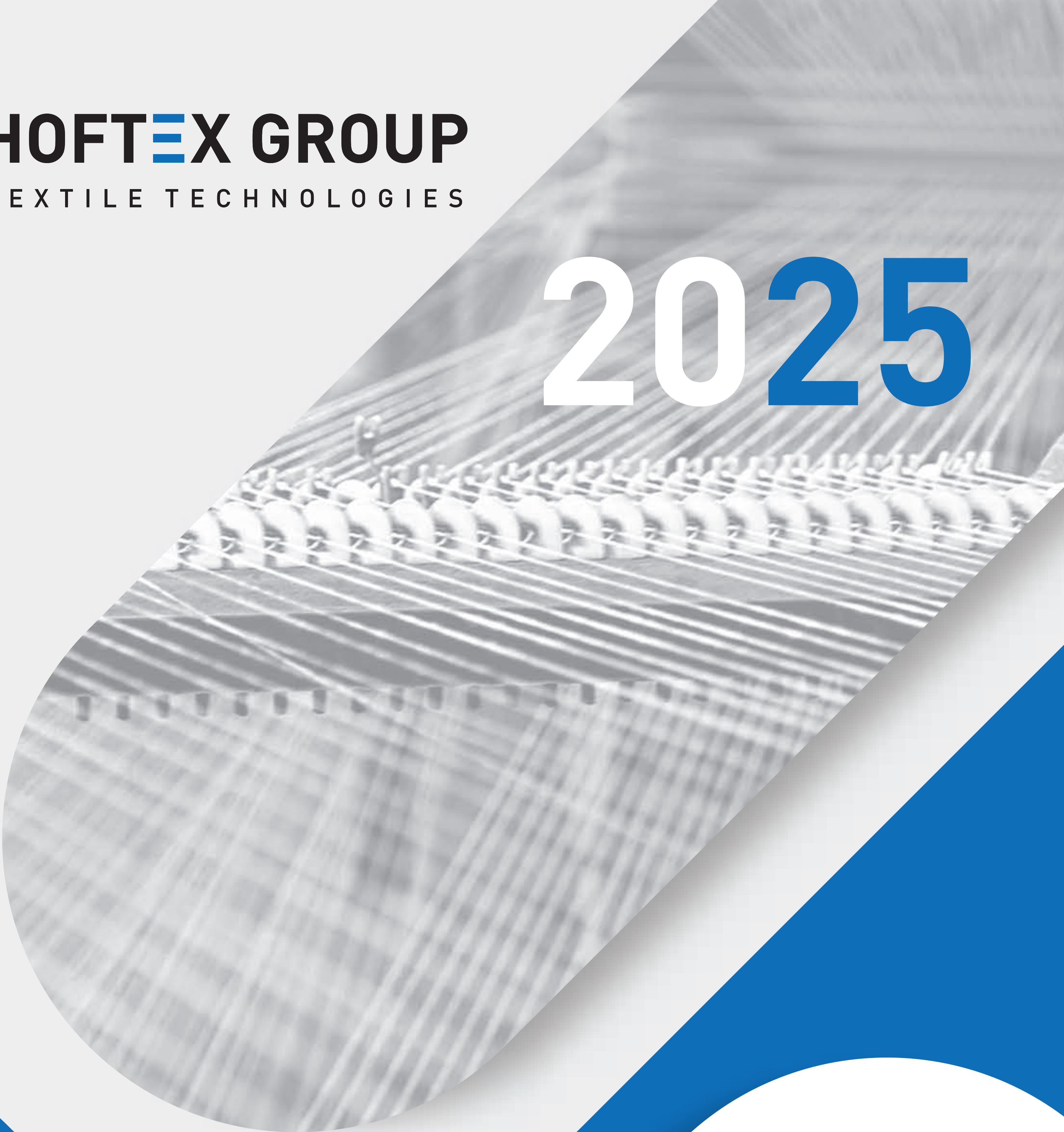
HOFTEX GROUP

TEXTILE TECHNOLOGIES



2025

ANNUAL REPORT

KEY FIGURES FOR THE HOFTEX GROUP

		2025	2024	2023	2022	2021
External sales revenue	EUR million	**139.7**	144.3	157.0	153.8	137.9
Gross revenue	EUR million	**141.4**	142.4	157.4	151.5	138.5
Gross profit [1]	EUR million	**71.8**	72.3	77.2	67.0	71.8
Cash flows from operating activities	EUR million	**3.9**	5.6	15.7	1.2	6.2
Employees		**899**	897	973	1,008	1,037
Capital expenditure on tangible fixed assets	EUR million	**12.5**	15.8	12.5	4.4	9.3
Depreciation, amortisation and write-downs	EUR million	**8.0**	8.4	9.1	10.1	11.0
Current year result	EUR million	**-4.6**	-1.3	-3.6	-1.7	3.7
Earnings per share	EUR	**-0.85**	-0.24	-0.66	-0.31	0.68
Cash flows	EUR million	**2.3**	6.2	4.6	7.6	14.3
EBITDA	EUR million	**5.8**	8.4	8.3	10.2	16.4
Net senior debt to EBITDA ratio	x-fold	**5.1**	2.4	1.4	1.4	0.6
Dynamic debt-equity ratio [2]	years	**26.6**	8.3	9.5	6.0	2.9
Total assets	EUR million	**165.2**	168.1	165.4	177.0	168.3
of which tangible fixed assets	EUR million	**100.1**	100.5	93.0	91.8	97.2
balance-sheet equity	EUR million	**97.1**	107.3	106.9	112.0	113.5
economic equity [3]	EUR million	**97.1**	107.3	106.9	112.0	112.8
Equity ratio [4]	%	**58.8**	63.8	64.6	63.3	67.5

[1] Gross revenue less cost of materials
[2] Debt capital less cash and cash equivalents/cash flows
[3] Balance-sheet equity items less proposed dividend payment
[4] Based on economic equity

TABLE OF CONTENTS

SUPERVISORY BOARD REPORT

During the 2025 financial year, the Supervisory Board played an advisory and supervisory role for the Management Board in all key transactions and strategic decisions relating to the Company and the Group, as stipulated in the German Stock Corporation Act, the Articles of Association and the Board's internal rules and procedures. With timely, comprehensive written and oral reports, the Management Board regularly updated the Supervisory Board on the Group's business developments and financial position as well as its divisions, principal subsidiaries and major projects. The Supervisory Board was also involved in the Group's investment, financial and personnel planning activities by way of regular reports, including reports on issues such as staff development, sales, cash flows, financial performance, variance analyses (forecasts vs. actual results) and the current cash position, all of which were reviewed in detail by the Supervisory Board.

During its meetings, the Supervisory Board dutifully reviewed all measures and transactions requiring its approval and discussed them in detail with the Management Board.

In addition to regular reporting from the Management Board at Supervisory Board meetings, the Chairman of the Supervisory Board was in regular contact with the Management Board and received updates on the current situation and all key transactions.

During the year under review, the Supervisory Board held four scheduled in-person meetings and one extraordinary virtual meeting. Following its election by the Annual General Meeting, the Supervisory Board also convened for its constitutive meeting, which was likewise held in person. Attendance at Supervisory Board meetings remained consistently high during the financial year under review. With the exception of two meetings, at each of which one member was absent, all members of the Supervisory Board participated in the deliberations. The personnel committee met four times during the period under review. The Supervisory Board did not form any other committees during the reporting year.

At its meeting on 17 March 2025, the Supervisory Board reviewed in detail the preliminary Group results as at 31 December 2024, the current business situation in January 2025, and the economic situation of Hoftex Färberei GmbH. The Management Board also provided a comprehensive update on the Hoftex Group's liquidity position and the status of negotiations with the banking syndicate regarding the planned refinancing.

At the 16 May 2025 meeting, the Supervisory Board performed an in-depth review of the annual financial statements and audit reports as at 31 December 2024 for HOFTEX GROUP AG and the Group. The agenda for the Annual General Meeting was also approved, along with the various resolution proposals. Another agenda topic was the Management Board's regular reporting on current business development with a focus on the figures for the first quarter of 2025. The Supervisory Board also approved the conclusion of a refinancing agreement based on the syndicated loan agreement entered into on 16 December 2021. Following detailed deliberations and intensive discussions, the Supervisory Board approved an expansion investment in a pouch production facility at the Reichenbach nonwovens site ahead of schedule in order to secure the capacities required for the dynamically growing consumer goods segment at an early stage.

In addition to the recurring topic of current business performance as at June 2025, the meeting on 15 September 2025 focused on an in-depth analysis and assessment of the current and future business situation of Hoftex Färberei GmbH.

At the extraordinary meeting on 12 November 2025, the Management Board informed the Supervisory Board of the planned closure of Hoftex Färberei GmbH due to the continuing decline in order intake and the ongoing loss forecast. Following an in-depth and extensive discussion, the Supervisory Board unanimously approved the closure of the division. The Supervisory Board also approved the sale of real estate in Reichenbach owned by Tenowo GmbH that was not required for operations.

In the final meeting of the reporting year on 15 December 2025, the Management Board presented the Group's current business performance as at September 2025, the projected results for 2025, the Group's business plan for 2026 and the investment budget for 2026 including the investment forecast for 2027 to 2028. After reviewing them in detail and discussing their inherent opportunities and risks with the Management Board, the Supervisory Board approved the plans. The Supervisory Board also adopted the proposed investment budget for the 2026 financial year.

The Annual General Meeting appointed Nuremberg-based Baker Tilly GmbH & Co. KG Wirtschaftsprüfungsgesellschaft as auditors of the single-entity and consolidated financial statements for the 2025 financial year. They audited the HOFTEX GROUP AG financial statements and the consolidated financial statements for the year ending 31 December 2025 as well as the Group Management Report, the accounting system and the accounting-related internal control system and issued them with an unqualified audit opinion. Upon completion, all audit reports were immediately sent to the members of the Supervisory Board.

The auditors were present at the annual report meeting of the Supervisory Board on 13 May 2026, during which they engaged in an in-depth discussion of the HOFTEX GROUP AG financial statements and the consolidated financial statements for the year ending 31 December 2025, as well as the Group Management Report, the Management Board's proposal for the appropriation of consolidated net income (loss) and the audit reports. The Supervisory Board duly noted and approved the audit findings. It, in turn, has audited the single-entity and consolidated financial statements, the Group Management Report, as well as the proposal for the appropriation of consolidated net income (loss). Following the final outcome of this audit, the Supervisory Board raised no objections. The Supervisory Board approved and thus adopted the annual financial statements prepared by the Management Board of HOFTEX GROUP AG as at 31 December 2025. The consolidated financial statements and the Group Management Report were also adopted. The Supervisory Board endorsed the Management Board's proposal for the appropriation of consolidated net income (loss).

The Management Board submitted to the Supervisory Board its report concerning the company's relations with its affiliated companies in the 2025 financial year as stipulated by Section 312 AktG (subordinate status report) and the auditor's report on the same. The auditor issued the report with the following unqualified audit opinion:

"Having examined and assessed the report in accordance with professional standards, we confirm that

1. the facts set out in the report are accurate and

2. the consideration paid by the company for the transactions listed in the report was not inappropriately high."

The Supervisory Board duly noted the report and the findings of the audit of the report, reviewed both reports and discussed the findings of each with the Management Board and the auditor. The Supervisory Board concurred with the findings of the audit of the subordinate status report prepared by the auditor.

At the end of the report, the Management Board declared that, based on the circumstances known to it at the time the legal transactions were made with these affiliates, the company received adequate consideration for each legal transaction and neither took nor refrained from taking measures at the request or in the interest of the controlling company. Based on the outcome of these discussions and its assessment of the subordinate status report, the Supervisory Board raised no objections to this declaration.

The HOFTEX GROUP AG Management Board and Supervisory Board have the following changes to report:

Mr. Daniel Köster, who had served as Chief Financial Officer since 13 November 2023, resigned from his position with effect from the close of business on 15 July 2025. The Supervisory Board thanks Mr. Köster for his dedication and service to the company. At its meeting on 15 December 2025, the Supervisory Board appointed Dr. David Meyer as a member of the Management Board with effect from 1 April 2026. As Chief Financial Officer, Dr. Meyer succeeded Mr. Köster. Chief Executive Officer Ms. Manuela Spörl also performed the tasks of Chief Financial Officer on an interim basis until Dr. Meyer was appointed to the Management Board.

The Annual General Meeting on 11 July 2025 marked the end of the five-year term of office of the former Supervisory Board and the beginning of the term of office for the new Supervisory Board, which was elected by the Annual General Meeting and employees. Existing shareholder representatives Ms. Renate Dempfle, Ms. Melanie Liebert, Mr. Joseph Kronfli, Mr. Martin Steger, Mr. Klaus Steger and Mr. Tom Steger were re-elected by the Annual General Meeting. The seats of Ms. Carmen Teismann and Mr. Rasit Buzluhan, representing the employees, had already been renewed on 4 June 2025. Ms. Stefanie Herick was elected to the Supervisory Board as an employee representative, succeeding Ms. Johanna Falasa, who stepped down from the Supervisory Board at the close of the Annual General Meeting on 11 July 2025. The Supervisory Board thanks Ms. Falasa for her many years of dedicated service on HOFTEX GROUP AG's Supervisory Board. Chairman Tom Steger's position was confirmed during the subsequent constituent meeting of the Supervisory Board, and Mr. Martin Steger was re-elected to his post as Deputy Chairman.

The Supervisory Board thanks the members of the Management Board and all employees of the Group for their extraordinary commitment and our shareholders for placing their trust in us during the past financial year.

Hof, May 2026

The Supervisory Board of HOFTEX GROUP AG

Tom Steger
Chairman of the Supervisory Board

GROUP MANAGEMENT REPORT FOR THE 2025 FINANCIAL YEAR

1. Group fundamentals

1.1. Business model

HOFTEX GROUP AG, established in 1853 with its registered office in Hof (Bavaria), is a group of companies operating in the global textile industry. The Hoftex Group is among Europe's largest textile companies with a 170-year history in the global textile trade. During this time, the Group has grown in several stages from a conventional textile manufacturer to a diversified niche supplier of innovative textile products. Activities are organised in the HOFTEX, NEUTEX and TENOWO divisions, which specialise in the development, production and sale of innovative textile products for a wide range of applications. The companies of the Hoftex Group are active on three continents in seven countries at a total of twelve manufacturing and sales locations, offering customers worldwide their services as a trusted partner.

