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, 2022

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)
Class B 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 31.1 million shares of Class A Common Stock and no shares of Class B Common Stock outstanding as of July 15, 2022.

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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,	
	2022	2021	2022	2021
Net sales	$ 261,369	$ 234,519	$ 505,538	$ 456,880
Cost of goods sold	160,776	132,791	313,341	266,606
Gross profit	100,593	101,728	192,197	190,274
Selling, general, and administrative expenses	39,745	42,009	82,452	79,203
Technical and research expenses	10,161	9,762	20,050	19,243
Restructuring expenses, net	(28)	(9)	226	43
Operating income	50,715	49,966	89,469	91,785
Interest expense, net	3,933	4,218	7,542	7,787
Other (income)/expense, net	(7,045)	862	(10,973)	1,462
Income before income taxes	53,827	44,886	92,900	82,536
Income tax expense	14,458	13,446	25,456	23,486
Net income	39,369	31,440	67,444	59,050
Net income attributable to the noncontrolling interest	168	43	506	70
Net income attributable to the Company	$ 39,201	$ 31,397	$ 66,938	$ 58,980
Earnings per share attributable to Company shareholders - Basic	$ 1.25	$ 0.97	$ 2.12	$ 1.82
Earnings per share attributable to Company shareholders - Diluted	$ 1.25	$ 0.97	$ 2.11	$ 1.82
Shares of the Company used in computing earnings per share:				
Basic	31,268	32,375	31,571	32,363
Diluted	31,378	32,422	31,668	32,411
Dividends declared per share, Class A and Class B	$ 0.21	$ 0.20	$ 0.42	$ 0.40

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,	
	2022	2021	2022	2021
Net income	$ 39,369	$ 31,440	$ 67,444	$ 59,050
Other comprehensive income/(loss), before tax:				
Foreign currency translation and other adjustments	(39,319)	13,651	(40,870)	(1,788)
Amortization of pension liability adjustments:				
Prior service credit	(1,122)	(1,118)	(2,245)	(2,237)
Net actuarial loss	967	1,108	1,938	2,217
Payments and amortization related to interest rate swaps included in earnings	1,168	1,770	2,864	3,246
Derivative valuation adjustment	3,316	125	15,037	(353)
Income taxes related to items of other comprehensive income/(loss):				
Amortization of prior service credit	343	335	687	671
Amortization of net actuarial loss	(296)	(332)	(593)	(665)
Payments and amortization related to interest rate swaps included in earnings	(295)	(457)	(725)	(838)
Derivative valuation adjustment	(840)	(44)	(3,809)	91
Comprehensive income	3,291	46,478	39,728	59,394
Comprehensive income attributable to the noncontrolling interest	77	226	471	43
Comprehensive income attributable to the Company	$ 3,214	$ 46,252	$ 39,257	$ 59,351

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

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

	June 30, 2022	December 31, 2021
ASSETS		
Cash and cash equivalents	$ 320,870	$ 302,036
Accounts receivable, net	199,489	191,985
Contract assets, net	135,907	112,546
Inventories	133,667	117,882
Income taxes prepaid and receivable	1,979	1,958
Prepaid expenses and other current assets	43,187	32,394
Total current assets	$ 835,099	$ 758,801
Property, plant and equipment, net	419,142	436,417
Intangibles, net	35,722	39,081
Goodwill	176,775	182,124
Deferred income taxes	17,894	26,376
Noncurrent receivables, net	29,843	31,849
Other assets	98,580	81,416
Total assets	$ 1,613,055	$ 1,556,064
LIABILITIES AND SHAREHOLDERS' EQUITY		
Accounts payable	$ 70,430	$ 68,954
Accrued liabilities	110,074	124,325
Current maturities of long-term debt	—	—
Income taxes payable	7,656	14,887
Total current liabilities	188,160	208,166
Long-term debt	485,000	350,000
Other noncurrent liabilities	107,049	107,794
Deferred taxes and other liabilities	11,064	12,499
Total liabilities	791,273	678,459
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; 40,784,934 issued in 2022 and 40,760,577 in 2021	41	41
Class B Common Stock, par value $.001 per share; authorized 25,000,000 shares; none issued and outstanding in 2022 and 104 in 2021	—	—
Additional paid in capital	439,450	436,996
Retained earnings	916,805	863,057
Accumulated items of other comprehensive income:		
Translation adjustments	(147,271)	(105,880)
Pension and postretirement liability adjustments	(38,182)	(38,490)
Derivative valuation adjustment	11,753	(1,614)
Treasury stock (Class A), at cost; 9,674,542 shares in 2022 and 8,665,090 in 2021	(364,923)	(280,143)
Total Company shareholders' equity	817,673	873,967
Noncontrolling interest	4,109	3,638
Total equity	821,782	877,605
Total liabilities and shareholders' equity	$ 1,613,055	$ 1,556,064

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
OPERATING ACTIVITIES				
Net income	$ 39,369	$ 31,440	$ 67,444	$ 59,050
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation	15,679	15,971	31,276	32,560
Amortization	1,433	2,280	3,598	4,573
Change in deferred taxes and other liabilities	804	974	2,596	5,416
Impairment of property, plant, equipment, and inventory	(206)	353	2,662	538
Non-cash interest expense	279	265	561	310
Compensation and benefits paid or payable in Class A Common Stock	1,702	1,639	2,447	1,626
Provision for credit losses from uncollected receivables and contract assets	(532)	27	1,326	(83)
Foreign currency remeasurement (gain)/loss on intercompany loans	1,125	(723)	(1,260)	(1,031)
Fair value adjustment on foreign currency options	596	1	(381)	140
Changes in operating assets and liabilities that provided/(used) cash:				
Accounts receivable	1,267	(129)	(14,407)	(3,365)
Contract assets	(24,140)	9,539	(23,868)	25,643
Inventories	(13,586)	(1,821)	(21,135)	(10,384)
Prepaid expenses and other current assets	(2,498)	(606)	(4,474)	(1,505)
Income taxes prepaid and receivable	(1,889)	1,156	(60)	(309)
Accounts payable	7,851	(4,580)	7,476	4,608
Accrued liabilities	7,605	2,062	(11,745)	(17,423)
Income taxes payable	3,151	4,121	(7,739)	(3,956)
Noncurrent receivables	1,250	1,099	1,864	1,587
Other noncurrent liabilities	(1,338)	(2,166)	(3,252)	(4,263)
Other, net	5,182	1,051	4,784	1,908
Net cash provided by operating activities	43,104	61,953	37,713	95,640
INVESTING ACTIVITIES				
Purchases of property, plant and equipment	(19,940)	(10,302)	(35,659)	(22,836)
Purchased software	(331)	(286)	(366)	(288)
Net cash used in investing activities	(20,271)	(10,588)	(36,025)	(23,124)
FINANCING ACTIVITIES				
Proceeds from borrowings	58,000	—	135,000	8,000
Principal payments on debt	—	(34,002)	—	(56,009)
Principal payments on finance lease liabilities	(264)	(355)	(654)	(704)
Purchase of Treasury shares	(42,550)	—	(84,780)	—
Taxes paid in lieu of share issuance	—	—	(770)	(998)
Proceeds from options exercised	—	21	7	149
Dividends paid	(6,657)	(6,474)	(13,399)	(12,942)
Net cash provided by/(used in) financing activities	8,529	(40,810)	35,404	(62,504)
Effect of exchange rate changes on cash and cash equivalents	(17,907)	4,904	(18,258)	2,002
Increase in cash and cash equivalents	13,455	15,459	18,834	12,014
Cash and cash equivalents at beginning of period	307,415	237,871	302,036	241,316
Cash and cash equivalents at end of period	$ 320,870	$ 253,330	$ 320,870	$ 253,330

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 Albany International Corp.'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, 2021.

