provide our customers with enhanced capabilities, increase shareholder value, and position ourselves to take advantage of new business opportunities as they arise. Based on such strategy, we have continued to invest in our business and technologies through capital expenditures, research and development, and when appropriate, selective business acquisitions. Net cash used in investing activities consisted of capital expenditures totaling $35.0 million and $36.0 million for the first six months of 2023 and 2022, respectively, comprised of both sustaining and return seeking projects. In the recent past, a portion of our capital expenditures consisted of investments to improve operational productivity, in addition to producing a meaningful impact on energy and resource efficiency.

Net cash provided by financing activities during 2023 was $29.3 million compared to $35.4 million in 2022. The decrease was, in part, due to the absence of share repurchases in the current year, which resulted in lower borrowings from the revolving credit facility.

Liquidity and Capital Structure

We finance our business activities principally with cash generated from operations and borrowings, largely through our revolving credit agreement as discussed below. Our subsidiaries outside of the United States may also maintain working capital lines with local banks, but borrowings under such local facilities tend to be insignificant.

Under our $700 million unsecured Amended Credit Agreement, $487.0 million of borrowings were outstanding as of June 30, 2023. As of June 30, 2023, we had cash and cash equivalents of $301 million and available borrowings under our Amended Credit Agreement of $213 million, for a total liquidity of approximately $514 million. We believe cash flows from operations and the availability of funds under our Amended Credit Agreement will be adequate to cover our operations and business needs over the next twelve months. For more information on the revolving credit agreement, see *Note 13. Financial Instruments* in the Notes to Consolidated Financial Statements.

As of June 30, 2023, $284 million of our total cash and cash equivalents were held by non-U.S. subsidiaries. The accumulated undistributed earnings of the Company’s foreign operations not targeted for repatriation to the U.S. were in excess of $201 million at June 30, 2023, and are intended to remain indefinitely invested in foreign operations.

Our cash planning strategy includes repatriating current earnings in excess of working capital requirements from certain countries in which our subsidiaries operate. While we have been successful in such endeavor to date, there can be no assurance that we will be able to cost effectively repatriate funds in the future. Repatriating such cash from certain jurisdictions may also result in additional withholding taxes.

On June 14, 2023, the Company entered into an agreement to acquire Heimbach, a privately-held manufacturer of paper machine clothing and technical textiles located in Düren, Germany. The Company will acquire Heimbach for a purchase price of approximately €153 million, including net debt of approximately €21 million. Albany expects to fund the acquisition and acquisition-related costs using cash on hand. The transaction is subject to regulatory approvals and other customary closing conditions.

We have also returned cash to shareholders through dividends and share repurchases. During the first six months of 2023, we paid $15.6 million in dividends and had no share repurchases.

Off-Balance Sheet Arrangements

The Company is party to certain off-balance sheet arrangements, including certain guarantees. The Company provides financial assurance, such as letters of credit and surety bonds, primarily to support workers’ compensation programs and customs clearance, of less than $5 million. There were no material changes in the Company’s off-balance sheet arrangements during 2023.

Non-GAAP Measures

This Form 10-Q contains certain non-GAAP measures that should not be considered in isolation or as a substitute for the related GAAP measures. Such non-GAAP measures include net revenues and percent change in net revenues, excluding the impact of currency translation effects; EBITDA, Adjusted EBITDA, and Adjusted EBITDA margin; Net debt; Net leverage ratio; and Adjusted earnings per share (or Adjusted EPS). Management believes that these non-GAAP measures provide additional useful information to investors regarding the Company’s operational performance.

Presenting Net revenues and change in Net revenues, after currency effects are excluded, provides management and investors insight into underlying revenues trends. Net revenues, or percent changes in net revenues, excluding currency rate effects, are calculated by converting amounts reported in local currencies into U.S. dollars at the exchange rate of a prior period. These amounts are then compared to the U.S. dollar amount as reported in the current period.

EBITDA (calculated as net income excluding interest, income taxes, depreciation and amortization), Adjusted EBITDA, and Adjusted EPS are performance measures that relate to the Company’s continuing operations. The Company defines Adjusted EBITDA as EBITDA excluding costs or benefits that are not reflective of the Company’s ongoing or expected future operational performance. Such excluded costs or benefits do not consist of normal, recurring cash items necessary to generate revenues or operate our business. Adjusted EBITDA margin represents Adjusted EBITDA expressed as a percentage of net revenues.