The HOFTEX division, whose business operations were discontinued in 2026, represents the origins of today's Hoftex Group and offered dyed yarns and threads with a focus on applications for technical textiles and apparel.

The NEUTEX division consolidates the segments of sales and customisation of decorative fabrics and interior sun-protective textiles. As a premium systems supplier, NEUTEX delivers decorative fabrics as yard goods as well as made-to-measure, ready-made household textiles. It also supplies innovative textile sun protection solutions to industrial customers for further processing.

The TENOWO division, with locations in Europe, North America and Asia, is a market leader in the development and manufacture of innovative technical textiles and nonwovens. TENOWO develops and produces nonwovens for a variety of automotive applications along with nonwoven textiles for the construction industry, the cable industry, medical applications, the consumer goods sector and the apparel sector.

1.2. Group structure

The Hoftex Group is managed by strategic business units in the form of divisions in a decentralised structure. These are broken down by their specific manufacturing technologies and products into the HOFTEX (yarns), NEUTEX (home deco) and TENOWO (nonwovens) operating divisions.

HOFTEX GROUP AG is responsible for the Group's global strategic direction in its role as the holding company. HOFTEX GROUP AG also performs largely service-oriented central functions for the Group's companies across multiple divisions. The operating divisions shoulder and steer global responsibility for assigned products, production operations, markets and customers and are individually accountable.

With its nine members, the Supervisory Board advises the Management Board and oversees its management activities. The Supervisory Board must be consulted in all decisions material to the company, including a review of the single-entity and consolidated financial statements and the Group Management Report. During the Annual General Meeting, the Chairman of the Supervisory Board presents the Supervisory Board's written report.

Mr. Daniel Köster, who had served as Chief Financial Officer since 13 November 2023, stepped down from his position with effect from the close of business on 15 July 2025. Chief Executive Officer Ms. Manuela Spörl also performed the duties of Chief Financial Officer on an interim basis until Dr. David Meyer was appointed to the Management Board effective 1 April 2026.

The subsidiaries' production divisions are led by their respective managing directors, who are supported by a management team comprising representatives from Sales, Production/Engineering and Controlling.

As at 31 December 2025, the Hoftex Group comprised 4 domestic (prior year: 8) and 6 foreign (prior year: 6) subsidiaries. The reduction in the number of domestic companies resulted from mergers completed during the reporting year.

HOFTEX GROUP – Divisions and locations

	TENOWO	NEUTEX	HOFTEX	OTHER
Locations	Hof (DE) Reichenbach (DE) Mittweida (DE) Lincolnton (USA) Huzhou (CN) Milan (IT) San Luis de Potosi (MX) Hai Phong City (VN)	Münchberg (DE) Targu Mures (RO)	Hof (DE) Selbitz (DE)	Hof (DE)
Sales in EUR million	**127.2**	**6.2**	**4.3**	**2.0**
Unit sales in millions	sqm **204**	sqm **1.0**	kg **0.8**	-
Employees ø 2025	**724**	**80**	**32**	**36**

1.3. Objectives and strategy

We are a family-operated, medium-sized enterprise focused on long-term, sustainable success. Our corporate policy is designed to balance and safeguard economic performance and social responsibility. Our mission statement defines product quality, innovative textile solutions and reliability as the cornerstones of our company's success.

The various product and market structures require different market strategies. We maintain a global presence to expand our role as a supplier and partner to our customers around the world. We want to strengthen our positions in existing markets by supplying innovative products in the highest possible quality. We aim to extend our product portfolio by developing new lines of business. The strategic direction is developed individually in the context of strategic Group guidelines, taking the diversified markets of the separate divisions into account.

Our TENOWO operating division positions itself as a global supplier and partner for innovative nonwoven applications. TENOWO combines its wide range of technology, global production footprint and long-standing expertise to offer its customers and partners a portfolio of products and services tailored to their unique needs, which translates into a decisive advantage over international competitors.

The NEUTEX division focuses on manufacturing and distributing made-to-measure household textiles and sun protection solutions.

Our goal is to help our customers succeed by providing them with high-quality, efficient products. We employ lean management strategies to continuously optimise our processes and ensure that everyone throughout the company shares a common understanding of quality. Our success is based on a combination of intensive research, technological development and comprehensive textile expertise within the Group.

Our employees ensure our company's sustained success. They make a crucial contribution to achieving our strategic goals with their professionalism, quality consciousness, loyalty, entrepreneurial spirit and motivation. Many different nationalities are represented at our worldwide locations. Here at the Hoftex Group, we see ourselves as a family with common values based on trust, fairness, integrity, compassion, communication, collaboration and a sense of responsibility and appreciation of others. We foster our employees' professional and social skills and build our strategic HR policy on continuing training and qualification measures, along with an integrative leadership style. We want to be among the best employers in our target markets.

Responsible resource management and climate protection are crucial to our future.

The use of recycled raw materials, substitution of environmentally hazardous substances and optimised, energy-efficient production processes help create greener, more sustainable products. As a result, customers of the Hoftex Group can rest assured in the knowledge that they have a trustworthy partner at their side, even across multi-year product cycles.

1.4. Control system

The most important financial KPIs for corporate management are sales, EBITDA and total capital expenditure. The financial control system enables us to measure the achievement of division targets. Alongside the key performance indicators used for corporate management, other non-financial metrics are compared such as employees, seconds rates and energy consumption. Managing directors in the divisions provide the Management Board with detailed reports on the development of key indicators and performance in regular Board meetings. This information enables the Management Board to implement measures to counteract unsatisfactory developments in a timely manner.

1.5. Research and development

Research and development occupies a strategic position within the TENOWO division and forms part of its core processes. At TENOWO, the focus is on customer and application-specific research and development, with particular emphasis on innovative and future-oriented areas. During the reporting period, key areas of focus included consumer goods (development of new product generations), heat and flame protection (protective workwear and protective clothing for firefighters), antibacterial wound dressings (antibacterial plasters for various applications), sustainability (PFAS-free formulations and the use of recycled fibres) and composites (carbon nonwovens and thermoplastic carbon nonwovens).

Several products were successfully completed during the reporting period and entered the market launch phase. These included an innovative protective hood for firefighters, PFAS-free nonwovens for the automotive industry and nonwovens made from recycled carbon fibres for thermoplastic composites.

To safeguard the expertise developed, efforts to patent development results have been intensified. In this context, patent applications were filed during the reporting period in the areas of consumer goods, protection and healthcare. The strategic design of patents and the involvement of cooperation partners where appropriate help strengthen TENOWO's innovative capacity and reinforce its market position.

In addition to customer-focused research and development, basic research is also conducted in cooperation with research institutes and universities, including the Saxon Textile Research Institute (STFI) in Chemnitz, the Textile Research Institute Thuringia-Vogtland in Greiz and the TU Dresden. Close cooperation with academic research enables the company to identify new developments and changes in relevant fields early on and to pursue them strategically.

During the reporting year, EUR 1.4 million (prior year: EUR 1.6 million) was invested in research and development activities, and the department employed 17 people (prior year: 20).

1.6. Sustainability

[Section not audited by the auditor.]

Sustainability is a central aspect in all strategic fields of innovation.

We contribute significantly to the development of increasingly sustainable product solutions by leveraging our broad technological expertise, continuously optimising our production processes and working closely with our raw material suppliers.

During the reporting year, TENOWO, our largest division, was able to provide customers with specific information on environmental impacts, focusing on recycled content as well as product and process-related emissions associated with the manufacture of the requested product. TENOWO also pursues a sustainable waste management approach by ensuring that a wide range of process-related waste materials, such as fibre and film offcuts, are channelled into environmentally responsible recovery processes. TENOWO is therefore committed to raising awareness of secondary raw materials and recyclable materials while avoiding disposal through incineration wherever possible. Compared with the prior year, the proportion of recycled raw materials used increased by approximately 23%. This will enable us to work with our customers to develop sustainable and resource-efficient products in the future.

Our sustainability strategy is reflected, for example, in certifications in accordance with the GRS standard, sustainability ratings under the Carbon Disclosure Project (CDP) and the EcoVadis Committed Badge.

Following the complete discontinuation of production at the Münchberg site and the strategic realignment towards made-to-measure household textiles, the NEUTEX division is focused on sustainable value creation throughout the entire supply chain. A key element of this approach is the certification of NEUTEX suppliers and the entire NEUTEX supply chain in accordance with STANDARD 100 by OEKO-TEX®. This certification ensures that the materials used meet stringent requirements with regard to the absence of harmful substances, consumer protection and environmentally responsible production methods.

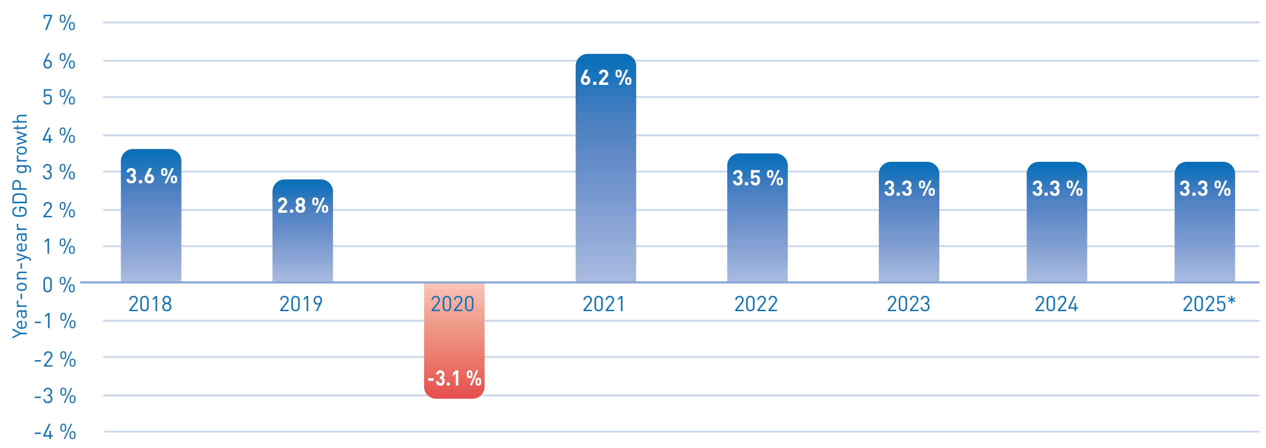
2. Economic report

2.1. Macroeconomic conditions

In 2025, the global economy remained stable, with neither significant momentum nor signs of an acute downturn. The IMF projected global GDP growth at 3.3%, unchanged from the prior year (3.3%). This stable, albeit modest, growth reflected the interaction of opposing forces: While rising protectionism, driven by the United States' volatile tariff policy, fuelled trade disputes and weighed on the global economy, investment in new technologies such as artificial intelligence (AI), particularly in North America and Asia, provided a significant boost to growth. Easing inflation allowed for a cautious relaxation of monetary policy, enabling central banks to gradually reduce restrictions. Global inflation stood at approximately 4.1% in 2025 and is estimated to decline to 3.8% in 2026. The euro appreciated significantly over the course of the year, placing additional pressure on export-oriented industries in Europe.

Geopolitical tensions and trade disputes further increased uncertainty and constrained broader economic activity. Key factors included Russia's continuing war of aggression against Ukraine, numerous conflicts in the Middle East, tensions between China and Taiwan, US economic policy under Donald Trump, various episodes of social unrest and extreme weather events. For companies worldwide, this environment led to delayed investment decisions, more cautious supply chain management and higher risk premiums. The resulting uncertainty acted as an invisible brake on economic growth.

Development in global gross domestic product (GDP) from 2018 to 2025 (year-on-year)



*) Estimate

Source: Proprietary chart based on figures published by the IMF (WEO January 2026)

Economic output in industrialised economies increased by 1.7% in 2025, remaining broadly in line with the prior-year level (1.8%). Economic growth in the Eurozone reached 1.4%, improving by half a percentage point compared with 2024 (0.9%).

Among the major European economies, Germany once again ranked last, although it returned to modest growth of 0.2% following two consecutive years of declining GDP (2023: -0.3%; 2024: -0.5%). Economic activity remained largely stagnant, showing only marginal improvement compared with the prior year.

Germany's industrial sector, traditionally one of the country's strengths, continued to face significant challenges due to weak demand from abroad, particularly from China, high energy and production costs, and ongoing structural change. Many companies reduced production or postponed investment decisions. France (0.8%; prior year: 1.1%) and Italy (0.5%; prior year: 0.7%), the other major European economies, also recorded only modest GDP growth. Spain, by contrast, maintained the robust growth seen in the prior year (3.5%), achieving growth of 2.9% and thereby remaining the strongest-performing industrialised economy. The United States recorded above-average GDP growth of 2.1% compared with the other G7 countries, although it fell short of the prior-year figure of 2.8%. The remaining G7 economies – Canada (1.6%; prior year: 2.0%), the United Kingdom (1.4%; prior year: 1.1%) and Japan (1.1%; prior year: -0.2%) – all achieved positive growth rates, albeit at a comparatively low level.

As in previous years, emerging and developing economies presented a different picture. With average growth of 4.4%, all economies in this group expanded their economic activity and continued the trend seen in the prior year (4.2%). However, apart from the economic powerhouses China and India, nominal growth rates generally did not reach the levels achieved by the major industrialised nations.

The economy of the People's Republic of China grew by 5.0%, matching the prior year's growth rate (5.0%). India's economy continued to expand strongly, recording GDP growth of 7.3% and thereby exceeding the prior-year rate of 6.5%. The Association of Southeast Asian Nations (ASEAN) recorded economic growth of 4.2% (prior year: 4.6%), placing it slightly below the average for emerging and developing economies.

2.2. Sector-specific conditions

The automotive industry presented a mixed picture in 2025, shaped by ongoing structural change. Global vehicle markets continued their recovery, although growth remained moderate and varied considerably by region. According to S&P Global Mobility, worldwide sales of passenger cars and light commercial vehicles exceeded the pre-crisis level of 2019 for the first time, reaching approximately 91.7 million units in 2025.[1] This development pointed to a continuing normalisation following the pandemic-related downturn.

