PATTERN S.P.A.

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

CONSOLIDATED HALF-YEAR REPORT AT 30 JUNE 2022

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 Euronext Growth Milan

Authorized share capital € 1,436,292.90, of which € 1,426,292.90 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
	Stefano Casini	
	Claudio Delunas	
	Innocenzo Tamborrini	
	Emilio Paolucci	
Board of Statutory Auditors(1)	Davide Di Russo	Chairman
	Lucia Margherita Calista Rota	Standing Auditor
	Lucia Maria Starola	Standing Auditor
	Valerio Brescia	Alternate Auditor
	Riccardo Cantino	Alternate Auditor
Independent Auditors(2)	PricewaterhouseCoopers S.p.A., in short PWC	

DURATION

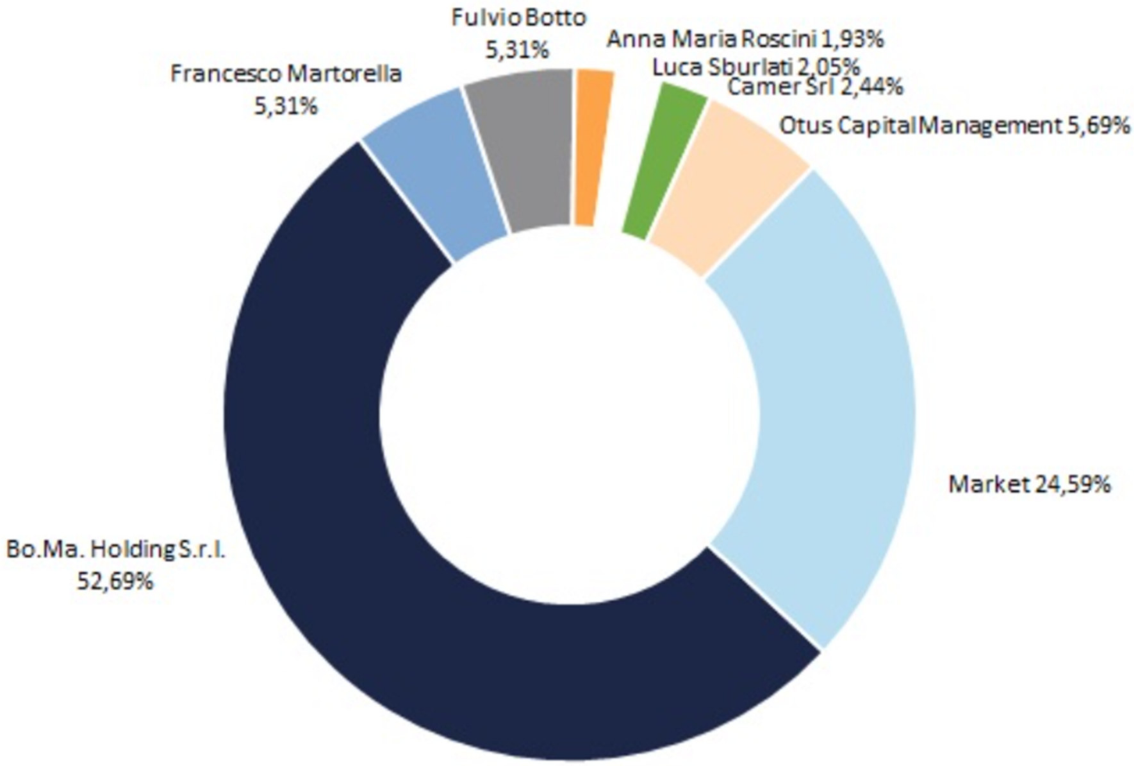
(1) The Board of Directors and the Board of Statutory Auditors were appointed by a resolution of the Shareholders' Meeting held on 28 April 2022 for three financial years, and will therefore expire with the Shareholders' Meeting called to approve the financial statements for the year ending 31 December 2024.

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

SHAREHOLDER BASE

The Company's share capital stands at € 1,426,292.90 for a total of 14,262,929 ordinary shares with no par value.

At 26 September 2022, based on available information, Pattern's shareholder base is as follows.



PATTERN GROUP AND ITS HISTORY

Pattern was established at the end of the year 2000 by Fulvio Botto and Francesco Martorella, who decided to set up a company active in clothing design, leveraging on their previous wealth of experience working with national and international fashion houses.

In 2009, the new plant in Collegno/Turin was inaugurated, and in 2011 a "tailor-made" production chain was taken over with the aim of responding more effectively to market needs.

In 2013, Pattern became the first Italian packaging company to obtain the SA8000 International Social Accountability Certification, awarded thanks to the implementation of internal processes in line with the principles of environmental protection and safety in the management of internal human resources and the supply chain.

In July 2014, Pattern acquired the Esemplare brand, specialized in functional menswear, which became the only brand owned by the company.

In 2016, Pattern published its first GRI Sustainability Report, the only company among SMEs in the textile/clothing industry, and was chosen to join the Elite program of Borsa Italiana.

In 2017, Pattern acquired Roscini Atelier, giving it new life and strengthening its competitive edge in the design and production of women's collections.

In 2018, it received the Elite Certification from Borsa Italiana and launched the "From Red to Green Carpet" project, whose goal is to transform the company by making it sustainable and with zero impact on the environment by 2023.

In 2019, following its listing on the Euronext Growth Milan market of Borsa Italiana, Pattern announced the entry of knitwear manufacturer S.M.T. (Società Manifattura Tessile) into the group, a historic Emilia-based company specialized in the prototyping and production of luxury knitwear.

In 2021, it completed the acquisition of the majority of Idee Partners, a Tuscan company specialized in the development, design and production in the luxury leather goods segment; in 2022, it added the Reggio Emilia-based Zanni knitwear factory, a national and European landmark in the whole garment (seamless) processing of knitwear.

These latest steps have allowed Pattern to position itself as a leading player in the knitwear and leather goods segment, marking the birth of the Italian luxury design hub.

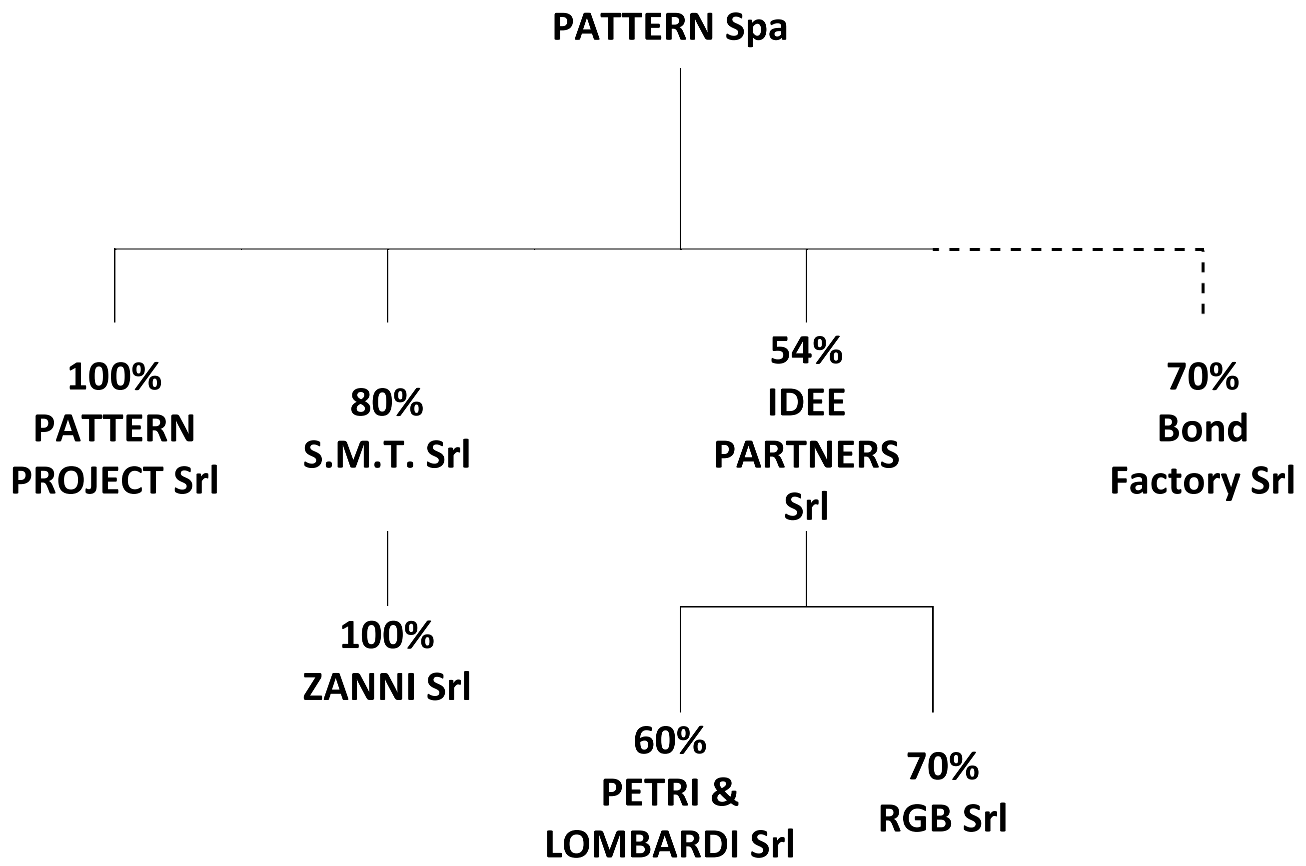
In 2022, Pattern continued on its path of growth, firstly by acquiring, through its subsidiary Idee Partners, RGB, specialized in the production of leather accessories.

Then, by signing the investment agreement to acquire a majority stake in Bond Factory, one of the main leaders in innovative technologies and in R&D, as well as an advanced production hub.

PATTERN GROUP IN FIGURES: HIGHLIGHTS FIRST HALF 2022

INCOME STATEMENT	**30.06.2022**	**30.06.2021**	**% chg**
(€)			
Value of production	**50,262,030**	**33,358,486**	**50.7%**
EBITDA	5,478,312	3,399,610	61.1%
EBIT	3,823,595	2,288,858	67.1%
Profit for the period	**2,495,473**	**1,487,094**	**67.8%**
- of which Group	*1,895,624*	*1,172,878*	61.6%
STATEMENT OF FINANCIAL POSITION	**30.06.2022**	**31.12.2021**	**% chg**
(€)			
Net fixed assets	24,589,802	17,865,786	37.6%
Net working capital	8,085,249	7,028,751	15.0%
Liability funds	-3,398,785	-2,857,431	18.9%
Net capital employed	**29,276,266**	**22,037,106**	**32.8%**
Consolidated equity	26,623,103	25,123,786	6.0%
- of which Group	24,022,453	*22,922,861*	4.8%
Net financial position	*2,653,163*	-3,086,557	*-186.0%*
Equity and net financial position	**29,276,266**	**22,037,106**	**32.8%**

CORPORATE STRUCTURE OF THE GROUP



The setup of the Group hinges on a model that envisages a holding company - Pattern Spa - based in Collegno and active in the design and production of menswear and womenswear, and six subsidiaries at 30 June 2022, in addition to Bond Factory Srl, the object of an investment agreement signed on 18 July 2022 to acquire 70% of D-Holding Srl, the holding of Bond Factory Srl.

Pattern Project, based in Collegno, is the owner of the Esemplare brand, licensed to Pattern. The company was merged by incorporation into Pattern in early July.

Società Manifattura Tessile, based in Correggio (Reggio Emilia), is the knitwear business owned 80% by Pattern. The company in turn owns 100% of Zanni, specialized in seamless knitwear, based in Reggio Emilia.

Idee Partners is the company based in Scandicci, operating in the leather accessories area. It controls 60% of Petri & Lombardi, a leather goods business based in Bientina/Pisa, and 70% of RGB, specialized in the processing and trading of leather, hide and other textile goods, based in Reggello/Florence.

In July, Pattern signed an investment agreement to acquire 70% of Bond Factory, specialized in innovative technology research and packaging activities, based in Chieti.

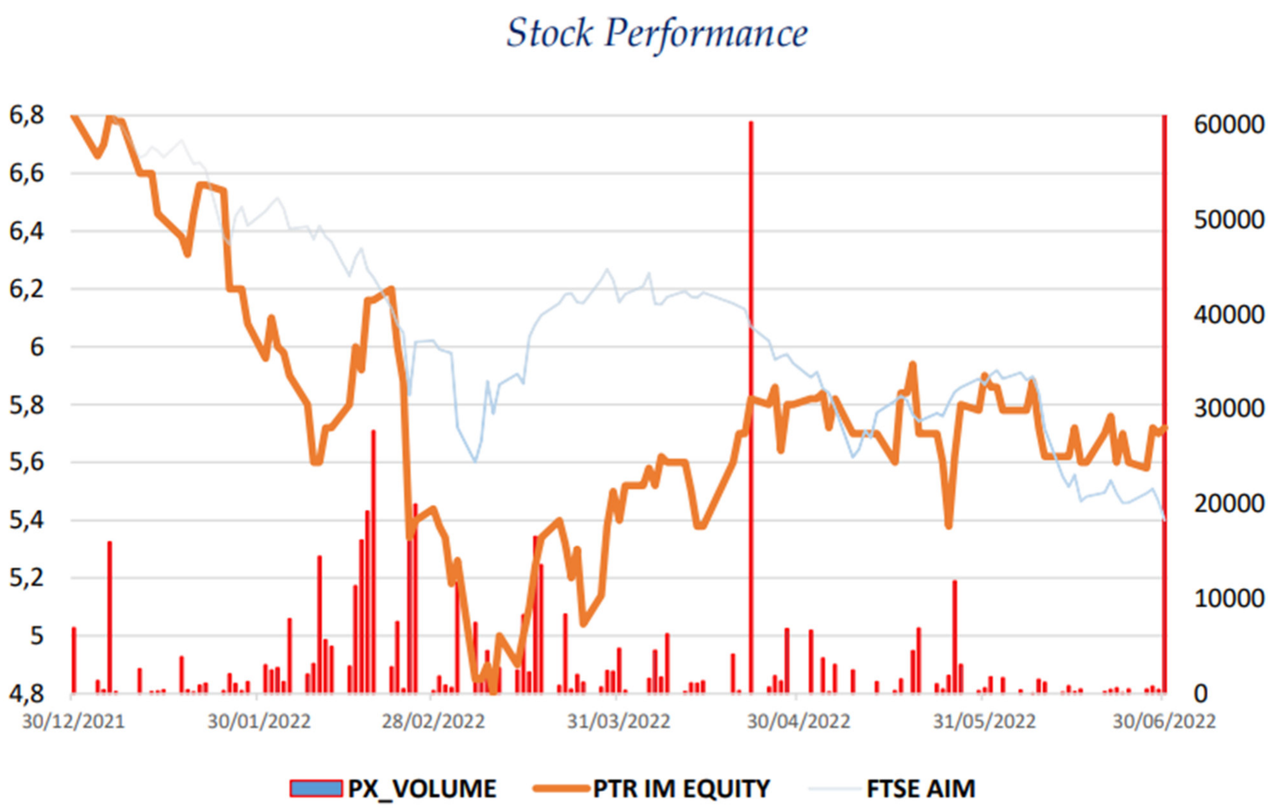
PATTERN SHARE PERFORMANCE IN FIRST HALF 2022

Pattern's share price at 30 June 2022, the last trading day of the period, reached € 5.52 per share, with a market capitalization of € 78.73 million.

This indicates a 17% drop from the price of € 6.66 per share recorded at the beginning of the year on 3 January 2022, with average daily volumes traded during the period of approximately 4,426 shares.

The average price in first half 2022 was € 5.639 per share. The period low of € 4.8 per share was recorded on 10 March 2022, while the high of € 6.8 per share was recorded on 05 January 2022.

The following chart shows the price and volume trends of the Pattern share in first half 2022.



PATTERN SPA

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

registered office in Collegno, via Italia 6/a

authorized share capital € 1,436,292.90 of which € 1,426,292.90 subscribed and paid up

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INTERIM REPORT ON OPERATIONS AT 30 JUNE 2022

MARKET SCENARIO AND RESULTS

Expectations for further growth in first half 2022 have proven to be accurate in terms of overall business. The effects of the pandemic crisis are waning, while the impacts from the war in Ukraine have been fairly small, allowing the luxury segment to regain momentum, in keeping with its traditional growth trend.

However, the ongoing energy crisis will take its toll in the second half of the year and almost certainly in the following year as well.

All the segments have enjoyed growth, especially - as seen later in the review of operating results - the more recently developed ones, such as knitwear and leather goods.

The scope of consolidation in first half 2022 includes the results of Idee Partners, Petri & Lombardi, and Zanni, which were not included in the scope of first half 2021. The pro forma consolidated income statement of first half 2021 has thus been prepared with the same scope as the first half this year, to allow a clearer reading of the figures and changes that have taken place.

Looking at the individual segments, it should be noted that the performance in first half 2022 of the leather goods hub is highly satisfactory, showing strong organic dimensional growth, net of extraordinary transactions, with margins firmly holding ground, despite heavy expenditure in organization and in adjusting to the Group's structure.