The Company defines Adjusted EPS as basic earnings per share (GAAP), adjusted by the after tax per share amount of costs or benefits not reflective of the Company’s ongoing or expected future operational performance. The income tax effects are calculated using the applicable statutory income tax rate of the jurisdictions where such costs or benefits were incurred or the effective tax rate applicable to total company results.

The Company’s Adjusted EBITDA, Adjusted EBITDA margin, and Adjusted EPS may not be comparable to similarly titled measures of other companies.

Net debt aids investors in understanding the Company’s debt position if all available cash were applied to pay down indebtedness.

Net leverage ratio informs the investors of the Company's financial leverage at the end of the reporting period, providing an indicator of the Company's ability to repay its debt.

We encourage investors to review our financial statements and publicly-filed reports in their entirety and not to rely on any single financial measure.

The following tables show the calculation of EBITDA and Adjusted EBITDA:

Three months ended June 30, 2023				
(in thousands)	Machine Clothing	Albany Engineered Composites	Corporate expenses and other	Total Company
Net income/(loss) (GAAP)	**$ 53,726**	**$ 8,668**	**$ (35,568)**	**$ 26,826**
Interest expense/(income), net	—	—	3,106	3,106
Income tax expense	—	—	20,080	20,080
Depreciation and amortization expense	4,931	12,072	947	17,950
EBITDA (non-GAAP)	**58,657**	**20,740**	**(11,435)**	**67,962**
Restructuring expenses, net	125	—	—	125
Foreign currency revaluation (gains)/losses (a)	566	133	(4,185)	(3,486)
Acquisition/integration costs	—	271	363	634
Pre-tax (income) attributable to noncontrolling interest	—	(212)	—	(212)
Adjusted EBITDA (non-GAAP)	**$ 59,348**	**$ 20,932**	**$ (15,257)**	**$ 65,023**

Three months ended June 30, 2022				
(in thousands)	Machine Clothing	Albany Engineered Composites	Corporate expenses and other	Total Company
Net income/(loss) (GAAP)	**$ 54,861**	**$ 9,535**	**$ (25,027)**	**$ 39,369**
Interest expense/(income), net	—	—	3,933	3,933
Income tax expense	—	—	14,458	14,458
Depreciation and amortization expense	4,880	11,450	782	17,112
EBITDA (non-GAAP)	**59,741**	**20,985**	**(5,854)**	**74,872**
Restructuring expenses, net	(30)	—	2	(28)
Foreign currency revaluation (gains)/losses (a)	(1,816)	210	(7,271)	(8,877)
Acquisition/integration costs	—	269	—	269
Pre-tax (income) attributable to noncontrolling interest	—	(205)	—	(205)
Adjusted EBITDA (non-GAAP)	**$ 57,895**	**$ 21,259**	**$ (13,123)**	**$ 66,031**

Six months ended June 30, 2023				
(in thousands)	Machine Clothing	Albany Engineered Composites	Corporate expenses and other	Total Company
Net income/(loss) (GAAP)	**$ 102,690**	**$ 18,086**	**$ (66,864)**	**$ 53,912**
Interest expense/(income), net	—	—	6,396	6,396
Income tax expense	—	—	30,701	30,701
Depreciation and amortization expense	9,706	23,736	1,875	35,317
EBITDA (non-GAAP)	**112,396**	**41,822**	**(27,892)**	**126,326**
Restructuring expenses, net	145	—	—	145
Foreign currency revaluation (gains)/losses (a)	2,526	—	(4,125)	(1,599)
Acquisition/integration costs	—	540	363	903
Pre-tax (income) attributable to noncontrolling interest	—	(401)	—	(401)
Adjusted EBITDA (non-GAAP)	**$ 115,067**	**$ 41,961**	**$ (31,654)**	**$ 125,374**