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 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. 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's LEAP engine) accounted for approximately 12 percent of the Company's consolidated Net sales in 2021. AEC net sales to Safran were $83.1 million and $54.0 million in the first six months of 2022 and 2021, respectively. The total of Accounts receivable, Contract assets and Noncurrent receivables due from Safran amounted to $77.7 million and $79.6 million as of June 30, 2022 and December 31, 2021, 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. In 2021, approximately 47 percent of AEC sales 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:

(in thousands)	Three months ended June 30, 2022	Three months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
Net sales				
Machine Clothing	**$ 151,670**	$ 159,921	**$ 305,732**	$ 308,127
Albany Engineered Composites	**109,699**	74,598	**199,806**	148,753
Consolidated total	**$ 261,369**	$ 234,519	**$ 505,538**	$ 456,880
Operating income/(loss)				
Machine Clothing	**$ 54,861**	$ 55,902	**$ 104,505**	$ 106,264
Albany Engineered Composites	**9,535**	7,164	**10,730**	10,102
Corporate expenses	**(13,681)**	(13,100)	**(25,766)**	(24,581)
Operating income	**$ 50,715**	$ 49,966	**$ 89,469**	$ 91,785
Reconciling items:				
Interest income	**(846)**	(401)	**(1,498)**	(930)
Interest expense	**4,779**	4,619	**9,040**	8,717
Other (income)/expense, net	**(7,045)**	862	**(10,973)**	1,462
Income before income taxes	**$ 53,827**	$ 44,886	**$ 92,900**	$ 82,536

A subsidiary within our Machine Clothing segment has been a partner in a joint venture (“JV”) that supplies paper machine clothing products to local papermakers in Russia. In March 2022, we made the decision to cease doing business in Russia, including giving notice to our JV partner of our intent to exit the venture. As a result, we recognized $1.8 million expense in the consolidated statement of operations, representing reserves against the risk of uncollectible customer receivables and obsolescence of certain inventory destined for Russian customers. We also wrote down the net book value of our investment in the aforementioned JV to reflect our intent to exit such venture, resulting in $0.8 million impairment loss during the first quarter of 2022.

Revenue Recognition:

Products and services provided under long-term contracts represent a significant portion of sales in the Albany Engineered Composites segment and we account for these contracts 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 increased operating income by $1.2 million for the second quarter of 2022 and decreased operating income $0.6 million for the first half of 2022. Adjustments in the estimated profitability of long-term contracts increased operating income by $4.3 million and $3.7 million for the second quarter and first half of 2021, 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:

	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 revenue	**$ 155,788**	**$ 105,581**	**$ 261,369**

	Three months ended June 30, 2021		
(in thousands)	**Point in Time Revenue Recognition**	**Over Time Revenue Recognition**	**Total**
Machine Clothing	$ 159,056	$ 865	$ 159,921
Albany Engineered Composites			
ASC	—	26,170	26,170
Other AEC	4,432	43,996	48,428
Total Albany Engineered Composites	4,432	70,166	74,598
Total revenue	$ 163,488	$ 71,031	$ 234,519

	Six months ended June 30, 2022		
(in thousands)	**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 revenue	**$ 312,864**	**$ 192,674**	**$ 505,538**

(in thousands)	Six months ended June 30, 2021 Point in Time Revenue Recognition	Over Time Revenue Recognition	Total
Machine Clothing	$ 306,397	$ 1,730	$ 308,127
Albany Engineered Composites			
ASC	—	53,254	53,254
Other AEC	8,312	87,187	95,499
Total Albany Engineered Composites	8,312	140,441	148,753
Total revenue	$ 314,709	$ 142,171	$ 456,880

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)	2022	2021	2022	2021
Americas PMC	**$ 79,062**	$ 82,343	**$ 155,678**	$ 155,645
Eurasia PMC	**52,368**	55,900	**107,854**	111,043
Engineered Fabrics	**20,240**	21,678	**42,200**	41,439
Total Machine Clothing Net sales	**$ 151,670**	$ 159,921	**$ 305,732**	$ 308,127

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. Most 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 $579 million and $149 million as of June 30, 2022 and 2021, respectively, and related primarily to firm contracts in the AEC segment. Of the remaining performance obligations as of June 30, 2022, we expect to recognize as revenue approximately $77 million during 2022, $96 million during 2023, $71 million during 2024, 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 for the six months ended June 30, 2022 and 2021, was as follows:

	Pension plans		Other postretirement benefits	
(in thousands)	**2022**	**2021**	**2022**	**2021**
Components of net periodic benefit cost:				
Service cost	**$ 708**	$ 1,090	**$ 57**	$ 66
Interest cost	**2,828**	2,674	**611**	551
Expected return on assets	**(3,405)**	(3,211)	**—**	—
Amortization of prior service cost/(credit)	**(1)**	7	**(2,244)**	(2,244)
Amortization of net actuarial loss	**997**	1,087	**941**	1,130
Net periodic benefit cost	**$ 1,127**	$ 1,647	**$ (635)**	$ (497)

The amount of net periodic benefit cost 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 2022 or 2021.

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)	**2022**	**2021**	**2022**	**2021**
Currency transaction (gains)/losses	**$ (7,284)**	$ 175	**$ (11,024)**	$ 341
Bank fees and amortization of debt issuance costs	**80**	104	**176**	210
Components of net periodic pension and postretirement cost other than service cost	**(137)**	(4)	**(273)**	(6)
Other	**296**	587	**148**	917
Total	**$ (7,045)**	$ 862	**$ (10,973)**	$ 1,462

Other (income)/expense, net, included foreign currency related transactions which resulted in gains of $7.3 million and $11.0 million in the three and six month periods ended June 30, 2022, respectively, as compared to losses of $0.2 million and $0.3 million in the three and six month periods ended June 30, 2021, respectively. The weaker Euro during the three and six month periods ended June 30, 2022 led to the gains on foreign currency related transactions during such periods.

5. Income Taxes

The following table presents components of income tax expense for the three and six months ended June 30, 2022 and 2021:

	Three months ended June 30,		Six months ended June 30,	
(in thousands, except percentages)	**2022**	**2021**	**2022**	**2021**
Income tax based on income from continuing operations (1)	**$ 15,165**	$ 13,251	**$ 26,107**	$ 24,583
Provision for change in estimated tax rate	**66**	(218)	**66**	(218)
Income tax before discrete items	**15,231**	13,033	**26,173**	24,365
Discrete tax expense:				
Exercise of U.S. stock options	**—**	(14)	**(9)**	(156)
Impact of amended tax returns	**(17)**	—	**(98)**	—
True-up of prior year estimated taxes	**(612)**	22	**(508)**	(1,421)
Enacted tax legislation and rate change	**—**	352	**—**	352
Provision for/resolution of tax audits and contingencies, net	**(146)**	—	**(140)**	278
Other	**2**	53	**38**	68
Total income tax expense	**$ 14,458**	$ 13,446	**$ 25,456**	$ 23,486

(1) Calculated at estimated annual tax rates of 28.2% and 29.5% for the three and six months ended June 30, 2022 and 2021.

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 (AETR) 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:

	Three months ended June 30,		Six months ended June 30,	
(in thousands, except market price and earnings per share)	**2022**	**2021**	**2022**	**2021**
Net income attributable to the Company	**$ 39,201**	$ 31,397	**$ 66,938**	$ 58,980
Weighted average number of shares:				
Weighted average number of shares used in calculating basic net income per share	**31,268**	32,375	**31,571**	32,363
Effect of dilutive stock-based compensation plans:				
Stock options	—	1	**—**	2
RSU and MPP shares	**110**	46	**97**	46
Weighted average number of shares used in calculating diluted net income per share	**31,378**	32,422	**31,668**	32,411
Average market price of common stock used for calculation of dilutive shares	**$ 81.46**	$ 87.53	**$ 83.77**	$ 83.48
Net income attributable to the Company per share:				
Basic	**$ 1.25**	$ 0.97	**$ 2.12**	$ 1.82
Diluted	**$ 1.25**	$ 0.97	**$ 2.11**	$ 1.82

7. Accumulated Other Comprehensive Income (AOCI)

The table below presents changes in the components of AOCI for the period 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 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 table below presents changes in the components of AOCI for the period December 31, 2020 to June 30, 2021:

(in thousands)	Translation adjustments	Pension and postretirement liability adjustments	Derivative valuation adjustment	Total Other Comprehensive Income
December 31, 2020	**$ (83,203)**	**$ (39,661)**	**$ (9,544)**	**$ (132,408)**
Other comprehensive income/(loss) before reclassifications, net of tax	(2,181)	393	(262)	(2,050)
Interest expense related to swaps reclassified to the Consolidated Statements of Income, net of tax	—	—	2,408	2,408
Pension and postretirement liability adjustments reclassified to Consolidated Statements of Income, net of tax	—	(14)	—	(14)
Net current period other comprehensive income	(2,181)	379	2,146	344
June 30, 2021	**$ (85,384)**	**$ (39,282)**	**$ (7,398)**	**$ (132,064)**

The components of our Accumulated Other Comprehensive Income that are reclassified to the Statement 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 Statement of Income that were affected for the three and six months ended June 30, 2022 and 2021:

(in thousands)	Three months ended June 30, 2022	Three months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
Pretax Derivative valuation reclassified from Accumulated Other Comprehensive Income:				
Expense/(income) related to interest rate swaps included in Income before taxes (a)	**$ 1,168**	$ 1,770	**$ 2,864**	$ 3,246
Income tax effect	**(295)**	(457)	**(725)**	(838)
Effect on net income due to items reclassified from Accumulated Other Comprehensive Income	**$ 873**	$ 1,313	**$ 2,139**	$ 2,408
Pretax pension and postretirement liabilities reclassified from Accumulated Other Comprehensive Income:				
Amortization of prior service credit	**(1,122)**	(1,118)	**(2,245)**	(2,237)
Amortization of net actuarial loss	**967**	1,108	**1,938**	2,217
Total pretax amount reclassified (b)	**(155)**	(10)	**(307)**	(20)
Income tax effect	**47**	3	**94**	6
Effect on net income due to items reclassified from Accumulated Other Comprehensive Income	**$ (108)**	$ (7)	**$ (213)**	$ (14)

(a) Included in Interest expense, net are payments related to the interest rate swap agreements and amortization of swap buyouts (see Notes 13 and 14).

