PATTERN S.P.A.

Direction and coordination BO.MA. Holding S.r.l.

CONSOLIDATED HALF-YEAR REPORT AT 30 JUNE 2021

registered office in Collegno, via Italia 6/a
authorized share capital € 1,436,292.90 of which € 1,407,555.00 subscribed and paid up
listed with the Turin Company Register no. 10072750010 tax code
R.E.A. no. 1103664

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COMPANY OVERVIEW

Registered office

PATTERN S.P.A.

registered office in via Italia

6/a 10093 - Collegno (TO) -

Italy Tel. 011/4531597

Legal data

Joint-stock company listed on the AIM

Authorized share capital € 1,436,292.90, of which € 1,407,555.00 subscribed and paid up, tax code, VAT no. and registration number with the Turin Company Register: 10072750010

R.E.A. of Turin no. 1103664

Direction and coordination:

BO.MA. Holding S.r.l.

Registered office in Via Ottavio Assarotti

10 10122 - Turin (TO) - Italy

Tax Code and VAT number: 12067380019

COMPOSITION OF CORPORATE BODIES

Board of Directors(1)	Francesco Martorella	Chairman
	Fulvio Botto	Vice Chairman
	Luca Sburlati	Chief Executive Officer
	Innocenzo Tamborrini	
	Stefano Casini	
	Anna Maria Roscini	
	Emilio Paolucci	
Board of Statutory Auditors(1)	Lucia Maria Starola	Chairman
	Alcide Casini	Standing Auditor
	Lucia Margherita Calista Rota	Standing Auditor
	Cristiano Casini	Alternate Auditor
	Riccardo Cantino	Alternate Auditor
Independent Auditors(2)	PricewaterhouseCoopers S.p.A., in short PWC	

DURATION

(1) The Board of Directors and the Board of Statutory Auditors were appointed by a resolution of the Shareholders' Meeting held on 28 June 2019 for three financial years, and will therefore expire with the Shareholders' Meeting called to approve the financial statements for the year ending 31 December 2021.

(2) The Independent Auditors' statutory audit assignment was granted by a resolution of the Shareholders' Meeting of 30 April 2021 for three years, and will therefore expire with the Shareholders' Meeting called to approve the financial statements at 31 December 2023.

PATTERN S.P.A.

Direction and Coordination pursuant to Article 2497 of the Italian Civil Code: BO.MA. Holding S.r.l.

registered office in Collegno, via Italia 6/a

authorized share capital € 1,436,292.90 of which € 1,407,555.00 subscribed and paid up

listed with the Turin Company Register no. 10072750010 tax code

R.E.A. no. 1103664

INTERIM REPORT ON OPERATIONS AT 30 JUNE 2021

Shareholders,

We hereby present the Pattern Group's Half-Year Report at 30 June 2021, which consists of the “Statement of Financial Position”, the "Income Statement”, the “Statement of Cash Flows" and the "Notes to the Financial Statements”.

It has been drawn up in accordance with Italian accounting principles (OIC) and is accompanied by this report, with which we intend to provide a fair, balanced and exhaustive analysis of the Group's results and the underlying causes, as well as the outlook for the current year and the medium term, and all other information deemed useful for an understanding of operations.

For a better understanding of financial performance, also appearing are the results at 30 June 2020. As already mentioned in other reports, at the end of the first six months of the year, the activities typical of the coming autumn/winter are in full swing; this affects the levels of the main items making up working capital (inventory, trade receivables and trade payables) and, as a result, the structure of funding sources. For this reason, the comparison with the balances at the same date of the most recent year provides more exhaustive information on the trend of these items.

In brief, the first six months witnessed a strong recovery in sales volumes, an improvement in operating margins and, again, a solid financial position.

In light of the severe uncertainties that dominated the period under review, we believe these noteworthy results
are a harbinger of further progress in the second half of the year.

More specifically, the consolidated financial statements under review closed with the following results:

- Value of production € 33.4 million (€ 25.1 million at 30 June 2020)
- EBITDA € 3.4 million (€ 2.5 million at 30 June 2020)
- Net profit for the period attributable to the owners of the parent € 1.2 million (€ 1 million in the prior year)
- Positive net financial position € 4.9 million (€ 8.8 million at 31 December 2020 and € 3.9 million at 30 June 2020).

PATTERN GROUP IN FIGURES: HIGHLIGHTS FIRST HALF 2021

INCOME STATEMENT (amounts in €)	**30.06.2021**	**30.06.2020**	**% chg**
Value of production	33,358,486	25,117,515	32.8%
EBITDA	3,399,610	2,492,016	36.4%
EBIT	2,288,858	1,597,148	43.3%
Profit (loss) for the period	1,487,094	1,306,254	13.8%
- of which Group	1,172,878	1,028,844	14.0%

STATEMENT OF FINANCIAL POSITION (amounts in €)	**30.06.2021**	**31.12.2020**	**% chg**	**30.06.2020**	**% chg**
Net fixed assets	13,182,777	10,849,768	21.5%	10,457,182	26.1%
Net working capital	6,080,611	3,228,821	88.3%	7,292,254	-16.6%
Liability funds	-2,050,077	-1,923,253	6.6%	-1,751,218	17.1%
Net capital employed	**17,213,311**	**12,155,336**	**41.6%**	**15,998,218**	**7.6%**
Consolidated equity	22,206,419	20,931,499	6.1%	19,930,327	11.4%
- of which Group	*21,076,180*	*18,932,242*	*11.3%*	*18,381,546*	*14.7%*
Net financial position	-4,993,108	-8,776,163	-43.1%	-3,932,109	27.0%
Equity and net financial position	**17,213,311**	**12,155,336**	**41.6%**	**15,998,218**	**7.6%**

1. THE PATTERN GROUP AND THE MARKET SCENARIO

1.1. Group profile

The Pattern Group’s area of operation is the design and production of garments for top luxury brands.

The items produced are men's and women's outerwear, women's clothing and, following the acquisition of Società Manifattura Tessile, knitwear, which is undergoing significant development.

The strength of the Group is based on its ability to interpret, at the highest level of the design phase, the creative development of its customers, followed by the ability to produce the garments ordered according to the quality and timing required, under the strict constraints of ESG (Environmental, Social and Governance) factors.

1.2. Market scenario and impact on the Group

The first six months of 2021 were initially marked, in the first quarter, by strong restrictions both on the opening to the public of business activities and on the movement of people. In the second quarter, as the vaccination campaign progressed, with the resulting containment of the spread of the virus, at least in the more developed countries, the above restrictions were gradually eased. This has benefited all industries, starting with the hardest hit, such as apparel.

Luxury had made an initial comeback in the second half of 2020, thanks mainly to the upswing recorded in the Chinese market and Southeast Asia in general, where more than a third of the luxury market is now concentrated. In the first six months, starting from the second quarter, this recovery has strengthened to include the American and European markets, the latter being among those most affected by the late 2020 and early 2021 closures.

These trends reflected on the performance of our Group, although it should be noted that the design and production activities are carried out six to nine months ahead of the release in stores.

After a weak first quarter, which saw the conclusion of SS 21 deliveries, whose sales expectations were still negatively impacted by the events of 2020, AW 21-22 witnessed a strong increase in orders, enabling the first half of this year to close with a sales increase of approximately 30%.

Knitwear made a solid and growing contribution to the result, thanks to the consolidation of Società Manifattura Tessile, the stake of which rose from 51% to 80% in recent months. As already mentioned in other documents, Pattern's core segment (womenswear and outerwear) was greatly affected by the pandemic, as there were no “moments of use" to boost purchases. S.M.T.’s knitwear segment of operation, however, was barely affected since it produces much easier and comfier items.

The trends that materialized in the second part of 2020 gained greater momentum during the course of the year, namely: the study on the longer durability and greater performance of items, the change in the consumer purchasing process, with increasing focus on digitization and sustainability, from fabric to leather.

The decision of most brands to adopt an omnichannel strategy has made the relationship with the supply chain even more important, also in light of the logistical difficulties encountered in the supply of raw materials and services from the Far East.

Some of these trends impact our Group.

In the context of the development of relations between suppliers and fashion houses, the consolidation of the former remains paramount, first and foremost in order to diversify development opportunities, therefore, sources of income, reducing the risk profile. Secondly, to enhance relations with luxury brands, given the dimensional asymmetry between the latter and their respective suppliers.

This bears witness to the soundness of our project - the first-ever in Italy to be launched in the industry; in addition to the benefits it produces in terms of aggregation, it also brings together the best of breed which, as such, know how to achieve integration and a development plan primarily of an industrial nature.

The medium-term outlook for 2022 and 2023 remains positive. Greater attention will be attached to the quality aspects of manufacturing and the sustainability of the product and the supply chain as a whole. This could lead to a potential reshoring in Italy of activities previously carried out abroad, with a resulting expansion of Made in Italy in the luxury segment, resulting in a greater demand for design skills and production capacities, skills and capacities which may have been weakened by the pandemic, generating a true “shortage” of these resources.

The consolidation process in which Pattern takes centre stage is part of these long-term dynamics, offering solid answers in various terms, not least of which employment.

For this reason, the Group keeps a watchful eye on the M&A market, but with the caution required by the search for top target companies, as described above.

1.3. Update on the COVID-19 pandemic

As explained above, the ongoing pandemic has also affected Pattern's production and business volumes in the first half of this year, but not Società Manifattura Tessile's figures.

This impact was much smaller than in the comparable 2020 period. The most striking difference, however, regards the outlook, which points this year to a further recovery of pre-Covid production levels, while last year - as vaccines had not been approved yet - the outlook was negative or highly uncertain at the very least.

A resurgence in the spread of the virus, or the appearance of new and more aggressive variants, would clearly affect the Group's business levels, depending on the possible new restrictions that could materialize. However, the geographical diversification of sales and products means that the Group is better equipped to cope with any new economic crisis. What's more, the effects would be only partial on 2021, due to orders being taken six to nine months earlier than the sale to the public.

All Group personnel benefited from this positive performance, including in terms of outlook, as employment levels were safeguarded and use of the redundancy fund was greatly reduced.

Internal anti-Covid protocols have been closely followed, and the same strictness will be applied for the introduction of the Green Pass requirement.

2. SIGNIFICANT EVENTS IN THE PERIOD

2.1 Approval of the "5E" Group Strategic Plan for 2021-2024

On 16 February, the Company's four-year strategic plan was officially presented to the Board of Directors, in line with its mission to create and grow the "Italian Luxury Design Hub".

Starting from a rapidly-changing market scenario, the plan - hinged on the four-year period 2021-24 - aims not only to seize the current growth opportunities, but also to make the working method and the Company's cultural approach flexible through five cornerstones, hence the name "5E".

2.2. Increase in the stake in Società Manifattura Tessile S.r.l. from 51% to 80%

On 5 March, the closing for the purchase of 29% of Società Manifattura Tessile was completed.

19% was acquired directly from the founder and CEO of Società Manifattura Tessile, Stefano Casini, and a further 10% from Camer Srl, a wholly-owned subsidiary of Stefano Casini, for a total price of € 3.9 million.

A cash payment of € 2,555,000 was agreed upon for the purchase of 19%, while for the remaining 10%, the price of which was set at € 1,345,000, a payment in kind was agreed upon, through allocation to Camer S.r.l. of newly-issued Pattern ordinary shares, to be subscribed as part of a reserved share capital increase.

The subscription price of the newly-issued shares was set at € 3.87 per share, on the basis of the weighted average price of all stock market trading of Pattern shares on AIM Italia in the six months prior to the date of signing of the Investment Agreement (which took place on 24 February 2021). On the same date, the Company's Board of Directors approved the Directors' Report pursuant to Article 2441, paragraph VI, of the Italian Civil Code.

An independent expert performed an appraisal of the investment subject to the transfer, pursuant to Article 2343-ter, paragraph II, letter b) of the Italian Civil Code.

The capital increase of € 1,345,000 approved on 5 March to service the transaction was carried out as follows: the share capital was increased by € 34,754.50; the difference of € 1,310,245.50 was posted to the share premium reserve.

Effectiveness of the transfer was, in fact, conditional on the failure of the shareholders holding at least 5% of Pattern's share capital, to request a valuation, pursuant to Article 2343 of the Italian Civil Code, within 30 days of the notarial resolution of the Board of Directors to increase the share capital in kind intended for Camer S.r.l.. Since no such requests were received, the transfer took effect on the first working day following fulfillment of this condition, i.e. on 9 April.

In accordance with the provisions of articles 2343-ter, 2343-quater and 2440 of the Italian Civil Code, the new ordinary shares of Pattern allocated to Camer Srl were non-transferable until the entry referred to in Article 2343-quater, paragraph 3, letter d) of the Italian Civil Code, of the statement in the Company Register, which took place last 14 April.

During the abovementioned procedure, the Company's Bylaws were gradually amended to take account of the changes made.

2.3. Allocation of no. 12,621 new shares to the Chief Executive Officer

On 12 April 2021, the Board of Directors granted the Chief Executive Officer, Luca Sburlati, no. 12,621 new ordinary shares relating to the second tranche of the "2019-2022 Stock-Grant Plan", in accordance with the calculation methods set out in the regulation of the same Plan.

2.4. Ordinary Shareholders' Meeting of 30 April 2021

On 30 April, the Ordinary Shareholders' Meeting approved the Company’s Financial Statements for 2020 and approved the distribution of a dividend of € 0.028 per share, confirming the proposals submitted to the Board of Directors. The dividend was paid out as from 26 May 2021 (ex-dividend date on 24 May 2021 and record date on 25 May 2021).

The Shareholders' Meeting also:

- approved the amendment to the "2019-2022 Stock Grant Plan";

- appointed the Independent Auditors PricewaterhouseCoopers Spa for the three-year period 2021-2023;

- confirmed the appointment to the Board of Directors of Stefano Casini, made by co-option at the Board meeting of 5 March 2021, replacing the outgoing director Claudio Saracco.

2.5. Publication of Pattern Spa 2020 Sustainability Report

In April this year, Pattern published the sixth Sustainability Report, for the year 2020.

Pattern has been preparing this document annually since 2015, according to the standards of the Global Reporting Initiative (GRI), the organization that has set the most advanced systems for measuring economic, environmental and social sustainability. Pattern's new 2020 Sustainability Report presents the accomplishments made during 2020 versus prior years.

2.6. New Collegno warehouse for accessories and finished garments starts operations

In the first six months of 2021, both the automated warehouse for managing accessories and the warehouse for finished products came into full swing. Today, all of them pass through our structure for storage, quality control and shipment management.

In order to bring all the above activities in-house, steps have been taken to optimize staff assigned to both areas.

Staff training activities, funded by Fondimpresa, will be completed by the end of the year.

The current setup allows for the management of the complexities associated with the fragmentation of orders seen in the first half of the year, probably related to the general uncertainty of the market.

By the end of September this year, the old part of the warehouse will be reorganized and the area dedicated to the location of bulky accessories will be expanded, the space dedicated to sample accessories will be defined and an internal production line will be set up and operated, where the staff who have been working at the Bricherasio site so far will be transferred, dedicated to the production of samples, print garments and small production batches.

3. GROUP CAPITAL EXPENDITURE

The largest investment by far made in the first six months of 2021 was the purchase of 29% of Società Manifattura Tessile Srl, for a price of € 3.9 million. As explained above, the cash outlay totaled € 2,555,000.

Regarding intangible fixed assets, purchases made by the Group totaled € 105 thousand, including over € 70 thousand for completion of the new finished goods warehouse in Collegno, where the building is leased.

As for expenditure in tangible fixed assets, total purchases amounted to € 555 thousand and regarded: plant and machinery for € 411 thousand, office machinery for € 65 thousand, trucks for € 48 thousand and furniture and fittings for € 24 thousand.

Financial investments include payments for security deposits and long-term receivables totaling € 26 thousand

Disposals during the period were not so meaningful and were due mainly to the replacement of equipment and trucks.

4. GROUP OPERATING AND FINANCIAL SITUATION

4.1. Group income statement

The table below shows the income statement amounts at 30 June, with changes recorded versus the same period of 2020.

INCOME STATEMENT OF THE PATTERN GROUP (€)	**30.06.2021**	**30.06.2020**	**% chg**
Revenue from sales	30,869,299	23,808,834	29.7%
Other revenue	247,186	728,683	-66.1%
Total revenue	**31,116,485**	**24,537,517**	**26.8%**
Changes in inventory of work in progress, semi-finished and finished products	2,242,001	579,998	286.6%
Value of production	**33,358,486**	**25,117,515**	**32.8%**
- Purchases of raw materials	12,180,156	6,969,171	74.8%

- Change in inventory of raw materials	-1,130,007	-158,310	613.8%
Consumption of raw materials	*11,050,149*	6,810,861	*62.2%*
Costs for services	10,933,048	9,081,648	20.4%
Rentals and leases	743,466	732,594	1.5%
Payroll costs	7,121,910	5,906,270	20.6%
Other operating expense	110,303	94,127	17.2%
EBITDA	**3,399,610**	**2,492,015**	**36.4%**
Amortization, depreciation, provisions and write-downs	1,110,752	894,868	24.1%
EBIT	**2,288,858**	**1,597,147**	**43.3%**
Net financial income (expense)	-58,379	-60,568	-3.6%
Profit (loss) before tax	**2,230,479**	**1,536,579**	**45.2%**
Current and deferred tax	743,385	230,325	222.8%
Profit (loss) for the period	**1,487,094**	**1,306,254**	**13.8%**
Group profit (loss) for the period	**1,172,878**	**1,028,844**	**14.0%**

The value of production reached € 33.4 million, up by 32.8 percent versus € 25.1 million last year.

Specifically, revenue from sales rose from € 23.8 to € 30.9 million (up by 29.7%), while stocks of semi-finished and finished products rose from € 580 thousand to € 2.2 million (up by 286.6%).

These two changes show the strong development recorded in production activities and, as a result, in the orders awarded to the Group. Specifically, the change in inventory of work in progress, semi-finished and finished products indicates that the upward trend in sales will continue in the third quarter.

Conversely, other revenue fell sharply, down by 66.1% from € 729 to € 247 thousand. Last year, this item included a tax credit for listing expenses of € 500 thousand.

Operating margins all improved, thanks to an overall lower increase in costs than in revenue.

EBITDA grew by 36.4%, from € 2.5 to € 3.4 million, while EBIT grew by 43.3% from € 1.6 to € 2.3 million.

Net of the extraordinary effect of the above tax credit, the increase in EBITDA would be 70.7%, from € 2 to € 3.4 million, whilst the improvement in EBIT would be 108.6%, from € 1.1 to € 2.3 million.

The ratio of EBITDA to total revenue was 10.9% versus 10.2% in the first half of 2020 (8.3% without the tax credit for listing expenses).

As for operating costs:

- the consumption of raw materials increased by 62.2%, from € 6.8 to € 11.1 million, as a result of: a) an increase in the weight of raw materials in products manufactured; b) an increase in the share of Pattern sales, whose garments have a higher raw material content; c) a reduction in margins on orders with a high raw material content;
- a 20.6% increase in payroll costs from € 5.9 to € 7.1 million. The prior year had seen a heavy resort to the redundancy fund, which resulted in savings of € 1 million versus € 400 thousand this year. A significant amount of residual leave was also burnt, especially during the lockdown period. For this reason, the holiday accrual at 30 June this year is up by € 433 thousand versus 30 June 2020.