Six months ended June 30, 2022				
(in thousands)	Machine Clothing	Albany Engineered Composites	Corporate expenses and other	Total Company
Net income/(loss) (GAAP)	**$ 104,505**	**$ 10,730**	**$ (47,791)**	**$ 67,444**
Interest expense/(income), net	—	—	7,542	7,542
Income tax expense	—	—	25,456	25,456
Depreciation and amortization expense	9,803	23,489	1,582	34,874
EBITDA (non-GAAP)	**114,308**	**34,219**	**(13,211)**	**135,316**
Restructuring expenses, net	213	—	13	226
Foreign currency revaluation (gains)/losses (a)	(759)	633	(11,011)	(11,137)
Dissolution of business relationships in Russia	1,787	—	781	2,568
Acquisition/integration costs	—	551	—	551
Pre-tax (income) attributable to noncontrolling interest	—	(457)	—	(457)
Adjusted EBITDA (non-GAAP)	**$ 115,549**	**$ 34,946**	**$ (23,428)**	**$ 127,067**

The Company discloses certain income and expense items on a per-share basis. The Company believes that such disclosures provide important insights into the underlying quarterly earnings and are financial performance metrics commonly used by investors. The Company calculates the quarterly per-share amount for items included in continuing operations by using the income tax rate based on either the tax rates in specific countries or the estimated tax rate applied to total company results. The after-tax amount is then divided by the weighted-average number of shares outstanding for each period. Year-to-date earnings per-share effects are determined by adding the amounts calculated at each reporting period.

The following tables show the earnings per share effect of certain income and expense items:

Three months ended June 30, 2023 (in thousands, except per share amounts)	Pre tax Amounts	Tax Effect	After tax Effect	Per share Effect
Restructuring expenses, net	$ 125	$ 31	$ 94	$ 0.00
Foreign currency revaluation (gains)/losses (a)	(3,486)	(1,034)	(2,452)	(0.08)
Withholding tax related to internal restructuring	—	(3,026)	3,026	0.10
Acquisition/integration costs	634	158	476	0.02

Three months ended June 30, 2022 (in thousands, except per share amounts)	Pre tax Amounts	Tax Effect	After tax Effect	Per share Effect
Restructuring expenses, net	$ (28)	$ (4)	$ (24)	$ 0.00
Foreign currency revaluation (gains)/losses (a)	(8,877)	(2,492)	(6,385)	(0.20)
Acquisition/integration costs	269	80	189	0.01

Six months ended June 30, 2023 (in thousands, except per share amounts)	Pre tax Amounts	Tax Effect	After tax Effect	Per share Effect
Restructuring expenses, net	$ 145	$ 35	$ 110	$ 0.00
Foreign currency revaluation (gains)/losses (a)	(1,599)	(481)	(1,118)	(0.04)
Withholding tax related to internal restructuring	—	(3,026)	3,026	0.10
Acquisition/integration costs	903	235	668	0.02

Six months ended June 30, 2022 (in thousands, except per share amounts)	Pre tax Amounts	Tax Effect	After tax Effect	Per share Effect
Restructuring expenses, net	$ 226	$ 69	$ 157	$ 0.01
Foreign currency revaluation (gains)/losses (a)	(11,137)	(3,135)	(8,002)	(0.25)
Dissolution of business relationships in Russia	2,568	332	2,236	0.07
Acquisition/integration costs	551	164	387	0.02

The following table contains the calculation of Adjusted EPS:

	Three months ended June 30,		Six months ended June 30,	
Per share amounts (Basic)	**2023**	**2022**	**2023**	**2022**
Earnings per share (GAAP)	**$ 0.86**	$ 1.25	**$ 1.72**	$ 2.12
Adjustments, after tax:				
Restructuring expenses, net	—	—	**—**	0.01
Foreign currency revaluation (gains)/losses (a)	**(0.08)**	(0.20)	**(0.04)**	(0.25)
Withholding tax related to internal restructuring	**0.10**	—	**0.10**	—
Acquisition/ integration costs	**0.02**	0.01	**0.02**	0.02
Dissolution of business relationships in Russia	**—**	—	**—**	0.07
Adjusted Earnings per share (non-GAAP)	**$ 0.90**	$ 1.06	**$ 1.80**	$ 1.97

Net debt is, in the opinion of the Company, helpful to investors wishing to understand what the Company's debt position would be if all available cash were applied to pay down indebtedness. The Company calculates Net debt by subtracting Cash and cash equivalents from Total debt. Total debt is calculated by adding Long-term debt, Current maturities of long-term debt, and Notes and loans payable, if any.