(b) These accumulated other comprehensive income components are included in the computation of net periodic pension cost (see Note 3).

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:

(in thousands, except percentages)	Six months ended June 30, 2022	Six months ended June 30, 2021
Net income of Albany Safran Composites (ASC)	**$ 5,690**	$ 1,343
Less: Return attributable to the Company's preferred holding	**632**	647
Net income of ASC available for common ownership	**$ 5,058**	$ 696
Ownership percentage of noncontrolling shareholder	**10 %**	10 %
Net income attributable to the noncontrolling interest	**$ 506**	$ 70
Noncontrolling interest, beginning of year	**$ 3,638**	$ 3,799
Net income attributable to noncontrolling interest	**506**	70
Changes in other comprehensive income attributable to the noncontrolling interest	**(35)**	(27)
Noncontrolling interest, end of interim period	**$ 4,109**	$ 3,842

9. Accounts Receivable

Accounts receivable includes trade receivables. In connection with certain sales 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, 2022 and December 31, 2021, Accounts receivable consisted of the following:

(in thousands)		June 30, 2022		December 31, 2021
Trade and other accounts receivable	$	**180,657**	$	168,046
Bank promissory notes		**21,967**		26,284
Allowance for expected credit losses		**(3,135)**		(2,345)
Accounts receivable, net	$	**199,489**	$	191,985

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, 2022 and December 31, 2021, Noncurrent receivables consisted of the following:

(in thousands)		June 30, 2022		December 31, 2021
Noncurrent receivables	$	**29,993**	$	32,049
Allowance for expected credit losses		**(150)**		(200)
Noncurrent receivables, net	$	**29,843**	$	31,849

10. Contract Assets and Liabilities

Contract assets includes unbilled amounts typically resulting from sales 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. 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, 2022 and December 31, 2021, Contract assets and Contract liabilities consisted of the following:

(in thousands)		June 30, 2022		December 31, 2021
Contract assets	$	**136,624**	$	113,249
Allowance for expected credit losses		**(717)**		(703)
Contract assets, net	$	**135,907**	$	112,546
Contract liabilities	$	**5,008**	$	6,959

Contract assets increased $23.4 million during the six-month period ended June 30, 2022. The increase was primarily due to an increase in unbilled revenue related to the satisfaction of performance obligations, in excess of the amounts billed to customers for contracts that were in a contract asset position. There were no impairment losses related to our Contract assets during the six month periods ended June 30, 2022 and June 30, 2021.

Contract liabilities decreased $2.0 million during the six-month period ended June 30, 2022, 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-month periods ended June 30, 2022 and 2021 that was included in the Contract liability balance at the beginning of the year was $5.5 million and $4.7 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, 2022 and December 31, 2021, Inventories consisted of the following:

(in thousands)	June 30, 2022	December 31, 2021
Raw materials	$ 65,162	$ 58,689
Work in process	50,557	44,839
Finished goods	17,948	14,354
Total inventories	$ 133,667	$ 117,882

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. Our reportable segments are consistent with our operating segments.

In the second quarter of 2022, 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 sales 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, 2022	December 31, 2021
Revolving credit agreement with borrowings outstanding at an end of period interest rate of 3.52% in 2022 and 3.74% in 2021 (including the effect of interest rate hedging transactions, as described below), due in 2024	$ 485,000	$ 350,000

We had no current maturities of Long-term debt as of June 30, 2022 or December 31, 2021.

On October 27, 2020, we entered into a $700 million unsecured Four-Year Revolving Credit Facility Agreement (the “Credit Agreement”) which amended and restated the prior amended and restated $685 million Five-Year Revolving Credit Facility Agreement, which we had entered into on November 7, 2017 (the “Prior Agreement”). Under the Credit Agreement, $485 million of borrowings were outstanding as of June 30, 2022. The applicable interest rate for borrowings was LIBOR plus a spread, based on our leverage ratio at the time of borrowing. At the time of the last borrowing on June 27, 2022, the spread was 1.625%. The spread was based on a pricing grid, which ranged from 1.500% to 2.000%, based on our leverage ratio. Based on our maximum leverage ratio and our Consolidated EBITDA, and without modification to any other credit agreements, as of June 30, 2022, we would have been able to borrow an additional $215 million under the Agreement.

The Credit Agreement contains customary terms, as well as affirmative covenants, negative covenants and events of default that are comparable to those in the Prior Agreement. The Borrowings are guaranteed by certain of the Company's subsidiaries.

Our ability to borrow additional amounts under the Credit Agreement is conditional upon the absence of any defaults, as well as the absence of any material adverse change (as defined in the 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 Credit Agreement at the rate of 0.838% during the period. Under the terms of these transactions, we pay the fixed rate of 0.838% and the counterparties pay a floating rate based on the one-month LIBOR rate at each monthly calculation date. The monthly calculation date is the 16th day of each month, and on June 16, 2022, one-month LIBOR was 1.51%.

On November 28, 2017, we entered into interest rate swap agreements for the period December 18, 2017 through October 17, 2022. 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 Credit Agreement at the rate of 2.11% during the period. Under the terms of these transactions, we pay the fixed rate of 2.11% and the counterparties pay a floating rate based on the one-month LIBOR rate at each monthly calculation date. The monthly calculation date is the 16th day of each month, and on June 16, 2022, one-month LIBOR was 1.51%. On June 16, 2022, the all-in-rate on the $350 million of debt was 3.735%.

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

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

As of June 30, 2022, our leverage ratio was 1.43 to 1.00 and our interest coverage ratio was 15.19 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 Credit Agreement is ranked equally in right of payment to all unsecured senior debt. We were in compliance with all debt covenants as of June 30, 2022.

Currently, our Credit Agreement and certain of our derivative instruments reference one-month USD LIBOR-based rates, which are set to discontinue after June 30, 2023. Regulators in the U.S. and other jurisdictions have been working to replace these rates with alternative reference interest rates that are supported by transactions in liquid and observable markets, such as the Secured Overnight Financing Rate (SOFR) for USD LIBOR. Our Credit Agreement contains provisions specifying alternative interest rate calculations to be employed when LIBOR ceases to be available as a benchmark and we have adhered to the ISDA IBOR Fallbacks Protocol, which will govern our derivatives upon the final cessation of USD LIBOR. ASU 2020-04, Reference Rate Reform, helps limit the accounting impact from contract modifications, including hedging relationships, due to the transition from LIBOR to alternative reference rates that are completed by December 31, 2022. We adopted certain provisions of ASU 2020-04 during 2021. While we currently do not expect a significant impact to our operating results, financial position or cash flows from the transition from LIBOR to alternative reference interest rates, we will continue to monitor the impact of this transition until it is completed.

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. Accounting principles establish a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Level 3 inputs are unobservable data points for the asset or liability, and include situations in which there is little, if any, market activity for the asset or liability. We had no Level 3 financial assets or liabilities at June 30, 2022, or at December 31, 2021.