Amortization and depreciation increased by 24.1%, from € 895 thousand to € 1.1 million, due partly to the entry into service of the new finished garment warehouse in Collegno, and to the increase in the stake in Società Manifattura Tessile from 51% to 80%, which led to an increase in amortization of goodwill of € 136 thousand.

Net financial expense was in line with last year, down by 4% from € 61 to € 58 thousand.

Pre-tax profit increased by 45.2%, from € 1.5 to € 2.2 million.

Tax for the period rose sharply, from € 230 to € 743 thousand, due to the return of the tax rate to pre-2020 levels. Last year, a significant portion of profit was due to the tax credit for listing expenses, amounting to € 500 thousand which, as such, did not contribute to the formation of the taxable base.

For the above reason, the Group's share of net profit rose by 14.0%, from € 1 to € 1.2 million, with the percentage on total revenue falling from 4.2% to 3.8%, while rising by 121.8% percent if adjusted net profit, without the above tax credit of € 500 thousand, is taken into account.

The table below shows the balances taking into account the adjustment of the figures at 30 June 2020 to reflect the tax credit for listing expenses.

Pattern Group - Main adjusted balances and indicators	30.06.2021	30.06.2020	% chg
Total adj. revenue	31,116,485	24,037,517	29.4%
Adj. Ebitda	3,399,610	1,992,015	70.7%
Adj Ebit	2,288,858	1,097,147	108.6%
Group profit for the period adj	1,172,878	528,844	121.8%
Ebitda/Revenue	10.9%	10.2%	
Group profit (loss) for the period	3.8%	4.2%	
Adj. Ebitda/Adj. Revenue	10.9%	8.3%	
Adj. Ebit/Adj. revenue	7.4%	4.6%	
Group profit (loss) for the period adj.	3.8%	2.2%	

The table below shows revenue by company and by type of article: outerwear and dresses for Pattern, knitwear for Società Manifattura Tessile.

Revenue from sales by company	30.06.2021	30.06.2020	% chg
Pattern	19,302,379	14,781,369	30.6%
Società Manifattura Tessile	11,566,920	9,027,465	28.1%
Total	30,869,299	23,808,834	29.7%

The table below shows the geographical distribution of sales.

The share of revenue from Italian customers is in line with the figure recorded in the first half of the prior year (32.4% vs. 31.5%), while the share of revenue from EU countries drops from 67.3% to 16.7%, due to Brexit, which has shifted the area of sales to the UK from EU countries to non-EU countries. The share of the latter concurrently rose from 1.2% to 50.9%.

Breakdown of revenue from sales by geographical area	30.06.2021	30.06.2020
Revenue Italy	32.4%	31.5%
Revenue EU countries	16.7%	67.3%
Revenue Extra-EU countries	50.9%	1.2%
Total	100.0%	100.0%

4.3. Group statement of Financial Position

The table below shows the Group's statement of financial position at 30 June this year. The figures have been compared with the situation at 31 December 2020 and for a better understanding with those at 30 June last year.

RECLASSIFIED STATEMENT OF FINANCIAL POSITION OF THE PATTERN GROUP	30.06.2021	31.12.2020	% chg	30.06.2020	% chg
(€)					
Intangible fixed assets	7,713,734	5,301,429	45.5%	5,668,992	36.1%
Property, plant and equipment	5,249,178	5,354,105	-2.0%	4,566,402	15.0%
Financial fixed assets	219,865	194,234	13.2%	221,788	-0.9%
Total fixed assets	**13,182,777**	**10,849,768**	**21.5%**	**10,457,182**	**26.1%**
Inventory	7,660,685	4,288,676	78.6%	5,201,060	47.3%
Receivables from customers	12,738,745	8,682,850	46.7%	9,250,573	37.7%
Other receivables	2,103,632	2,059,491	2.1%	2,659,027	-20.9%
Accrued income and prepaid expenses	579,983	529,684	9.5%	718,877	-19.3%
Working capital	**23,083,045**	**15,560,701**	**48.3%**	**17,829,537**	**29.5%**
Payables to suppliers	-13,276,462	-9,664,036	37.4%	-7,291,225	82.1%
Other payables	-3,377,712	-2,512,753	34.4%	-3,170,224	6.5%

Accrued expenses and deferred income	-348,260	-155,091	124.6%	-75,834	359.2%
Net working capital	**6,080,611**	**3,228,821**	**88.3%**	**7,292,254**	**-16.6%**
Provisions for risks and post-employment benefits	**-2,050,077**	**-1,923,253**	**6.6%**	**-1,751,218**	**17.1%**
Net capital employed	**17,213,311**	**12,155,336**	**41.6%**	**15,998,218**	**7.6%**
Equity	**22,206,419**	**20,931,499**	**6.1%**	**19,930,327**	**11.4%**
- of which Group	*21,076,180*	*18,932,242*	*11.3%*	*18,381,546*	*14.7%*
Financial debt less than 12 months	2,815,023	2,096,254	34.3%	4,213,524	-33.2%
Financial debt more than 12 months	10,877,547	12,746,586	-14.7%	9,777,713	11.2%
Cash and cash equivalents	-18,685,678	-23,619,003	-20.9%	-17,923,346	4.3%
Net financial position	**-4,993,108**	**-8,776,163**	**-43.1%**	**-3,932,109**	**27.0%**
Equity and net financial position	**17,213,311**	**12,155,336**	**41.6%**	**15,998,218**	**7.6%**

Net capital employed rose sharply by 41.6%, from € 12.2 to € 17.2 million. Contributing to this result were fixed assets and, most of all, net working capital.

Net fixed assets increased by 21.5%, due mainly to the acquisition of the 29% stake in Società Manifattura Tessile. The impact of this investment can be seen in the item intangible fixed assets, which increased by 45.5%, or € 2.4 million. The net increase in the consolidation difference - due to the very change in the stake held in S.M.T. - amounted to € 2.6 million.

Net working capital increased considerably more, rising from € 3.2 to € 6.1 million (+88.3%). This increase is due to the repeatedly mentioned seasonality effects. At the end of the first half, production of the autumn-winter orders (this year AW 21) is in full swing and less than half have been delivered. This is shown by a comparison with the result of 30 June 2020, which sees a 16.6% reduction from € 7.3 to € 6.1 million.

The increase in capital employed was covered in part by own sources but to a greater extent by loan capital.

Equity increased by 6.1% (11.3% when considering the Group Share); the net financial position, whilst remaining positive, fell from € 8.8 to just under € 5 million

(-43.1%). However, despite the investment in Società Manifattura Tessile, the net financial position is higher than last year, when it dropped to € 3.9 million. In this case, the change was 27.0%.

The Group's cash funds remain extremely high, amounting to € 18.7 million, with a negative change of 20.9% versus € 23.6 million at end 2020 and a positive change of 4.3% versus € 17.9 million at 30 June 2020.

The change in the net financial position is shown in the table below.

CHANGE IN THE NET FINANCIAL POSITION OF THE PATTERN GROUP (€)	**30.06.2021**	**30.06.2020**	**% chg**
NFP of the Group at the end of the prior year (A)	**8,776,163**	**12,385,573**	**-29.1%**
NFP of S.M.T. at 1.01.2020 (A)		-2,721,311	
Cash flow before changes in NWC	3,999,789	3,003,137	33.2%
Change in net working capital	-3,511,761	-4,370,048	-19.6%
Other changes	-1,060,260	-355,147	198.5%
Cash flow from operations (B)	-572,232	-1,722,057	-66.8%
Cash flow from investing activities (C)	-2,835,235	-4,304,095	-34.1%
Cash flow from operations (D=B+C)	-3,407,467	-6,026,153	-43.5%
Cash flow from changes in Equity (E)	-375,588	294,000	-227.8%
Reduction (Increase) in NFP (G=D+E)	**-3,783,055**	**-5,732,153**	-34.0%
Closing NFP (A-G)	**4,993,108**	**3,932,109**	27.0%

The table shows how the deterioration by € 3.8 million of the net financial position versus 31/12/2020 is attributable mainly to capital expenditure, which involved an outlay of € 2.8 million.

Despite the growth in working capital recorded in the first half, the cash flow from operations closed with a small negative sign of € 572 thousand.

Dividend payouts during the period totaled € 376 thousand.

5. OPERATING AND FINANCIAL FORECASTS FOR THE SECOND HALF OF THE YEAR

Looking at Pattern's target market as a whole, after the continued weakness of the first half of the year caused by the performance of the first quarter, which suffered from a drag effect of the events of 2020, forecasts now point to an economic recovery in the second half also in Western countries, thanks to the implementation of vaccination campaigns (sales in Far-Eastern markets also performed well in the first part of the year).

Regarding our Group in particular, as every year, in the period from July to December, production and deliveries of the autumn-winter collections are completed and a significant part of the spring-summer collections is produced. Overall, volumes were higher in the second half of the year.

Autumn-Winter 2021-2022 orders have been fully booked and deliveries are now nearing completion, while Spring-Summer 2022 orders are being collected.

The Group's backlog suggests that the second half of the year may see a moderate improvement on the results achieved in the first half, not only in terms of revenue, but also in terms of operating margins and net financial position, on a like-for-like basis.

The net financial position at 31 August closed at a positive € 5.9 million, up by 18.8% versus € 4.9 million at end June.

Mention should be made of the suspension as from 1 July of the redundancy fund at Pattern's Collegno plant; the redundancy fund will instead continue, albeit to a limited extent, at Pattern's Spello plant. No layoffs were made at Società Manifattura Tessile, nor are there any plans to do so in the second half of the year.

6. MAIN RISKS AND UNCERTAINTIES TO WHICH THE GROUP IS EXPOSED

The specific risks that could give rise to an obligation on the part of the Group companies are assessed when determining the related allocations and are explained in the Notes.

Reference is herein made solely to those risk factors and economic, regulatory and market uncertainties which, in connection with the carrying on of business, therefore, with the achievement of corporate targets, may affect the company's performance.

The risks listed below represent the main uncertainty factors found. In this regard, their identification and monitoring by Management reduces, but does not fully eliminate, their potential negative effects.

The order in which risks and uncertainties are shown is not significant of greater or lesser importance.

Financial risks

The business carried on by the Pattern Group is exposed to several types of financial risk, including: liquidity risk, the risk of fluctuations in interest rates and exchange rate risk.

Liquidity risk

Liquidity risk may arise if the financial resources available are inadequate to meet payment commitments, in accordance with agreed terms and dates, whether of a commercial or financial nature.

In this regard:

- the Group has a high level of liquidity, as well as significant short-term bank lines;
- the financial budget does not show any particular risk, since earnings flow in on a regular basis and commitments are planned well in advance;
- the procurement and use of financial resources are coordinated at Group level to enable each company to meet its own requirements.

Interest rate risk

The Pattern Group is exposed to fluctuations in interest rates in respect of the financial expense accruing on bank borrowings.

This is a narrow risk however, since debt consists of medium-term loans, of which approximately 70% are at fixed rates, thanks partly to the conclusion of IRS hedging contracts, mentioned in the relevant sections of this Report.

Exchange rate risk

The Group is not subject to significant risk of fluctuations in exchange rates, given that invoices receivable are almost entirely in €, as are almost all invoices payable. Imports in currency are limited and are made in currencies with low volatility.

Credit risk

The solvency of the Group's customers belonging to the company's "core business" is at the best market levels. As a result, there are no significant risks of this nature to date.

For this reason, Società Manifattura Tessile did not renew the credit insurance policy in place until 31 December 2020.

The sale of Esemplare branded garments to stores requires a different level of attention, as the risk of bad debt is endemic in this type of business.

For this reason, customers are carefully selected, based also on specific commercial information. Additionally, past dues are promptly monitored, with resort to debt collection companies in the event of critical positions.

Operational risks

Risks associated with dealings with external laboratories

For external production, the Group uses select packers, certified mostly by their customers and in any case managed according to SA8000 standards.

In order to avoid over-dependency on certain suppliers, the Company is on a constant lookout for new sources of production. This is a risk that cannot be fully abated since the search for new laboratories is limited by the need to count on qualified and reliable suppliers, which means keeping minimum supply thresholds and consolidating relationships over time.

Further areas of risk in the relationship with external laboratories are: quality control and compliance with production delivery times. Both of these issues are crucial for those working at the higher end of the fashion market and are thus constantly monitored by Management.

Risks associated with the availability and supply of raw materials

In the outerwear and garment segment, raw materials are mostly purchased in agreement with the end customer, so there are no risks borne by the company, neither as regards the certainty and timing of supply, nor as regards purchase prices. Potential issues that may arise would be discussed and solved together with customers. In cases where raw materials are supplied on a job order basis, this type of risk is completely non-existent.

The knitwear segment enjoys greater autonomy in purchases, but this does not involve a greater risk of shortages or delays in the supply of raw materials.

Risks associated with recruiting and retaining expert personnel

The specific nature of the Group’s activities makes it difficult to select expert personnel for the most technically-demanding tasks. However, the recent development and the greater visibility achieved have helped consolidate the relationship with the Group's key figures and to attract new professionals of high standing, with a view to the development of the younger resources. To this end, the Group is constantly committed to creating a conducive workplace abounding with opportunities for learning and growth.

Cyber risks

The Group is exposed to the risk of cyber attacks, with the risk of improper disclosure or loss of sensitive data.

Security and protection from external attacks is managed through latest generation firewalls, double in all locations (with HA configuration at Collegno and Spello). The workstations are equipped with antivirus software to protect against possible threats (viruses) spread through the internal network or from the outside; the anti-spam service of the e-mail system is active to reduce the risk of threats spread through e-mail and phishing campaigns.

Access to PCs and consequently to systems is regulated according to stringent security standards. The installation of software on clients is allowed only by the ICT department, which checks in advance the lawfulness and security of the applications to install.

As for the stability and updating of systems that may result in an interruption, albeit temporary, of operations, it should be noted that in all the Group's locations:

- the servers reside on virtual infrastructure in two separate physical hosts, each able to support the workload (complete or related to core services) of the other in case of failure; Collegno uses a hyperconverged infrastructure and the two nodes are located in DPC premises in separate buildings;
- the DPC premises are air-conditioned, protected, like the rest of the offices, by fire-prevention systems and locked;
- automatic daily backup plans are scheduled for company data and for servers; a fortnightly copy of the data is kept outside the company; the media used to collect backups reside in different premises from those hosting the servers;
- connectivity is provided by a dual connection (one main and one backup).

Lastly, the Group invests significant resources every year on the continuous updating of CAD design and management solutions.

Strategic risks

Pattern Group has developed a business plan, with a multi-year time horizon, which sets its strategic guidelines and the operating and financial targets to achieve.

The plan is subject to annual reviews, in which the guidelines are reviewed for their appropriateness and feasibility for the growth of the Group. Based on these reviews, changes, if needed, are made and the short-term operational decisions are defined accordingly.

Market risk

The main market risk to which the Group is exposed is the relatively small amount of customers it has, so losing some of them could impact significantly on its turnover.

On the other hand, as there are only a few important brands in the luxury clothing segment, often belonging to the same Group, one cannot obviously count on a large number of customers.

Secondly, in order for commercial cooperation to be profitable, both technically and economically, relationships must be long-lasting, and this can only be ensured by the top trademarks.

The need arises, therefore, to mediate between the need to expand the customer base, in order to reduce market risk, and the need to preserve and strengthen, where possible, the economic efficiency of management, which requires a low degree of dispersal of activities.

For such reasons, in addition to seeking new customers, the Group has worked to diversify its areas, firstly by landing in womenswear in 2017, then in the knitwear field in 2020.

7. ENVIRONMENTAL IMPACT OF OPERATIONS

The Group continues to implement policies to reduce its environmental impact, aimed at making more efficient use of energy in order to curb consumption and emissions produced. In the more medium-term, the objective remains making the Group carbon neutral by 2023, thereby adhering to the 17 United Nations objectives for sustainable development.

In this regard, Pattern obtained the new ESG Rating at the beginning of 2021. By taking part in the reporting with CDP (Carbon Disclosure Project) since 2019 on Climate Change, thanks to its many years of efforts on the topic, Pattern has chosen to prioritize environmental topics and the transition towards low-carbon. By monitoring its emissions and energy consumption, Pattern is able to measure its impact and work towards ambitious reduction targets. To date, Pattern is one of the few international companies in the Luxury and Fashion segment to have taken part in CDP reporting, achieving a greatly improved rating from D to B-. This ESG rating is a new starting point for the ongoing improvement of the Company. Additionally, Pattern was included by CDP in the CDP 2020 Supplier Engagement Leaderboard, a selection (7% of the best companies) made on the basis of the Supplier Engagement Rating (SER). Pattern joins 400 international companies in the CDP's 2020 Supplier Engagement Leaderboard, which is transparently measured and judged by CDP each year.

All the information on environmental management and the numerous developments are available on the following webpages:

- https://www.pattern.it/pattern-torino-sostenibilita
- https://www.pattern.it/pattern-torino-rating-esg

Pattern was also the first Italian company ever to officially join the UN/UNFCCC's "Fashion for Global Climate Action" initiative as a signatory to the *Fashion Industry Charter for Climate Action*. The *Fashion for Global Climate Action* initiative aims at supporting the fashion industry in identifying levers of change and possible actions to achieve climate neutrality and work towards a healthier planet. Only through collective and united action can the fashion industry embark on this transformation; and Pattern, by signing the Charter, has reiterated its commitment to playing its part in the quest for a low carbon future. In this sense, Pattern has set up a national work group where various bodies and companies participate in the circular economy.

The entire Group is supplied by energy produced from renewable sources.

Lastly, mention should be made of the commissioning of the new photovoltaic system at the Collegno (Turin) plant, as well as the start-up of the new 4.0 warehouse, which is cooled and heated by means of a cutting-edge, high-power geothermal system that came into operation at end 2020, one of the very few in the area, which will also contribute to the same purpose for part of the building dedicated to design and production. The geothermal/photovoltaic mix installed brings the Collegno (Turin) plant to total carbon neutrality.

8. EMPLOYEES, MODEL "231" AND INFORMATION SYSTEMS

8.1. Employees

At 30 June, the Pattern Group counted 294 employees, 220 of whom women and 74 men.

The table below shows the breakdown of headcount by company.

Company	Headcount at 30.06.2021	Headcount at 31.12.2020
Pattern Spa	177	174
Società Manifattura Tessile Srl (consolidated as from 1.1.2020)	117	106
Total	**294**	**280**

The first half of 2021 saw the continued adoption of strict anti-Covid protocols, thanks also to the self-production of masks with certified filters, regularly distributed to all employees. A private "Covid cause" insurance has been taken out in their favour. To date, no infections from corporate sources at the three sites have been reported.

The Group's commitment to staff training and corporate organization continued, through management training sessions.

There are no reports of lawsuits related to bullying at work cases or occupational illnesses of employees or former employees, or related to deaths or serious workplace accidents.

8.2. Introduction of “Model 231”

In 2021, Pattern launched a project aimed at analyzing the system of preventive controls to mitigate the offences envisaged by Legislative Decree 231, with the aim of adopting an Organizational and Management Model pursuant to Legislative Decree 231/01 (also known as "Model 231").

At 30 June this year, the following activities were completed.

