



## **PATTERN S.P.A.**

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

# **CONSOLIDATED HALF-YEAR REPORT AT 30 JUNE 2023**

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

registered office in Collegno, via Italia 4

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

listed with the Turin Company Register no. 10072750010 tax code

R.E.A. no. 1103664

**CONTENTS**

<b>COMPANY OVERVIEW</b> .....	4
<b>COMPOSITION OF CORPORATE BODIES</b> .....	5
<b>SHAREHOLDER BASE</b> .....	6
<b>PATTERN GROUP AND ITS HISTORY</b> .....	7
PATTERN GROUP IN FIGURES: HIGHLIGHTS FIRST HALF 2023.....	8
CORPORATE STRUCTURE OF THE GROUP.....	9
PATTERN SHARE PERFORMANCE IN FIRST HALF 2023.....	10
<b>INTERIM REPORT ON OPERATIONS AT 30 JUNE 2023</b> .....	11
MARKET SCENARIO AND RESULTS.....	12
OUTLOOK FOR THE CURRENT YEAR.....	13
MEDIUM-TERM STRATEGY.....	14
SIGNIFICANT EVENTS IN THE PERIOD.....	16
GROUP CAPITAL EXPENDITURE.....	19
GROUP OPERATING AND FINANCIAL SITUATION.....	19
MAIN RISKS AND UNCERTAINTIES TO WHICH THE GROUP IS EXPOSED.....	30
ENVIRONMENTAL IMPACT OF OPERATIONS.....	32
EMPLOYEES AND IT SYSTEMS.....	34
FINANCIAL DERIVATIVES.....	36
BRANCH OFFICES.....	36
INTRAGROUP AND RELATED PARTY TRANSACTIONS.....	36
<b>CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AT 30 JUNE 2023</b> .....	39
CONSOLIDATED STATEMENT OF FINANCIAL POSITION.....	40
CONSOLIDATED INCOME STATEMENT.....	44
CONSOLIDATED STATEMENT OF CASH FLOWS.....	46
ACQUISITION OF INVESTMENTS IN SUBSIDIARIES.....	48
<b>NOTES TO THE CONSOLIDATED HALF-YEAR REPORT AT 30 JUNE 2023</b> .....	49
FOREWORD.....	49
CONSOLIDATION SCOPE.....	50
1. CONSOLIDATION PRINCIPLES.....	53
2. PREPARATION STANDARDS.....	54
3. VALUATION CRITERIA.....	55
4. ANALYSIS OF AND COMMENTS ON THE MAIN ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS.....	64
STATEMENT OF FINANCIAL POSITION ASSETS.....	65
INCOME STATEMENT.....	89

---

<i>5. OTHER INFORMATION</i> .....	92
<i>HEADCOUNT</i> .....	92
<i>FEES TO THE DIRECTORS AND STATUTORY AUDITORS</i> .....	93
<i>FEES TO THE INDEPENDENT AUDITORS</i> .....	93
<i>GUARANTEES, COMMITMENTS AND CONTINGENT LIABILITIES</i> .....	93
<i>RELATED PARTY TRANSACTIONS</i> .....	94
<i>AGREEMENTS NOT RESULTING FROM THE STATEMENT OF FINANCIAL POSITION</i> .....	94
<i>SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD OF THE CONSOLIDATED FINANCIAL STATEMENTS</i> .....	95
<i>BUSINESS OUTLOOK</i> .....	95
<i>FINANCIAL DERIVATIVES PURSUANT TO ARTICLE 2427-BIS OF THE ITALIAN CIVIL CODE</i> .....	95
<i>ANNEXES TO THE CONSOLIDATED FINANCIAL STATEMENTS</i> .....	97
<i>CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (ANNEX A)</i> .....	97
<i>RECONCILIATION BETWEEN PARENT COMPANY EQUITY AND RESULTS AND CONSOLIDATED EQUITY AND RESULTS (ANNEX B)</i> .....	98
<i>CONSOLIDATED STATEMENT OF FINANCIAL POSITION AND INCOME STATEMENT SHOWING THE CHANGES IN THE YEAR (ANNEX C)</i> .....	99
<i>ANALYTICAL CONSOLIDATED STATEMENT OF FINANCIAL POSITION (ANNEX D)</i> .....	104

## **INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS**

---

## **COMPANY OVERVIEW**

### ***Registered office***

#### **PATTERN S.P.A.**

registered office in via Italia 4

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 € 1,436,292.90 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**

<b>Board of Directors</b> <sup>(1)</sup>	Fulvio Botto	Chairman
	Luca Sburlati	Chief Executive Officer
	Francesco Martorella	
	Stefano Casini	
	Simonetta Cavasin	
	Claudio Delunas	
	Diego Dirutigliano	
	Emilio Paolucci	
	Innocenzo Tamborrini	

<b>Board of Statutory Auditors</b> <sup>(1)</sup>	Davide Di Russo	Chairman
	Lucia Margherita Calista Rota	Standing Auditor
	Lucia Maria Starola	Standing Auditor
	Valerio Brescia	Alternate Auditor
	Riccardo Cantino	Alternate Auditor

<b>Independent Auditors</b> <sup>(2)</sup>	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 € 1,436,292.90 for a total of 14,362,929 ordinary shares with no par value.

At 25 September 2023, based on available information, Pattern's shareholder base is as follows:

Bo.Ma. S.r.l.	52.32%
Otus Capital	5.65%
Fulvio Botto	5.27%
Francesco Martorella	5.27%
Axon Partners	5.34%
Camer S.r.l.	2.42%
Luca Sburlati	1.46%
Anna Maria Roscini	1.91%
Market	20.36%
<b>Total</b>	<b>100.00%</b>

## **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 engineering, 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 engineering 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, the Group completed the acquisition of a majority stake in Idee Partners, a Tuscan company specialized in product development, engineering and production in the luxury leather goods segment, which in turn includes Petri & Lombardi, a time-honoured leather goods company from Florence.

2022 was again a year of strong growth: to start with, Zanni from Reggio Emilia, a benchmark in Wholegarment (seamless) knitwear processing, followed by RGB, a specialist from Tuscany in the production and processing of leather accessories. A major milestone, again in 2022, was the entry of Dyloan Bond Factory, an advanced manufacturing hub based in Abruzzo and specialized in semi-finished and finished products and a leader in innovative and R&D technologies applied to luxury, thanks also to D-House, an in-house creative and research laboratory, and ShapeMode, an innovation centre specialized in 3D printing and digital manufacturing (the latter merged by incorporation at the beginning of this year).

Toward the end of the year, in December 2022, an investment agreement was finalized for the subsequent acquisition in April this year of the knitwear manufacturer Nuova Nicol Srl, located near Bologna.

In 2023 a highly significant event took place. A decision was taken to sell a business unit of Pattern Spa to Burberry, a long-standing customer of the Group. The disposal is scheduled for early October. This strategy aims to enhance the asset's value by diversifying the apparel business in terms of customers and production process. It involves integrating production by acquiring and developing Dyloan Bond Factory, with the remaining 30% acquired in July.

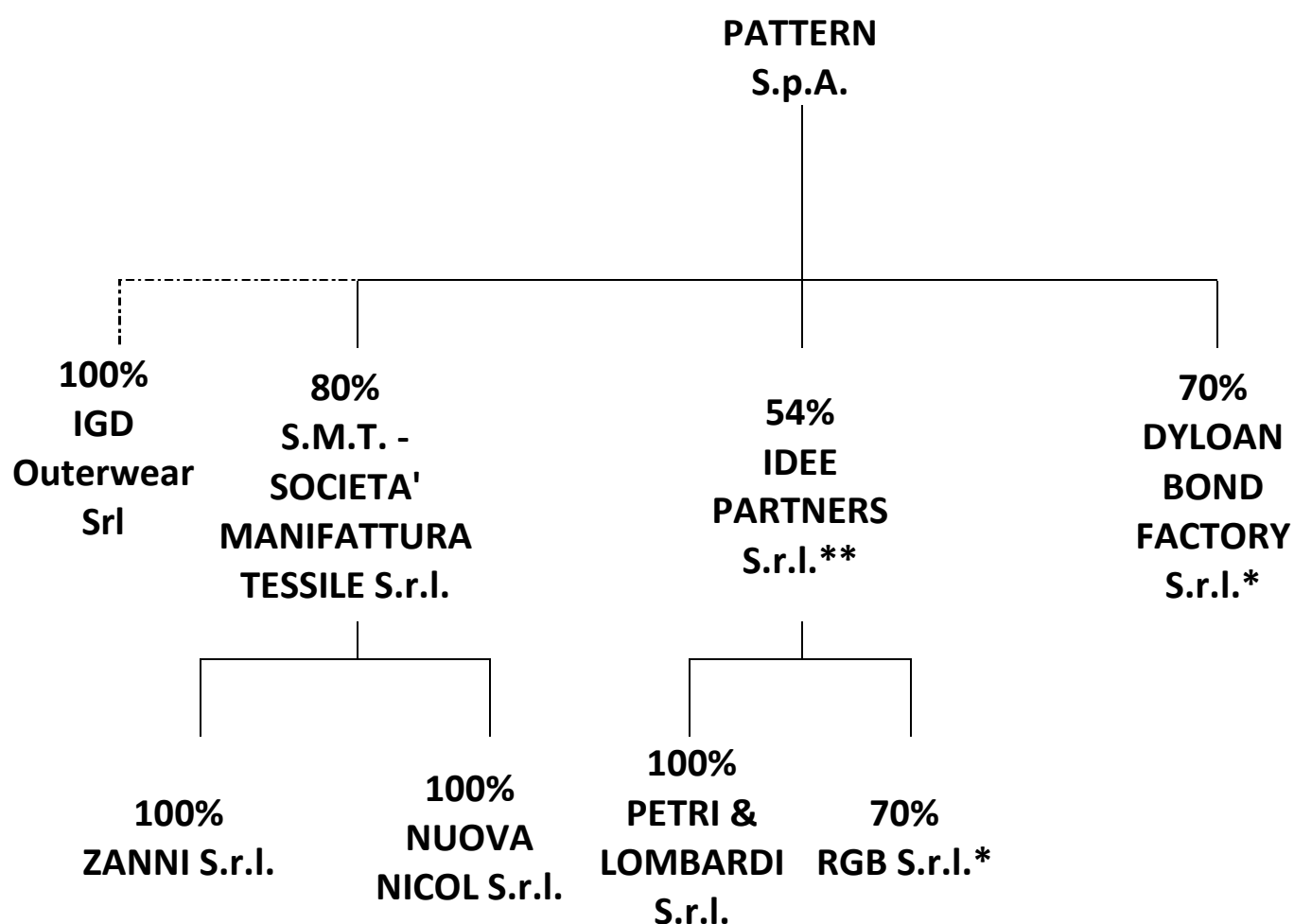
In 2023, a decision was also taken to bolster the leather goods hub by acquiring minority stakes in Petri & Lombardi and RGB through Idee Partners.

## PATTERN GROUP IN FIGURES: HIGHLIGHTS FIRST HALF 2023

INCOME STATEMENT	30.06.2023	30.06.2022	% chg
(€)			
<b>Value of production</b>	<b>74,299,693</b>	<b>50,262,030</b>	<b>47.8%</b>
EBITDA	7,606,973	5,478,312	38.9%
EBIT	4,539,370	3,823,595	18.7%
<b>Profit for the period</b>	<b>2,253,007</b>	<b>2,495,473</b>	<b>-9.7%</b>
<i>- of which Group</i>	1,675,297	1,895,624	-11.6%
STATEMENT OF FINANCIAL POSITION	30.06.2023	31.12.2022	% chg
(€)			
Net fixed assets	43,738,523	36,831,862	18.8%
Net working capital	8,615,254	11,577,478	-25.6%
Liability funds	-5,961,185	-4,928,065	21.0%
<b>Net capital employed</b>	<b>46,392,592</b>	<b>43,481,275</b>	<b>6.7%</b>
Consolidated equity	30,999,099	29,628,289	4.6%
<i>- of which Group</i>	26,314,797	24,796,050	6.1%
Net financial position	15,393,493	13,852,986	11.1%
<b>Equity and net financial position</b>	<b>46,392,592</b>	<b>43,481,275</b>	<b>6.7%</b>



## CORPORATE STRUCTURE OF THE GROUP



\* 100% as from 26 July 2023

\*\* 52.92% as from 26 July 2023

The setup of the Group hinges on a model that envisages a holding company - Pattern Spa - based in Collegno and active in the engineering and production of menswear and womenswear and eight subsidiaries at 30 June 2023.

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, and 100% of Nuova Nicol, the knitwear manufacturer located near Bologna.

Idee Partners is the company based in Scandicci, operating in the leather accessories area. It controls 100% of Petri & Lombardi, a leather goods business based in Bientina/Pisa, after having signed in May the acquisition of the remaining 40%, and 100% of RGB, after having signed in July the acquisition of the remaining 30%. The latter specializes in the processing and trading of leather, hide and other textile goods, based in Reggello/Florence.

Dyloan Bond Factory, a company specializing in innovative technology research and packaging activities, based in Chieti, is 100% owned after signing an investment agreement in July to acquire the remaining 30%.

On 25 May, IGD Outerwear Srl was established, a special purpose vehicle receiving the business unit from agreements signed with Burberry on 27 March. This unit was contributed on 22 September, with plans for its disposal in early October.

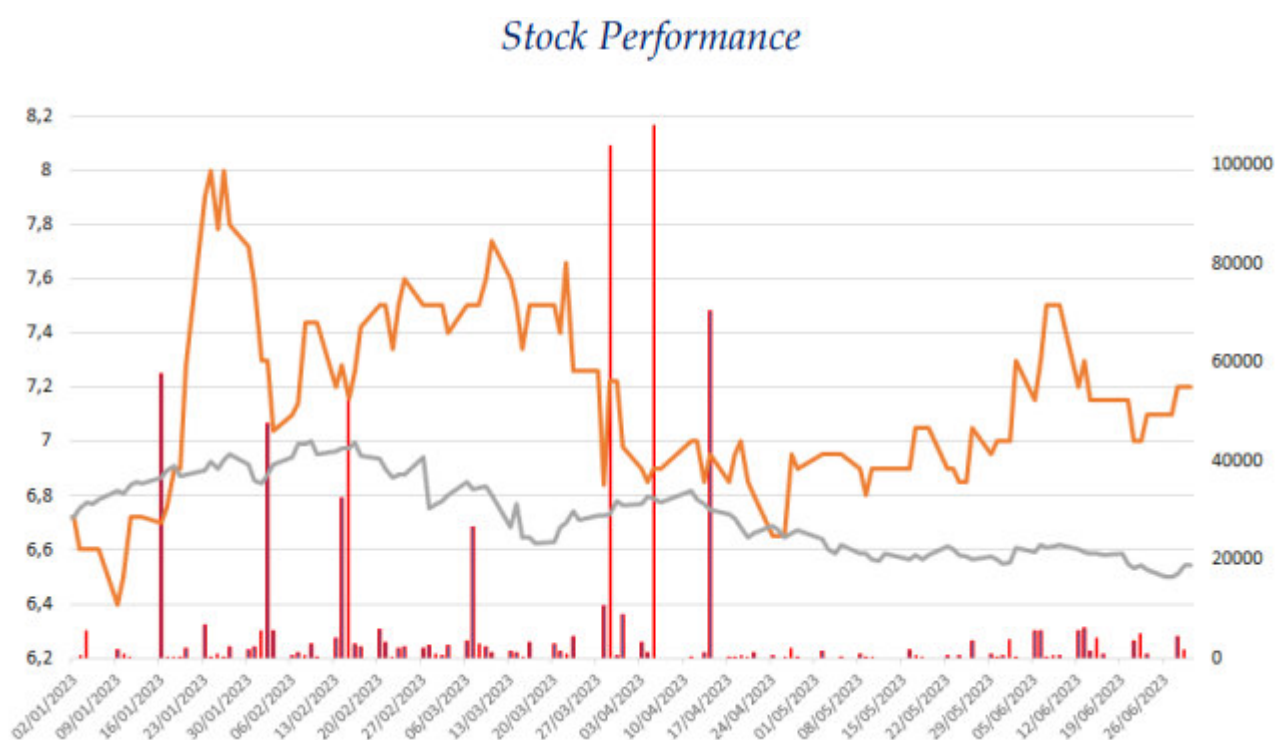
## PATTERN SHARE PERFORMANCE IN FIRST HALF 2023

Pattern's share price at 30 June 2023, the last trading day of the period, reached € 7.20 per share, with a market capitalization of € 102.69 million.

This indicates a 6.7% increase from the price of € 6.72 per share recorded at the beginning of the year on 02 January 2023, with average daily volumes traded during the period of approximately 5,407 shares.

The average price in first half 2023 was € 7.15 per share. The period low of € 6.4 per share was recorded on 09 January 2023, while the high of € 8.00 per share was recorded on 26 January 2023.

The following chart shows the price and volume trends of the Pattern share in first half 2023.



## **PATTERN SPA**

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

registered office in Collegno, via Italia 4

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

listed with the Turin Company Register no. 10072750010 tax code

R.E.A. no. 1103664

## ***INTERIM REPORT ON OPERATIONS***

***AT 30 JUNE 2023***

## MARKET SCENARIO AND RESULTS

The consolidation scope in first half 2023 includes the results of operations of RGB, Dyloan Bond Factory, and Nuova Nicol, which were not included in the scope in first half 2022. The pro forma consolidated income statement of the first half last year was thus prepared with the same scope as this year, to allow a clearer reading of the figures and changes that took place.

First half 2023 met expectations of significant overall business growth in the post-pandemic period. The diminishing effects of the pandemic, along with the relatively minor impacts from the war in Ukraine, allowed the luxury segment to regain momentum, aligning with its traditional growth trend. Nonetheless, a slowdown in the U.S. market and a concurrently slower-than-anticipated growth in China have been witnessed during the year.

The impact of the energy crisis has led to major strains on pricing and occasionally on margins, as a number of luxury companies have heightened pressure on their supply chains to sustain or improve their margins especially in the ready-to-wear segment. The production of raw materials and semi-finished products itself has shown significant price increases.

All segments, however, reported a positive performance, with significant contributions from newly-developed areas such as knitwear and leather goods.

The first half of the year was key for consolidating minority stakes in the leather goods sector, with Idee Partners acquiring the remaining shares of Petri & Lombardi and RGB.

Pattern also anticipated the acquisition of the remaining 30% stake in Dyloan Bond Factory by several years.

These acquisitions align with the announcements made in 2022, envisioning significant simplification of the Group's initial management and subsequent corporate structures, promising clear future gains in efficiency.

And now, a close look at each business segment.

In apparel, while Pattern's results improved, Dyloan Bond Factory continued to face challenges. This trend results from slowing the outsourcing of production orders to enhance in-house packaging lines. Positive results were achieved when production chains operated at full capacity. The first-half result was also impacted by the underperformance of the engineering business unit, whose revenue size has not yet offset its associated costs.

In knitwear, the growth trend in production volumes continued, maintaining significant profitability. This trend involved S.M.T., Zanni, and the newly-acquired Nuova Nicol. Specifically, these two companies recorded sales increases above 20%. Overall, the knitwear hub stands as an international leader in men's and women's knitwear for its engineering and production capabilities, as well as employee count.

This achievement stems from leading luxury fashion house designers and creative directors consistently regarding S.M.T and its related hub as privileged partners. This partnership thrives due to its adept handling of the ever-dynamic, complex changes and demands within the fashion world, especially within the luxury market segment.

During the six months, the ongoing industrial integration efforts within the three companies continued, a characteristic process across the entire Pattern Group. Environmental and worker protection issues continue to remain pivotal to this process.

The Leather Goods Hub (Idee Partners srl, Petri & Lombardi srl, and RGB srl) once again posted highly satisfactory results, with notable growth in sales and margins, while efforts continue to integrate these three entities into a

unified Hub. Investment is also being channeled into expanding the Scandicci site, HQ and production plant, anticipated to be a compelling and attractive business cornerstone in the forthcoming years.

All Business Units within the Hub experienced growth, occurring in both subcontracted manufacturing and the marketed product component.

The Product Development component (Leather Goods and Footwear) performed remarkably well, retaining its strategic allure for some of the most prestigious global luxury clients.

All business areas continued to strengthen during the six-month period, administration and operations in particular. The acquisition of the remaining 40% of Petri & Lombardi has accelerated the transformation of the Bientina site into Idee Partners' premier production unit.

## **OUTLOOK FOR THE CURRENT YEAR**

Regarding the Group's overall outlook for the end of the current year, a point worth mentioning is that 2023 has posed ambiguities arising from the international geopolitical landscape, starting with the war in Ukraine and the tensions between the United States and China. Nonetheless, the luxury market is anticipated to continue its positive trajectory, particularly for certain brands and more generally for some of our client groups, in line with current forecasts. Should the international tensions resolve positively, leading to a reduction in the resultant inflationary and speculative pressures, the trends would experience beneficial effects. Navigating through uncertain times will continue to be the main challenge ahead. The aforementioned vertical integrations, set to continue for the next 12 months, are expected to facilitate margin recovery through better absorption of fixed costs starting as early as the second half of 2023.

Additionally, the adoption of best practices in engineering and production will help to alleviate the impact of rising costs for raw materials and semi-finished products, particularly for yarns and fabrics, as well as transportation, labour and energy costs, which have decreased over the past months. All the companies are not energy-intensive and expenditure in self-production plants is proving to be effective (1 geothermal plant and 4 photovoltaic plants are already in operation).