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:

(in thousands)	June 30, 2022 Quoted prices in active markets (Level 1)	June 30, 2022 Significant other observable inputs (Level 2)	December 31, 2021 Quoted prices in active markets (Level 1)	December 31, 2021 Significant other observable inputs (Level 2)
Fair Value				
Assets:				
Cash equivalents	**$ 24,355**	**$ —**	$ 20,665	$ —
Other Assets:				
Common stock of unaffiliated foreign public company (a)	**616**	**—**	702	—
Interest rate swaps		**16,063**	—	3,328
Liabilities:				
Interest rate swaps	**—**	**—**	—	(5,176)

(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 swaps flow through the caption Derivative valuation adjustment in the Shareholders' equity section of the Consolidated Balance Sheets. As of June 30, 2022, 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, net when the related interest payments (that is, the hedged forecasted transactions), and amortization related to the swap buyouts, affect earnings. Interest (income)/expense related to payments under the active swap agreements totaled $2.9 million for the six month period ended June 30, 2022, and $3.5 million for the six month period ended June 30, 2021. Additionally, non-cash interest income related to the amortization of swap buyouts totaled $0.0 million for the six month period ended June 30, 2022 and $0.3 million for the six month period ended June 30, 2021.

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:

(in thousands)	Three months ended June 30, 2022	Three months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
Derivatives not designated as hedging instruments				
Foreign currency options (gains)/losses	**$ 596**	$ 1	**$ (381)**	$ 140

15. 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 3,614 claims as of June 30, 2022.

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:

Year ended December 31,	Opening Number of Claims	Claims Dismissed, Settled, or Resolved	New Claims	Closing Number of Claims	Amounts Paid (thousands) to Settle or Resolve
2021	3,615	32	26	3,609	93
2022 (As of June 30)	**3,609**	**8**	**13**	**3,614**	**$ —**

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, 2022, we had resolved, by means of settlement or dismissal, 37,988 claims. The total cost of resolving all claims was $10.5 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 7,709 claims as of June 30, 2022, 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, 2021 to June 30, 2022:

	Class A Common Stock		Class B Common Stock					Class A Treasury Stock			
(in thousands)	Shares	Amount	Shares	Amount	Additional paid-in capital	Retained earnings	Accumulated items of other comprehensive income	Shares	Amount	Noncontrolling Interest	Total 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
Shares issued to Directors'	—	—	—	—	—	—	—	—	—	—	—
Purchase of Treasury shares (a)	—	—	—	—	—	—	—	515	(43,937)	—	(43,937)
Dividends declared											
Class A Common Stock, $0.21 per share	—	—	—	—	—	(6,661)	—	—	—	—	(6,661)
Class B Common Stock, $0.21 per share	—	—	—	—	—	—	—	—	—	—	—
Cumulative translation adjustments	—	—	—	—	—	—	(1,730)	—	—	56	(1,674)
Pension and postretirement liability adjustments	—	—	—	—	—	—	74	—	—	—	74
Derivative valuation adjustment	—	—	—	—	—	—	10,018	—	—	—	10,018
March 31, 2022	**40,781**	**$ 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
Options exercised	—	—	—	—	—	—	—	—	—	—	—
Shares issued to Directors'	—	—	—	—	800	—	—	(13)	285	—	1,085
Purchase of Treasury shares (a)	—	—	—	—	—	—	—	508	(41,128)	—	(41,128)
Dividends declared											
Class A Common Stock, $0.21 per share	—	—	—	—	—	(6,529)	—	—	—	—	(6,529)
Class B Common Stock, $0.21 per share	—	—	—	—	—	—	—	—	—	—	—
Cumulative translation adjustments	—	—	—	—	—	—	(39,661)	—	—	(91)	(39,752)
Pension and postretirement liability adjustments	—	—	—	—	—	—	234	—	—	—	234
Derivative valuation adjustment	—	—	—	—	—	—	3,349	—	—	—	3,349
June 30, 2022	**40,785**	**$ 41**	**—**	**$ —**	**$ 439,450**	**$ 916,805**	**$ (173,700)**	**9,675**	**$ (364,923)**	**$ 4,109**	**$ 821,782**

The following table summarizes changes in Shareholders' Equity for the period December 31, 2020 to June 30, 2021:

	Class A Common Stock		Class B Common Stock					Class A Treasury Stock			
(in thousands)	Shares	Amount	Shares	Amount	Additional paid-in capital	Retained earnings	Accumulated items of other comprehensive income	Shares	Amount	Noncontrolling Interest	Total Equity
December 31, 2020	**39,115**	**$ 39**	**1,618**	**$ 2**	**$ 433,696**	**$ 770,746**	**$ (132,408)**	**8,391**	**$ (256,009)**	**$ 3,799**	**$ 819,865**
Net income	—	—	—	—	—	27,582	—	—	—	27	27,609
Compensation and benefits paid or payable in shares	20	—	—	—	(13)	—	—	—	—	—	(13)
Options exercised	6			—	128	—	—	—	—	—	128
Shares issued to Directors'	—	—	—	—	—	—	—	—	—	—	—
Dividends declared											
Class A Common Stock, $0.20 per share	—	—	—	—	—	(6,150)	—	—	—	—	(6,150)
Class B Common Stock, $0.20 per share	—	—	—	—	—	(324)	—	—	—	—	(324)
Cumulative translation adjustments	—	—	—	—	—	—	(15,955)	—	—	(210)	(16,165)
Pension and postretirement liability adjustments	—	—	—	—	—	—	509	—	—	—	509
Derivative valuation adjustment	—	—	—	—	—	—	752	—	—	—	752
March 31, 2021	**39,141**	**$ 39**	**1,618**	**$ 2**	**$ 433,811**	**$ 791,854**	**$ (147,102)**	**8,391**	**$ (256,009)**	**$ 3,616**	**$ 826,211**
Net income	—	—	—	—	0	31,397	—	—	—	43	31,440
Compensation and benefits paid or payable in shares	—	—	—	—	692	—	—	—	—	—	692
Options exercised	1	—	—	—	21	—	—	—	—	—	21
Shares issued to Directors'	—	—	—	—	706	—	—	(11)	241	—	947
Dividends declared											
Class A Common Stock, $0.20 per share	—	—	—	—	—	(6,150)	—	—	—	—	(6,150)
Class B Common Stock, $0.20 per share	—	—	—	—	—	(323)	—	—	—	—	(323)
Cumulative translation adjustments	—	—	—	—	—	—	13,774	—	—	183	13,957
Pension and postretirement liability adjustments	—	—	—	—	—	—	(130)	—	—	—	(130)
Derivative valuation adjustment	—	—	—	—	—	—	1,394	—	—	—	1,394
June 30, 2021	**39,142**	**$ 39**	**1,618**	**$ 2**	**$ 435,230**	**$ 816,778**	**$ (132,064)**	**8,380**	**$ (255,768)**	**$ 3,842**	**$ 868,059**

(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. In 2021, the Company repurchased 285,286 shares totaling $24.4 million. During the six months period ending June 30, 2022, the Company repurchased 1,022,717 shares totaling $85.1 million.

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," "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 logistic costs due to supply chain constraints and inflationary pressures
- 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, and unanticipated reductions in demand, delays, technical difficulties, or cancellations in aerospace programs that are expected to generate revenue and drive long-term growth;
- Failure to achieve or maintain anticipated profitable growth in our Albany Engineered Composites segment; and
- Other risks and uncertainties detailed in this report.

General risks associated with macroeconomic conditions, as noted above, have changed during the first six months of 2022. The Russia-Ukraine war has had and may continue to have profound effects on macroeconomic business conditions around the world, including in our Machine Clothing and Albany Engineered Composites segments. Certain COVID-19 related disruptions and risks have persisted during the current year, causing inflationary pressure connected to global supply chain bottlenecks and elevated energy price pressures. These challenges have only increased as a result of the Russia-Ukraine war, which also has quickly prompted a global imposition of stringent sanctions that have resulted in a sharp decline in trade with Russia. Correspondingly, and in union with the global community, we voluntarily decided to dissolve business relationships in Russia during the first quarter of 2022, despite the associated cost to our investment and the loss of future revenue in the region. While our Albany Engineered Composites segment does not have significant direct exposure in this region of the world, and our Machine Clothing segment has now significantly reduced its exposure, the broader economic ramifications of this war will indirectly affect all sectors of the economy. This conflict, including imposed sanctions, has amplified inflationary pressures, driving higher prices for global oil, natural gas, agricultural and metal prices, as well as causing additional supply-chain disruptions.

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.

The AEC segment provides significant longer term growth potential for our 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 and sales to SAFRAN, through ASC, (consisting primarily of fan blades and cases for CFM's LEAP engine) accounted for approximately 12 percent of the Company's consolidated Net sales in 2021. 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, 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. In 2021, approximately 47 percent of AEC sales were related to U.S. government contracts or programs.