The following table contains the calculation of net debt:

(in thousands)	June 30, 2023	December 31, 2022	June 30, 2022
Current maturities of long-term debt	$ —	$ —	$ —
Long-term debt	487,000	439,000	485,000
Total debt	**487,000**	**439,000**	**485,000**
Cash and cash equivalents	300,916	291,776	320,870
Net debt (non GAAP)	**$ 186,084**	**$ 147,224**	**$ 164,130**

Net leverage ratio informs the investors of the Company's financial leverage at the end of the reporting period, providing an indicator of the Company's ability to repay its debt. The Company calculates net leverage ratio by subtracting cash and cash equivalents from total debt, and then dividing by trailing twelve months Adjusted EBITDA.

The calculation of net leverage ratio as of June 30, 2023 is as follows:

Total Company				
	Twelve months ended	Six months ended		Trailing twelve months ended
(in thousands)	December 31, 2022	June 30, 2022	June 30, 2023	June 30, 2023 (non-GAAP) (b)
Net income/(loss) (GAAP)	**$ 96,508**	**$ 67,444**	**$ 53,912**	**$ 82,976**
Interest expense/(income), net	14,000	7,542	6,396	12,854
Income tax expense	35,472	25,456	30,701	40,717
Depreciation and amortization expense	69,049	34,874	35,317	69,492
EBITDA (non-GAAP)	**215,029**	**135,316**	**126,326**	**206,039**
Restructuring expenses, net	106	226	145	25
Foreign currency revaluation (gains)/losses (a)	(9,829)	(11,137)	(1,599)	(291)
Dissolution of business relationships in Russia	2,275	2,568	—	(293)
Pension settlement expense	49,128	—	—	49,128
IP address sales	(3,420)	—	—	(3,420)
Acquisition/integration costs	1,057	551	903	1,409
Pre-tax (income) attributable to noncontrolling interest	(817)	(457)	(401)	(761)
Adjusted EBITDA (non-GAAP)	**$ 253,529**	**$ 127,067**	**$ 125,374**	**$ 251,836**

(in thousands, except for net leverage ratio)	June 30, 2023
Net debt (non-GAAP)	186,084
Trailing twelve months Adjusted EBITDA (non-GAAP)	251,836
Net leverage ratio (non-GAAP)	**0.74**

(a) Foreign currency revaluation (gains)/losses represent unrealized gains and losses arising from the remeasurement of monetary assets and liabilities denominated in non-functional currencies on the balance sheet date.

(b) Calculated as amounts incurred during the twelve months ended December 31, 2022, less those incurred during the six months ended June 30, 2022, plus those incurred during the six months ended June 30, 2023.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

For discussion of our exposure to market risk, refer to “Quantitative and Qualitative Disclosures about Market Risk”, which is included as an exhibit to this Form 10-Q.

Item 4. Controls and Procedures

a) Disclosure controls and procedures.

The principal executive officer and principal financial officer, based on their evaluation of disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of the end of the period covered by this Quarterly Report on Form 10-Q, have concluded that the Company’s disclosure controls and procedures are effective for ensuring that information required to be disclosed in the reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the Commission’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in filed or submitted reports is accumulated and communicated to the Company’s management, including its principal executive officer and principal financial officer as appropriate, to allow timely decisions regarding required disclosure.

(b) Changes in internal control over financial reporting.

There was no change in the Company's internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended) during the last fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

The information set forth above under *Note 15. Commitments and Contingencies* in Item 1, Notes to Consolidated Financial Statements is incorporated herein by reference.

Item 1A. Risk Factors

There have been no material changes from the risk factors previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2022, other than the addition of the risks below related to our proposed acquisition of Heimbach. For all other risk factors, please refer to our Annual Report on Form 10-K for the year ended December 31, 2022.

Failure to consummate the acquisition within the expected timeframe or at all could adversely impact the Company's business, financial condition and results of operations.

On June 14, 2023 the Company entered into an agreement to acquire Heimbach, a privately-held manufacturer or paper machine clothing and technical textiles located in Düren, Germany. The transaction is subject to regulatory approvals and other customary closing conditions. If our planned acquisition of Heimbach is not completed, our share price could fall to the extent that our current price reflects an assumption that we will complete the planned acquisition. Furthermore, if the planned acquisition is not completed and the agreement is terminated, we may suffer other consequences that could adversely affect our business, results of operations and share price including costs incurred and time invested in the planned acquisition, which could have otherwise been devoted to our business or other opportunities, legal proceedings, negative publicity and disruptions to our business.