Nevertheless, these factors continue to put pressure on the selling prices of some luxury brands, which in turn leads to efforts to recover margins on supply chains.

Consequently, expecting no significant shortages of raw materials and semi-finished products in the latter half of the year, we anticipate the Group will maintain first-half trends through year-end, all exogenous conditions being equal. In ready-to-wear, the pressures on pricing and on margins will need to be reined in by continuing the industrial improvement and efficiency plan still underway, particularly on Dyloan Bond Factory sites.

Looking at each segment, apparel will feel the impact of the disposal of the business unit to Burberry, which will lead Pattern to a reorganization aimed at fostering growth with other clients, while still retaining Burberry as a customer for women's products in Spello. The effects of this disposal will be evident in the final quarter, resulting in reduced revenue and associated costs, specifically at the Collegno office.

For Dyloan Bond Factory, an improvement in production volumes and corresponding operating margins is anticipated, though achieving break-even by year-end remains uncertain. Commercial efforts are underway in the three areas that received significant investments last year: 2D digital printing, screen printing, and 3D printing. Significant results are expected to be evident in 2024.

In knitwear, the current growth trend is expected to continue, backed by orders already secured for the second half of this year and early 2024, projecting total revenue in excess of € 50 million.

As for leather goods, the outlook for the second half of the year is equally positive. The latest acquisition of a 30% stake in RGB will further strengthen the company's ability to meet demands for vertically-integrated processes across three strategically segmented and complementary plants in terms of product and production features. This strong process of integration and concurrent specialization is expected to further enhance relationships with key clients.

## **MEDIUM-TERM STRATEGY**

Having successfully completed the first phase of its project a year and a half ahead of the projections made at the time of its IPO in July 2019, with revenue well over € 100 million and a workforce exceeding 800, and amidst the ongoing disposal of a portion of the Turin factory to Burberry, Pattern Group - recognized as the "The Italian Hub of Luxury Fashion Engineering and Production" - continues to hold its unique positioning, exclusively committed to Top Luxury and genuine "Made in Italy" craftsmanship.

All ongoing deals, including those involving minority interests mentioned earlier, have enabled Pattern to establish a presence in the three main product categories (men's and women's lines, clothing and accessories, stationary fabric, knitwear and leather goods), combining this with the research and engineering phase up to production. This latter competitive factor stems from the acquisition of Dyloan Bond Factory, a company that has been able to internalize important innovative technologies and R&D applied to luxury over the years.

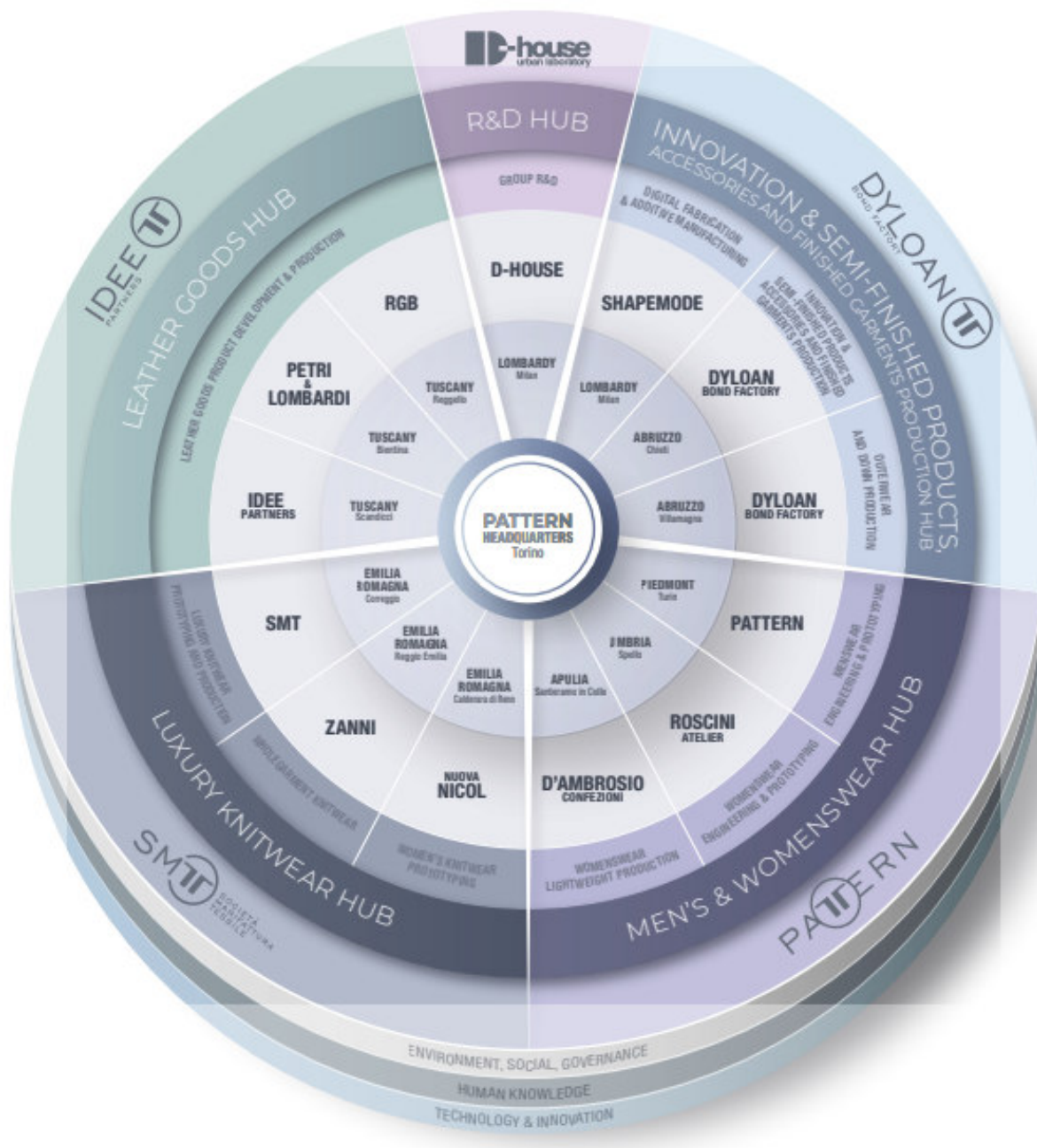
The second step has now been taken, which seeks to consolidate and develop the abovementioned three hubs as Italian districts of excellence: the Tuscan district for leather goods, Emilia for luxury knitwear, and the central and northwest districts for ready-to-wear.

The Group continues to select its customers, allocating project capabilities to those who prioritize quality of finished products, Made in Italy standards, and supply chain responsibility in ESG terms, rather than solely focusing on price, in the luxury market segment. The latter area is further polarizing upwards.

Lastly, a brief mention on further growth in investments, encompassing not only acquisitions, but also the development of technology and operational infrastructure.

Below is a visual representation of Pattern Group's accomplishments, illustrating how it unifies, verticalizes, and manages operations through its three core values: ESG, Human Knowledge, and Technology and Innovation.

**Pattern Group**  
Luxury Engineering & Production



---

## SIGNIFICANT EVENTS IN THE PERIOD

### **Meeting of the Board of Directors of Pattern Spa for the review of certain preliminary consolidated figures for 2022**

On 16 February, the company's Board of Directors met to review the following preliminary consolidated figures for 2022: revenue from sales, capital expenditure, and net financial position.

### **Recognition and determination of the earn-out related to the acquisition of 70% of RGB Srl, finalized in May 2022, following satisfaction of the conditions outlined in the sale and purchase agreement**

On 10 May 2022, Pattern Spa, through its subsidiary Idee Partners S.r.l., had purchased 70% of the share capital of RGB Spa, later transformed into an Srl. The acquisition price included a contingent and variable supplementary consideration to the final price ("Earn-Out") of up to € 1 million, conditional upon the satisfaction of the following conditions: 1) RGB reaching specific EBITDA amounts in the financial statements for the year ended 31 December 2022; 2) RGB's acquisition of the business unit of Mia Pelletterie Srl, which was leased as of the date of acquiring the above 70%.

On 6 March this year, the acquisition of the aforementioned business unit was completed. Then, on 21 March, upon approval of the draft financial statements, it was noted that the EBITDA amount was such that the final Earn-out value aligned with the maximum amount of € 1 million.

The latter was paid out on 21 April.

The acquisition of the business unit of "Mia Pelletterie Srl" took place following the assignment to RGB Srl by the Court of Florence on 14 February 2023.

### **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 2022**

The meeting of the Board of Directors for the approval of the draft financial statements and the consolidated financial statements at 31 December 2022 was called on 27 March.

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

### **Disposal of Pattern Spa business unit to Burberry**

At the same meeting on 27 March, the company's Board of Directors approved the signing of a binding framework agreement for the disposal to Burberry Limited or other entity thereof of the Turin plant's business unit dedicated to the engineering and production of Burberry products, through the disposal of shares in a newly-formed vehicle entity, for a disposal price of € 21 million. The investment agreement was signed between the parties on the same date.

The acquisition price will be subject to adjustment depending on the net working capital and net financial position of the business unit at the closing date. A portion of the disposal price, amounting to € 2.1 million, will be held in an escrow account to secure any obligations of the Company under the agreement.



The latter includes representations and warranties issued by the Company that are customary for this type of transaction, related indemnification clauses in favour of the buyer and mitigation of any indemnification to the benefit of the Company such as, but not limited to, *de minimis*, deductible and cap thresholds.

Once the closing of the transaction is completed, the company will be subject to confidentiality obligations and non-solicitation for a period of three years following closing. The agreement provides for additional agreements to be signed between the parties at Closing including, among others: (i) a transitional services contract; (ii) a production agreement.

Furthermore, under the agreement, the closing will be followed by a temporary secondment to the disposed unit for 2 years of one of the two founders of Pattern, Francesco Martorella, in order to ensure continuity to the transferred activities.

During such period, Francesco Martorella will remain on Pattern's board of directors as a director with no operational powers.

The effectiveness of the agreement and the closing of the transaction are subject to the satisfaction of certain conditions precedent by 30 September 2023. The closing was accordingly scheduled for 2 October.

Lastly, it should be noted that this is a significant transaction pursuant to Article 12 of the Euronext Growth Milan Issuer Regulation, as the materiality index of the consideration exceeds 25%.

#### **Allocation of no. 100,000 new shares to the Chief Executive Officer**

On 27 March again, 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. 100,000 newly-issued ordinary shares related to the fourth tranche of the Plan were allocated to CEO Luca Sburlati.

#### **Notice of change in the share capital**

On 14 April, the new composition of the share capital resulting from the allocation of no. 100,000 ordinary shares following the CEO's exercise of no. 100,000 rights related to the fourth tranche of the 2019-2022 Stock Grant Plan was announced.

#### **Acquisition of 100% of the share capital of Nuova Nicol Srl**

On 12 April, the acquisition by S.M.T. Srl, a subsidiary of Pattern, of 100% of the share capital of Nuova Nicol Srl was finalized. The final price was € 6 million and 80% was paid on the same date, net of the € 1 million confirmatory deposit paid on 21 December, while the remaining 20% will be paid after the approval of Nuova Nicol Srl's financial statements at 31 December 2025, if the conditions are met.

#### **Ordinary and Extraordinary Shareholders' Meeting of 28 April 2022**

The Shareholders' Meeting met in ordinary and extraordinary session on 28 April.

The ordinary session approved the financial statements at 31 December 2022, and the allocation of profit for the year, fully setting it aside.

The meeting also passed a resolution to increase the number of directors from seven to nine, appointing two new directors accordingly: Diego Dirutigliano and Anna Maria Di Rienzo, who later resigned in July following the acquisition of the remaining 30% of Dyloan Bond Factory. To date, Simonetta Cavasin sits on the Board of Directors as an independent director appointed at the meeting held on 14 September.

Lastly, the authorization to purchase and dispose of treasury shares was renewed for a period of 18 months up to a maximum of treasury shares not to exceed 10% of the share capital.

In extraordinary session, the Shareholders' Meeting resolved to supplement the corporate object of the Bylaws to highlight the company's growing commitment to environmental and sustainability issues, resulting in an amendment to Article 3 of the Bylaws.

### **Acquisition of 40% of Petri & Lombardi Srl by Idee Partners Srl**

On 15 May, Idee Partners Srl, a subsidiary of Pattern, acquired the remaining 40% of the share capital of Petri & Lombardi Srl, a renowned Tuscan company specialized in the production and processing of leather accessories, thereby increasing its total holding to 100%.

### **Establishment of IGD Outerwear Srl**

On 25 May, IGD Outerwear Srl was established, a special purpose vehicle receiving the business unit from agreements signed with Burberry on 27 March. This unit was contributed on 22 September, with plans for its disposal in early October.

### **Tax audit in Società Manifattura Tessile Srl**

As indicated in the report accompanying the 2022 financial statements, S.M.T. had received a tax audit report last 17 October from the tax authorities, Provincial Directorate of Reggio Emilia. The audit report found alleged irregularities related to ordinary taxation for approximately € 140 thousand and tax R&D credit related to the years 2015 to 2019 for approximately € 2.4 million. In this context, after consulting with the Company's advisors, a risk provision of € 183 thousand had been allocated, as a liability of this amount was deemed probable.

In 2023, the Company entered into discussions with the tax authorities, challenging the findings made against it in the Invitation and the audit report, including the submission of pleadings and documents.

Following such discussions, and solely with the aim of de-escalating the dispute, the Company, while maintaining that its actions were appropriate, reached an agreement with the authorities. This agreement was subsequently formalized on 24 July 2023.

Under this agreement:

- in reference to the findings presented in the audit report regarding R&D credits, the authorities recognized the prerequisites for deeming a portion of the stated costs as "qualified". Consequently, it recalculated the recoverable amount to approximately € 885 thousand, without the addition of interest and penalties;

- in reference to the findings on ordinary taxation, they were partly confirmed, amounting to just over € 90 thousand, inclusive of interest and penalties.

Lastly, it should be noted that an additional audit, covering the years 2017 and 2018, initiated by questionnaire, is underway. Following the submission of documents requested through the above questionnaire, and additional requests made during the discussions, the tax authorities are currently analyzing the provided documentation. The discussions are still ongoing, making it impossible to quantify a potential dispute at this time.

## GROUP CAPITAL EXPENDITURE

In first half 2023, Group capital expenditure amounted to € 12.5 million, of which:

- € 1.5 million in intangible fixed assets;
- € 4.5 million in tangible fixed assets;
- € 6.5 million in financial fixed assets.

Among the former, the most important amounts are extraordinary leasehold improvements and goodwill. Extraordinary leasehold improvements amounted to approximately € 790 thousand throughout the Group, carried out at the Scandicci HQ of Idee Partners, the Correggio HQ of S.M.T., the Reggello HQ of RGB and the Chieti HQ of Dyloan Bond Factory; goodwill increased by € 525 thousand following RGB's acquisition of the Mia Pelletterie S.r.l. business unit.

Among tangible fixed assets, the largest expenditure by far was for the purchase of the land in Collegno amounting to € 1.8 million. Expenditure was then made in plant and machinery for € 1.8 million, of which € 320 thousand in Pattern, € 800 thousand in S.M.T. and the knitwear hub, and € 420 thousand in Idee Partners and the leather hub, among which RGB stands out for the assets included in the Mia Pelletterie S.r.l. business unit.

Expenditure in financial fixed assets regards the acquisition of 100% of the investment in Nuova Nicol, for € 6 million, and the additional 40% of the investment in Petri & Lombardi Srl for € 520 thousand.

Disposals in the period were not meaningful and amounted to € 140 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 2022.

<b>INCOME STATEMENT OF PATTERN GROUP</b>	<b>30.06.2023</b>	<b>30.06.2022</b>	<b>% chg</b>
(€)			
Revenue from sales	71,006,330	48,121,689	47.6%
Other revenue	1,070,870	980,661	9.2%
<b>Total revenue</b>	<b>72,077,200</b>	<b>49,102,350</b>	<b>46.8%</b>
Change in inventory of products	2,222,493	1,159,680	91.6%
<b>Value of production</b>	<b>74,299,693</b>	<b>50,262,030</b>	<b>47.8%</b>
- Purchases of raw materials	18,020,412	15,050,344	19.7%
- Change in inventory of raw materials	-946,768	-1,168,352	-19.0%
Consumption of raw materials	17,073,644	13,881,992	23.0%
Service costs	27,990,509	18,685,249	49.8%
Rentals and leases	1,637,381	1,041,580	57.2%
Personnel expense	18,808,527	10,931,759	72.1%
Sundry operating expense	1,182,659	243,138	386.4%
<b>EBITDA</b>	<b>7,606,973</b>	<b>5,478,312</b>	<b>38.9%</b>
Amortization, depreciation, provisions and write-downs	3,067,603	1,654,717	85.4%
<b>EBIT</b>	<b>4,539,370</b>	<b>3,823,595</b>	<b>18.7%</b>
Net financial expense	-329,786	-100,641	227.7%
<b>Profit (loss) before tax</b>	<b>4,209,584</b>	<b>3,722,954</b>	<b>13.1%</b>
Current and deferred tax	1,956,577	1,227,481	59.4%
<b>Profit for the period</b>	<b>2,253,007</b>	<b>2,495,473</b>	<b>-9.7%</b>
<b>Group profit for the period</b>	<b>1,675,297</b>	<b>1,895,624</b>	<b>-11.6%</b>

Total revenue increased by 46.8% from € 49.1 to € 72.1 million. This result stems from both the volume growth within each company, evident in the analysis of pro forma figures, and the expanded consolidation scope.

The increase in value of production was slightly higher at 47.8% from € 50.3 to € 74.3 million. This was attributed to the change in inventory of semi-finished and finished products, which almost doubled due to orders scheduled for delivery in the second half of the year.

EBITDA grew less but also experienced significant growth of 38%, increasing from € 5.5 to € 7.6 million, due to:

- the continued poor trend in the first half of Dyloan Bond Factory;
- extraordinary tax expense incurred in S.M.T., as mentioned above, amounting to approximately € 500 thousand.

The ratio of EBITDA to total revenue was 10.6% versus 11.2% in first half 2022.

Raw material consumption increased by 23% from € 13.9 to € 17.1 million. Revenue growth was more prominent in sectors and consequently in companies where the weight of raw materials is lower, due partly to the presence of customers operating on contract work.

Service costs increased by 49.8% from € 18.7 to € 28 million, for reasons opposite to those mentioned above. Companies with lower usage of raw materials have a higher proportion of services, especially those related to industrial production.

These two divergent trends underscore how changes in the consolidated income statement depend on the distinct production structures and performance of the companies progressively consolidated.

Rentals and leases increased by 57.2% from € 1 to € 1.6 million, due to the expanded consolidation scope.

Personnel expense increased the most, from € 10.9 to € 18.8 million (+72.1%). In this case, the consolidation of Dyloan is significant, accounting for € 4.3 million in labour costs alone.

Sundry operating expense totaled € 1.2 million, up from € 243 thousand last year. A large part of this increase is due to extraordinary tax expense incurred in S.M.T..

Amortization, depreciation, provisions and write-downs grew by 85.4% from € 1.7 to € 3.1 million. The expanded consolidation scope also plays a role here, with Dyloan recording amortization and depreciation of € 650 thousand. However, a substantial impact is due to the increase in amortization of consolidation differences, rising from € 590 thousand to € 1.1 million (+86.4%).

As a result, EBIT grew less than EBITDA, increasing by 18.7% from € 3.8 to € 4.5 million.

Net financial expense increased by 228% from € 101 thousand to € 330 thousand. This major change is attributable not only to the expanded consolidation scope, but also to the rise in net debt versus first half 2022, coupled with an increase in interest rates.

The cost of debt rose from 0.75% recorded in the first half last year to 2.2%. This narrow increase of rates is due to approximately 60% of the loans being fixed-rate, secured when the rates were extremely low. Net financial expense as a percentage of revenue stood at 0.5%.

Profit before tax amounted to € 4.2 million, up from € 3.7 million last year (+11.8%).

Current tax increased by 59.4% from € 1.2 to € 1.9 million, leading to a 9.7% decrease in profit for the period from € 2.5 to € 2.3 million. This reduction was felt more at the Group level, -11.6% from € 1.9 to € 1.7 million, due to the loss recorded in Dyloan and the result of Pattern.

Net profit as a percentage of total revenue dropped from 5.1% to 3.1%.

A point worth mentioning is that the tax rate, considering the weight of goodwill amortization, increased from 28.5% to 36.6%. This result is burdened by the non-deductible extraordinary tax incurred by S.M.T.. Additionally, last year recorded public grants of € 651 thousand versus € 108 thousand this year.

The change in net profit, net of the impact of goodwill amortization, would have come to a positive 9.8%, increasing from € 3.1 to € 3.4 million. Similarly, Group net profit would have risen by 13.1% versus last year, from € 2.5 to € 2.8 million.

<b>Profitability ratios and tax rate of Pattern Group</b>	<b>30.06.2023</b>	<b>30.06.2022</b>	<b>% chg</b>
EBITDA/Total Revenue	10.6%	11.2%	-
Net profit/Total revenue	3.1%	5.1%	-
Total amortization of goodwill	1,136,256	590,332	-
Profit for the period (before tax) before amortization of goodwill	5,345,840	4,313,286	-
Adjusted tax rate (Current and deferred tax/Profit before amortization and depreciation)	36.6%	28.5%	-
Net profit for the period excluding amortization of goodwill	3,389,263	3,085,805	9.8%
Group net profit for the period excluding amortization of goodwill	2,811,553	2,485,956	13.1%

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 pro forma figures at 30 June 2022.