Effect of Russia-Military Conflict

The war between Russia and Ukraine is affecting the economic and global financial markets and exacerbating ongoing economic challenges caused by impacts of the ongoing COVID-19 pandemic, including rising inflation and global supply chain disruptions.

Our MC segment generates approximately 2% of its annual net sales from customers in Russia and Ukraine. In addition, a subsidiary within our Machine Clothing segment has been a partner in a joint venture ("JV") that supplies paper machine clothing products to local papermakers in Russia. In March 2022, we made the decision to cease doing business in Russia, including giving notice to our JV partner of our intent to exit the venture. As a result, we recognized $1.8 million expense in cost of goods sold and in Selling, Administrative, and General expense, representing reserves against the risk of obsolescence of certain inventory destined for Russian customers and uncollectible receivables from Russian customers, respectively. We also wrote down the net book value of our investment in the aforementioned JV to reflect our intent to exit such venture, resulting in $0.8 million impairment loss included in Other (income)/expense, net during the first quarter of 2022.

We anticipate approximately $10.0 million reduction in future annual net sales in the MC segment, due to our cessation of doing business in Russia.

During the first six months of 2022, energy costs soared, the supply market continued to tighten against strong demands and global logistics challenges persisted.

Our MC segment has continued experiencing input cost pressures. Raw material costs increased due to higher crude oil and natural gas prices, coupled by non-contractual vendor surcharges to sustain price pressure and maintain their operations. Supply limitation and high energy costs continue to put upward pressure on indirect supply costs. Lastly, logistics costs remained elevated, due to higher fuel prices and limited availability.

The ultimate financial impact due to the war between Russia and Ukraine, the ongoing COVID-19 pandemic, and inflationary environment is difficult to predict. After consideration of possible offsets through corresponding price increases to our customers and productivity improvements, we estimate a net increase to the MC segment input costs of between $8.0 million and $10.0 million for the year ending December 31, 2022, or an unfavorable impact to the segment gross margin of up to 140 basis points for the year ending December 31, 2022.

Our Albany Engineered Composites segment does not have significant direct exposure in Russia. However, it has not been immune from supply chain disruptions due to raw material shortages, abnormally high commodity prices, labor shortages, and logistic constraints. Due to the nature of AEC’s contracts with its customers, we currently anticipate passing through a majority of such cost increases to the customers.

Until the effects of the war between Russia and Ukraine, as well as the COVID-19 pandemic, on the economic and global financial markets subside, there can be no assurance that our input costs will not continue to rise beyond our current estimate, thus unfavorably impacting our future results of operations, financial position and liquidity.

Consolidated Results of Operations

Net sales

The following table summarizes our Net sales by business segment:

	Three months ended June 30,			Six months ended June 30,		
(in thousands, except percentages)	2022	2021	% Change	2022	2021	% Change
Machine Clothing	**$151,670**	$159,921	-5.2 %	**$305,732**	$308,127	-0.8 %
Albany Engineered Composites	**109,699**	74,598	47.1 %	**199,806**	148,753	34.3 %
Total	**$261,369**	$234,519	11.4 %	**$505,538**	$456,880	10.7 %

The following tables provide a comparison of 2022 Net sales, excluding the impact of currency translation effects, to 2021 Net sales:

(in thousands, except percentages)	Net sales as reported, Q2 2022	Decrease due to changes in currency translation rates	Q2 2022 sales on same basis as Q2 2021 currency translation rates	Net sales as reported, Q2 2021	% Change compared to Q2 2021, excluding currency rate effects
Machine Clothing	**$ 151,670**	$ (5,447)	$ 157,117	$ 159,921	-1.8 %
Albany Engineered Composites	**109,699**	(1,994)	111,693	74,598	49.7 %
Total	**$ 261,369**	$ (7,441)	$ 268,810	$ 234,519	14.6 %

(in thousands, except percentages)	Net sales as reported, YTD 2022	Decrease due to changes in currency translation rates	YTD 2022 sales on same basis as 2021 currency translation rates	Net sales as reported, YTD 2021	% Change compared to 2021, excluding currency rate effects
Machine Clothing	**$ 305,732**	$ (7,975)	$ 313,707	$ 308,127	1.8 %
Albany Engineered Composites	**199,806**	(3,152)	202,958	148,753	36.4 %
Total	**$ 505,538**	$ (11,127)	$ 516,665	$ 456,880	13.1 %

Three month comparison

- Changes in currency translation rates had the effect of decreasing Net sales by $7.4 million during the second quarter of 2022, as compared to 2021, principally due to a weaker Euro in 2022.
- Excluding the effect of changes in currency translation rates:
  - Net sales increased 14.6% compared to the same period in 2021.
  - Net sales in MC decreased 1.8% compared to the second quarter of 2021, driven by declines in sales for engineered fabrics and tissue grades, partially due to our previously announced cessation of doing business in Russia.
  - Net sales in AEC increased 49.7%, mainly due to growth on CH-53K and LEAP programs.

Six month comparison

- Changes in currency translation rates had the effect of decreasing Net sales by $11.1 million during the first six months of 2022, as compared to 2021, principally due to a weaker Euro in 2022.
- Excluding the effect of changes in currency translation rates:
  - Net sales increased 13.1% compared to the same period in 2021.
  - Net sales in MC increased 1.8% compared to the first six months of 2021, primarily due to growth in sales for pulp and publication grades.
  - Net sales in AEC increased 36.4%, primarily due to growth on CH-53K and LEAP programs.

Gross Profit

The following table summarizes Gross profit by business segment:

(in thousands, except percentages)	Three months ended June 30, 2022	2021	Six months ended June 30, 2022	2021
Machine Clothing	**$ 78,857**	$ 84,597	**$ 158,202**	$ 160,990
Albany Engineered Composites	**21,736**	17,131	**33,995**	29,284
Total	**$ 100,593**	$ 101,728	**$ 192,197**	$ 190,274
% of Net sales	**38.5 %**	43.4 %	**38.0 %**	41.6 %

Three month comparison

The decrease in second quarter 2022 Gross profit, as compared to the same period in 2021, was due to a decline in MC Gross profit, partially offset by an increase at AEC. Gross profit as a percentage of sales:

- Decreased from 52.9% in 2021 to 52.0% in 2022 in MC, due to an increase in input costs.
- Decreased from 23.0% in 2021 to 19.8% in 2022 in AEC, principally due to a smaller impact from changes in the estimated profitability of long-term contracts, which increased Gross profit by $1.2 million for the second quarter of 2022, compared to an increase of $4.3 million for the second quarter of 2021.

Six month comparison

The increase in Gross profit during the first half of 2022, as compared to the same period in 2021, was due to an increase in AEC Gross profit, partially offset by a decline in Gross profit in MC. Gross profit as a percentage of sales:

- Decreased from 52.2% in 2021 to 51.7% in 2022 in MC, due to an increase in input costs.
- Decreased from 19.7% in 2021 to 17.0% in 2022 in AEC, driven by changes in the estimated profitability of long-term contracts, which decreased Gross profit by $0.6 million in the first half of 2022, as compared to an increase in Gross profit of $3.7 million in the first half of 2021. In addition, during the first quarter, reserves were recorded on inventory that was damaged at an off-site storage facility, further reducing gross profit as a percent of sales.

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

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

(in thousands, except percentages)	Three months ended June 30, 2022	2021	Six months ended June 30, 2022	2021
Machine Clothing	**$ 24,009**	$ 28,685	**$ 53,486**	$ 54,784
Albany Engineered Composites	**12,202**	10,014	**23,266**	19,140
Corporate expenses	**13,695**	13,071	**25,750**	24,522
Total	**$ 49,906**	$ 51,770	**$ 102,502**	$ 98,446
% of Net sales	**19.1 %**	22.1 %	**20.3 %**	21.5 %

Three month comparison

The overall decrease in STG&R expenses in the second quarter of 2022, compared to the same period in 2021, was due to the net effect of the following:

- In MC, changes in currency translation rates had the effect of decreasing STG&R by $1.8 million during 2022, driven by the weaker Euro, as compared to an increase to expense by $1.9 million during 2021.
- In AEC, selling and general expenses increased $1.4 million due to investment in business development activities, and research expense increased $0.8 million over the prior year.

Six month comparison

The overall increase in STG&R expenses in the first six months of 2022, compared to the same period in 2021, was due to the net effect of the following:

- In MC, changes in currency translation rates had the effect of decreasing STG&R by $0.8 million during 2022, driven by the weaker Euro, as compared to an increase to expense by $1.4 million during 2021. This favorability was partially offset by customer credit loss reserve increases related to our dissolution of business relationships in Russia.
- In AEC, selling and general expenses increased $2.3 million, and research expense increased $1.8 million over the prior year.