Preliminary analysis of the applicability and relevance of the offences and the "areas at risk"

The activity involved:

- Identification of the offences included in Legislative Decree 231/01 that are abstractly relevant.
- Identification of the main areas/activities ("Map of areas at risk of offences") affected by the possible cases of offence and the relating organizational units.
- Identification of the main potential ways in which offences can be committed.

Preventive control analysis

The activity included:

- Identification and analysis of the existing system of preventive controls.
- Identification of any deficiencies/areas for improvement in controls.

Drafting of the Model and Code of Conduct

The documentation of the macro-features of the Organizational and Management Model ("Model Summary Document"), including the related Sanctions System and the updated Code of Ethics, was completed.

Since the beginning of the year, for the purposes of preparing Pattern's 231 Model, the following has been documented:

- the types of offences that may theoretically be committed (and the potential ways in which they may be committed)
- the Areas at risk of offences (in relation to the types of offence identified as relevant)
- the assessment sheets (based on the information emerging from the interview with the identified company representatives)
- a summary of the aspects for improvement (which emerged during the Gap Analysis)

Based on these documentary outputs, the Company's Model 231 was prepared, including specific training for all management. Subsequently, starting in June, the approval phase at the Board of Directors began, to be followed by the implementation phase. Additionally, a Supervisory Board was set up, consisting of a number of independent external members, with the task of supervising the operation of and compliance with Model 231.

8.3. Information systems

The first half of 2021 saw a continuation of the improvement path in the area of cybersecurity.

Specifically, the Firewall redundancy project was completed in all the Group's offices, which now have dual equipment configured in high availability.

In Collegno, following the setup of a DPC premise in the new building of Via Tunisia (a closed room, equipped with air conditioning and fire prevention system), the two nodes (redundant) of the server infrastructure hosting all the software and data used in the company were separated and distributed in the two DPC premises (located in separate buildings, Via Italia and Via Tunisia) following the indications envisaged by the best practices in the field of IT security; following the same method, the devices containing the daily backups of company data were equally distributed in separate rooms in the two buildings. The purpose is to reduce the risk of downtime resulting from damaging events that may affect one of the DPC premises.

Furthermore, an infrastructure monitoring system was also adopted for the Spello and Correggio premises, which had no such system in place yet.

In order to facilitate the sharing of activities and information, mutual VPN connections between the Group's offices were set up.

From an application point of view, the use of the Audit Manager software, adopted by the company in 2020 to plan, execute and finalize audits in the SA8000 and Sustainable manufacturing fields, was extended to product quality audits: all quality controls on finished garments produced internally or in the laboratory are now managed with the aid of this tool, whether they are chain controls, AQL (sample controls) or final 100% controls; the reports produced are automatically saved in a special sharepoint library made available to all entities involved.

The first half of 2021 saw completion of the new finished garments warehouse: the WMS system already adopted in 2020 has thus been interfaced on the one hand with the two new "Modula" vertical warehouses introduced for the management of production accessories and, on the other, with the RFID portals set up in order to automatically count and check the finished garments entering and leaving the warehouse. All flows are managed from the ERP management system and totally integrated with it.

Lastly, a new attendance management software - "Presenze INAZ" - was introduced, standardizing and upgrading the platforms previously used in the Group's three offices.

9. TREASURY SHARES AND SHARES OF PARENT COMPANIES

Pattern Spa does not hold any treasury shares or shares or units in parent companies, not even through a finance company or third party.

10. FINANCIAL DERIVATIVES

Pursuant to Article 2428, paragraph 2, point 6-bis, of the Italian Civil Code, mention should be made that - at 30 June 2021 - the Group has two interest rate swap (IRS) agreements in place to hedge the risk of interest rate fluctuations on medium-term loans. The capital at the same date was € 5.5 million.

11. BRANCH OFFICES

Group companies do not have branch offices. Pattern owns two local units.

One in Spello/Perugia, for womenswear; one in Milan, where an Esemplare showroom was opened. At the beginning of September, the local unit in Bricherasio, hosting the laboratory dedicated to prototype work, sample collections and small productions, was closed and the staff transferred to the Collegno office.

12. INTRAGROUP AND RELATED PARTY TRANSACTIONS

There are no intragroup transactions or related party transactions at conditions other than market conditions to report the amount, nature of the transaction or any other information of required by Article 2427, no. 22-bis, of the Italian Civil Code.

In the first half of the year, Pattern Spa had the following dealings with Società Manifattura Tessile Srl and Pattern Project Srl.

Receivables and payables of Pattern Spa vs. Società Manifattura Tessile Srl	**30.06.2021**	**31.12.2020**
Receivables	5,528	8,457
Payables	6,531	7,232
Income and expense of Pattern Spa vs Società Manifattura Tessile Srl	**30.06.2021**	**30.06.2020**
Income	8,222	0
Expense	34,686	864

Receivables and payables of Pattern Spa vs Pattern Project Srl	**30.06.2021**	**31.12.2020**
Receivables	45,000	56,200
Income and expense of Pattern Spa vs Pattern Project Srl	**30.06.2021**	**30.06.2020**
Income	0	500

Turin, 27 September 2021

for **THE BOARD OF DIRECTORS**

The Chairman of the Board of Directors

Francesco Martorella

PATTERN S.P.A.

Direction and Coordination pursuant to Article 2497 of the Italian Civil Code: BO.MA. Holding S.r.l.

registered office in Collegno, via Italia 6/a

authorized share capital € 1,436,292.90 of which € 1,407,555.00 subscribed and paid up

listed with the Turin Company Register no. 10072750010 tax code

R.E.A. no. 1103664

CONSOLIDATED INTERIM FINANCIAL STATEMENTS AT 30 JUNE 2021

STATEMENT OF FINANCIAL POSITION - ASSETS

	30/06/2021		31/12/2020	
A) SHARE CAPITAL PROCEEDS TO BE RECEIVED				
B) FIXED ASSETS				
I. Intangible fixed assets				
1) Start-up and expansion costs	23,929		28,200	
2) Development costs	198,130		273,725	
4) Concessions, licenses, trademarks and similar rights	319,049		324,782	
5) Goodwill	6,301,964		3,961,570	
6) Fixed assets under construction and advances	-		21,580	
7) Other	870,662		691,572	
Total intangible fixed assets		7,713,734		5,301,429
II. Property, plant and equipment				
1) Land and buildings	548,270		555,000	
2) Plant and machinery	4,021,290		2,942,560	
3) Industrial and commercial equipment	75,500		96,845	
4) Other assets	569,428		517,374	
5) Fixed assets under construction and advances	34,690		1,242,326	
Total property, plant and equipment		5,249,178		5,354,105
III. Financial fixed assets				
1) Investments in				
d-bis) other companies				
Total investments	-		-	
2) Receivables		-		-
d-bis) from others				
(due within one year)	5,500		3,000	
(due beyond one year)	214,365		191,234	
Total receivables		219,865		194,234
Total financial fixed assets		219,865		194,234
Total fixed assets		**13,182,777**		**10,849,768**
C) CURRENT ASSETS				
I. Inventory				
1) Raw and ancillary materials, consumables	3,309,192		2,179,184	
2) Work in progress and semi-finished products	3,794,438		1,640,431	
4) Finished products and goods	557,055		469,061	
Total inventory		7,660,685		4,288,676
II. Receivables				
1) from clients	12,738,745			
(due within one year)	12,738,745		8,682,850	
5-bis) Tax receivables	1,915,982		8,682,850	
(due within one year)	1,586,982		1,579,793	
(due beyond one year)	329,000		1,404,942	
5-ter) Prepaid tax	122,840		174,851	
5-quater) from others	64,810		219,838	
(due within one year)	64,810		259,860	
Total receivables		14,842,377	259,860	10,742,341
IV. Cash and cash equivalents				
1) Bank and postal deposits	18,671,922			
2) Cheques	-		23,594,859	
3) Cash and valuables on hand	13,756		11,566	
Total cash and cash equivalents		18,685,678	12,578	23,619,003
Total current assets		**41,188,740**		**38,650,020**
D) ACCRUED INCOME AND PREPAID EXPENSES		**579,983**		**529,684**
TOTAL ASSETS		**54,951,500**		**50,029,472**

STATEMENT OF FINANCIAL POSITION - LIABILITIES

		30/06/2021		31/12/2020
A) EQUITY				
I. Share capital		1,407,555		1,371,538
II. Share premium reserve		9,548,705		8,238,460
IV. Legal reserve		281,259		272,308
VI. Other reserves		8,691,189		6,825,623
- Consolidation reserve	153,615		153,615	
- Extraordinary reserve	8,444,633		6,558,257	
- Merger surplus reserve	101,764		101,764	
- Other	(8,823)		11,987	
VII. Reserve for hedging expected cash flows	-	(25,406)	-	(45,581)
VIII. Profit (loss) carried forward		-		
IX. Net profit (loss) for the year		**1,172,878**		**2,269,894**
Total Group equity		**21,076,180**		**18,932,242**
Share capital and reserves attributable to non-controlling interests		816,023		1,273,007
Profit (loss) attributable to non-controlling interests		314,216		726,250
Total equity attributable to non-controlling interests		**1,130,239**		**1,999,257**
Total consolidated equity		**22,206,419**		**20,931,499**
B) PROVISIONS FOR RISKS AND CHARGES				
1) for pensions	2,830		2,830	
3) financial derivative liabilities	25,406		45,581	
4) other	14,850		33,329	
Total provisions for risks and charges		**43,086**		**81,740**
C) POST-EMPLOYMENT BENEFITS				
D) PAYABLES		**2,006,991**		**1,841,513**
4) Payables to banks	13,107,735		14,442,840	
(due within one year)	2,733,951		2,096,254	
(due beyond one year)	10,373,784		12,346,586	
5) Payables to other lenders	584,835		400,000	
(due within one year)	81,072		-	
(due beyond one year)	503,763		400,000	
6) Advances	20,700		10,363	
(due within one year)	20,700		10,363	
7) Payables to suppliers	13,276,462		9,664,036	
(due within one year)	13,276,462		9,654,869	
(due beyond one year)	-		9,167	
12) Tax payables	759,967		589,855	
(due within one year)	759,967		579,588	
(due beyond one year)	-		10,267	
13) Payables to social security institutions	567,918		705,807	
(due within one year)	567,918		705,807	
14) Other payables	2,029,127		1,206,728	
(due within one year)	2,029,127		1,206,728	
Total payables		**30,346,744**		**27,019,629**
E) ACCRUED EXPENSES AND DEFERRED INCOME		**348,260**		**155,091**
TOTAL LIABILITIES		**54,951,500**		**50,029,472**

INCOME STATEMENT

		30/06/2021		30/06/2020
A) VALUE OF PRODUCTION				
1) Revenue from sales and services		30,869,299		23,808,834
2) Change in inventory of work in progress, semi-finished and finished products		2,242,001		579,998
5) Other revenue and income		247,186		728,683
- operating grants	82,958		500,000	
- other revenue and income	164,228		228,683	
Total value of production (A)		**33,358,486**		**25,117,515**
B) COSTS OF PRODUCTION				
6) Costs for raw and anc. materials, consum. and goods		12,180,156		6,969,171
7) Costs for services		10,933,048		9,081,648
8) Rentals and leases		743,466		732,594
9) Personnel expense		7,121,910		5,906,270
a) wages and salaries	5,161,200		4,265,040	
b) social security expense	1,575,836		1,301,062	
c) post-employment benefits	370,898		329,657	
e) other costs	13,976		10,511	
10) Amortization, depreciation and write-downs		1,110,752		894,868
a) amortization of intangible assets	552,398		415,944	
b) depreciation of tangible assets	505,712		466,968	
d) write-down of receivables under current assets and cash and cash equivalents	52,642		11,956	
11) Changes in inventory of raw and ancillary materials, consumables and goods		(1,130,007)		(158,310)
14) Sundry operating expense		110,303		94,127
Total costs of production (B)		**31,069,628**		**23,520,368**
DIFFERENCE BETWEEN VALUE AND COSTS OF PRODUCTION (A-B)		**2,288,858**		**1,597,147**
C) FINANCIAL INCOME AND EXPENSE				
16) Other financial income				
d) financial income other than above:		754		605
- from others	754		605	
		754		605
17) Interest and other financial expense		49,062		65,408
- other	49,062		65,408	
		49,062		65,408
17 bis) Exchange gains (losses)		(10,071)		4,235
Total fin. income and expense (15+16-17+17bis)		**(58,379)**		**(60,568)**
D) VALUE ADJUSTMENTS TO FINANCIAL ASSETS.				
19) Write-downs		-		-
a) of investments	-		-	
Total adjustments (18-19)		**-**		**-**
RESULT BEFORE TAX (A-B+C+D)		**2,230,479**		**1,536,579**
20) Income tax for the year		**743,385**		**230,325**
- current	646,387		323,704	
- of prior years	-		(59,902)	
- deferred (prepaid)	96,998		(33,477)	
21) CONSOLIDATED PROFIT (LOSS) FOR THE YEAR		**1,487,094**		**1,306,254**
of which PROFIT (LOSS) ATTRIBUTABLE TO THE OWNERS OF THE PARENT		1,172,878		1,028,844
of which PROFIT (LOSS) ATTRIBUTABLE TO NON-CONTROLLING INTERESTS		314,216		277,410

STATEMENT OF CASH FLOWS - INDIRECT METHOD

	30.06.2021	30.06.2020
A. CASH FLOWS FROM OPERATIONS		
Profit (loss) for the year	**1,487,094**	**1,306,254**
Income tax	743,385	257,778
Interest expense/(interest income)	48,308	64,828
(Dividends)	0	0
(Gains)/losses from disposal of assets	1,698	27,409
1. Profit (loss) for the year before income tax, interest, dividends and capital gains/losses from disposal	**2,280,485**	**1,656,269**
Adjustments for non-monetary items that did not have a balancing item in the net working capital		
Allocations to provisions	506,816	503,482
Amortization and depreciation	1,058,961	882,912
Impairment losses	0	0
Value adjustments of financial assets and liabilities of financial derivatives that do not involve monetary changes	0	0
Other adjustments for non-monetary items	153,527	(39,527)
2. Cash flow before changes in NWC	**3,999,789**	**3,003,136**
Changes in net working capital		
Decrease (Increase) in inventory	(3,219,072)	(873,515)
Decrease (Increase) in receivables from customers	(3,814,360)	2,242,117
Increase (Decrease) in payables to suppliers	3,212,831	(5,773,900)
Decrease (Increase) in accrued income and prepaid expenses	(50,191)	41,113
Increase (Decrease) in accrued expenses and deferred income	191,769	48,244
Other changes in net working capital	215,927	(54,107)
3. Cash flow after changes in NWC	**536,693**	**(1,366,912)**
Other adjustments		
Interest received/(paid)	(47,016)	(54,129)
(Income tax paid)	(155,961)	(55,129)
Dividends received	0	0
(Utilization of provisions)	(905,948)	(245,889)
Cash flow from operations (A)	**(572,232)**	**(1,722,059)**
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Intangible fixed assets		
(Acquisitions)	(220,780)	(62,702)
Proceeds from disposal of assets	0	0

Property, plant and equipment		
(Acquisitions)	(41,172)	(242,964)
Proceeds from disposal of assets	7,348	133,183
Financial fixed assets		
(Acquisitions)	(25,631)	(63,900)
Proceeds from disposal of assets	0	26,288
Current financial assets		
(Acquisitions)	0	0
Proceeds from disposal of assets	0	0
Change in cash pooling		
Other financial expense		
Acquisition or sale of subsidiaries or business units net of cash and cash equivalents	(2,555,000)	(3,715,539)
Cash flow from investing activities (B)	**(2,835,235)**	**(3,925,634)**
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Loan capital		
Increase (decrease) in short-term bank payables	(7,641)	147,733
New loans	0	7,041,285
Other loans	0	0
Repayment of loans	(1,142,629)	(349,499)
Equity		
Capital increase against payment	-	294,000
Dividends (interim dividends) paid	(375,588)	-
Cash flow from financing activities (C)	**(1,525,858)**	**7,133,519**
Change in the scope of consolidation (D)	0	0
Effect of exchange rate fluctuations (E)	0	0
Increase (decrease) in cash and cash equivalents (A+B+C+D+E)	**(4,933,325)**	**1,485,826**
Opening cash and cash equivalents	**23,619,003**	**16,437,520**
of which:		
bank and postal deposits	23,594,859	16,407,208
cheques	11,566	20,109
cash and valuables on hand	12,578	10,203
Closing cash and cash equivalents	**18,685,678**	**17,923,346**
of which:		
bank and postal deposits	18,671,922	17,911,137
cheques	0	-
cash and valuables on hand	13,756	12,209

INFORMATION ON THE PURCHASE OF INVESTMENTS IN SUBSIDIARIES

With regard to the transaction on the acquisition of a further 29% stake in the subsidiary S.M.T. S.r.l., in which the Parent Company already held a 51% stake, the information required by OIC no. 17, § 36 is provided at the bottom of this Statement of Cash Flows.

Specifically, mention should be made of the following:

Total consideration paid for the acquisition of the investment		3,900,000
- of which paid in 2021 from cash on hand		2,555,000
Cash flow from acquisition of the controlling interest		
consideration paid in 2021		2,555,000
Book value of assets net of liabilities acquired (29%)		
Net acquired assets		1,183,233
Goodwill recognized		2,716,767
	net total	3,900,000

PATTERN S.P.A.

Direction and Coordination pursuant to Article 2497 of the Italian Civil Code: BO.MA. Holding S.r.l.

NOTES TO THE CONSOLIDATED HALF-YEAR REPORT AT 30 JUNE 2021

FOREWORD

These interim consolidated financial statements at 30 June 2021 of Pattern S.p.A. (hereinafter also the "Parent Company"), Pattern Project S.r.l. and S.M.T. S.r.l. (hereinafter also the "Subsidiaries"), collectively the "Group", have been prepared in compliance with the provisions of Article 18 of the AIM Italia Issuer Regulation and, in accordance with OIC 30, and have been prepared in accordance with the rules set out in Legislative Decree no. 127 of 9 April 1991, as updated by the amendments introduced by Legislative Decree no. 6 of 17 January 2003 and by Legislative Decree no. 139 of 18 August 2015, supplemented and construed by the OIC Accounting Standards.

The Consolidated Financial Statements comprise the Consolidated Statement of Financial Position, the Consolidated Income Statement, the Consolidated Statement of Cash Flows and these Notes, and are accompanied by the Directors' Report on Group Operations.

The statements comply with the requirements of Article 32, paragraph 1, Legislative Decree 127/91.

The Notes to the Financial Statements contain the information required by Article 38 of Legislative Decree 127/91.

In order to provide more exhaustive information, the following are attached to these Notes:

- a statement of changes in consolidated equity (Annex **A**);
- a reconciliation between Parent Company equity and net profit and consolidated equity and net profit (Annex **B**);
- a consolidated statement of financial position and income statement showing the changes that have taken place (Annex **C**);
- an analytical consolidated statement of financial position (Annex **D**).