In terms of quantity, the growth in turnover involves all business units, as the component of turnover from subcontracted manufacturing with main repeat customers has increased, but even more strongly has the "marketed product" component, with the entry of new major customers. The brands already part of the customer base and the newly-acquired brands, especially the French and US ones, have thus witnessed a strong growth in sales.

Holding up well are the sectors with a lower quantitative impact, though considered strategic for their international market presence, such as design and product development in leather goods, and to a lesser extent in footwear, as well as the initial strong results of 3D design, all key activities in the consolidation of a leadership position on the market for the control of know-how and subsequent market share gains of luxury leather goods production.

As for knitwear, S.M.T. confirmed the growth trend of prior years in first half 2022, propelled both by end-consumer demand in the luxury segment of men's and women's outer knitwear products, and by the decision of major international fashion groups in the high-end segment to use industrially structured companies.

New top customers were added this year, expanding an already large and rich portfolio, who were able to cherish S.M.T.'s production capacity, which positions itself as a manufacturer with clear and efficient operational processes and a communication system that ensures real-time updating of advancements in both the R&D (sample development) and production areas strictly speaking. Specifically, ongoing adaptation of weaving technology continues to be a strength of the company.

S.M.T. is also investing in sustainability, following the guidelines of the parent company, and this too is a success factor in the relationship with the major fashion brands. In addition to SA8000, the company was the first in Italy to obtain ISO 14000 environmental certification and is about to prepare its sustainability report.

The first six months of the year, just after the acquisition, witnessed the start of the integration process of Zanni Srl, which saw: a commitment to the principles and values of the Group, the organizational review of certain strategic areas, and the analysis and following decision to expand the factory by 1,000 sqm, which will envisage the purchase of new state-of-the-art machinery to support development in the coming years.

OUTLOOK FOR THE CURRENT YEAR

Regarding the Group's overall outlook for the second half of the year, a point worth mentioning is that, in the face of increasing production and sales volumes, which will propel the recovery of margins thanks to greater absorption of fixed costs, a few elements have materialized and will need to be handled:

a) the great inflationary pressure on both raw materials and semi-finished products, particularly on yarns and fabrics, expected to range from 8% to 25%, as well as increases in transportation and payroll costs;

b) the problem of energy and gas costs on the Pattern Group. Additionally, since all the companies are not energy-intensive and expenditure in self-production plants is proving to be highly effective (1 geothermal plant and 4 photovoltaic plants are already in operation), the total cost item on the Group remains moderate and accounts for approximately 0.5% of turnover.

In any case, all these issues could put more pressure on selling prices.

The situation was expected to improve in the second half of the year, but could suffer a backlash in the final months due to the indirect effects of the war in Ukraine and, in particular, to the inflationary and rising energy price effects.

Specifically, energy costs on Italy's structurally energy-intensive upstream textile supply chain could cause shortages of raw materials and semi-finished products to a limited extent in 2022 and more in 2023. A lack of orders would not so much be the issue, as the extreme luxury segment in which Pattern works is rather stiff; the real problem would rather lie in the shortage of fabrics and yarns in the coming semesters for the entire supply chain.

Any pandemic resurgence in China, where a large and growing share of the luxury market is concentrated, could however hinder purchases there. This effect would be offset by a strong development of tax-free sales in Europe, the Middle East and America thanks to the post-pandemic recovery of tourism and travel.

Pattern can therefore be expected, all exogenous conditions being equal, to see further moderate growth in 2022, excluding significant shortages of raw materials and semi-finished products in the later part of the year.

As for the leather goods segment, in a market dominated by strong concentration of the available workforce and the demand for the supply of increasingly verticalized and direct processing by the key clients of Luxury, with the gradual replacement of small artisan businesses by industrial players, quantitative strengthening and the ongoing verticalization process are highly promising for a continued positive trend in the second half of 2022, driven by the orders placed and short-term planning already granted by customers.

Looking at the knitwear segment, expectations are for continued growth in the second half of the year versus the same period last year, for both knitwear produced by S.M.T. and by Zanni (seamless knitwear).

MEDIUM-TERM STRATEGY

Parallel to the in-house management of Group activities, Management continued its strategy of growth through acquisitions, with a view to the "development of the Italian Luxury Design Hub".

Three major transactions were completed in first half 2022.

The first was carried out by S.M.T. and involved the total acquisition of the knitwear manufacturer Zanni Srl in Reggio Emilia, a leading company in the design and production of seamless knitwear. The second was the acquisition of RGB Srl in Tuscany through its subsidiary Idee Partners, with the creation of one of the major design and production hubs for leather accessories and bags in Italy. Lastly, in July 2022, Pattern Group announced the acquisition of Dyloan/Bond Factory, leading to the integration of the R&D phase and in-house production.

Pattern Group will therefore secure a presence on the main product categories (men's and women's lines, clothing and accessories, woven fabric, knitwear and leather goods), starting from the research and design phase, to production. A strategic partnership, given that Bond Factory has been able over the years to insource significant innovative technologies and R&D applied to luxury.

All this lends strength to a Group that boasts over € 100 million in sales – pro forma full-year 2021 turnover of all the companies acquired so far (except for RGB, which started operations in July 2021) - with a workforce of approximately 800 resources in 8 Italian regions.

The first phase of the industrial combination strategy, launched firstly by our Group in 2017, followed by other mainly financial entities, with the aim of seeking partnerships with other players in order to better counter the crisis, is deemed to have come to conclusion. This strategy has proven successful not only in accelerating growth paths in the various business segments, but also in being able to better cope with periods of crisis, as has lately been the case.

A second phase now opens to consolidate and develop the existing hubs on the various Italian districts of excellence. The end of 2022 and 2023 will focus on the synergistic management and growth of and among hubs, on process and resource optimization aimed at greater efficiency and value creation for customers and shareholders.

SIGNIFICANT EVENTS IN THE PERIOD

Acquisition of 100% of Zanni Srl by S.M.T. Srl.

On 7 February, S.M.T. Srl signed the agreement to acquire a 100% stake in Zanni Srl.

A payment of 70% of the agreed price of € 4.3 million, including the value of the property owned by Zanni Srl and the positive net financial position, was made. The remaining 30% will be paid in three annual instalments starting from 31 January 2023, subject to the continued collaboration with Mauro Zanni, the company's founder. A Directorship Agreement was formalized with the latter, which provides for his appointment as the company's CEO until the date of the Shareholders' Meeting called to approve the financial statements for the year ending 31 December 2024.

Meeting of the Board of Directors of Pattern Spa to review certain preliminary consolidated figures for 2021.

On 14 February, the company's Board of Directors met to review the following preliminary consolidated figures for 2021: revenue from sales, capital expenditure, and net financial position.

Purchase of the Spello property complex where the Roscini Atelier division is headquartered.

On 16 February, an agreement was signed on the purchase of the property complex where the Roscini Atelier division is headquartered, located in Spello (PG) and formerly held by Pattern under lease, dedicated to the design and pattern-making of women's lines. The purchase price was € 2.1 million and includes, in addition to one building covering approximately 5,000 sqm, a photovoltaic plant.

The purchase, in addition to its functional and financial grounds, was envisaged in the agreements signed with the legal proceedings on purchasing the Roscini Atelier business unit, in the event these proceedings were unable to sell the complex to third parties at a higher price.

Meeting of the Board of Directors of Pattern Spa for the approval of the draft financial statements and the consolidated financial statements at 31 December 2021.

The meeting of the Board of Directors for the approval of the draft financial statements and the consolidated financial statements at 31 December 2021 was called on 28 March.

At the meeting, the ordinary and extraordinary session was called for 28 April.

Allocation of no. 187,379 new shares to the Chief Executive Officer

On 4 April 2022, the company's Board of Directors assessed the achievement of the Group's value creation goals as set out in the 2019-2022 Stock Grant Plan approved at the time of listing and subsequently amended by the Shareholders' Meeting on 30 April 2021. As a result, no. 187,379 newly-issued ordinary shares related to the second and third tranches of the Plan were allocated to CEO Luca Sburlati.

Notice of change in the share capital

On 12 April, the new composition of the share capital resulting from the allocation of no. 187,379 ordinary shares following the CEO's exercise of no. 187,379 rights related to the second and third tranches of the 2019-2022 Stock Grant Plan was announced.

Ordinary and Extraordinary Shareholders' Meeting of 28 April 2022

The Shareholders' Meeting met in ordinary and extraordinary session on 30 April.

At the ordinary session, the financial statements for the year ended 31 December 2021 were approved, and the distribution of a dividend of € 0.071 per share was passed, confirming the proposal made by the Board of Directors. The dividend was paid out as from 25 May 2022 (ex-dividend date on 23 May 2022 and record date on 25 May 2022).

The Meeting also appointed the new Board of Directors and the new Board of Statutory Auditors, who will serve for the three-year period 2022-2024.

Francesco Martorella was confirmed as Chairman of the Company.

The extraordinary session, instead, approved the plan to merge Pattern Project Srl into Pattern Spa.

Meeting of the Board of Directors of Pattern Spa for the assignment of operational powers

On 28 April again, immediately after the Shareholders' Meeting of the company, the newly-appointed Board of Directors of Pattern Spa met and confirmed Luca Sburlati and Fulvio Botto as the company's CEO and Vice-Chairman, respectively. The Board of Directors also renewed the operational powers for the governance of the company to directors Francesco Martorella, Fulvio Botto and Luca Sburlati, while Innocenzo Tamborrini, the Group CFO, was given specific operational powers in the administrative and financial area.

Acquisition of 70% of RGB Srl by Idee Partners Srl

The acquisition by Idee Partners Srl of 70% of RGB Srl, a Tuscan company specialized in the production and processing of leather accessories, was finalized on 10 May.

The total price paid was € 2.275 million. Idee Partners Srl also undertook to pay the sellers a supplementary consideration in addition to the final price ("Earn-Out"), contingent and variable, equal in its maximum amount to € 1 million ("Cap Earn-Out"), upon meeting conditions related to the achievement of certain EBITDA amounts of RGB with regard to the financial statements for the year ending 31 December 2022 and the purchase by RGB of the business unit currently leased from Mia Pelletterie S.r.l..

Additionally, again on 10 May 2022, a shareholders' agreement was signed between Idee Partners and Paolo Benedetti (who will retain the remaining 30% stake), which regulates the governance of RGB and envisages, inter alia: (i) a lockup for the shareholders on the shares in RGB for a period until the approval of the financial statements for the year ending 31 December 2023; (ii) the appointment of a new Board of Directors of RGB composed of 3 members, of whom 2 appointed by Idee Partners (including the Chairman of the Board of Directors) and 1 appointed by Paolo Benedetti; (iii) the appointment of Paolo Benedetti as CEO of RGB until the approval of the financial statements for the year ending 31 December 2023; and (iv) a stability and non-compete commitment with Paolo Benedetti.

This shareholders' agreement will also include a call option in favour of Idee Partners on the stake of Paolo Benedetti, which may be exercised for an initial period of 6 months starting from the approval of the financial statements for the year ending 31 December 2022 for an amount that cannot be lower than € 500 thousand and higher than € 1 million ("First Call Option"), and for a second period of 6 months starting from the approval of the financial statements for the year ending 31 December 2023 (subject to the same minimum and maximum amounts) ("Second Call Option"). A call option is also envisaged in favour of Idee Partners on Paolo Benedetti's entire stake in the event of termination for just cause, and a parallel put option in favour of Paolo Benedetti vis-à-vis Idee Partners, which he may exercise for a period of 3 months starting from the deadline for the exercise of the Second Call Option, provided that certain conditions have been met and the amounts are within the same maximum and minimum amounts as mentioned above.

Tax audit in Società Manifattura Tessile Srl

Last 26 May, the Audit Office of the Provincial Department of the Reggio Emilia Revenue Agency initiated an audit on the subsidiary SMT Srl regarding IRES, IRAP and VAT for tax year 2019, and, limited to the tax benefit under Law 190/2014 (so-called R&D Tax Credit), for the five-year period 2015 - 2019. As of the date of preparation of this Half-Year Report, the tax audit is still in progress.

GROUP CAPITAL EXPENDITURE

In first half 2022, Group capital expenditure amounted to € 9.4 million, almost the amount of full year 2021, comprising:

- € 250 thousand in intangible fixed assets;
- € 2.6 million in tangible fixed assets;
- € 6.6 million in financial fixed assets.

Among intangible fixed assets, most of the expenditure went into extraordinary leasehold improvements, which amounted for the whole Group to approximately € 190 thousand, made almost entirely at the Scandicci HQ of Idee Partners and the Correggio HQ of S.M.T..

Among tangible fixed assets, the largest expenditure by far was for the purchase of the Spello property amounting to € 2.1 million. Expenditure was then made in plant and machinery, amounting to € 326 thousand, including € 115 thousand in Pattern and € 174 thousand in S.M.T..

Expenditure in financial fixed assets regards the acquisition of 100% of the investment in Zanni Srl, for € 4.3 million, and 70% of the investment in RGB Srl for € 2.275 million.

Disposals in the period were not meaningful and amounted to € 122 thousand, related entirely to tangible fixed assets.

GROUP OPERATING AND FINANCIAL SITUATION

Income statement

The table below shows the income statement amounts, with changes recorded versus the same period of 2021.

INCOME STATEMENT OF THE PATTERN GROUP	**30.06.2022**	**30.06.2021**	**% chg**
(€)			
Revenue from sales	48,121,689	30,869,299	55.9%
Other revenue	980,661	247,186	296.7%
Total revenue	**49,102,350**	**31,116,485**	**57.8%**
Change in inventory of products	1,159,680	2,242,001	-48.3%
Value of production	**50,262,030**	**33,358,486**	**50.7%**
- Purchases of raw materials	15,050,344	12,180,156	23.6%
- Change in inventory of raw materials	-1,168,352	-1,130,007	3.4%
Consumption of raw materials	*13,881,992*	*11,050,149*	*25.6%*
Costs for services	18,685,249	10,933,048	70.9%
Rentals and leases	1,041,580	743,466	40.1%

Personnel expense	10,931,759	7,121,910	53.5%
Sundry operating expense	243,138	110,303	120.4%
EBITDA	**5,478,312**	**3,399,610**	**61.1%**
Amortization, depreciation, provisions and write-downs	1,654,717	1,110,752	49.0%
EBIT	**3,823,595**	**2,288,858**	**67.1%**
Net financial expense	-100,641	-58,379	72.4%
Value adjustments on net financial assets	0	0	n.a.
Profit (loss) before tax	**3,722,954**	**2,230,479**	**66.9%**
Current and deferred tax	1,227,481	743,385	65.1%
Profit for the period	**2,495,473**	**1,487,094**	**67.8%**
Group profit for the period	**1,895,624**	**1,172,878**	**61.6%**

Total revenue increased by 57.8% from € 31.1 million to € 49.1 million. All business areas improved, both those already part of the scope of consolidation at the end of the first half of last year (clothing and knitwear) and leather goods, consolidated from this year, as will be seen from the review of the pro forma figures of first half 2021.

Raw material inventory decreased by 48.3% from € 2.2 million to € 1.2 million. As a result, the value of production increased proportionally less than revenue, from € 33.4 million to € 50.3 million (+50.7%).

Operating costs were up by 49.5% from € 30 million to € 44.8 million. As a result, EBITDA increased by 61.1% from € 3.4 million to € 5.5 million, rising slightly as a percentage of total revenue from 10.9% to 11.2%.

Among operating costs, services saw the largest increase, up by 70.9% from € 10.9 million to € 18.7 million, due to the increased use of external production services required to cope with increased volumes.

Payroll costs increased by 53.5% from € 7.1 million to € 10.9 million, taking account of two factors: a) the resort to redundancy funds in Pattern in the first half of last year; b) the greater weight of this item in a number of the companies consolidated for the first time.

Conversely, raw material consumption showed a much smaller increase by 25.6% from € 11.1 million to € 13.9 million. This is explained by several reasons: lower raw material content of products, especially in the newly-consolidated companies; a lower increase in inventory of semi-finished products in the previously consolidated companies (first half 2021 had seen a large increase in semi-finished products, which partly offset the consumption of raw materials).

Amortization and depreciation increased by 49% from € 1.1 million to € 1.7 million. In addition to the contribution of the newly-consolidated companies, account must be taken of the amortization of goodwill recorded as a result of the acquisition of Idee Partners, Petri & Lombardi, and Zanni. This item amounted to € 590 thousand this year versus € 345 thousand in first half 2021 (+71%).

EBIT increased by 67.1% from € 2.3 million to € 3.8 million.

Net financial expense increased by 72.4% from € 58 thousand to € 101 thousand, due also to the first effects of rising interest rates. In absolute value, expense remained at very low levels, both in relation to the value of production and the stock of bank payables.

Pre-tax profit increased from € 2.2 million to € 3.7 million (+66.9%), while profit for the period rose from € 1.5 million to € 2.5 million (+67.8%). Group profit for the period increased slightly less, from € 1.2 million to € 1.9 million (+61.6%).

Profit as a percentage of total revenue increased slightly, from 4.8% to 5.1%.

The table below shows the breakdown of revenue from sales by business segment, with the relating changes versus the prior period. A more thorough review can be made by looking at the comparison with the 2021 pro forma figures.