Market development in Europe remained subdued. New vehicle registrations were slightly above the prior-year level[2] over the course of the year, although high prices, cautious consumer spending and geopolitical uncertainty continued to weigh on demand, and pre-crisis levels were not yet reached. Vehicle production across the EU remained under pressure due to high energy costs, stringent regulatory requirements and increasing competitive pressure from Asian manufacturers.[3]

The German automotive market recorded modest growth in 2025, although without sustained momentum. New passenger car registrations increased by only around 1% to 2% compared with the prior year and remained well below pre-2020 levels. The uncertain geopolitical environment and persistently high energy and consumer prices continued to weigh on both the German economy and the automotive market.

In addition to the automotive industry, the textile and apparel industry is also of particular importance to the Hoftex Group. The German textile and apparel industry contracted again in 2025. Following an already challenging year in 2024, both the textile and apparel segments remained significantly affected by the weak economic environment during the reporting year. Sales, employment and foreign trade all declined again, while only the retail sector recorded a slight nominal increase. Although recent survey results indicate cautious optimism, they do not yet point to a reliable turnaround in the overall trend.

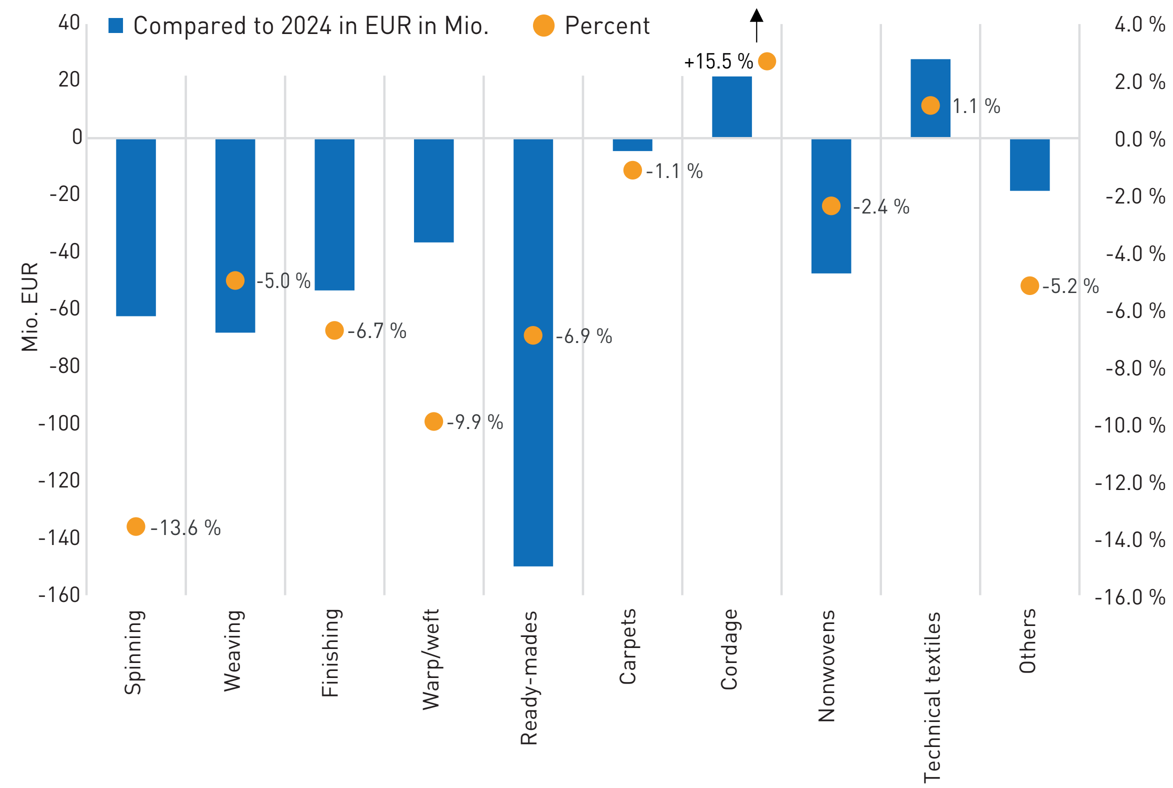
1) https://www.spglobal.com/automotive-insights/en/blogs/2026/01/2025-automotive-sales-data-global-trends
2) https://www.acea.auto/pc-registrations/new-car-registrations-1-8-in-2025-battery-electric-17-4-market-share/
3) https://www.acea.auto/publication/economic-and-market-report-global-and-eu-auto-industry-first-half-of-2025/

Raw material prices developed moderately in 2025 but remained above pre-pandemic levels. Energy costs continued to represent a significant burden, whereas ocean freight rates remained comparatively low.

Total sales generated by the German textile and apparel industry (companies with ≥ 50 employees) amounted to EUR 16.59 billion in the past financial year, representing a decline of 2.6% compared with the prior year. Sales in the textile segment fell by 3.2%, while the apparel segment recorded a decline of 1.8%. This continued the downward trend that had already begun in 2024.

Sales, employment and export trends
in the textile and fashion sector in 2025

Sales trends in the textile segments in 2025

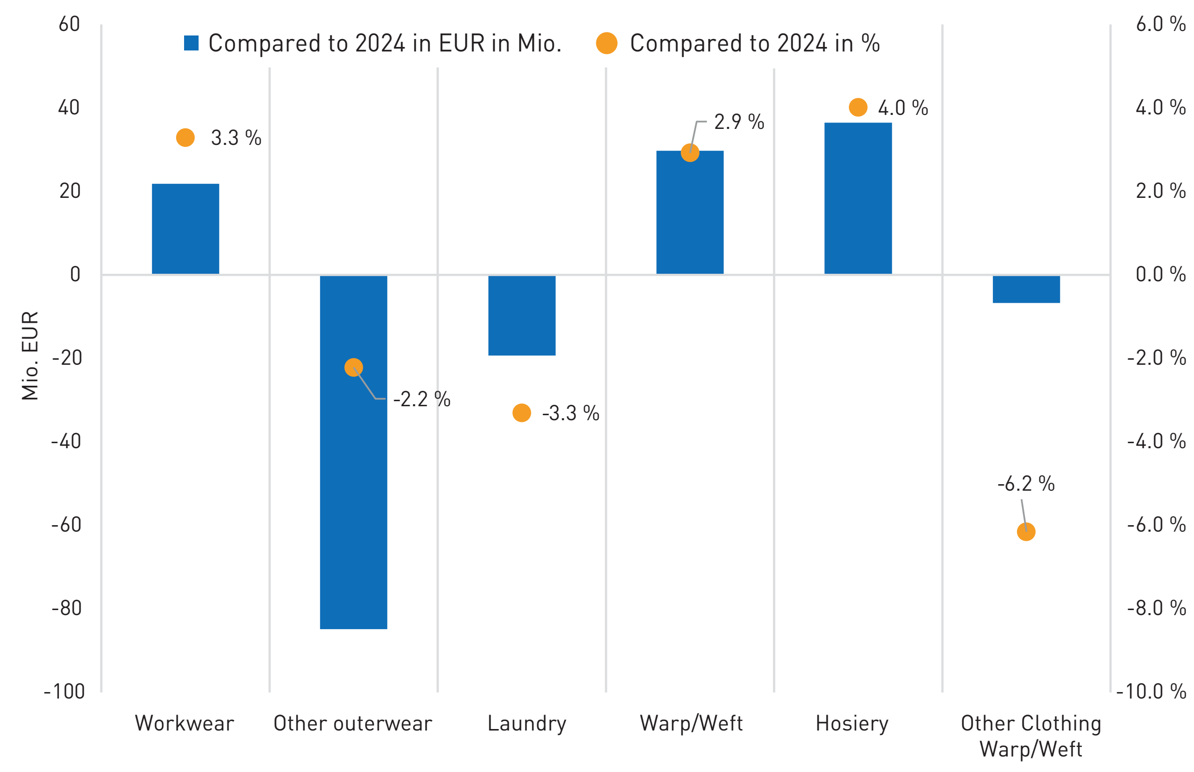


Source: Industry association "textile+ mode", February 2026 market report

Within the textile segment, 2025 once again highlighted the significant decline in traditional upstream segments. The sharpest decreases were recorded in spinning (-13.6%), weaving (-5.0%), finishing (-6.7%), warp/weft knitting (-9.9%) and ready-made textiles (-6.9%). The carpet (-1.1%) and nonwovens (-2.4%) segments also reported lower sales.

Only the cordage (+15.5%) and technical textiles (+1.1%) segments achieved sales growth. However, these gains were insufficient to offset the declines in the remaining segments.

2025 sales trends in the apparel segments



Source: Industry association "textile+ mode", February 2026 market report

Performance within the apparel segment was more mixed in 2025. Manufacturers of outerwear again recorded a significant decline in sales (-2.2%), while workwear (+3.3%), hosiery (+4.0%) and the warp/weft knitting segment (+2.9%) achieved sales growth.

Employment in the textile and apparel industry declined by 4.6% in 2025, a decrease comparable to that experienced during the pandemic period. As a result of the sales declines described above, employment in the textile segment was reduced by 5.8%, while the apparel segment recorded a decline of 2.1%.

Despite lower employment levels, total wages and salaries declined only slightly (-0.4%), reflecting increases in collectively agreed and effective wage rates. Wage and salary expenses in the textile segment decreased by 1.6%, while the apparel segment recorded an increase of 1.9%.

2.3. Group performance

Like many industries and companies in Germany, the Hoftex Group continues to be particularly affected by the persistent weakness in global trade. The 2025 financial year once again proved challenging, characterised by economic policy uncertainty, trade and geopolitical tensions, and subdued growth in key markets.

TENOWO Division

Sales revenue in the core TENOWO division amounted to EUR 127.2 million in the reporting year (prior year: EUR 129.9 million). The decline in sales volume was primarily attributable to our largest segment, automotive. The weakening demand from European OEMs that emerged in the third quarter of 2024 continued throughout the 2025 financial year. In the US, market development was affected by inflation-driven consumer restraint, while in China declining automotive sales were primarily attributable to market share losses among Western OEMs.

The consumer goods segment recorded strong growth worldwide, supported by market expansion, our strategic investments and the continuous expansion of our product portfolio. Sales in the apparel segment, which for TENOWO primarily comprises European markets, remained stable compared with the prior year, although at a persistently low level. Ongoing consumer restraint and intense competition within the industry prevented growth in this segment. The healthcare segment recorded modest sales growth during the 2025 financial year, supported by a strategic focus on customer-specific wound care products and certified medical products. In the composites and protection segments, innovative product solutions for pipe rehabilitation applications were developed, which are expected to contribute to future success in these markets.

Due to weak demand from the automotive sector, revenue at our Lincolnton, USA site was below the prior-year level. Nevertheless, local market presence and value creation enabled us to gain market share and partially offset the negative trend. At our Huzhou, China site, the expansion of capacity for the consumer goods segment reduced the site's dependence on the automotive segment compared with the prior year and contributed positively to the sales and earnings position. Construction of the new production facility in Vietnam commenced in 2025 with the commissioning of the first production lines.

Overall, lower revenue led to reduced capacity utilisation, preventing planned growth and earnings targets from being achieved.

NEUTEX Division

The year 2025 marked the first full financial year for NEUTEX following its structural realignment and the closure of the Münchberg production site in 2024. While economic conditions remained challenging, NEUTEX achieved significant progress. Online sales continued their positive development and were further strengthened through strategic partnerships with existing and new retail partners. Streamlining the product range and focusing on made-to-measure curtain solutions enabled more efficient value creation and laid the foundation for future success. In contrast, brick-and-mortar retail experienced a significant downturn. Despite the growth in online sales, it remains an important pillar of our sales strategy. Combined with generally weak consumer demand, this resulted in sales declining to EUR 6.2 million compared with EUR 7.3 million in the prior year.

Although the extensive restructuring measures continued to weigh on the cost structure during the reporting year, a significant improvement was evident compared with the prior year.

HOFTEX Division

Against the backdrop of the persistently challenging conditions in the German and European textile industry, characterised by declining demand, ongoing price pressure and significant cost increases across all divisions of the Group – particularly the HOFTEX division, which has reported negative results for an extended period – the decision was made on 12 November 2025 to close Hoftex Färberei GmbH. With production expected to cease in the second quarter of 2026, the HOFTEX division will also discontinue operations within the Hoftex Group. The social plan costs and inventory write-downs associated with the closure had a negative impact on the results of both the company and the Group.

OTHER

During the reporting year, the real estate company generated rental income from commercial properties of EUR 2.0 million. Due to the continued economic weakness in Germany, vacancy rates increased, and the income of EUR 2.4 million generated in the prior year could not be maintained following the departure of several tenants. Nevertheless, the real estate company made a positive contribution to earnings.

2.4. Business performance

Financial performance

In the 2024 management report, the Management Board forecast sales of between EUR 150 million and EUR 170 million for 2025, along with an increase in EBITDA to between EUR 13 million and EUR 15 million. Due to weak demand in the market segments relevant to the Hoftex Group, particularly automotive as well as apparel and household textiles, the Management Board announced in its ad hoc release of 26 August 2025 that it would no longer be possible to achieve the sales and EBITDA targets for the 2025 financial year. The forecast was therefore revised to sales of between EUR 140 million and EUR 150 million and EBITDA of between EUR 8 million and EUR 10 million. On 12 November 2025, in connection with the closure of Hoftex Färberei GmbH, the Management Board further refined its forecast to sales of between EUR 135 million and EUR 145 million and EBITDA of between EUR 5.5 million and EUR 7.5 million.

			Change	
in EUR million	**2025**	**2024**	**abs.**	**in %**
Sales revenue	139.7	144.3	-4.6	-3.2
Gross revenue	141.4	142.4	-1.0	-0.7
Gross profit	77.4	77.8	-0.4	-0.5
Cost of materials	-69.6	-70.1	0.5	0.7
Personnel expenses	-42.3	-42.3	0.0	0.0
Net loss for the year	-4.6	-1.3	-3.3	-253.8
EBITDA	5.8	8.4	-2.6	-31.0

The Group's sales during the reporting year were EUR 139.7 million (prior year: EUR 144.3 million), placing the result within the range of the revised forecast. All operating divisions recorded a decline compared with the prior year. The TENOWO division made a significant contribution total sales, accounting for sales of EUR 127.2 million (prior year: EUR 129.9 million). The NEUTEX and HOFTEX divisions generated sales revenue of EUR 6.2 million (prior year: EUR 7.3 million) and EUR 4.3 million (prior year: EUR 4.7 million), respectively. With an export ratio of 74.5%, corresponding to EUR 104.1 million (prior year: 73.5% and EUR 106.1 million), the majority of sales revenue was generated outside Germany. Domestic sales declined further to EUR 35.6 million (prior year: EUR 38.2 million), underscoring the pronounced economic weakness in Germany compared with other countries.