Restructuring Expense, net

In addition to the items discussed above affecting Gross profit and STG&R expenses, operating income was affected by restructuring expenses, as summarized in the following table:

	Three months ended June 30,		Six months ended June 30,	
(in thousands)	**2022**	**2021**	**2022**	**2021**
Machine Clothing	**$ (30)**	$ 10	**$ 213**	$ (58)
Albany Engineered Composites	**—**	(48)	**—**	41
Corporate expenses	**2**	29	**13**	60
Total	**$ (28)**	$ (9)	**$ 226**	$ 43

Restructuring expense, net was insignificant in both the current and prior year, 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:

	Three months ended June 30,		Six months ended June 30,	
(in thousands)	**2022**	**2021**	**2022**	**2021**
Machine Clothing	**$ 54,861**	$ 55,902	**$ 104,505**	$ 106,264
Albany Engineered Composites	**9,535**	7,164	**10,730**	10,102
Corporate expenses	**(13,681)**	(13,100)	**(25,766)**	(24,581)
Total	**$ 50,715**	$ 49,966	**$ 89,469**	$ 91,785

Other Earnings Items

	Three months ended June 30,		Six months ended June 30,	
(in thousands)	**2022**	**2021**	**2022**	**2021**
Interest expense, net	**$ 3,933**	$ 4,218	**$ 7,542**	$ 7,787
Other (income)/expense, net	**(7,045)**	862	**(10,973)**	1,462
Income tax expense	**14,458**	13,446	**25,456**	23,486
Net income/(loss) attributable to the noncontrolling interest	**168**	43	**506**	70

Interest Expense, net

Interest expense, net, was largely in line with the prior year. 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 $7.3 million and $11.0 million in the three and six month periods ended June 30, 2022, respectively, as compared to losses of $0.2 million and $0.3 million in the three and six month periods ended June 30, 2021, respectively. The weaker Euro during the three and six month periods ended June 30, 2022 led to the gains on foreign currency related transactions during such periods.

Income Tax

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 rates for the second quarter of 2022 was 26.9%, lower compared to 30.0% for the same period in 2021, mainly due to favorable discrete tax adjustments in the current period. For the first half of 2022, the Company's effective tax rate was 27.4%, lower compared to 28.5% for the same period in 2021, mainly due to a lower forecasted annual effective tax run rate. The decrease in the forecasted annual effective tax run rate is mainly attributable to a change in forecasted earnings mix and the foreign exchange loss on previously taxed income targeted for future repatriation.

For more information on income tax, see Note 5 to the Consolidated Financial Statements.

Segment Results of Operations

Machine Clothing Segment

Machine Clothing is our primary business segment and accounted for 60% of our consolidated revenues during the six months of 2022. 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. Recent 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 to maintain our manufacturing footprint to align with global demand, while we offset the effects of inflation through continuous productivity improvement.

We have incurred significant restructuring charges in recent years as we reduced MC manufacturing capacity and administrative positions in various countries.

Review of Operations

	Three months ended June 30,		Six months ended June 30,	
(in thousands, except percentages)	2022	2021	2022	2021
Net sales	**$ 151,670**	$ 159,921	**$ 305,732**	$ 308,127
Gross profit	**78,857**	84,597	**158,202**	160,990
% of Net sales	**52.0 %**	52.9 %	**51.7 %**	52.2 %
STG&R expenses	**24,009**	28,685	**53,486**	54,784
Operating income	**54,861**	55,902	**104,505**	106,264

Net Sales

Three month comparison

- Net sales decreased by 5.2%.
- Changes in currency translation rates, driven by a weaker Euro, had the effect of decreasing second-quarter 2022 sales by $5.4 million.
- Excluding the effect of changes in currency translation rates, Net sales in MC decreased 1.8% compared to the second quarter of 2021, driven by declines in sales for engineered fabrics and tissue grades, partially due to our decision to cease doing business in Russia.

Six month comparison

- Net sales decreased by 0.8%.
- Changes in currency translation rates, driven by a weaker Euro, had the effect of decreasing 2022 sales by $8.0 million compared to the same period in 2021.
- Excluding the effect of changes in currency translation rates, Net sales in MC increased 1.8% compared to 2021, driven by growth in sales for pulp and publication grades.

Gross Profit

For the three and six month periods ended June 30, 2022, the decrease in MC Gross profit was primarily due to lower sales as noted above, as well as increases in input costs.

Operating Income

The reduction in Operating income was driven by lower gross profit, partially offset by the effect of currency translation rates, most notably the weaker Euro, reducing STG&R expenses.

Albany Engineered Composites Segment

The Albany Engineered Composites segment, including Albany Safran Composites, LLC, in which our customer SAFRAN Group owns a 10 percent noncontrolling interest, provides highly engineered advanced composite structures to customers primarily in the aerospace (both commercial and defense) industry. AEC's largest program relates to CFM International's LEAP engine. AEC, through ASC, is the exclusive supplier of advanced composite fan blades and cases for this program under a long-term supply contract. The LEAP engine is used on the Airbus A320neo, Boeing 737 MAX, and COMAC 919 aircraft. Other significant AEC programs include CH-53K, F-35, JASSM, and Boeing 787 programs.

Review of Operations

	Three months ended June 30,		Six months ended June 30,	
(in thousands, except percentages)	**2022**	**2021**	**2022**	**2021**
Net sales	**$ 109,699**	$ 74,598	**$ 199,806**	$ 148,753
Gross profit	**21,736**	17,131	**33,995**	29,284
% of Net sales	**19.8 %**	23.0 %	**17.0 %**	19.7 %
STG&R expenses	**12,202**	10,014	**23,266**	19,140
Operating income	**9,535**	7,164	**10,730**	10,102

Net Sales

For the three and six month periods ended June 30, 2022, the increase in Net sales was mainly due to growth on CH-53K and LEAP programs.

Gross Profit

For the three and six month periods ended June 30, 2022, the decrease in Gross profit was primarily driven by changes in the estimated profitability of long-term contracts, which were more muted during 2022, as compared to larger favorable changes in the prior year. We recognized $0.6 million net unfavorable change in the estimated profitability of long-term contracts during the first six months of 2022, as compared to a favorable change of $3.7 million in the first six months of 2021. In addition, incremental reserves in excess of $2 million were recorded on inventory that was damaged at an off-site storage facility, decreasing Gross profit during 2022.

Long-term contracts

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 each of the first six months of 2022 and 2021. LEAP engines are currently used on the Airbus A320neo, Boeing 737 MAX, and COMAC 919 aircraft.

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.

Operating Income

The increase in Operating income was driven by higher gross profit, partially offset by higher research and selling expense.

Working Capital, Liquidity and Capital Structure

Cash Flow Summary

	Six months ended June 30,	
(in thousands)	**2022**	**2021**
Net income	**$ 67,444**	$ 59,050
Depreciation and amortization	**34,874**	37,133
Changes in working capital (a)	**(63,679)**	(921)
Changes in other noncurrent liabilities and deferred taxes	**(656)**	1,153
Other operating items	**(270)**	(775)
Net cash provided by operating activities	**37,713**	95,640
Net cash used in investing activities	**(36,025)**	(23,124)
Net cash provided by/(used in) financing activities	**35,404**	(62,504)
Effect of exchange rate changes on cash and cash equivalents	**(18,258)**	2,002
Increase in cash and cash equivalents	**18,834**	12,014
Cash and cash equivalents at beginning of year	**302,036**	241,316
Cash and cash equivalents at end of period	**$ 320,870**	$ 253,330

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

Cash provided in operating activities was $37.7 million in the first six months of 2022, compared to $95.6 million in the same period last year. AEC experienced particularly strong working capital cash flows in Accounts receivable and Contract assets during 2021, driven by significant deliveries of LEAP components throughout the year. In addition, during second quarter of 2022, the Company made necessary investments in working capital as it prepared to execute on its recently expanded CH-53K scope of work. Customer payment is expected to be collected in a later period. In addition, the timing of customer and vendor invoice payments, as well as higher incentive compensation payouts during the first six months in 2022 compared to the same period in 2021, contributed to reduced net cash provided by operating activities.

We strategically deploy our cash with a focus on investing in our business and new technologies to provide our customers with enhanced capabilities, to increase shareholder value, and to 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. Our capital expenditures totaled $36.0 million and $23.1 million for the first six months ended June 30, 2022 and 2021, respectively, comprised of both sustaining and return seeking projects. In the recent past, a portion of our capital expenditures consist of investments which improve operational productivity, in addition to producing a meaningful impact on energy and resource efficiency.