<b>Revenue from sales by business segment</b>	<b>30.06.2023</b>	<b>30.06.2022</b>	<b>% chg</b>
Clothing	29,224,655	20,750,084	40.8%
Knitwear	25,529,225	17,795,791	43.5%
Leather Goods	16,252,450	9,575,814	69.7%
<b>Total revenue from sales</b>	<b>71,006,330</b>	<b>48,121,689</b>	<b>47.6%</b>

All sectors show strong growth.

<b>Revenue from sales by geographical area of Pattern Group</b>	<b>30.06.2023</b>	<b>30.06.2022</b>
Revenue Italy	36.7%	37.1%
Revenue EU countries	34.5%	20.4%
Revenue Extra EU countries	28.9%	42.5%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

The geographical breakdown of sales shows a decline in the share of revenue from extra-EU countries, benefiting sales to EU countries. This reduction in revenue from extra-EU countries is a longer-term trend caused by the Group's ongoing business diversification.

## Review of income statement changes versus pro forma figures at 30 June 2022

To enable a consistent comparison between figures for first half 2023 and the same period of the prior year, the figures were restated to reflect a consolidation scope similar to that at 30 June 2023. This adjustment incorporates the effects of the various extraordinary transactions that took place in first half 2023, as mentioned earlier.

INCOME STATEMENT OF PATTERN GROUP	30.06.2023	30.06.2022 Pro forma figures	% chg
(€)			
Revenue from sales	71,006,330	64,943,543	9.3%
Other revenue	1,070,870	1,198,414	-10.6%
<b>Total revenue</b>	<b>72,077,200</b>	<b>66,141,957</b>	<b>9.0%</b>
Change in inventory of products	2,222,493	1,943,919	14.3%
<b>Value of production</b>	<b>74,299,693</b>	<b>68,085,876</b>	<b>9.1%</b>
- Purchases of raw materials	18,020,412	18,925,085	-4.8%
- Change in inventory of raw materials	-946,768	-1,732,249	-45.3%
Consumption of raw materials	17,073,644	17,192,836	-0.7%
Service costs	27,990,509	25,745,101	8.7%
Rentals and leases	1,637,381	1,755,884	-6.7%
Personnel expense	18,808,527	15,506,286	21.3%
Sundry operating expense	1,182,659	342,559	245.2%
<b>EBITDA</b>	<b>7,606,973</b>	<b>7,543,212</b>	<b>0.8%</b>
Amortization, depreciation, provisions and write-downs	3,067,603	2,669,874	14.9%
<b>EBIT</b>	<b>4,539,370</b>	<b>4,873,337</b>	<b>-6.9%</b>
Net financial expense	-329,786	-170,929	92.9%
<b>Profit (loss) before tax</b>	<b>4,209,584</b>	<b>4,702,408</b>	<b>-10.5%</b>
Current and deferred tax	1,956,577	1,811,272	8.0%
<b>Profit for the period</b>	<b>2,253,007</b>	<b>2,891,136</b>	<b>-22.1%</b>

<b>Group profit for the period</b>	<b>1,675,297</b>	<b>2,094,213</b>	<b>-20.0%</b>
------------------------------------	------------------	------------------	---------------

A comparison of the results recorded at 30 June with those recorded in the same period on a like-for-like basis confirms the strong growth in total revenue, from € 66.1 to € 72.1 million (+9.0%).

The value of production recorded the same growth rate of 9.1% from € 68.1 to € 74.3 million.

In this context, it should be noted that as the absolute value of revenue rises, the recorded percentage increases hold greater significance.

The trend of operating margins displays a pattern somewhat distinct from the one analyzed above.

EBITDA - € 7.6 million - remains in line with last year, due to an increase in operating costs more than proportional to revenue. This is attributable:

a) partly to reduced knitwear profitability, a portion of which arises from the extraordinary tax expense incurred in S.M.T.. Nevertheless, this sector still retains the highest margins, both absolute and relative;

b) partly to the result of the clothing sector, due to the poor results of Dyloan Bond Factory.

As a percentage of revenue, it drops from 11.4% to 10.6%.

The costs item showing the largest increase is personnel, which rose from € 15.5 to € 18.8 million (+21.3%). This rise stems primarily from the performance of Dyloan Bond Factory, whose labour costs grew by € 2.1 million, due to the acquisition of a business unit specialized in outerwear production earlier this year. This increase in costs was not matched by an adequate increase in revenue. The trend is improving, and results should begin to be seen in the second half of the year.

Amortization, depreciation and provisions increased by 14.9% from € 2.7 to € 3.1 million. In this case, the impact of goodwill amortization is neutral, so the recorded increase is due to the expenditure made. Again, the most significant change is in Dyloan Bond Factory.

The latter trend causes EBIT to drop by 6.9% from € 4.9 to € 4.5 million.

Financial expense increased less than previously seen but equally significantly from € 171 to € 330 thousand (+92.9%).

Profit before tax fell by 10.5% from € 4.7 to € 4.2 million, while net profit - due to the increase in current and deferred tax - fell more by 22.1% from € 2.9 to € 2.3 million. As a percentage of total revenue, the ratio drops from 4.4% to 3.1%.

Weighing on the tax increase is the non-deductibility of extraordinary tax expense incurred in S.M.T..

Lastly, Group profit dropped by 20% from € 2.1 to € 1.7 million.

The table below shows revenue from sales by business segment, highlighting the organic growth achieved across sectors.



Revenue from sales by business segment	30.06.2023	30.06.2022	% chg
Clothing	29,224,655	25,723,766	13.6%
Knitwear	25,529,225	24,034,116	6.2%
Leather Goods	16,252,450	15,185,661	7.0%
<b>Total revenue from sales</b>	<b>71,006,330</b>	<b>64,943,543</b>	<b>9.3%</b>

### Statement of Financial Position

The table below shows the Group's reclassified 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 consolidation scope, which includes Nuova Nicol, acquired in the first half this year.

RECLASSIFIED STATEMENT OF FINANCIAL POSITION OF PATTERN GROUP	30.06.2023	31.12.2022	% chg
(€)			
Intangible fixed assets	23,361,056	19,796,010	18.0%
Tangible fixed assets	19,246,844	15,934,612	20.8%
Financial fixed assets	1,130,623	1,101,240	2.7%
<b>Total fixed assets</b>	<b>43,738,523</b>	<b>36,831,862</b>	<b>18.8%</b>
Inventory	13,135,125	9,359,495	40.3%
Receivables from customers	26,831,870	24,212,489	10.8%
Other receivables	8,136,448	12,692,670	-35.9%
Accrued income and deferred expense	2,013,609	847,322	137.6%
<b>Working capital</b>	<b>50,117,052</b>	<b>47,111,976</b>	<b>6.4%</b>
Payables to suppliers	-24,316,168	-22,251,205	9.3%
Other payables	-13,232,372	-9,167,377	44.3%

Accrued expense and deferred income	-3,953,259	-4,115,916	-4.0%
<b>Net working capital</b>	<b>8,615,253</b>	<b>11,577,478</b>	<b>-25.6%</b>
Provisions for risks and post-employment benefits	-5,961,185	-4,928,065	21.0%
<b>Net capital employed</b>	<b>46,392,591</b>	<b>43,481,275</b>	<b>6.7%</b>
<b>Equity</b>	<b>30,999,099</b>	<b>29,628,289</b>	<b>4.6%</b>
- of which Group	26,314,797	24,796,050	6.1%
Financial debt less than 12 months	9,365,633	8,995,472	4.1%
Financial debt more than 12 months	21,938,084	23,910,141	-8.2%
Current financial assets	-2,000,000	-2,500,000	-20.0%
Cash	-13,910,224	-16,552,627	-16.0%
<b>Net financial position</b>	<b>15,393,493</b>	<b>13,852,986</b>	<b>11.1%</b>
<b>Equity and net financial position</b>	<b>46,392,592</b>	<b>43,481,275</b>	<b>6.7%</b>

Net capital employed at 30 June this year amounted to € 46.4 million, up slightly (+6.7%) from € 43.5 million at end 2022.

This result reflects two opposing trends: an increase in fixed assets and a significant decrease in working capital.

The former rose by 18.8% from € 36.8 to € 43.7 million, while net working capital dropped by 25.6% from € 11.6 to € 8.6 million.

Provisions for risks and post-employment benefits increased by 21% from € 4.9 to € 6 million, due to the acquisition of the Mia Pelletterie business unit and the consolidation of Nuova Nicol..

Net fixed assets increased, due mainly to the acquisition of Nuova Nicol and the land held by Pattern on which the new factory in Collegno will be built. The total of these two investments was approximately € 6 million.

The level reached by net working capital is extremely low when taking account of the volume of revenue achieved.

The value is in line with the average of the past three years, while the value of production has doubled over the same period. See the table below in this regard.

NET WORKING CAPITAL TREND VS. VALUE OF PRODUCTION	NWC	VoP	Inc %
(€ millions)			
30.06.2021	6.1	33	18.5%
30.06.2022	8.0	50	16.0%
30.06.2023	8.6	74	11.5%

The trend in these first six months shows a 6.4% increase in gross working capital from € 47.1 to € 50.1 million, and a 16.8% increase in current liabilities from € 35.5 to € 41.5 million.

In the asset items, mention should be made of:

- the growth of inventory of 40.3%, due to the development of ongoing production and production planned in the second half of the year (growth was seen primarily in raw materials and semi-finished products inventory);
- the increase in trade receivables (+10.8%) from € 24.2 to € 26.8 million, in line with the increase in payables to suppliers from € 22.3 to € 24.3 million (+9.3%).
- a 35.9% decrease in other receivables from € 12.7 to € 8.1 million, due to a decrease in tax receivables from € 10.9 to € 6.9 million, with a decrease in VAT receivables from € 6.3 to € 4.6 million;

Accrued income and deferred expense increased from € 847 thousand to € 2 million (+137.6%).

As for current liabilities, the increase recorded was due mainly to the item other payables: +44.3% from € 9.2 to € 13.2 million.

This change is partly expected mid-year due to the rise in accrued employee-related liabilities. Part of this is due to payables arising from the extraordinary transactions carried out: € 1.2 million is the deferred portion of the price for the acquisition of Nuova Nicol, while € 720 thousand was the amount still owed for the acquisition of the Mia Pelletterie business unit.

Accrued expense and deferred income decreased by 4% from € 4.1 to € 4 million.

In terms of sources of capital, equity stands at just under € 31 million, up from € 29.6 million at 31 December 2022 (+4.6%). Group equity grew (+6.1%) from € 24.8 to € 26.3 million.

Net debt rose from € 13.9 to € 15.4 million (+11.1). This is a small increase when taking account of the expenditure made, as will be evident from an analysis of the statement of cash flows and the change in net financial position.

Due to rising interest rates, cash was primarily utilized, decreasing from € 19.1 million to € 15.9 million, though remaining at substantial levels. The value of cash includes the portion deposited in an interest-bearing account with a one-month maturity.

Financial debt decreased from € 32.9 to € 31.3 million. The latter, in the less-than-12 month component. It includes the payable to the minority shareholder of Dyloan Bond Factory still outstanding at 30 June and amounting to € 343,395, and the payable for the acquisition of the Mia Pelletterie business unit by RGB amounting to € 720 thousand.

The net debt/equity ratio of 0.5 and the net debt/EBITDA ratio, estimated to be just above 1, confirm the soundness of the Group's financial position.

<b>PATTERN GROUP FINANCIAL RATIOS</b>	<b>30.06.2023</b>	<b>31.12.2022</b>
Net financial position/Equity (Net debt/equity)	0.50	0.47
Net Financial Position/EBITDA (Net debt/EBITDA)	1.01	1.25

Lastly, it should be noted that - as in previous years - the net financial position sees improvement at the start of the second half of the year due to cash flows generated by the winter season. At 31 August, Group net debt was around € 15 million, despite the acquisition of 30% of Dyloan and RGB, with a total outlay of approximately € 4.5 million.

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

<b>STATEMENT OF CASH FLOWS OF PATTERN GROUP</b>	<b>30.06.2023</b>	<b>30.06.2022</b>	<b>% chg</b>
(€)			
Cash flow from operations	9,057,854	2,126,301	326.0%
Cash flow from investing activities	-12,006,345	-8,101,070	48.2%
Cash flow from liquidity investment	500,000	0	n.a.
Cash flow from loan capital	-1,964,020	5,200,146	-137.8%
Cash flow from equity	-746,600	-1,185,979	-37.0%
<b>Increase (decrease) in cash</b>	<b>-5,159,111</b>	<b>-1,960,602</b>	<b>163.1%</b>
Cash, beginning of year	16,552,626	24,125,564	-27.4%
Cash acquired by the change in consolidation scope	2,516,709	1,331,378	89.0%
<b>Total opening cash</b>	<b>19,069,335</b>	<b>24,125,564</b>	<b>-21.0%</b>
<b>Cash, end of period</b>	<b>13,910,224</b>	<b>22,164,962</b>	<b>-37.2%</b>

Opening cash includes that of Nuova Nicol (€ 2.5 million), due to the changed consolidation scope.

The six-month period saw a decrease in cash of approximately € 5.2 million from € 19 to € 13.9 million.

Cash flow from operations was impressive, reaching € 9.1 million, up from € 2.1 million in the first half last year (+326.0%). However, it was insufficient to cover the financial requirements demanded by expenditure (€ 11.5 million), loan repayments, net of new loans (€ 1.9 million), and dividend payouts (€ 747 thousand).

The difference was covered by resorting to cash.

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

<b>CHANGE IN NET FINANCIAL POSITION OF PATTERN GROUP (amounts in €)</b>	<b>30.06.2023</b>	<b>30.06.2022</b>	<b>% chg</b>
<b>Opening NFP (A)</b>	<b>-13,852,986</b>	<b>3,086,557</b>	<b>-548.8%</b>
NFP of newly-consolidated companies (B)	1,874,496	1,328,851	41.1%
Cash flow before changes in NWC	9,042,628	6,364,011	42.1%
Change in net working capital	2,745,644	-2,115,918	-229.8%
Other adjustments	-2,730,418	-2,121,792	28.7%
<b>Cash flow from operations (C)</b>	<b>9,057,834</b>	<b>2,126,301</b>	<b>326.0%</b>
Cash flow from investing activities (D)	-12,006,345	-8,101,070	48.2%
<b>Cash flow from industrial operations (E=C+D)</b>	<b>-2,948,491</b>	<b>-5,974,769</b>	<b>-50.7%</b>
Cash flow from changes in equity (F)	-746,600	-1,185,979	-37.0%
Reclassification of certain items (G)	280,088	92,177	203.9%
Reduction (Increase) in debt (H=B+E+F+G)	-1,540,507	-5,739,720	-73.2%
<b>Closing NFP (A-H)</b>	<b>-15,393,493</b>	<b>-2,653,163</b>	<b>480.2%</b>

Net debt - taking account of Nuova Nicol's opening cash - increased by € 1.5 million, bringing the net financial position at the end of the period to a negative € 15.4 million from the initial € 13.9 million.

This change was attributable to cash used for industrial operations of € 3 million, dividend distribution of € 747 thousand and reclassification of certain items of € 280 thousand.

Thus, total financial requirements amounted to € 4.2 million, partly covered by the acquisition of Nuova Nicol's opening cash of € 2.6 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 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 their greater or lesser importance.

### ***Financial risks***

The business carried on by 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 maintains ample cash, in addition to short-term credit lines that are regularly adjusted to accommodate business growth and any related working capital requirements;
- 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

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, half of which are fixed-rate or have related IRS hedges. All companies within the Group maintain a high standing with banks, thereby securing excellent terms on rates.

### Exchange rate risk

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

### **Credit risk**

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

In certain Group companies, credit insurance policies are implemented due to a broader diversification of customers.

### **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 would be discussed and solved together with customers. In cases where raw materials are supplied on a job order basis, this type of risk is completely non-existent.

#### 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 reports of prior years provide a detailed explanation of expenditure made and the activities carried out for this purpose.

### **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 Group operates in the luxury segment, which is among those least sensitive to demand variations.

As a result, the main market risk arises not from market trends per se, but from the relatively small amount of customers it has, so losing some of them could impact significantly on its turnover.

Conversely, attaining a large customer base is unfeasible, as the major brands within the luxury segment are few, often falling under the umbrella of the same Group.

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 brands.

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. The very decision to acquire Dyloan Bond Factory, leading to partial verticalization in garment production activities as well, originates from the aim to deepen collaboration with key clients and thereby reduce market risk.

## **ENVIRONMENTAL IMPACT OF OPERATIONS**

The Group's commitment to environmental sustainability remains strong. With the assistance of our employees and partners, we persistently strive towards minimizing the environmental impact of our operations while making positive contributions to the wellbeing of our planet. The following updates are provided in this regard:

### **Energy Diagnosis**

Regarding Legislative Decree no. 102 of 2014, Pattern Group companies that are subject to the obligations set forth in Article 8, paragraph 1 (those with more than 250 employees and revenue exceeding 50 million) are presently engaged in the compliance process. To meet this requirement, an accredited consulting firm has been engaged to perform a comprehensive energy consumption diagnosis across the Group's companies. This analysis is scheduled to conclude by 5 December 2023, in alignment with the obligations stipulated by Legislative Decree no. 102 of 2014.

### **ESG data collection and legal compliance assurance**

To enhance data collection and reliability, and improve carbon footprint calculation performance, Management has authorized the assessment of an IT tool designed to ensure compliance with applicable legal requirements. This is facilitated through a legislative updating system provided by the supplier.



### ESG Rating - CDP Questionnaires

The submission of the Climate Change questionnaire for ESG assessment by CDP - Carbon Disclosure Project, regarding 2022 data, was made last 26 July. The results are expected to be released in mid-November 2023.

Additionally, responding to the requests from several investment funds, we have started disclosing data related to water resource consumption and management this year. This is achieved by completing the CDP - Carbon Disclosure Project questionnaire, named Water Risk.

### Reduction of greenhouse gas emissions

On 07 June 2023, a commitment was signed by all Group companies to reduce their emissions as shown in the table below:

GHG EMISSIONS IN SBTI GOALS [NEAR-TERM TARGET]	METHODS APPLIED TO SBTI GOALS	SBTI GOALS	NEAR-TERM TARGET COVERAGE IN YEARS
Scope 1 and 2 (at least 95%)	Scope 1 - Absolute contraction	42% reduction by 2030 from 2022	5/10 years from the year of target submission
	Scope 2 - Renewable energy supply requirements	100% of electricity purchased from renewable sources by 2027	by 2030
Scope 3 (at least 67%) - mandatory if >40% emissions of scope 1,2,3	Scope 3 - Absolute contraction	42% reduction by 2030 from 2022	5/10 years from the year of target submission

The goal, as per the strategy, was submitted for SBTi - Science Based Initiative validation and feedback is expected by the end of November. This step is critical to obtain a better ESG rating from CDP - Carbon Disclosure Project.

## EMPLOYEES AND IT SYSTEMS

### Employees

During first quarter 2023, the Group continued to grow in terms of resources following the acquisition of Nuova Nicol. Employees amounted to 867 at 30.06.2023, of whom 645 women and 222 men or: 41 more units than on 31.12.2022.

Company	Employees at 30.06.2023			Employees at 31.12.2022		
	Women	Men	TOT	Women	Men	TOT
PATTERN SPA - COLLEGNO	89	42	131	87	43	130
PATTERN SPA - SPELLO	57	12	69	54	11	65
PATTERN SPA - SANTERAMO	7	0	7	7	0	7
SOCIETA' MANIFATTURA TESSILE SRL	97	32	129	90	30	120
ZANNI SRL	17	15	32	16	14	30
NUOVA NICOL	23	5	28	0	0	0
IDEE PARTNERS SRL	56	30	86	58	30	88
PETRI & LOMBARDI SRL	43	5	48	46	7	53
RGB SRL	78	24	102	75	26	101
DYLOAN BOND FACTORY SRL	178	57	235	171	61	232
<b>Total employees</b>	<b>645</b>	<b>222</b>	<b>867</b>	<b>604</b>	<b>222</b>	<b>826</b>

In first half 2023, integration activities for companies acquired in 2021/2022 and more recently included in the consolidation scope continued, involving consolidation and onboarding processes.

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 the enhancement of hard and soft skills remain a primary focus, continuing the path taken in previous years through 2023.

As part of this effort to develop industry-specific skills, training Academies were designed. The Academies are designed with a territorial approach, addressing the specific needs of each location's specialty.

Additionally, to foster the relationship with schools and encourage the interest of new talent, Pattern opened its doors to middle and high school students. An initiative to introduce new generations of students to the business world and its opportunities through a guided tour of companies.

In the first half of the year, Idee Partners, RGB, Zanni, and Dyloan Bond Factory implemented personnel management information systems to align with the HR management processes previously adopted by the Group.

The SA8000 model, after being implemented, is constantly monitored by dedicated resources.

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

There are no reports of lawsuits or occupational diseases of employees or former employees, nor are there any reports of deaths or serious work-related injuries.

### **IT systems**

Several infrastructure initiatives were completed in first half 2023 to bolster measures for business continuity and to enhance business performance.

Specifically, the focus was on continuing to standardize the infrastructure model, with dual redundant servers at RGB and Dyloan sites (for high availability or deferred synchronization), dual firewalls at RGB and Dyloan, renewed firewalls and switches at Zanni, and expanded bandwidth with dedicated fiber connections at S.M.T. and Dyloan.