The completion of the acquisition is subject to the satisfaction or waiver of certain customary mutual closing conditions, including the absence of any injunction by any court or other tribunal of competent jurisdiction, or adoption of any law, that prohibits or makes the consummation of the acquisition illegal and the receipt of certain other regulatory approvals. The obligation of each party to consummate the acquisition is also conditioned upon certain unilateral closing conditions, including the other party's representations and warranties being accurate. There can be no assurance that these conditions will be satisfied in a timely manner or at all or that the acquisition will be completed.

If the acquisition is not completed, the Company's ongoing business may be materially adversely affected and the Company would be subject to a number of risks, including the following:

- the Company may experience negative publicity, which could have an adverse effect on its ongoing operations including, but not limited to, retaining and attracting customers, suppliers, and other business partners;
- the Company would incur significant costs in future periods relating to the acquisition, such as legal, accounting, financial advisor, printing and other professional services fees, which may relate to activities that the Company would not have undertaken other than to complete the acquisition; and
- the Company may be required to pay cash penalties as required under the Stock Purchase Agreement, which may require the Company to use available cash that would have otherwise been available for general corporate purposes or other uses and could affect the structure, pricing and terms proposed by a third party seeking to acquire or merge with the Company or deter such third party from making a competing acquisition proposal.

If the acquisition is not consummated, the risks described above may materialize and they may have a material adverse effect on the Company's business operations, financial condition, results of operations, and stock price, especially to the extent that the current market price of the Company's common stock reflects an assumption that the acquisition will be completed.

We may fail to realize all of the anticipated benefits of the acquisition of Heimbach or those benefits may take longer to realize than expected

We are devoting significant management attention and resources to complete the acquisition and will continue to devote significant attention to integrating the business practices and operations of Heimbach upon completion of the acquisition. We may experience disruptions to our business and, if implemented ineffectively, it could restrict the realization of the full expected benefits of the acquisition. The failure to meet the challenges involved in the integration process and to realize the anticipated benefits of the acquisition of Heimbach could cause an interruption of, or loss of, momentum in our operations and could adversely affect our business, financial condition and results of operations.

Furthermore, the acquisition of Heimbach, may result in material unanticipated problems, expenses, charges, liabilities, competitive responses, loss of customers and other business relationships, and diversion of management’s attention. Additional integration challenges may include difficulty in achieving anticipated cost savings, synergies, business opportunities and growth prospects from the acquisition; difficulties in the integration of operations and systems, including pricing and marketing strategies; and difficulties in conforming standards, controls, procedures, financial reporting and accounting and other policies, business cultures and compensation structures.

Many of these factors will be outside of our control and any one of them could result in increased costs, including restructuring charges, decreases in the amount of expected revenues and diversion of management’s time and energy, which could adversely affect our business, financial condition and results of operations.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

We made no share purchases during the first six months of 2023.

On October 25, 2021, the Company's Board of Directors authorized the Company to repurchase shares of up to $200 million through open market purchases, privately negotiated transactions or otherwise, and to determine the prices, times and amounts. The program does not obligate the Company to acquire any particular amount of common stock, and it may be suspended or terminated at any time at the Company's discretion. The share repurchase program does not have an expiration date. The timing and amount of any share repurchases will be based on the Company’s liquidity, general business and market conditions, debt covenant restrictions and other factors, including alternative investment opportunities and capital structure. In total, the Company has repurchased 1,308,003 shares for a total cost of $109.4M, of which 1,022,717 shares were repurchased in 2022 for $85.1 million and 285,286 shares were repurchased in 2021 for $24.3 million.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not Applicable.

Item 5. Other Information

Securities Trading Plans of Directors and Executive Officers

During the six months ended June 30, 2023, none of our directors or executive officers adopted or terminated any contract, instruction or written plan for the purchase or sale of Albany International Corp. securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any “non-Rule 10b5-1 trading arrangement.”