Changes in inventories of finished and unfinished goods amounted to EUR 0.9 million in the reporting year (prior year: EUR -1.9 million). Beginning in 2025, the option to capitalise internally generated intangible assets was exercised, resulting in own work capitalised of EUR 0.8 million being recognised (prior year: EUR 0.0 million). Gross revenue was EUR 141.4 million (prior year: EUR 142.4 million). The cost of materials totalled EUR 69.6 million (prior year: EUR 70.1 million), resulting in an unchanged cost of materials ratio of 49.2% (prior year: 49.2%). Other operating income amounted to EUR 5.6 million and remained at the prior-year level (EUR 5.5 million).

Gross profit amounted to EUR 77.4 million in the reporting year, representing a slight decrease from EUR 77.8 million in the prior year, primarily due to lower sales volume. The gross profit margin amounted to 54.7% (prior year: 54.6%).

Personnel expenses remained unchanged at EUR 42.3 million in the 2025 financial year (prior year: EUR 42.3 million). Personnel expenses accounted for 29.9% of total output, representing a slight increase compared with the prior year (29.7%). Other operating expenses increased to EUR 28.5 million (prior year: EUR 26.4 million), primarily due to one-time restructuring expenses.

EBITDA amounted to EUR 5.8 million (prior year: EUR 8.4 million) and was within the forecast range of EUR 5.5 million to EUR 7.5 million. The EBITDA margin was 4.1%, compared with 5.9% in the prior year.

The net interest result had a greater negative impact on the Group result, amounting to EUR -2.3 million compared with EUR -1.5 million in the prior year. After taking into account taxes on income of EUR -0.1 million (prior year: tax income EUR 0.2 million) as well as other taxes of EUR -0.8 million (prior year: EUR -0.7 million), the Group reported a consolidated net loss of EUR 4.6 million (prior year: consolidated net loss of EUR 1.3 million).

Financial position

With a consolidated net loss for the year of EUR 4.6 million, cash flows from operating activities were EUR 3.9 million during the reporting period (prior year: EUR 5.6 million). This decline was primarily attributable to the higher net loss for the year and a reduction in liabilities.

In 2025 cash flows from investing activities of the Group were EUR -10.7 million (prior year: EUR -12.8 million). They were primarily affected by cash outflows for investments in tangible fixed assets during the reporting period.

Cash flows from Group financing activities amounted to EUR 6.0 million during the period under review (prior year: EUR 1.2 million). This was primarily driven by inflows of EUR 6.0 million from the partial drawdown of a revolving credit facility funded under the refinancing concluded in the 2025 financial year as part of the extension of the original syndicated loan agreement entered into on 16 December 2021. In addition, the Group-wide financing framework includes a bilateral credit facility. This was offset by outflows of EUR 3.1 million for the scheduled repayment of a portion of the EUR 10.0 million drawn in the 2021 financial year under the original syndicated loan volume of EUR 51.0 million.

The combined effect of cash inflows and outflows from operating activities, investing activities and financing activities during the 2025 financial year resulted in a decrease in cash funds to EUR 7.7 million (prior year: EUR 9.3 million) as at 31 December 2025.

To ensure the economic stability of the Group, HOFTEX GROUP AG entered into an agreement with the existing banking syndicate on 23 May 2025 to extend the original syndicated loan agreement dated 16 December 2021. The extended agreement has a term until 30 June 2028 and a total volume of EUR 43.5 million.

Net assets

The Hoftex Group's total assets amounted to EUR 165.2 million as at 31 December 2025, representing a decrease of EUR 2.9 million compared with the prior-year figure of EUR 168.1 million.

On the asset side of the balance sheet, intangible assets and tangible fixed assets increased from EUR 100.9 million in the prior year to EUR 101.6 million. Investments of EUR 13.2 million (prior year: EUR 15.8 million) were made in tangible fixed assets and intangible assets, compared with depreciation and amortisation of EUR 8.0 million (prior year: EUR 8.4 million). As a result, the investment target forecast in the prior year was not achieved.

In current assets, inventories fell from EUR 30.9 million to EUR 30.3 million. In addition, receivables and other assets decreased from EUR 24.7 million to EUR 22.6 million. This is mainly attributable to the lower sales revenue. At the end of the financial year on 31 December 2025, cash and cash equivalents decreased by EUR 1.6 million to EUR 7.7 million (31 December 2024: EUR 9.3 million).

The Group's balance-sheet equity decreased by EUR 10.2 million compared with the prior year to EUR 97.1 million as at 31 December 2025. This was primarily due to the Group's net loss for the year and exchange rate effects recognised directly in equity during the year under review. The equity ratio as at 31 December 2025 was 58.8% (prior year: 63.8%).

Provisions increased by EUR 0.5 million during the financial year to EUR 13.5 million (prior year: EUR 13.0 million). With the exception of the obligations to be borne by the Group relief fund, the pension provisions are recognised at their full values based on an interest rate of 2.06% (prior year: 1.90%). The allocable values of reinsurance claims were deducted from this. Pension provisions declined by a total of EUR 0.5 million compared with the prior year to EUR 6.0 million. Tax provisions increased slightly from EUR 0.2 million in the prior year to approximately EUR 0.3 million. Other provisions increased by EUR 0.9 million compared with the prior-year figure and amounted to EUR 7.2 million as at the balance sheet date. This increase was chiefly attributable to the recognition of provisions for social plan severance payments required in connection with the discontinuation of production at Hoftex Färberei GmbH's Selbitz site.

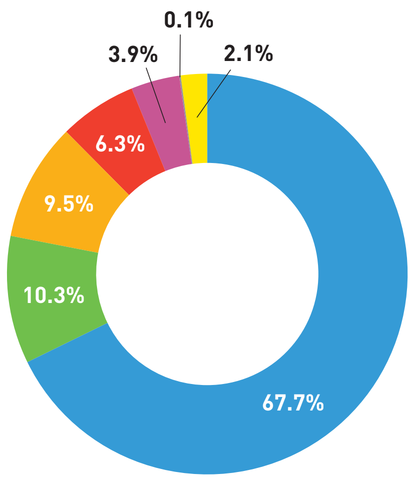
Liabilities increased by EUR 6.9 million compared to the end of 2024 to EUR 54.0 million at the end of the year under review (prior year: EUR 47.1 million). This was mainly due to an increase in liabilities to banks to EUR 37.4 million (prior year: EUR 29.5 million). Net bank debt in the Hoftex Group amounted to EUR 29.7 million as at 31 December 2025 (prior year: EUR 20.2 million). Trade payables and liabilities on bills accepted and drawn fell by EUR 1.6 million compared with the prior year to EUR 8.8 million. Other liabilities of EUR 7.7 million increased year on year by EUR 0.5 million (prior year: EUR 7.2 million).

2.5. Employees

In 2025, the companies of the Hoftex Group employed an average of 899 people, including 27 apprentices. The number of employees thus remained virtually unchanged compared with the prior year (897, including apprentices).

As at the balance sheet date of 31 December 2025, the Hoftex Group employed 893 people (prior year: 887), although employee numbers developed differently across the individual divisions and regions. In the largest division, TENOWO, the number of employees increased to 744 as at the balance sheet date (prior year: 725), primarily as a result of the ramp-up of the new production site in Vietnam and the expansion of capacity for the pouch business in China. By contrast, headcount was reduced in the Group's other divisions.

Employees as at the reporting date of 31 December by country



Countries	2025 Number	2025 in %	2024 Number	2024 in %
Germany	605	67.7	626	70.6
USA	92	10.3	89	10.0
China	85	9.5	71	8.0
Romania	56	6.3	57	6.4
Italy	35	3.9	35	3.9
Mexico	1	0.1	1	0.1
Vietnam	19	2.1	8	0.9

3. Risk and Opportunity Report

Risks and opportunities accompany all business activities of the Hoftex Group. As an internationally active group of companies, we operate in a complex environment and are continuously exposed to both external and internal influences. Management is responsible for identifying potential opportunities and risks at an early stage together with the relevant specialist departments, assessing their probability of occurrence and financial impact, and initiating appropriate measures to mitigate, avoid or transfer risks. The Hoftex Group established a risk management system for this purpose.

The following section outlines the key risk and opportunity areas relevant to the Hoftex Group. Only those areas in which material risks and opportunities exist are discussed.

The matrix below shows the risks and opportunities of the Hoftex Group

3.1. Macroeconomic and sector-specific risks and opportunities

Our global presence continually exposes us to risks arising from worldwide economic and political developments. In particular, events such as the COVID-19 pandemic, Russia's war of aggression against Ukraine, the conflict in Gaza and the recent conflicts involving Iran have had significant effects on the global economy in recent years. The consequences include persistently high inflation, rising financing costs and generally increased market uncertainty.

Growing geopolitical tensions, protectionist tendencies and volatile trade policies are further intensifying these uncertainties. They weaken the global economy and tend to reduce consumer spending. Potential tariffs and trade barriers could increase the cost of our products and further dampen demand. Weak demand in the automotive, apparel and household textiles industries, which are particularly important to our business, is especially critical, as it directly affects our sales development, capacity utilisation, and sales and earnings position.

To mitigate these risks, we rely on international production sites and the continuous diversification of our product portfolio. Thanks to our site in Lincolnton, we were able to maintain reliable deliveries within the United States despite the increase in US tariff rates during the second quarter of 2025. With the new TENOWO production facility in Vietnam, we have consistently pursued this strategy over the past two years. In addition, we continuously adapt our sales and marketing strategies, enter new markets and acquire new customers. During the 2025 financial year, a decision was also made to close Hoftex Färberei GmbH, which had not been operating profitably for several years. This strategic decision was intended to sharpen our focus on core competencies and sustainably strengthen the earnings capacity of the Group as a whole. While the closure is associated with one-time restructuring costs, it will reduce the long-term risks arising from persistently weak demand and rising costs in this division.

Energy supply remained a significant risk area for our business in 2025. Geopolitical tensions and structural changes in energy markets continue to result in high costs and potential supply bottlenecks. These developments may lead to production disruptions, longer delivery times and consequently lower sales. High energy costs may also increase the price of our products, resulting in weaker demand and competitive disadvantages. To address these risks, we continuously optimise our production processes to improve energy efficiency. Photovoltaic systems at selected sites reduce the cost of externally sourced electricity. In addition, long-term energy contracts with flexible volume ranges help ensure stable pricing and a reliable energy supply, even when demand fluctuates.

The Hoftex Group continues to face significant competitive risks from strong international competitors in the textile industry. In particular, suppliers from Asia are increasing competitive pressure through substantially lower prices and aggressive market strategies. To mitigate these risks, we pursue a multi-dimensional strategy. This includes supplying customers from international production sites to ensure flexibility and security of supply. We also focus on high-quality, customer-specific products, the cultivation of long-term and trusted customer relationships, and the continuous analysis of relevant markets. In addition, we invest in innovation, sustainability and efficiency improvements to maintain our competitiveness under changing market conditions.

3.2. Operational risks and opportunities

Operational risks for our business primarily include risks related to the quality, availability and cost of raw materials. The quality and availability of raw materials have a direct impact on our output. There is a risk that inadequate raw material quality or insufficient availability could lead to products being manufactured at an inadequate quality level or in insufficient quantities, which could jeopardise timely deliveries to our customers. In recent years, geopolitical tensions, particularly Russia's war of aggression against Ukraine, as well as the after-effects of the COVID-19 pandemic, have increased procurement costs and adversely affected our earnings position. To minimise these risks, we continue to rely on long-term contracts and close cooperation with our suppliers. We reduce dependency on individual partners through a multi-supplier strategy and source raw materials from various European and Asian suppliers. We address quality fluctuations through continuous supplier monitoring.

In addition to risks relating to suppliers and procurement markets, the Hoftex Group is exposed to production risks in the areas of quality, safety and environmental protection. We address these risks through our management systems, mandatory occupational health, safety and environmental training programmes, and appropriate insurance coverage. Furthermore, occupational safety officers support the management teams at our sites in maintaining and continuously improving workplace safety.

The operational risks and opportunities of the Hoftex Group also include workforce-related risks arising from labour shortages, high levels of absenteeism and employee turnover. Increased competition in the labour market makes it more difficult to attract qualified personnel. To enhance our attractiveness as an employer, we promote a values-based corporate culture and foster an atmosphere of openness and team spirit. We offer our employees a range of working time models, individual development programmes and training opportunities to create attractive career prospects within the Group. We view immigration as an opportunity to foster talent and promote long-term employee retention.

The ongoing digitalisation of the workplace offers the opportunity to create a modern and attractive working environment that supports both employee retention and recruitment. Through the continuous digitalisation of our business models and processes, we have access to real-time management data at all times, enabling us to identify developments at an early stage and respond with appropriate measures. We continuously invest in expanding our IT infrastructure to ensure the effectiveness of these measures.

However, as business becomes increasingly digital, IT security risks are also rising, particularly the risk of severe system failures caused by cyberattacks. Such IT system outages could disrupt internal business processes or even result in the loss of confidential data, which in turn could negatively impact our reputation and our sales and earnings position. We believe that cyberattack risks are increasing amid rising geopolitical tensions and technological advances, particularly in the field of artificial intelligence. This is why we regularly assess and implement organisational and technical improvement measures. We invest in IT security, for instance through an external Security Operations Centre, and conduct regular training and awareness campaigns to help employees recognise and respond to cybersecurity risks. In addition, our cyber insurance provides a further layer of risk transfer.

3.3. Financial risks and opportunities

As an internationally active Group, the Hoftex Group is constantly exposed to currency risks and opportunities that may affect our profitability. These arise primarily in operating activities where sales revenue is generated in a different currency than the corresponding costs (transaction risk). Fluctuations in the US dollar (USD), the Chinese yuan (CNY), the Vietnamese dong (VND) and other currencies against the euro are of particular relevance to our business. To limit these risks, we continuously monitor exchange rates for the currencies relevant to us and, where appropriate, hedge our exposure through forward exchange contracts.