Cloud backup projects for improved backup management were implemented at S.M.T., along with separate storage systems from local servers at the same sites.

On the application front, the adoption of the INAZ platform for attendance and absence management and interfacing with the labour consultant continued at the Zanni, RGB, Idee and Dyloan offices.

At Dyloan, training and enhancement efforts were undertaken on ERP configurations, particularly focusing on the finance area from a corporate perspective.

### **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 2023 - 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. All related party transactions of significant and nonrecurring amounts were subject to analysis by the special Committee, established in Pattern.

In the first half of the year, Pattern Spa had the following dealings with Società Manifattura Tessile Srl, Idee Partners Srl, Zanni Srl, RGB Srl and Dyloan Bond Factory Srl.

<b>Intragroup items of Pattern Spa arising from business dealings with Società Manifattura Tessile Srl</b>	<b>30.06.2023</b>	<b>31.12.2022</b>
RECEIVABLES	71,902	146,507
PAYABLES	40,948	5,387
	<b>30.06.2023</b>	<b>30.06.2022</b>
INCOME	72,696	98,120
EXPENSE	233,358	3,208
Dividends paid to Pattern	828,000	800,000

<b>Intragroup items of Pattern Spa arising from business dealings with Idee Partners Srl</b>	<b>30.06.2023</b>	<b>31.12.2022</b>
RECEIVABLES	16,750	44,815
PAYABLES	0	0

	<b>30.06.2023</b>	<b>30.06.2022</b>
INCOME	17,580	0
EXPENSE	0	0
Dividends paid to Pattern	410,400	0

<b>Intragroup items of Pattern Spa arising from business dealings with Zanni Srl</b>	<b>30.06.2023</b>	<b>31.12.2022</b>
RECEIVABLES	0	0
PAYABLES	0	3,257
	<b>30.06.2023</b>	<b>30.06.2022</b>
INCOME	0	0
EXPENSE	1,549	0
Dividends paid to Pattern	0	0

<b>Intragroup items of Pattern Spa arising from business dealings with RGB Srl</b>	<b>30.06.2023</b>	<b>31.12.2022</b>
RECEIVABLES	0	0
PAYABLES	545	0
	<b>30.06.2023</b>	<b>30.06.2022</b>
INCOME	180	0
EXPENSE	602	0
Dividends paid to Pattern	0	0

<b>Intragroup items of Pattern Spa arising from business dealings with Dyloan Bond Factory Srl</b>	<b>30.06.2023</b>	<b>31.12.2022</b>
RECEIVABLES	374	5,674
PAYABLES	81,181	396,820
	<b>30.06.2023</b>	<b>30.06.2022</b>
INCOME	2,651	0
EXPENSE	1,269,799	0
Dividends paid to Pattern	0	0

Turin, 25 September 2023

**For THE BOARD OF DIRECTORS**

The Chairman  
**Fulvio Botto**

## **PATTERN SPA**

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

registered office in Collegno, via Italia 4

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

listed with the Turin Company Register no. 10072750010 tax code

R.E.A. no. 1103664

### **CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AT 30 JUNE 2023**

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30/06/2023	31/12/2022
<b>Assets</b>		
<b>B) Fixed assets</b>		
I - Intangible fixed assets	-	-
1) start-up and expansion costs	61,173	39,156
2) development costs	27,158	38,174
3) industrial patent and intellectual property rights	362,476	14,252
4) concessions, licenses, trademarks and similar rights	346,970	703,131
5) goodwill	19,683,871	16,590,345
6) fixed assets in progress and advances	-	7,800
7) other	2,879,408	2,403,152
<i>Total intangible fixed assets</i>	<i>23,361,056</i>	<i>19,796,010</i>
II - Tangible fixed assets	-	-
1) land and buildings	6,190,131	4,299,270
2) plant and machinery	10,921,489	10,045,459
3) industrial and commercial equipment	309,784	307,066
4) other assets	967,997	849,367
5) fixed assets in progress and advances	857,443	433,450
<i>Total tangible fixed assets</i>	<i>19,246,844</i>	<i>15,934,612</i>
III - Financial fixed assets	-	-
1) investments in	-	-
d-bis) other companies	535	535
<i>Total investments</i>	<i>535</i>	<i>535</i>
2) receivables	-	-
d-bis) from others	605,432	498,689
due within one year	98,386	42,464
due beyond one year	507,046	456,225
<i>Total receivables</i>	<i>605,432</i>	<i>498,689</i>
4) Financial derivative assets	524,656	602,016
<i>Total financial fixed assets</i>	<i>1,130,623</i>	<i>1,101,240</i>
<i>Total fixed assets (B)</i>	<i>43,738,523</i>	<i>36,831,862</i>
<b>C) Current assets</b>		
I - Inventory	-	-
1) raw and ancillary materials and consumables	4,585,607	3,388,233
2) work in progress and semi-finished products	7,752,966	4,987,004
4) finished products and goods	796,552	984,258



	30/06/2023	31/12/2022
<i>Total inventory</i>	13,135,125	9,359,495
II - Receivables	-	-
1) from customers	26,831,870	24,212,489
due within one year	26,831,870	24,212,489
5-bis) tax receivables	6,918,516	10,889,695
due within one year	6,603,690	9,961,589
due beyond one year	314,826	928,106
5-ter) prepaid tax	136,005	102,690
5-quater) from others	992,626	1,614,984
due within one year	992,626	1,393,883
due beyond one year	-	221,101
<i>Total receivables</i>	34,879,017	36,819,858
III - Current financial assets	-	-
6) other securities	2,089,301	2,585,301
<i>Total current financial assets</i>	2,089,301	2,585,301
IV - Cash	-	-
1) bank and postal deposits	13,889,685	16,536,138
2) cheques	390	-
3) cash and valuables on hand	20,149	16,489
<i>Total cash</i>	13,910,224	16,552,627
<i>Total current assets (C)</i>	64,013,667	65,317,281
<b>D) Accrued income and deferred expense</b>	<b>2,013,609</b>	<b>847,322</b>
<i>Total assets</i>	109,765,799	102,996,465
<b>Liabilities</b>		
<b>A) Equity</b>	<b>30,999,099</b>	<b>29,628,289</b>
I - Share capital	1,436,293	1,426,293
II - Share premium reserve	9,548,706	9,548,706
III - Revaluation reserves	-	-
IV - Legal reserve	287,259	281,511
V - Bylaw reserves	-	-
VI - Other reserves, indicated separately	-	-
Extraordinary reserve	9,995,425	8,839,294
Reserve from derogations pursuant to article 2423 of the Italian Civil Code	-	-
Reserve for shares (units) of the parent company	-	-
Investment revaluation reserve	-	-
Payment for share capital increase	-	-

	30/06/2023	31/12/2022
Payment for share capital increase	-	-
Capital contributions	-	-
Payments to cover losses	-	-
Reserve for share capital reduction	-	-
Merger surplus reserve	185,750	185,750
Reserve for unrealized exchange gains	-	-
Reserve for profit adjustment in progress	-	-
Consolidation reserve	-	-
Reserve from translation differences	-	-
Various other reserves	2,787,328	1,463,899
<i>Total other reserves</i>	<i>12,968,503</i>	<i>10,488,943</i>
VII - Reserve for hedges of expected cash flows	398,739	457,532
VIII - Retained earnings (losses carried forward)	-	-
IX - Profit (loss) for the year	1,675,297	2,593,065
Loss covered in the year	-	-
X - Negative reserve for treasury shares in portfolio	-	-
Total equity attributable to the owners of the parent	26,314,797	24,796,050
Equity attributable to non-controlling interests	-	-
Share capital and reserves attributable to non-controlling interests	4,106,592	3,361,671
Profit (loss) attributable to non-controlling interests	577,710	1,470,568
<i>Total equity attributable to non-controlling interests</i>	<i>4,684,302</i>	<i>4,832,239</i>
Total consolidated equity	30,999,099	29,628,289
<b>B) Provisions for risks and charges</b>		
1) for pensions and similar obligations	2,771	2,771
2) for tax, including deferred tax	128,763	145,981
4) other	3,760	1,207,907
<i>Total provisions for risks and charges</i>	<i>135,294</i>	<i>1,356,659</i>
<b>C) Post-employment benefits</b>	<b>5,825,891</b>	<b>4,571,406</b>
<b>D) Payables</b>		
4) payables to banks	29,821,945	31,059,399
due within one year	8,151,925	7,473,631
due beyond one year	21,670,020	23,585,768
5) payables to other lenders	418,378	502,819
due within one year	150,313	178,446
due beyond one year	268,065	324,373
6) advances	1,290,247	786,567

	30/06/2023	31/12/2022
due within one year	1,290,247	786,567
7) payables to suppliers	24,316,168	22,251,205
due within one year	24,316,168	22,251,205
12) tax payables	3,189,608	2,350,897
due within one year	3,189,608	2,350,897
13) payables to welfare and social security entities	1,583,219	1,729,481
due within one year	1,583,219	1,729,481
14) other payables	8,232,691	4,643,827
due within one year	8,232,691	4,643,827
<i>Total payables</i>	<i>68,852,256</i>	<i>63,324,195</i>
<b>E) Accrued expense and deferred income</b>	<b>3,953,259</b>	<b>4,115,916</b>
<i>Total liabilities</i>	<i>109,765,799</i>	<i>102,996,465</i>

## CONSOLIDATED INCOME STATEMENT

	30/06/2023	30/06/2022
<b>A) Value of production</b>		
1) revenue from sales and services	71,006,330	48,121,689
2) changes in inventory in work in progress, semi-finished and finished products	2,222,493	1,159,680
5) other revenue and income	-	-
operating grants	108,161	651,004
other	962,709	329,657
<i>Total other revenue and income</i>	<i>1,070,870</i>	<i>980,661</i>
<i>Total value of production</i>	<i>74,299,693</i>	<i>50,262,030</i>
<b>B) Production costs</b>		
6) for raw and ancillary materials, consumables and goods	18,020,412	15,050,344
7) for services	27,990,509	18,685,249
8) for rentals and leases	1,637,381	1,041,580
9) for personnel	-	-
a) wages and salaries	13,916,069	7,943,440
b) social security expense	3,965,263	2,348,119
c) post-employment benefits	874,306	619,000
e) other costs	52,889	21,200
<i>Total personnel expense</i>	<i>18,808,527</i>	<i>10,931,759</i>
10) amortization, depreciation and write-downs	-	-
a) amortization of intangible fixed assets	1,641,480	838,951
b) depreciation of tangible fixed assets	1,374,845	773,925
d) write-down of receivables under current assets and cash	51,278	41,841
<i>Total amortization, depreciation and write-downs</i>	<i>3,067,603</i>	<i>1,654,717</i>
11) changes in inventory of raw and ancillary materials, consumables and goods	(946,768)	(1,168,352)
14) sundry operating expense	1,182,659	243,138
<i>Total production costs</i>	<i>69,760,323</i>	<i>46,438,435</i>
<b>Difference between value of production and production costs (A - B)</b>	<b>4,539,370</b>	<b>3,823,595</b>
<b>C) Financial income and expense</b>		
16) other financial income	-	-
b) from securities under fixed assets other than investments	10,300	-
c) from securities under current assets other than investments	408	-
d) income other than above	-	-
other	25,182	2,639
<i>Total income other than the above</i>	<i>25,182</i>	<i>2,639</i>
<i>Total other financial income</i>	<i>35,890</i>	<i>2,639</i>

	30/06/2023	30/06/2022
17) interest and other financial expense	-	-
other	345,119	90,162
<i>Total interest and other financial expense</i>	<i>345,119</i>	<i>90,162</i>
17-bis) exchange gains and losses	(20,557)	(13,118)
<i>Total financial income and expense (15+16-17+-17-bis)</i>	<i>(329,786)</i>	<i>(100,641)</i>
<b>Profit (loss) before tax (A-B+C+-D)</b>	<b>4,209,584</b>	<b>3,722,954</b>
<b>20) Income tax for the year, current, deferred and prepaid tax</b>		
current tax	1,965,430	1,196,939
prior-years' tax	10,347	98
deferred tax assets and liabilities	(19,200)	30,444
<i>Total income tax for the year, current, deferred and prepaid tax</i>	<i>1,956,577</i>	<i>1,227,481</i>
<b>21) Profit (loss) for the year</b>	<b>2,253,007</b>	<b>2,495,473</b>
<b>Profit (loss) attributable to the owners of the parent</b>	<b>1,675,297</b>	<b>1,895,624</b>
<b>Profit (loss) attributable to non-controlling interests</b>	<b>577,710</b>	<b>599,849</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

	Amount at 30/06/2023	Amount at 30/06/2022
<b>A) Cash flow from operations (indirect method)</b>		
Profit (loss) for the year	2,253,007	2,495,473
Income tax	1,956,577	1,227,481
Interest expense/(income)	301,500	87,523
(Gains)/losses from disposal of assets	(25,505)	(20,126)
<i>1) Profit (loss) for the year before income tax, interest, dividends and gains/losses from disposals</i>	<i>4,485,579</i>	<i>3,790,351</i>
Adjustments for non-monetary items that did not have a balancing item in the net working capital		
Allocations to provisions	1,061,407	986,984
Amortization and depreciation	3,016,325	1,612,876
Other upward/(downward) adjustments for non-monetary items	479,317	(26,200)
<i>Total adjustments for non-monetary items that had no balancing item in the net working capital</i>	<i>4,557,049</i>	<i>2,573,660</i>
<i>2) Cash flow before changes in net working capital</i>	<i>9,042,628</i>	<i>6,364,011</i>
Changes in net working capital		
Decrease/(Increase) in inventory	(3,180,117)	(2,237,092)
Decrease/(Increase) in receivables from customers	1,130,626	(1,364,518)
Increase/(Decrease) in payables to suppliers	(504,750)	619,092
Decrease/(Increase) in accrued income and deferred expense	(1,139,179)	(235,830)
Increase/(Decrease) in accrued expense and deferred income	(186,947)	(37,663)
Other decreases/(Other increases) in net working capital	6,626,010	1,140,093
<i>Total changes in net working capital</i>	<i>2,745,643</i>	<i>(2,115,918)</i>
<i>3) Cash flow after changes in net working capital</i>	<i>11,788,271</i>	<i>4,248,093</i>
Other adjustments		
Interest received/(paid)	(298,351)	(78,761)
(Income tax paid)	(1,448,626)	(1,217,429)
(Utilization of provisions)	(983,441)	(825,602)
Total other adjustments	(2,730,418)	(2,121,792)
<b>Cash flow from operations (A)</b>	<b>9,057,853</b>	<b>2,126,301</b>
<b>B) Cash flow from investing activities</b>		
Tangible fixed assets		
(Purchases)	(3,955,008)	(2,403,946)
Disposals	14,212	93,811
Intangible fixed assets		
(Purchases)	(1,237,998)	(231,231)
Disposals	300	0

	Amount at 30/06/2023	Amount at 30/06/2022
Financial fixed assets		
(Purchases)	(95,455)	(2,646,704)
Disposals	225,113	97,000
Current financial assets		
(Purchases)	(1,004,000)	
Disposals	1,510,408	
(Acquisition of subsidiaries)	(6,963,917)	(3,010,000)
<b>Cash flow from investing activities (B)</b>	<b>(11,506,345)</b>	<b>(8,101,070)</b>
<b>C) Cash flow from financing activities</b>		
Loan capital		
Increase/(Decrease) in short-term payables to banks	714,722	129,684
New loans	2,294,000	8,389,720
(Repayment of loans)	(4,972,742)	(3,319,258)
Equity		
Capital increase against payment	10,000	
(Dividends and interim dividends paid)	(756,600)	(1,185,979)
<b>Cash flow from financing activities (C)</b>	<b>(2,710,620)</b>	<b>4,014,167</b>
<b>Increase (decrease) in cash (A ± B ± C)</b>	<b>(5,159,112)</b>	<b>(1,960,602)</b>
Cash, beginning of year		
Bank and postal deposits	16,536,138	22,776,525
Cash and valuables on hand	16,489	17,661
<i>Cash acquired or disposed of through acquisitions/disposals of subsidiaries</i>	2,516,709	1,331,378
Total cash, beginning of year	19,069,336	24,125,564
Cash, end of year		
Bank and postal deposits	13,889,685	22,149,813
Cheques	390	
Cash and valuables on hand	20,149	15,149
Total cash, end of year	13,910,224	22,164,962

## ACQUISITION OF INVESTMENTS IN SUBSIDIARIES

The information required by OIC 17, § 36 is provided at the bottom of this Statement of Cash Flows, regarding:

- the consolidation of the indirect control of Petri & Lombardi S.r.l. - formerly controlled by the consolidated Idee Partners S.r.l. - from 32.40% to 54%, following acquisition by the direct subsidiary Idee Partners S.r.l. of an additional 40% stake in Petri & Lombardi S.r.l.;
- the acquisition of the indirect control of 80% in Nuova Nicol S.r.l. - a wholly-owned subsidiary of the consolidated SMT S.r.l.;
- the establishment of the wholly-owned subsidiary IGD Outerwear S.r.l..

Mention should be made that the 70% indirect subsidiaries Shapemode S.r.l. and D-Manufacturing S.r.l. - wholly-owned subsidiaries of the consolidated Dyloan Bond Factory S.r.l. - were merged by incorporation into the Parent Company Dyloan Bond Factory S.r.l. during the six-month reporting period, with legal, accounting and tax effects backdated to 1 January 2023.

It should be noted that in preparing the Consolidated Statement of Cash Flows, the cash flows of the newly-consolidated Nuova Nicol S.r.l. were assumed as from 1 January 2023, in compliance with OIC 17, § 19.

Specifically, mention should be made of the following:

<u>Total consideration paid in cash for the acquisition of the NUOVA NICOL SRL stake (80%)</u>	4,800,000
- total agreed consideration	6,000,000
- of which still to be paid at 30.6.23	1,200,000
<u>Amount of cash acquired through the transaction</u>	2,516,709
cash Nuova Nicol Srl 1.1.2023	2,516,709
<u>Total consideration paid for the acquisition of the PETRI &amp; LOMBARDI SRL stake (22.4%)</u>	520,000
- of which paid in cash	510,000



**PATTERN S.P.A.**

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

**NOTES TO THE CONSOLIDATED HALF-YEAR REPORT AT 30 JUNE 2023****FOREWORD**

These condensed consolidated interim financial statements at 30 June 2023 of Pattern S.p.A. (hereinafter also "Parent Company" or "Controlling Company"), SMT S.r.l., Idee Partners S.r.l., Petri & Lombardi S.r.l., Zanni S.r.l., RGB S.p.A., Dyloan Bond Factory S.r.l., IGD Outerwear S.r.l. and Nuova Nicol S.r.l., (hereinafter also "Subsidiaries" or "Consolidated Companies"), collectively the "Group", were 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 were 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**).

## CONSOLIDATION SCOPE

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 30.6.2023	Equity at 30.6.2023	Profit (loss) for the period at 30.6.2023	Stake held directly by the Parent Company (%)	Stake held indirectly by the Parent Company (%)
SMT SRL	Italy	1,000,000	10,834,659	2,885,365	80	/
IDEE PARTNERS SRL	Italy	100,000	3,350,385	1,074,824	54	/
PETRI & LOMBARDI SRL	Italy	100,000	969,225	32,669	/	54
ZANNI SRL	Italy	100,000	3,414,354	234,088	/	80
RGB SRL	Italy	350,000	837,315	-293,860	/	37.80
DYLOAN BOND FACTORY SRL	Italy	400,000	2,749,765	-727,913	70	
IGD OUTERWEAR SRL	Italy	10,000	10,000	0	100	
NUOVA NICOL SRL	Italy	110,000	2,292,774	1,340,223	/	80

The full consolidation scope includes the interim financial statements at 30 June 2023 of Pattern S.p.A., 80% subsidiary SMT S.r.l., Società Manifattura Tessile S.r.l., 54% subsidiary Idee Partners S.r.l., 70% subsidiary Dyloan Bond Factory S.r.l., 100% subsidiary IGD Outerwear S.r.l., as well as of 54% subsidiary Petri & Lombardi S.r.l., 80% subsidiary Zanni S.r.l., 80% subsidiary Nuova Nicol S.r.l., and 37.80% subsidiary RGB S.p.A..

The consolidation scope at 30 June 2023 changed from 31 December 2022 due to:

- the inclusion of Nuova Nicol S.r.l., specialized in the production of women's luxury knitwear, as a result of the acquisition of the total stake in the latter by the subsidiary SMT S.r.l., by deed signed on 12 April 2023; as a result of the above transaction, Pattern S.p.A. indirectly controls 80% of Nuova Nicol S.r.l. - a wholly-owned subsidiary of SMT S.r.l.;
- the inclusion of IGD Outerwear S.r.l., established by Pattern S.p.A. on 26 May 2023 and thus a wholly-owned direct subsidiary.

It should be noted that the Parent Company in March 2023 signed a binding framework agreement to dispose of the business unit dedicated to the engineering and production of Burberry products to Burberry Limited. The transaction involves the transfer of the production unit to a newly-established company and the subsequent disposal by the transferor Pattern S.p.A. of the entire share capital of the new-co transferee at a price of € 21 million. Therefore, on 26 May, IGD Outerwear S.r.l. was established;

- the 40% increase in the stake held by the subsidiary Idee Partners S.r.l. in Petri & Lombardi S.r.l.; as a result of the above transaction, Pattern S.p.A. indirectly controls 54% of Petri & Lombardi S.r.l. - a wholly-owned subsidiary of Idee Partners S.r.l. - (previously 32.40%).