Item 6. Exhibits

Exhibit No.	Description
3(a)	Amended and Restated Certificate of Incorporation of Albany International Corp.
10.1	Amendment, dated as of June 23, 2023, to the Amended and Restated Credit Agreement, dated as of October 27, 2020, by and among Albany International Corp., Albany International Holding (Switzerland) AG, Albany International Europe GMBH, Albany International Canada Corp., the other borrowing subsidiaries party thereto, the lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent.
10(m)(xx)	Form of Special Incentive Award Agreement
31.1	Certification of the Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Exchange Act.
31.2	Certification of the Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Exchange Act.
32.1	Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code).
99.1	Quantitative and qualitative disclosures about market risks as reported at June 30, 2023.
101.INS	XBRL Instance Document- the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover page formatted as Inline XBRL and contained in Exhibit 101

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ALBANY INTERNATIONAL CORP.
(Registrant)

Date: July 26, 2023	By	/s/ Robert D. Starr
		Robert D. Starr Executive Vice President and Chief Financial Officer (Principal Financial Officer)

EXHIBIT (31.1)
CERTIFICATION PURSUANT TO
RULE 13A-14 OF THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, A. William Higgins, certify that:

1. I have reviewed this report on Form 10-Q of Albany International Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a–15(e) and 15d–15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a–15(f) and 15d–15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 26, 2023

By /s/ A. William Higgins
A. William Higgins
President and Chief Executive Officer
(Principal Executive Officer)

EXHIBIT (31.2)
CERTIFICATION PURSUANT TO
RULE 13A-14 OF THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Robert D. Starr, certify that:

1. I have reviewed this report on Form 10-Q of Albany International Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a–15(e) and 15d–15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a–15(f) and 15d–15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 26, 2023

By /s/ Robert D. Starr

Robert D. Starr
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

EXHIBIT (32.1)
CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Albany International Corp. (the Company) on Form 10-Q for the period ending June 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the Report), A. William Higgins, President and Chief Executive Officer, and Robert D. Starr, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities and Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: July 26, 2023

/s/ A. William Higgins

A. William Higgins
President and Chief Executive Officer
(Principal Executive Officer)

/s/ Robert D. Starr

Robert D. Starr
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

EXHIBIT (99.1)
MARKET RISK SENSITIVITY – As of June 30, 2023

We have market risk with respect to foreign currency exchange rates and interest rates. The market risk is the potential loss arising from adverse changes in these rates as discussed below.

Foreign Currency Exchange Rate Risk

We have manufacturing plants and sales transactions worldwide and therefore are subject to foreign currency risk. This risk is composed of both potential losses from the translation of foreign currency financial statements and the remeasurement of foreign currency transactions. To manage this risk, we periodically enter into forward exchange contracts either to hedge the net assets of a foreign investment or to provide an economic hedge against future cash flows. The total net assets of non-U.S. operations and long-term intercompany loans denominated in nonfunctional currencies subject to potential loss amount to approximately $730.6 million. The potential loss in fair value resulting from a hypothetical 10% adverse change in quoted foreign currency exchange rates amounts to $73.1 million. Furthermore, related to foreign currency transactions, we have exposure to various nonfunctional currency balances totaling $102.0 million. This amount includes, on an absolute basis, exposures to assets and liabilities held in currencies other than our local entities' functional currencies. On a net basis, we had $70.5 million of foreign currency assets as of June 30, 2023. As currency rates change, these nonfunctional currency balances are revalued, and the corresponding adjustment is recorded in the income statement. A hypothetical change of 10% in currency rates could result in an adjustment to the income statement of approximately $7.1 million. Actual results may differ.

Interest Rate Risk

We are exposed to interest rate fluctuations with respect to our variable rate debt, depending on general economic conditions.

On June 30, 2023, we had the following variable rate debt:

(in thousands, except interest rates)	
Long-term debt	
Credit agreement with borrowings outstanding, net of fixed rate portion, at an end of period interest rate of 6.79% in 2023, due in 2024	$137,000
Total	$137,000

Assuming borrowings were outstanding for an entire year, an increase of one percentage point in weighted average interest rates would increase interest expense by $1.4 million. To manage interest rate risk, we may periodically enter into interest rate swap agreements to effectively fix the interest rates on variable debt to a specific rate for a period of time. (See *Note 13. Financial Instruments* in the Notes to the Consolidated Financial Statements in Item 1, which is incorporated herein by reference).