SCOPE OF CONSOLIDATION

Below are the identification details of the companies included in the consolidation using the full method, pursuant to Article 26 of Legislative Decree 127/91 (Article 38, paragraph 2, Legislative Decree 127/91):

Company	Registered office	Share capital at 30.06.2021	Equity at 30.06.2021	% held
Pattern Project S.r.l.	Italy	20,000	224,023	100%
S.M.T. S.r.l.	Italy	1,000,000	5,651,197	80%

On 5 March 2021, the transaction for the acquisition of an additional 29% stake in the share capital of S.M.T. S.r.l., Società Manifattura Tessile S.r.l., with registered office in Correggio (RE), Via Della Costituzione 37, a company already 51% controlled by Pattern S.p.A. since 31 March 2020, was finalized.

Following the abovementioned transaction, Pattern S.p.A. now controls 80% of S.M.T. S.r.l..

The transaction was accomplished in particular through:

- the sale of a 19% stake in the share capital of S.M.T. S.r.l. by Stefano Casini in favour of Pattern S.p.A., at the agreed price of € 2,555,000;
- the transfer of 10% of the share capital of S.M.T. S.r.l. by CAMER S.r.l. to Pattern S.p.A. for a total of € 1,345,000, with a consequent increase in the share capital of Pattern S.p.A. and the allocation of newly-issued ordinary shares to CAMER S.r.l..

This increase in the stake of the consolidated company S.M.T. S.r.l. was accounted for in the interim consolidated financial statements at 30 June 2021 in compliance with the provisions of OIC no. 17, § 80.

The consolidated financial statements are prepared on the basis of the interim financial statements at 30.06.2021 of the individual companies included in the scope of consolidation.

1. CONSOLIDATION PRINCIPLES

As mentioned above, the subsidiaries were consolidated with the full method, which consists, in brief, in the assumption of the assets and liabilities, as well as income and expense of the subsidiaries.

The consolidation principles used are indicated below (Article 31 of Legislative Decree 127/91):

- Elimination of the book value of investments in subsidiaries included in the consolidation against the corresponding equity.

  The book value of the investments in the Companies included in the scope of consolidation was eliminated against the corresponding equity at the date of preparation of the financial statements, in accordance with the full method.
  Specifically:

  - the greater amount of the portion of equity of the investee Pattern Project S.r.l. at the consolidation date, vis-à-vis the acquisition cost, is posted directly to the consolidated equity item "Consolidation reserve";
  - the lower amount of the portion of equity of the investee S.M.T. S.r.l. vis-à-vis the acquisition cost is allocated to "Goodwill".

  The portion of equity and net profit of investee companies in the period attributable to non-controlling interests was shown separately in consolidated equity under a specific item.
  The Income Statement shows the net profit for the period attributable to non-controlling interests.

- Elimination of payables and receivables, costs and revenue relating to transactions between the Companies included in the consolidation;

- Reversal of dividends distributed in the six months by the subsidiary Pattern Project S.r.l.: the dividends collected during the six months by the Parent Company and distributed by the subsidiary Pattern Project S.r.l. are reversed on consolidation.

Lastly, the interim financial statements of the companies included in the scope of consolidation are drawn up in Euro, therefore, there was no need to convert them.

2. PREPARATION STANDARDS

As mentioned in the Foreword, the interim consolidated financial statements at 30 June 2021 have been prepared in compliance with the provisions contained in Legislative Decree no. 127/91 and the Italian Civil Code, construed and supplemented by the accounting standards prepared and revised by the Italian Accounting Body ("OIC") and, where missing and not conflicting, by those issued by the International Accounting Standards Board ("IASB").

The financial statements are drawn up in compliance with the provisions of Article 32, paragraph 1, of Legislative Decree 127/91 and, therefore, with the provisions of Article 2423 ter, 2424, 2424 bis, 2425, 2425 bis, 2425 ter of the Italian Civil Code. The following principles have been followed in the preparation of the consolidated financial statements.

1. These financial statements have been prepared clearly and give a true and fair view of the financial position and results of operations for the period of the Pattern Group (Article 29, paragraph 2, Legislative Decree 127/91).

2. The information required by the specific provisions of law governing the preparation of consolidated financial statements has been deemed sufficient to give a true and fair view (Article 29, paragraph 3, Legislative Decree 127/91).

3. Amounts are shown in Euro; the decision was taken not to take advantage of the option of drawing them up in Euro thousands (Article 29, paragraph 6, Legislative Decree 127/91).

4. Items preceded by Arabic numerals were not grouped together.

5. No asset or liability component falls under more than one item of the schedule.

6. For each item in the statement of financial position, the amount of the corresponding figure at 31 December 2020 has been shown; for each item in the income statement, the amount of the corresponding figure at 30 June 2020 has been shown. These items are comparable, with the exception of the indications in Part IV of the Notes to the consolidated financial statements, with regard to the statement of financial position items “payables to banks" and “payables to other lenders".

7. There were no exceptional cases, therefore, the provisions of Legislative Decree 127/91 were applied, considered consistent with a true and fair presentation (Article 29, paragraph 4, Legislative Decree 127/91).

8. For the purposes of the preparation of these consolidated financial statements, the following financial statement requirements set forth in paragraphs 15 to 45 of Accounting Standard OIC 11 and referred to in paragraph 32 of Accounting Standard OIC 17, were complied with:
   - prudence;
   - going concern assumption;
   - material presentation;
   - accruals basis;

- consistent valuation criteria;
- relevance;
- comparability, with the remarks set out in point 6 above.

3. VALUATION CRITERIA

The criteria applied in the valuation of the items in the financial statements and in the value adjustments comply with the provisions of the Italian Civil Code, mainly contained in Article 2426 of the Italian Civil Code, and with the OIC Accounting Standards issued until 25 March 2020. These criteria, as envisaged in Article 35 of Legislative Decree 127/91, are those adopted in the preparation of the Parent Company's financial statements.

The most important valuation criteria adopted in the preparation of the consolidated financial statements at 30 June 2021 are explained below.

Intangible fixed assets

Expenses and charges with future useful life were recorded under intangible fixed assets.

Intangible fixed assets were measured, within the limits of their recoverable value, at purchase cost, including ancillary expense.

Internally-produced assets were measured on the basis of the directly attributable costs of their construction.

The cost of intangible fixed assets with limited useful life is systematically amortized based on the residual eligibility for use. The amortization schedule, drawn up on the basis of this principle, is shown in the review of the individual items.

The amortization criteria and rates applied in the prior year are unchanged (Article 2426, paragraph I, no. 2, Italian Civil Code).

Fixed assets under construction include intangible assets in progress. These costs continue to be accounted for under this item until title has been acquired or the project has been completed. When these conditions are met, the corresponding amounts are reclassified to the relevant items of intangible assets.

Fixed assets under construction are not subject to depreciation.

Start-up and expansion costs

Start-up and expansion costs were recorded as assets and are amortized over a period no higher than five years. Until the amortization of start-up and expansion costs is completed, dividends may only be distributed if there are sufficient available reserves to cover the amount of unamortized costs.

Development costs

Development costs refer to specific development projects that are feasible, clearly defined, and identifiable and measurable, which the company has the necessary resources for.
As their useful life cannot be reliably estimated, these costs are amortized over a period no higher than five years.

Concessions, licenses, trademarks and similar rights

Concessions, licenses, trademarks and similar rights, if acquired against payment, are recorded under assets at a value equal to the sums paid to obtain them, and are amortized according to their useful life, which does not exceed the legal or contractual limit.

For trademarks, the useful life shall not exceed twenty years.

In the case of an internally-produced trademark, the cost recorded under intangible fixed assets includes the direct costs, both internal and external, incurred for its production.

Goodwill

This item includes the following:

- the cost incurred for goodwill acquired as a result of the Parent Company's acquisition of the business unit of Modalis S.r.l., in a procedure with an arrangement with creditors. Goodwill was recorded to the extent of the difference between the purchase price and the market value of the assets net of liabilities. This difference is deemed to be justified by intangible elements relating to the business unit acquired, such as market position, customer portfolio and know-how.
- the merger deficit from the incorporation of Via Agnoletti S.r.l. into the subsidiary S.M.T. S.r.l.;
- the positive consolidation difference of the subsidiary S.M.T. S.r.l., resulting from the difference between the book value entered in the Parent Company's financial statements of the investment written off and the amount of the corresponding portion of the subsidiary's equity.

Goodwill recorded must be amortized on the basis of its useful life, with a maximum limit of twenty years and, in cases where its useful life cannot be reliably estimated, it is amortized over a period no higher than ten years.

Other intangible fixed assets

Other intangible fixed assets include mainly the following items:

- costs incurred for improvements and incremental expense on third-party assets, if not separable from the assets themselves, the amortization of which is carried out over the lower of the period of future useful life of the expense incurred and the residual period of the lease, taking account of any renewal period, if dependent on the tenant;
- multi-year charges relating to outstanding bank loans and mortgages;
- other costs with long-term useful life acquired as a result of mergers completed by the Parent Company in prior years.

Property, plant and equipment

Property, plant and equipment are recorded at the date on which the risks and benefits connected with the assets acquired are transferred; within the limits of their recoverable value, they are recorded at purchase or production cost net of accumulated depreciation, including all directly attributable ancillary costs and expense and indirect costs relating to internal production.

Costs incurred following purchase of an asset are added to its book value if they increase the original production capacity or useful economic life of the asset. Maintenance and repair costs that do not increase the future economic life of the assets were directly charged to the income statement for the period in which they were incurred.

Routine maintenance costs are recognized in the income statement in the period in which they are incurred.

Costs incurred for improvements and incremental expense, including extraordinary maintenance costs, as well as costs for improvements to third-party assets separable from the assets themselves, which produce a significant and measurable increase in the capacity, productivity or safety of the assets or extend their useful life, fall under the scope of capitalizable costs and are recorded as an increase in the value of the assets to which they refer, within the limits of the recoverable value of the asset itself.

In compliance with the provisions of accounting standard OIC 16 and in accordance with the provisions of Law 248/06, the value of the areas on which instrumental buildings stand was separated and entered in the financial statements.

The cost of property, plant and equipment with limited useful life is systematically depreciated based on the residual technical eligibility for use, even on assets that are temporarily unused. Depreciation begins when the fixed asset is available and ready for use. The depreciation schedule, drawn up on the basis of this principle, is shown in the review of the individual items.

For assets entering service in the year, the rates were reduced by half in order to take account, on a lump-sum basis, of their reduced level of use, in accordance with Italian practice, as the depreciation rate thus obtained is a reasonable approximation of depreciation calculated in proportion to the time of actual use.

Low-value assets, in view of their rapid renewal, are depreciated in the year of acquisition.

The value of assets includes costs arising from the exercise of options to redeem assets previously held under lease.

The depreciation criteria and rates applied in the prior year are unchanged (Article 2426, paragraph I, no. 2, Italian Civil Code).

Property, plant and equipment are reclassified under current assets when they are intended to be disposed of, and are therefore measured at the lower of net book value and realizable value based on market trends, i.e. the selling price during the ordinary course of business net of direct costs of sale and disposal. Additionally, assets held for sale are no longer subject to depreciation.

Obsolete assets and, more generally, assets that will no longer be used or usable in the production cycle on a permanent basis, are measured at the lower of net book value and recoverable value, and are no longer subject to depreciation.

Fixed assets under construction are not subject to depreciation.

Fixed assets under construction and advances include tangible assets in progress and advances paid to suppliers of tangible assets. These assets and advances continue to be accounted for under this item until title to the assets has been acquired or completion has been fulfilled. When these conditions are met, the corresponding amounts are reclassified to the relevant items of tangible fixed assets.

Impairment losses on tangible and intangible fixed assets

At each reporting date, an assessment is made of whether there are any indications that the tangible and intangible assets (including goodwill) may be impaired.

If there is such evidence, the book value of the assets is reduced to the relating recoverable value, intended as the higher of its fair value less costs to sell and its value in use.

When it is not possible to estimate the recoverable amount of the individual asset, an estimation is made of the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs. The value in use of an asset is calculated by determining the present value of expected future cash flows, applying a discount rate that reflects the current market valuation of the time value of money and the specific risks inherent to the asset. An impairment loss is recognized if the recoverable amount is less than the net book value.

Any write-down for impairment is reversed if the reasons for the write-down no longer apply. The reversal cannot exceed the value that would have been determined if the adjustment had never been recognized. No reversal is made on goodwill and long-term expense.

At the reporting date of the interim consolidated financial statements, intangible and tangible assets have not undergone any impairment (Article 2426, paragraph I, no. 3, of the Italian Civil Code).

Capital grants for property, plant and equipment

Capital grants are recognized when there is a reasonable certainty that the conditions for the grant have been met and that the grants will be disbursed.

These are accounted for using the "indirect" method, under which the grants themselves are indirectly deducted from the cost of the fixed assets to which they refer, since they are charged to the income statement under item A5 - Other revenue and income, and then deferred for accrual to subsequent years through the posting of deferred income. Depreciation and amortization of tangible and intangible fixed assets is therefore calculated on the value before grants received.

Finance leases

Under paragraph 105 of OIC 17, given the basically informational nature of the consolidated financial statements, finance leases may, without any obligation, be accounted for using the financial method. However, entities may account for finance leases using the equity method provided for by OIC 12 for the financial statements.

In view of the above, the Group booked finance leases through the equity method, thus charging the related fees on an accruals basis to the income statement for the six months under review.

The table "STATEMENT OF LEASE TRANSACTIONS WITH THE FINANCIAL METHOD" contained in the section "Analysis of and comments on the main items of the financial statements" (Article 2427, paragraph I, no. 22, Italian Civil Code) provides information on the current value of the instalments not yet due, the actual financial expense, the financial expense for the six months, the residual value of the asset at the end of the six months, the depreciation rate and the adjustments and writebacks relating to the six months.

Receivables under financial fixed assets

With regard to the amortized cost method of valuation and the discounting of receivables, it should be noted that the option of prospective application was chosen, pursuant to Article 12, paragraph 2, of Legislative Decree 139/2015.

Therefore, the financial receivables recognized in the consolidated financial statements that arose prior to the year beginning on 1 January 2016 are posted at nominal value, adjusted if necessary for impairment losses. If, in subsequent years, the reasons for the write-down no longer apply, the value is written back up to the original value.

On the other hand, financial receivables recognized in the consolidated financial statements as from 1 January 2016, with the exception described below, must be measured at amortized cost, taking account of the time factor and estimated realizable value.

Transaction costs, any commission income and expense and difference between initial value and nominal value at maturity are included in the calculation of amortized cost using the effective interest method over the expected life of the receivable.

Under OIC 15, the amortized cost method was not applied, since compliance with the method would have had an irrelevant effect for the purposes of a true and fair presentation.

Inventory

Inventory is recorded at the date on which the risks and benefits connected with the goods acquired are transferred and are entered at the lower of purchase cost, including directly-attributable ancillary costs and expense and indirect costs relating to internal production, and their presumed realizable value based on market trends.

The value of fungible assets, as determined below, does not differ greatly from current costs at the end of the six months.

Given the risk of obsolescence and the risk of slow-moving goods, the value of inventory was appropriately adjusted by means of a specific adjustment provision.

Inventory of raw and ancillary materials and consumables

Inventory of raw and ancillary materials and consumables is measured at the lower of purchase cost, determined using the weighted average method, and the value inferable from market trends at the end of the period.

Inventory of raw materials also includes raw materials in transit that are measured at the lower of purchase cost, determined using the specific cost method, and the value inferable from market trends at the end of the period.

Inventory of raw and ancillary materials and consumables, the value of which is inferred from market trends to be lower than the purchase cost including ancillary expense, was recorded in the financial statements at this lower value.

Inventory of work in progress and semi-finished products

Inventory of work in progress and semi-finished products is measured at the lower of production cost (including directly attributable ancillary expense), determined using the weighted average method, and the value inferable from market trends at the end of the period.

Inventory of finished products and goods

Inventory of finished products is measured at the lower of cost of production and the value inferable from market trends at the end of the period.

Inventory of finished products, the realizable value of which is inferred from market trends to be lower than the cost of production, including directly and indirectly attributable costs, was recorded in the financial statements at this lower value.

Receivables under current assets

Receivables recognized in the financial statements, with the exception described below, must be recognized at amortized cost, taking account of the time factor and the estimated realizable value.

The initial recognition value of receivables is represented by the nominal value net of all premiums, discounts, allowances and any costs directly attributable to the transaction that generated the receivable.

Transaction costs, any commission income and expense and difference between initial value and nominal value at maturity are included in the calculation of amortized cost using the effective interest method over the expected life of the receivable.

Under OIC 15, the amortized cost method was not applied, since compliance with the method would have had an irrelevant effect for the purposes of a true and fair presentation.

Receivables are shown in the financial statements net of the allowance for impairment. The amount of the allowance for impairment is commensurate with both the extent of the risks relating to specific "non-performing" receivables and the extent of the risk of non-payment on all receivables.

Cash and cash equivalents

Cash and cash equivalents are measured according to the following criteria:

- bank and postal deposits, being receivables, are measured in accordance with the general principle of estimated realizable value. This value normally coincides with the nominal value, while in situations of difficult collectability the estimated net realizable value is shown;
- cash and stamps on hand are measured at nominal value;
- foreign currency holdings are measured at the exchange rate in force at the end of the six months.

Accruals and deferrals

Accruals and deferrals are calculated on an accruals basis according to when they were actually incurred.

Accruals and deferrals are determined to define the proper accrual of costs and revenue they refer to.

Accruals represent the balancing entry of amounts of costs and revenue accruing during the six months, for which the corresponding changes in cash and cash equivalents or in receivables and payables have not arisen yet.

Deferrals represent the balancing entry of portions of costs and revenue that cannot be attributed to the result for the six months in which the corresponding monetary changes or changes in receivables and payables have arisen.

The measurement criteria follow the general principle of matching costs and income in the year in which they were incurred or earned.

Provisions for risks and charges

Provisions for risks and charges include exclusively provisions set aside to cover losses or payables of a specific nature, which are certain or likely to arise, but the amount or date of occurrence of which cannot be determined at the end of the six months.

Provision for pensions and similar obligations

The provisions for pensions and similar obligations represent allocations for supplementary pension benefits, other than post-employment benefits, due, by law or contract, to associates and agents. These liabilities are allocated on the basis of the information available at the end of the six months, which enables a reasonably reliable estimate of the liability to be made.

Provision for risks on sales returns

The provision for risks on sales returns includes the best estimate of any expense to be incurred in the event of returns on sales made in prior years. This estimate is calculated taking account of past experience and the specific contract terms.

Post-employment benefits

Post-employment benefits represent the Group's payable to its employees, determined in accordance with the provisions of current laws and collective labour agreements and company supplementary agreements.

Payables

Payables are classified based on their nature in relation to the core business, regardless of the period of time over which the liabilities must be repaid.

Trade payables arising from acquisitions are recognized when significant risks, charges and benefits associated with ownership have been transferred. Payables for services are recognized when the services have been rendered.

Financial payables arising from financing transactions and payables arising for reasons other than the purchase of goods and services are recorded at the time the company's obligation towards the counterparty arises. For financial payables, this moment generally coincides with the disbursement of the loans.

Instead, payables booked must be recognized, subject to the above exclusions according to the amortized cost method.

The initial recognition value of payables is represented by the nominal value net of all premiums, discounts, allowances and any costs directly attributable to the transaction that generated the payable.

Transaction costs, any commission income and expense and difference between initial value and nominal value at maturity are included in the calculation of amortized cost using the effective interest method over the expected life of the payable.