Additionally, in first half 2023, the mergers of Shapemode S.r.l. and D-Manufacturing S.r.l. into the wholly-owning parent Dyloan Bond Factory S.r.l., the latter being a 70% direct subsidiary of Pattern S.p.A., were finalized.

Below are the assets and liabilities at the beginning of the year of the newly-consolidated Nuova Nicol S.r.l. - acquired on 12 April 2023 by subsidiary SMT S.r.l. - incorporated into Pattern Group's consolidation as of 1 January 2023, pursuant to § 52 of OIC no. 17. The aforementioned balance sheet at 1 January 2023 of the newly-consolidated company is taken net of the results of its partial proportional demerger, which took place on 13 March 2023 (prior to the date of its acquisition), as well as the dividend paid to the previous shareholders.

<b>Statement of financial position - Nuova Nicol S.r.l.</b>	<b>01/01/2023</b>
<b>Assets</b>	
<b>A) Share capital proceeds to be received</b>	
<b>B) Fixed assets</b>	
I - Intangible fixed assets	
4) concessions, licenses, trademarks and similar rights	30
6) Fixed assets in progress and advances	31,130
7) other	11,553
<i>Total intangible fixed assets</i>	<b>42,713</b>
II - Tangible fixed assets	
1) land and buildings	0
2) plant and machinery	90,128
3) industrial and commercial equipment	10,284
4) other assets	17,142
5) fixed assets in progress and advances	0
<i>Total tangible fixed assets</i>	<b>117,554</b>
III - Financial fixed assets	
2) Receivables:	
d-bis) From others	5,000
4) Financial derivative assets	14,573
<i>Total financial fixed assets</i>	<b>19,573</b>
<i>Total fixed assets (B)</i>	<b>179,840</b>
<b>C) Current assets</b>	
I - Inventory	
1) raw and ancillary materials and consumables	250,604
2) work in progress and semi-finished products	239,253
4) finished products and goods	116,508
<i>Total inventory</i>	<b>606,365</b>
Tangible fixed assets held for sale	
	0
II - Receivables	
1) from customers	3,596,262
due within one year	3,596,262
5-bis) tax receivables	583,567
due within one year	583,567

5-ter) Prepaid tax	14,509
5-quater) from others	885
due within one year	885
<b>Total receivables</b>	<b>4,195,223</b>
III - Current financial assets	
6) other securities	10,000
<b>Total current financial assets</b>	<b>10,000</b>
IV - Cash	
1) bank and postal deposits	2,515,444
3) cash and valuables on hand	1,265
<b>Total cash</b>	<b>2,516,709</b>
<b>Total current assets (C)</b>	<b>7,328,297</b>
<b>D) Accrued income and deferred expense</b>	<b>27,956</b>
<b>Total assets</b>	<b>7,536,093</b>
<b>Liabilities</b>	
<b>A) Equity</b>	
I - Share capital	110,000
II - Share premium reserve	0
III - Revaluation reserves	0
IV - Legal reserve	164,956
VI - Other reserves	0
VII - Reserve for hedges of expected cash flows	14,573
IX - Profit (loss) for the year	2,177,595
Total equity	<b>2,467,124</b>
<b>B) Provisions for risks and charges</b>	<b>1,742</b>
<b>C) Post-employment benefits</b>	<b>561,299</b>
<b>D) Payables</b>	
4) payables to banks	642,215
due within one year	270,673
due beyond one year	371,542
7) payables to suppliers	2,702,057
due within one year	2,702,057
12) tax payables	567,890
due within one year	567,890
13) payables to welfare and social security entities	62,680
due within one year	62,680
14) other payables	474,400
due within one year	474,400
<b>Total payables</b>	<b>4,449,242</b>
<b>E) Accrued expense and deferred income</b>	<b>56,686</b>
<b>Total liabilities</b>	<b>7,536,093</b>

## 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 consolidation scope was eliminated against the corresponding equity at the date of preparation of the financial statements, in accordance with the full method.

Specifically:

- 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 booked equity held in the indirect subsidiary Zanni S.r.l. and Nuova Nicol S.r.l., vis-à-vis the acquisition cost calculated using the so-called "*simultaneous full consolidation procedure*";
- 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 booked equity held in the indirect subsidiaries Petri & Lombardi S.r.l. and R.G.B. S.r.l., vis-à-vis the acquisition cost relating to the Parent Company, calculated using the so-called "*simultaneous full consolidation procedure*";
- the lower amount of the portion of equity of the investee Dyloan Bond Factory S.r.l. vis-à-vis the acquisition cost is allocated to "Goodwill";
- the elimination of the 100% stake in the consolidated IGD Outerwear S.r.l., as a balancing entry to the relevant equity, did not give rise to any consolidation difference.

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 Subsidiaries: dividends collected in the year by the Parent Company - distributed by subsidiary S.M.T S.r.l. and subsidiary Idee Partners S.r.l. - and those collected by consolidated SMT S.r.l. - distributed by subsidiary Nuova Nicol S.r.l. - are reversed upon consolidation.

Lastly, the financial statements of the companies included in the consolidation scope 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 2023 were prepared in compliance with the provisions contained in Legislative Decree no. 127/91 and the Italian Civil Code, construed and supplemented by the accounting standards prepared and revised by the Italian Accounting Body ("OIC") and, where missing and not conflicting, by those issued by the International Accounting Standards Board ("IASB").

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

The following principles were followed in the preparation of the consolidated financial statements.

1. These financial statements were prepared clearly and give a true and fair view of the financial position and results of operations for the period of 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 was 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 2022 has been shown; for each item in the income statement, the amount of the corresponding figure at 30 June 2022 has been shown. With regard to the comparability of the items, as already mentioned in the Foreword of these Notes, at the statement of financial position level, the scope of the Consolidated Financial Statements at 31 December 2022 did not include the subsidiary Nuova Nicol S.r.l., whose acquisition took place on 12 April 2023, and the subsidiary IGD Outerwear S.r.l., established on 25 May 2023. At the income statement level, the consolidation scope at 30 June 2022 did not include the subsidiary Dyloan Bond Factory S.r.l. and the indirect subsidiaries RGB S.r.l. and Nuova Nicol S.r.l..

Additionally, with regard to the indirect subsidiary Petri & Lombardi S.r.l., in the period under review the controlling interest held by the Parent Company increased by an additional 21.60% from the 32.40% held in the prior year, as a result of the consolidation of the 100% control of the company - following the acquisition of the remaining 40% - by the direct subsidiary Idee Partners S.r.l..

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 2 March 2023. 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 2023 are explained below.

#### ***Intangible fixed assets***

Expense 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 1, no. 2, Italian Civil Code).

Fixed assets in progress 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 fixed assets.

Fixed assets in progress are not subject to amortization.

#### ***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.

**Industrial patent and intellectual property rights**

Application software purchased under ownership or acquired under an indefinite license for use is recognized as an asset at a value equal to the sums paid to obtain it and is amortized according to its useful life and, if not determinable, over 3 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 cost incurred for goodwill acquired as a result of the acquisition by the subsidiary Dyloan Bond Factory S.r.l. of the T-Shock S.r.l. business unit;
- the cost incurred for goodwill acquired as a result of the acquisition of the Orlando Confezioni S.r.l. business unit by D-Manufacturing S.r.l., incorporated in the six months under review by Dyloan Bond Factory 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. and Nuova Nicol S.r.l., vis-à-vis their 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 subsidiaries Petri & Lombardi S.r.l. and R.G.B. S.r.l., vis-à-vis their acquisition cost;

- the positive consolidation difference of the subsidiary Dyloan Bond Factory S.r.l., resulting from the difference between the book value entered in the Parent Company's financial statements of the investment written off and the amount of the corresponding portion of the subsidiary's booked equity.

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

#### ***Other intangible fixed assets***

Other intangible fixed assets include mainly the following items:

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

#### ***Tangible fixed assets***

Tangible fixed assets 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 tangible fixed assets 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 1, no. 2, Italian Civil Code).

Tangible fixed assets 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 in progress are not subject to depreciation.

Fixed assets in progress 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 tangible and intangible assets (including goodwill) may be impaired.

If there is such evidence, the book value of the assets is reduced to the relating recoverable value, 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 1, 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 period 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 1, 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.

#### ***Investments 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.

#### ***Receivables under financial fixed assets***

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**

Cash is 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.

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.

**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.1) Intangible fixed assets**

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

- start-up and expansion expense (B.1.1): estimated useful life 5 years, amortization rate 20%;
- development costs (B.1.2): estimated useful life 5 years, amortization rate 20%;
- software use licenses (B.1.3): estimated useful life 3 years, amortization rate 33.33%;
- patents (B.1.3): estimated useful life 2 years, amortization rate 50%;
- trademarks (B.1.4): estimated useful life 18 years, amortization rate 5.56%;
- goodwill (B.1.5): estimated useful life from 5 to 10 years, amortization rate from 20% to 10%;
- extraordinary leasehold improvements (B.1.7): estimated useful life approximately 8 years, average amortization rate 12.50%;
- other costs with long-term useful life (B.1.7): 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 of the newly-consolidated Nuova Nicol S.r.l. at 31.12.2022 - appropriately adjusted, as explained in the Foreword of these Notes -, included in the consolidation scope at 1.1.2023, is shown separately.

	Start-up and expansion costs	Development costs	Patent Rights	Concessions, licenses, trademarks and similar rights	Goodwill	Intangible fixed assets in progress and advances	Other intangible fixed assets	Total intangible fixed assets
<b>Net amount at 31.12.22 Consolidated</b>	39,156	38,174	14,252	703,131	16,590,345	7,800	2,403,152	19,796,010
<b>Net amount at 31.12.22 Nuova Nicol Srl</b>	0	0	0	30	0	31,130	11,553	42,713
<b>Total Net Amount</b>	<b>39,156</b>	<b>38,174</b>	<b>14,252</b>	<b>703,161</b>	<b>16,590,345</b>	<b>38,930</b>	<b>2,414,705</b>	<b>19,838,723</b>
<b>Acquisitions</b>	34,909	0	119,876	0	525,805	0	878,343	1,558,933
<b>Other increases</b>	0	0	0	0	3,800,640	0	0	3,800,640
<b>Disposals</b>	0	0	0	0	0	(31,130)	0	(31,130)
<b>Reclassifications</b>	(773)	0	315,196	(315,193)	0	(7,800)	(156,060)	(164,630)
<b>Amortization</b>	(12,119)	(11,016)	(86,848)	(40,998)	(1,232,919)	0	(257,580)	(1,641,480)
<b>Other changes</b>	0	0	0	0	0	0	0	0
<b>Net amount at 30.06.23 Consolidated</b>	<b>61,173</b>	<b>27,158</b>	<b>362,476</b>	<b>346,970</b>	<b>19,683,871</b>	<b>0</b>	<b>2,879,408</b>	<b>23,361,056</b>

The increases in Intangible Fixed Assets recorded in the reporting period refer almost entirely to "Other Intangible Fixed Assets", recording expenditure made for leasehold improvements by the subsidiary Idee Partners S.r.l. - referable to the completion of the photovoltaic system in the Scandicci Property - by the subsidiary S.M.T. S.r.l. - regarding mainly improvements made to the Correggio Property that hosts the headquarters - to the subsidiary Dyloan Bond Factory S.r.l. - referring to improvements on the leased building located in Chieti -, to "Industrial Patent and Intellectual Property Rights", recording purchases for new software licenses and related consulting services by the Parent Company and the subsidiary Dyloan Bond Factory S.r.l., as well as the increase in goodwill totaling approximately € 4.3 million, resulting for approximately € 526 thousand from the acquisition for consideration of the Mia Pelletterie S.r.l. business unit by the subsidiary RGB S.r.l., and for approximately € 3.8 million from the consolidation of subsidiaries. Mention should be made that this latter increase is attributable for approximately € 300 thousand to the consolidation of the additional 21.6% stake of the indirect subsidiary Petri & Lombardi S.r.l., and for approximately € 3.5 million to the consolidation of the newly-consolidated Nuova Nicol S.r.l..

Lastly, for the sake of completeness, a reclassification, referring to proprietary software, amounting to approximately € 315 thousand - from item B.I.4) "Concessions, licenses, trademarks and similar rights" to item B.I.3) "*Industrial Patent and Intellectual Property Rights*" - was made in compliance with the new provisions of OIC 24.

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

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

The item is broken down as follows (Article 38, paragraph 1, letter d), Legislative Decree 127/91):

Nature of asset	Gross amount	Net amount
Expansion costs	163,037	61,173
<b>Total</b>	<b>163,037</b>	<b>61,173</b>

### B.I.2) Development costs

The item is broken down as follows:

Nature of asset	Gross amount	Net amount
Development costs	1,299,407	27,158
<b>Total</b>	<b>1,299,407</b>	<b>27,158</b>

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.3) Industrial patent and intellectual property rights

The item is broken down as follows:

Nature of asset	Gross amount	Net amount
Patent Rights	23,315	14,569
Software licenses	907,413	304,907
<b>Total</b>	<b>930,728</b>	<b>362,476</b>

**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	804,554	346,970
<b>Total</b>	<b>804,554</b>	<b>346,970</b>

The item Trademarks includes:

- the Dyloan trademark, with a residual book value totaling approximately € 323 thousand.
- 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	21,202,576	19,683,871
<b>Total</b>	<b>21,202,576</b>	<b>19,683,871</b>

Specifically, it involves:

- goodwill acquired against payment as a result of the acquisition by the Parent Company of the Modalis S.r.l. business unit, in a procedure with an arrangement with creditors, amounting to approximately € 301 thousand;
- 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;
- goodwill acquired against payment as a result of the acquisition by the subsidiary Dyloan Bond Factory S.r.l. of the T-Shock S.r.l. business unit, amounting to € 30 thousand;
- goodwill acquired against payment as a result of the acquisition of the Orlando Confezioni business unit by D-Manufacturing S.r.l., merged into Dyloan Bond Factory S.r.l., amounting to € 93 thousand;
- goodwill acquired against payment as a result of the acquisition of the Mia Pelletterie S.r.l. business unit by the subsidiary RGB S.r.l., amounting to approximately € 526 thousand;
- goodwill related to the recognition of the positive consolidation difference of the subsidiary SMT S.r.l. - including the positive differences attributable to the indirect subsidiaries Zanni S.r.l. and Nuova Nicol S.r.l.. Specifically, this positive difference, totaling approximately € 11.8 million - of which approximately € 6.9 million attributable to the direct subsidiary SMT S.r.l., approximately € 1.4 million to the indirect subsidiary Zanni S.r.l., and approximately € 3.5 million attributable to the indirect subsidiary Nuova Nicol S.r.l. - arising from the comparison between the book value of the investments written off and the corresponding amount of the portion of booked 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. - comprising the positive differences attributable respectively to the indirect subsidiaries Petri & Lombardi S.r.l. and R.G.B. S.r.l. - amounting to approximately € 6.4 million - of which approximately € 3.3 million attributable to the direct subsidiary Idee Partners S.r.l., approximately € 431 thousand attributable to the indirect subsidiary Petri & Lombardi S.r.l. and approximately € 2.7 million attributable to the indirect subsidiary R.G.B. S.r.l.. This positive difference - arising from the comparison between the book value of the investments written off and the corresponding amount of the portion of booked 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 Dyloan Bond Factory S.r.l., amounting to approximately € 4.4 million. This positive difference - arising from the comparison between the book value of the investment written off and the corresponding amount of the portion of the booked equity of the consolidated company - is justified by the earnings capacity of the acquired business.

### B.I.7) Other intangible fixed assets

The item is broken down as follows:

Nature of asset	Gross amount	Net amount
Extraordinary leasehold improvements	4,135,207	2,706,003
Other costs with long-term useful life	440,276	173,405
<b>Total</b>	<b>4,575,483</b>	<b>2,879,408</b>

### 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%;
- lightweight 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%;
- furniture and office 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 tangible fixed assets 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 Tangible Fixed Assets of the newly-consolidated Nuova Nicol S.r.l. at 31.12.2022 - appropriately adjusted, as explained in the Foreword of these Notes -, included in the consolidation scope at 1.1.2023, is shown separately.

	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other tangible fixed assets	Tangible fixed assets in progress and advances	Total tangible fixed assets
<b>Net amount at 31.12.22 Consolidated</b>	4,299,270	10,045,459	307,066	849,367	433,450	15,934,612
<b>Net amount at 31.12.22 Nuova Nicol Srl</b>	0	90,128	10,284	17,141	0	117,553
<b>Total Net Amount</b>	<b>4,299,270</b>	<b>10,135,587</b>	<b>317,350</b>	<b>866,508</b>	<b>433,450</b>	<b>16,052,165</b>
<b>Acquisitions</b>	1,855,258	1,825,068	63,151	266,461	526,143	4,536,081
<b>Other increases</b>	0	0	0	0	0	0
<b>Disposals</b>	0	(1,081)	0	(81,718)	0	(82,799)
<b>Reclassifications</b>	88,714	54,753	(3,170)	78,095	(102,150)	116,242
<b>Depreciation</b>	(53,111)	(1,092,838)	(67,547)	(161,349)	0	(1,374,845)
<b>Other changes</b>	0	0	0	0	0	0
<b>Net amount at 30.6.23 Consolidated</b>	<b>6,190,131</b>	<b>10,921,489</b>	<b>309,784</b>	<b>967,997</b>	<b>857,443</b>	<b>19,246,844</b>

The most significant increases in Tangible Fixed Assets concerned the purchase on 10.03.2023 by the Parent Company of a plot of land located in Collegno, at a price of € 1.8 million, intended for building the Group's new headquarters in Piedmont in the next 24 months, as well as expenditure of approximately € 1.8 million, made in plant and machinery by the Parent Company and Subsidiaries SMT S.r.l., Zanni S.r.l., RGB S.r.l. and Dyloan Bond Factory S.r.l..

### B.II.1) Land and buildings

The item is broken down as follows:

Nature of asset	Gross amount	Net amount
Land	2,773,365	2,773,365
Buildings	3,671,150	3,392,473
Lightweight constructions	24,850	24,293
<b>Total</b>	<b>6,469,364</b>	<b>6,190,131</b>

### B.II.2) Plant and machinery

The item is broken down as follows:

Nature of asset	Gross amount	Net amount
General plant	9,682,653	6,629,997
Photovoltaic systems	60,000	35,722
Machinery	10,895,808	4,255,770
<b>Total</b>	<b>20,638,461</b>	<b>10,921,489</b>

### B.II.3) Industrial equipment

The item is broken down as follows:

Nature of asset	Gross amount	Net amount
Industrial and commercial equipment	1,126,355	309,784
<b>Total</b>	<b>1,126,355</b>	<b>309,784</b>

### B.II.4) Other assets

The item is broken down as follows:

Nature of asset	Gross amount	Net amount
Furniture and office equipment	826,870	273,338
Electronic office machinery	1,153,143	381,003
Trucks	236,138	99,308
Motor vehicles	111,539	20,940
Internal means of transport	30,435	3,106
Telephone equipment and systems	52,964	7,589
Furniture	635,650	182,714
<b>Total</b>	<b>3,046,740</b>	<b>967,997</b>

### 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 € 2,297,374.

	Parent company Pattern Spa (a)	Subsidiary SMT Srl (b)	Subsidiary Idee Partners Srl (c)	Subsidiary Petri & Lombardi Srl (d)	Subsidiary Zanni Srl (e)	Subsidiary RGB Srl (f)	Subsidiary Dyloan Bond Factory Srl (g)	Subsidiary Nuova Nicol Srl (h)	Total Consolidated (a + b + c + d + e)
Total amount of leased financial assets at year end	2,539,160	316,797	92,137	401,877	188,737	46,430	1,138,884	123,973	<b>4,847,995</b>
Depreciation that would have been charged in the year	44,760	91,619	11,517	35,164	34,300	5,804	27,834	8,628	<b>259,626</b>
Value adjustments and write-backs that would have been posted in the year	0	0	0	0	0	0	0	0	<b>0</b>
Present amount of instalments of fees not yet due at year end	1,191,023	37,249	12,635	137,857	39,655	67,058	789,309	22,588	<b>2,297,374</b>
Financial expense for the year based on the effective interest rate	20,250	2,425	1,268	2,053	224	2,005	20,548	991	<b>49,764</b>

### B.III) Financial fixed assets

#### B.III.1) Investments

Movements in investments under Financial Fixed Assets are shown in the table below:

	Investments in subsidiaries	Investments in other companies	Total investments
Net amount at 31.12.22 Consolidated	0	535	<b>535</b>
Net amount at 31.12.22 Nuova Nicol Srl	0	0	<b>0</b>
Total amount	<b>0</b>	<b>535</b>	<b>535</b>
Acquisitions in the year	0	0	<b>0</b>
Net amount at 30.6.23 Consolidated	<b>0</b>	<b>535</b>	<b>535</b>

#### 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 each item of Long-Term Receivables of the newly-consolidated Nuova Nicol S.r.l. at 31.12.2022 - appropriately adjusted, as explained in the Foreword of these Notes -, included in the consolidation scope at 1.1.2023, 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 others	Total long-term receivables
Amount at 31.12.22 Consolidated	498,689	498,689
Amount at 31/12/22 Nuova Nicol Srl	5,000	5,000
<b>Total amount</b>	<b>503,689</b>	<b>503,689</b>
Change in the period	101,743	101,743
Amount at 30.06.23 Consolidated	605,432	605,432
Portion due within one year	98,386	98,386
Portion due beyond one year	507,046	507,046
Of which with residual maturity of over 5 years	0	0

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

- portion due within the next year:
  - security deposits of € 900 from the Parent Company for a lease agreement for guest quarters in Gioia del Colle;
  - security deposits of € 97,486 from the subsidiary Dyloan Bond Factory S.r.l. for a lease agreement for D house spaces in Milan, Via Ferraris.
- portion due beyond one year:
  - financial receivables of the subsidiary S.M.T. S.r.l. for the amount of € 57,874 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 € 77,611 for utilities and for the existing leases on the properties in Correggio of the subsidiary SMT S.r.l.;
  - security deposits totaling € 220,866 for utilities and outstanding leases on the Scandicci properties of the subsidiary Idee Partners S.r.l.;
  - security deposits totaling € 1,800 related to utilities of the subsidiary Petri & Lombardi S.r.l.;
  - security deposits of € 120,000 of the subsidiary R.G.B. S.r.l. from the existing lease agreement. Following the acquisition of the business unit as part of the bankruptcy proceedings of Mia Pelletterie S.r.l., the previously paid deposit of € 180,000 made with the binding offer was settled;
  - security deposits of € 5,000 for rent of the Sala Bolognese warehouse of the subsidiary Nuova Nicol;
  - security deposits of € 235 for utilities of the subsidiary Zanni;
  - security deposits and down payments of € 13,660 relating to outstanding leases concluded by the Parent Company for the warehouse in Collegno, as well as security deposits for utilities.