Interest rate risks and opportunities arise from potential changes in interest rates, which may affect our financing costs. To limit the risk of future interest rate increases, we have entered into interest rate hedging agreements covering variable-rate, long-term bank liabilities. In addition, we continuously monitor interest rate developments.

Financial risks also arise from potential default risks resulting from customer insolvencies or payment defaults. Such losses could adversely affect our liquidity. To minimise this risk, we maintain active receivables management and use credit insurance to protect against payment defaults.

To ensure our liquidity and financial flexibility, we maintain rolling liquidity planning and multi-year financial planning. Where necessary, we implement additional measures to safeguard liquidity, such as adjustments to the investment budget. This allows us to secure long-term credit lines and maintain sufficient cash and cash equivalents.

On 23 May 2025, an agreement was signed with the existing banking consortium to extend the syndicated loan agreement until 30 June 2028, with a total volume of EUR 43.5 million. The syndicated loan agreement contains certain financial covenants. Failure to comply with these covenants would generally entitle the lenders to terminate the loan facilities with immediate effect. All covenants were complied with during the reporting year. Detailed and regular reporting helps identify potential developments in key financial indicators at an early stage and enables appropriate measures to be taken in response.

3.4. Legal and non-financial risks

As a group of companies, the Hoftex Group is exposed to various legal and compliance risks. These may arise from legal disputes, breaches of regulatory requirements or compliance violations. We are subject to numerous governmental regulations worldwide, which are becoming increasingly complex and are continuously evolving, particularly in the areas of environmental protection and data privacy. Violations could result in significant penalties, claims for damages and reputational harm. To minimise these risks, we rely on cooperation with internal and external specialists, regular employee training and internal policies and guidelines designed to prevent misconduct. In addition, data protection officers, IT security officers and compliance officers, along with cross-functional teams, support the Management Board in fulfilling its due diligence obligations. An external ombuds office ensures compliance with our obligations under the German Whistleblower Protection Act.

As HOFTEX GROUP AG is listed on the m:access open market segment of the Munich Stock Exchange, it is also subject to additional regulatory requirements and legal obligations, which give rise to corresponding risks. To address these risks, we maintain close cooperation with a specialised law firm.

Extreme weather events such as storms or heavy rainfall represent a significant risk, as they may cause personal injury, property damage or production interruptions. To protect against these risks, we maintain property and business interruption insurance and have implemented internal safeguards and organisational measures for emergency situations. The company fire brigade at the Hof site can initiate rapid response measures in the event of a disaster. In addition, fire protection measures and investments in flood protection at the Hof site were initiated or implemented during the reporting year to further strengthen the resilience of our infrastructure.

4. Subsequent events report

No events of particular significance occurred after the balance sheet date that had a material impact on the Group's net assets, liabilities, financial position and financial performance. Current geopolitical conflicts, particularly the outbreak of war between the United States and Iran, have led to an immediate increase in oil prices in recent weeks. These developments are expected to affect the Group companies in the coming months. In addition to the anticipated increase in prices, rising transport costs in particular are expected to have an adverse impact.

5. Forecasts and outlook

5.1. Outlook on macroeconomic conditions

At the beginning of the year, the International Monetary Fund (IMF) forecast global economic growth of 3.3% for 2026, thereby confirming the prior-year forecast (3.3%). In light of the current geopolitical crises, particularly following the outbreak of war in Iran, a precise assessment of economic developments in 2026 has become more difficult. There are concerns that a blockade of the Strait of Hormuz could significantly disrupt crude oil supplies to many industrialised nations. Shortages of fossil energy sources would affect economic activity and once again drive global inflation higher. Higher oil prices represent a burden on transport, industry and consumer spending. Global supply chains and trade have also been disrupted, which could lead to supply shortages. In addition, further economic policy measures by the current US administration, coupled with significant uncertainty and potential trade barriers in the global economy, cannot be ruled out.

As a result of the war in Iran, there is a risk that the global economy will develop less favourably in 2026 than originally anticipated. Rather than the previously expected "cautious recovery", a scenario of weak growth combined with rising prices appears more likely. The key drivers of growth remain investment in technology, particularly artificial intelligence, as well as the currently supportive fiscal policy environment. By contrast, elevated geopolitical tensions continue to represent a major risk.

At the beginning of the year, the IMF's economic experts projected positive, albeit generally modest, growth rates across all major economies. Forecasts for industrialised economies indicate economic growth of 1.8% (prior year: 1.7%). Germany's GDP growth is expected to improve to 1.1% (prior year: 0.3%), broadly in line with the growth forecast for the Eurozone as a whole (1.3%). Lower growth rates are forecast for France (1.0%) and Italy (0.7%), while Spain is once again expected to outperform with growth of 2.3%.

At the beginning of the year, the IMF did not forecast economic contraction for any country. Growth of 2.4% is expected for the United States, representing the highest growth rate among the industrialised economies. Lower growth rates are forecast for the other G7 countries, namely Japan (0.7%), Canada (1.6%) and the United Kingdom (1.3%).

Emerging and developing countries are expected to see an average economic growth rate of 4.2%, in line with the prior year's trend. Growth forecasts for the Chinese economy are somewhat weaker than in the previous year, with GDP projected to grow by 4.5%. Economic growth of 4.2% is forecast for the ASEAN countries. The IMF expects another boom year for India, forecasting growth of 6.4%, the highest GDP growth rate among the world's ten largest economies.

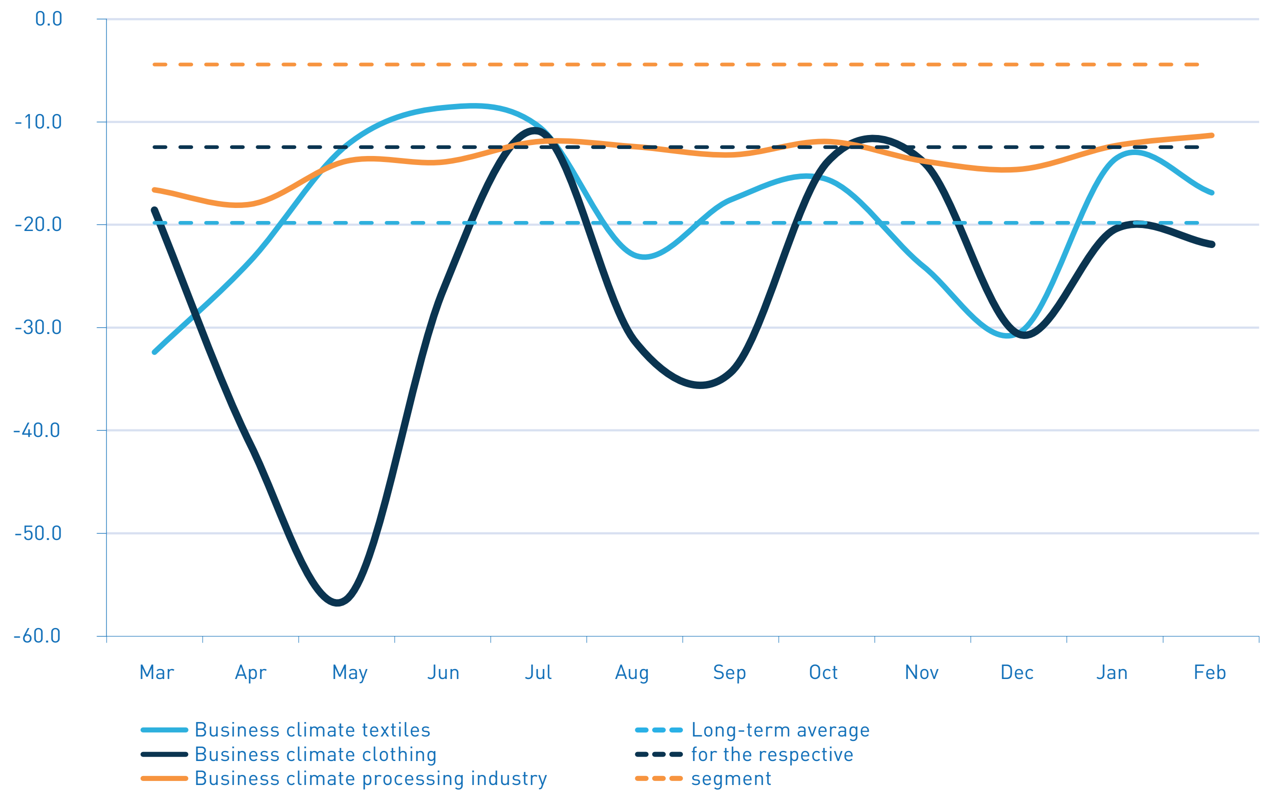
The other BRICS countries, Brazil and South Africa, are also expected to benefit from positive momentum, with forecast growth rates of 1.6% and 1.4%, respectively, although economists do not find it likely that they will match the growth achieved by the Asian economies.

5.2. Outlook on sector-specific conditions

For companies that are heavily dependent on individual customer industries – particularly the automotive industry, which remains a key sales market for large parts of the textile industry – overall economic developments in these sectors are of central importance. A sustained improvement in business performance will therefore depend largely on whether investment activity and demand stabilise in these sectors.

The outlook for the automotive industry in 2026 remains challenging. Global vehicle sales are expected to remain at the prior-year level, while competitive pressure, particularly from Chinese automotive manufacturers, is expected to increase further. Factors such as continuing tariff barriers, ongoing shortages of semiconductor components, supply chain uncertainties, high interest rates and increasing cost and pricing pressures are limiting the industry's growth potential and reducing planning certainty. Vehicle production in Europe in particular is expected to continue to decline, while the share of Chinese brands in global vehicle production is expected to increase further in 2026.[4]

According to the economic survey conducted by the German Textile and Fashion Industry association "textil+mode" at the beginning of 2026, business climate indicators in both the textile and apparel segments improved slightly most recently.



Source: ifo Business Climate Index for the textile and clothing segments from March 2025 to February 2026

However, given the continued subdued consumer environment and ongoing global economic and geopolitical uncertainties, only a slow and fragile recovery is expected in 2026. Precise forecasts remain difficult against this backdrop.

[4] https://www.spglobal.com/automotive-insights/en/blogs/2026/01/five-predictions-2026-automotive-industry-outlook

5.3. Outlook – business performance

The following forecast by the Management Board for the 2026 financial year contains forward-looking statements and projections regarding the future performance of our corporate group. These involve risks and uncertainties and are based on the Management Board's knowledge at the time of reporting. Known and unknown risks and opportunities may cause actual results to differ materially, positively or negatively, from the expectations outlined here.

In 2026, ongoing and newly emerging geopolitical instability and increasing trade conflicts and restrictions will continue to influence economic prospects. Given the overall economic and industry-specific conditions, which remain shaped by political and economic uncertainty, we expect the following developments for the current year:

For the TENOWO division, slightly weaker sales performance is expected in 2026. This forecast takes into account the regional diversification strategy, including the start-up of the site in Vietnam and the provision of additional capacity in China, as well as the consistent implementation of strategic investment and growth projects in sustainable and innovative product solutions. At the same time, it reflects the decline in demand that is already becoming apparent.

For the global automotive industry, we expect sales levels to stabilise, with sales growth in our niche segments resulting primarily from improved competitiveness driven by the new site in Vietnam and the market launch and successful qualification of sustainable product alternatives. The main automotive applications are expected to stagnate or continue to decline worldwide. Production volumes are projected to remain flat or decline slightly, although regional differences are anticipated. Inflation-driven consumer restraint and the overall economic situation in our key sales markets will likely continue to have a negative impact on passenger vehicle registration figures. In addition, potential trade policy measures by the US administration, as well as the recently erupted war in Iran, with its adverse effects on global energy costs, inflation rates and global automotive supply chains, are resulting in subdued expectations regarding a recovery in global demand. The trend toward e-mobility and sustainable product solutions with improved CO2 footprints is expected to intensify further, particularly in Europe. This is creating new innovation potential for nonwoven solutions, particularly in the areas of acoustics, thermal management, safety and sustainability.

The continuation of strong growth in the consumer goods segment will partially compensate for this, supported by capacity expansion in Germany, localisation in China and strategic product innovations.

While we do not expect a significant change in consumer restraint in the traditional apparel segment in 2026, we see promising growth opportunities in the newly introduced protection portfolio (protective clothing). Growth strategies in the healthcare, construction and composites segments will also continue with innovative products for attractive applications.

In summary, we therefore expect a moderate decline in sales in the TENOWO division.

For the 2026 financial year, NEUTEX expects to further strengthen and expand its position as a provider of digital, made-to-measure household textile solutions. Driven by the positive development of our online business, combined with continuous process optimisation and the further streamlining of our cost structures, we expect an improvement in operating result compared with the previous year. In 2026, strategic priorities will focus on expanding online sales with an emphasis on made-to-measure curtain solutions, strengthening brand presence in brick-and-mortar retail despite continued subdued consumer sentiment, and the ongoing digitalisation of processes to enhance the customer experience.

Production in the HOFTEX division is expected to be discontinued during the course of the second quarter of 2026. We anticipate that the remaining wind-down activities, including the disposal of fixed assets, will continue into the following year.

Based on the framework conditions described above for 2026, the Management Board of HOFTEX GROUP AG forecasts consolidated sales for the 2026 financial year to remain stable or decline slightly, within a range of EUR 130 million to EUR 145 million. Through the consistent implementation of projects and measures already initiated, a significant improvement in EBITDA is expected in the range of EUR 8 million to EUR 10 million. To safeguard liquidity, capital expenditure is projected to remain below the prior-year level at approximately EUR 10 million (of which EUR 3 million relates to projects already initiated in 2025).