Revenue from sales by business segment	**30.06.2022**	**30.06.2021**	**% chg**
Clothing	20,750,084	19,302,379	7.5%
Knitwear	17,795,791	11,566,920	53.9%
Leather Goods	9,575,814	0	n.a.
Total revenue from sales	**48,121,689**	**30,869,299**	**55.9%**

Knitwear posted a strong increase in revenue, from € 11.6 million to € 17.8 million (+53.9%), well beyond the effect given by the consolidation of Zanni - not present at 30 June 2021 - whose revenue amounted to € 1.4 million.

Revenue from sales by geographical area of the Pattern Group	**30.06.2022**	**30.06.2021**
Revenue Italy	37.1%	32.2%
Revenue EU countries	20.4%	17.0%
Revenue Extra-EU countries	42.5%	50.9%
Total	**100%**	**100%**

The geographical breakdown of sales shows a decline in the share of revenue from extra-EU countries (mainly the UK), from 50.9% to 42.5%. The result is affected by the different geographical distribution of sales of the newly-consolidated companies.

Conversely, the share of revenue from Italian customers increased, from 32.2% to 37.1%, as well as the share of revenue from EU countries, from 17% to 20.4%.

Review of income statement changes versus pro forma figures at 30 June 2021

INCOME STATEMENT OF THE PATTERN GROUP	30.06.2022	30.06.2021 Pro forma figures	% chg
(€)			
Revenue from sales	48,121,689	37,964,042	26.8%
Other revenue	980,661	305,724	220.8%
Total revenue	**49,102,350**	**38,269,766**	**28.3%**
Change in inventory of products	1,159,680	3,035,549	-61.8%
Value of production	**50,262,030**	**41,305,315**	**21.7%**
- Purchases of raw materials	15,050,344	13,462,636	11.8%
- Change in inventory of raw materials	-1,168,352	-941,717	24.1%
Consumption of raw materials	13,881,992	12,520,919	10.9%
Costs for services	18,685,249	14,066,923	32.8%
Rentals and leases	1,041,580	1,105,997	-5.8%
Personnel expense	10,931,759	8,793,140	24.3%
Sundry operating expense	243,138	145,162	67.5%
EBITDA	**5,478,312**	**4,673,173**	**17.2%**
Amortization, depreciation, provisions and write-downs	1,654,717	1,593,857	3.8%
EBIT	**3,823,595**	**3,079,317**	**24.2%**
Net financial expense	-100,641	-76,157	32.1%
Value adjustments on net financial assets	0	0	n.a.
Profit (loss) before tax	**3,722,954**	**3,003,159**	**24.0%**
Current and deferred tax	1,227,481	1,010,721	21.4%
Profit for the period	**2,495,473**	**1,992,438**	**25.2%**
Group profit for the period	**1,895,624**	**1,368,995**	**38.5%**

A review of income statement results on a like-for-like basis confirms and indeed enables further appreciation of the growth trend recorded in this first half of the year.

Total revenue increased by 28.3%, while the value of production rose by 21.7%. In the leather goods segment, operating costs increased more than proportionally to revenue, which explains why EBITDA grew less, by 17.2%.

Amortization and depreciation was almost in line with the prior period, allowing for a significantly higher increase in EBIT of 24.2%.

Profit for the period increased by 25%, while Group profit was up by 38.5%. Between first half 2021 and first half 2022, the contribution of newly-established companies, where Pattern has a smaller - direct or indirect - stake, decreased.

The review of results by business segment shows a strong increase recorded by leather goods (+66.8%); being outside the scope of consolidation last year, these figures were not present. Revenue from this segment increased from € 5.7 million at 30 June 2021 to € 9.6 million this year. Even on a like-for-like basis, knitwear enjoyed a very strong trend, increasing by 37.7%.

Revenue from sales by business segment	**30.06.2022**	**30.06.2021**	**% chg**
Clothing	20,750,084	19,302,379	7.5%
Knitwear	17,795,791	12,919,203	37.7%
Leather Goods	9,575,814	5,742,460	66.8%
Total revenue from sales	**48,121,689**	**37,964,042**	**26.8%**

Statement of Financial Position

The table below shows the Group's statement of financial position at 30 June this year versus the situation at the end of last year.

Again, the change in balances is affected by the different scope of consolidation, as well as by the acquisitions made, which increased capital employed and conversely deteriorated the net financial position.

RECLASSIFIED STATEMENT OF FINANCIAL POSITION OF THE PATTERN GROUP	**30.06.2022**	**31.12.2021**	**% chg**
(€)			
Intangible fixed assets	12,237,914	11,357,607	7.8%
Property, plant and equipment	9,329,099	6,227,176	49.8%
Financial fixed assets	3,022,789	281,003	975.7%

Total fixed assets	**24,589,802**	**17,865,786**	**37.6%**
Inventory	10,623,021	8,289,580	28.1%
Receivables from customers	17,246,166	15,323,201	12.5%
Other receivables	5,814,795	5,827,980	-0.2%
Accrued income and prepaid expenses	804,598	459,091	75.3%
Working capital	**34,488,580**	**29,899,852**	**15.3%**
Payables to suppliers	-18,451,437	-17,669,125	4.4%
Other payables	-7,343,458	-4,584,035	60.2%
Accrued expenses and deferred income	-608,436	-617,941	-1.5%
Net working capital	**8,085,249**	**7,028,751**	**15.0%**
Provisions for risks and post-employment benefits	-3,398,785	-2,857,431	18.9%
Net capital employed	**29,276,266**	**22,037,106**	**32.8%**
Equity	**26,623,103**	**25,123,663**	**6.0%**
- of which Group	*24,022,453*	22,922,861	*4.8%*
Financial debt less than 12 months	4,948,396	4,256,718	16.2%
Financial debt more than 12 months	19,869,729	15,450,910	28.6%
Cash funds	-22,164,962	-22,794,185	-2.8%
Net financial position	**2,653,163**	**-3,086,557**	**-186.0%**
Equity and net financial position	**29,276,266**	**22,037,106**	**32.8%**

Net capital employed at 30 June this year amounted to € 29.3 million, up by 32.8% from € 22 million at end 2021 (€ 12.2 million at end 2020 and € 5 million in 2019, the year of listing).

Fixed assets showed the largest increase, from € 17.9 million to € 24.6 million, or 37.6%.

Specifically, tangible fixed assets increased from € 6.2 million to € 9.3 million (+49.8%). This change is due largely to the purchase of the Spello property for € 2.1 million, in addition to the consolidation of Zanni for € 1.3 million.

Financial fixed assets totaled € 3 million, up from € 281 thousand at end 2021, due to the acquisition of the 70% stake in RGB Srl for € 2.3 million.

Net working capital increased by 15% from € 7 million to € 8.1 million. A minor increase if one takes account of: a) the growth in volumes; b) the fact that at end June production activities were in full swing; and c) that the consolidation of Zanni accounted for over € 600 thousand (just under 60% of the overall change).

Within working capital, the most significant change was inventory, which increased from € 8.3 million to € 10.6 million (+28.1%) due to production in progress, which resulted in a 40% and 43% increase in raw materials and semi-finished products inventory, respectively. Less relevant in this case was the impact of the consolidation of Zanni, which generally works on a contract basis.

Receivables from customers increased by 12.5% from € 15.3 million to € 17.2 million. Almost half of this increase is due to the consolidation of Zanni.

Other receivables stayed in line with the figure at end 2021. Specifically, the Group's total VAT credit of € 4.4 million recorded at end 2021 decreased to € 3.3 million at 30 June this year, thus remaining quite high.

Current liabilities saw a small increase in payables to suppliers, from € 17.7 million to € 18.5 million (+4.4%). The overall amount of this item remains higher than total receivables from customers.

Other payables reported a much larger increase of 60.2% from € 4.6 million to € 7.3 million. This increase is explained by: a) the increase in holiday accrual across all companies, which decreases in the second half of the year; b) the payable to Mauro Zanni of € 1.3 million, equal to 30% of the acquisition price of the company, to be paid in equal instalments at the beginning of the next three years; c) advances from customers received in Idee.

Provisions for risks and post-employment benefits increased by 18.9% from € 2.9 million to € 3.4 million. Again, approximately 60% of the change is due to the consolidation of Zanni.

Equity increased by 6% from € 25.1 million to € 26.6 million. Group equity increased by 4.8% from € 22.9 million to € 24 million.

The significant expenditure made led to a deterioration of the financial position, which had closed at a positive € 3.1 million at end 2021, but with a negative € 2.7 million at the end of the first half of this year. Bank payable continues to be solely medium-term. Liquidity remains high at € 22.2 million (€ 22.8 million at end 2021). Given the strong hike in interest rates, the short-term guideline is to reduce the stock of liquidity and contain any growth in bank payable for acquisitions accordingly.

The table below shows the trend of the statement of cash flows.

STATEMENT OF CASH FLOWS OF THE PATTERN GROUP	**30.06.2022**	**30.06.2021**	**% chg**
(€)			
Cash flow from operations	2,126,301	-572,232	n.s.
Cash flow from investing activities	-8,101,070	-2,835,235	185.7%
Cash flow from loan capital	5,200,146	-1,150,270	-552.1%
Cash flow from equity	-1,185,979	-375,588	215.8%
Increase (decrease) in cash funds	**-1,960,602**	**-4,933,325**	**-60.3%**

Cash funds, beginning of year	24,125,564	23,619,003	2.1%
Cash funds, end of year	**22,164,962**	**18,685,678**	**18.6%**

Opening cash funds include those of Zanni (€ 1.3 million), due to the changed scope of consolidation.

Overall, the statement shows a decrease in cash funds of approximately € 2 million, down from € 24.1 million to € 22.2 million.

Specifically, cash flow from operations came to a positive € 2.1 million versus a negative of almost € 600 thousand last year.

Expenditure made, amounting to € 8.1 million (€ 2.8 million in the first half last year), resulted in net bank payables of € 5.2 million (versus net repayments of € 1.2 million last year).

Dividends paid out totaled € 1.2 million, up from € 376 thousand last year.

The table below shows the change in the net financial position during the period.

CHANGE IN NET FINANCIAL POSITION OF THE PATTERN GROUP (amounts in €)	**30.06.2022**	**30.06.2021**	**% chg**
Opening Group NFP (A)	**3,086,557**	**8,776,163**	**-64.8%**
NFP of newly-consolidated companies, net of cash funds acquired at the beginning of the year	1,328,851	0	n.a.
Cash flow before changes in NWC	6,364,011	3,999,789	59.1%
Change in net working capital	-2,115,918	-3,463,096	-38.9%
Other adjustments	-2,121,792	-1,108,925	91.3%
Cash flow from operations (B)	**2,126,301**	**-572,232**	**-471.6%**
Cash flow from investing activities (C)	-8,101,070	-2,835,235	185.7%
Cash flow from operations (D=B+C)	**-5,974,769**	**-3,407,467**	**75.3%**
Cash flow from changes in Equity (E)	-1,185,979	-375,588	215.8%
Other changes	92,177	0	n.a.
Reduction (Increase) in debt (G=D+E)	**-7,068,571**	**-3,783,055**	**86.8%**
Closing Group NFP (A-G)	**-2,653,163**	**4,993,108**	**-153.1%**

Debt increased by € 7.1 million, bringing the net financial position at the end of the period to a negative € 2.7 million.

The change was caused by cash use for industrial operations of almost € 6 million and dividend payouts of € 1.2 million.

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 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 Group's performance.

The ongoing pandemic has increased certain risk profiles, which are adequately covered. Under constant scrutiny are also the economic consequences of the current conflict between Russia and Ukraine.

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, interest rate fluctuation risk 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 cash funds, 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;
- expenditure is covered mainly by medium-term bank loans, in order to correlate sources with the use of capital.

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, mainly at fixed rates or with related IRS hedging contracts.

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 invoices payable. Imports in currency are limited and are made in currencies with low volatility.

Credit risk

The solvency of the Group's customers is at the best market levels and is a strategic asset for the company. As a result, there are no significant risks of this nature to date. Despite the current out-of-the-ordinary years marked by the pandemic emergency and the ongoing war on our Continent, customer payments have been regular.

A credit insurance policy is in place for Idee Partners customers, which are more diversified given the dynamic nature of the segment and the resulting higher risk profile.

The sale of Esemplare branded garments to retailers 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. Subsequently, 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 suppliers, certified mostly by their customers and in any case managed according to SA8000 standards.

In order to avoid over-dependency, the Company is on a constant lookout for new sources of production. This is a risk, however, 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

As for the case of production where the purchase of raw materials is requested by the customer, the Company bears no risk, neither with regard to the certainty and timing of supply, nor with regard to purchase prices. Potential issues that may arise, where possible, are discussed and solved together with customers. In some cases, supply delays or poor quality level of raw materials, fabrics in particular, may lead to delayed delivery of finished products or cancellation of orders. The latter is, in any case, a rather minor event.

In cases where raw materials are supplied on a job order basis, there is no such type of risk.

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 cyberattacks, with the risk of disclosure or loss of sensitive data.

The expenditure made in this regard and the activities carried out are explained in the section on IT systems.

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 segment, often belonging to the same Group, the Pattern Group 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, which are, as mentioned, a relatively small number.

For such reasons, in addition to seeking new customers with the above profile, the Group has worked to diversify its business areas, landing firstly in 2020 in knitwear and from the end of 2021 in the leather accessories segment. This has allowed it to strongly reduce the market risk in the last two years of the pandemic crisis, and to look more confidently toward medium-term development.

ENVIRONMENTAL IMPACT OF OPERATIONS

In a national and global scenario on high alert from the impacts generated by the energy crisis and political instability, Pattern Spa's governance consolidates the soundness of its environmental strategy and goals set, and confirms the effectiveness of a vision aimed at reducing its impacts.

The energy efficiency works implemented in the Turin and Spello offices to reduce CO_2 emissions related to consumption and aimed at achieving carbon neutrality, have brought a 7% decrease in Scope 1 and Scope 2 emissions, and an almost total reduction of energy consumption through the installation of geothermal and photovoltaic plants; these works prove to be a winning strategy also from the point of view of economic sustainability.

The plants in Collegno, Spello and Correggio source their energy exclusively from 100% renewable sources, certified by guarantees of origin; the first two are able to self-produce zero-emission electricity through photovoltaic plants, thus mitigating the impact of current global sociopolitical and economic dynamics.

In order to continue on this path, the next steps include first and foremost extending the Group strategy to the new acquisitions through:

- Supply from renewable sources.
- Energy efficiency.
- Measurement and reduction of Scope 1 - 2 - 3 emissions.

All the information related to environmental management and the many new features appear on the following webpages:

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

The 2021 Sustainability Report was published on 25 July.

EMPLOYEES AND IT SYSTEMS

Employees

In first half 2022, the Group continued to grow in terms of resources, following the acquisition of RGB and ZANNI and the opening of the Pattern unit in Apulia. Employees amounted to 586 units at 30/06/2022, or 176 more units versus 31/12/2021, of whom 430 women and 156 men.

Company	**Headcount at 30.06.2022**			**Headcount at 31.12.2021**		
	Women	Men	TOT	Women	Men	TOT
PATTERN SPA - COLLEGNO	90	40	130	80	36	116
PATTERN SPA - SPELLO	51	10	61	49	10	59
PATTERN SPA - SANTERAMO	6	0	6	0	0	0
SOCIETA' MANIFATTURA TESSILE SRL	96	31	127	95	33	128
ZANNI SRL	15	14	29	0	0	0
IDEE PARTNERS SRL	61	30	91	54	26	80

PETRI & LOMBARDI SRL	38	6	44	21	6	27
RGB SRL	73	25	98	0	0	0
Total employees	430	156	586	299	111	410

As the pandemic context steadily improved, while keeping COVID protocols still in place, first half 2022 was marked by a return to normal activities and subsequent resource management.

With the improving scenario, there was no need to resort to CIGO in any of the plants.

Integration activities continued in first half 2022, both consolidation-wise for the acquisitions that already took place in 2021, and in terms of onboarding for the plants of the companies that entered the scope of consolidation in 2022.

Integration activities involved sharing the Code of Ethics and Conduct with all employees, as well as analyzing and mapping the structure and organization in order to standardize HR processes and to align the organizations to SA8000 standards.

All Health and Safety-related aspects were also checked to ensure their compliance with the Group's procedures as well as with current legislation.

People Development activities are seeing an increasing focus especially in today's social and economic landscape. Employee training and digital skill enhancement become a key target.

Training planned and delivered in the first half of the year was geared mainly toward the Group's Top Management and Middle Management through projects aimed at introducing and enhancing the culture of Lean Production. This highly topical and inspiring issue saw the participation of the managers and executives directly involved, in order to provide the necessary tools to strengthen the cultural and technical skills of the Company, with a view to planning and scheduling, as well as to digitization, with a momentum adapted to new market demands.

As for language training, which is now well established and ingrained at a number of the plants, dedicated courses are also being planned in the newly-acquired plants.

Dwelling on the area of People Development, 2021 Performance assessments were prepared at the beginning of the year at all plants. The assessment addressed the entire population and at all levels in order to have a proper view and be able to implement a rewarding and merit-based pay policy.

The SA8000 model is implemented and constantly monitored by dedicated resources.

The Social team conducts half-year meetings to exchange views and develop plans for ongoing improvement in social performance.