Under OIC 19, the amortized cost method was applied for payables to banks classified under item D.4) of the Statement of financial position - Liabilities; this method was not applied, apart from certain specific items of payables to banks, for all other types of payables recorded in the Statement of financial position – Liabilities, with regard to which compliance with the method would have had an irrelevant effect for the purposes of a true and fair presentation.

Revenue

Revenue from sales and services is recorded on an accruals basis and is accounted for net of adjusting items such as returns, discounts, allowances and rebates. Specifically:

- revenue from the sale of products is recognized at the time risks are transferred to the ownership which generally coincides with shipment or delivery;

- revenue from services is recognized on completion of the services or on an ongoing basis to the extent that the related services have been performed during the six months.

Costs

Costs and expense are recognized on an accruals basis and are accounted for net of adjusting items such as returns, discounts, allowances and rebates. Specifically:

- expense for the purchase of goods and services is recognized respectively at the time of transfer of ownership, which generally coincides with shipment or delivery of the goods, and on the date on which the services are completed, i.e. when the periodic payments are due;
- expense for product returns is charged to the income statement concurrent to the recording of the sale;
- advertising and promotional expense is charged to the income statement in the year in which they are incurred;
- research expense is charged to the income statement in the year in which they are incurred.

Income Tax

Income tax is a reasonable estimate of the tax due by applying the tax provisions in determining taxable corporate income.

Deferred taxation

Deferred taxation was recorded in relation to the temporary taxable differences arising in the six months. Specifically, deductible temporary differences, which arise in the presence of negative income components, the deduction of which is partly or totally postponed to subsequent years, generate deferred tax assets to record under item C.II.5-ter of the assets; taxable temporary differences, which arise in the presence of positive income components taxable in a financial year subsequent to the year when they are relevant for statutory purposes, or negative income components deducted in a year prior to the year when they are recorded in the income statement, generate liabilities for deferred tax to record under item B.2 of the liabilities. Deferred taxation is determined on the basis of the tax rate currently in force and taking account of the tax rates expected in future years.

Deferred tax assets that have no reasonable certainty of future recovery were not recorded in the financial statements. Likewise, deferred tax liabilities which have little likelihood that the liability will arise were equally not recorded.

The amount shown under "Income tax for the year" is the result of the algebraic sum of any current tax and deferred tax, so as to present the effective tax burden for the six months.

Items in foreign currencies

Items denominated in currencies of countries not belonging to the Euro area are accounted for on the basis of the following method.

Assets and liabilities other than fixed assets are measured at the exchange rate in force on the closing date of the six months by charging the net balance of the adjustment made to the income statement.

The net negative balance arising from the measurement of cash on hand at the end of the six months is recorded as a loss on disposal in the income statement under item C.17-bis.

Financial derivatives

Financial derivatives are used as economic hedges in order to reduce the risk of exchange rate, interest rate and market price fluctuations. Under OIC 32 - *Financial derivatives*, all financial derivatives are measured at fair value.

Transactions which, in compliance with the risk management policies implemented by the company, are able to meet the requirements set by the standard for treatment as hedge accounting, are classified as hedges and, specifically, as cash flow hedges; the others, on the other hand, while implemented with the intention of risk management, are classified as "trading" transactions.

Financial derivatives may be accounted for in the manner established for hedge accounting only when, at the inception of the hedge, there is formal designation and documentation of the hedging relationship, the hedge is expected to be highly effective, such effectiveness can be reliably measured, and the hedge is highly effective for all reporting periods for which it is designated.

When financial derivatives have the characteristics to be accounted for according to the procedure established for hedge accounting, the following applies:

Cash flow hedge: if a financial derivative is to hedge the exposure to variability in future cash flows of a recognized asset or liability or a highly probable forecast transaction that could affect the income statement, the effective portion of any profit or loss on the financial derivative is recognized directly in equity under item A) VII Reserve for hedges of expected cash flows. The cumulative profit or loss is recorded in the income statement in the same period in which the relevant operating effect of the hedged transaction is recognized and is recorded as an adjustment to the hedged item. The gain or loss associated with a hedge (or a portion of the hedge) which has become ineffective is immediately recorded in the income statement under item D.18 d) write-back of financial derivatives and D.19 d) write-down of financial derivatives, respectively. If a hedging instrument or a hedging relationship is terminated, but the hedged transaction has not yet taken place, the cumulative profit or loss, up to that moment recorded in the specific Equity reserve, is recorded in the income statement upon completion of the related transaction in connection with the recognition of the operating effects of the hedged transaction. If the hedged transaction is no longer considered probable, the cumulative unrealized profit or loss still recognized in equity is immediately recognized in the income statement in D.18 d) or D.19 d).

Financial derivatives with a positive fair value are classified under Current Assets (item C.III.5 Financial derivative assets) or under Provisions for risks if the fair value is negative (item B3 Provision for financial derivative liabilities).

Where hedge accounting cannot be applied, profit or loss arising from the measurement of the derivative instrument is recognized immediately in the income statement under items D.18 d) or D.19 d).

4. ANALYSIS OF AND COMMENTS ON THE MAIN ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

Foreword

The additional information required by Article 38, paragraph 1, of Legislative Decree 127/91 is provided, where necessary, following the order of the items envisaged in the mandatory financial statements. For the statement of financial position and income statement items indicated below, the amount of the corresponding item for the prior year was shown. The items are comparable (Article 2423 ter, paragraph V, Italian Civil Code).

STATEMENT OF FINANCIAL POSITION

ASSETS

B) FIXED ASSETS
B.I) Intangible fixed assets

The amortization schedule, drawn up on the basis of the above principles, is shown below:

- expansion expenses (B.I.1): estimated useful life 5 years, amortization rate 20%;
- development costs (B.I.2): estimated useful life 5 years, amortization rate 20%;
- software use licenses (B.I.3): estimated useful life 3 years, amortization rate 33.33%;
- patents (B.I.4): estimated useful life 2 years, amortization rate 50%;
- trademarks (B.I.4): estimated useful life 18 years, amortization rate 5.56%;
- goodwill (B.I.5): estimated useful life from 5 to 10 years, amortization rate from 20% to 10%;
- extraordinary leasehold improvements (B.I.7): estimated useful life approximately 8 years, average amortization rate 12.50%;

- other costs with long-term useful life (B.I.7): estimated useful life approximately 18 years, amortization rate 5.56%.

Movements in intangible fixed assets are shown in the table below (Article 38, paragraph I, lett. b-bis), Legislative Decree 127/91).

	Net amount at 31.12.20 Consolidated	Increases		Decreases			Net amount at 30.06.21
		Acquisitions	Other increases	Amortization	Disposals for complete amortization (net amount)	Other decreases	
Start-up and expansion costs	**28,200**	**0**	**0**	**-4,271**	**0**	**0**	**23,929**
Development costs	**273,725**	**0**	**0**	**-75,595**	**0**	**0**	**198,130**
Industrial Patent Rights and Rights of Use of intellectual property	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Concessions, licenses, trademarks and similar rights	**324,782**	**22,387**	**3,453**	**-31,573**	**0**	**0**	**319,049**
- trademarks	244,838	220	0	-10,930	0	0	234,128
- software licenses	79,944	22,167	3,453	-20,643	0	0	84,921
Goodwill	**3,961,570**	**0**	**2,716,767**	**-376,373**	**0**	**0**	**6,301,964**
Intangible fixed assets under construction and Advances	**21,580**	**0**	**0**	**0**	**0**	**-21,580**	**0**
Other intangible fixed assets	**691,572**	**80,448**	**164,080**	**-64,586**	**0**	**-852**	**870,662**
- non-recurring work on third-party assets	667,688	80,448	164,080	-61,036	0	-852	850,328
- other costs with long-term useful life	23,884	0	0	-3,550	0	0	20,334
Total intangible fixed assets	**5,301,429**	**102,835**	**2,884,300**	**-552,398**	**0**	**-22,432**	**7,713,734**

The increases in Intangible Fixed Assets recorded in the first half refer almost entirely to capital expenditure made by the Parent Company, in addition to the increase in goodwill of approximately € 2.7 million due to the consolidation of the additional 29% stake in the subsidiary S.M.T. S.r.l., acquired during the period. In this regard, reference should also be made to the section "Group capital expenditure" in the Directors' Report on Operations.

A breakdown of the items making up Intangible Fixed Assets is shown below.

B.I.1) Start-up and expansion costs

The breakdown of this item is shown below (Article 38, paragraph 1, letter d), Legislative Decree 127/91):

Nature of asset	Gross amount	Net amount
Expansion costs	47,277	23,929
Total	**47,277**	**23,929**

B.I.2) Development costs

The breakdown of the item is shown below:

Nature of asset	Gross amount	Net amount
Development costs	1,012,212	198,130
Total	**1,012,212**	**198,130**

Research and development activities focused in particular on the development of knitwear products in the luxury segment, marked by the use of special yarns specific to individual customers in production and sample collections.

B.I.4) Concessions, licenses, trademarks and similar rights

The breakdown of the item is shown below:

Nature of asset	Gross amount	Net amount
Trademarks and brands	393,226	234,128
Software licenses	183,905	84,921
Total	**577,131**	**319,049**

The item Trademarks includes the men's clothing brand "Esemplare", specialized in the sportswear/urban segment, owned by Pattern Project S.r.l., acquired through the conclusion of a trademark transfer agreement on 28 July 2014, with a residual book value totaling approximately € 220 thousand. The "Esemplare" trademark is currently licensed for exclusive use by Pattern Project S.r.l. to Pattern S.p.A. in return for annual royalties.

B.I.5) Goodwill

The breakdown of the item is shown below:

Nature of asset	Gross amount	Net amount
Goodwill	6,464,247	6,301,964
Total	**6,464,247**	**6,301,964**

Specifically, it involves:

- goodwill acquired against payment as a result of the acquisition by the Parent Company of the business unit of Modalis S.r.l., in a procedure with an arrangement with creditors, amortized over 5 years;

- goodwill related to the allocation by the subsidiary S.M.T. S.r.l. of the merger deficit of its subsidiary Via Agnoletti S.r.l., amortized over 10 years;
- goodwill related to the recognition of the positive consolidation difference of the subsidiary SMT S.r.l., amortized over 10 years. Specifically, this positive difference - arising from the comparison between the book value of the cancelled investment and the corresponding value of the share of equity of the consolidated company - is justified by the earnings capacity of the acquired business.

B.I.7) Other intangible fixed assets

The breakdown of the item is shown below:

Nature of asset	Gross amount	Net amount
Non-recurring work on third-party assets	1,265,352	850,328
Other costs with long-term useful life	142,222	20,334
Total	**1,407,574**	**870,662**

B.II) Property, plant and equipment

The depreciation schedule, drawn up on the basis of the above principles, is shown below:

- industrial buildings (B.II.1): estimated useful life 33 years, depreciation rate 3%;
- light constructions (B.II.1): estimated useful life 10 years, depreciation rate 10%;
- specific plant (B.II.2): estimated useful life 6 years, depreciation rate 15%
- general plant (B.II.2): estimated useful life 8 years, depreciation rate 12.50%;
- operating machinery (B.II.2): estimated useful life 8 years, depreciation rate 12.50%;
- equipment (B.II.3): estimated useful life 4 years, depreciation rate 25%;
- furniture and fittings (B.II.4): estimated useful life 8.33 years, depreciation rate 12%;
- ordinary office furniture and equipment (B.I.4): estimated useful life 8.33 years, depreciation rate 12%;
- electrical and electronic office machinery (B.II.4): estimated useful life 5 years, depreciation rate 20%;
- motor vehicles (B.II.4): estimated useful life 4 years, depreciation rate 25%;
- industrial vehicles (B.II.4): estimated useful life 5 years, depreciation rate 20%.

Movements in property, plant and equipment are shown in the table below (Article 38, paragraph 1, letter b-bis), Legislative Decree 127/91).

	Net amount at 31.12.20 Consolidated	Increases		Decreases			Net amount at 30.06.2021
		Acquisitions	Other increases	Depreciation	Disposals for full depreciation (net amount)	Other decreases	
Land and buildings	**555,000**	**0**	**0**	**-6,730**	**0**	**0**	**548,270**
- land	148,978	0	0	0	0	0	148,978
- buildings	406,022	0	0	-6,730	0	0	399,292
Plant and machinery	**2,942,560**	**410,571**	**1,065,983**	**-397,824**	**0**	**0**	**4,021,290**
- general plant	320,090	82,927	1,065,983	-77,054	0	0	1,391,946
- machinery	2,622,470	327,644	0	-320,770	0	0	2,629,344
Industrial and commercial equipment	**96,845**	**4,530**	**0**	**-25,875**	**0**	**0**	**75,500**
Other fixed assets	**517,374**	**136,382**	**0**	**-75,283**	**-9,045**	**0**	**569,428**
- furniture and ordinary office equipment	94,800	16,728	0	-11,557	0	0	99,971
- electronic office machinery	173,411	47,903	0	-34,403	0	0	186,911
- trucks	62,841	47,701	0	-10,019	-9,045	0	91,478
- motor vehicles	42,480	0	0	-6,597	0	0	35,883
- furniture	143,842	24,050	0	-12,707	0	0	155,185
PPE under construction and advances	**1,242,326**	**4,300**	**0**	**0**	**0**	**-1,211,936**	**34,690**
Total fixed assets assets	**5,354,105**	**555,783**	**1,065,983**	**-505,712**	**-9,045**	**-1,211,936**	**5,249,178**

The overall increase of approximately € 1.1 million in the general plant category regards mainly plant and machinery installed in the new warehouse in Collegno leased by the Parent Company, which entered service during the six months under review.

Finance leases

The table *"FINANCE LEASES* " shown below provides information on the current value of the instalments not yet due, the actual financial expense, the financial expense for the six months, the residual value of the asset at the end of the six months, the depreciation rate and the adjustments and writebacks relating to the six months under review. Commitments for and redemption rates of contracts related to leased assets which expire in subsequent years, amount to a total of approximately € 1,929,478.

	Parent company PATTERN Spa (A)	Subsidiary S.M.T. Srl (B)	Total Consolidated (A + B)
Total amount of leased financial assets at the end of the six months	2,685,311	711,624	3,396,935
Depreciation that would have been charged in the year	52,850	91,619	144,469
Value adjustments and write-backs that would have been posted in the six months	0	0	0
Present amount of instalments of fees not yet due at the end of the six months	1,570,590	358,888	1,929,478
Financial expense for the six months based on the effective interest rate	30,916	8,552	39,468

B.III) Financial fixed assets

B.III.2) Receivables

The table below shows the movements in receivables under long-term investments, as well as a breakdown by maturity.

Mention should be made that there are no receivables with a residual contractual duration of more than five years (Article 38, paragraph I, letters b-bis), lett. e), Legislative Decree no. 127/91):

	Amount at 31.12.2020	Changes in the six months	Amount at 30.06.2021	Portion due within one year	Portion due beyond one year	Of which residual duration over 5 years
Long-term receivables from others	194,234	25,631	219,865	5,500	214,365	0
Total long-term receivables	194,234	25,631	219,865	5,500	214,365	0

Long-term receivables from others are made up as follows:

- *portion due within one year*: security deposit of € 3,000 relating to the current lease for the local units in Bricherasio, concluded by the Parent Company, as well as a security deposit for € 2,500 relating to a car rental agreement concluded by the Parent Company;

- *portion due beyond one year*: financial receivables of the subsidiary S.M.T. S.r.l. for the amount of € 138,900 relating to the investment in a savings plan from 2015 with Unicredit, € 10,000 relating to an insurance policy, as well as security deposits for € 29,199 for utilities and for the lease agreement in place for the property in Correggio of the Subsidiary S.M.T. S.r.l.; financial receivables of the Parent Company for security deposits of € 36,266 relating to lease agreements for the Milan showroom and the warehouse in Collegno, as well as security deposits for utilities.

	Description	Book value
	Security deposits	70,965
	Financial receivables	148,900
Total		219,865

Amount of financial fixed assets

Pursuant to Article 38, paragraph 1, letter o-quater, of Legislative Decree 127/91), it should be noted that there are no financial fixed assets recorded at a value higher than the relating fair value.
Specifically, the book value and the related fair value (pursuant to Article 38, paragraph 1, letter o-quater, no. 1, of Legislative Decree no. 127/91) are shown below for each financial asset:

	Book value	Fair Value
Receivables from others	219,865	219,865

	Description	Book value	Fair Value
	Security deposits	70,965	70,965
	Financial receivables	148,900	148,900
Total		219,865	219,865

C) CURRENT ASSETS

C.I) Inventory

Goods are recognized in inventory when the ownership title is transferred, and consequently include the goods held at the warehouses of the Parent Company and the subsidiary S.M.T. S.r.l., except for those received from third parties for which the ownership right has not been acquired (for review, held for processing, on consignment), owned goods to third parties (for review, held for processing, on consignment) and goods in transit where the ownership title has already been acquired.

Inventory included in current assets amounted to € 7,660,685 (€ 4,288,676 at 31 December 2020).

Given the risk of obsolescence and the risk of slow-moving goods, the value of inventory was adjusted by means of a specific provision for write-downs totaling € 1,374,228, broken down as follows:

- € 372,847 as a reduction in the value of raw materials inventory;
- € 1,001,381 as a reduction in the value of finished goods inventory.

The breakdown and movements of the individual items are shown below:

	Amount at 31.12.2020	Changes in the six months	Amount at 30.06.2021
Raw and ancillary materials and consumables	2,179,184	1,130,008	3,309,192
Work in progress and semi-finished products	1,640,431	2,154,007	3,794,438
Finished products and goods	469,061	87,994	557,055
Total inventory	4,288,676	3,372,009	7,660,685

The increase in Inventory, especially work in progress and semi-finished products, is due to the increase in orders received and consequently in production in progress at 30 June 2021.

The tables below show a breakdown of the individual items:

C.I.1) Inventory of raw and ancillary materials and consumables

Raw and ancillary materials and consumables	Amount at 30.06.2021
Raw materials in stock	3,506,417
Provision for inventory write-down of raw material	-372,847
Raw materials in transit	175,622
Total	**3,309,192**

C.I.2) Work in progress and semi-finished products

Work in progress and semi-finished products	Amount at 30.06.2021
Work in progress	3,794,438
Provision for inventory write-down of work in progress	0
Total	**3,794,438**

C.I.4) Finished products and goods

Finished products and goods	Amount at 30.06.2021
Finished products	1,542,326
Provision for inventory write-down of finished products	-1,001,381
Finished products in transit	16,110
Total	**557,055**

C.II) Receivables

Receivables under current assets amounted to € 14,842,377 (€ 10,742,341 at 31 December 2020). The breakdown is as follows:

	Due within one year	Due beyond one year	Total nominal value	(Provisions for risks/write-downs)	Net amount
From customers	13,030,924	0	13,030,924	-292,179	12,738,745
Tax receivables	1,586,982	329,000	1,915,982		1,915,982
Prepaid tax			122,840		122,840
From others	64,810	0	64,810	0	64,810
Total	14,682,716	329,000	15,134,556	-292,179	14,842,377

A breakdown of receivables under Current Assets is shown below:

C.II. 1) Receivables from customers

The item is broken down as follows:

Nature of receivable	Amount at 30.06.2021	Amount at 31.12.2020
Within 12 months		
Receivables from customers	12,819,960	9,055,605
Invoices to issue	79,796	28,723
Credit notes to issue	-16,701	-50,379
Bank receipts	147,869	171,847
Allowance for impairment	-292,179	-522,946
Total	**12,738,745**	**8,682,850**

The increase in receivables from customers is due in part to the strong increase in sales revenue, and in part to the concentration of productive sales activities in this part of the year.