In detail:

Description	Book value
Security deposits	537,558
Financial receivables	67,874
<b>Total</b>	<b>605,432</b>

### 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 others	605,432	605,432
<b>Total</b>	<b>605,432</b>	<b>605,432</b>

### B.III.4) Financial derivative assets

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

	Financial derivative assets
Consolidated amount 31.12.22	602,016
Net amount at 31.11.22 Nuova Nicol Srl	14,573
Fair value adjustments	(91,933)
<b>Consolidated amount 30.6.23</b>	<b>524,656</b>

This amount represents the positive fair value at 30 June 2023, of two IRS hedging derivative contracts entered into in prior years by the Parent Company, three IRS hedging derivative contracts entered into in prior years by the subsidiary Idee Partners Srl, four IRS hedging derivative contracts entered into in prior years by the consolidated Dyloan Bond Factory S.r.l., and one IRS contract entered into in prior years by the newly-consolidated Nuova Nicol S.r.l., for specific details of which reference is made to Part V of these Notes.

## 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 € 13,135,125 (€ 9,359,495 at 31 December 2022).

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 € 1,858,979, broken down as follows:

- € 606,281 as a reduction in the value of inventory of raw materials;
- € 72,415 as a reduction in the value of inventory of work in progress and semi-finished products;
- € 1,180,283 as a reduction in the value of inventory of finished products.

The breakdown and movements of the individual items are shown below. In this regard, the amount of each item of Inventory of the newly-consolidated Nuova Nicol S.r.l. at 31.12.2022 - appropriately adjusted, as explained in the Foreword of these Notes -, included in the consolidation scope at 1.1.2023, is shown separately.

	Raw and ancillary materials and consumables	Work in progress and semi-finished products	Finished products and goods	Total inventory
Amount at 31.12.22 Consolidated	3,388,233	4,987,004	984,258	9,359,495
Amount at 31/12/22 Nuova Nicol Srl	250,604	239,253	116,508	606,365
<b>Total amount</b>	<b>3,638,837</b>	<b>5,226,257</b>	<b>1,100,766</b>	<b>9,965,860</b>
Change in the period	946,770	2,526,709	(304,214)	3,169,265
Amount at 31.12.23 Consolidated	<b>4,585,607</b>	<b>7,752,966</b>	<b>796,552</b>	<b>13,135,125</b>

The increase is due to the expanded consolidation scope, but mainly to the time of the year, as explained in other reports. At 30 June, a good portion of the orders for the upcoming autumn-winter season had not been completed and delivered.

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 30.6.23	Change	Consolidated amount 31.12.22
Raw materials in stock	5,088,665	1,123,323	3,965,342
Provision for inventory write-down of raw material	(606,281)	165,483	(771,764)
Raw materials in transit	103,223	(91,432)	194,655
<b>Total</b>	<b>4,585,607</b>	<b>1,197,374</b>	<b>3,388,233</b>

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

Work in progress and semi-finished products	Consolidated amount 30.6.23	Change	Consolidated amount 31.12.22
Work in progress	7,825,381	2,838,377	4,987,004

Provision for inventory write-down of work in progress	(72,415)	(72,415)	0
<b>Total</b>	<b>7,752,966</b>	<b>2,765,962</b>	<b>4,987,004</b>

#### C.I.4) Finished products and goods

Finished products and goods	Consolidated amount 30.6.23	Change	Consolidated amount 31.12.22
Finished products	1,924,517	(140,178)	2,064,695
Provision for inventory write-down of finished products	(1,180,283)	(77,201)	(1,103,082)
Finished products in transit	52,318	29,673	22,645
<b>Total</b>	<b>796,552</b>	<b>(187,706)</b>	<b>984,258</b>

#### C.II) Receivables

Receivables under current assets amounted to € 34,879,017 (€ 36,819,858 at 31 December 2022).

#### 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 amount of each item of receivables under current assets of the newly-consolidated Nuova Nicol S.r.l. at 31.12.2022 - appropriately adjusted, as explained in the Foreword of these Notes -, included in the consolidation scope at 1.1.2023, 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 31.12.22 Consolidated	24,212,489	10,889,695	102,690	1,614,984	36,819,858
Amount at 31/12/22 Nuova Nicol Srl	3,596,262	583,567	14,509	885	4,195,223
<b>Total amount</b>	<b>27,808,751</b>	<b>11,473,262</b>	<b>117,199</b>	<b>1,615,869</b>	<b>41,015,081</b>
Change in the period	(976,881)	(4,554,746)	18,806	(623,242)	(6,136,064)
Amount at 30.06.23 Consolidated	26,831,870	6,918,516	136,005	992,626	34,879,017
Portion due within one year	26,831,870	6,603,690		992,626	34,428,186
Portion due beyond one year	0	314,826		0	314,826
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 30.6.23	Consolidated amount 31.12.22
<i>Within 12 months</i>		
Receivables from customers	27,021,728	24,092,763
Invoices to issue	111,454	140,266
Credit notes to issue	(109,289)	(7,074)
Bank receipts	430,206	479,416
Allowance for impairment	(622,230)	(492,882)
<b>Total</b>	<b>26,831,870</b>	<b>24,212,489</b>

The increase in receivables from customers refers to the growth of turnover of all Group companies and the consolidation of Nuova Nicol, which is not included in the figures at end 2022.

**C.II. 5-bis) Tax receivables**

The item is broken down as follows:

Nature of receivable	Consolidated amount 30.6.23	Consolidated amount 31.12.22
<i>Within 12 months</i>		
Revenue Agency VAT a/c	4,564,585	6,374,749
IRAP receivable	120,156	171,223
IRES receivable	611,154	741,630
Other tax receivables	1,307,795	2,673,987
<i>Over 12 months</i>		
Other tax receivables	314,826	928,106
<b>Total</b>	<b>6,918,516</b>	<b>10,889,695</b>

The VAT receivable position amounts to € 4.5 million and is composed as follows: € 1.6 million attributable to the parent company, € 1.6 million to the subsidiary SMT S.r.l., € 700 thousand to the subsidiary Nuova Nicol S.r.l., € 500 thousand to the subsidiary Dyloan Bond Factory S.r.l., € 32 thousand to the subsidiary Zanni S.r.l., € 63 thousand to the subsidiary Petri & Lombardi S.r.l. and € 7 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 in prior years.

**C.II. 5-quater) Other receivables**

The item is broken down as follows:

Nature of receivable	Consolidated amount 30.6.23	Consolidated amount 31.12.22
<i>Within 12 months</i>		
Receivables from social security entities	4,351	5,628
Redundancy fund	0	0
Advances to suppliers	393,067	228,603
Sundry receivables	595,208	1,159,652
<i>Over 12 months</i>		
Security deposits	0	221,101
<b>Total</b>	<b>992,626</b>	<b>1,614,984</b>

For the sake of completeness, other receivables at 31 December 2022 included the confirmatory deposit of € 1 million issued by the subsidiary SMT S.r.l. for the purchase of shares in Nuova Nicol S.r.l..

**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	11,447,326	6,918,516	136,005	992,626	19,494,473
EU	10,192,123	0	0	0	10,192,123
Extra EU	5,192,420	0	0	0	5,192,420
<b>Total</b>	<b>26,831,870</b>	<b>6,918,516</b>	<b>136,005</b>	<b>992,626</b>	<b>34,879,017</b>

**C.IV) Cash**

At 30 June 2023, cash amounted to € 13,910,224 (€ 16,552,627 at 31 December 2022). In this regard, the amount of each item of cash of the newly-consolidated Nuova Nicol S.r.l. at 31.12.2022 - appropriately adjusted, as explained in the Foreword of these Notes -, included in the consolidation scope at 1.1.2023, is shown separately.

With regard to the change in cash, 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
Amount at 31.12.22 Consolidated	16,536,138	0	16,489	<b>16,552,627</b>
Amount at 31/12/22 Nuova Nicol Srl	2,515,444	0	1,265	<b>2,516,709</b>
<b>Total amount</b>	<b>19,051,582</b>	<b>0</b>	<b>17,754</b>	<b>19,069,336</b>
Change in the period	(5,161,897)	390	2,395	<b>(5,159,112)</b>
Amount at 30.6.23 Consolidated	<b>13,889,685</b>	<b>390</b>	<b>20,149</b>	<b>13,910,224</b>

**D) ACCRUED INCOME AND DEFERRED EXPENSE**

The breakdown of the item is shown in the table below (Article 38, paragraph I, letter f), Legislative Decree 127/91). In this regard, the amount of each item of accrued income and deferred expense of the newly-consolidated Nuova Nicol S.r.l. at 31.12.2022 - appropriately adjusted, as explained in the Foreword of these Notes -, included in the consolidation scope at 1.1.2023, is shown separately.

	Accrued income	Deferred expense	Total accrued income and deferred expense
<b>Amount at 31.12.22 Consolidated</b>	9,930	837,392	<b>847,322</b>
<b>Amount at 31/12/22 Nuova Nicol Srl</b>	0	27,956	<b>27,956</b>
<b>Total amount</b>	<b>9,930</b>	<b>865,348</b>	<b>875,278</b>
<b>Change in the period</b>	217,869	920,462	<b>1,138,331</b>
<b>Amount at 31.06.23 Consolidated</b>	<b>227,799</b>	<b>1,785,810</b>	<b>2,013,609</b>

The increase in the amount of accrued income and deferred expense recorded in the financial statements, versus the prior year, is due primarily to the following:

- accrued income for damages. Specifically, these are compensation for theft of goods amounting to approximately € 155 thousand of the subsidiary SMT S.r.l. and approximately € 61 thousand of the subsidiary Idee Partners S.r.l.;
- deferred expense on insurance policies;
- deferred expense on consulting costs;
- deferred expense on software support fees;
- deferred expense on property rental fees.

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

Accrued income	Amount
Compensation for damages	215,579
Interest income	10,887
GSE Incentive Tariff	1,333
<b>Total</b>	<b>227,799</b>
Deferred expense	Amount
Rentals	174,630
Property leases	39,098
Purchase of services	60,132
Insurance	96,804
Service contracts	179,303
Software support contracts	96,726
Maxi lease fee	228,413

---

Other deferred expense	775,240
Bank expense	42,473
Rental expense	81,788
Sponsorships and advertising	11,204
<b>Total</b>	<b>1,785,810</b>

### Capitalized financial expense

Mention should be made that no financial expense was posted in the six months under review 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 € 1,436,293, is made up of no. 14,362,929 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 14 April 2023 a free share capital increase in the amount of € 10,000.00 was made, following the exercise of no. 100,000 rights comprised in the last 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 and paid-up share capital amounts to a total of € 1,436,293.

#### **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 30.6.23	9,548,706

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

#### A.IV) Legal reserve

The Legal Reserve amounts to € 287,259 and the movements in the six months under review are as follows:

Legal reserve	Amount
Prior-year amount	281,511
Allocation of prior year's profit	5,748
Balance at 30.6.23	287,259

#### A.VI) Other equity reserves

##### *Extraordinary reserve*

The Extraordinary Reserve amounts to € 9,995,425 and the movements in the six months are as follows:

Extraordinary reserve	Amount
Prior-year amount	8,839,294
Allocation of prior year's profit	1,156,131
Balance at 30.6.23	9,995,425

##### *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 € 30,000 - was used for a free share capital increase of € 10,000, 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	10,000
Utilization for share capital increase	(10,000)
Balance at 30.6.22	0

#### A.VII) Reserve for hedges of expected cash flows

The Reserve for hedges of expected cash flows amounts to € 398,739 and refers to the fair value at 30.6.23 of two IRS hedging derivative contracts entered into in prior years by the Parent Company, three IRS hedging derivative contracts entered into in prior years by the subsidiary Idee Partners Srl, four IRS hedging derivative contracts

entered into in prior years by the consolidated Dyloan Bond Factory S.r.l., and one IRS contract entered into in prior years by the newly-consolidated Nuova Nicol 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 each item of provisions for risks and charges of the newly-consolidated Nuova Nicol S.r.l. at 31.12.2022 - appropriately adjusted, as explained in the Foreword of these Notes -, included in the consolidation scope at 1.1.2023, is shown separately.

	Provision for pensions and similar obligations	Provision for tax, including deferred tax	Financial derivative liabilities	Other provisions	Total provisions for risks and charges
Amount at 31.12.22 Consolidated	2,771	145,981	0	1,207,907	1,356,659
Amount at 31/12/22 Nuova Nicol Srl	0	1,742	0	0	1,742
<b>Total amount</b>	<b>2,771</b>	<b>147,723</b>	<b>0</b>	<b>1,207,907</b>	<b>1,358,401</b>
Allocation for the year	0	0	0	3,760	3,760
Utilization in the year	0	(18,960)	0	(1,207,907)	(1,226,867)
Amount at 30.6.23 Consolidated	2,771	128,763	0	3,760	135,294

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 30.6.23
Opening balance	2,771
Allocation for the year	0
Utilization in the year	0
<b>Closing balance</b>	<b>2,771</b>

### B.4) Other provisions

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

Movements were as follows:

	Amount at 30.6.23
Opening balance	1,207,907
Allocation for the year	0
Utilization for expense incurred	(1,021,034)
Reclassification	(183,113)
Closing balance	<b>3,760</b>

Specifically, these are:

### ***Provision for risks on sales returns***

	Provision for Returns on Sales
Opening balance	24,794
Allocation for the year	0
Utilization for expense incurred	(21,034)
Utilization for provision surplus	0
Closing balance	<b>3,760</b>

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 six months, direct review at customer premises, based on specific contractual agreements and the company's experience.

### ***Other provisions***

	Other provisions
Opening balance	1,183,113
Allocation for the year	0
Utilization for expense incurred	(1,000,000)
Reclassification	(183,113)
Closing balance	<b>0</b>

The six-month period under review saw the utilization of the provision of € 1 million set aside by the subsidiary Idee Partners S.r.l. last year for the recognition of the supplementary price consideration (the "Earn-Out") - the conditions stipulated in the contract having been met - for the acquisition of 70% of the share capital of the subsidiary RGB S.r.l. by the subsidiary Idee Partners S.r.l..

Lastly, the subsidiary SMT S.r.l., following settlement of the dispute with the tax authorities, reclassified under tax payables the amount of € 183 thousand set aside last year to cover the liability from the tax audit report served by the Provincial Department of Reggio Emilia.

**C) POST-EMPLOYMENT BENEFITS**

Post-employment benefits are recorded under liabilities for a total of € 5,825,891 (€ 4,571,406 at 31 December 2022).

In this regard, the amount of post-employment benefits of the newly-consolidated Nuova Nicol S.r.l. at 31.12.2022 - appropriately adjusted, as explained in the Foreword of these Notes -, included in the consolidation scope at 1.1.2023, 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 31.12.22 Consolidated	4,571,406
Amount at 31/12/22 Nuova Nicol Srl	561,299
<b>Total amount</b>	<b>5,132,705</b>
Allocation for the period	1,243,536
Utilization in the period	(550,348)
Amount at 30.6.22 Consolidated	<b>5,825,891</b>

**D) PAYABLES**

Payables are recorded under liabilities for a total of € 68,852,256 (€ 63,324,195 at 31 December 2022).

In this regard, the amount of the various payable items of the newly-consolidated Nuova Nicol S.r.l. at 31.12.2022 - appropriately adjusted, as explained in the Foreword of these Notes -, included in the consolidation scope at 1.1.2023, 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 in the reporting 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 31.12.22 Consolidated	31,059,399	502,819	786,567	22,251,205	2,350,897	1,729,481	4,643,827	<b>63,324,195</b>
Amount at 31/12/22 Nuova Nicol Srl	642,215	0	0	2,702,057	567,890	62,680	474,400	<b>4,449,242</b>
<b>Total amount</b>	<b>31,701,614</b>	<b>502,819</b>	<b>786,567</b>	<b>24,953,262</b>	<b>2,918,787</b>	<b>1,792,161</b>	<b>5,118,227</b>	<b>67,773,437</b>
Change in the period	(1,879,669)	(84,441)	503,680	(637,094)	270,821	(208,942)	3,114,464	<b>1,078,819</b>
Amount at 30.06.23 Consolidated	<b>29,821,945</b>	<b>418,378</b>	<b>1,290,247</b>	<b>24,316,168</b>	<b>3,189,608</b>	<b>1,583,219</b>	<b>8,232,691</b>	<b>68,852,256</b>
Portion due within one year	8,151,925	150,313	1,290,247	24,316,168	3,189,608	1,583,219	8,232,691	<b>46,914,171</b>

Portion due beyond one year	21,670,020	268,065	0	0	0	0	0	21,938,085
Of which with residual maturity of over 5 years	1,225,925	0	0	0	0	0	0	1,225,925

### **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	29,821,945	418,378	829,902	23,114,068	3,189,608	1,583,219	8,195,536	67,152,656
EU	0	0	192,355	877,677	0	0	34,095	1,104,127
Extra EU	0	0	267,990	324,423	0	0	3,060	595,473
<b>Total</b>	<b>29,821,945</b>	<b>418,378</b>	<b>1,290,247</b>	<b>24,316,168</b>	<b>3,189,609</b>	<b>1,583,219</b>	<b>8,232,691</b>	<b>68,852,256</b>

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 30.06.23	Consolidated amount 31.12.22
<i>Within 12 months</i>		
Credit cards	28,308	17,308
Loans without collateral	8,114,625	7,451,055
Bank fees to settle	8,992	5,268
<i>Over 12 months</i>		
Loans without collateral	21,670,020	23,585,768
<b>Total</b>	<b>29,821,945</b>	<b>31,059,399</b>

### **D.5) Payables to other lenders**

Payables to other lenders are shown below:

Nature of payable	Consolidated amount 30.06.23	Consolidated amount 31.12.22
<i>Within 12 months</i>		
Simest Spa loan	145,854	161,072
Other loans	4,459	17,375

<i>Over 12 months</i>		
Simest Spa loan	267,976	322,154
Other loans	89	2,218
<b>Total</b>	<b>418,378</b>	<b>502,819</b>

#### **D.6) Advances**

Payables for advances received are shown below:

Nature of payable	Consolidated amount 30.06.23	Consolidated amount 31.12.22
<i>Within 12 months</i>		
Customer advances	1,290,247	786,567
<b>Total</b>	<b>1,290,247</b>	<b>786,567</b>

These are advances received from customers on supplies of goods yet to be delivered (specifically, approximately € 715 thousand for advances received from customers by the subsidiary Idee Partners S.r.l., approximately € 252 thousand by the subsidiary Petri & Lombardi S.r.l., approximately € 268 thousand by the subsidiary SMT S.r.l., approximately € 7 thousand by the subsidiary Dyloan Bond Factory, and approximately € 48 thousand by the Parent Company).