In the area of Social Responsibility, Pattern took part in the first UN Accelerator for Gender Equality, with the aim of enriching and improving performance on one of the topical issues by measuring the Gender Gap and then fine-tuning improvement actions.

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.

During the current year, the personnel management processes adopted so far by the Group will be extended to Idee Partners, Petri & Lombardi, RGB and Zanni.

IT systems

In first half 2022, the dissemination and adoption of the policies implemented in Pattern continued at all Group offices, with special regard to the management of users, passwords, roles, rules for using IT tools and accessing data, and rules for managing and storing data backups.

The corporate Intranet was enabled to employees of all companies for Group-wide communication and sharing of corporate information.

As for design software, mention should be made that in the Spello offices, the CAD system in use was updated to the latest version available, making new features available to patternmakers and technicians in the CAD office in order to streamline operations.

In the 3D design area, software was adopted for 3D motion project management (fashion show creation and rendering) and digital material creation.

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.

FINANCIAL DERIVATIVES

Pursuant to Article 2428, paragraph 2, point 6-bis, of the Italian Civil Code, mention should be made that - at 30 June 2022 - the Group has a number of interest rate swap (IRS) agreements in place to hedge the risk of interest rate fluctuations on medium-term loans. Reference should be made for details to the Notes.

BRANCH OFFICES

Group companies do not have branch offices.

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.

Intragroup items of Pattern Spa arising from business dealings with Società Manifattura Tessile Srl	**30/06/2022**	**31/12/2021**
RECEIVABLES	95,960	64,385
PAYABLES	2,721	28,840
	30/06/2022	**30/06/2021**
INCOME	98,120	8,222
EXPENSE	3,208	34,686
Dividends paid to Pattern	800,000	0

Intragroup items of Pattern Spa arising from business dealings with Pattern Project Srl	**30/06/2022**	**31/12/2021**
RECEIVABLES	0	48,200
PAYABLES	0	1,000

Turin, 26 September 2022

for **THE BOARD OF DIRECTORS**

The Chairman of the Board of Directors

Francesco Martorella

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 € 1,426,292.90 subscribed and paid up
listed with the Turin Company Register no. 10072750010 tax code
R.E.A. no. 1103664

PATTERN SPA

CONSOLIDATED INTERIM FINANCIAL STATEMENTS AT 30 JUNE 2022

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30/06/2022	31/12/2021
Assets		
B) Fixed assets		
I - Intangible fixed assets	-	-
1) start-up and expansion costs	18,019	23,056
2) development costs	61,140	121,282
4) concessions, licenses, trademarks and similar rights	345,276	321,865
5) goodwill	10,189,399	9,364,213
7) other	1,624,080	1,527,191
Total intangible fixed assets	*12,237,914*	*11,357,607*
II - Property, plant and equipment	-	-
1) land and buildings	3,537,097	778,002
2) plant and machinery	4,978,579	4,674,789
3) industrial and commercial equipment	45,512	53,976
4) other assets	711,338	689,019
5) fixed assets under construction and advances	56,573	31,390
Total property, plant and equipment	*9,329,099*	*6,227,176*
III - Financial fixed assets	-	-
1) investments in	-	-
a) subsidiaries	2,275,000	-
d-bis) other companies	535	-
Total investments	*2,275,535*	*-*
2) receivables	-	-
a) from subsidiaries	350,000	-
due within one year	350,000	-
d-bis) from others	185,359	276,524
due within one year	-	25,000
due beyond one year	185,359	251,524
Total receivables	*535,359*	*276,524*
4) Financial derivative assets	211,895	4,479
Total financial fixed assets	*3,022,789*	*281,003*
Total fixed assets (B)	*24,589,802*	*17,865,786*
C) Current assets		
I – Inventory	-	-
1) raw and ancillary materials and consumables	4,096,601	2,928,249

	30/06/2022	31/12/2021
2) work in progress and semi-finished products	5,436,568	3,809,730
4) finished products and goods	1,089,852	1,551,601
Total inventory	*10,623,021*	*8,289,580*
II – Receivables	-	-
1) from customers	17,246,166	15,323,201
due within one year	17,246,166	15,323,201
5-bis) tax receivables	5,061,074	5,152,736
due within one year	4,690,603	4,653,856
due beyond one year	370,471	498,880
5-ter) prepaid tax	181,862	212,306
5-quater) from others	571,859	462,938
due within one year	350,758	242,072
due beyond one year	221,101	220,866
Total receivables	*23,060,961*	*21,151,181*
IV - Cash funds	-	-
1) bank and postal deposits	22,149,813	22,776,524
3) cash and valuables on hand	15,149	17,661
Total cash funds	*22,164,962*	*22,794,185*
Total current assets (C)	*55,848,944*	*52,234,946*
D) Accrued income and prepaid expenses	**804,598**	**459,091**
Total assets	*81,243,344*	*70,559,823*
Liabilities		
A) Equity	**26,348,116**	**25,123,663**
I - Share capital	1,426,293	1,407,555
II - Share premium reserve	9,548,706	9,548,706
IV - Legal reserve	281,511	281,259
VI - Other reserves, indicated separately	-	-
Extraordinary reserve	8,839,294	8,106,244
Merger surplus reserve	101,764	101,764
Consolidation reserve	153,615	153,615
Various other reserves	1,563,752	329,566
Total other reserves	*10,658,425*	*8,691,189*
VII - Reserve for hedges of expected cash flows	211,894	(4,743)
IX - Profit (loss) for the year	1,895,624	2,998,895
Total equity attributable to the owners of the parent	24,022,453	22,922,861
Equity attributable to non-controlling interests	-	-

	30/06/2022	31/12/2021
Share capital and reserves attributable to non-controlling interests	2,000,801	1,526,141
Profit (loss) attributable to non-controlling interests	599,849	674,661
Total equity attributable to non-controlling interests	*2,600,650*	*2,200,802*
Total consolidated equity	26,623,103	25,123,663
Total equity	24,022,453	22,922,861
B) Provisions for risks and charges		
1) for pensions and similar obligations	3,458	3,273
3) financial derivative liabilities	-	9,223
4) other	10,249	39,415
Total provisions for risks and charges	*13,707*	*51,911*
C) Post-employment benefits	**3,385,078**	**2,805,520**
D) Payables		
4) payables to banks	24,240,541	19,104,957
due within one year	4,760,157	4,103,940
due beyond one year	19,480,384	15,001,017
5) payables to other lenders	577,584	602,671
due within one year	188,239	152,778
due beyond one year	389,345	449,893
6) advances	971,989	13,168
due within one year	971,989	13,168
7) payables to suppliers	18,451,437	17,669,125
due within one year	18,451,437	17,669,125
12) tax payables	1,255,931	1,533,540
due within one year	1,224,571	1,533,540
due beyond one year	31,360	-
13) payables to welfare and social security entities	891,381	1,032,104
due within one year	891,381	1,032,104
14) other payables	4,224,157	2,005,223
due within one year	4,224,157	2,005,223
Total payables	*50,613,020*	*41,960,788*
E) Accrued expenses and deferred income	**608,436**	**617,941**
Total liabilities	*81,243,344*	*70,559,823*

CONSOLIDATED INCOME STATEMENT

	30/06/2022	30/06/2021
A) Value of production		
1) revenue from sales and services	48,121,689	30,869,299
2) changes in inventory in work in progress, semi-finished and finished products	1,159,680	2,242,001
5) other revenue and income	-	-
operating grants	651,004	82,958
Other	329,657	164,228
Total other revenue and income	*980,661*	*247,186*
Total value of production	*50,262,030*	*33,358,486*
B) Costs of production		
6) for raw and ancillary materials, consumables and goods	15,050,344	12,180,156
7) for services	18,685,249	10,933,048
8) for rentals and leases	1,041,580	743,466
9) for personnel	-	-
a) wages and salaries	7,943,440	5,161,200
b) social security expense	2,348,119	1,575,836
c) post-employment benefits	619,000	370,898
e) other costs	21,200	13,976
Total personnel expense	*10,931,759*	*7,121,910*
10) amortization, depreciation and write-downs	-	-
a) amortization of intangible fixed assets	838,951	552,398
b) depreciation of tangible fixed assets	773,925	505,712
d) write-down of receivables under current assets and cash funds	41,841	52,642
Total amortization, depreciation and write-downs	*1,654,717*	*1,110,752*
11) changes in raw and ancillary materials, consumables and goods	(1,168,352)	(1,130,007)
14) sundry operating expense	243,138	110,303
Total costs of production	*46,438,435*	*31,069,628*
Difference between value of production and costs of production (A - B)	**3,823,595**	**2,288,858**
C) Financial income and expense		
16) other financial income	-	-
d) income other than above	-	-
other	2,639	754
Total income other than the above	*2,639*	*754*
Total other financial income	*2,639*	*754*
17) interest and other financial expense	-	-

	30/06/2022	30/06/2021
Other	90,162	49,062
Total interest and other financial expense	*90,162*	*49,062*
17-bis) exchange gains and losses	(13,118)	(10,071)
Total financial income and expense (15+16-17+-17-bis)	*(100,641)*	*(58,379)*
Profit (loss) before tax (A-B+-C+-D)	**3,722,954**	**2,230,479**
20) Current, deferred and prepaid income tax for the year		
current tax	1,196,939	646,387
prior-years' tax	98	-
deferred tax assets and liabilities	30,444	96,998
Total current, deferred and prepaid income tax for the year	*1,227,481*	*743,385*
21) Profit (loss) for the year	**2,495,473**	**1,487,094**
Result attributable to the owners of the parent	**1,895,624**	**1,172,878**
Result attributable to non-controlling interests	**599,849**	**314,216**

CONSOLIDATED STATEMENT OF CASH FLOWS

	Amount at 30/06/2022	Amount at 30/06/2021
A) Cash flow from operations (indirect method)		
Profit (loss) for the year	2,495,473	1,487,094
Income tax	1,227,481	743,385
Interest expense/(income)	87,523	48,308
(Gains)/losses from disposal of assets	(20,126)	1,698
1) Profit (loss) for the year before income tax, interest, dividends and gains/losses from disposals	*3,790,351*	*2,280,485*
Adjustments for non-monetary items that did not have a balancing item in the net working capital		
Allocations to provisions	986,984	506,816
Amortization and depreciation	1,612,876	1,058,961
Other upward/(downward) adjustments for non-monetary items	(26,200)	153,527
Total adjustments for non-monetary items that did not have a balancing item in the net working capital	*2,573,660*	*1,719,304*
2) Cash flow before changes in net working capital	*6,364,011*	*3,999,789*
Changes in net working capital		
Decrease/(Increase) in inventory	(2,237,092)	(3,219,072)
Decrease/(Increase) in receivables from customers	(1,364,518)	(3,814,360)
Increase/(Decrease) in payables to suppliers	619,092	3,212,831
Decrease/(Increase) in accrued income and prepaid expenses	(235,830)	(50,191)
Increase/(Decrease) in accrued expenses and deferred income	(37,663)	191,769
Other decreases/(Other increases) in net working capital	1,140,093	215,927
Total changes in net working capital	*(2,115,918)*	*(3,463,096)*
3) Cash flow after changes in net working capital	*4,248,093*	*536,693*
Other adjustments		
Interest received/(paid)	(78,761)	(47,016)
(Income tax paid)	(1,217,429)	(155,961)
(Utilization of provisions)	(825,602)	(905,948)
Total other adjustments	(2,121,792)	(1,108,925)
Cash flow from operations (A)	***2,126,301***	***(572,232)***
B) Cash flow from investing activities		
Property, plant and equipment		
(Purchases)	(2,403,946)	(41,172)
Disposals	93,811	7,348
Intangible fixed assets		
(Purchases)	(231,231)	(220,780)
Financial fixed assets		

	Amount at 30/06/2022	Amount at 30/06/2021
(Purchases)	(2,646,704)	(25,631)
Disposals	97,000	
(Acquisition of subsidiaries)	(3,010,000)	(2,555,000)
Cash flow from investing activities (B)	***(8,101,070)***	***(2,835,235)***
C) Cash flow from financing activities		
Loan capital		
Increase/(Decrease) in short-term payables to banks	129,684	(7,641)
New loans	8,389,720	
(Repayment of loans)	(3,319,258)	(1,142,629)
Equity		
(Dividends and interim dividends paid)	(1,185,979)	(375,588)
Cash flow from financing activities (C)	***4,014,167***	***(1,525,858)***
Increase (decrease) in cash funds (A ± B ± C)	***(1,960,602)***	***(4,933,325)***
Cash funds, beginning of year		
Bank and postal deposits	22,776,525	23,594,859
Cheques		11,566
Cash and valuables on hand	17,661	12,578
Cash funds acquired or disposed of through acquisitions/disposals of subsidiaries	*1,331,378*	
Total cash funds, beginning of year	24,125,564	23,619,003
Cash funds, end of year		
Bank and postal deposits	22,149,813	18,671,922
Cash and valuables on hand	15,149	13,756
Total cash funds, end of year	22,164,962	18,685,678

INFORMATION ON THE ACQUISITION OF INVESTMENTS IN SUBSIDIARIES

With regard to the acquisition of the indirect control of 80% in Zanni S.r.l - a wholly-owned subsidiary of the consolidated company SMT S.r.l. - the information required by OIC 17, § 36 is provided at the bottom of this Statement of Cash Flows.

Mention should be made that in preparing the Consolidated Statement of Cash Flows, the cash flows of the newly-consolidated Zanni S.r.l. were assumed at 1 January 2022, in compliance with OIC 17, § 19.

Specifically, mention should be made of the following:

Total consideration paid in cash funds for the acquisition of the ZANNI SRL stake (80%)	3,010,000
- total agreed consideration	4,300,000
- of which still to be paid at 30.6.22	1,290,000
Amount of cash funds acquired through the transaction	1,331,378
cash funds Zanni Srl 1.1.2022	1,331,378

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 2022

FOREWORD

These consolidated interim financial statements at 30 June 2022 of Pattern S.p.A. (hereinafter also the "Parent Company" or "Controlling Company"), Pattern Project S.r.l., SMT S.r.l., Idee Partners S.r.l., Petri & Lombardi S.r.l. and Zanni S.r.l., (hereinafter also the "Subsidiaries" or "Consolidated Companies"), collectively the "Group", have been prepared in accordance with the provisions of Article 18 of the EGM Issuer Regulation in effect since 25 October 2021, in compliance with OIC 17 and 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 in the period (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, in addition to the Parent Company, pursuant to Article 26 of Legislative Decree 127/91 (Article 38, 2, Legislative Decree 127/91):

Name	Registered office	Share capital at 30.6.2022	Equity at 30.6.2022	Profit (loss) for the period at 30.6.2022	Stake held directly by the Parent Company (%)	Stake held indirectly by the Parent Company (%)
PATTERN PROJECT SRL	Italy	20,000	221,809	-17,876	100	/
SMT SRL	Italy	1,000,000	7,813,671	2,275,971	80	/
IDEE PARTNERS SRL	Italy	100,000	1,822,530	332,228	54	/
PETRI & LOMBARDI SRL	Italy	100,000	881,566	-47,841	/	32.4
ZANNI SRL	Italy	100,000	3,045,919	193,219	/	80

The full scope of consolidation includes the interim financial statements at 30 June 2022 of Pattern S.p.A., the wholly-owned subsidiary Pattern Project S.r.l., the 80%-owned subsidiary SMT S.r.l., Società Manifattura Tessile S.r.l., the 54%-owned subsidiary Idee Partners S.r.l., and the 32.40%-owned Petri & Lombardi S.r.l. and the 80%-owned Zanni S.r.l. subsidiaries.

The scope of consolidation at 30 June 2022 changed from 31 December 2021 as a result of the inclusion of Zanni S.r.l., specialized in the prototyping and production of luxury knitwear, following the acquisition of the total stake in the latter by the subsidiary SMT S.r.l. by deed signed on 7 February 2022.

As a result of the above transaction, Pattern S.p.A. indirectly controls 80% of Zanni S.r.l.- controlled 80% by SMT S.r.l..

For the sake of completeness, mention should be made that, by deed signed on 10 May 2022, the subsidiary Idee Partners S.r.l. acquired a 70% controlling stake in RGB S.p.A., specialized in the production and processing of leather accessories. The latter - 37.80% controlled indirectly by Pattern S.p.A. - was not included in the scope of consolidation at 30 June 2022, given the irrelevance of its inclusion, pursuant to Article 28, paragraph 2, letter a), Legislative Decree 127/1991.

Below are the assets and liabilities at the beginning of the year of the newly-consolidated company Zanni S.r.l., incorporated in the Pattern Group's consolidation as from 01.01.2022, pursuant to § 52 of OIC 17.