The allowance for impairment decreased by € 236,280 due to utilization by the consolidated company S.M.T. to cover uncollectible receivables.

C.II. 5-bis) Tax receivables

The item is broken down as follows:

Nature of receivable	Amount at 30.06.2021	Amount at 31.12.2020
Within 12 months		
Revenue Agency VAT a/c	886,848	725,120
IRES receivable	449,077	479,896
IRAP receivable	72,312	88,338
Other tax receivables	178,745	111,588
Over 12 months		
Other tax receivables	329,000	174,851
Total	**1,915,982**	**1,579,793**

C.II. 5-ter) Prepaid tax receivables

The item is broken down as follows:

Nature of receivable	Amount at 30.06.2021	Amount at 31.12.2020
Prepaid tax receivables	122,840	219,838
Total	**122,840**	**219,838**

C.II. 5-quater) Other receivables

The item is broken down as follows:

Nature of receivable	Amount at 30.06.2021	Amount at 31.12.2020
Within 12 months		
Receivables from social security entities	4,590	3,854
Redundancy fund	18,560	44,838
Advances to suppliers	8,836	69,529
Other receivables	32,824	141,639
Total	**64,810**	**259,860**

Current receivables - breakdown by maturity date

The table below shows a breakdown of receivables under current assets by maturity for each item.

There are no receivables with a residual duration of more than five years (Article 38, paragraph I, letter e), Legislative Decree 127/91):

	Amount at 31.12.2020	Changes in the six months	Amount at 30.06.2021	Portion due within one year	Portion due beyond one year	Of which with residual maturity of over 5 years
Receivables from customers under current assets	8,682,850	4,055,895	12,738,745	12,738,745	0	0
Tax receivabl es under current assets	1,579,793	336,189	1,915,982	1,586,982	329,000	0
Deferred tax assets under current assets	219,838	-96,998	122,840			
Other receivables under current assets	259,860	-195,050	64,810	64,810	0	0
Total receivables under current assets	10,742,341	4,100,036	14,842,377	14,390,537	329,000	0

C.IV) Cash and cash equivalents

At the end of the six-month period, cash and cash equivalents amounted to € 18,685,678 (€ 23,619,003 at 31 December 2020).

With regard to the change in cash and cash equivalents, together with the change in payables to banks, reference is made to the Statement of Cash Flows.

	Amount at 31.12.2020	Changes in the six months	Amount at 30.06.2021
Bank and postal deposits	23,594,859	-4,922,937	18,671,922
Cheques	11,566	-11,566	0
Cash and other valuables on hand	12,578	1,178	13,756
Total cash and cash equivalents	23,619,003	-4,933,325	18,685,678

D) ACCRUED INCOME AND PREPAID EXPENSES

The breakdown of this item is shown in the table below (Article 38, paragraph I, lett. f), Legislative Decree 127/91).

	Amount 31.12.2020	Changes in the six months	Amount at 30.06.2021
Accrued income	1,568	-81	1,487
Prepaid expenses	528,116	50,380	578,496
Total accrued income and prepaid expenses	529,684	50,299	579,983

The increase in the amount of prepaid expenses recorded in the financial statements is due primarily to the following:

- prepaid expenses on insurance and assistance contracts;
- prepaid expenses for attendance in trade fairs.

A breakdown of accrued income and prepaid expenses is provided below:

Accrued income	Amount
Property leases (positive adjustments)	1,487
Total	**1,487**
Prepaid expenses	**Amount**
Rentals	72,298
Property leases	67,488
Purchases of services	25,507
Insurance	85,118
Service contracts	26,678
Software support contracts	64,742
Maxi lease fee	178,963
Exhibitions and Fairs	27,452
Bank expense	10,218
Rental expense	17,119
Sponsorships and advertising	2,913
Total	**578,496**

Capitalized financial expense

Mention should be made that no financial expense was posted in the six months to the amounts entered on the assets side of the Statement of financial position, pursuant to Article 38, paragraph 1, letter g), Legislative Decree 127/91.

LIABILITIES

EQUITY

Changes to the items making up consolidated equity, as envisaged in Article 38, paragraph 1, letter c, Legislative Decree 127/91 and paragraph 145 of OIC 17, are shown in the table attached to these Notes **under A**.

A reconciliation between Parent Company net profit and equity and consolidated net profit and equity is provided in the table attached to Notes **under B**.

Below are the key elements of the individual items.

A.I) Share Capital

The subscribed and paid-up share capital at 30 June 2021, amounting to € 1,407,555, is made up of no. 14,075,550 ordinary shares, with no indication of par value, subject as from 1 July 2019 to the dematerialization scheme and therefore admitted to the centralized management system of financial instruments pursuant to Articles 83-bis et seq. of Legislative Decree 58/1998 (Article 2427, paragraph I, no. 17).

On 15 July 2019, the Parent Company was admitted to trading of its ordinary shares on the AIM Italia multilateral trading system, organized and managed by Borsa Italiana S.p.A.; trading began on 17 July 2019.

On 4 December 2020, the Ordinary Shareholders' Meeting of the Parent Company approved the purchase of treasury shares, authorizing the Governing Body, pursuant to Articles 2357 and 2357-ter of the Italian Civil Code, to purchase, during the following eighteen months, ordinary shares of the Company in one or more tranches, for an amount that may be freely determined by the Board of Directors, up to a maximum of treasury shares no higher than 10% of the share capital. Treasury shares will be purchased by the Board of Directors for one or more of the purposes illustrated in the report prepared by the Governing Body and attached to the minutes of the ordinary shareholders' meeting, available on the company website (www.pattern.it), *Governance* section.

The Extraordinary Shareholders' Meeting of the Parent Company, held on 4 December 2020, resolved to grant the Board of Directors, pursuant to Article 2443 of the Italian Civil Code, the power, to be exercised by 31 December 2022, to increase the share capital against payment, on a divisible basis, up to a maximum total amount of € 15 million, including share premium, through contributions in kind. More specifically, any increase will take place through issue of ordinary shares with the characteristics and the same dividend entitlement as the ordinary shares outstanding at the issue date, to be offered for subscription to subjects performing activities similar, connected, functional and/or synergic to those of the Company, within the context of transactions for the acquisition of investments, companies and/or business units or other assets connected with and functional to the corporate object of the Company and/or its subsidiaries.

Specifically, the share capital underwent the following changes during the reporting period:

- on 5 March 2021 the share capital was increased from € 1,371,538 to € 1,406,293, by a total of € 34,755, following the transfer by CAMER S.r.l. of its 10% stake in the share capital of the subsidiary, S.M.T. S.r.l.. The transfer, for a total value of € 1,345,000, was carried out by way of capital contributions totaling € 34,755, through issue of no. 347,545 new ordinary shares with no par value, the same characteristics and the same dividend rights as the shares already outstanding, and through share premiums totaling € 1,310,245;

- on 15 April 2021, the share capital increased from € 1,406,293 to € 1,407,555, by a total of € 1,262, through a free share capital increase for the abovementioned amount, following allocation to the CEO of no. 12,621 shares, in execution of the Stock Grant Plan approved by the Ordinary Shareholders' Meeting of Pattern S.p.A. on 25 June 2019, by reducing by the same amount the unavailable reserve set up for this purpose.

Lastly, it should be noted that the authorized share capital at 30 June 2021 amounts to a total of € 1,436,293. The difference between the authorized share capital and the subscribed and paid-up share capital, amounting to € 1,407,555, is attributable to the Retained Earnings Reserve allocated to service the free share capital increase, amounting to € 28,738. The free share capital increase is to service the Stock Grant Plan (for the period 2019-2022), approved by the Ordinary Shareholders' Meeting of the Parent Company on 25 June 2019, regarding the granting to the Managing Director and CEO thereof of the right to receive a maximum of an additional no. 300,000 ordinary shares free of charge, subject to the achievement of certain annual targets for the company's growth.

A.II) Share premium reserve

The Share Premium Reserve amounts to € 9,548,705 and was set up in 2019 following the share capital increase to service the listing on the AIM Italia multilateral trading system, and increased during the reporting period following the paid capital increase by contribution in kind, as explained above.

Movements in the six months were as follows:

Share premium reserve	Amount
Prior-year amount	8,238,460
Increase in the year	1,310,245
Balance at end of six months	**9,548,705**

Specifically, the share premium was set at € 3.87 per share issued.

A.IV) Legal reserve

The Legal Reserve amounts to € 281,259 and the movements in the six months are as follows:

Legal reserve	Amount
Prior-year amount	272,308
Allocation of profit for the prior Amount	8,951
Balance at end of six months	**281,259**

A.VI) Other equity reserves

Consolidation reserve

The item "consolidation reserve", amounting to € 153,615, includes the negative consolidation difference of the subsidiary Pattern Project S.r.l. and did not undergo any changes.

Extraordinary reserve

The Extraordinary reserve amounts to € 8,444,633 and the movements in the six months are as follows:

Extraordinary reserve	Amount
Prior-year amount	6,558,257
Allocation of profit for the prior amount	1,544,624
Release of Reserve for exchange gains	3,363
Adjustments second year of consolidation	338,389
Balance at end of six months	**8,444,633**

Reserve for merger surplus

The Reserve for merger surplus amounts to € 101,764 and refers to the merger differences arising from the incorporation of Roscini Atelier S.r.l. in 2019, composed as follows:

- € 22,540 in exchange surplus;
- € 79,224 in cancellation surplus.

Restricted reserve for share capital increase to service the Stock Grant Plan

The Parent Company's Shareholders' resolution of 25 June 2019 set up the restricted reserve for share capital increase to service the Stock Grant Plan approved by its shareholders (for the period 2019 - 2022), in the amount of € 40,000, through use of the extraordinary reserve. In the first half of 2020, the reserve had been used for the amount of € 10,000.
On 15 April 2021, € 1,262 was used for the free share capital increase.

Restricted reserve for share capital increase to service the Stock Grant Plan	Amount
Prior-year amount	30,000
Utilization for capital increase	(1,262)
Balance at end of six months	**28,738**

A.VII) Reserve for hedges of expected cash flows

The Reserve for hedges of expected cash flows amounts to € -25,406 and refers to the fair value at 30.06.2021 of two IRS derivative contracts hedging interest rate risk on loans taken out by the Parent Company in the six months.
For a breakdown of derivatives, reference is made to Part V of these notes.

B) PROVISIONS FOR RISKS AND CHARGES

The changes in the items making up the provisions for risks and charges are shown in the table below (Article 38, paragraph 1, letter c), Legislative Decree 127/91).

	Provision for pensions and similar obligations	Provision for tax, including deferred tax	Financial derivative liabilities	Other provisions	Total provisions for risks and charges
Amount at 31.12.2020	2,830	0	45,581	33,329	81,740
Changes in the six months					
Allocation in the six months	0	0	0	0	0
Utilization during the six months	0	0	20,175	18,479	38,654
Total changes	0	0	-20,175	-18,479	-38,654
Amount at 30.06.2021	2,830	0	25,406	14,850	43,086

The breakdown of the closing balance of the various types of funds is shown below.

B.1) Provisions for pensions and similar obligations

Provision for agents' termination benefits

The provision represents allocations made by the Parent Company for supplementary social security payments, due, based on the collective agreement that regulates agency and sales representation relationships, to agents tasked with the sale of "Esemplare" products.

There were no changes in this provision.

B.3) Financial derivative liabilities

Movements were as follows:

	Amount at 30.06.2021
Opening balance	45,581
Recognition of fair value derivatives	-20,175
Closing balance	**25,406**

With regard to the changes in the Provision for Financial derivative liabilities, it should be noted that the entry at fair value at 30 June 2021 refers to two IRS derivative contracts concluded to hedge the interest rate risk on bank loans, taken out by the Parent Company in 2020.

B.4) Other provisions

The breakdown and changes in "other provisions" are shown below (Article 38, paragraph 1, letter f), Legislative Decree 127/91).

Provision for risks on sales returns

Movements were as follows:

	Amount at 30.06.2021
Opening balance	33,329
Allocation in the six months	0
Utilization for expense incurred	-18,479
Utilization for provision surplus	0
Closing balance	**14,850**

The provision for risks on sales returns includes the best estimate of any expense the Parent Company will incur in the event of returns on sales of “Esemplare” garments. This estimate is determined by taking account of the records of the opening months of the following year, direct review at customer premises, based on specific contractual agreements and the company's experience.

C) POST-EMPLOYMENT BENEFITS

Post-employment benefits are recorded under liabilities for a total of € 2,006,991 (€ 1,841,513 at 31 December 2020).
The changes in the amount of this item are shown in the table below (Article 38, paragraph 1, letter c), Legislative Decree 127/91):

	Post-employment benefits
Amount at 31.12.2020	1,841,513
Changes in the six months	
Allocation in the six months	235,352
Utilization during the six months	-69,874
Total changes	165,478
Amount at 30.06.2021	2,006,991

D) PAYABLES

Payables are recorded under liabilities for a total of € 30,346,744 (€ 27,019,629 at 31 December 2020).

The breakdown of the individual items and the changes in the six months are shown below (Article 38, paragraph 1, letter c), Legislative Decree 127/91):

	Amount 31.12.2020	Changes in the six months	Amount at 30.06.2021
Payables to banks	14,442,840	-1,335,105	13,107,735
Payables to other lenders	400,000	184,835	584,835
Advances	10,363	10,337	20,700
Payables to suppliers	9,664,036	3,612,426	13,276,462
Tax payables	589,855	170,112	759,967
Payables to	705,807	-137,889	567,918

welfare and social security			
Other payables	1,206,728	822,399	2,029,127
Total	27,019,629	3,327,115	30,346,744

The increase in trade payables is due to the increased purchases of raw materials during the period in question in order to meet current production requirements.

The increase in "Other payables" is due to the increase in accrued holidays accrued at 30 June and not yet taken.

Payables - breakdown by maturity

The table below shows a breakdown of payables by maturity, with the amount of payables with a residual duration of more than five years, separately for each item (Article 38, paragraph I, letter e), Legislative Decree 127/91):

	Amount 31.12.2020	Changes in the six months	Amount at 30.06.2021	Portion due within one year	Portion due beyond one year	Of which longer than 5 years
Payables to banks	14,442,840	-1,335,105	13,107,735	2,733,951	10,373,784	330,483
Payables to other lenders	400,000	184,835	584,835	81,072	503,763	40,015
Advances	10,363	10,337	20,700	20,700	0	0
Payables to suppliers	9,664,036	3,612,426	13,276,462	13,276,462	0	0
Tax payables	589,855	170,112	759,967	759,967	0	0
Payables to welfare and social security entities	705,807	-137,889	567,918	567,918	0	0
Other payables	1,206,728	822,399	2,029,127	2,029,127	0	0
Total payables	27,019,629	3,327,115	30,346,744	19,469,197	10,877,547	370,498

It should be noted that there are no payables secured by collateral on corporate assets (Article 38, paragraph I, letter e), Legislative Decree 127/91).

D.4) Payables to banks

Payables to banks are shown below, according to the amortized cost method:

Nature of payable	Amount at 30.06.2021	Amount at 31.12.2020
Within 12 months		
Credit cards	14,509	10,596
Loans without collateral	2,716,769	2,070,612
Sale of receivables	0	0
Bank fees to settle	2,673	15,046
Over 12 months		
Loans without collateral	10,373,784	12,346,586
Total	**13,107,735**	**14,442,840**

D.5) Payables to other lenders

The item is broken down as follows:

Nature of payable	Amount at 30.06.2021	Amount at 31.12.2020
Within 12 months		
Loan	81,072	0
Over 12 months		
Loan	503,763	400,000
Total	**584,835**	**400,000**

The increase in “payables to other lenders" is explained by the different allocation of a loan previously taken out by the consolidated company S.M.T. S.r.l. with Simest S.p.A., recorded under “payables to banks" at 31 December 2020: as a result of this reclassification, “payables to other lenders” at 31.12.2020 would total € 605,373 (instead of € 400,000), of which € 41,075 within the year and € 564,298 beyond the year.

D.7) Payables to suppliers

The item is broken down as follows:

Nature of payable	Amount at 30.06.2021	Amount at 31.12.2020
Within 12 months		
Invoices received	12,114,682	8,488,423
Invoices to receive	1,197,348	1,381,838
Credit notes to receive	-35,568	-215,392
Over 12 months		
Invoices received	0	9,167
Total	**13,276,462**	**9,664,036**

D.12) Tax payables

The item is broken down as follows:

Nature of payable	Amount at 30.06.2021	Amount at 31.12.2020
Within 12 months		
Revenue Agency withholding tax on employees a/c	245,173	417,986
Revenue Agency withholding tax on self-employment a/c	8,734	9,281
Revenue Agency withholding tax on post-employment benefits a/c	3,813	-95
Revenue Agency VAT a/c	0	2,530
Revenue Agency Irap a/c	114,397	42,810
Revenue Agency Ires a/c	386,295	101,946
Revenue Agency other payables a/c	1,555	5,130
Over 12 months		
Revenue Agency withholding tax on employees a/c	0	10,267
Total	**759,967**	**589,855**

D.13) Payables to welfare and social security entities

The item is broken down as follows:

Nature of payable	Amount at 30.06.2021	Amount at 31.12.2020
Within 12 months		
Inps	268,132	518,814
Inail	348	0

Inps and Inail accruals	228,168	104,516
Contributions to supplementary pension funds	71,270	81,407
Enasarco	0	1,070
Total	**567,918**	**705,807**

D.14) Other payables

The item is broken down as follows:

Nature of payable	Amount at 30.06.2021	Amount at 31.12.2020
Within 12 months		
Payables to pension funds	9,852	8,772
Accruals for holidays not taken	1,312,229	543,617
Payables for salaries to settle	613,431	537,635
Payables for commissions to settle	26,870	26,870
Payables for fees to settle	13,351	19,379
Other payables	53,394	70,455
Total	**2,029,127**	**1,206,728**

E) ACCRUALS AND DEFERRALS

This item can be broken down as follows (Article 38, I paragraph, lett. f), Legislative Decree 127/91):

	Amount 31.12.2020	Changes in the six months	Amount at 30.06.2021
Accrued expenses	22,997	-5,539	17,458
Deferred income	132,094	198,708	330,802
Total accrued expenses and deferred income	155,091	193,169	348,260

The increase in deferred income recorded in the financial statements, versus the prior year, is due mainly to the recognition of tax credits due for expenditure in Industry 4.0 capital goods and ordinary goods, recorded as grants through the indirect method, accruing in subsequent years.

A breakdown of accrued expenses and deferred income is shown below:

Accrued expenses	Amount
Services and utilities	404
Interest expense on medium/long-term loans	5,154
Other	11,900
Total	**17,458**
Deferred income	**Amount**
Grants plants a/c	330,802
Total	**330,802**

INFORMATION ON THE INCOME STATEMENT

A) VALUE OF PRODUCTION

A.1) Revenues from sales and services

The breakdown of this item is shown in the table below (Article 38, paragraph I, lett. i), Legislative Decree 127/91).