#### **D.7) Payables to suppliers**

Payables to suppliers are shown below:

Nature of payable	Consolidated amount 30.06.23	Consolidated amount 31.12.22
<i>Within 12 months</i>		
Invoices received	22,575,647	18,966,092
Invoices to receive	1,762,176	2,941,147
Credit notes to receive	(77,918)	(13,867)
Payables for confirming buyer	56,263	357,833
<i>Over 12 months</i>		
Invoices received	0	0
<b>Total</b>	<b>24,316,168</b>	<b>22,251,205</b>

#### **D.12) Tax payables**

Tax payables are shown below:

Nature of payable	Consolidated amount 30.06.23	Consolidated amount 31.12.22
<i>Within 12 months</i>		
Revenue Agency withholding tax on employees a/c	485,894	874,527

Revenue Agency withholding tax on self-employment a/c	15,664	45,619
Revenue Agency withholding tax on post-employment benefits a/c	19,658	46,899
Revenue Agency VAT a/c	45,505	97,838
Revenue Agency Irap a/c	312,364	271,422
Revenue Agency Ires a/c	1,276,818	981,350
Revenue Agency other payables a/c	1,033,706	33,242
<b>Total</b>	<b>3,189,608</b>	<b>2,350,897</b>

#### **D.13) Payables to welfare and social security entities**

Payables to welfare and social security entities are shown below:

Nature of payable	Consolidated amount 30.06.23	Consolidated amount 31.12.22
<i>Within 12 months</i>		
Inps	727,476	1,277,954
Inail	9,351	47,994
Inps and Inail accruals	699,932	269,531
Contributions to supplementary pension funds	145,658	132,354
Enasarco	802	1,647
<b>Total</b>	<b>1,583,219</b>	<b>1,729,481</b>

#### **D.14) Other payables**

Other payables are shown below:

Nature of payable	Consolidated amount 30.06.23	Consolidated amount 31.12.22
<i>Within 12 months</i>		
Payables to pension funds	17,688	17,464
Accruals for holidays not taken	2,767,686	1,179,795
Payables for salaries to settle	1,998,681	1,558,178
Payables for commissions to settle	3,807	12,249
Payables for fees to settle	228,996	225,250
Other payables	3,215,833	1,650,890
<b>Total</b>	<b>8,232,691</b>	<b>4,643,827</b>

Other payables are attributable mainly to:

- the consolidated SMT S.r.l. for approximately € 2 million, of which approximately € 800 thousand the price yet to be paid for the acquisition of the investee Zanni S.r.l., and approximately € 1.2 million the price yet to be paid for the acquisition of the investee Nuova Nicol S.r.l.;

- the consolidated RGB S.r.l. for approximately € 720 thousand for the price yet to be paid for the acquisition of the Mia Pelletterie S.r.l. business unit;
- the Parent Company for approximately 340 thousand for the payable accrued for the acquisition of the investee Dyloan Bond Factory S.r.l., as a result of the restatement of the net financial position at closing, which took place on 8 November 2022.

## E) ACCRUED EXPENSE AND DEFERRED INCOME

The breakdown of the item is shown in the table below (Article 38, paragraph I, letter f), Legislative Decree 127/91). In this regard, the amount of accrued expense and deferred income of the newly-consolidated Nuova Nicol S.r.l. at 31.12.2022 - appropriately adjusted, as explained in the Foreword of these Notes -, included in the consolidation scope at 1.1.2023, is shown separately.

	Accrued expense	Deferred income	Total accrued expense and deferred income
Amount at 31.12.22 Consolidated	67,718	4,048,198	4,115,916
Amount at 31/12/22 Nuova Nicol Srl	56,686	0	56,686
<b>Total amount</b>	<b>124,404</b>	<b>4,048,198</b>	<b>4,172,602</b>
Change in the period	(65,342)	(154,001)	(219,343)
Amount at 31.06.23 Consolidated	59,062	3,894,197	3,953,259

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

Accrued expense	Amount
Insurance	20,311
Services and utilities	4,737
Interest expense on medium/long-term loans	24,015
Other	9,999
<b>Total</b>	<b>59,062</b>
Deferred income	Amount
Purchase of services	39,415
Exclusive customer contract	24,182
Grants Sabatini L.	1,900
Tax credit for capital goods	3,828,700
<b>Total</b>	<b>3,894,197</b>



## INCOME STATEMENT

### A) VALUE OF PRODUCTION

#### A.1) Revenue from sales and services

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

Business category	Amount at 30.06.23	Amount at 30.06.22
Income from production area	61,210,557	40,609,123
Income from engineering area	8,693,769	6,284,178
Other income	1,102,004	1,228,388
<b>Total</b>	<b>71,006,330</b>	<b>48,121,689</b>

The six-month period under review saw an increase in revenue from sales of approximately 47.5%, thanks to the higher volumes of the individual Group Companies, and to the inclusion in the consolidation scope at 30 June 2023 of RGB, Dyloan Bond Factory, consolidated in the second half last year, and the newly-consolidated Nuova Nicol S.r.l..

For an in-depth analysis of this issue, reference is made to the Directors' Report on Operations.

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

Geographical area	Amount at 30.06.23	Amount at 30.06.22
Italy	26,056,284	17,870,328
EU	24,462,924	9,817,709
Extra EU	20,487,122	20,433,652
<b>Total</b>	<b>71,006,330</b>	<b>48,121,689</b>

The largest growth is in the EU area, driven by the contribution of the newly-consolidated companies.

#### A.5) Other income

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

Nature	Amount at 30.06.23	Amount at 30.06.22
<i>Operating grants</i>	108,161	651,004
<i>Other revenue</i>		
Grants plants a/c	400,530	78,956
Ordinary capital gains	21,133	30,655
Compensation	171,979	613
Rental income, rentals	33,345	70,800

Chargeback of costs	68,068	44,156
Other revenue and income	267,654	104,477
<b>Total</b>	<b>1,070,870</b>	<b>980,661</b>

## B) PRODUCTION COSTS

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

The item amounted to 18,020,412 (€ 15,050,344 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) Service costs

These involve mainly the following types of services:

Nature	Amount at 30.06.23	Amount at 30.06.22
Production services	23,602,545	16,420,783
Commercial services	761,499	692,390
Administrative and management services	3,626,465	1,572,076
<b>Total</b>	<b>27,990,509</b>	<b>18,685,249</b>

### B.8) Rentals and leases

Costs are as follows:

Nature	Amount at 30.06.23	Amount at 30.06.22
Rental payments	761,719	360,784
Lease payments	488,485	444,864
Fees for software use	93,516	55,894
Car rental fees	211,897	104,505
Rental fees for other capital goods	69,549	15,898
Other rentals and leases	12,215	59,635
<b>Total</b>	<b>1,637,381</b>	<b>1,041,580</b>

### B.9) Personnel expense

Labour costs totaled € 18,808,527 (€ 10,931,759 in the prior year). The increase is due to the payroll dynamics of the current workforce, the increase in employment and associated costs in the consolidated companies, as well as the consolidation of the new subsidiary Nuova Nicol S.r.l., of RGB S.r.l. and of Dyloan Bond Factory S.r.l..

### B.14) Sundry operating expense

Costs are as follows:

Nature	Amount at 30.06.23	Amount at 30.06.22
Sundry tax and duties	137,200	70,664
Gifts	21,790	0
Contingent liabilities	803,329	80,570
Other sundry operating expense	220,340	91,904
<b>Total</b>	<b>1,182,659</b>	<b>243,138</b>

Contingent liabilities recorded under other operating expense refer for approximately € 480 thousand mainly to higher tax, including penalties, owed by the subsidiary SMT S.r.l. as a result of the settlement of the assessment with the tax authorities, Provincial Office of Reggio Emilia.

## C) FINANCIAL INCOME AND EXPENSE

### C.16) Other financial income

Income is as follows:

Nature	Amount at 30.06.23	Amount at 30.06.22
Bank interest income	25,182	2,639
Other income	10,708	0
<b>Total</b>	<b>35,890</b>	<b>2,639</b>

### 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 30.06.23	Amount at 30.06.22
Bank interest expense	335,081	74,727
Sundry interest expense	10,038	15,435
<b>Total</b>	<b>345,119</b>	<b>90,162</b>

A detailed breakdown of financial expense is shown below:

Nature	Amount at 30.6.23	Amount at 30.6.22
Interest expense on medium-term loans	331,241	74,601
Interest expense on short-term loans	3,840	126
Other financial expense	10,038	15,435
<b>Total</b>	<b>345,119</b>	<b>90,162</b>

The increase in financial expense is explained by the effects of the ongoing rise in interest rates.

### C.17 bis) Exchange gains and losses

The items are as follows:

Nature	Amount at 30.06.23	Amount at 30.06.22
Valuation exchange differences	(20,321)	(5,372)
Realized exchange gains	6,016	9,880
Realized exchange losses	(6,252)	(17,626)
<b>Total</b>	<b>(20,557)</b>	<b>(13,118)</b>

### Revenue items of exceptional size or incidence

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

### Cost items of exceptional size or incidence

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

### Income tax and deferred taxation

The consolidated financial statements are not subject to specific autonomous tax-imposing powers. The amount shown, for pre-paid, deferred and current taxation items, stems from the aggregation of the amounts booked by the individual companies forming the consolidation scope, 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 € 1,956,577 and consisted of current tax (€ 1,965,430), prior-years' tax (€ 10,347) and the release of deferred tax assets (€ -19,200).

## 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 30.6.23
Executives	15
Managers	31
White collars	228
Blue collars	473
Trainees	70
<b>Total Employees</b>	<b>817</b>

Employees amounted to 867 units at 30 June 2023, of whom 645 women and 222 men.

	Amount at 30.6.23	Amount at 30.6.22
Executives	13	13
Managers	30	19
White collars	228	176
Blue collars	514	232
Trainees	82	33
<b>Total</b>	<b>867</b>	<b>473</b>

### **FEES TO THE 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	667,054	53,155

### **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	82,241
Other non-audit services	0
<b>Total fees payable to the Auditor or to the Independent Auditors</b>	<b>82,241</b>

### **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 30.06.23	Amount at 31.12.22
Guarantee issued	85,072	85,072
Surety issued	29,142	29,142
<b>Total</b>	<b>114,214</b>	<b>114,214</b>

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.

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 € 2,297,374.

For the sake of completeness, the property lease entered into by the subsidiary Dyloan Bond Factory S.r.l., in the remaining amount of € 789,309, is secured by a guarantee from Società cooperativa di garanzia dei fidi tra piccole e medie imprese della Sardegna (Sardafidi) and the Guarantee Fund Law no. 662 of 23/12/1996 with Medio Credito Centrale.

### **RELATED PARTY TRANSACTIONS**

Pursuant to article 38, paragraph 1, letter o-quinquies) of Legislative Decree no. 127/1997, it should be noted that the Parent Company carried out business supply transactions with SMT S.r.l. and Dyloan Bond Factory S.r.l., as well as minor business supply transactions with the subsidiaries RGB S.r.l. Zanni 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 period under review:

- the subsidiaries Idee Partners S.r.l., Petri & Lombardi S.r.l. and R.G.B. S.r.l. carried out business transactions among themselves for the supply and processing of goods according to market conditions;
- the subsidiary Dyloan Bond Factory S.r.l. carried out business transactions of supply and processing of goods with SMT S.r.l. and Idee Partners S.r.l., according to market conditions;
- the subsidiaries SMT S.r.l., Zanni S.r.l. and Nuova Nicol 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 from the Statement of Financial Position, worthy of mention of the nature, operating purpose and effect on the statement of financial position 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 1, letter o-decies) of Legislative Decree 127/91, information is provided on the significant events after the six months.

On 3 July, a binding agreement was signed for Pattern S.p.A. to acquire the additional 30% stake in Dyloan Bond Factory S.r.l. at a price of € 4.03 million. The acquisition was subsequently finalized on 26 July. The transaction aims to facilitate quicker and closer integration between Pattern and Dyloan Bond Factory than the previous investment agreement allowed, which had established an earn-out system and a mechanism for adjusting the value of the remaining 30% stake in the event of acquisition.

On 18 July, the subsidiary Idee Partners S.r.l. signed a framework agreement to acquire - at a total price of € 1 million - an additional 30% of the share capital of RGB S.r.l., owned by Paolo Benedetti. At the closing of the transaction - which took place on 26 July - Idee Partners S.r.l. gained control of 100% of the share capital of RGB S.r.l.; additionally, under the framework agreement, it resolved a divisible share capital increase in cash, reserved and subscribed by Paolo Benedetti, for the amount of € 500 thousand, against the issuance of shares equal to 2% of the company's share capital. As a result of this change in the share capital of Idee Partners S.r.l., Pattern S.p.A.'s controlling interest decreased to 52.92% from the previous 54%.

The acquisition of 100% by the direct subsidiary Idee Partners in the indirect subsidiaries Petri & Lombardi S.r.l. and RGB S.r.l. - through the acquisition of 40% of Petri & Lombardi in May and 30% of RGB S.r.l. in July, respectively - allowed Pattern Group to strengthen its position in the leather goods sector with the Tuscan Leather Goods Hub. This is one of the leading Independent Industrial Hubs in Tuscany, integrated with both the engineering and production phases of Made in Italy.

Lastly, it should be noted that in III quarter 2023, activities continued under the investment agreement signed at end March with Burberry LTD, for the disposal of the Turin plant's business unit dedicated to the engineering and production of Burberry products, through the disposal of shares in a newly-formed transferee vehicle entity, for a disposal price of € 21 million, subject to price adjustments according to the agreements. The closing of the transaction was scheduled for 2 October.

## ***BUSINESS OUTLOOK***

With regard to the business outlook, in II half 2023, the luxury market is anticipated to continue its positive trajectory, particularly for certain brands and more generally for some of the Group's clients, in line with current forecasts.

The rise in costs for raw materials, semi-finished goods (particularly yarns and fabrics), transportation, labour, and energy - despite recent declines - will persistently apply pressure on selling prices of certain luxury brands. Consequently, there will be attempts to recover margins upstream on supply chains.

For a more detailed analysis of the Group outlook, reference is made to the Directors' Report on Operations.

## ***FINANCIAL DERIVATIVES PURSUANT TO ARTICLE 2427-BIS OF THE ITALIAN CIVIL CODE***

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

Derivative hedging instruments	Start date - End date	Fair Value at 30.06.23
IRS Unicredit	30.6.20 – 31.3.25	45,551
IRS Intesa Sanpaolo	19.6.20 – 19.6.26	123,199
IRS Intesa Sanpaolo 37742307	31.12.20 - 30.11.26	54,466
IRS Intesa Sanpaolo 39742170	26.02.21 - 26.02.27	24,629
IRS Banco BPM	18.06.21 - 18.06.27	49,211
IRS Intesa Sanpaolo 95066711	29.01.21 – 29.01.27	45,551
IRS Intesa Sanpaolo 41912272	06.08.21 – 06.08.29	132,895
IRS BNL 25278047	24.03.21 - 24.03.26	21,857
IRS BNL 25278048	24.03.21 - 09.12.26	27,297
<b>Total</b>		<b>524,656</b>

For the **Board of Directors**

The Chairman  
**Fulvio BOTTO**



**ANNEXES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (ANNEX A)**

**MOVEMENTS IN EQUITY**

	Share capital	Share premium reserve	Legal reserve	Other reserves				Group profit (loss) for the year	Equity attributable to the owners of the parent	Equity attributable to non-controlling interests	Total equity
				Extraordinary reserve	Restricted reserve for share capital increase Stock Grant Plan	Other reserves	Reserve for hedges of expected cash flows				
Balance at 31 December 2022	1,426,293	9,548,706	281,511	8,839,294	10,000	1,639,649	457,532	2,593,065	24,796,050	4,832,240	29,628,289
									0		
Allocation of the 2022 result			5,748	1,156,131		1,431,186		(2,593,065)	0		0
Free share capital increase to service the Stock Grant Plan	10,000				(10,000)				0		0
Increases in the year				0		0	(58,793)		(58,793)		(58,793)
									0		
Reserved capital increase		0							0		0
Dividend distribution						0				(556,600)	(556,600)
Changes in consolidation										(169,048)	(169,048)
									0		
Other changes						(97,757)			(97,757)		
Profit (loss) for the year								1,675,297	1,675,297	577,710	2,253,007
Balance at 30 June 2023	1,436,293	9,548,706	287,259	9,995,425	0	2,973,078	398,739	1,675,297	26,314,797	4,684,302	30,999,099

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

**RECONCILIATION OF FINANCIAL STATEMENTS - PARENT COMPANY CONSOLIDATED FINANCIAL STATEMENTS**

	Profit (loss) for the year	Equity at 30.06.23
<b>Financial statements of the Parent Company</b>	<b>1,582,267</b>	<b>23,152,652</b>
Adjusted results of consolidated subsidiaries and difference between adjusted equity and amount of investments	4,545,396	11,416,841
Derecognition of recorded dividends	(2,738,400)	-
Amortization of positive consolidation difference	(1,136,256)	(3,570,394)
Derecognition of the results of intra-group transactions and other adjustments	-	-
<b>Consolidated financial statements</b>	<b>2,253,007</b>	<b>30,999,099</b>
<i>of which Group share</i>	<b>1,675,297</b>	<b>26,314,797</b>
<i>of which non- controlling interests</i>	<b>577,710</b>	<b>4,684,302</b>

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

### CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2023 SHOWING THE CHANGES VERSUS 31 DECEMBER 2022 FOR THE STATEMENT OF FINANCIAL POSITION AND VERSUS 30 JUNE 2022 FOR THE INCOME STATEMENT

STATEMENT OF FINANCIAL POSITION - ASSETS			
	30/06/2023	31/12/2022	Change
<b>A) SHARE CAPITAL PROCEEDS TO BE RECEIVED</b>			
<b>B) FIXED ASSETS</b>			
I. Intangible fixed assets			
1) Start-up and expansion costs	61,173	39,156	22,017
2) Development costs	27,158	38,174	(11,016)
3) Industrial patent and intellectual property rights	362,476	14,252	348,224
4) Concessions, licenses, trademarks and similar rights	346,970	703,131	(356,161)
5) Goodwill	19,683,871	16,590,345	3,093,526
6) Fixed assets in progress and advances		7,800	(7,800)
7) Other	2,879,408	2,403,152	476,256
<i>Total intangible fixed assets</i>	<u>23,361,056</u>	<u>19,796,010</u>	<u>3,565,046</u>
II. Tangible fixed assets			
1) Land and buildings	6,190,131	4,299,270	1,890,861
2) Plant and machinery	10,921,489	10,045,459	876,030
3) Industrial and commercial equipment	309,784	307,066	2,718
4) Other assets	967,997	849,367	118,630
5) Fixed assets in progress and advances	857,443	433,450	423,993
<i>Total tangible fixed assets</i>	<u>19,246,844</u>	<u>15,934,612</u>	<u>3,312,232</u>
III. Financial fixed assets			
1) Investments			
d) Other companies	535	535	-
Total investments	535	535	
2) Receivables d-bis) from others (due within one year)	98,386	42,464	55,922

<i>(due beyond one year)</i>	507,046	456,225	50,821
Total receivables	605,432	498,689	106,743
3) Other securities			-
4) Financial derivative assets	524,656	602,016	77,360
<i>Total financial fixed assets</i>	<u>1,130,623</u>	<u>1,101,240</u>	<u>29,383</u>
<b>Total fixed assets</b>	<b>43,738,523</b>	<b>36,831,862</b>	<b>6,906,661</b>
<b>C) CURRENT ASSETS</b>			
I. Inventory			
1) Raw and ancillary materials and consumables	4,585,607	3,388,233	1,197,374
2) Work in progress and semi-finished products	7,752,966	4,987,004	2,765,962
4) Finished products and goods	796,552	984,258	(187,706)
<i>Total inventory</i>	<u>13,135,125</u>	<u>9,359,495</u>	<u>3,775,630</u>
II. Receivables			-
1) from customers	26,831,870	24,212,489	2,619,381
<i>(due within one year)</i>	26,831,870	24,212,489	2,619,381
5-bis) Tax receivables	6,918,516	10,889,695	3,971,179
<i>(due within one year)</i>	6,603,690	9,961,589	3,357,899
<i>(due beyond one year)</i>	314,826	928,106	613,280
5-ter) Prepaid tax	136,005	102,690	33,315
5-quater) from others	992,626	1,614,984	622,358
<i>(due within one year)</i>	992,626	1,393,883	401,257
<i>(due beyond one year)</i>	0	221,101	
<i>Total receivables</i>	<u>34,879,017</u>	<u>36,819,858</u>	<u>(1,940,841)</u>
III. Current financial assets			-
6) Other securities	2,089,301	2,585,301	496,000
<i>Total financial assets</i>	<u>2,089,301</u>	<u>2,585,301</u>	<u>(496,000)</u>
IV. Cash			-
1) Bank and postal deposits	13,889,685	16,536,138	2,646,453
2) Cheques	390	-	390
3) Cash and valuables on hand	20,149	16,489	3,660
<i>Total cash</i>	<u>13,910,224</u>	<u>16,552,627</u>	<u>(2,642,403)</u>
<b>Total current assets</b>	<b>64,013,667</b>	<b>65,317,281</b>	<b>(1,303,614)</b>
<b>D) ACCRUED INCOME AND DEFERRED EXPENSE</b>	<b>2,013,609</b>	<b>847,322</b>	<b>1,166,287</b>
<b>TOTAL ASSETS</b>	<b>109,765,799</b>	<b>102,996,465</b>	<b>6,769,334</b>