Statement of financial position - ZANNI S.r.l.	01/01/2022
Assets	
A) Share capital proceeds to be received	
B) Fixed assets	
I - Intangible fixed assets	
4) concessions, licenses, trademarks and similar rights	10,480
7) other	11,101
Total intangible fixed assets	***21,581***
II - Property, plant and equipment	
1) land and buildings	684,743
2) plant and machinery	646,979
3) industrial and commercial equipment	4,584
4) other assets	39,829
5) fixed assets under construction and advances	22,161
Total property, plant and equipment	***1,398,296***
III - Financial fixed assets	
1) investments in	
d-bis) other companies	535
Total financial fixed assets	***535***
Total fixed assets (B)	***1,420,412***
C) Current assets	
I - Inventory	
4) finished products and goods	5,411
Total inventory	***5,411***
Tangible fixed assets held for sale	0
II - Receivables	
1) from customers	558,962
due within one year	558,962
5-bis) tax receivables	144,252
due within one year	144,252
5-quater) from others	26,964
due within one year	26,459
due beyond one year	235
Total receivables	***729,908***
IV - Cash funds	
1) bank and postal deposits	1,330,369
3) cash and valuables on hand	1,009
Total cash funds	***1,331,378***
Total current assets (C)	***2,066,697***
D) Accrued income and prepaid expenses	**118,659**
Total assets	***3,605,768***
Liabilities	
A) Equity	
I - Share capital	100,000
II - Share premium reserve	645,773
III - Revaluation reserves	1,242,166
IV - Legal reserve	20,000
VI - Other reserves, indicated separately	

Extraordinary reserve	604,418
Total other reserves	***604,418***
IX - Profit (loss) for the year	239,502
Total equity	**2,851,859**
C) Post-employment benefits	**314,427**
D) Payables	
4) payables to banks	2,527
due within one year	2,527
7) payables to suppliers	89,647
due within one year	89,647
12) tax payables	185,322
due within one year	153,962
due beyond one year	31,360
13) payables to welfare and social security entities	37,431
due within one year	37,431
14) other payables	96,177
due within one year	96,177
Total payables	***411,104***
E) Accrued expenses and deferred income	**28,378**
Total liabilities	***3,605,768***

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", which also includes the lower amount of the portion of equity held in the indirect subsidiary Zanni S.r.l., vis-à-vis the acquisition cost;
  - the lower amount of the portion of equity of the investee Idee Partners S.r.l. vis-à-vis the acquisition cost is allocated to "Goodwill", which also includes the lower amount of the portion of equity held in

the indirect subsidiary Petri & Lombardi S.r.l., vis-à-vis the acquisition cost relating to the Parent Company, calculated using the so-called "*simultaneous full consolidation procedure*".

The portion of equity and net profit of investee companies attributable to non-controlling interests was shown separately in consolidated equity under a specific item. The Consolidated Income Statement shows the net profit for the year 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 year by the subsidiary S.M.T. S.r.l.: the dividends collected during the year by the Parent Company and distributed by the subsidiary S.M.T. S.r.l. are reversed on consolidation.

Lastly, the financial statements of the companies included in the scope of consolidation are drawn up in €, with no need, therefore, to convert them.

2. PREPARATION STANDARDS

As mentioned in the Foreword, the consolidated interim financial statements at 30 June 2022 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 have been prepared in compliance with the provisions of Article 32, paragraph 1, of Legislative Decree 127/91 and, therefore, with the provisions of Articles 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 2021 has been shown; for each item in the income statement, the amount of the corresponding figure at 30 June 2021 has been shown. With regard to the comparability of the items, it should be noted, as mentioned in the Foreword of these Notes, that at the balance sheet level, the consolidated scope at 31 December 2021 did not include the subsidiary Zanni S.r.l., acquired on 7 February 2022, while at the income

statement level, the consolidated scope at 30 June 2021 did not include the subsidiary Zanni S.r.l., and the subsidiaries Idee Partners S.r.l. and Petri & Lombardi S.r.l., acquired on 16 November 2021.

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 3 February 2022. 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 2022 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. The cost was entered 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 recorded in the Parent Company's financial statements of the investment written off and the amount of the corresponding portion of the subsidiary's booked equity, including the lower amount of the portion of equity held by the Parent Company in the indirect subsidiary Zanni S.r.l., vis-à-vis its acquisition cost;
- the positive consolidation difference of the subsidiary Idee Partners S.r.l., resulting from the difference between the book value recorded in the Parent Company's financial statements of the investment written off and the amount of the corresponding portion of the subsidiary's booked equity, including the lower amount of the portion of equity held by the Parent Company in the indirect subsidiary Petri & Lombardi S.r.l., vis-à-vis its acquisition cost.

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;
- 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 year in which they were incurred.

Routine maintenance costs are recognized in the income statement in the year 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 property, plant and equipment 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, i.e. the higher of 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 year under review.

The table "*RECOGNITION OF LEASES THROUGH 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 reporting period, the residual value of the asset at the close of the reporting period, the depreciation rate and the adjustments and write-backs relating to the reporting period.

Receivables under financial fixed assets

Investments, if intended to remain in the company's assets on a long-term basis, are accounted for under financial fixed assets.

Investments are subject to assessment in order to ascertain the operating/financial conditions of the companies in which they are held. These analyses are based mainly on the equity of the investees as shown in their latest financial statements. If a comparison between the cost and the corresponding portion of equity indicates an impairment, the value is written down. The original amount is reinstated in subsequent years if the reasons for the write-down no longer apply.

Investments in subsidiaries and other companies were measured on the basis of the cost incurred for their acquisition.

The investment in RGB S.r.l. - 70% directly controlled by Idee Partners S.r.l. and 37.80% indirectly controlled by Pattern S.p.A. -, not included in the scope of consolidation pursuant to Article 28, paragraph 2, letter a), Legislative Decree 127/1991, as mentioned in the foreword to this consolidated half-year report, is recorded at a value that is higher than the value corresponding to the respective share of equity resulting from the latest approved financial statements. This difference in value is attributable to the investee's goodwill, which is justified by the earnings capacity of the acquired business.

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 year.

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 consolidated financial statements as from 1 January 2016, with the exception described below, must be recognized at amortized cost, taking account of the time factor and 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 funds

Cash funds 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 year-end date.

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 year, 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 year 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 year.

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 year end, 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 during the year and 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.

With regard to the regulatory changes introduced by Legislative Decree no. 139/2015 to the amortized cost method of valuation and the discounting of payables, it should be noted that the Company made use of the option of prospective application, pursuant to Article 12, paragraph 2 of this Decree.

Therefore, payables arising prior to the year beginning on or after 1 January 2016 are booked at nominal value.

Instead, payables booked as from 1 January 2016 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 year.

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 it is incurred;
- research expense is charged to the income statement in the year in which it is 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 year. 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 not recorded too.

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 year.

Items in foreign currencies

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

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

The net negative balance arising from the year-end measurement of cash on hand is recorded as a realizable loss 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 years for which it is designated.

When financial derivatives have the characteristics to be accounted for in 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 B.III.4 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:

- start-up and expansion expense (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 licenses (B.I.4): 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, letter b-bis), Legislative Decree 127/91). In this regard, the net amount of each item of intangible fixed assets at 31.12.2021 of the indirect subsidiary Zanni S.r.l., included in the scope of consolidation, as already mentioned, starting from 1.1.2022, is shown separately.

	Start-up and expansion costs	Development costs	Concessions, licenses, trademarks and similar rights	Goodwill	Other intangible fixed assets	Total intangible fixed assets
Net amount at 31.12.21 Consolidated	23,056	121,282	321,865	9,364,213	1,527,191	11,357,607
Net amount at 31.12.21 Zanni Srl	0	0	10,480	0	11,101	21,581
Total Net Amount	**23,056**	**121,282**	**332,345**	**9,364,213**	**1,538,292**	**11,379,188**
Acquisitions	0	0	55,706	0	194,671	250,377
Other increases	0	0	0	1,447,300	0	1,447,300
Disposals	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Amortization	(5,037)	(60,142)	(42,775)	(622,114)	(108,883)	(838,951)
Other changes	0	0	0	0	0	0

Net amount at 30.6.22 Consolidated	**18,019**	**61,140**	**345,276**	**10,189,399**	**1,624,080**	**12,237,914**

The increases in Intangible Fixed Assets recorded in the reporting period refer almost entirely to "Other Intangible Fixed Assets" where expenditure made for leasehold improvements by the subsidiary Idee Partners S.r.l. was recorded - referable mainly to improvements made to the Scandicci Property - and by the subsidiary S.M.T. S.r.l. - referable mainly to improvements made to the Correggio Property - in addition to the increase in goodwill for a total amount of approximately € 1.4 million arising from the consolidation of the subsidiary Zanni S.r.l..

The 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	55,818	18,019
Total	**55,818**	**18,019**

B.I.2) Development costs

The item is broken down as follows:

Nature of asset	Gross amount	Net amount
Development costs	1,012,213	61,140
Total	**1,012,213**	**61,140**

The applied research and development activities that had started in prior years 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 item is broken down as follows:

Nature of asset	Gross amount	Net amount
Trademarks and brands	405,021	222,688
Software licenses	359,079	122,588
Total	**764,100**	**345,276**

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 and with a residual book value totaling approximately € 197 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;
- the Zanni trademark, with a residual book value totaling approximately € 4 thousand.

B.I.5) Goodwill

The item is broken down as follows:

Nature of asset	Gross amount	Net amount
Goodwill	12,141,185	10,189,399
Total	**12,141,185**	**10,189,399**

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, amounting to approximately € 301 thousand, amortized over 5 years;
- goodwill related to the allocation by the subsidiary SMT S.r.l. of the merger deficit of its subsidiary Via Agnoletti S.r.l., amounting to approximately € 33 thousand, amortized over 10 years;
- goodwill related to the recognition of the positive consolidation difference of the subsidiary SMT S.r.l. - including the positive difference attributable to the indirect subsidiary Zanni S.r.l. -, amortized over 10 years. Specifically, this positive difference, totaling approximately € 8.3 million - of which approximately € 6.9 million attributable to the direct subsidiary SMT S.r.l. and approximately € 1.4 million to the indirect subsidiary Zanni S.r.l. - arising from the comparison between the book value of the investments written off and the corresponding amount of the portion of equity of the consolidated companies - is justified by the earnings capacity of the acquired businesses;
- goodwill related to the recognition of the positive consolidation difference of the subsidiary Idee Partners S.r.l. - including the positive difference attributable to the indirect subsidiary Petri & Lombardi S.r.l. - amounting to approximately € 3.5 million, amortized over 10 years. This positive difference - arising from the comparison between the book value of the investments written off and the corresponding amount of the portion of equity of the consolidated companies - is justified by the earnings capacity of the acquired businesses.

B.I.7) Other intangible fixed assets

The item is broken down as follows:

Nature of asset	Gross amount	Net amount
Extraordinary leasehold improvements	2,596,051	1,602,968
Other costs with long-term useful life	194,646	21,112
Total	**2,790,697**	**1,624,080**

B.II) Tangible fixed assets

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%;
- general plant (B.II.2): estimated useful life 8 years, depreciation rate 12.50%;
- specific plant (B.II.2): estimated useful life 6 years, depreciation rate 15%;
- other specific plant (B.II.2): estimated useful life 6 years, depreciation rate 17.50%;
- 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.II.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%;
- telephone equipment and systems (B.II.4): estimated useful life 4 years, depreciation rate 25%;
- motor vehicles (B.II.4): estimated useful life 4 years, depreciation rate 25%;
- internal means of transport (B.II.4): estimated useful life 13.33 years, depreciation rate 7.5%;
- 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). In this regard, the net amount of each item of property, plant and equipment at 31.12.2021 of the indirect subsidiary Zanni S.r.l., included in the scope of consolidation, as already mentioned, starting from 1.1.2022, is shown separately.

	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other tangible fixed assets	PPE under construction and advances	Total property, plant and equipment
Net amount at 31.12.21 Consolidated	778,002	4,674,789	53,976	689,019	31,390	6,227,176
Net amount at 31.12.21 Zanni Srl	684,743	646,979	4,584	39,829	22,161	1,398,296
Total Net Amount	**1,462,745**	**5,321,768**	**58,560**	**728,848**	**53,551**	**7,625,472**
Acquisitions	2,105,383	321,631	11,421	73,848	38,957	2,551,240
Other increases	0	0	0	0	0	0
Disposals	0	(66,102)	0	(7,586)	0	(73,688)
Reclassifications	0	4,545	0	31,390	(35,935)	0
Depreciation	(31,031)	(603,263)	(24,469)	(115,162)	0	(773,925)
Other changes	0	0	0	0	0	0
Net amount at 30.6.22 Consolidated	**3,537,097**	**4,978,579**	**45,512**	**711,338**	**56,573**	**9,329,099**

The most relevant increases in Tangible Fixed Assets refer to the purchase on 16 February 2022 by the Parent Company, of the property complex located in Spello, already held under lease, for the price of € 2 million, as per the irrevocable offer of 30 April 2019, dedicated to the design and modeling of high-end women's lines, as well as expenditure in plant and machinery made by the Parent Company and the subsidiary S.M.T. S.r.l., with particular regard for the latter to the purchases of plant and laboratory machinery, resulting from the technological upgrading process started by the subsidiary already in the prior year.

B.II.1) Land and buildings

The item is broken down as follows:

Nature of asset	Gross amount	Net amount
Land	861,300	861,300
Buildings	2,817,629	2,675,798
Total	**3,678,929**	**3,537,097**

B.II.2) Plant and machinery

The item is broken down as follows:

Nature of asset	Gross amount	Net amount
General plant	2,561,098	1,525,752
Photovoltaic systems	60,000	41,100
Machinery	7,918,612	3,411,727
Total	**10,539,709**	**4,978,579**

B.II.3) Industrial equipment

The item is broken down as follows:

Nature of asset	Gross amount	Net amount
Industrial and commercial equipment	527,137	45,512
Total	**527,137**	**45,512**

B.II.4) Other assets

The item is broken down as follows:

Nature of asset	Gross amount	Net amount
Furniture and ordinary office equipment	553,004	174,372
Electronic office machinery	934,914	221,881
Trucks	230,022	95,232
Motor vehicles	119,239	35,375
Internal means of transport	11,435	4,392
Telephone equipment and systems	28,702	2,964
Furniture	388,938	177,123
Total	**2,266,255**	**711,338**

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 reporting period, the residual value of the asset at the end of the reporting period, the depreciation rate and the adjustments and write-backs relating to the reporting period under review. Commitments for and redemption rates of contracts related to leased assets which expire in subsequent years, amount to a total of approximately € 2,277,437.

	Parent company PATTERN Spa (A)	Subsidiary SMT Srl (B)	Subsidiary IDEE PARTNERS Srl (C)	Subsidiary PETRI & LOMBARDI Srl (D)	Subsidiary ZANNI Srl (E)	Total Consolidated (A + B + C + D + E)
Total amount of leased financial assets at year end	2,603,882	528,386	92,137	400,502	739,855	**4,364,762**
Depreciation that would have been charged in the year	44,760	91,619	9,642	35,044	47,124	**228,189**
Value adjustments and write-backs that would have been posted in the year	0	0	0	0	0	**0**
Present amount of instalments of fees not yet due at year end	1,471,763	162,218	57,808	214,109	371,539	**2,277,437**
Financial expense for the year based on the effective interest rate	27,490	10,154	1,097	2,772	3,168	**44,681**

B.III) Financial fixed assets

B.III.1) Investments

On 10 May 2022, the acquisition by the consolidated company Idee Partners S.r.l. of a 70% stake in Rgb S.p.A., specialized in the production and processing of leather accessories, was finalized. Below are the figures of the subsidiary, which is not included in the scope of consolidation pursuant to Article 28, paragraph 2, letter a), Legislative Decree 127/1991, as mentioned in the foreword of this consolidated half-year report.
Movements in investments under Financial Fixed Assets are shown in the table below:

	Investments in subsidiaries	Investments in other companies	Total investments
Amount at 31.12.21 Consolidated	0	0	**0**
Amount at 31.12.21 Zanni Srl	0	535	**535**
Total amount	**0**	**535**	**535**
Acquisitions in the year	2,275,000	0	**2,275,000**
Amount at 30.06.22 Consolidated	**2,275,000**	**535**	**2,275,535**

B.III.2) Receivables

The table below shows the movements in receivables under long-term investments, as well as a breakdown by maturity. In this regard, the amount of long-term receivables at 31.12.2021 of the indirect subsidiary Zanni S.r.l., included in the scope of consolidation, as already mentioned, starting from 1.1.2022, is shown separately.
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), e), Legislative Decree no. 127/91):

	Long-term receivables from subsidiaries	Long-term receivables from others	Total long-term receivables
Amount at 31.12.21 Consolidated	0	276,524	**276,524**
Amount at 31.12.21 Zanni Srl	0	0	**0**
Total amount	**0**	**276,524**	**276,524**
Change in the year	350,000	(91,165)	**258,835**
Amount at 30.06.22 Consolidated	**350,000**	**185,359**	**535,359**
Portion due within one year	350,000	0	**350,000**
Portion due beyond one year	0	185,359	**185,359**
Of which with residual maturity of over 5 years	0	0	**0**

Long-term receivables from subsidiaries, *due within one year*, refer to the non-interest-bearing loan granted by the consolidated company Idee Partners S.r.l. to the subsidiary Rgb S.p.A., not included in the scope of consolidation at 30 June 2022, as mentioned in the foreword:

Long-term receivables from subsidiaries	Book value
Non-interest bearing loan	350,000
Total	**350,000**

Long-term receivables from others, *due beyond one year*, are composed as follows:

- financial receivables of the subsidiary S.M.T. S.r.l. for the amount of € 58,300 related to the investment in a savings plan from 2015 with Unicredit, in addition to € 10,000 for a policy taken out with Zurich in 2018 to guarantee a loan repaid in advance during the prior year, still outstanding as it is has not expired; security deposits totaling € 44,312 for utilities and for the existing leases on the properties in Correggio of the subsidiary SMT S.r.l.;
- financial receivables of the subsidiary Petri & Lombardi S.r.l. totaling € 35,931, consisting of € 34,131 related to a Reale Mutua insurance policy for a savings plan, as well as € 1,800 for security deposits relating to utilities;
- security deposits and down payments for € 36,816 relating to outstanding leases concluded by the Parent Company for the Milan showroom, the warehouse in Collegno and a property for residential use in Apulia for employees moving to the new headquarters in Santeramo in Colle (BA), opened in January 2022, as well as security deposits for utilities. In detail:

Description	Book value
Security Deposits/Confirmation Deposits	82,928
Financial receivables	102,431
Total	**185,359**

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 long-term receivables:

Description	Book value	Fair Value
Long-term receivables from subsidiaries	350,000	350,000
Long-term receivables from others	185,359	185,359
Total	**535,359**	**535,359**

B.III.4) Financial derivative assets

The table below shows details of movements in financial derivative assets:

	Amount at 30.6.22
Consolidated amount 31.12.21	4,479
Fair value adjustments	207,416
Consolidated amount 30.6.22	**211,895**

This amount represents the positive fair value at 30.6.22 of two IRS hedging derivative contracts entered into in prior years by the Parent Company and three IRS hedging derivative contracts entered into in prior years by the subsidiary Idee Partners Srl.