	Business category	Amount at 30.06.2021	Amount at 30.06.2020
	Income from production area	26,465,850	20,523,146
	Income from design area	3,760,811	2,862,997
	Other income	642,638	422,691
Total		30,869,299	23,808,834

With regard to the provisions of Article 38, paragraph 1, letter i), of Legislative Decree 127/91, the table below also shows the breakdown of revenue by geographical area:

	Geographical area	Amount at 30.06.2021	Amount at 30.06.2020
	Italy	9,923,285	7,496,701
	EU	5,234,831	16,031,664
	Extra-EU	15,711,183	280,469
Total		30,869,299	23,808,834

The changes recorded in the EU and EXTRA-EU area are due to Brexit, which changed the geographical location of British customers.

A.5) Other income

Other income earned by the Group is broken down as follows:

Nature	Amount at 30.06.2021	Amount at 30.06.2020
Operating grants	82,958	500,000
Other revenue		
Grants plants a/c	21,650	2,098
Ordinary capital gains	3,659	541
Compensation	0	16,217
Rental income, rentals	80,000	112,500
Chargeback of costs	29,251	67,697
Other revenue and income	29,668	29,630
Total	**247,186**	**728,683**

B) COSTS OF PRODUCTION

B.6) Cost of raw and ancillary materials, consumables and goods

This item, amounting to € 12,180,156 (€ 6,969,171 in the prior year) includes mainly costs incurred for the procurement of raw materials and accessories used in the production of garments manufactured by the Parent Company and by the Consolidated Company S.M.T. S.r.l..

The increase in this item is due both to the increase in the weight of raw materials in the products manufactured, also as a result of the greater weight of Pattern sales, whose garments have a higher raw material content, and to the reduction in margins on orders with a high raw material content.

For further information, reference should be made to the Directors' Report on Operations.

B.7) Costs for services

These involve mainly the following types of services:

Nature	Amount at 30.06.2021	Amount at 30.06.2020
Production services	9,303,535	7,662,807
Commercial services	611,141	417,740
Administrative and management services	1,018,372	1,041,101
Total	**10,933,048**	**9,081,648**

B.8) Lease and rental costs

Costs are as follows:

Nature	Amount at 30.06.2021	Amount at 30.06.2020
Rental payments	206,286	202,970
Lease payments	337,514	323,777
Fees for software use	39,796	27,214
Car rental fees	65,515	80,566
Rental fees for other capital goods	16,387	22,323
Other costs	77,968	75,744
Total	**743,466**	**732,594**

B.14) Sundry operating expense

Costs are as follows:

Nature	Amount at 30.06.2021	Amount at 30.06.2020
Miscellaneous tax and duties	33,239	18,598
Contingent liabilities	37,600	19,254
Other sundry operating expense	39,464	56,275
Total	**110,303**	**94,127**

C) FINANCIAL INCOME AND EXPENSE

C.16) Other financial income

Income is as follows:

	Interest and other financial income
Bank interest income	754
Other	0
Total	**754**

C.17) Interest and other financial expense

The breakdown of interest and other financial expense is shown in the following table (Article 38, paragraph 1, letter l), Legislative Decree 127/91):

	Interest and other financial expense
Payables to banks	48,959
Other	103
Total	**49,062**

A detailed breakdown of financial expense is shown below:

Nature	Amount at 30.06.2021	Amount at 30.06.2020
Interest expense on medium-term loans	48,959	32,547
Interest expense on short-term loans	0	15,246
Other financial expense	103	17,615
Total	**49,062**	**65,408**

C.17 bis) Exchange gains and losses

The items are as follows:

Nature	Amount at 30.06.2021	Amount at 30.06.2020
Valuation exchange differences	-3,035	2,498
Exchange gains	3,351	9,294
Exchange losses	-10,387	-7,557
Total	**-10,071**	**4,235**

The increase in the amount of foreign exchange losses incurred in the six months is due mainly to the fluctuations recorded on purchases of raw materials in US dollars, Canadian dollars and British pounds.

Revenue items of exceptional size or incidence

During the six months, no revenue of an extraordinary nature, size or incidence worthy of mention was earned, pursuant to Article 38, paragraph 1, letter m), Legislative Decree 127/91.

Cost items of exceptional size or incidence

During the six months, no costs of an extraordinary nature, size or incidence worthy of mention were incurred, pursuant to Article 38, paragraph 1, letter m), Legislative Decree 127/91.

Income tax and deferred taxation

The consolidated financial statements are not subject to specific autonomous tax-imposing powers. The amount shown, for pre-paid, deferred and current taxation items, stems from the aggregation of the amounts booked by the individual companies forming the scope of consolidation, also taking account of any tax effects required for the consolidation entries. Income and deferred taxation are accounted for in accordance with applicable regulations and rates.

Income tax for the period totalled € 743,385 and includes current tax (€ 646,387) and deferred tax assets (€ 96,998).

5. OTHER INFORMATION

HEADCOUNT

The average number of employees, broken down by category, is shown in the table below (Article 38, paragraph 1, letter n), Legislative Decree 127/91):

	Average number
Executives	9
Managers	14
Employees	124
Workers	125
Trainees	20
Total Employees	**292**

Employees amounted to 294 at 30 June 2021, including 220 women and 74 men.

	30.06.2021	30.06.2020
Executives	9	9
Managers	14	14
Employees	129	121
Workers	123	129
Trainees	19	25
Total	**294**	**298**

For the sake of completeness, mention should be made that the consolidated company Pattern Project S.r.l. had no employees in the period under review, as in the prior year.

FEES TO DIRECTORS AND STATUTORY AUDITORS

Information regarding the Directors and Statutory Auditors is provided below (Article 38, paragraph 1, letter o), Legislative Decree 127/91).

	Directors	Statutory Auditors
Fees	100,867	27,300

FEES TO THE INDEPENDENT AUDITORS

The information regarding fees paid to the Independent Auditors is provided below (Article 38, paragraph 1, letter o-septies), Legislative Decree 127/91).

	Amount
Statutory auditing	35,881
Other non-audit services	8,699
Total fees payable to the Auditor or to the Independent Auditors	44,580

GUARANTEES, COMMITMENTS AND CONTINGENT LIABILITIES

The table below shows details of the guarantees given, as well as the commitments undertaken by the Group (Article 38, paragraph 1, letter h), Legislative Decree 127/91).

Guarantees issued

	Nature	Amount
	Guarantee issued	85,072
	Surety issued	2,411,500
Total		**2,496,572**

Specifically, it involves the following:

- as a guarantee for the loan granted in the prior year by Simest S.p.A., Pattern S.p.A. issued a specific guarantee for an amount equal to 20% of the loan amount as repayment of the principal and 1.268% of the loan amount as interest, in addition to ancillary expense;
- as a guarantee for the obligations undertaken with Modalis S.r.l. (in a procedure with an arrangement with creditors) arising from the agreement on the acquisition of the business unit signed in 2020, Pattern S.p.A.

issued a specific surety of € 2,411,500. The obligations undertaken in favour of Modalis S.r.l., in a procedure with an arrangement with creditors, are as follows:

- a rental contract signed for the property in Spello where activity is carried out, at an annual fee of € 100,000, for six years and excluding the possibility of withdrawal, unless during the same period the property is sold to third parties through notice of sale;
- assumption of the obligation to purchase the property in Spello for the price of € 2,000,000 if, during the seven years following the date of purchase of the business unit Modalis S.r.l, the property is not sold at a higher price.

Lastly, it should be noted that the commitments, resulting from fees and redemption rates, and arising from contracts related to leased assets which expire in subsequent years, amount to a total of approximately € 1,929,478.

TRANSACTIONS WITH RELATED PARTIES

Pursuant to Article 38, paragraph 1, letter o-quinquies), of Legislative Decree no. 127/1997, it should be noted that during the six months under review, the Subsidiary carried out minor commercial supply transactions with S.M.T. S.r.l., according to market conditions.

For the sake of completeness, it should be noted - also in compliance with the provisions of the AIM Italia Related Parties Regulation and the specific internal procedure "Transactions with related parties" - that none of the transactions carried out in the six months with related parties had a significant impact on the Group's financial situation.

AGREEMENTS NOT RESULTING FROM THE STATEMENT OF FINANCIAL POSITION

It is acknowledged that there are no agreements not resulting in the Statement of Financial Position, worthy of mention of the nature, operating purpose and effect on the balance sheet and income statement, pursuant to Article 38, paragraph 1, letter o-sexies), Legislative Decree 127/91).

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD OF THE CONSOLIDATED FINANCIAL STATEMENTS

Pursuant to Article 38, paragraph I, letter o-decies) of Legislative Decree 127/91, from an operational point of view, no significant events occurred after 30 June, apart from the normal course of business in the current context, affected by the COVID-19 pandemic still underway, as already explained in the various sections of the Directors' Report on Operations.

OUTLOOK FOR THE YEAR

With regard to the Group's business outlook, reference should be made to the Directors' Report on Operations.

INFORMATION ON FINANCIAL DERIVATIVES PURSUANT TO ARTICLE 2427-BIS OF THE ITALIAN CIVIL CODE

For each category of financial derivatives, information is shown below, pursuant to Article 2427 bis, paragraph 1, point 1 of the Italian Civil Code:

Derivative hedging instruments	Start date - End date	Fair Value at 30.06.20
IRS Unicredit	30.6.20 – 31.3.25	-13,549
IRS Intesa	19.6.20 – 19.6.26	-11,857
Total		-25,406

In 2020, the Parent entered into two IRS derivative contracts to hedge the interest rate risk on bank loans taken out; the value of these derivative products was adjusted to reflect their negative fair value at 30.06.2021.

RECLASSIFIED STATEMENT OF FINANCIAL POSITION AND RECLASSIFIED INCOME STATEMENT

In addition to the consolidated financial statements, a reclassified Statement of Financial Position and a reclassified Income Statement are shown below:

RECLASSIFIED STATEMENT OF FINANCIAL POSITION

	30.06.2021	31.12.2020	% CHANGE
SHARE CAPITAL PROCEEDS TO BE RECEIVED	**0**	**0**	**0%**
NET FIXED ASSETS			
INTANGIBLE	7,713,734	5,301,429	46%
TANGIBLE	5,249,178	5,354,105	-2%
FINANCIAL	219,865	194,234	13%
TOTAL	**13,182,777**	**10,849,768**	**22%**
WORKING CAPITAL			
INVENTORY	7,660,685	4,288,676	79%
TRADE RECEIVABLES	12,738,745	8,682,850	47%
OTHER ASSETS	2,683,615	2,589,175	4%
TRADE PAYABLES	(13,276,462)	(9,654,869)	38%
OTHER PAYABLES	(3,725,972)	(2,677,011)	39%
TOTAL	**6,080,611**	**3,228,821**	**88%**
CAPITAL EMPLOYED net of liabilities for the year	19,263,388	14,078,589	37%
LIABILITY FUNDS	(2,050,077)	(1,923,253)	7%
CAPITAL EMPLOYED	**17,213,311**	**12,155,336**	**42%**

covered by

EQUITY	22,206,419	20,931,499	1,274,920
of which GROUP EQUITY of which LOAN	21,076,180	18,932,242	2,143,938
CAPITAL	1,130,239	1,999,257	(869,018)
MEDIUM/LONG-TERM FINANCIAL DEBT			
MEDIUM/LONG-TERM FINANCIAL DEBT	10,711,294	12,746,586	-16%
TOTAL	**10,711,294**	**12,746,586**	**-16%**
NET SHORT-TERM FINANCIAL DEBT			
SHORT-TERM FINANCIAL DEBT CASH AND CASH	2,981,276	2,096,254	42%
EQUIVALENTS	(18,685,678)	(23,619,003)	-21%
TOTAL	**-15,704,402**	**-21,522,749**	**-27%**
NET FINANCIAL POSITION	**-4,993,108**	**-8,776,163**	**-43%**
ACQUIRED CAPITAL	**17,213,311**	**12,155,336**	**42%**

RECLASSIFIED INCOME STATEMENT

	30.06.2021		%	30.06.2020		%
REVENUE AND INCOME						
Value of production (A)		33,358,486	100.0%		25,117,515	100.0%
COSTS						
Consumption	11,050,149		33.1%	6,810,861		27.1%
Services	10,933,048		32.8%	9,081,648		36.2%
Lease and rental costs	743,466		2.2%	732,594		2.9%
Personnel expense	7,121,910		21.3%	5,906,270		23.5%
Amortization and depreciation	1,058,110		3.2%	882,912		3.5%
Write-downs	52,642		0.2%	11,956		0.0%
Allocations for risks	-		0.0%	-		0.0%
Other	110,303		0.3%	94,127		0.4%
Total Costs (B)		31,069,628	93.1%		23,520,368	93.6%
DIFFERENCE (A) - (B)		2,288,858	6.9%		1,597,147	6.4%
FINANCIAL INCOME AND EXPENSE		(58,379)	-0.2%		(60,568)	-0.2%
VALUE ADJUSTMENTS TO FINANCIAL ASSETS		0	0.0%		0	0.0%
PROFIT BEFORE TAX		2,230,479	6.7%		1,536,579	6.1%
TAX FOR THE YEAR		(743,385)	-2.2%		(230,325)	-0.9%
PROFIT FOR THE YEAR (CONSOLIDATED)		1,487,094	4.5%		1,306,254	5.2%
PROFIT ATTRIBUTABLE TO NON-CONTROLLING INTERESTS		314,216	0.9%		277,410	1.1%
GROUP PROFIT/(LOSS)		1,172,878	3.5%		1,028,844	4.1%
EBITDA		3,399,610	10.2%		2,492,015	9.9%

For the **Board of Directors**

The Chairman

Francesco MARTORELLA

Collegno, 27 September 2021

ANNEXES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *(ANNEX A)*

CHANGES IN EQUITY

	Share capital	Share premium reserve	Legal reserve	Other reserves							Group net profit (loss) for the period	Group equity	Equity attributable to non-controlling interests	Total equity
				Extraordinary reserve	Reserve for merger surplus	Restricted reserve for share capital increase to service the Stock Grant Plan	Reserve for exchange gains	Consolidation reserve	Other reserves	Reserve for hedges of expected cash flows				
Balance at December 31 2020	**1,371,538**	**8,238,460**	**272,308**	**6,558,257**	**101,764**	**30,000**	**291**	**153,615**	**(18,304)**	**(45,581)**	**2,269,894**	**18,932,242**	**1,999,257**	**20,931,499**
												-		
Allocation of profit (loss) for 2020			8,951	1,544,624			3,072				(1,556,647)	**-**	-	**-**
Free share capital increase to service the Stock Grant Plan	1,262					(1,262)						-		**-**
Reserved capital increase	34,755	1,310,245										1,345,000		**1,345,000**
Increases in the year										20,175		20,175		**20,175**
												-		
Reclassification				3,363			(3,363)					-		**-**
												-		
Dividend distribution											(394,115)	(394,115)		**(394,115)**
Other changes				338,389					(19,257)		(319,132)	-	(1,183,234)	**(1,183,234)**
												-		
Profit (loss) for the period											1,172,878	1,172,878	314,216	**1,487,094**
Balance at 30 June 2021	**1,407,555**	**9,548,705**	**281,259**	**8,444,633**	**101,764**	**28,738**	**-**	**153,615**	**(37,561)**	**(25,406)**	**1,172,878**	**21,076,180**	**1,130,239**	**22,206,419**

RECONCILIATION BETWEEN PARENT COMPANY EQUITY AND RESULTS AND CONSOLIDATED EQUITY AND RESULTS (ANNEX B)

RECONCILIATION OF FINANCIAL STATEMENTS - PARENT COMPANY CONSOLIDATED FINANCIAL STATEMENTS

	Result for the year	**Equity at 30.06.21**
Financial statements of the Parent Company	**319,633**	**19,768,492**
Adjusted results of consolidated subsidiaries and difference between adjusted equity and amount of investments	1,557,051	2,489,128
Derecognition of recorded dividends	(45,000)	(45,000)
Amortization of positive consolidation difference	(344,590)	(344,590)
Derecognition of the results of intra-group transactions and other adjustments	0	338,389
Consolidated financial statements	**1,487,094**	**22,206,419**
of which Group share	**1,172,878**	**21,076,180**
of which non-controlling interests	**314,216**	**1,130,239**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AND INCOME STATEMENT SHOWING THE CHANGES (*ANNEX C*)

CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2021 SHOWING THE CHANGES VERSUS 31 DECEMBER 2020 FOR THE STATEMENT OF FINANCIAL POSITION AND VERSUS 30 JUNE 2020 FOR THE INCOME STATEMENT

STATEMENT OF FINANCIAL POSITION - ASSETS

		30/06/2021		31/12/2020	Change
A) SHARE CAPITAL PROCEEDS TO BE RECEIVED					
B) FIXED ASSETS					
I. Intangible fixed assets					
1) Start-up and expansion costs	23,929		28,200		(4,271)
2) Development costs	198,130		273,725		(75,595)
4) Concessions, licenses, trademarks and similar rights	319,049		324,782		(5,733)
5) Goodwill	6,301,964		3,961,570		2,340,394
6) Fixed assets under construction and advances	-		21,580		(21,580)
7) Other	870,662		691,572		179,090
Total intangible fixed assets		7,713,734		5,301,429	2,412,305
II. Property, plant and equipment					
1) Land and buildings	548,270		555,000		- 6,730
2) Plant and machinery	4,021,290		2,942,560		1,078,730
3) Industrial and commercial equipment	75,500		96,845		- 21,345
4) Other assets	569,428		517,374		52,054
5) Fixed assets under construction and advances	34,690		1,242,326		- 1,207,636
Total property, plant and equipment		5,249,178		5,354,105	(104,927)
III. Financial fixed assets					
2) Receivables					
d-bis) from others					
(due within one year)	5,500		3,000		2,500
(due beyond one year)	214,365		191,234		23,131
Total receivables		219,865		194,234	25,631
Total financial fixed assets		219,865		194,234	25,631
Total fixed assets		**13,182,777**		**10,849,768**	**2,333,009**
C) CURRENT ASSETS					
I. Inventory					
1) Raw and ancillary materials, consumables	3,309,192		2,179,184		1,130,008
2) Work in progress and semi-finished products	3,794,438		1,640,431		2,154,007
4) Finished products and goods	557,055		469,061		87,994
Total inventory		7,660,685		4,288,676	3,372,009
II. Receivables					-
1) from clients	12,738,745		8,682,850		4,055,895
(due within one year)	12,738,745		8,682,850		4,055,895
5-bis) Tax receivables	1,915,982		1,579,793		336,189
(due within one year) (due	1,586,982		1,404,942		182,040
beyond one year)	329,000		174,851		154,149
5-ter) Prepaid tax 5-	122,840		219,838		- 96,998
quater) from others	64,810		259,860		- 195,050
(due within one year)	64,810		259,860		-195,050
Total receivables		14,842,377		10,742,341	4,100,036
IV. Cash and cash equivalents					
1) Bank and postal deposits	18,671,922		23,594,859		- 4,922,937
2) Cheques	-		11,566		(11,566)
3) Cash and valuables on hand	13,756		12,578		1,178
Total cash and cash equivalents		18,685,678		23,619,003	(4,933,325)
Total current assets		**41,188,740**		**38,650,020**	**2,538,720**
D) ACCRUED INCOME AND PREPAID EXPENSES		**579,983**		**529,684**	**50,299**
TOTAL ASSETS		**54,951,500**		**50,029,472**	**4,922,028**