## STATEMENT OF FINANCIAL POSITION - LIABILITIES

	30/06/2023	31/12/2022	Change
<b>A) EQUITY</b>			
I. Share capital	1,436,293	1,426,293	10,000
II. Share premium reserve	9,548,706	9,548,706	-
IV. Legal reserve	287,259	281,511	5,748
VI. Other reserves	12,968,503	10,488,943	2,479,560
- extraordinary reserve	9,995,425	8,839,294	1,156,131
- merger surplus reserve	185,750	185,750	-
- other	2,787,328	1,463,899	1,323,429
VII. Reserve for hedges of expected cash flows	398,739	457,532	(58,793)
VIII. Retained earnings (losses carried forward)	-	-	-
IX. Profit (loss) for the year	<b>1,675,297</b>	<b>2,593,065</b>	<b>(917,768)</b>
<b>Total equity attributable to the owners of the parent</b>	<b>26,314,797</b>	<b>24,796,050</b>	<b>1,518,747</b>
Share capital and reserves attributable to non-controlling interests	4,106,592	3,361,671	744,921
Profit (loss) attributable to non-controlling interests	577,710	1,470,568	892,858
<b>Total equity attributable to non-controlling interests</b>	<b>4,684,302</b>	<b>4,832,239</b>	<b>(147,937)</b>
<b>Total consolidated equity</b>	<b>30,999,099</b>	<b>29,628,289</b>	<b>1,370,810</b>
<b>B) PROVISIONS FOR RISKS AND CHARGES</b>			
1) for pensions	2,771	2,771	-
2) for tax	128,763	145,981	17,218
4) other	3,760	1,207,907	1,204,147
<b>Total provisions for risks and charges</b>	<b>135,294</b>	<b>1,356,659</b>	<b>(1,221,365)</b>
<b>C) POST-EMPLOYMENT BENEFITS</b>	<b>5,825,891</b>	<b>4,571,406</b>	<b>1,254,485</b>
<b>D) PAYABLES</b>			
4) Payables to banks	29,821,945	31,059,399	1,237,454
(due within one year)	8,151,925	7,473,631	678,294
(due beyond one year)	21,670,020	23,585,768	-1,915,748
5) Payables to other lenders	418,378	502,819	84,441
(due beyond one year)	150,313	178,446	28,133
(due beyond one year)	268,065	324,373	-
6) Advances	1,290,247	786,567	503,680
(due within one year)	1,290,247	786,567	503,680
7) Payables to suppliers	24,316,168	22,251,205	2,064,963
(due within one year)	24,316,168	22,251,205	2,064,963
(due beyond one year)	-	-	-

12) Tax payables	3,189,608	2,350,897	838,711
<i>(due within one year)</i>	3,189,608	2,350,897	838,711
<i>(due beyond one year)</i>	-	-	-
13) Payables to welfare and social security entities	1,583,219	1,729,481	146,262
<i>(due within one year)</i>	1,583,219	1,729,481	146,262
14) Other payables	8,232,691	4,643,827	3,588,864
<i>(due within one year)</i>	8,232,691	4,643,827	3,588,864
<b>Total payables</b>	<b>68,852,256</b>	<b>63,324,195</b>	<b>5,528,061</b>
<b>E) ACCRUED EXPENSE AND DEFERRED INCOME</b>	<b>3,953,259</b>	<b>4,115,916</b>	<b>(162,657)</b>
<b>TOTAL LIABILITIES</b>	<b>109,765,799</b>	<b>102,996,465</b>	<b>6,769,334</b>

<b>INCOME STATEMENT</b>			
	<b>30/06/2023</b>	<b>30/06/2022</b>	<b>Change</b>
<b>A) VALUE OF PRODUCTION</b>			
1) Revenue from sales and services	71,006,330	48,121,689	22,884,641
2) changes in inventory of work in progress, semi-finished and finished products	2,222,493	1,159,680	1,062,813
4) Increases in internal work capitalized	-	-	-
5) other revenue and income	1,070,870	980,661	90,209
- operating grants	108,161	651,004	542,843
- other revenue and income	962,709	329,657	633,052
<b>Total value of production (A)</b>	<b>74,299,693</b>	<b>50,262,030</b>	<b>24,037,663</b>
<b>B) PRODUCTION COSTS</b>			
6) raw and anc. materials, consum. and goods	18,020,412	15,050,344	2,970,068
7) for services	27,990,509	18,685,249	9,305,260
8) for rentals and leases	1,637,381	1,041,580	595,801
9) for personnel	18,808,527	10,931,759	7,876,768
a) wages and salaries	13,916,069	7,943,440	5,972,629
b) social security expense	3,965,263	2,348,119	1,617,144
c) post-employment benefits	874,306	619,000	255,306
e) other costs	52,889	21,200	31,689
10) amortization, depreciation and write-downs	3,067,603	1,654,717	1,412,886
a) amortization of intangible fixed assets	1,641,480	838,951	802,529
b) depreciation of tangible fixed assets	1,374,845	773,925	600,920
c) other write-downs of fixed assets	-	-	-

d) write-down of receivables under current assets			
and cash	51,278	41,841	9,437
11) changes in inventory of raw and ancillary materials,			
consumables and goods	(946,768)	(1,168,352)	221,584
12) provision for risks	-	-	-
14) sundry operating expense	1,182,659	243,138	939,521
<b>Total production costs (B)</b>	<b>69,760,323</b>	<b>46,438,435</b>	<b>23,321,888</b>
<b><u>DIFFERENCE BETWEEN VALUE OF PRODUCTION AND PRODUCTION COSTS (A-B)</u></b>	<b>4,539,370</b>	<b>3,823,595</b>	<b>715,775</b>
<b>C) FINANCIAL INCOME AND EXPENSE</b>			
15) income from investments			-
- other income from investm.			-
16) other financial income			
a) from receivables under fixed assets from			-
- subsidiaries	-	-	-
- other	-	-	-
b) from sec. under fixed assets other than invest.	10,300	-	10,300
c) from sec. under current assets other than invest.	408	-	408
d) financial income other than above:	25,182	2,639	22,543
- from others	25,182	2,639	-
	35,890	2,639	33,251
17) interest and other financial expense	345,119	90,162	254,957
- other	345,119	90,162	254,957
	345,119	90,162	254,957
17 bis) exchange gains (losses)	(20,557)	(13,118)	(7,439)
<b>Total fin. income and expense (15+16-17+17bis)</b>	<b>(329,786)</b>	<b>(100,641)</b>	<b>(229,145)</b>
<b>D) VALUE ADJUSTMENTS TO FINANCIAL ASSETS</b>			
19) write-downs			
a) of investments			-
<b>Total adjustments (18-19)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>PROFIT (LOSS) BEFORE TAX (A-B+C+D)</u></b>	<b>4,209,584</b>	<b>3,722,954</b>	<b>486,630</b>
20) income tax for the year	1,956,577	1,227,481	729,096
- current	1,965,430	1,196,939	768,491
- prior years	10,347	98	10,249
- deferred and (prepaid)	(19,200)	30,444	(49,644)
<b>21) CONSOLIDATED PROFIT (LOSS) FOR THE YEAR</b>	<b>2,253,007</b>	<b>2,495,473</b>	<b>(242,466)</b>
of which PROFIT (LOSS) ATTRIBUTABLE TO THE OWNERS OF THE PARENT	1,675,297	1,895,624	(220,327)

of which PROFIT (LOSS) ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	577,710	599,849	(22,139)
--	---------	---------	----------

## ANALYTICAL CONSOLIDATED STATEMENT OF FINANCIAL POSITION (ANNEX D)

### ANALYTICAL CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30/06/2023
<b>ASSETS</b>	<b>109,765,799</b>
<b>A. SHARE CAPITAL PROCEEDS TO BE RECEIVED</b>	<b>0</b>
<b>B. FIXED ASSETS</b>	<b>43,738,523</b>
<b>I. INTANGIBLE FIXED ASSETS</b>	<b>23,361,056</b>
<b>1. Start-up and expansion costs</b>	<b>61,173</b>
a. Start-up costs	<b>61,173</b>
- gross amount	163,037
- amortization fund	(101,864)
<b>2. Development costs</b>	<b>27,158</b>
- gross amount	1,299,407
- amortization fund	(1,272,248)
<b>3. Industrial patent and intellectual property rights</b>	<b>362,476</b>
- gross amount	930,728
- amortization fund	(568,252)
<b>4. Concessions, licenses, trademarks and similar rights</b>	<b>346,970</b>
a. Trademarks	<b>346,970</b>
- gross amount	804,555
- amortization fund	(457,585)
b. Software licenses	<b>0</b>
- gross amount	0
- amortization fund	0
<b>5. Goodwill</b>	<b>19,683,871</b>
a. Goodwill	19,683,871
- gross amount	21,202,576
- amortization fund	(1,518,705)
<b>6. Fixed assets in progress and advances</b>	<b>0</b>
<b>7. Other</b>	<b>2,879,408</b>
a. Extraordinary leasehold improvements	<b>2,706,003</b>
- gross amount	4,135,207
- amortization fund	(1,429,204)
b. Other costs with long-term useful life	<b>173,405</b>
- gross amount	440,276
- amortization fund	(266,871)
<b>II. TANGIBLE FIXED ASSETS</b>	<b>19,246,844</b>



<b>1. Land and buildings</b>		<b>6,190,131</b>
a.	Land associated with the erected buildings	<b>2,773,365</b>
b.	Instrumental buildings	<b>3,392,473</b>
	- gross amount	3,671,150
	- depreciation fund	(278,676)
c.	Lightweight constructions	<b>24,293</b>
	- gross amount	24,850
	- depreciation fund	(557)
<b>2. Plant and machinery</b>		<b>10,921,490</b>
a.	General plant	6,629,997
	- gross amount	9,682,653
	- depreciation fund	(3,052,656)
b.	Photovoltaic systems	35,722
	- gross amount	60,000
	- depreciation fund	(24,278)
c.	Operating machinery and specific plant	4,255,771
	- gross amount	10,895,808
	- depreciation fund	(6,640,038)
<b>3. Industrial and commercial equipment</b>		<b>309,784</b>
a.	General equipment	309,784
	- gross amount	1,126,355
	- depreciation fund	(816,572)
<b>4. Other assets</b>		<b>967,997</b>
a.	Furniture and office equipment	<b>273,338</b>
	- gross amount	826,870
	- depreciation fund	(553,532)
b.	Electronic office machinery	<b>381,003</b>
	- gross amount	1,153,143
	- depreciation fund	(772,140)
c.	Trucks	<b>99,308</b>
	- gross amount	236,138
	- depreciation fund	(136,830)
d.	Motor vehicles	<b>20,940</b>
	- gross amount	111,539
	- depreciation fund	(90,599)
e.	Internal means of transport	<b>3,106</b>
	- gross amount	30,435
	- depreciation fund	(27,330)
f.	Telephone equipment and systems	<b>7,589</b>
	- gross amount	52,964
	- depreciation fund	(45,375)
g.	Furniture	<b>182,714</b>
	- gross amount	635,650
	- depreciation fund	(452,936)
<b>5. Fixed assets in progress and advances</b>		<b>857,443</b>

<b>III. FINANCIAL FIXED ASSETS</b>	<b>1,130,623</b>
<b>1. Investments in</b>	<b>535</b>
a. Subsidiaries	0
b, Associates	0
c. Parent companies	0
d. Companies subject to the control of parents	0
d-bis. Other companies	535
<b>2. Receivables</b>	<b>605,432</b>
a. From subsidiaries	0
b. From associates	0
c. From parent companies	0
d. From companies subject to the control of parents	0
d-bis. From others	605,432
- Financial receivables	72,874
- Security deposits	532,558
<b>3. Other securities</b>	<b>0</b>
<b>4. Financial derivative assets</b>	<b>524,656</b>
<b>C. CURRENT ASSETS</b>	<b>64,013,667</b>
<b>I. INVENTORY</b>	<b>13,135,125</b>
<b>1. Raw and ancillary materials and consumables</b>	<b>4,585,607</b>
a. Raw materials	4,482,384
- gross amount	5,088,665
- taxed provision for inventory write-down	(606,281)
b. Raw materials in transit	103,223
<b>2. Work in progress and semi-finished products</b>	<b>7,752,966</b>
a. Work in progress	7,752,966
- gross amount	7,825,381
- taxed provision for inventory write-down	(72,415)
<b>3. Contract work in progress</b>	<b>0</b>
<b>4. Finished products and goods</b>	<b>796,552</b>
a. Finished products	744,234
- gross amount	1,924,517
- taxed provision for inventory write-down	(1,180,283)
b. Finished products in transit	52,318
<b>5. Advances</b>	<b>0</b>
<b>II. RECEIVABLES</b>	<b>34,879,017</b>
<b>1. From customers</b>	<b>26,831,870</b>
a. Customers	27,021,728
b. Customers invoices to issue a/c	111,454
c. Customers credit notes to issue a/c	(109,289)
d. Customers coll. ord. a/c accredited s.t.c.	430,206
e. Provision for risks on trade receivables	(622,230)

<b>2. From subsidiaries</b>	<b>0</b>
<b>3. From associates</b>	<b>0</b>
<b>4. From parent companies</b>	<b>0</b>
<b>5. From companies subject to the control of parents</b>	<b>0</b>
<b>5-bis. Tax receivables</b>	<b>6,918,516</b>
a. Revenue Agency VAT a/c	4,564,585
b. IRES receivable	611,154
c. IRAP receivable	120,156
d. Tax receivables	0
portions due within one year	0
portions due beyond one year	0
e. Other tax receivables	1,622,621
portions due within one year	1,307,795
portions due beyond one year	314,826
<b>5-ter. Prepaid tax</b>	<b>136,005</b>
a. Deferred tax assets	136,005
<b>5-quater. From others</b>	<b>992,626</b>
a. Social security entities	4,351
b. Redundancy Fund	0
c. Suppliers advances a/c	393,067
d. Other debtors	595,208
portions due within one year	595,208
portions due beyond one year	0
<b>III. CURRENT FINANCIAL ASSETS</b>	<b>2,089,301</b>
<b>1. Investments in subsidiaries</b>	<b>0</b>
<b>2. Investments in associates</b>	<b>0</b>
<b>3. Investments in parent companies</b>	<b>0</b>
<b>3-bis. Investments in companies subject to the control of parents</b>	<b>0</b>
<b>4. Other investments</b>	<b>0</b>
<b>5. Financial derivative assets</b>	<b>0</b>
<b>6. Other securities</b>	<b>2,089,301</b>
<b>IV. CASH</b>	<b>13,910,224</b>
<b>1. Bank and postal deposits</b>	<b>13,889,685</b>
a. bank accounts	13,889,685
<b>2. Cheques</b>	<b>390</b>
<b>3. Cash and valuables on hand</b>	<b>20,149</b>
a. Cash on hand	20,149
<b>D. ACCRUED INCOME AND DEFERRED EXPENSE</b>	<b>2,013,609</b>
a. Accrued income	227,799
b. Deferred expense	1,785,810

	<b>LIABILITIES</b>	<b>109,765,799</b>
<b>A. EQUITY</b>		<b>30,999,099</b>
<b>GROUP CONSOLIDATED EQUITY</b>		<b>26,314,797</b>
<b>I. SHARE CAPITAL</b>		<b>1,436,293</b>
<b>II. SHARE PREMIUM RESERVE</b>		<b>9,548,706</b>
<b>III. REVALUATION RESERVES</b>		<b>0</b>
<b>IV. LEGAL RESERVE</b>		<b>287,259</b>
<b>V. BYLAW RESERVES</b>		<b>0</b>
<b>VI. OTHER RESERVES</b>		<b>12,968,503</b>
a.	Extraordinary reserve	9,995,425
b.	Merger surplus reserve	185,750
c.	Other reserves	2,787,328
<b>VII. RESERVE FOR HEDGES OF EXPECTED CASH FLOWS</b>		<b>398,739</b>
<b>VIII. RETAINED EARNINGS (LOSSES CARRIED FORWARD)</b>		<b>0</b>
<b>IX. PROFIT (LOSS) FOR THE YEAR</b>		<b>1,675,297</b>
<b>X. NEGATIVE RESERVE FOR TREASURY SHARES IN PORTFOLIO</b>		<b>0</b>
<b>NON-CONTROLLING INTERESTS' CONSOLIDATED EQUITY</b>		<b>4,684,302</b>
<b>    SHARE CAPITAL AND RESERVES ATTRIBUTABLE TO NON-CONTROLLING INTERESTS</b>		<b>4,106,592</b>
<b>    PROFIT (LOSS) FOR THE YEAR ATTRIBUTABLE TO NON-CONTROLLING INTERESTS</b>		<b>577,710</b>
<b>B. PROVISIONS FOR RISKS AND CHARGES</b>		<b>135,294</b>
<b>1. For pensions and similar obligations</b>		<b>2,771</b>
a.	Provision for agents' termination benefits	2,771
<b>2. For tax, including deferred tax</b>		<b>128,763</b>
<b>3. Financial derivative liabilities</b>		<b>0</b>
<b>4. Other</b>		<b>3,760</b>
a.	Provision for risks on sales returns	3,760
	- taxed	3,760

<b>C. POST-EMPLOYMENT BENEFITS</b>		<b>5,825,891</b>
a.	Provision for post-employment benefits net of Inps treasury provision LD 252/2005	5,825,891
	- tax	5,825,891
<b>D. PAYABLES</b>		<b>68,852,256</b>
<b>1. Bonds</b>		<b>0</b>
<b>2. Convertible bonds</b>		<b>0</b>
<b>3. Payables for shareholder loans</b>		<b>0</b>
<b>4. Payables to banks</b>		<b>29,821,945</b>
a.	Bank fees to settle	8,992
b.	Credit cards	28,308
c.	Loans without collateral	29,784,645
	portions due within one year	8,114,625
	portions due beyond one year	21,670,020
<b>5. Payables to other lenders</b>		<b>418,378</b>
a.	SIMEST a/c financing in support of capitalization of SMEs	413,830
	portions due within one year	145,854
	portions due beyond one year	267,976
a.	Other loans	4,548
	portions due within one year	4,459
	portions due beyond one year	89
<b>6. Advances</b>		<b>1,290,247</b>
<b>7. Payables to suppliers</b>		<b>24,316,168</b>
a.	Suppliers	22,575,647
	portions due within one year	22,575,647
	portions due beyond one year	0
b.	Suppliers invoices to receive a/c	1,762,176
c.	Suppliers credit notes to receive a/c	(77,918)
d.	Payables for confirming buyer	56,263
<b>8. Payables represented by securities</b>		<b>0</b>
<b>9. Payables to subsidiaries</b>		<b>0</b>
<b>10. Payables to associates</b>		<b>0</b>
<b>11. Payables to parent companies</b>		<b>0</b>
<b>11-bis. Payables to companies subject to the control of parents</b>		<b>0</b>
<b>12. Tax payables</b>		<b>3,189,608</b>
a.	Revenue Agency withholding tax to pay a/c	501,557
	portions due within one year	501,557
	portions due beyond one year	0
b.	Revenue Agency withholding tax on post-employment benefits write-backs a/c	19,658
c.	Revenue Agency Irap a/c	312,364
d.	Revenue Agency Ires a/c	1,276,818
e.	Revenue Agency VAT a/c	45,505
f.	Revenue Agency other payables a/c	1,033,707
<b>13. Payables to welfare and social security entities</b>		<b>1,583,219</b>
a.	Inps	727,476

b.	Inail	9,351
c.	Other entities	145,658
d. Inps and Inail accruals	Inps and Inail accruals	699,932
e.	Enasarco	802
<b>14. Other payables</b>		<b>8,232,691</b>
a.	Payables for salaries to settle	1,998,681
b.	Payables for holidays not taken	2,767,686
c.	Payables to pension funds	17,688
d.	Payables for commissions to settle	3,807
e.	Payables for fees to settle	228,996
f.	Sundry payables	3,215,833
<b>E. ACCRUED EXPENSE AND DEFERRED INCOME</b>		<b>3,953,259</b>
a. Accrued expense		59,062
b. Deferred income		3,894,197

For the **Board of Directors**The Chairman  
**Fulvio BOTTO**



**PATTERN SPA**

**REVIEW REPORT ON CONDENSED CONSOLIDATED  
INTERIM FINANCIAL STATEMENTS AS OF 30 JUNE 2023**



## **REVIEW REPORT ON CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF 30 JUNE 2023**

To the Board of Directors of  
Pattern SpA

### **Foreword**

We have reviewed the accompanying condensed consolidated interim financial statements of Pattern SpA and its subsidiaries (the “Pattern Group”), which comprise the consolidated statement of financial position, the consolidated income statement, the consolidated statement of cash flows and related notes as of 30 June 2023. The directors of Pattern SpA are responsible for the preparation of the condensed consolidated interim financial statements in accordance with the accounting principle OIC 30. Our responsibility is to express a conclusion on these condensed consolidated 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 condensed consolidated 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 condensed consolidated interim financial statements.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements of the Pattern Group as of 30 June 2023 are not prepared, in all material respects, in accordance with the accounting principle OIC 30.

Turin, 26 September 2023

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.*

### **PricewaterhouseCoopers SpA**

Sede legale: **Milano** 20145 Piazza Tre Torri 2 Tel. 02 77851 Fax 02 7785240 Capitale Sociale Euro 6.890.000,00 i.v. C.F. e P.IVA e Reg. Imprese Milano Monza Brianza Lodi 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 071 2132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 080 5640211 - **Bergamo** 24121 Largo Belotti 5 Tel. 035 229691 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 051 6186211 - **Brescia** 25121 Viale Duca d'Aosta 28 Tel. 030 3697501 - **Catania** 95129 Corso Italia 302 Tel. 095 7532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 055 2482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 010 29041 - **Napoli** 80121 Via dei Mille 16 Tel. 081 36181 - **Padova** 35138 Via Vicenza 4 Tel. 049 873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091 349737 - **Parma** 43121 Viale Tanara 20/A Tel. 0521 275911 - **Pescara** 65127 Piazza Ettore Troilo 8 Tel. 085 4545711 - **Roma** 00154 Largo Fochetti 29 Tel. 06 570251 - **Torino** 10122 Corso Palestro 10 Tel. 011 556771 - **Trento** 38122 Viale della Costituzione 33 Tel. 0461 237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422 696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 040 3480781 - **Udine** 33100 Via Poscolle 43 Tel. 0432 25789 - **Varese** 21100 Via Albuzzi 43 Tel. 0332 285039 - **Verona** 37135 Via Francia 21/C Tel. 045 8263001 - **Vicenza** 36100 Piazza Pontelandolfo 9 Tel. 0444 393311