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 its subsidiaries, 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 € 10,623,021 (€ 8,289,580 at 31 December 2021).

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 € 1,650,742, broken down as follows:

- € 677,134 as a reduction in the value of raw materials inventory;
- € 973,608 as a reduction in the value of finished goods inventory.

The breakdown and movements of the individual items are shown below. In this regard, the net amount of each item of inventory at 31.12.2021 of the indirect subsidiary Zanni S.r.l., included in the scope of consolidation, as already mentioned, starting from 1.1.2022, is shown separately.

	Raw and ancillary materials and consumables	Work in progress and semi-finished products	Finished products and goods	Total inventory
Amount at 31.12.21 Consolidated	2,928,249	3,809,730	1,551,601	8,289,580
Amount at 31.12.21 Zanni Srl	0	0	5,411	5,411
Total amount	**2,928,249**	**3,809,730**	**1,557,012**	**8,294,991**
Change in the year	1,168,352	1,626,838	(467,160)	2,328,030
Amount at 30.6.22 Consolidated	**4,096,601**	**5,436,568**	**1,089,852**	**10,623,021**

The increase in inventory is attributable to the overall increase in volumes to be produced in the period, and partly to the postponement to second half 2022 of deliveries of important orders.

The tables below show a breakdown of the individual items:

C.I.1) Raw and ancillary materials and consumables

Raw and ancillary materials and consumables	Consolidated amount 30.6.22	Change	Consolidated amount 31.12.21
Raw materials in stock	4,563,947	1,070,532	3,493,415
Provision for inventory write-down of raw material	(677,134)	(59,156)	(617,978)
Raw materials in transit	209,788	156,976	52,812
Total	**4,096,601**	**1,168,352**	**2,928,249**

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

Work in progress and semi-finished products	Consolidated amount 30.6.22	Change	Consolidated amount 31.12.21
Work in progress	5,436,568	1,626,838	3,809,730
Provision for inventory write-down of work in progress	0	0	0
Total	**5,436,568**	**1,626,838**	**3,809,730**

C.I.4) Finished products and goods

Finished products and goods	Consolidated amount 30.6.22	Change	Consolidated amount 31.12.21
Finished products	2,019,093	(2,672,192)	2,672,192
Provision for inventory write-down of finished products	(973,608)	1,123,703	(1,123,703)
Finished products in transit	44,367	(3,112)	3,112
Total	**1,089,852**	**(461,749)**	**1,551,601**

C.II) Receivables

Receivables under current assets amounted to € 23,060,961 (€ 21,151,181 at 31 December 2021).

Receivables under current assets - breakdown by maturity date

The table below shows a breakdown of receivables under current assets by maturity for each item. In this regard, the net amount of each item of receivables under current assets at 31.12.2021 of the indirect subsidiary Zanni S.r.l., included in the scope of consolidation, as already mentioned, starting from 1.1.2022, is shown separately. There are no receivables with a residual duration of more than five years (Article 38, paragraph I, letter e), Legislative Decree 127/91):

	Receivables from customers under current assets	Tax receivables under current assets	Deferred tax assets under current assets	Other receivables under current assets	Total receivables under current assets
Amount at 31.12.21 Consolidated	15,323,201	5,152,736	212,306	462,938	21,151,181
Amount at 31.12.2021 Zanni Srl	558,962	144,252	0	26,694	729,908
Total amount	**15,882,163**	**5,296,988**	**212,306**	**489,632**	**21,881,089**
Change in the year	1,364,003	(235,914)	(30,444)	82,227	1,179,872
Amount at 30.6.22 Consolidated	**17,246,166**	**5,061,074**	**181,862**	**571,859**	**23,060,961**
Portion due within one year	17,246,166	4,690,603		350,758	22,287,527
Portion due beyond one year	0	370,471		221,101	591,572
Of which with residual maturity of over 5 years	0	0		0	0

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	Consolidated amount 30.6.22	Consolidated amount 31.12.21
Within 12 months		
Receivables from customers	17,327,555	15,543,554
Invoices to issue	197,345	58,883
Credit notes to issue	(107,483)	(78,342)
Bank receipts	230,448	189,715
Allowance for impairment	(401,699)	(390,609)
Total	**17,246,166**	**15,323,201**

The increase in receivables from customers refers to the growth of turnover of all Group companies and the consolidation of Zanni, which is not included in the figures at end 2021.

C.II. 5-bis) Tax receivables

The item is broken down as follows:

Nature of receivable	Consolidated amount 30.6.22	Consolidated amount 31.12.21
Within 12 months		
Revenue Agency VAT a/c	3,282,459	3,803,212
IRAP receivable	64,452	42,213
IRES receivable	266,447	105,637
Other tax receivables	1,077,245	702,794
Over 12 months		
Other tax receivables	370,471	498,880
Total	**5,061,074**	**5,152,736**

The VAT receivable position amounts to € 3.3 million and is composed as follows: € 1.3 million referring to the parent company, € 1.2 million to the subsidiary SMT S.r.l., and € 700 thousand to the subsidiary Idee Partners S.r.l..

Other tax receivables come mainly in the form of the tax credit for expenditure in new capital goods, both ordinary and Industry 4.0 goods, made during the year, as well as the textile tax receivable (so-called "fashion bonus").

C.II. 5-quater) Other receivables

The item is broken down as follows:

Nature of receivable	Consolidated amount 30.6.22	Consolidated amount 31.12.21
Within 12 months		
Receivables from social security entities	4,485	9,382
Redundancy fund	0	1,150
Advances to suppliers	102,994	47,113
Sundry receivables	243,279	184,427
Over 12 months		
Security deposits	221,101	220,866
Total	**571,859**	**462,938**

Receivables under current assets - breakdown by geographical area

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

Geographical area	Receivables from customers under current assets	Tax receivables under current assets	Deferred tax assets under current assets	Other receivables under current assets	Total
Italy	6,483,288	5,061,074	181,862	571,859	12,298,083
EU	4,434,374	0	0	0	4,434,374
Extra-EU	6,328,504	0	0	0	6,328,504
Total	**17,246,166**	**5,061,074**	**181,862**	**571,859**	23,060,961

C.IV) Cash funds

At 30 June 2022, cash funds amounted to € 22,164,962 (€ 22,794,185 at 31 December 2021). In this regard, the amount of each item of cash funds at 31.12.2021 of the indirect subsidiary Zanni S.r.l., included in the scope of consolidation, as already mentioned, starting from 1.1.2022, is shown separately.

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

	Bank and postal deposits	Cheques	Cash and other valuables on hand	Total cash funds
Amount at 31.12.21 Consolidated	22,776,524	0	17,661	**22,794,185**
Amount at 31.12.2021 Zanni Srl	1,330,369	0	1,009	**1,331,378**
Total amount	**24,106,893**	**0**	**18,670**	**24,125,563**
Change in the year	(1,957,080)	0	(3,521)	**(1,960,601)**
Amount at 30.6.22 Consolidated	**22,149,813**	**0**	**15,149**	**22,164,962**

D) ACCRUED INCOME AND PREPAID EXPENSES

The breakdown of this item is shown in the table below (Article 38, paragraph I, letter f), Legislative Decree 127/91). In this regard, the amount of accrued income and prepaid expenses at 31.12.2021 of the indirect subsidiary Zanni S.r.l., included in the scope of consolidation, as already mentioned, starting from 1.1.2022, is shown separately.

	Accrued income	Prepaid expenses	Total accrued income and prepaid expenses
Amount at 31.12.21 Consolidated	12,963	446,128	**459,091**
Amount at 31.12.21 Zanni Srl	0	118,659	**118,659**
Total amount	**12,963**	**564,787**	**577,750**
Change in the year	(11,555)	238,403	**226,848**
Amount at 30.6.22 Consolidated	**1,408**	**803,190**	**804,598**

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

- prepaid expenses on insurance policies;
- prepaid expenses on consulting costs;
- prepaid expenses on lease payments;
- prepaid expenses on property rental fees.

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

Accrued income	Amount
Property leases	1,408
Total	**1,408**
Prepaid expenses	**Amount**
Rentals	84,055
Property leases	158,639
Purchase of services	46,754
Insurance	98,534
Service contracts	29,904
Software support contracts	34,020
Maxi lease fee	190,816
Other prepaid expenses	83,410
Bank expense	12,518
Rental expense	59,748
Sponsorships and advertising	4,792
Total	**803,190**

Capitalized financial expense

Mention should be made that no financial expense was posted in the year 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, amounting to € 1,426,293, is made up of no. 14,262,929 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 EGM multilateral trading system, organized and managed by Borsa Italiana S.p.A.; trading began on 17 July 2019.

Additionally, on 4 April 2022 a free share capital increase in the amount of € 18,737.90 was made, following the exercise of no. 187,379 rights comprised in the third tranche of the 2019-2022 Stock Grant Plan by the CEO. The shares allocated stem from the capital increase 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. For the sake of completeness, on 30 April 2021, the Shareholders' Meeting resolved to amend the 2019-2022 Stock Grant Plan, in order to increase the loyalty and incentive originally associated with the adoption of the Plan, also in view of the out-of-the-ordinary nature of the 2020 year and, in particular, the negative impacts of the COVID-19 pandemic on the entire luxury industry.

Lastly, it should be noted that the approved share capital 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 € 1,426,293, is attributable to the Retained Earnings Reserve to service the free share capital increase, in the residual amount of € 10,000, resolved by the Extraordinary Shareholders' Meeting of Pattern S.p.A. on 25 June 2019.

A.II) Share premium reserve

The Share Premium Reserve was unchanged in the reporting period, amounts to € 9,548,706 and is composed as follows:

- € 8,238,460 set up in 2019 following the share capital increase to service the listing on the EGM multilateral trading system.
- € 1,310,246 set up in 2021 for the contribution by Camer of 10% of the share capital of S.M.T S.r.l..

Share premium reserve	Amount
Prior-year amount	9,548,706
Increase in the year	0
Balance at 30.6.22	**9,548,706**

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

A.IV) Legal reserve

The Legal Reserve amounts to € 281,511 and the movements in the year are as follows:

Legal reserve	Amount
Prior-year amount	281,259
Allocation of prior year's profit	252
Balance at 30.6.22	**281,511**

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 € 8,839,294 and the movements in the six months are as follows:

Extraordinary reserve	Amount
Prior-year amount	8,106,244
Allocation of prior year's profit	733,050
Balance at 30.6.22	**8,839,294**

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. During the reporting period, as mentioned, the reserve - already used in prior years in the total amount of € 11,262 - was used for a free share capital increase of € 18,738, following allocation of the third tranche of the Stock Grant Plan.

Restricted reserve for share capital increase to service the Stock Grant Plan	Amount
Prior-year amount	28,738
Utilization for share capital increase	(18,738)
Balance at 30.6.22	**10,000**

A.VII) Reserve for hedges of expected cash flows

The Reserve for hedges of expected cash flows amounts to € 211,894 and refers to the fair value at 30.6.22 of two IRS derivative contracts hedging interest rate risk on loans taken out by the Parent Company in prior years, and three Interest Rate Swap derivative contracts hedging interest rate risk on loans taken out in prior years by the subsidiary Idee Partners S.r.l..

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). In this regard, the amount of provisions for risks and charges at 31.12.2021 of the indirect subsidiary Zanni S.r.l., included in the scope of consolidation, as already mentioned, starting from 1.1.2022, is shown separately.

	Provision for pensions and similar obligations	Financial derivative liabilities	Other provisions	Total provisions for risks and charges
Amount at 31.12.21 Consolidated	3,273	9,223	39,415	**51,911**
Amount at 31.12.21 Zanni Srl	0	0	0	**0**
Total amount	**3,273**	**9,223**	**39,415**	**51,911**
Allocation for the year	185	0	0	**185**
Utilization in the year	0	(9,223)	(29,166)	**(38,389)**
Amount at 30.6.22 Consolidated	**3,458**	**0**	**10,249**	**13,707**

The breakdown of the closing balance of the various types of provisions 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.

Movements were as follows:

	Amount at 30.6.22
Opening balance	3,273
Allocation for the year	185
Utilization in the year	0
Closing balance	**3,458**

B.3) Financial derivative liabilities

Movements were as follows:

	Amount at 30.6.22
Opening balance	9,223
Recognition of fair value derivatives	0
Utilization in the year	(9,223)
Closing balance	**0**

With regard to movements in the provision for financial derivative liabilities, mention should be made that use of the provision refers to the positive fair value recognition at 30.6.22:

- of an IRS hedging derivative contract entered into in prior years by the Parent Company;
- of two IRS hedging derivative contracts entered into in the prior year by the consolidated company Idee Partners S.r.l..

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 30.6.22
Opening balance	39,415
Allocation for the year	0
Utilization for expense incurred	(29,166)
Utilization for provision surplus	0
Closing balance	**10,249**

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 € 3,385,078 (€ 2,805,520 at 31 December 2021).

In this regard, the amount of the provision for post-employment benefits at 31.12.2021 of the indirect subsidiary Zanni S.r.l., included in the scope of consolidation, as already mentioned, starting from 1.1.2022, is shown separately.

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 31.12.21 Consolidated	2,805,520
Amount at 31.12.21 Zanni Srl	314,427
Total amount	**3,119,947**
Allocation for the year	518,696
Utilization in the year	(253,565)
Amount at 30.6.22 Consolidated	**3,385,078**

D) PAYABLES

Payables are recorded under liabilities for a total of € 50,613,020 (€ 41,960,788 at 31 December 2021).

In this regard, the amount of the different payables items at 31.12.2021 of the indirect subsidiary Zanni S.r.l., included in the scope of consolidation, as already mentioned, starting from 1.1.2022, is shown separately.

The table below shows the composition of the individual items, a breakdown by maturity, showing the amount of payables with a residual maturity of more than five years, separately for each item, and the changes during the period (Article 38, paragraph 1, letters c) and e), Legislative Decree 127/91):

	Payables to banks	Payables to other lenders	Advances	Payables to suppliers	Tax payables	Payables to welfare and social security entities	Other payables	Total payables
Amount at 31.12.21 Consolidated	19,104,957	602,671	13,168	17,669,125	1,533,540	1,032,104	2,005,223	**41,960,788**
Amount at 31.12.21 Zanni Srl	2,527	0	0	89,647	185,322	37,431	96,177	**411,104**
Total amount	**19,107,484**	**602,671**	**13,168**	**17,758,772**	**1,718,862**	**1,069,535**	**2,101,400**	**42,371,892**
Change in the year	5,133,057	(25,087)	958,821	692,665	(462,931)	(178,154)	2,122,757	**8,241,128**
Amount at 30.06.22 Consolidated	**24,240,541**	**577,584**	**971,989**	**18,451,437**	**1,255,931**	**891,381**	**4,224,157**	**50,613,020**
Portion due within one year	4,760,157	188,239	971,989	18,451,437	1,224,571	891,381	4,224,157	**30,711,931**
Portion due beyond one year	19,480,384	389,345	0	0	31,360	0	0	**19,901,089**
Of which with residual maturity of over 5 years	1,919,608	0	0	0	0	0	0	**1,919,608**

Payables - by geographical area

The table below shows a breakdown of payables by geographical area for each item.