Hof, 30 April 2026

HOFTEX GROUP AG

The Management Board

Manuela Spörl   Dr. David Meyer

CONSOLIDATED FINANCIAL STATEMENTS FOR THE 2025 FINANCIAL YEAR

HOFTEX GROUP AG

Consolidated balance sheet as at 31 December 2025

Assets in EUR thousand	Notes	31.12.2025	31.12.2024
A. Fixed assets			
I. Intangible assets	6	1,455	317
II. Tangible fixed assets	6	100,124	100,540
III. Long-term financial assets	6	17	17
		101,596	**100,874**
B. Current assets			
I. Inventories	7	30,298	30,883
II. Receivables and other assets	8	22,604	24,719
III. Cash and cash equivalents	9	7,692	9,254
		60,594	**64,856**
C. Prepaid expenses		**985**	**923**
D. Deferred tax assets	10	**2,010**	**1,465**
Total assets		**165,185**	**168,118**

Equity and liabilities in EUR thousand	Notes	31.12.2025	31.12.2024
A. Equity			
I. Subscribed capital	11	13,920	13,920
II. Capital reserves	13	41,158	41,158
III. Retained earnings	14	57,754	57,754
IV. Change in equity from currency translation		-5,712	-116
V. Consolidated accumulated loss	15	-10,035	-5,430
		97,085	**107,286**
B. Provisions	16	**13,462**	**13,038**
C. Liabilities	17	**53,954**	**47,110**
D. Deferred tax liabilities	10	**684**	**684**
Total equity and liabilities		**165,185**	**168,118**

HOFTEX GROUP AG

Consolidated Income Statement for the 2025 Financial Year

in EUR thousand	Notes	2025	2024
Sales revenue	18	139,685	144,344
Increase or decrease in inventories of finished and unfinished goods		936	-1,915
Other own work capitalised	19	795	0
Gross revenue		**141,416**	**142,429**
Other operating income	20	5,575	5,487
Cost of materials	21	-69,606	-70,119
Gross profit		**77,385**	**77,797**
Personnel expenses	22	-42,272	-42,311
Depreciation, amortisation and write-downs	6	-7,972	-8,416
Other operating expenses	23	-28,530	-26,426
Operating result		**-1,389**	**644**
Net interest result	24	-2,336	-1,541
Taxes on income	25	-119	238
Result after tax		**-3,844**	**-659**
Other taxes	26	-761	-662
Consolidated net loss for the year		**-4,605**	**-1,321**

HOFTEX GROUP AG

Consolidated Statement of Changes in Equity as at 31 December 2025

in EUR thousand	Sub-scribed capital	Capital reserves	Retained earnings	Change in equity from currency translation	Consoli-dated net income/ loss	Total
Balance on 01.01.2023	**13,920**	**41,158**	**57,754**	**-293**	**-541**	**111,998**
Foreign currency translation differences				-1,567		-1,567
Consolidated net loss for the year 2023					-3,568	-3,568
Balance on 31.12.2023	**13,920**	**41,158**	**57,754**	**-1,860**	**-4,109**	**106,863**
Foreign currency translation differences				1,744		1,744
Consolidated net loss for the year 2024					-1,321	-1,321
Balance on 31.12.2024	**13,920**	**41,158**	**57,754**	**-116**	**-5,430**	**107,286**
Foreign currency translation differences				-5,596		-5,596
Consolidated net loss for the year 2025					-4,605	-4,605
Balance on 31.12.2025	**13,920**	**41,158**	**57,754**	**-5,712**	**-10,035**	**97,085**

HOFTEX GROUP AG

Consolidated Cash Flow Statement for the 2025 Financial Year

in EUR thousand	2025	2024
Consolidated net loss for the year	-4,605	-1,321
+/- Depreciation, amortisation and write-downs of fixed assets/ reversals of write-downs of fixed assets	7,972	8,416
+/- Increase/decrease in provisions incl. pension provisions	403	-2,186
+/- Other non-cash expenses and income	-1,502	1,287
-/+ Increase/decrease in inventories, trade receivables and other assets not attributable to investing or financing activities	2,093	-1,005
+/- Increase/decrease in trade payables and other liabilities not attributable to investing or financing activities	-1,473	1,230
-/+ Gain/loss on disposal of fixed assets	-970	-1,428
+/- Interest expense/interest income	2,220	1,404
+/- Income tax expense/income	119	-238
+/- Income tax payments	-366	-538
Cash flows from operating activities	**3,891**	**5,621**
- Payments to acquire intangible assets	-1,234	-90
+ Proceeds from disposals of tangible fixed assets	1,581	2,232
- Payments to acquire tangible fixed assets	-11,269	-15,668
+ Interest received	272	720
Cash flows from investing activities	**-10,650**	**-12,806**
+ Cash proceeds from bank loans	12,077	3,500
+ Cash proceeds from short-term loans from affiliated companies	681	976
- Cash repayments of bank loans	-3,125	-2,500
- Cash repayments of short-term loans to affiliated companies	0	-79
+ Cash proceeds from short-term loans	0	1,399
- Cash repayments of term loans	-1,111	0
- Interest paid	-2,492	-2,124
- Dividends paid	0	0
Cash flows from financing activities	**6,030**	**1,172**
Changes in cash and cash equivalents	**-729**	**-6,013**
Effect on cash funds of exchange rate movements and remeasurement	-833	-76
Cash and cash equivalents as at 1 January	**9,254**	**15,343**
Cash and cash equivalents as at 31 December	**7,692**	**9,254**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE 2025 FINANCIAL YEAR

(1) Presentation of the consolidated financial statements

HOFTEX GROUP AG is registered as a public limited company in the Federal Republic of Germany with an entry in the commercial register of the Hof district court under the code HRB 50. Its business address is Fabrikzeile 21, 95028 Hof, Germany. It is the holding company of the Hoftex Group of companies (in the following also referred to as the "Hoftex Group").

The main activities of the Hoftex Group are the development, production and sale of nonwovens for technical applications, the construction and cable industries, medical applications and the apparel industry. Another area of activity is the manufacture and sale of decorative fabrics and textile sun protection solutions. The yarn dyeworks operation will be discontinued in 2026.

The company's shares have been traded on the m:access open market of the Munich Stock exchange since 29 June 2009. Since this time, HOFTEX GROUP AG has no longer been considered a "publicly listed" or "capital market-oriented" company as defined in the German Commercial Code (HGB) and the German Stock Corporation Act (AktG).

The consolidated financial statements of HOFTEX GROUP AG for the financial year from 1 January to 31 December 2025 are prepared pursuant to the provisions of HGB and AktG prevailing on the reporting date.

Section 290 HGB governs the obligation to prepare consolidated annual financial statements. The consolidated financial statements have been prepared in euros (EUR). All figures are shown in thousands of euros (EUR thousand), unless expressly stated otherwise.

The single-entity annual financial statements of the Group companies and the consolidated annual financial statements are prepared as at the reporting date of the parent company. The HOFTEX GROUP AG annual financial statements and the annual financial statements of all consolidated domestic subsidiaries for the 2025 financial year were prepared on the basis of the provisions of HGB, AktG and/or the German Limited Liability Companies Act (*Gesetz betreffend die Gesellschaften mit beschränkter Haftung*, or GmbHG). For the purpose of preparing the consolidated annual financial statements, we have adapted the annual financial statements of foreign subsidiaries to comply with HGB where necessary taking standardised Group guidelines into consideration.

Certain items in the balance sheet and the income statement have been aggregated to improve clarity of presentation. These items are reported separately and clarified in the notes to the financial statements. The income statement is prepared using the total cost method.

(2) Consolidated companies

In addition to HOFTEX GROUP AG, the consolidated financial statements as at 31 December 2025 include four domestic (prior year: eight) and six foreign companies (prior year: six), in which HOFTEX GROUP AG directly or indirectly holds a majority of voting rights and therefore exercises control over these companies. The Group relief fund, *Wohlfahrtseinrichtung der Vogtländischen Baumwollspinnerei AG e.V.*, is also included in the consolidated financial statements pursuant to Section 290(2) no. 4 HGB in conjunction with German Accounting Standard (DRS) 19.

The change in the scope of consolidation results from the merger of Neutex Betriebs GmbH into Neutex Home Deco GmbH and the mergers of Tenowo Reichenbach GmbH, Tenowo Hof GmbH and Tenowo Mittweida GmbH into Tenowo GmbH, effective 1 January 2025.

The exemption set out in Section 313(3) sentence 4 HGB relating to information that is "immaterial for accurately presenting the Group's assets, liabilities, financial position and profit or loss in keeping with its actual circumstances" is exercised here.

In addition to the parent company, the companies in the HOFTEX GROUP AG's scope of consolidation in the year ending 31 December 2025 are as follows:

Company	Registered office	Share of capital in %	Currency	Equity in EUR thousand [5]	Result for the year in EUR thousand
Fully consolidated companies as defined in Section 290(2) no. 1 HGB					
Hoftex Färberei GmbH	Hof	[1] 100.00	EUR	800	(CPTA) [6]
Tenowo GmbH	Hof	[1] 100.00	EUR	63,171	(CPTA) [6]
Tenowo Inc.	Lincolnton, USA	[2] 100.00	USD [7]	15,554	1,530
Tenowo Huzhou New Materials Co. Ltd.	Huzhou, China	[2] 100.00	CNY [8]	45,280	2,421
Tenowo Italia S.r.l.	Milan, Italy	[2] 100.00	EUR	1,126	-21
Tenowo de Mexico S. de R.L. de C.V.	San Luis de Potosi, Mexico	[3] 100.00	MXN [9]	-4,516	161
Tenowo Hai Phong Company Limited	Hai Phong City, Vietnam	[2] 100.00	VND [10]	113,805	-72,810
Neutex Home Deco GmbH	Münchberg	[1] 100.00	EUR	7,536	(CPTA) [6]
SC Textor S.A.	Targu Mures, Romania	[4] 100.00	RON [11]	23,637	265
Hoftex Immobilien I GmbH	Hof	[1] 100.00	EUR	19,204	(CPTA) [6]
Fully consolidated companies as defined in Section 290(2) no. 4 HGB					
Wohlfahrtseinrichtung der Vogtländischen Baumwollspinnerei AG e.V.	Hof	0.00	EUR	-	-

1) 100% of all shares held by HOFTEX GROUP AG.
2) 100% of all shares held by Tenowo GmbH.
3) 90% of all shares held by Tenowo GmbH; 10% by Tenowo Inc.
4) 100% of all shares held by Neutex Home Deco GmbH.
5) This figure is reported including the result for the year.
6) CPTA = Control and profit transfer agreement; the company exercises its rights under the exemption clause pursuant to section 264(3) HGB.
7) Spot rate on the closing date 31 Dec. 2025: 1 euro = 1.1750 USD
8) Spot rate on the closing date 31 Dec. 2025: 1 euro = 8.2262 CNY
9) Spot rate on the closing date 31 Dec. 2025: 1 euro = 21.1180 MXN
10) Spot rate on the closing date 31 Dec. 2025: 1 euro = 30.8840 VND
11) Spot rate on the closing date 31 Dec. 2025: 1 euro = 5.0968 RON

(3) Consolidation principles

For first-time consolidations before 1 January 2010, capital is consolidated using the book value method pursuant to Art. 66(3) sentence 4 of the Introductory Act to the German Commercial Code (*Einführungsgesetz zum Handelsgesetzbuch*, or EGHGB). First-time consolidations after this date use the revaluation method only. According to this method, the subsidiary's equity at the time of initial consolidation is recorded as the fair value of all assets, liabilities, accruals, deferrals and extraordinary items to be included in the consolidated financial statements. Any excess of acquisition cost over the value of the equity is capitalised as goodwill.

The results from subsidiaries that are bought or sold during a financial year are recognised in the consolidated income statement from the actual date of acquisition or up until the actual date of sale. Where necessary, the annual financial statements of new subsidiaries will be adjusted to conform to the accounting policies used in the consolidated annual financial statements.

Interim results, intragroup sales, expenses and income, receivables and payables between consolidated companies as well as intragroup provisions are eliminated and, if necessary, recognised as expenses.

(4) Accounting policies

Intangible assets, provided they have been acquired for consideration, are recognised at cost and amortised on a straight-line basis over their estimated useful life. Intangible assets relate in particular to software and licences purchased from third parties. These are amortised on a straight-line basis over a period of five years from the date of acquisition.

The option to capitalise internally generated intangible assets at cost in line with Section 248(2) HGB will be exercised for the first time. These are amortised on a straight-line basis over a period of five years from the date of capitalisation. Research and development expenses totalling EUR 1,400 thousand were incurred during the reporting year. Internally generated intangible assets amounting to EUR 1,159 thousand were capitalised.

Tangible fixed assets are recognised at cost less straight-line depreciation provided the assets are subject to wear and tear. The cost of tangible fixed assets produced in-house includes directly allocable expenses and a reasonable share of necessary materials and production overheads including depreciation, provided it is production-related. Interest on borrowed capital is not included in the production cost.

Extraordinary depreciation charges are recognised for impairment that exceeds scheduled depreciation and is likely to be permanent. If the reasons for such write-downs no longer exist, impairment losses are reversed up to a maximum of the scheduled amortised acquisition and production costs. Scheduled depreciation is carried out uniformly throughout the Group using the straight-line method over the useful life of the asset on the basis of tax depreciation tables (minimum rates) and empirical values.

Long-term financial assets – currently loans and other investments – are generally carried at cost or, in the event of a likely permanent impairment, at the lower of cost and fair value at the balance sheet date. If the reasons for retaining the lower value no longer apply, the write-downs are reversed pursuant to Section 253(5) HGB.

Raw materials, consumables and supplies are recognised under inventories at cost or the lower current market value on the purchase or sales market.

Finished and unfinished goods are carried at cost pursuant to Section 255(2) HGB. Production costs include direct material costs, direct production costs, extraordinary direct production costs and a reasonable portion of material overheads, production overheads and impairment charges for fixed assets provided they are production-related. They also include a reasonable share of the other general and administrative expenses. Borrowing costs are not included in the production costs.

Lower replacement costs or realisable prices are recognised through write-downs on the lower market price or lower fair value at the balance sheet date. Reasonable and adequate write-downs are recognised to cover resale risk.

Accounts receivable and other assets are generally carried at face value. Specific valuation allowances are made for receivables based on the likelihood of default. General valuation allowances are made for overall credit risk based on historical data.

Cash and cash equivalents are recognised at their nominal value.

Prepaid expenses relate to expenditures prior to the reporting date that pertain to a determinable period after this date; they are reversed on a straight-line basis over the specified period of time.