Net cash provided by financing activities during 2022 was $35.4 million compared to net cash used in financing activities of $62.5 million in 2021, driven by increased borrowings during the current year that were partially used to fund repurchases of shares.

We finance our business activities primarily 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 not to be significant.

On October 27, 2020, we entered into a $700 million unsecured Four-Year Revolving Credit Facility Agreement (the “Credit Agreement”) which amended and restated the prior amended and restated $685 million Five-Year Revolving Credit Facility Agreement, which we had entered into on November 7, 2017 (the “Prior Agreement”). Under the Credit Agreement, $485 million of borrowings were outstanding as of June 30, 2022. The applicable interest rate for borrowings was LIBOR plus a spread, based on our leverage ratio at the time of borrowing. At the time of the last borrowing on June 27, 2022, the spread was 1.625%. The spread was based on a pricing grid, which ranged from 1.500% to 2.000%, based on our leverage ratio. Based on our maximum leverage ratio and our Consolidated Adjusted EBITDA (as defined in the Credit Agreement), and without modification to any other credit agreements, as of June 30, 2022, we would have been able to borrow an additional $215 million under the Agreement. We were in compliance with all debt covenants as of June 30, 2022.

For more information, see Note 13 to the Consolidated Financial Statements.

We believe cash flows from operations and availability under our Credit Agreement will be adequate to cover our operations and business needs over the next twelve months. As of June 30, 2022, we had cash and cash equivalents of approximately $321 million and availability under our Credit Agreement of $215 million, for a total liquidity of approximately $536 million.

As of June 30, 2022, $288.5 million of our total cash and cash equivalents was 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 approximately $190.2 million at June 30, 2022, 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.

We have also returned cash to shareholders through dividends and share repurchases. During the first six months of 2022, we paid $13 million in dividends and repurchased 1 million shares of our Class A Common shares at a cost of $85 million under the $200 million share repurchase program that our Board approved in October 2021.

Off-Balance Sheet Arrangements

As of June 30, 2022, we have no off-balance sheet arrangements required to be disclosed pursuant to Item 303(a)(4) of Regulation S-K.

Recent Pronouncements

On March 9, 2022, the SEC issued a proposed rule to enhance and standardize disclosures regarding cybersecurity risk management, strategy, governance, and incident reporting by public companies. The proposed rules are intended to provide more consistent, comparable and decision-useful information so that investors can better evaluate the Company's exposure to cybersecurity risks, incidents, and strategies to mitigate risks and incidents. We will continue to monitor developments around this proposed rule.

On March 21, 2022, the SEC issued a proposed rule that would enhance and standardize the climate-related disclosures provided by public companies. Under the proposed rule, we would be required to provide quantitative and qualitative disclosures in registration statements and annual reports that include climate-related financial impact and expenditure metrics as well as a discussion of climate-related impacts on financial estimates and assumptions, all of which would be presented in a footnote to the financials statements. Such disclosures would also be subject to management's internal control over financial reporting ("ICFR") and external audit.

As a Company, we have long been committed to sustainable practices and corporate social responsibility and have more recently taken steps to articulate our values and goals, some of which are summarized in our published sustainability report that is included at our website www.albint.com. In 2020, we began establishing more formalized and scalable approaches to our sustainability practices, reporting and systems, in order to ensure we prioritize efforts that are impactful to our business and stakeholders. We have begun to incorporate certain climate-related disclosures and risk factors in our existing disclosures to this point. We will continue to monitor developments around this proposed rule, which once finalized, is expected to allow for a multi-year phased transition to achieving compliance.

Non-GAAP Measures

This Form 10-Q contains certain non-GAAP measures, including: Net sales, and percent change in Net sales, excluding the impact of currency translation effects (for each segment and on a consolidated basis); EBITDA and Adjusted EBITDA (for each segment and on a consolidated basis, represented in dollars or as a percentage of net sales); Net debt; Net leverage ratio; and Adjusted earnings per share (or Adjusted EPS). Such items are provided because management believes that they provide additional useful information to investors regarding the Company's operational performance.

Presenting Net sales and increases or decreases in Net sales, after currency effects are excluded, can give management and investors insight into underlying sales trends. EBITDA, Adjusted EBITDA and Adjusted EPS are performance measures that relate to the Company's continuing operations. EBITDA, or net income with interest, taxes, depreciation, and amortization added back, is a common indicator of financial performance used, among other things, to analyze and compare core profitability between companies and industries because it eliminates effects due to differences in financing, asset bases and taxes. An understanding of the impact in a particular quarter of specific restructuring costs, former CEO termination costs, acquisition/integrations costs, currency revaluation, pension settlement/curtailment charges, inventory write-offs associated with discontinued businesses, or other gains and losses, on net income (absolute as well as on a per-share basis), operating income or EBITDA can give management and investors additional insight into core financial performance, especially when compared to quarters in which such items had a greater or lesser effect, or no effect. Restructuring expenses, while frequent in recent years, are reflective of significant reductions in manufacturing capacity and associated headcount in response to shifting markets, and not of the profitability of the business going forward as restructured.

Net sales, or percent changes in Net sales, 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. The Company calculates EBITDA by removing the following from Net income: Interest expense net, Income tax expense, and Depreciation and amortization expense. Adjusted EBITDA is calculated by: adding to EBITDA costs associated with restructuring, former CEO termination costs, and inventory write-offs associated with discontinued businesses; adding charges and credits related to pension plan settlements and curtailments; adding (or subtracting) revaluation losses (or gains); subtracting (or adding) gains (or losses) from the sale of buildings or investments; adding acquisition/integration costs and subtracting (or adding) Income (or loss) attributable to the non-controlling interest in Albany Safran Composites (ASC). Adjusted earnings per share (Adjusted EPS) is calculated by adding to (or subtracting from) net income attributable to the Company per share, on an after-tax basis: restructuring charges; former CEO severance costs; inventory write-offs associated with discontinued businesses; charges and credits related to pension settlements and curtailments; foreign currency revaluation losses (or gains); and acquisition-related expenses.

EBITDA, Adjusted EBITDA, and Adjusted earnings per share as defined by the Company may not be similar to similarly named measures of other companies. Such measures are not considered measurements under GAAP, and should be considered in addition to, but not as substitutes for, the information contained in the Company's statements of income.

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

Three months ended June 30, 2022				
(in thousands)	**Machine Clothing**	**Albany Engineered Composites**	**Corporate expenses and other**	**Total Company**
Operating income/(loss) (GAAP)	**$ 54,861**	**$ 9,535**	**$ (13,681)**	**$ 50,715**
Interest, taxes, other income/(expense)	**—**	**—**	(11,346)	(11,346)
Net income/(loss) (GAAP)	**54,861**	**9,535**	**(25,027)**	**39,369**
Interest expense, 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	(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**

Three months ended June 30, 2021				
(in thousands)	Machine Clothing	Albany Engineered Composites	Corporate expenses and other	Total Company
Operating income/(loss) (GAAP)	**$ 55,902**	**$ 7,164**	**$ (13,100)**	**$ 49,966**
Interest, taxes, other income/(expense)	**—**	**—**	(18,526)	(18,526)
Net income/(loss) (GAAP)	**55,902**	**7,164**	**(31,626)**	**31,440**
Interest expense, net	—	—	4,218	4,218
Income tax expense	—	—	13,446	13,446
Depreciation and amortization expense	5,138	12,194	919	18,251
EBITDA (non-GAAP)	**61,040**	**19,358**	**(13,043)**	**67,355**
Restructuring expenses, net	10	(48)	29	(9)
Foreign currency revaluation (gains)/losses	1,908	(244)	174	1,838
Acquisition/integration costs	—	300	—	300
Pre-tax (income) attributable to noncontrolling interest	—	(65)	—	(65)
Adjusted EBITDA (non-GAAP)	**$ 62,958**	**$ 19,301**	**$ (12,840)**	**$ 69,419**

Six months ended June 30, 2022				
(in thousands)	Machine Clothing	Albany Engineered Composites	Corporate expenses and other	Total Company
Operating income/(loss) (GAAP)	**$ 104,505**	**$ 10,730**	**$ (25,766)**	**$ 89,469**
Interest, taxes, other income/(expense)	**—**	**—**	(22,025)	(22,025)
Net income/(loss) (GAAP)	**104,505**	**10,730**	**(47,791)**	**67,444**
Interest expense, 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	(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**