STATEMENT OF FINANCIAL POSITION - LIABILITIES

		30/06/2021		31/12/2020		Change
A) EQUITY						
I. Share capital		1,407,555		1,371,538		36,017
II. Share premium reserve		9,548,705		8,238,460		1,310,245
IV. Legal reserve		281,259		272,308		8,951
VI. Other reserves		8,691,189		6,825,623		1,865,566
- consolidation reserve	153,615		153,615		-	
- extraordinary reserve	8,444,633		6,558,257		1,886,376	
- merger surplus reserve	101,764		101,764		-	
- other	(8,823)		11,987		(20,810)	
VII. Reserve for hedging expected cash flows		(25,406)		(45,581)		20,175
VIII. Profit (loss) carried forward	-	-		-		-
IX. Net profit (loss) for the year		1,172,878		2,269,894		(1,097,016)
Total Group equity		**21,076,180**		**18,932,242**		**2,143,938**
Share capital and reserves attributable to non-controlling interests		816,023		1,273,007		456,984
Profit (loss) attributable to non-controlling interests		314,216		726,250		412,034
Total equity attributable to non-controlling interests		**1,130,239**		**1,999,257**		**(869,018)**
Total consolidated equity		**22,206,419**		**20,931,499**		**1,274,920**
B) PROVISIONS FOR RISKS AND CHARGES						
1) for pensions	2,830		2,830			-
3) financial derivative liabilities	25,406		45,581			- 20,175
4) other	14,850		33,329			- 18,479
Total provisions for risks and charges		**43,086**		**81,740**		**(38,654)**
C) POST-EMPLOYMENT BENEFITS		**2,006,991**		**1,841,513**		**165,478**
D) PAYABLES						-
4) Payables to banks	13,107,735		14,442,840			- 1,335,105
(due within one year)	2,733,951		2,096,254		637,697	
(due beyond one year)	10,373,784		12,346,586		-1,972,802	
5) Payables to other lenders	584,835		400,000			184,835
(due within one year)	81,072		-			81,072
(due beyond one year)	503,763		400,000			103,763
6) Advances	20,700		10,363			10,337
(due within one year)	20,700		10,363		10,337	
7) Payables to suppliers	13,276,462		9,664,036			3,612,426
(due within one year)	13,276,462		9,654,869		3,621,593	
(due beyond one year)	-		9,167		-9,167	
12) Tax payables	759,967		589,855			170,112
(due within one year)	759,967		579,588		180,379	
(due beyond one year)	-		10,267		-10,267	
13) Payables to social security institutions	567,918		705,807			(137,889)
(due within one year)	567,918		705,807		(137,889)	
14) Other payables	2,029,127		1,206,728			822,399
(due within one year)	2,029,127		1,206,728		822,399	
Total payables		**30,346,744**		**27,019,629**		**3,327,115**
E) ACCRUED EXPENSES AND DEFERRED INCOME		**348,260**		**155,091**	-	**193,169**
TOTAL LIABILITIES		**54,951,500**		**50,029,472**		**4,922,028**

INCOME STATEMENT		30/06/2021		30/06/2020		Change
A) VALUE OF PRODUCTION						
1) Revenue from sales and services		30,869,299		23,808,834		7,060,465
2) change in inventory of work in progress, semi-finished and finished products		2,242,001		579,998		1,662,003
		-		-		-
4) Increase in own work capitalized						
5) other revenue and income		247,186		728,683		- 481,497
- operating grants	82,958		500,000		(417,042)	
- other revenue and income	164,228		228,683		(64,455)	
Total value of production (A)		**33,358,486**		**25,117,515**		**8,240,971**
B) COSTS OF PRODUCTION						
6) raw and ancillary materials, consumables and goods		12,180,156		6,969,171		5,210,985
7) for services		10,933,048		9,081,648		1,851,400
8) for rentals and leases		743,466		732,594		10,872
9) for staff		7,121,910		5,906,270		1,215,640
a) wages and salaries	5,161,200		4,265,040		896,160	
b) social security expense	1,575,836		1,301,062		274,774	
c) post-employment benefits	370,898		329,657		41,241	
e) other costs	13,976		10,511		3,465	
10) amortization, depreciation and write-downs		1,110,752		894,868		215,884
a) amortization of intangible assets	552,398		415,944		136,454	
b) depreciation of tangible fixed assets	505,712		466,968		38,744	
d) write-down of receivables under current assets and cash and cash equivalents	52,642		11,956		40,686	
11) Changes in inventory of raw and ancillary materials,		(1,130,007)		(158,310)		- 971,697
consumables and goods		110,303		94,127		16,176
14) sundry operating expense		**31,069,628**		**23,520,368**		**7,549,260**
Total production costs (B)						
DIFFERENCE BETWEEN VALUE AND COSTS OF PRODUCTION (A-B)		**2,288,858**		**1,597,147**		**691,711**
C) FINANCIAL INCOME AND EXPENSE						
16) other financial income						
d) financial income other than above:		754		605		149
- from others	754		605		149	
		754		605		149
17) interest and other financial expense		49,062		65,408		- 16,346
- other	49,062		65,408		(16,346)	
		49,062		65,408		(16,346)
17 bis) exchange gains (losses)		(10,071)		4,235		(14,306)
Total fin. income and expense (15+16-17+17bis)		**(58,379)**		**(60,568)**		**2,189**
D) VALUE ADJUSTMENTS TO FINANCIAL ASSETS		-				-
Total adjustments (18-19)						
RESULT BEFORE TAX (A-B+C+D)		**2,230,479**		**1,536,579**		**693,900**
20) income tax for the year		**743,385**		**230,325**		**513,060**
- current	646,387		323,704		322,683	
- of prior years	-		(59,902)		59,902	
- deferred and (prepaid)	96,998		(33,477)		130,475	
21) CONSOLIDATED PROFIT (LOSS) FOR THE YEAR		**1,487,094**		**1,306,254**		**180,840**
of which PROFIT (LOSS) ATTRIBUTABLE TO THE OWNERS OF THE PARENT		1,172,878		1,028,844		144,034
of which PROFIT (LOSS) ATTRIBUTABLE TO NON-CONTROLLING INTERESTS		314,216		277,410		36,806

ANALYTICAL CONSOLIDATED STATEMENT OF FINANCIAL POSITION (ANNEX D)

ANALYTICAL CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30.06.2021
ASSETS	**54,951,500**
A. SHARE CAPITAL PROCEEDS TO BE RECEIVED	**0**
B. FIXED ASSETS	**13,182,777**
I. INTANGIBLE FIXED ASSETS	**7,713,734**
1. Start-up and expansion costs	**23,929**
a. Expansion costs	23,929
- gross amount	47,277
- amortization fund	(23,348)
2. Development costs	**198,130**
- gross amount	1,012,212
- amortization fund	(814,082)
3. Industrial patent and intellectual property rights	**0**
4. Concessions, licenses, trademarks and similar rights	**319,049**
a. Trademarks	234,128
- gross amount	393,226
- amortization fund	(159,098)
b. Software licenses	84,921
- gross amount	183,905
- amortization fund	(98,984)
5. Goodwill	**6,301,964**
a. Goodwill from acquisition of "Modalis" business unit	150,690
- gross amount	301,380
- amortization fund	(150,690)
b. Goodwill from allocation of merger deficit	21,567
- gross amount	33,159
- amortization fund	(11,592)
c. Goodwill from positive consolidation difference	6,129,708
- gross amount	6,891,801
- amortization fund	(762,093)
7. Other	**870,662**
a. Non-recurring work on third-party assets	850,328
- gross amount	1,265,352
- amortization fund	(415,024)
b. other costs with long-term useful life	20,334
- gross amount	142,222
- amortization fund	(121,888)
II. PROPERTY, PLANT AND EQUIPMENT	**5,249,178**
1. Land and buildings	**548,270**
a. Appurtenant land on which the buildings are erected	148,978
b. Instrumental buildings	399,292
- gross amount	437,170
- depreciation fund	(37,878)
2. Plant and machinery	**4,021,290**
a. General plant	1,391,946
- gross amount	1,793,797
- depreciation fund	(401,851)
b. Operating machinery and specific plant	2,629,344
- gross amount	5,253,313
- depreciation fund	(2,623,969)

3. Industrial and commercial equipment	**75,500**
a. Miscellaneous equipment	75,500
- gross amount	416,457
- depreciation fund	(340,957)
4. Other assets	**569,428**
a. Means of transport	91,478
- gross amount	138,824
- depreciation fund	(47,348)
b. Cars	35,883
- gross amount	67,968
- depreciation fund	(32,085)
c. electrical and electronic office machines	186,911
- gross amount	686,550
- depreciation fund	(499,637)
d. Ordinary office machines	99,971
- gross amount	273,522
- depreciation fund	(173,550)
e. Furniture and fixtures	155,185
- gross amount	338,796
- depreciation fund	(183,611)
5. Fixed assets under construction and advances	**34,690**
III. FINANCIAL FIXED ASSETS	**219,865**
1. Investments in	**0**
a. Subsidiaries	0
b, Associates	0
c. Parent companies	0
d. Companies subject to the control of parents	0
d-bis. Other companies	0
2. Receivables	**219,865**
a. From subsidiaries	0
b. From associates	0
c. From parent companies	0
d. From companies subject to the control of parents	0
d-bis. From others	219,865
- Financial receivables	148,900
- Security deposits	70,965
3. Other securities	**0**
4. Financial derivative assets	**0**
C. CURRENT ASSETS	**41,188,740**
I. INVENTORY	**7,660,685**
1. Raw and ancillary materials and consumables	**3,309,192**
a. Raw materials	3,133,570
- gross amount	3,506,417
- taxed provision for inventory write-down	(372,847)
b. Raw materials en route	175,622
2. Work in progress and semi-finished products	**3,794,438**
a. Work in progress	3,794,438
- gross amount	3,794,438
- taxed provision for inventory write-down	0
3. Contract work in progress	**0**
4. Finished products and goods	**557,055**
a. Finished products	540,945
- gross amount	1,542,326
- taxed provision for inventory write-down	(1,001,381)
b. Finished products en route	16,110
5. Advances	**0**
II. RECEIVABLES	**14,842,377**

1. From customers	**12,738,745**
a. Clients	12,819,960
b. Clients invoices to issue/acc.	79,796
c. Clients credit notes to issue/acc.	(16,701)
d. Customers coll. ord. a/c accredited s.t.c.	147,869
e. Provision for risks on trade receivables	(292,179)
- tax provision for risks on trade receivables	(110,326)
- taxed provision for risks on trade receivables	(181,853)
2. From subsidiaries	**0**
3. From associates	**0**
4. From parent companies	**0**
5. From companies subject to the control of parents	**0**
5-bis. Tax receivables	**1,915,982**
a. Revenue Agency VAT a/c	886,848
b. IRES receivable	449,077
c. IRAP receivable	72,312
b. Other tax receivables	507,745
portions due within one year	178,745
portions due beyond one year	329,000
5-ter. Prepaid tax	**122,840**
a. Deferred tax assets	122,840
5-quater. From others	**64,810**
a. Social security institutions	4,590
b. Redundancy fund	18,560
c. Suppliers advances/acc.	8,836
d. Other debtors	32,824
III. CURRENT FINANCIAL ASSETS	**0**
1. Investments in subsidiaries	**0**
2. Investments in associates	**0**
3. Investments in parent companies	**0**
3-bis. Investments in companies subject to the control of parents	**0**
4. Other investments	**0**
5. Financial derivative assets	**0**
6. Other securities	**0**
IV. CASH AND CASH EQUIVALENTS	**18,685,678**
1. Bank and postal deposits	**18,671,922**
a. Bank accounts	18,671,922
2. Cheques	**0**
3. Cash and valuables on hand	**13,756**
a. Cash	13,756
D. ACCRUED INCOME AND PREPAID EXPENSES	**579,983**
a. Accrued income	1,487
b. Prepaid expenses	578,496

LIABILITIES	**54,951,500**
A. EQUITY	**22,206,419**
GROUP CONSOLIDATED EQUITY	**21,076,180**
I. SHARE CAPITAL	**1,407,555**
II. SHARE PREMIUM RESERVE	**9,548,705**
III. REVALUATION RESERVES	**0**
IV. LEGAL RESERVE	**281,259**
V. BYLAW RESERVES	**0**
VI. OTHER RESERVES	**8,691,189**
a. Extraordinary reserve	8,444,633
b. Restricted reserve for share capital increase Stock Grant Plan	28,738
c. Reserve for merger surplus	101,764
d. Consolidation reserve	153,615
e. Other reserves	(37,561)
VII. RESERVE FOR HEDGES OF EXPECTED CASH FLOWS	**(25,406)**
VIII. PROFIT (LOSS) CARRIED FORWARD	**0**
IX. PROFIT (LOSS) FOR THE YEAR	**1,172,878**
X. NEGATIVE RESERVE FOR TREASURY SHARES IN PORTFOLIO	**0**
NON-CONTROLLING INTERESTS' CONSOLIDATED EQUITY	**1,130,239**
NON-CONTROLLING INTERESTS' SHARE CAPITAL AND RESERVES	**816,023**
PROFIT (LOSS) FOR THE YEAR ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	**314,216**
B. PROVISIONS FOR RISKS AND CHARGES	**43,086**
1. For pensions and similar obligations	**2,830**
a. provision for agents' termination benefits	2,830
- tax	2,830
2. For tax, including deferred tax	**0**
3. Financial derivative liabilities	**25,406**
4. Other	**14,850**
a. Provision for risks on sales returns	14,850
- taxed	14,850
C. POST-EMPLOYMENT BENEFITS	**2,006,991**
a. Provision for post-employment benefits net of Inps treasury provision LD 252/2005	2,006,991
- tax	2,006,991
D. PAYABLES	**30,346,744**
1. Bonds	**0**
2. Convertible bonds	**0**
3. Payables for shareholder loans	**0**
4. Payables to banks	**13,107,735**
a. Bank fees to settle	2,673
b. Credit cards	14,509
c. Loans without collateral	13,090,553
portions due within one year	2,716,769

portions due beyond one year	10,373,784
5. Payables to other lenders	**584,835**
a. SIMEST S.p.A. a/c financing in support of capitalization of SMEs	584,835
portions due within one year	81,072
portions due beyond one year	503,763
6. Advances	**20,700**
7. Payables to suppliers	**13,276,462**
a. Suppliers	12,114,682
portions due within one year	12,114,682
b. Suppliers invoices to receive/acc.	1,197,348
c. Suppliers credit notes to receive/acc.	(35,568)
8. Payables represented by securities	**0**
9. Payables to subsidiaries	**0**
10. Payables to associates	**0**
11. Payables to parent companies	**0**
11-bis. Payables to companies subject to the control of parents	**0**
12. Tax payables	**759,967**
a. Revenue Agency withholding tax to pay a/c	253,907
portions due within one year	253,907
b. Revenue Agency withholding tax on post-employment benefits write-backs a/c	3,813
c. revenue Agency Irap a/c	114,397
d. revenue Agency Ires a/c	386,295
e. Revenue Agency other payables a/c	1,555
13. Payables to welfare and social security entities	**567,918**
a. Inps	268,132
b. Inail	348
c. Other institutes	71,270
d. Inps and Inail accruals	228,168
14. Other payables	**2,029,127**
a. Payables for wages and salaries to settle	613,431
b. Payables for holidays not taken	1,312,229
c. Payables for pension funds	9,852
d. Payables for commissions to settle	26,870
e. Payables for fees to settle	13,351
f. Other payables	53,394
E. ACCRUED	**348,26**
a. Accrued	17,458
expenses	330,80

For the **Board of Directors**

The Chairman

Francesco MARTORELLA

Collegno, 27 September 2021

PATTERN SPA

RELAZIONE DI REVISIONE CONTABILE LIMITATA SUL
BILANCIO CONSOLIDATO INTERMEDIO ABBREVIATO

RELAZIONE DI REVISIONE CONTABILE LIMITATA SUL BILANCIO CONSOLIDATO INTERMEDIO ABBREVIATO

Al Consiglio di Amministrazione della
Pattern SpA

Introduzione

Abbiamo svolto la revisione contabile limitata dell'allegato bilancio consolidato intermedio abbreviato al 30 giugno 2021, costituito dallo stato patrimoniale, dal conto economico, dal rendiconto finanziario e dalla nota integrativa della Pattern SpA e società controllate (il "Gruppo Pattern"). Gli amministratori della Pattern SpA sono responsabili per la redazione del bilancio consolidato intermedio abbreviato in conformità al principio contabile OIC 30. È nostra la responsabilità di esprimere una conclusione sul bilancio consolidato intermedio abbreviato sulla base della revisione contabile limitata svolta.

Portata della revisione contabile limitata

Il nostro lavoro è stato svolto in conformità all'*International Standard on Review Engagements 2410 – "Review of interim financial information performed by the independent auditor of the entity"*. La revisione contabile limitata del bilancio consolidato intermedio abbreviato consiste nell'effettuare colloqui, prevalentemente con il personale della società responsabile degli aspetti finanziari e contabili, analisi di bilancio ed altre procedure di revisione contabile limitata. La portata di una revisione contabile limitata è sostanzialmente inferiore rispetto a quella di una revisione contabile completa svolta in conformità agli *International Standards on Auditing* e, conseguentemente, non ci consente di avere la sicurezza di essere venuti a conoscenza di tutti i fatti significativi che potrebbero essere identificati con lo svolgimento di una revisione contabile completa. Pertanto, non esprimiamo un giudizio sul bilancio consolidato intermedio abbreviato.

Conclusioni

Sulla base della revisione contabile limitata svolta, non sono pervenuti alla nostra attenzione elementi che ci facciano ritenere che il bilancio consolidato intermedio abbreviato del Gruppo Pattern al 30 giugno 2021 non sia stato redatto, in tutti gli aspetti significativi, in conformità al principio contabile OIC 30.

Torino, 28 settembre 2021

PricewaterhouseCoopers SpA

Piero De Lorenzi

Piero De Lorenzi
(Revisore legale)

PricewaterhouseCoopers SpA

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PATTERN SPA

REVIEW REPORT ON CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

REVIEW REPORT ON CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

To the Board of Directors of
Pattern SpA

Foreword

We have reviewed the accompanying consolidated condensed interim financial statements of Pattern SpA and its subsidiaries (the "Pattern Group"), which comprise the balance sheet, the income statement, the cashflow statement and related notes as of 30 June 2021. The directors of Pattern SpA are responsible for the preparation of the consolidated condensed interim financial statements in accordance with the accounting principle OIC 30. Our responsibility is to express a conclusion on these consolidated condensed interim financial statements based on our review.

Scope of Review

We conducted our work in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of consolidated condensed interim financial statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than a full-scope audit conducted in accordance with International Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the consolidated condensed interim financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the consolidated condensed interim financial statements of the Pattern Group as of 30 June 2021 are not prepared, in all material respects, in accordance with the accounting principle OIC 30.

Turin, 28 September 2021

PricewaterhouseCoopers SpA

Signed by

Piero De Lorenzi
(Partner)

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