Taxes are deferred on the basis of the temporary concept. The annual financial statements of the consolidated companies recognise deferred tax liabilities where differences arise between the book value and the tax base of assets, liabilities, prepaid expenses and deferred income, and these differences are likely to diminish in subsequent financial years and result in a tax charge. If the differences result in a tax savings in subsequent fiscal years, it is only recognised up a maximum of the deferred tax liabilities from other temporary differences. Existing tax loss carry-forwards are also recognised. Where there is an excess of deferred tax assets over deferred tax liabilities, the resulting net deferred tax assets are not recognised. Deferred tax assets for domestic Group companies are calculated using a cumulative income tax rate of 28.6% (corporate tax rate 13.8%, plus solidarity surcharge of 5.5%, trade tax average 14%). The gradual reduction of the corporate income tax rate effective from 2028 onwards was taken into account in the calculation. The relevant income tax rate in the country in question is used for subsidiaries outside Germany and ranges between 16% and 30%.

If consolidation rules (Sections 300 to 307 HGB) result in additional differences between the book value and the tax base of assets, liabilities, prepaid expenses and deferred income, and these differences are likely to diminish in subsequent financial years, the net tax charge must be recognised as a deferred tax liability and the net tax saving must be recognised as a deferred tax asset, which are both calculated with the flat tax rate of 28.6%. Deferred tax assets and liabilities are netted in accordance with the option provided in Section 306 HGB.

In order to meet our obligations for post-employment employee benefits on the basis of deferred compensation, we have taken out endowment life insurance policies, which are pledged to the qualifying employees and therefore exempt from attachment by all other creditors. These assets have been recognised at fair value since the 2009 financial year as communicated to the Group by the insurance company. Pursuant to Section 246(2) sentence 2 HGB, the fair value of plan assets is offset against the matched post-employment benefit obligations. If the obligations exceed the plan assets, the excess is recognised in provisions. If the fair value of the plan assets exceeds the obligations, this must be recognised under the item "Excess of plan assets over post-employment benefit liability" on the asset side of the balance sheet. The acquisition cost of the offset assets is almost exactly the same as the actuarial fair values amounting to EUR 1,415 thousand provided by the insurance companies (prior year: EUR 1,565 thousand); the settlement amount of the offset obligations amounts to EUR 2,353 thousand (prior year: EUR 2,571 thousand). This results in a net post-employment benefit liability (provision) of EUR 938 thousand (prior year: EUR 1,006 thousand). In the net interest result, expenses for the reversal of discounting on pension obligations are offset against the expected return on pension plan assets. Expenses for the reversal of discounting on all pension obligations amounting to EUR 125 thousand (prior year: EUR 131 thousand) are offset against the expected return on pension plan assets of EUR 9 thousand (prior year: EUR 0 thousand).

Provisions for the post-employment benefit entitlements of individual employees and pensioners are calculated using the projected unit credit method taking into account actuarial principles and all binding obligations at the balance sheet date. The present value is calculated using a 2.06% interest rate and a 2.0% rate of benefit increase p.a. As provided in Section 253(2) sentence 2 HGB, the underlying interest rate used to discount pension obligations corresponds to the average market interest rate from the past ten financial years based on an assumed term of 15 years as calculated and published by the German Bundesbank in accordance with the German Regulation on the Discounting of Provisions (*Rückstellungsabzinsungsverordnung*, or *RückAbzinsV*). The difference amount to be determined pursuant to Section 253(6) HGB was EUR 62 thousand as at 31 December 2025. Based on the current interest rate structure, no amount is subject to a distribution restriction.

The company pension scheme has been closed to new members since 1976. According to an agreement dated 14 December 1994, all unvested and vested pension entitlements were fixed and guaranteed at their corresponding Deutschmark amount with effect from 31 December 1994.

We use Prof. Dr. Klaus Heubeck's 2018 G Standard Tables for estimating biometric probabilities. The salaries have already been frozen and will therefore no longer be increased. As the benefits scheme is closed to new members, no fluctuation rate is taken into account.

Pursuant to Section 290(2) no. 4 HGB and its interpretation in DRS 19 (published on 20 December 2019), relief funds (*Unterstützungskassen*) must now also be included in the scope of consolidation, contrary to previous accounting policies. According to this interpretation of the law, the Hoftex Group is required to include its relief fund in the consolidated annual financial statements. For the most part, the relief fund's obligations are funded by life insurance policies. The present value of the claims against insurance companies according to their notice at the balance sheet date is EUR 1,042 thousand (prior year: EUR 1,194 thousand). Post-retirement benefit obligations, valued as stipulated by Section 253(1) sentence 2 HGB, amount to EUR 1,801 thousand (prior year: EUR 2,025 thousand). The net liability of EUR 759 thousand (prior year: EUR 831 thousand) is not recognised in the consolidated annual financial statements pursuant to Article 28(1) EGHGB.

Provisions must be recognised for uncertain liabilities and impending losses from pending transactions. Provisions must also be set aside for deferred maintenance, which is to be completed within three months after the start of the subsequent financial year, and for warranties granted with no legal obligation. Provisions are recognised in the amount required to meet these obligations as determined by prudent business judgement, taking all foreseeable risks into account. We have allowed for corresponding future price and cost increases. Provisions with a remaining term of more than one year were – with the exception of the abovementioned pension provisions – discounted using the relevant average market interest rate from the past seven financial years in accordance with the remaining term.

Liabilities are recognised at their settlement amount as at the balance sheet date.

Where hedge accounting is applied pursuant to Section 254 HGB, the amounts are reported using the so-called "net hedge presentation method" (*Einfrierungsmethode*). No anticipatory hedging has taken place within the HOFTEX GROUP AG Group to date.

(5) Currency translation

Assets and liabilities denominated in foreign currency were translated using the average spot market rate on the balance sheet date. Where the residual term is less than one year, the acquisition cost no longer represents the upper value limit and gains must be recognised in income; otherwise, the historical cost principle, the conservatism principle and the realisation principle are observed.

The assets and liabilities of all companies within the Group are translated using the average spot market rate at the balance sheet date. Differences arising from the debt consolidation are included in the items "change in equity from currency translation" without affecting net income. Historic exchange rates are used for all equity items. Expenses and income are converted at the annual average rate published by the European Central Bank.

(6) Changes in comprehensive income for the period from 1 January to 31 December 2025

in EUR thousand	Acquisition and production costs						Cumulative depreciation amounts					Net carrying amounts	
	Balance on 1.1.2025	Currency changes	Additions	Re-classifica-tions	Disposals	Balance on 31.12.2025	Balance on 1.1.2025	Currency changes	Additions	Disposals	Balance on 31.12.2025	Balance on 31.12.2025	Balance on 31.12.2024
I. Intangible assets													
1. Internally generated intangible assets	169	0	1,159	0	0	1,328	51	0	25	0	76	1,252	118
2. Purchased software and other rights	6,109	-13	75	0	576	5,595	5,910	-13	69	575	5,391	204	199
3. Goodwill	566	0	0	0	0	566	566	0	0	0	566	0	0
	6,844	**-13**	**1,234**	**0**	**576**	**7,489**	**6,527**	**-13**	**94**	**575**	**6,034**	**1,455**	**317**
II. Tangible fixed assets													
1. Land and buildings	128,039	-2,325	1,167	3,813	0	130,694	80,775	-1,088	1,962	0	81,650	49,044	47,264
2. Machines and equipment	206,346	-4,813	2,266	4,951	7,552	201,198	170,448	-4,069	4,882	7,177	164,085	37,113	35,899
3. Other plant, factory and office equipment	27,189	-363	1,717	98	595	28,045	20,878	-220	1,034	468	21,225	6,820	6,311
4. Prepayments and assets under construction	11,066	-1,744	6,798	-8,862	112	7,146	0	0	0	0	0	7,146	11,065
	372,640	**-9,245**	**11,948**	**0**	**8,260**	**367,083**	**272,101**	**-5,376**	**7,878**	**7,644**	**266,960**	**100,124**	**100,540**
III. Long-term financial assets													
1. Investments	16	0	0	0	0	16	0	0	0	0	0	16	16
2. Other loans	1	0	0	0	0	1	0	0	0	0	0	1	1
	17	**0**	**0**	**0**	**0**	**17**	**0**	**0**	**0**	**0**	**0**	**17**	**17**
	379,501	**-9,258**	**13,182**	**0**	**8,836**	**374,589**	**278,629**	**-5,389**	**7,972**	**8,219**	**272,994**	**101,596**	**100,874**

(7) Inventories

	31.12.2025	31.12.2024
Raw materials, consumables and supplies	15,383	17,050
Unfinished goods, services in progress	4,837	2,363
Finished goods and merchandise	10,078	11,470
	30,298	**30,883**

(8) Receivables and other assets

	31.12.2025	31.12.2024
Trade receivables	18,842	21,001
Receivables from affiliated companies	6	6
Other receivables and other assets	3,756	3,712
	22,604	**24,719**

Other assets do not include items with a term of over one year (prior year: EUR 0 thousand). The remaining receivables items also do not include any items with a term of more than one year (as in the previous year).

The full amount of receivables from affiliated companies results from trade receivables as in the previous year.

(9) Cash and cash equivalents

The cash and cash equivalents relate to cash-in-hand, cheques and bank balances.

(10) Deferred tax assets and liabilities

Temporary differences between the book value and the tax base are recognised primarily for tangible fixed assets, receivables and other assets, long-term financial assets, other provisions and pension provisions. In addition, tax loss carry-forwards are taken into account in the calculation of deferred tax assets to the extent that their utilisation is expected within the next five years. The calculation reflects the future tax rates applicable in the respective years of utilisation, including the statutory phased reduction of the corporate income tax rate from 2028 onwards.

Deferred tax assets and liabilities are only recognised in the annual financial statements of the Group companies where deferred tax liabilities exceed deferred tax assets. A total of EUR 2,010 thousand in deferred tax assets was also reported for consolidation entries during the 2025 financial year. Recognised deferred tax liabilities of EUR 684 thousand are from a foreign subsidiary’s annual financial statement and are quasi-permanent in nature.

The following table shows the development of deferred tax assets and liabilities during the 2025 financial year:

	31.12.2025	31.12.2024	Change
Deferred tax assets	2,010	1,465	545
Deferred tax liabilities	684	684	0

(11) Subscribed capital

The subscribed capital of HOFTEX GROUP AG amounts to EUR 13,919,988.69 and is divided into 5,444,800 no-par value bearer shares, representing a notional holding of EUR 2.56 per share, with each share carrying one vote.

(12) Authorised capital

With a resolution dated 12 July 2024, the Management Board is authorised, with the consent of the Supervisory Board, to increase the share capital by up to EUR 5,000 thousand on one or more occasions on or before 11 July 2029, whereby the shareholders’ subscription rights may be excluded. To date, the Management Board has not exercised its authority to increase the share capital.

(13) Capital reserves

HOFTEX GROUP AG reported capital reserves amounting to EUR 41,158 thousand. Pursuant to Section 272(2) no. 1 HGB, this figure includes a premium of EUR 2,199 thousand from the capital increase implemented in 2008 as well as capital contributions from shareholders pursuant to Section 272(2) no. 4 HGB.

(14) Retained earnings

	2025	2024
Revenue reserves on 1 Jan./31 Dec.	**57,754**	**57,754**

(15) Appropriation of consolidated net income (loss)

	2025	2024
Consolidated accumulated loss on 1 Jan.	-5,430	-4,109
Consolidated net loss for the year	-4,605	-1,321
Consolidated accumulated loss on 31 Dec.	**-10,035**	**-5,430**

(16) Provisions

	31.12.2025	31.12.2024
Provisions for pensions and similar obligations	6,450	6,956
Excess of plan assets over pension liability	-479	-477
Disclosure of pension provisions	5,971	6,479
Tax accruals	262	241
Other provisions	7,229	6,318
	13,462	**13,038**

Other provisions primarily comprise obligations relating to warranties, customer bonuses, legal and consulting costs, as well as outstanding invoices.

(17) Liabilities

	31.12.2025	31.12.2024
Liabilities to banks	37,366	29,524
Trade payables	7,248	8,944
Liabilities on bills accepted and drawn	1,598	1,439
Liabilities to affiliated companies	5,211	4,678
Other liabilities	2,531	2,525
of which taxes	(211)	(108)
of which social security	(0)	(0)
	53,954	**47,110**

Liabilities to affiliated companies include EUR 5,211 thousand (prior year: EUR 4,678 thousand) to companies of the ERWO affiliated group. Of that amount, EUR 3,110 thousand relates to temporary working capital loans granted by China-based Zhangjiagang Yangtse Spinning Co. (ZYS) to Tenowo Huzhou New Materials Co. Ltd., which bear interest at current rates. At EUR 247 thousand (prior year: EUR 2 thousand), liabilities to affiliated companies relate to delivery and service translations with EUR 1,854 thousand (prior year: EUR 2,040 thousand) with other liabilities.

Residual maturity	31.12.2025 to 1 year	31.12.2025 over 1 to 5 years	31.12.2025 more than 5 years	31.12.2024 to 1 year	31.12.2024 over 1 to 5 years	31.12.2024 more than 5 years
Liabilities to banks	16,288	21,078	0	29,524	0	0
Trade payables	7,248	0	0	8,944	0	0
Liabilities on bills accepted and drawn	1,598	0	0	1,439	0	0
Liabilities to affiliated companies	5,211	0	0	4,678	0	0
Other liabilities	2,531	0	0	2,525	0	0
of which taxes	(211)	(0)	(0)	(108)	(0)	(0)
of which social security	(0)	(0)	(0)	(0)	(0)	(0)
	32,876	**21,078**	**0**	**47,110**	**0**	**0**

As a Group, HOFTEX GROUP AG and its subsidiaries are jointly and severally liable for all debts to their lending banks. This means that each company is liable up to the full amount of total debt (Section 421 of the German Civil Code (*Bürgerliches Gesetzbuch*, or BGB)). The credit facility under the syndicated loan agreement dated 23 May 2025 has a total nominal amount of EUR 43,500 thousand and a term of three years. In addition, the agreement includes an option to extend the term by a further year. As at 31 December 2025, the syndicated loan facility amounted to EUR 41,000 thousand. In addition, the Group-wide financing framework includes a bilateral credit facility. As at the reporting date, EUR 37,366 thousand had been drawn down under the financing framework (prior year: EUR 29,514 thousand).