Geographical area	Payables to banks	Payables to other lenders	Advances	Payables to suppliers	Tax payables	Payables to welfare and social security entities	Other payables	Total
Italy	24,240,541	577,584	132,896	17,342,439	1,255,931	891,381	4,224,157	48,664,929
EU	0	0	179,134	575,742	0	0	0	754,876
Extra-EU	0	0	659,959	533,256	0	0	0	1,193,215
Total	**24,240,541**	**577,584**	**971,989**	**18,451,437**	**1,255,931**	**891,381**	**4,224,157**	**50,613,020**

Mention should be made 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	Consolidated amount 30.6.22	Consolidated amount 31.12.21
Within 12 months		
Credit cards	15,924	11,627
Loans without collateral	4,741,479	4,086,634
Bank fees to settle	2,754	5,680
Over 12 months		
Loans without collateral	19,480,384	15,001,017
Total	**24,240,541**	**19,104,957**

D.5) Payables to other lenders

Payables to other lenders are shown below:

Nature of payable	Consolidated amount 30.6.22	Consolidated amount 31.12.21
Within 12 months		
Simest Spa loan	181,612	141,602
Other loans	6,627	11,177
Over 12 months		
Simest Spa loan	382,686	443,234
Other loans	6,659	6,659
Total	**577,584**	**602,671**

D.6) Advances

Payables for advances received are shown below:

Nature of payable	Consolidated amount 30.6.22	Consolidated amount 31.12.21
Within 12 months		
Customer advances	971,989	13,168
Total	**971,989**	**13,168**

These are advances received from customers on supplies of goods yet to be delivered (specifically, approximately € 840 thousand for advances received from customers by the subsidiary Idee Partners S.r.l., approximately € 110 thousand by the subsidiary Petri & Lombardi S.r.l., and approximately € 20 thousand by the subsidiary Zanni S.r.l.).

D.7) Payables to suppliers

Payables to suppliers are shown below:

Nature of payable	Consolidated amount 30.6.22	Consolidated amount 31.12.21
Within 12 months		
Invoices received	17,650,634	15,164,735
Invoices to receive	676,159	2,231,350
Credit notes to receive	(19,445)	(50,797)
Payables for confirming buyer	144,089	323,837
Over 12 months		
Invoices received	0	0
Total	**18,451,437**	**17,669,125**

D.12) Tax payables

Tax payables are shown below:

Nature of payable	Consolidated amount 30.6.22	Consolidated amount 31.12.21
Within 12 months		
Revenue Agency withholding tax on employees a/c	301,940	577,635
Revenue Agency withholding tax on self-employment a/c	9,079	30,548
Revenue Agency withholding tax on post-employment benefits a/c	22,441	12,554
Revenue Agency VAT a/c	25,274	1,073
Revenue Agency Irap a/c	175,416	141,925
Revenue Agency Ires a/c	647,395	762,357

Revenue Agency other payables a/c	43,026	7,448
Over 12 months		
Payable subst. tax revaluation	31,360	0
Total	**1,255,931**	**1,533,540**

D.13) Payables to welfare and social security entities

Payables to welfare and social security entities are shown below:

Nature of payable	Consolidated amount 30.6.22	Consolidated amount 31.12.21
Within 12 months		
Inps	526,611	787,160
Inail	11,656	15,238
Inps and Inail accruals	265,781	132,348
Contributions to supplementary pension funds	87,334	97,358
Enasarco	0	0
Total	**891,381**	**1,032,104**

D.14) Other payables

Other payables are shown below:

Nature of payable	Consolidated amount 30.6.22	Consolidated amount 31.12.21
Within 12 months		
Payables to pension funds	7,444	9,791
Accruals for holidays not taken	1,544,102	604,840
Payables for salaries to settle	1,186,780	974,790
Payables for commissions to settle	17,230	17,610
Payables for fees to settle	33,145	25,455
Other payables	1,435,456	372,737
Total	**4,224,157**	**2,005,223**

The increase in other payables is attributable mainly for approximately € 1.3 million to the price yet to be paid by the consolidated company SMT S.r.l. for the acquisition of the investee Zanni S.r.l..

E) ACCRUED EXPENSES AND DEFERRED INCOME

The breakdown of this item is shown in the table below (Article 38, paragraph I, letter f), Legislative Decree 127/91). In this regard, the amount of accrued expenses and deferred income at 31.12.2021 of the indirect subsidiary Zanni S.r.l., included in the scope of consolidation, as already mentioned, starting from 1.1.2022, is shown separately.

	Accrued expenses	Deferred income	Total accrued expenses and deferred income
Amount at 31.12.21 Consolidated	43,964	573,977	**617,941**
Amount at 31.12.21 Zanni Srl	0	28,378	**28,378**
Total amount	**43,964**	**602,355**	**646,319**
Change in the year	(15,511)	(22,372)	**(37,883)**
Amount at 30.6.22 Consolidated	**28,453**	**579,983**	**608,436**

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

Accrued expenses	Amount
Insurance	6,521
Services and utilities	1,369
Interest expense on medium/long-term loans	6,334
Other	14,229
Total	**28,453**
Deferred income	**Amount**
Exclusive customer contract	50,000
Grants Sabatini L.	8,604
Tax credit for capital goods	521,379
Total	**579,983**

INFORMATION ON THE INCOME STATEMENT

A) VALUE OF PRODUCTION

A.1) Revenue from sales and services

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

Business category	Amount at 30.6.22	Amount at 30.6.21
Income from production area	40,609,123	26,465,850
Income from design area	6,284,178	3,760,811
Other income	1,228,388	642,638
Total	**48,121,689**	**30,869,299**

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 30.6.22	Amount at 30.6.21
Italy	17,870,328	9,923,285
EU	9,817,709	5,234,831
Extra-EU	20,433,652	15,711,183
Total	**48,121,689**	**30,869,299**

The largest growth is in the EU area, driven by the contribution made by the newly-consolidated companies, especially in the leather goods area.

A.5) Other income

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

Nature	Amount at 30.6.22	Amount at 30.6.21
Operating grants	651,004	82,958
Other revenue		
Grants plants a/c	78,956	21,650
Ordinary capital gains	30,655	3,659
Compensation	613	0
Rental income, rentals	70,800	80,000
Chargeback of costs	44,156	29,251
Other revenue and income	104,477	29,668
Total	**980,661**	**247,186**

B) COSTS OF PRODUCTION

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

The item amounted to 15,050,344 (€ 12,180,156 in the prior year), and 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 Companies.

B.7) Costs for services

These involve mainly the following types of services:

Nature	Amount at 30.6.22	Amount at 30.6.21
Production services	16,420,783	9,303,535
Commercial services	692,390	611,141
Administrative and management services	1,572,076	1,018,372
Total	**18,685,249**	**10,933,048**

B.8) Lease and rental costs

Costs are as follows:

Nature	Amount at 30.6.22	Amount at 30.6.21
Rental payments	360,784	206,286
Lease payments	444,864	337,514
Fees for software use	55,894	39,796
Car rental fees	104,505	65,515
Rental fees for other capital goods	15,898	16,387
Other costs for rentals and leases	59,635	77,968
Total	**1,041,580**	**743,466**

B.9) Personnel expense

Payroll costs totaled € 10,931,759 (€ 7,121,910 in the prior year). The increase is due to higher employment in the consolidated companies at 30.06.2021 and to the consolidation of the leather goods hub, as well as Zanni.

B.14) Sundry operating expense

Costs are as follows:

Nature	Amount at 30.6.22	Amount at 30.6.21
Sundry tax and duties	70,664	33,239
Contingent liabilities	80,570	37,600
Other sundry operating expense	91,904	39,464
Total	**243,138**	**110,303**

C) FINANCIAL INCOME AND EXPENSE

C.16) Other financial income

Income is as follows:

Nature	Amount at 30.6.22	Amount at 30.6.21
Bank interest income	2,639	754
Total	**2,639**	**754**

C.17) Interest and other financial expense

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

Nature	Amount at 30.6.22	Amount at 30.6.21
Bank interest expense	74,727	48,959
Sundry interest expense	15,435	103
Total	**90,162**	**49,062**

A detailed breakdown of financial expense is shown below:

Nature	Amount at 30.6.22	Amount at 30.6.21
Interest expense on medium-term loans	74,601	48,959

Interest expense on short-term loans	126	0
Other financial expense	15,435	103
Total	**90,162**	**49,062**

The increase in financial expense is explained by the broader scope of consolidation and the first effects of the ongoing rise in interest rates.

C.17 bis) Exchange gains and losses

The items are as follows:

Nature	Amount at 30.6.22	Amount at 30.6.21
Valuation exchange differences	(5,372)	(3,035)
Realized exchange gains	9,880	3,351
Realized exchange losses	(17,626)	(10,387)
Total	**(13,118)**	**(10,071)**

Revenue items of exceptional size or incidence

In the year, 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

In the year, no costs of an extraordinary nature, size or incidence worthy of mention were made, 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.

Tax for the reporting period totaled € 1,227,481 and consisted of current tax (€ 1,196,939), prior-years' tax (€ 98) and the release of deferred tax assets (€ 30,444).

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 at 30.6.22
Executives	12
Managers	18
Employees	163
Workers	224
Trainees	32
Total Employees	**448**

Employees amounted to 473 units at 30 June 2022, of whom 339 women and 134 men.

	Amount at 30.6.22	Amount at 30.6.21
Executives	13	9
Managers	19	14
Employees	176	129
Workers	232	123
Trainees	33	19
Total	**473**	**294**

For the sake of completeness, the consolidated company Pattern Project S.r.l. had no employees in the six months 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	**306,433**	**33,020**

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	46,792
Other non-audit services	0
Total fees payable to the Auditor or to the Independent Auditors	**46,792**

GUARANTEES, COMMITMENTS AND CONTINGENT LIABILITIES

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

Guarantees issued

Nature	Amount at 30.6.22	Amount at 31.12.21
Guarantee issued	85,072	85,072
Surety issued	29,142	2,411,500
Total	**114,214**	**2,496,572**

Specifically, it involves the following:

- guarantee issued by the Parent Company for the loan granted in 2019 by Simest S.p.A., in the 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;
- surety issued by Zanni S.r.l. in favour of the Municipality of Reggio Emilia to guarantee the ancillary obligations arising from the agreement for the property expansion of the headquarters in Via Cantu' 17/a, Marmirolo.

On 16 February 2022, following the completed purchase of the property in Spello and the resulting termination of the lease agreement on the property, the Parent Company obtained the cancellation and return of the bank guarantee issued as security for all the commitments undertaken with the irrevocable offer of 30 April 2019 to purchase the business complex of Modalis Srl in composition with creditors.

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 € 2,277,437.

TRANSACTIONS WITH RELATED PARTIES

Pursuant to Article 38, paragraph 1, letter o-quinquies) of Legislative Decree 127/1997, it should be noted that the Parent Company carried out minor commercial supply transactions with SMT S.r.l., as well as providing services of an administrative nature to the subsidiaries SMT S.r.l. and Idee Partners S.r.l., according to market conditions.

For the sake of completeness, it should be noted that during the year:

- the subsidiaries Idee Partners S.r.l. and Petri & Lombardi S.r.l. carried out business transactions among themselves for the supply and processing of goods according to market conditions;
- the subsidiaries SMT S.r.l. and Zanni S.r.l. carried out business transactions among themselves for the processing of goods according to market conditions.

It should be noted - also in compliance with the provisions of the EGM Related Parties Regulation and the specific internal procedure "Transactions with related parties" - that none of the transactions carried out in the reporting period 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 no. 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, information is provided on the significant events after the period.

In July 2022, the Parent Company signed an investment agreement to acquire 70% of D-Holding S.r.l., the holding company of Bond Factory S.r.l. and, indirectly, the subsidiaries of Bond Factory. Bond Factory (known as Dyloan) is an Abruzzo-based company based between Chieti and Pescara, recognized as one of the main leaders in innovative technologies and R&D, as well as an advanced production hub.

Pattern thus completes the first phase of the growth strategy announced at listing in 2019: to create the first Italian Luxury Design Hub.

Specifically, the Investment Agreement envisages:

- the acquisition of 70% of the share capital of D-Holding, which holds a 100% stake in Bond Factory, at the provisionally agreed price of approximately € 6.96 million, which will be subject to an adjustment mechanism based on the consolidated Net Financial Position at the closing date. The agreement also envisages additional amounts that Pattern may pay in the future as Earn Out;
- signing by the Seller of the deed of merger of D-Holding into Bond Factory by the closing of the Transaction.

Under the Investment Agreement, the execution date of the transaction shall take place no later than 31 October 2022.

OUTLOOK FOR THE YEAR

With regard to the foreseeable outlook, reliable forecasts for II half 2022 are difficult to make, given the uncertainty on the markets and the severe material and economic consequences generated by the war in Ukraine, which broke out in February 2022.

The conflict in Ukraine has had minor direct impacts on the majority of luxury brands (Russia's weight on the luxury market is estimated at around 2-3%, a considerable but relatively small share), while causing however heavy consequences on a global scale, due not only to the major humanitarian crisis, but also to the possible economic effects on global markets, which have already brought a further increase in the costs of a number of raw materials, energy commodities first and foremost.

It should be noted that the Group does not operate directly in the countries involved in the conflict, and the brands it operates with are not exposed to a great extent to this market.

Despite the lingering uncertainty, Pattern continues with its project to create the "Italian Luxury Design Hub", consolidating its growth strategy with the signing of the investment agreement to acquire 70% of D-Holding S.r.l.. The strategic partnership with Bond Factory in fact leads to the integration of the R&D and production phase within the Group, allowing Pattern to secure a presence on the main product categories (men's and women's lines, clothing and accessories, woven fabric, knitwear and leather goods), starting from the research and design phase, to production.

However, for a more detailed analysis of the Group outlook, reference is 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 30.6.22
IRS Unicredit	30.6.20 – 31.3.25	38,262
IRS Intesa Sanpaolo	19.6.20 – 19.6.26	87,376
IRS Intesa Sanpaolo	30.11.20 – 30.11.26	36,852
IRS Intesa Sanpaolo	26.2.21 - 26.2.27	15,936
IRS Banco BPM	18.6.21 - 18.6.27	33,469
Total		**211,895**

For the **Board of Directors**

The Chairman

Francesco MARTORELLA

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 profit (loss) for the year	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	Consolidation reserve	Other reserves	Reserve for hedges of expected cash flows				
Balance at 31 December 2021	**1,407,555**	**9,548,706**	**281,259**	**8,106,244**	**101,764**	**28,738**	**153,615**	**300,828**	**(4,743)**	**2,998,895**	**22,922,861**	**2,200,802**	**25,123,663**
											-		
Allocation of the result for 2021			252	733,050				1,252,925		(1,986,227)	-	-	-
Free share capital increase to service the Stock Grant Plan	18,738					(18,738)					-		-
Increases in the year				-					216,637		216,636		**216,635**
											-		
Reserved capital increase		-									-		-
											-		
Dividend distribution										(1,012,668)	(1,012,668)	(200,000)	**(1,212,668)**
Changes in consolidation										-	-		-
											-		
Profit (loss) for the year										1,895,624	1,895,624	599,849	**2,495,473**
Balance at 30 June 2022	**1,426,293**	**9,548,706**	**281,511**	**8,839,294**	**101,764**	**10,000**	**153,615**	**1,553,752**	**211,894**	**1,895,624**	**24,022,453**	**2,600,650**	**26,623,103**

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 30.6.22
Financial statements of the Parent Company	**1.150.104**	**21.483.308**
Adjusted results of consolidated subsidiaries and difference between adjusted equity and amount of investments	2.735.701	7.665.706
Derecognition of recorded dividends	(800.000)	(800.000)
Amortization of positive consolidation difference	(590.332)	(1.725.911)
Derecognition of the results of intra-group transactions and other adjustments	-	-
Consolidated financial statements	**2.495.473**	**26.623.103**
of which Group share	**1.895.624**	**24.022.453**
of which non-controlling interests	**599.849**	**2.600.650**

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

CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2022 SHOWING THE CHANGES

ERSUS 31 DECEMBER 2021 FOR THE STATEMENT OF FINANCIAL POSITION AND AT 30 JUNE 2021 FOR THE INCOME STATEMEN

STATEMENT OF FINANCIAL POSITION - ASSETS

	30/06/2022		31/12/2021		Change
A) SHARE CAPITAL PROCEEDS TO BE RECEIVED					
B) FIXED ASSETS					
I. Intangible fixed assets					
1) Start-up and expansion costs	18.019		23.056		(5.037)
2) Development costs	61.140		121.282		(60.142)
4) Concessions, licenses, trademarks and s	345.276		321.865		23.411
5) Goodwill	10.189.399		9.364.213		825.186
6) Fixed assets under construction and adva	-		-		-
7) Other	1.624.080		1.527.191		96.889
Total intangible fixed assets		12.237.914		11.357.607	880.307
II. Property, plant and equipment					
1) Land and buildings	3.537.097		778.002		2.759.095
2) Plant and machinery	4.978.579		4.674.789		303.790
3) Industrial and commercial equipment	45.512		53.976		(8.464)
4) Other assets	711.338		689.019		22.319
5) Fixed assets under construction and adva	56.573		31.390		25.183
Total property, plant and equipment		9.329.099		6.227.176	3.101.923
III. Financial fixed assets					
1) Investments					
a) subsidiaries	2.275.000		-		2.275.000
d-bis) other companies	535		-		535
Total investments		2.275.535		-	2.275.535
2) Receivables					
a) from subsidiaries					
(due within one year)	350.000		-		350.000
(due beyond one year)	-		-		-
d-bis) from others					
(due within one year)	-		25.000		(25.000)
(due beyond one year)	185.359		251.524		(66.165)
Total receivables		535.359		276.524	258.835
3) Other securities					-
4) Financial derivative assets	211.895	-	4.479	-	207.416
Total financial fixed assets		3.022.789		281.003	2.741.786
Total fixed assets		**24.589.802**		**17.865.786**	**6.724.016**
C) CURRENT ASSETS					
I. Inventory					
1) Raw and ancillary materials and consuma	4.096.601		2.928.249		1.168.352
2) Work in progress and semi-finished produ	5.436.568		3.809.730		1.626.838
4) Finished products and goods	1.089.852		1.551.601		(461.749)
Total inventory		10.623.021		8.289.580	2.333.441
II. Receivables					-
1) from customers	17.246.166		15.323.201		1.922.965
(due within one year)	17.246.166		15.323.201		1.922.965
5-bis) Tax receivables	5.061.074		5.152.736		(91.662)
(due within one year)	4.690.603		4.653.856		36.747
(due beyond one year)	370.471		498.880		(128.409)
5-ter) Prepaid tax	181.862		212.306		(30.444)
5-quater) from others	571.859		462.938		108.921
(due within one year)	350.758		242.072		108.686
(due beyond one year)	221.101		220.866		
Total receivables		23.060.961		21.151.181	1.909.780
IV. Cash funds					
1) Bank and postal deposits	22.149.813		22.776.524		(626.711)
2) Cheques	-		-		-
3) Cash and valuables on hand	15.149		17.661		(2.512)
Total cash funds		22.164.962		22.794.185	(629.223)
Total current assets		**55.848.944**		**52.234.946**	**3.613.998**
D) ACCRUED INCOME AND PREPAID EXPENSES		**804.598**		**459.091**	**345.507**
TOTAL ASSETS		**81.243.344**		**70.559.823**	**10.683.521**