Six months ended June 30, 2021				
(in thousands)	Machine Clothing	Albany Engineered Composites	Corporate expenses and other	Total Company
Operating income/(loss) (GAAP)	**$ 106,264**	**$ 10,102**	**$ (24,581)**	**$ 91,785**
Interest, taxes, other income/(expense)	—	—	(32,735)	(32,735)
Net income/(loss) (GAAP)	**106,264**	**10,102**	**(57,316)**	**59,050**
Interest expense, net	—	—	7,787	7,787
Income tax expense	—	—	23,486	23,486
Depreciation and amortization expense	10,258	25,061	1,814	37,133
EBITDA (non-GAAP)	**116,522**	**35,163**	**(24,229)**	**127,456**
Restructuring expenses, net	(58)	41	60	43
Foreign currency revaluation (gains)/losses	1,415	332	341	2,088
Acquisition/integration costs	—	614	—	614
Pre-tax (income) attributable to noncontrolling interest	—	(111)	—	(111)
Adjusted EBITDA (non-GAAP)	**$ 117,879**	**$ 36,039**	**$ (23,828)**	**$ 130,090**

The Company discloses certain income and expense items on a per-share basis. The Company believes that such disclosures provide important insight 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, 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	(8,877)	(2,492)	(6,385)	(0.20)
Acquisition/integration costs	269	80	189	0.01

Three months ended June 30, 2021 (in thousands, except per share amounts)	Pre tax Amounts	Tax Effect	After tax Effect	Per share Effect
Restructuring expenses, net	$ (9)	$ (3)	$ (6)	$ 0.00
Foreign currency revaluation (gains)/losses	1,838	781	1,057	0.03
Acquisition/integration costs	300	90	210	0.01

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	(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

Six months ended June 30, 2021 (in thousands, except per share amounts)	Pre tax Amounts	Tax Effect	After tax Effect	Per share Effect
Restructuring expenses, net	$ 43	$ 12	$ 31	$ 0.00
Foreign currency revaluation (gains)/losses	2,088	646	1,442	0.04
Acquisition/integration costs	614	184	430	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)	**2022**	**2021**	**2022**	**2021**
Earnings per share (GAAP)	**$ 1.25**	$ 0.97	**$ 2.12**	$ 1.82
Adjustments, after tax:				
Restructuring expenses, net	**—**	—	**0.01**	—
Foreign currency revaluation (gains)/losses	**(0.20)**	0.03	**(0.25)**	0.04
Dissolution of business relationships in Russia	**—**	—	**0.07**	—
Acquisition/integration costs	**0.01**	0.01	**0.02**	0.02
Adjusted Earnings per share (non-GAAP)	**$ 1.06**	$ 1.01	**$ 1.97**	$ 1.88

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, 2022**	**March 31, 2022**	**December 31, 2021**
Current maturities of long-term debt	$ —	$ —	$ —
Long-term debt	485,000	427,000	350,000
Total debt	**485,000**	**427,000**	**350,000**
Cash and cash equivalents	320,870	307,415	302,036
Net debt (non GAAP)	**$ 164,130**	**$ 119,585**	**$ 47,964**

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, 2022 is as follows:

Total Company				
	Twelve months ended	Six months ended		Trailing twelve months ended
(in thousands)	December 31, 2021	June 30, 2021	June 30, 2022	June 30, 2022 (non-GAAP) (a)
Operating income/(loss) (GAAP)	**$ 178,011**	**$ 91,785**	**$ 89,469**	**$ 175,695**
Interest, taxes, other income/(expense)	(59,243)	(32,735)	(22,025)	(48,533)
Net income/(loss) (GAAP)	**118,768**	**59,050**	**67,444**	**127,162**
Interest expense, net	14,891	7,787	7,542	14,646
Income tax expense	47,163	23,486	25,456	49,133
Depreciation and amortization expense	74,255	37,133	34,874	71,996
EBITDA (non-GAAP)	**255,077**	**127,456**	**135,316**	**262,937**
Restructuring expenses, net	1,331	43	226	1,514
Foreign currency revaluation (gains)/losses	(1,442)	2,088	(11,137)	(14,667)
Aviation Manufacturing Job Protection (AMJP) grant	(4,731)	—	—	(4,731)
Dissolution of business relationships in Russia	—	—	2,568	2,568
Acquisition/integration costs	1,166	614	551	1,103
Pre-tax (income) attributable to noncontrolling interest	(510)	(111)	(457)	(856)
Adjusted EBITDA (non-GAAP)	**$ 250,891**	**$ 130,090**	**$ 127,067**	**$ 247,868**

(in thousands, except for net leverage ratio)	June 30, 2022
Net debt (non-GAAP)	164,130
Trailing twelve months Adjusted EBITDA (non-GAAP)	247,868
Net leverage ratio (non-GAAP)	**0.66**

(a) Calculated as amounts incurred during the twelve months ended December 31, 2021, less those incurred during the six months ended June 30, 2021, plus those incurred during the six months ended June 30, 2022.

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 in Item 1, "Notes to Consolidated Financial Statements" is incorporated herein by reference.

Item 1A. Risk Factors

There have been no material changes in risks since December 31, 2021, except as discussed below.

The military invasion of Ukraine by Russia, and the ensuing sanctions are likely to continue to have an impact on our business. We have already stopped shipping our products to Russia and are in the process of winding down a small joint venture in that country which supplied dryer fabrics to local papermakers, resulting in lost sales and possible future write-offs. However, we also expect that there could be further indirect impacts. For instance, the conflict has already caused disruption in the availability of shipping options between Asia and Europe. Supply chain disruptions could make it more difficult to find favorable pricing and reliable sources for the raw materials we need, putting upward pressure on our costs and increasing the risk that we may be unable to acquire the materials or services we need to continue to make and deliver certain products. Moreover, these same pressures could hinder our customers' ability to source materials needed for their own manufacturing efforts, thereby reducing or slowing their demand for our products. There can be no assurance that we will be able to pass through these cost increases to our customers or to fully offset them via operational efficiencies. If we are unsuccessful in managing such cost increases, they could have a material adverse effect on our business, financial position, results of operations, and liquidity.

For discussion of risk factors, refer to Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2021.

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

Issuer Purchases of Equity Securities during the six months ended June 30, 2022

Period	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of publicly announced program	Approx. dollar value of shares that may yet be purchased under the program (thousands)
January 1 to January 31, 2022	140,879	$ 85.24	140,879	$ 163,722
February 1 to February 28, 2022	145,164	86.29	145,164	151,244
March 1 to March 31, 2022	228,643	85.51	228,643	131,688
April 1 to April 30, 2022	236,091	82.21	236,091	112,418
May 1 to May 31, 2022	271,940	80.98	271,940	90,561
June 1 to June 30, 2022	—	—	—	—
Total	1,022,717		1,022,717	$ 90,587

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. We purchased 1,308,003 shares of our Class A Common Stock since the Board repurchase authorization in 2021, 1,022,717 of which were purchased during the first six months of 2022.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not Applicable.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit No.	Description
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, 2022.
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, 2022	By	/s/ Stephen M. Nolan
		Stephen M. Nolan Chief Financial Officer and Treasurer (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, 2022

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, Stephen M. Nolan, 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, 2022 By /s/ Stephen M. Nolan

Stephen M. Nolan
Chief Financial Officer and Treasurer
(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, 2022, as filed with the Securities and Exchange Commission on the date hereof (the Report), A. William Higgins, President and Chief Executive Officer, and Stephen M. Nolan, Chief Financial Officer and Treasurer 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, 2022

/s/ A. William Higgins

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

/s/ Stephen M. Nolan

Stephen M. Nolan
Chief Financial Officer and Treasurer
(Principal Financial Officer)

EXHIBIT (99.1)
MARKET RISK SENSITIVITY – As of June 30, 2022

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 $663.1 million. The potential loss in fair value resulting from a hypothetical 10% adverse change in quoted foreign currency exchange rates amounts to $66.3 million. Furthermore, related to foreign currency transactions, we have exposure to various nonfunctional currency balances totaling $178.1 million. This amount includes, on an absolute basis, exposures to assets and liabilities held in currencies other than our local entity's functional currency. On a net basis, we had $160.1 million of foreign currency liabilities as of June 30, 2022. 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 $16.0 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, 2022, 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 2.95% in 2022, due in 2024	$135,000
Total	$135,000

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 to the Consolidated Financial Statements in Item 1, which is incorporated herein by reference).