(18) Classification of sales

	2025	2024
By division		
Hoftex	4,307	4,671
Neutex	6,212	7,310
Tenowo	127,180	129,922
Other	1,986	2,441
	139,685	**144,344**
By region		
Germany	35,585	38,233
Other European Union	53,100	50,675
Rest of world	51,000	55,436
	139,685	**144,344**

(19) Other own work capitalised

	2025	2024
Other own work capitalised	795	0

(20) Other operating income

	2025	2024
Income from the reversal of provisions	1,050	821
Income from currency movements	821	1,147
Income from the disposal of fixed assets	988	1,440
Income from the recovery of receivables written off in prior periods and income from the reversal of valuation allowances for receivables	282	14
Other prior-period income	1,269	1,630
Other operating income	1,165	435
	5,575	**5,487**

(21) Cost of materials

	2025	2024
Cost of raw materials, consumables and supplies, and of purchased goods	65,892	65,767
Cost of purchased services	3,714	4,352
	69,606	**70,119**

The cost of materials ratio based on gross revenue amounts to 49.2% (prior year: 49.2%).

(22) Personnel expenses

	2025	2024
Wages and salaries	34,676	34,884
Social security, post-employment and other employee benefit costs	7,596	7,427
of which for post-employment benefits	(126)	(29)
	42,272	**42,311**

On average during the year under review, the company employed:

	2025	2024
Factory floor employees	651	644
Salaried employees	221	228
	872	**872**

Beyond this, there were 27 apprentices on average for the year (prior year: 25).

(23) Other operating expenses

	2025	2024
Addition to valuation allowances, derecognition of receivables	115	461
Social plan severance payments	733	17
Expenses resulting from currency movements	1,627	981
Other prior-period expenses	315	395
Other general and administrative expenses	10,023	9,239
Operating costs	7,969	7,712
Selling expenses	5,675	6,015
Other operating expenses	2,073	1,606
	28,530	**26,426**

(24) Net interest result

	2025	2024
Other interest and similar income	272	720
of which from affiliated companies	(0)	(0)
Interest and similar expenses	-2,608	-2,261
of which to affiliated companies	(-121)	(-67)
of which from the reversal of discounting on pension obligations	(-116)	(-131)
	-2,336	**-1,541**

In the net interest result, expenses for the reversal of discounting on pension obligations are offset against the expected return on pension plan assets. This is the net expense after offsetting income from investments in insurance claims. The assets invested there are used exclusively to settle pension obligations in the context of salary conversions and for an assumed individual commitment; they may not be accessed by other creditors. Pursuant to section 246(2) sentence 2 HGB, income from assets of EUR 9 thousand (prior year: EUR 0 thousand) was offset against expenses for the reversal of discounting of EUR 125 thousand (prior year: EUR 131 thousand).

(25) Taxes on income

Taxes on income include income from the change in deferred taxes in the amount of EUR 545 thousand (prior year: expenses of EUR 776 thousand).

(26) Other taxes

Other taxes of EUR 726 thousand (prior year: EUR 543 thousand) generally refer to property taxes.

(27) Auditors' fees

Our Nuremberg-based auditor, Baker Tilly GmbH & Co. KG Wirtschaftsprüfungsgesellschaft, charged total fees of EUR 227 thousand for the financial year (prior year: EUR 227 thousand).

The following table provides a breakdown of the fees:

	2025	2024
Auditing services	194	194
Other certification services	33	33
	227	**227**

(28) Remuneration of the Supervisory Board and Management Board

The disclosure of the total remuneration of the Management Board in accordance with Section 314(1) no. 6 letter a) HGB is not required under the exemption provision of Section 314(3) in conjunction with Section 286(4) HGB.

The total remuneration of the Supervisory Board members amounts to EUR 135 thousand (prior year: EUR 121 thousand).

Remuneration paid to former members of the Management Board and their survivors amounts to EUR 303 thousand (prior year: EUR 301 thousand). Provisions totalling EUR 2,803 thousand (prior year: EUR 3,003 thousand) have been recognised for pension obligations to former members of the Management Board and their survivors.

(29) Consolidated Cash Flow Statement

The cash and cash equivalents shown include cash and cash equivalents available in the short term, as shown in asset item B. III. Cash flows from operating activities were determined using the indirect method.

(30) Contingent liabilities

	2025	2024
Guarantee obligations	**70**	**70**

Based on past experience, we do not expect any claims arising from contingencies.

(31) Other financial commitments

The other financial commitments include EUR 5,199 thousand (prior year: EUR 6,461 thousand).

(32) Derivative financial instruments

For the purpose of hedging against the interest rate risk on variable-interest long-term loans, the company entered into two interest swaps with an interest rate floor to minimise the risk of future interest rate increases. They are hedges (micro-hedges) for the recognised loans. The hedging transactions are congruent with the original financial transactions. The effectiveness of the hedging relationships is largely ensured by the fact that the value-determining factors of the underlying transactions and the hedging instruments correspond in each case. Corresponding expenses and income are netted under the item of interest expense.

On 31 December 2025 the exclusively positive fair values of the Group's interest rate hedges were as follows:

Nominal amount	Maturity	Fair value	Interest
EUR million 15.0	31.12.2026	EUR thousand 99	1.7500%
EUR million 16.0	30.06.2028	EUR thousand 5	2.1700%

The counterparty bank calculates the fair value of the interest rate hedges using recognised calculation models based on the respective yield curves.

(33) Members of the Supervisory Board

Tom Steger
Chairman
Independent Lawyer
Schwaig bei Nürnberg

Martin Steger
Deputy Chairman
Independent Real Estate Agent
Nuremberg

Rasit Buzluhan*
Manufacturing Employee
Hof

Renate Dempfle
Managing Director of Main-Post GmbH
Augsburg

Johanna Falasa*
(exited the company on 11 July 2025)
Commercial Employee
Münchberg

Stefanie Herick*
(since 11 July 2025)
Commercial Employee
Hof

Joseph Kronfli
Independent Business Consultant
Hilden

Melanie Liebert
Independent Certified Public Accountant and Tax Adviser
Augsburg

Klaus Steger
Retired
(former Chief Executive Officer)
HOFTEX GROUP AG)
Nuremberg

Carmen Teismann*
Laboratory Employee
Schwarzenbach/Saale

* Elected by employees

(34) Members of the Management Board

Manuela Spörl
Chairwoman, Chief Executive Officer
Hof

Daniel Köster
(exited the company on 15 July 2025)
Chief Financial Officer
Schwaig bei Nürnberg

Dr. David Meyer
(since 1 April 2026)
Chief Financial Officer
Munich

(35) Corporate group

HOFTEX GROUP AG, Hof, is the parent company of the Group and also a subsidiary of ERWO Holding AG, Schwaig near Nuremberg. Both companies prepare consolidated financial statements as the parent company of their respective groups that include each of their subsidiaries; HOFTEX GROUP AG did not avail of the exemption provisions outlined in Section 291 HGB. ERWO Holding AG prepares the consolidated financial statements for the largest group of companies, and HOFTEX GROUP AG prepares the consolidated financial statements for the smallest group of companies. Both sets of consolidated financial statements are transmitted electronically to and entered in the company register by the entity responsible for keeping the company register.

(36) Group parent company's proposal for the appropriation of consolidated net income (loss)

We propose that the parent company's accumulated loss of EUR 5,304,681.32 be carried forward to new account.

(37) Events after the balance sheet date

No events of particular significance occurred after the balance sheet date that had a material impact on the Group's net assets, liabilities, financial position and financial performance. Current geopolitical conflicts, particularly the outbreak of war between the United States and Iran, have led to an immediate increase in oil prices in recent weeks. These developments are expected to affect the Group companies in the coming months. In addition to the anticipated increase in prices, rising transport costs in particular are expected to have a negative impact.

Hof/Saale, 30 April 2026

HOFTEX GROUP AG

The Management Board

Manuela Spörl   Dr. David Meyer

Independent Auditor's Report

To HOFTEX GROUP AG

Audit opinions

We have audited the consolidated financial statements of Hoftex Group AG and its subsidiaries (the Group), comprising the consolidated balance sheet as at 31 December 2025, the consolidated income statement, the consolidated statement of changes in equity, the consolidated cash flow statement for the financial year from 1 January 2025 to 31 December 2025, and the notes to the consolidated financial statements, including the accounting and valuation policies. We have also audited the Group Management Report of HOFTEX GROUP AG for the financial year from 1 January 2025 to 31 December 2025. The disclosures in section 1.6 "Sustainability" of the Group Management Report, which are marked as unaudited, were not subject to our audit procedures.

In our opinion, based on the audit findings:

- the accompanying consolidated financial statements comply, in all material respects, with the requirements of German commercial law and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group in accordance with German Generally Accepted Accounting Principles (German GAAP) as at 31 December 2025 and of its financial performance for the financial year from 1 January 2025 to 31 December 2025, and
- the accompanying Group Management Report as a whole provides a true and fair view of the Group's position. In all material respects, this Group Management Report is consistent with the consolidated financial statements, conforms to German statutory requirements and accurately conveys the opportunities and risks of future development. Our audit opinion on the Group Management Report does not extend to the content of the information mentioned above and marked as unaudited in the Group Management Report.

Pursuant to Section 322(3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the Group Management Report.

Basis for the audit opinions

We conducted our audit of the consolidated financial statements and the Group Management Report in accordance with Section 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW). Our responsibilities under these statutory provisions and guidelines are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of German commercial laws and professional codes of conduct, and we have performed our other German professional obligations in accordance with these requirements. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the Group Management Report.

Other information

The Management Board and Supervisory Board are responsible for all other information. The other information comprises:

- the Supervisory Board Report,
- the information contained in the subsection "1.6 Sustainability" and marked as unaudited,
- all other parts of the Annual Report,
- but not the consolidated financial statements, not the audited content of the Group Management Report and not our auditor's report.

The Supervisory Board is responsible for the Supervisory Board Report. Otherwise, the Management Board is responsible for the other information.

Our audit opinions on the consolidated financial statements and the Group Management Report do not cover the other information; consequently, we do not express an audit opinion or any other form of assurance conclusion.

In connection with our audit, our responsibility is to read the other information identified above and, in doing so, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the audited content of the Group Management Report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of the Management Board and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The Management Board is responsible for the preparation of consolidated financial statements that comply in all material respects with German commercial law and for ensuring that the consolidated financial statements, in compliance with the German Generally Accepted Accounting Principles (German GAAP), give a true and fair view of the assets, liabilities, financial position and financial performance of the Group. In addition, the Management Board is responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e. fraudulent financial reporting and misappropriation of assets) or error.

When the consolidated annual financial statements are being prepared, the Management Board is responsible for making an accurate assessment of the company's going concern status. It is also responsible for disclosing matters related to its business activities as a going concern, provided these are relevant. Beyond this, the Management Board is responsible for balancing the activities of a going concern based on accounting principles, insofar as this does not conflict with actual or legal circumstances.

Furthermore, the Management Board is responsible for the preparation of the Group Management Report which, as a whole, presents an accurate picture of the Group's position, is in all material respects consistent with the consolidated financial statements, complies with German legal requirements and accurately presents the opportunities and risks of future development. Moreover, the Management Board is responsible for taking precautions and measures (systems) which they deem necessary for the preparation of the Group Management Report in conformity with the applicable German statutory requirements and for providing sufficient evidence to support the statements made in the Group Management Report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the Group Management Report.

Auditor's responsibilities for the audit of the consolidated financial statements and of the Group Management Report

Our objectives are to obtain reasonable assurance that the consolidated financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and that the Group Management Report, as a whole, provides an accurate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and accurately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the Group Management Report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this Group Management Report.

We exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatements in the consolidated financial statements and the Group Management Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.
- obtain an understanding of internal controls relevant to the audit of the consolidated financial statements and of arrangements and measures relevant to the audit of the Group Management Report in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an audit opinion on the effectiveness of the internal controls of the Group or these arrangements and measures.
- evaluate the appropriateness of accounting policies used by the legal representatives and the reasonableness of estimates made by the legal representatives and related disclosures.

- conclude on the appropriateness of the legal representatives' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the Group Management Report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with German Generally Accepted Accounting Principles (German GAAP).
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the Group Management Report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our opinions.
- evaluate the consistency of the Group Management Report with the consolidated financial statements, its conformity with German law and the view of the Group's position it provides.
- perform audit procedures on the prospective information presented by the legal representatives in the Group Management Report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the legal representatives as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those responsible for governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

Nuremberg, 30 April 2026

Baker Tilly GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft

Signed Prof. Dr. Edenhofer
Auditor

Signed Dr. Schroff
Auditor

HOFTEX GROUP AG

Balance Sheet as at 31 December 2025

Assets in EUR thousand	31.12.2025	31.12.2024
Fixed assets		
Intangible assets	70	60
Tangible fixed assets	1,304	1,343
Long-term financial assets	89,819	89,819
	91,193	**91,222**
Current assets		
Receivables and other assets	64,801	67,397
Cash and cash equivalents	1,476	483
	66,277	**67,880**
Prepaid expenses	**507**	**451**
Total assets	**157,977**	**159,553**

Equity and liabilities in EUR thousand	31.12.2025	31.12.2024
Equity		
Subscribed capital	13,920	13,920
Capital reserves	41,158	41,158
Retained earnings	60,715	60,715
Accumulated loss	-5,305	-2,451
	110,488	**113,342**
Provisions	**5,348**	**5,900**
Liabilities		
Liabilities to banks	31,288	29,487
Trade payables	153	231
Liabilities to affiliated companies	10,670	10,560
Other liabilities	30	33
	42,141	**40,311**
Total equity and liabilities	**157,977**	**159,553**

HOFTEX GROUP AG

Income Statement for the 2025 Financial Year

in EUR thousand	2025	2024
Sales revenue	3,832	3,932
Other operating income	265	43
Personnel expenses	-2,232	-2,466
Depreciation, amortisation and write-downs	-120	-167
Other operating expenses	-3,289	-2,653
Investment result	-1,458	893
Net interest result	363	972
Taxes on income	-143	-14
Result after tax	**-2,782**	**540**
Other taxes	-72	-103
Net loss for the year (prior year: Net income for the year)	**-2,854**	**437**
Loss brought forward from the previous year	-2,451	-2,888
Accumulated loss	**-5,305**	**-2,451**

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TEXTILE TECHNOLOGIES

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