STATEMENT OF FINANCIAL POSITION - LIABILITIES						
		30/06/2022		31/12/2021		Change
A) EQUITY						
I. Share capital		1.426.293		1.407.555		18.738
II. Share premium reserve		9.548.706		9.548.706		-
IV. Legal reserve		281.511		281.259		252
VI. Other reserves		10.658.425		8.691.189		1.967.236
- consolidation reserve	153.615		153.615		-	
- extraordinary reserve	8.839.294		8.106.244		733.050	
- merger surplus reserve	101.764		101.764		-	
- other	1.563.752		329.566		1.234.186	
VII. Reserve for hedges of expected cash flows		211.894		(4.743)		216.637
VIII. Retained earnings (losses carried forward)		-		-		-
IX. Profit (loss) for the year		1.895.624		2.998.895		(1.103.271)
Total equity attributable to the owners of the parent		**24.022.453**		**22.922.861**		**1.099.592**
Share capital and reserves attributable to non-controlling interes		2.000.801		1.526.141		474.660
Profit (loss) attributable to non-controlling interests		599.849		674.661		(74.812)
Total equity attributable to non-controlling interests		**2.600.650**		**2.200.802**		**399.848**
Total consolidated equity		**26.623.103**		**25.123.663**		**1.499.440**
B) PROVISIONS FOR RISKS AND CHARGES						
1) for pensions	3.458		3.273			185
3) financial derivative liabilities	-		9.223			(9.223)
4) other	10.249		39.415			(29.166)
Total provisions for risks and charges		**13.707**		**51.911**		**(38.204)**
C) POST-EMPLOYMENT BENEFITS		**3.385.078**		**2.805.520**		**579.558**
D) PAYABLES						-
4) Payables to banks	24.240.541		19.104.957			5.135.584
(due within one year)	4.760.157		4.103.940			656.217
(due beyond one year)	19.480.384		15.001.017			4.479.367
5) Payables to other lenders	577.584		602.671			(25.087)
(due beyond one year)	188.239		152.778			35.461
(due beyond one year)	389.345		449.893			
6) Advances	971.989		13.168			958.821
(due within one year)	971.989		13.168			958.821
7) Payables to suppliers	18.451.437		17.669.125			782.312
(due within one year)	18.451.437		17.669.125			782.312
(due beyond one year)	-		-			-
12) Tax payables	1.255.931		1.533.540			(277.609)
(due within one year)	1.224.571		1.533.540			(308.969)
(due beyond one year)	31.360		-			31.360
13) Payables to social security entities	891.381		1.032.104			(140.723)
(due within one year)	891.381		1.032.104			(140.723)
14) Other payables	4.224.157		2.005.223			2.218.934
(due within one year)	4.224.157		2.005.223			2.218.934
Total payables		**50.613.020**		**41.960.788**		**8.652.232**
E) ACCRUED EXPENSES AND DEFERRED INCOME		**608.436**		**617.941**		**(9.505)**
TOTAL LIABILITIES		**81.243.344**		**70.559.823**		**10.683.521**

INCOME STATEMENT					
		30/06/2022		30/06/2021	Change
A) VALUE OF PRODUCTION					
1) Revenue from sales and services		48.121.689		30.869.299	17.252.390
2) change in inventory of work in progress, semi-finished and fini		1.159.680		2.242.001	(1.082.321)
4) Increase in own work capitalized		-		-	-
5) other revenue and income		980.661		247.186	733.475
- operating grants	651.004		82.958		568.046
- other revenue and income	329.657		164.228		165.429
Total value of production (A)		**50.262.030**		**33.358.486**	**16.903.544**
B) COSTS OF PRODUCTION					
6) raw and anc. materials, consum. and goods		15.050.344		12.180.156	2.870.188
7) for services		18.685.249		10.933.048	7.752.201
8) for rentals and leases		1.041.580		743.466	298.114
9) for personnel		10.931.759		7.121.910	3.809.849
a) wages and salaries	7.943.440		5.161.200		2.782.240
b) social security charges	2.348.119		1.575.836		772.283
c) post-employment benefits	619.000		370.898		248.102
e) other costs	21.200		13.976		7.224
10) amortization, depreciation and write-downs		1.654.717		1.110.752	543.965
a) amortization of intangible assets	838.951		552.398		286.553
b) depreciation of tangible fixed assets	773.925		505.712		268.213
d) write-down of receivables under current assets and cash funds	41.841		52.642		(10.801)
11) changes in inventory of raw and ancillary materials, consumables and goods		(1.168.352)		(1.130.007)	(38.345)
14) sundry operating expense		243.138		110.303	132.835
Total costs of production (B)		**46.438.435**		**31.069.628**	**15.368.807**
DIFFERENCE BETWEEN VALUE AND COSTS OF PRODUCTION (A-B)		**3.823.595**		**2.288.858**	**1.534.737**
C) FINANCIAL INCOME AND EXPENSE					
15) income from investments					-
- other income from investm.			-		-
		-		-	-
16) other financial income					
d) financial income other than above:		2.639		754	1.885
- from others	2.639		754		1.885
		2.639		754	1.885
17) interest and other financial expense		90.162		49.062	41.100
- other	90.162		49.062		41.100
		90.162		49.062	41.100
17 bis) exchange gains (losses)		(13.118)		(10.071)	(3.047)
Total fin. income and expense (15+16-17+17bis)		**(100.641)**		**(58.379)**	**(42.262)**
D) VALUE ADJUSTMENTS TO FINANCIAL ASSETS.					
19) write-downs		-		-	-
a) of investments			-		-
Total adjustments (18-19)		**-**		**-**	**-**
RESULT BEFORE TAX (A-B+C+D)		**3.722.954**		**2.230.479**	**1.492.475**
20) income tax for the year		**1.227.481**		**743.385**	**484.096**
- current	1.196.939		646.387		550.552
- prior years	98		-		98
- deferred and (prepaid)	30.444		96.998		(66.554)
21) CONSOLIDATED PROFIT (LOSS) FOR THE YEAR		**2.495.473**		**1.487.094**	**1.008.379**
of which PROFIT (LOSS) ATTRIBUTABLE TO THE OWNERS		1.895.624		1.172.878	722.746
of which PROFIT (LOSS) ATTRIBUTABLE TO NON-CONTRC		599.849		314.216	285.633

ANALYTICAL CONSOLIDATED STATEMENT OF FINANCIAL POSITION (ANNEX D)

ANALYTICAL CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30.06.22
ASSETS	**81.243.345**
A. SHARE CAPITAL PROCEEDS TO BE RECEIVED	**0**
B. FIXED ASSETS	**24.589.803**
I. INTANGIBLE FIXED ASSETS	**12.237.915**
1. Start-up and expansion costs	**18.019**
a. Start-up costs	0
- gross amount	0
- amortization fund	0
b. Expansion costs	18.019
- gross amount	55.818
- amortization fund	(37.799)
2. Development costs	**61.140**
- gross amount	1.012.213
- amortization fund	(951.073)
3. Industrial patent and intellectual property rights	**0**
4. Concessions, licenses, trademarks and similar rights	**345.277**
a. Trademarks	222.689
- gross amount	405.021
- amortization fund	(182.332)
b. Software licenses	122.588
- gross amount	359.079
- amortization fund	(236.491)
5. Goodwill	**10.189.400**
a. Goodwill from acquisition of "Modalis" business unit	90.414
- gross amount	301.380
- amortization fund	(210.966)
b. Goodwill from allocation of merger deficit	18.251
- gross amount	33.159
- amortization fund	(14.908)
c. goodwill from positive consolidation difference	10.080.735
- gross amount	11.806.646
- amortization fund	(1.725.911)
6. Fixed assets under construction and advances	**0**
7. Other	**1.624.079**
a. Extraordinary leasehold improvements	1.602.968
- gross amount	2.596.051
- amortization fund	(993.083)
b. Other costs with long-term useful life	21.111
- gross amount	194.646
- amortization fund	(173.535)
II. PROPERTY, PLANT AND EQUIPMENT	**9.329.099**
1. Land and buildings	**3.537.097**
a. Appurtenant land on which the buildings are erected	861.300
b. Instrumental buildings	2.675.797
- gross amount	2.817.629
- depreciation fund	(141.832)
2. Plant and machinery	**4.978.580**
a. General plant	1.525.752
- gross amount	2.561.098
- depreciation fund	(1.035.346)
b. Photovoltaic plants	41.100
- gross amount	60.000
- depreciation fund	(18.900)
c. Operating machinery and specific plant	3.411.728

- gross amount	7.918.612
- depreciation fund	(4.506.884)
3. Industrial and commercial equipment	**45.511**
a. General equipment	45.511
- gross amount	527.137
- depreciation fund	(481.626)
4. Other assets	**711.338**
a. Means of transport	99.624
- gross amount	241.458
- depreciation fund	(141.834)
b. Motor vehicles	35.375
- gross amount	119.239
- depreciation fund	(83.864)
c. Electrical and electronic office machines	221.880
- gross amount	934.914
- depreciation fund	(713.034)
d. Ordinary office machines	174.372
- gross amount	553.004
- depreciation fund	(378.632)
e. Furniture and fittings	177.123
- gross amount	388.938
- depreciation fund	(211.815)
f. Telephone equipment and systems	2.964
- gross amount	28.702
- depreciation fund	(25.738)
5. Fixed assets under construction and advances	**56.573**
III. FINANCIAL FIXED ASSETS	**3.022.789**
1. Investments in	**2.275.535**
a. Subsidiaries	2.275.000
b, Associates	0
c. Parent companies	0
d. Companies subject to the control of parents	0
d-bis. Other companies	535
2. Receivables	**535.359**
a. From subsidiaries	350.000
b. From associates	0
c. From parent companies	0
d. From companies subject to the control of parents	0
d-bis. From others	185.359
- Financial receivables	102.981
- Security deposits	82.378
3. Other securities	**0**
4. Financial derivative assets	**211.895**
C. CURRENT ASSETS	**55.848.944**
I. INVENTORY	**10.623.021**
1. Raw and ancillary materials and consumables	**4.096.601**
a. Raw materials	3.886.813
- gross amount	4.563.947
- taxed provision for inventory write-down	(677.134)
b. Raw materials in transit	209.788
2. Work in progress and semi-finished products	**5.436.568**
a. Work in progress	5.436.568
- gross amount	5.436.568
- taxed provision for inventory write-down	0
3. Contract work in progress	**0**
4. Finished products and goods	**1.089.852**
a. Finished products	1.045.485
- gross amount	2.019.093
- taxed provision for inventory write-down	(973.608)
b. Finished products in transit	44.367

5. Advances	**0**
II. RECEIVABLES	**23.060.961**
1. From customers	**17.246.166**
a. Customers	17.327.555
b. Customers invoices to issue a/c	197.345
c. Customers credit notes to issue a/c	(107.483)
d. Customers coll. ord. a/c accredited s.t.c.	230.448
e. Provision for risks on trade receivables	(401.699)
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	**5.061.074**
a. Revenue Agency VAT a/c	3.282.459
b. IRES receivable	266.447
c. IRAP receivable	64.452
b. Other tax receivables	1.447.716
portions due within one year	1.077.245
portions due beyond one year	370.471
5-ter. Prepaid tax	**181.862**
a. Deferred tax assets	181.862
5-quater. From others	**571.859**
a. Social security entities	4.485
b. Redundancy Fund	0
c. Suppliers advances a/c	102.994
d. Other debtors	464.380
portions due within one year	243.279
portions due beyond one year	221.101
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	**22.164.962**
1. Bank and postal deposits	**22.149.813**
a. bank accounts	22.149.813
2. Cheques	**0**
3. Cash and valuables on hand	**15.149**
a. Cash on hand	15.149
D. ACCRUED INCOME AND PREPAID EXPENSES	**804.598**
a. Accrued income	1.408
b. Prepaid expenses	803.190

LIABILITIES	**81.243.345**
A. EQUITY	**26.623.103**
GROUP CONSOLIDATED EQUITY	**24.022.453**
I. SHARE CAPITAL	**1.426.293**
II. SHARE PREMIUM RESERVE	**9.548.706**
III. REVALUATION RESERVES	**0**
IV. LEGAL RESERVE	**281.511**
V. BYLAW RESERVES	**0**
VI. OTHER RESERVES	**10.658.425**
a. Extraordinary reserve	8.839.294
b. Non-distributable reserve from exchange rate adjustment	0
c. Reserve for merger surplus	101.764
d. Consolidation reserve	153.615
e. Other reserves	1.563.752
VII. RESERVE FOR HEDGES OF EXPECTED CASH FLOWS	**211.894**
VIII. RETAINED EARNINGS (LOSSES CARRIED FORWARD)	**0**
IX. PROFIT (LOSS) FOR THE YEAR	**1.895.624**
X. NEGATIVE RESERVE FOR TREASURY SHARES IN PORTFOLIO	**0**
NON-CONTROLLING INTERESTS' CONSOLIDATED EQUITY	**2.600.650**
SHARE CAPITAL AND RESERVES ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	**2.000.801**
PROFIT (LOSS) FOR THE YEAR ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	**599.849**
B. PROVISIONS FOR RISKS AND CHARGES	**13.707**
1. For pensions and similar obligations	**3.458**
a. Provision for agents' termination benefits	3.458
2. For tax, including deferred tax	**0**
3. Financial derivative liabilities	**0**
4. Other	**10.249**
a. Provision for risks on sales returns	10.249
C. POST-EMPLOYMENT BENEFITS	**3.385.078**
a. Provision for post-employment benefits net of Inps treasury provision LD 252/2005	3.385.078
D. PAYABLES	**50.613.021**
1. Bonds	**0**
2. Convertible bonds	**0**
3. Payables for shareholder loans	**0**
4. Payables to banks	**24.240.541**
a. Bank fees to settle	2.754
b. Credit cards	15.924
c. Loans without collateral	24.221.863
portions due within one year	4.741.479

portions due beyond one year	19.480.384
5. Payables to other lenders	**577.584**
a. SIMEST a/c financing in support of capitalization of SMEs	564.298
portions due within one year	181.612
portions due beyond one year	382.686
b. Other lenders	13.286
portions due within one year	6.627
portions due beyond one year	6.659
6. Advances	**971.989**
7. Payables to suppliers	**18.451.437**
a. Suppliers	17.794.723
portions due within one year	17.794.723
portions due beyond one year	0
b. Suppliers invoices to receive a/c	676.159
c. Suppliers credit notes to receive a/c	(19.445)
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	**1.255.931**
a. Revenue Agency withholding tax to pay a/c	342.379
portions due within one year	311.019
portions due beyond one year	31.360
b. Revenue Agency withholding tax on post-employment benefits write-backs a/c	22.441
c. Revenue Agency Irap a/c	175.416
d. Revenue Agency Ires a/c	647.395
e. Revenue Agency VAT a/c	25.274
f. Revenue Agency other payables a/c	43.026
13. Payables to welfare and social security entities	**891.382**
a. Inps	526.611
b. Inail	11.656
c. Other entities	87.334
d. Inps and Inail accruals	265.781
14. Other payables	**4.224.157**
a. Payables for salaries to settle	1.186.780
b. Payables for holidays not taken	1.544.102
c. Payables to pension funds	7.444
d. Payables for commissions to settle	17.230
e. Payables for fees to settle	33.145
f. Sundry payables	1.435.456
E. ACCRUED EXPENSES AND DEFERRED INCOME	**608.436**
a. Accrued expenses	28.453
b. Deferred income	579.983

For the Board of Directors

The Chairman

Francesco MARTORELLA

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 statement of financial position, the income statement, the statement of cash flows and related notes as of 30 June 2022. 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 2022 are not prepared, in all material respects, in accordance with the accounting principle OIC 30.

Turin, 27 September 2022

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